

Colac Otway Shire Annual Report 2016/2017



Colac Otway
SHIRE

About this Annual Report

Our report documents Colac Otway Shire Council's performance during 2016/17 against the Council Plan and the 2016/17 Budget. This is the fourth and final year of reporting against the 2013-2017 Council Plan. Our Council Plan has four Key Result Areas guiding the growth and development of our municipality:

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

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

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

Readership

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

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

Feedback

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

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

Chief Executive Officer
PO Box 283
Colac Vic 3250

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Our Vision

A sustainable community with a vibrant future

Our Mission

Council will work with our community and partners to provide:

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

Our Values

Council will achieve its Vision and Mission by acting with:

- Respect
- Integrity
- Goodwill
- Honesty
- Trust

Our Strategic Direction

The four themes of our Council Plan inform our key strategic direction for 2013-2017. An underlying principle in the development of the Council Plan was to more effectively integrate service delivery.

Pillar 1: Good Governance

Pillar 2: A Planned Future

Pillar 3: A Place to Live and Grow

Pillar 4: A Healthy Community and Environment

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

About our Shire

Our Location

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



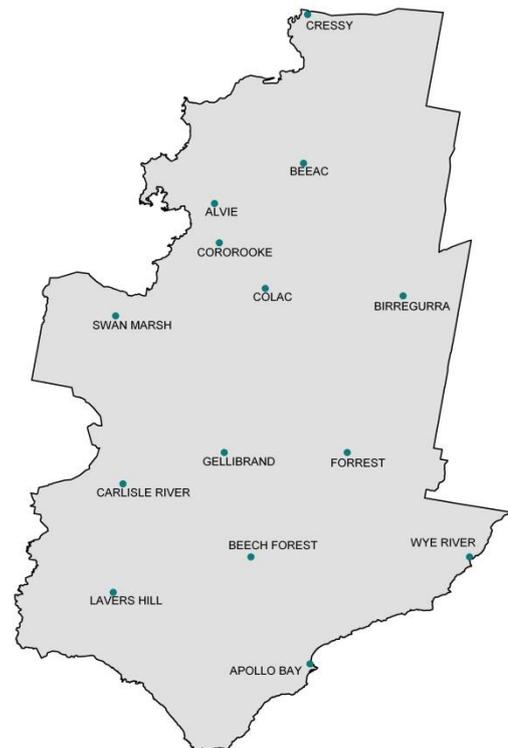
Colac Otway Shire has some of the most picturesque scenery in the State. A large proportion is Forest Park and National Park, but it also includes beaches, rugged coastline, rainforests, waterfalls, volcanic lakes and craters.

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

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

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

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



Our History

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

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

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

Our People

We have an Estimated Residential Population of 21,359, as at 30 June 2016. Approximately 87% of the Shire's residents were born in Australia and of those born overseas; only 3% came from non-

English speaking backgrounds. The forecast through to 2036 is for a growth of approximately 14.03 %, at an average annual change of 0.53%; however we expect this to increase once the dual highway to Geelong is completed as it will open up the region, making commuting an attractive option for both the local population and for those seeking a lifestyle change. With the attraction of affordable housing and great lifestyle, we are ideally located for those looking for a rural idyll within a comfortable commuting distance to major centres.

Employment

The five major industry sectors are:

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

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

Our Name

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

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

Additional shire statistics

Area	3,433 sq kilometres
Length of Local Roads	1,619 kilometres
Sealed	557 km
Unsealed	1,062 km
Estimated Population	20,225
0 – 4 years	6.0%
5 – 19 years	19.4%
20 – 34 years	14.8%
35 – 59 years	34.0%
over 60 years	25.7%
Aboriginal and Torres Strait Islanders	0.9% (184 people)
Population born overseas	7.5%
Population growth rate	-1.21%
Employment rate	97% (full time, 57%)
Rateable properties	15,049
Coastline	95 kilometres
Forest and National Park	110,000 hectares

Sources

Australian Bureau of Statistics Census 2016
 .id Consulting, Melbourne 2017

Mayor and CEO's Message



CEO Sue Wilkinson and Mayor, Cr Chris Potter

Welcome.

It is our pleasure to present the Annual Report for 2016/17, the final year of reporting against the 2013-2017 Council Plan.

The past 12 months have been a challenging period for the Colac Otway Shire Council as we responded to a flood, and the loss of a valued employee that was felt deeply throughout the organisation. Still, it's with a sense of bittersweet pride to report that the organisation continued to deliver a high quality of service to our community throughout these difficulties, demonstrating not just the resilience of our staff but the deep level of commitment that they bring to their work.

Our community elected four new Councillors and returned three existing in the November 2016 Local Government elections, and as a collective our Council has come together with a strong, practical vision for our four-year plan.

Noteworthy outcomes include:

- The adoption of a new Council Plan and budget with a focus on affordable rates and reliable, quality services.
- The opening of the Bluewater stadium in May, in time for the Colac Basketball Association's grand finals.
- Delivery of the Central Reserve off-field facilities redevelopment, on time and on budget.
- A fantastic celebration for the Colac Visitor Information Centre's 30th birthday, which has welcomed more than a million people through its doors.

- Strong advocacy to other levels of government resulting in bipartisan support for a more integrated approach to managing the Great Ocean Road, starting with the formation of a taskforce.

Performance against the Council Plan

We made significant progress on Council Plan key projects, including the reopening of the stadium at the Bluewater Leisure Centre and the completion of the Central Reserve redevelopment.

In partnership with the community reference group at Apollo Bay, we made great advancements towards a market testing exercise for the future development of the town's harbour precinct.

The community embraced opportunities to get involved in the preparation of a draft masterplan for the Memorial Square, demonstrating the strong connection people feel to this important and historical open space.

Meanwhile, as a result of sustained strategic advocacy we were thrilled that V/Line made a commitment to providing five return passenger rail services each weekday between Colac and Geelong – four trains and one bus. Council will continue to lobby for five return train services, which will require rail infrastructure upgrades, but welcomes this important first step towards better public transport connections for our community.

Financial performance

Council's financial position remains sound and that we are expected to achieve a low risk rating on most of the financial sustainability ratios, as measured by the Auditor General. Although some of our indicators are in the medium category for 2015/16, overall we believe we will remain in the low risk category for all councils.

The actual operating surplus was \$12.96 million, which was above the budgeted surplus of \$6.02 million. Primary factors contributing to the increase in the surplus are the receiving of grant funding in advance in 2016/17 (\$3.11 million), \$1.31m of additional disaster recovery grants, \$450,000 less disaster recovery employee costs and \$600,000 less depreciation given the deconsolidation of the Port of Apollo Bay.

Revenue raised was \$59.78 million against a budgeted \$54.08 million. Operating expenditure was \$46.82 million against a budget of \$48.06 million.

We spent \$10.25 million on capital works against an original budget of \$18.30 million. Of this, \$9.58 million was spent on renewing and upgrading our existing asset base. Council's commitment to community asset improvement and upgrades will continue in 2017/18, with the budgeted capital works program of \$21.64 million.

Our total property and infrastructure base expanded to \$281 million, up from \$273 million. We are in a strong cash position and have low borrowings. This outcome is an excellent result and demonstrates one of Council's key strategies to effectively manage financial resources.

Challenges

Our emergency management processes were put to the test twice during 2016 with a train derailment at Pirron Yallock on 13 July, and floods throughout our shire on 14 September. The floods caused approximately \$3.5 million damage to community infrastructure and were particularly damaging in the Otways, where numerous landslips occurred, and along the Barongarook Creek corridor in Colac.

In June 2017 the Minister for Planning handed down a decision to grant a permit for a quarry on Mooleric Road at Ombersley, subject to 87 conditions. Council is responsible for ensuring relevant conditions are complied with before work commences onsite. This continues to be a significant piece of work due to the complexity of the application and permit.

Our workplace grieves

The loss of loader operator Owen James in a tragic workplace accident in September 2016 was devastating for our organisation and our wider community. Owen had worked for Council since 1992 and was highly regarded amongst his colleagues. Owen is dearly missed by his friends and colleagues at the Colac Otway Shire, and his almost 24 years of dedicated service to our organisation is remembered and appreciated.

Looking to the Future

At the time of writing this message our CEO Sue Wilkinson was preparing to leave Colac Otway to take up the CEO post at Darebin City Council in Melbourne. Council had begun the process of recruitment for a new CEO and had committed to a thorough and considered process to ensure the new CEO was the right fit for the organisation and community. As the Mayor, speaking on behalf of our Council and community, I'd like to acknowledge and thank Sue for her dedicated and skilled leadership of the organisation during what has been an extraordinarily challenging three years.

Our staff also deserve thanks for their hard work throughout the year, and also for the way they supported each other through what was a very difficult and emotional period.

The work of our Council is amplified by the endeavours of more than 800 fantastic volunteers, many of whom help us support some of the most vulnerable members of our community through services such as Meals on Wheels and community driving. Thank you to all of those community-minded citizens that work with us for the greater good.

During the next 12 months we look forward to improving the look and feel of our central business district through the CBD Revitalisation Project; progressing our work on the future of the Apollo Bay Harbour precinct through an expression of interest process with the private sector; and furthering our agenda for business and industry growth through the development of an economic development strategy. The Colac 2050 Growth Plan citizens' jury process also starts soon and represents one of the most innovative approaches to community engagement ever attempted by our Council.

Our commitment to financial sustainability, service delivery and ongoing service improvements remains steadfast. In a constantly changing operating environment there are always new challenges to face, but I believe our Council and staff are well positioned to continue to deliver for our community.



Cr Chris Potter
Mayor



Sue Wilkinson
Chief Executive Officer

Our Council

Our Council was democratically elected on 22 October 2016 and derives its role, powers and functions primarily from the *Local Government Act 1989*. Council's role is to ensure '...the peace, order and good governance...' (S3A) of our municipality. This broadly covers a range of legislative and functional activities including strategic planning, advocacy, representation, policy development and law making.

Council sets the overall direction for our municipality through long-term planning. Examples include the Council Plan, financial plans, the municipal strategic statement and other strategic plans. Setting the strategic vision and then ensuring it is achieved is one of Council's most important roles. For additional information on the role and powers of Council, please see page 57.

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



Cr Chris Potter
Mayor

First elected: 2016
Telephone: (03) 5232 9408
Mobile: 0427 821 435
Email: councillor.potter@colactotway.vic.gov.au



Cr Stephen Hart
Deputy Mayor

First elected: 2002
Re-elected: 2008, 2012, 2016
Telephone: 5232 9406
Mobile: 0407 962 412
Email: councillor.hart@colacotway.vic.gov.au



Cr Kate Hanson

First elected: 2016
Telephone: (03) 5232 9410
Mobile: 0409 038 843
Email: councillor.hanson@colacotway.vic.gov.au



Cr Joe McCracken

First elected: 2016
Telephone: (03) 5232 9409
Mobile: 0427 749 918
Email: councillor.mccracken@colacotway.vic.gov.au

Cr Jason Schram

First elected: 2016
Telephone: (03) 5232 9405
Mobile: 0428 326 410
Email: councillor.schram@colacotway.vic.gov.au



Cr Chris Smith

First elected: 2004
Re-elected: 2008, 2012, 2016

Telephone: 5232 9411
Mobile: 0400 964 791



Cr Terry Woodcroft

First elected: 2012
Re-elected: 2016

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



Councillor Meeting Attendances

Councillor	Council Meetings Attended	Special Council Meetings Attended	Planning Committee Meetings Attended	Special Committee Meetings Attended	Councillor Briefing Sessions Attended
Chris Potter (Mayor)	7/8	1/1	4/4	2/2	30/31
Stephen Hart (Deputy Mayor)	11/11	4/4	7/7	2/2	43/43
Kate Hanson	8/8	1/1	4/4	2/2	30/31
Joe McCracken	8/8	1/1	4/4	2/2	30/31
Jason Schram	8/8	1/1	4/4	2/2	28/31
Chris Smith	11/11	4/4	7/7	2/2	9/43
Terry Woodcroft	11/11	4/4	7/7	2/2	38/43
Frank Buchanan ¹	2/3	3/3	2/3	0/0	8/12
Brian Crook ¹	3/3	3/3	3/3	0/0	9/12
Michael Delahunty ¹	3/3	3/3	3/3	0/0	0/12
Lyn Russell ¹	3/3	3/3	3/3	0/0	12/12

¹ Outgoing Councillors on 22 October 2016.

Chief Financial Officer's Report

At the end of 2016/17 Council was in a strong financial position given the challenges of rate capping and the continuing impacts of the bushfire and flood disaster events. We delivered our eleventh successive surplus, which is a significant result given the increasing demands on Council services. Although this is a very substantial surplus (\$12.96m), it largely comprises of revenue received in advance and one-off items as illustrated below in the underlying result.

Financial snapshot

- \$59.78 million revenue against a budgeted \$54.08 million.
- \$10.25 million Capital Works program delivered against a budgeted \$18.30 million.
- Rates and Charges comprised \$29.08 million (49%) of the total income.
- Operating surplus of \$12.96 million (budget \$6.02 million).
- Cash holdings increased by \$8.46 million, from \$14.24 million in 2015/16 to \$22.69 million in 2016/17.
- Net debt decreased by \$0.80 million, from \$4.77 million in 2015/16 to \$3.97 million in 2016/17.

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

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

Operating result

2016/17 Operating Result

	Actual \$ million	Budget \$ million	Variance \$ million
Operating Income	59.78	54.08	5.70
Operating Expenses	46.82	48.06	1.24
Operating Surplus	12.96	6.02	6.94

The \$6.94m budget versus actual variance relates largely to the prepayment of the VGC grants in 2016/17 (of the 2017/18 allocation) of \$3.1m, \$1.3m of additional disaster recovery grants, \$0.3 million of gifted assets, \$0.2 million in private works reimbursement not budgeted for, \$0.5 million in employee cost savings in the disaster recovery area and \$0.6m saving in depreciation due to the deconsolidation of the Port of Apollo Bay.

We achieved a \$12.96 million surplus for the 2016/17 financial year; this represents a significant increase over the \$1.65 million actual surplus achieved for 2015/16. The \$11.3m increase in the actual operating result from last year is largely due to a combination of the following factors: \$3 million prepaid by the Victorian Grants Commission (VGC) in 2016/17, \$3 million due to the partial prepayment of the 2015/16 allocation of VGC grants in 2014/15 and an additional \$5 million of bushfire grant funding for drainage works in the Wye River/Separation Creek area.

97% of our operating costs occurred in the following three categories:

- Employee expenses 40%
- Materials and services 36%
- Depreciation 21%

For more information on the actual variances to budget please refer to the Financial Statements note 2a (97).

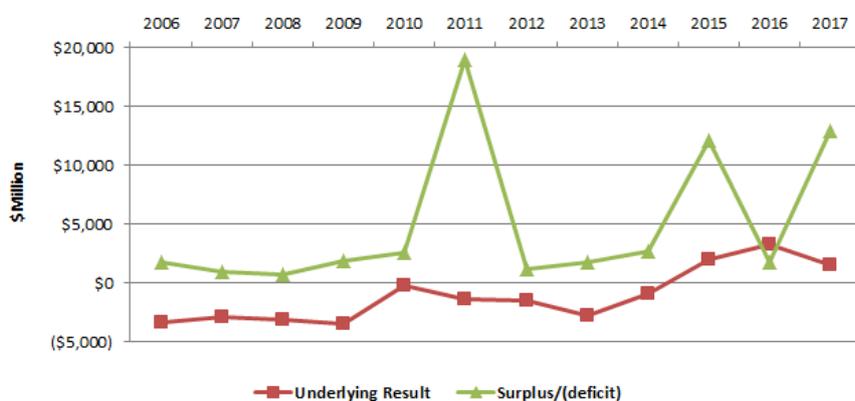
Underlying Result

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

Council achieved an underlying surplus of \$12.96 million for 2016/17. When adjusting for capital items and various one-off items, such as the prepayment of the Victorian Grants commission, we returned an adjusted underlying result of \$1.59 million compared to \$3.30 million for the previous year, as follows:

Item	2016-2017 \$'000	2015-2016 \$'000	2014-2015 \$'000
Surplus/(deficit) for the year	\$12,958	\$1,761	\$12,140
Non-Recurrent Commonwealth Grants	(\$1,731)	(\$217)	(\$3,200)
Non-Recurrent State Grants	(\$5,901)	(\$689)	(\$2,791)
Revaluation Expense	0	\$0	\$0
Contributions - monetary	(\$320)	(\$545)	(\$624)
Contributions - non-monetary	(\$334)	\$0	(\$519)
Prepaid VGC Grants	(\$3,114)	\$2,996	(\$2,996)
Underlying Surplus/(Deficit)	\$1,558	\$3,306	\$2,010

The following graph provides a comparison of the underlying result against the operating surplus, as can be seen the underlying result is a smoother trend as it eliminates significant one-off amounts. The underlying result has dropped this financial year as the calculation only adjusts for one-off income items (i.e. grants) but not one-off expenses. In this year we had a significant amount of disaster recovery expenditure which is not adjusted for in this calculation however the corresponding grant income is adjusted for.



It is important to note in the graph above that the spike in 2010/11 relates to the inclusion of the Port of Apollo Bay assets. It was determined last year that we do not control these assets and therefore we should no longer recognise them in Council's results. The results prior to 2015 have not been adjusted for that consolidation.

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

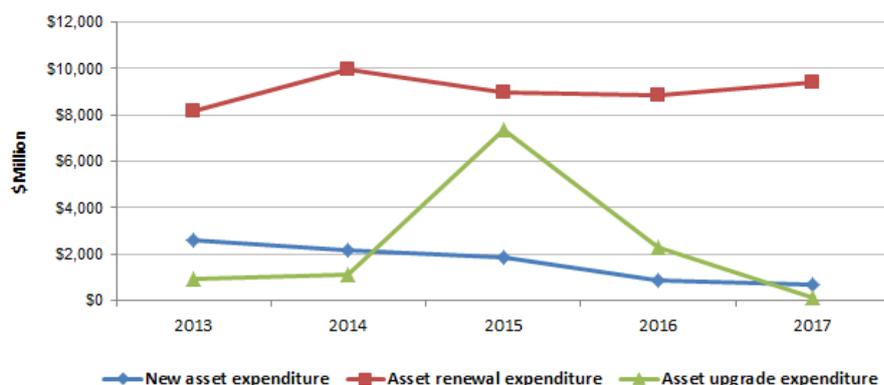
Replacing our assets

A key strategic indicator is the rate of replacement of our assets as they age and deteriorate. During 2016/17, we spent a total of \$10.25 million on capital works (capital expenditure/investment) across the shire, compared with \$12.03 million in 2015/16. This included a total of \$9.41 million (92%) on renewal works/activities and \$0.84 million (8%) on new and upgrade works/activities.

The reduction in upgrade works in the 2016/17 year is due to the effects of the flood event on resourcing, adverse weather conditions during the year and turnover of key, long-term serving staff. It is planned to catch-up these works in 2017/18.

Capital Works

	2016/17 \$ million	2015/16 \$ million	Variance \$ million
Renewal	9.41	8.86	0.55
Upgrade	0.17	2.32	(2.15)
New	0.67	0.85	(0.18)
Total	10.25	12.03	(1.78)



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

The result for 2016/2017 is 99.4%, which means we are renewing/upgrading our assets at 0.99 times the rate we are depreciating them.

Cash Holdings

Cash holdings is about our ability to pay for Council’s activities and obligations and is usually balanced by restricted items such as trust deposits and reserves or funds held for specific purposes (See note 27 in the financial statements for reserved funds).



During 2016/17 Cash holdings increased to \$22.69 million from \$14.24 million in 2015/16. This increase is largely attributed to the prepayment of the Federal Assistance and Victorian Grants

Commission Grants and upfront disaster recovery funding. Cash holdings support Council's strong long term liquidity position, evidenced by the working capital ratio of 348%.

Financial Sustainability

As the economy tightens it becomes increasingly important that our ratepayers receive the maximum return for their rates. This emphasises the importance of strong financial management, efficient long and short term planning and the targeted allocation of resources.

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

For additional financial performance information, see page 73. The Financial Statements commence on page 83.



Daniel Fogarty B.Com, CA, MAppFin
Manager Financial Services

Major Projects

Delivering capital projects is essential to achieve Council's aims to provide safe, accessible and appropriate infrastructure that meets the needs of our community. Throughout the 2016/17 financial year, Council undertook a wide range of capital projects, including significant infrastructure improvements that directly improved facilities for our community and visitors.

Community infrastructure projects, totalling \$10.014 million dollars were delivered across the shire in 2016/17. Following is a summary of the key projects under each category. See page 44 for a breakdown of capital expenditure within the renewal, upgrade and new programs.

Land and Buildings	\$4,369,723
Central Reserve Redevelopment Project (Pavillion/Clubrooms)	\$2,767,761
Building Renewal Programme	\$1,175,904
Playground Programme	\$107,927
Active Reserves Programme	\$318,131
Footpaths and Cycleways	\$367,818
Footpath Replacement Programme	\$128,281
Footpath Improvement Programme	\$239,537
Road Programmes	\$4,131,357
Sealed Road Pavement Programme	\$1,856,096
Road Resealing Programme	\$1,003,971
Unsealed Road Programme	\$1,271,290
Plant Programmes	\$843,262
Heavy and Fixed Plant	\$481,475
Light Fleet	\$361,787
Bridges Programmes	\$157,732
Barham River Road	\$92,410
Scorcis Access	\$43,749
Sand Road	\$21,573
Drainage Works	\$144,666
Drainage Programme	\$144,666

A snapshot of key community infrastructure projects delivered included:

Central Reserve - \$3.05 million



Central Reserve club rooms under construction

Central Reserve is Colac Otway Shire's premier recreation reserve which caters for a wide variety of sport and recreation activities. The project, assisted by \$2.5 million Federal Government funding,

was delivered on time, under budget and is an example of what Colac Otway Shire's Project Team working closely with a local contractor can achieve.

The resulting facility, which was officially opened on 27 April 2017, provides the opportunity for TAC Cup and AFL Practice matches to be played at the ground, as well as a first class facility that benefits local sporting clubs.

Colac Maternal Child Health Centre - \$70,000

The Maternal Child Health Centre provides an important function in supporting mothers in the Colac community and their children. The ageing facility was in need of refurbishment. A project was devised under Council's Building Renewal Programme and supported by \$18,920 of Federal Government funding to enhance the building. Works included replacing the roof, kitchen, bathroom, carpets and flooring as well as painting throughout, enhanced lighting and two new baby change tables. Council's project team engaged local contractors to provide the necessary trades required to successfully complete the high quality project.



Maternal and Child Health Nurse, Di Earl, with mum, Emilee Bone, her daughter Arley Edney, and little boy Banjo. The refurbished Maternal and Child Health Centre continues its vital role in supporting the delivery of our early years family services.

The Year Ahead

The construction of major community infrastructure will continue into 2017/18, as Council continues to invest in community asset improvement and upgrade. A total of \$21.64 million of capital works is included in the 2017/18 budget with highlights including:

- \$2.10 million for the Colac CBD Revitalisation Project
- \$792,000 for Colac's Queen Street – drainage, footpaths and road improvements
- \$200,000 for Skenes Creek Footpath

Our Organisation

Council is the governing body that appoints the Chief Executive Officer (CEO). Under the *Local Government Act 1989* the CEO is directly accountable to Council. The CEO has responsibility for the day to day management of operations in accordance with the strategic directions of the council plan. The CEO has specific authorities, including the administrative structure of the organisation and managing its day-to-day operations.

The administration is formally accountable to the CEO. Its role is to provide advice and reports to Council to assist decision making, implement council decisions and to oversee the delivery of services. For additional information see the Corporate Governance section on page 64.

Our Executive Management Team



Sue Wilkinson
Chief Executive Officer

Bachelor of Applied Science (Planning); Grad Dip (Urban Planning); Australian Institute of Company Directors, Company Director
Major Functions: Council Support and Governance; Advocacy; Public Relations; Business Improvement; Communications.



Gareth Smith
General Manager Development and Community Services

Graduate Diploma of Applied Science; Graduate of Australian Institute of Company Directors
Major Functions: Statutory Planning and Regulations; Strategic Land Use Planning; Economic Development; Events; Tourism; Environmental Management; Building Surveying; Environmental Health; Community Services; Emergency Management and Fire Prevention; Local Laws; Colac Regional Saleyards.



Tony McGann
General Manager Infrastructure & Leisure Services

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



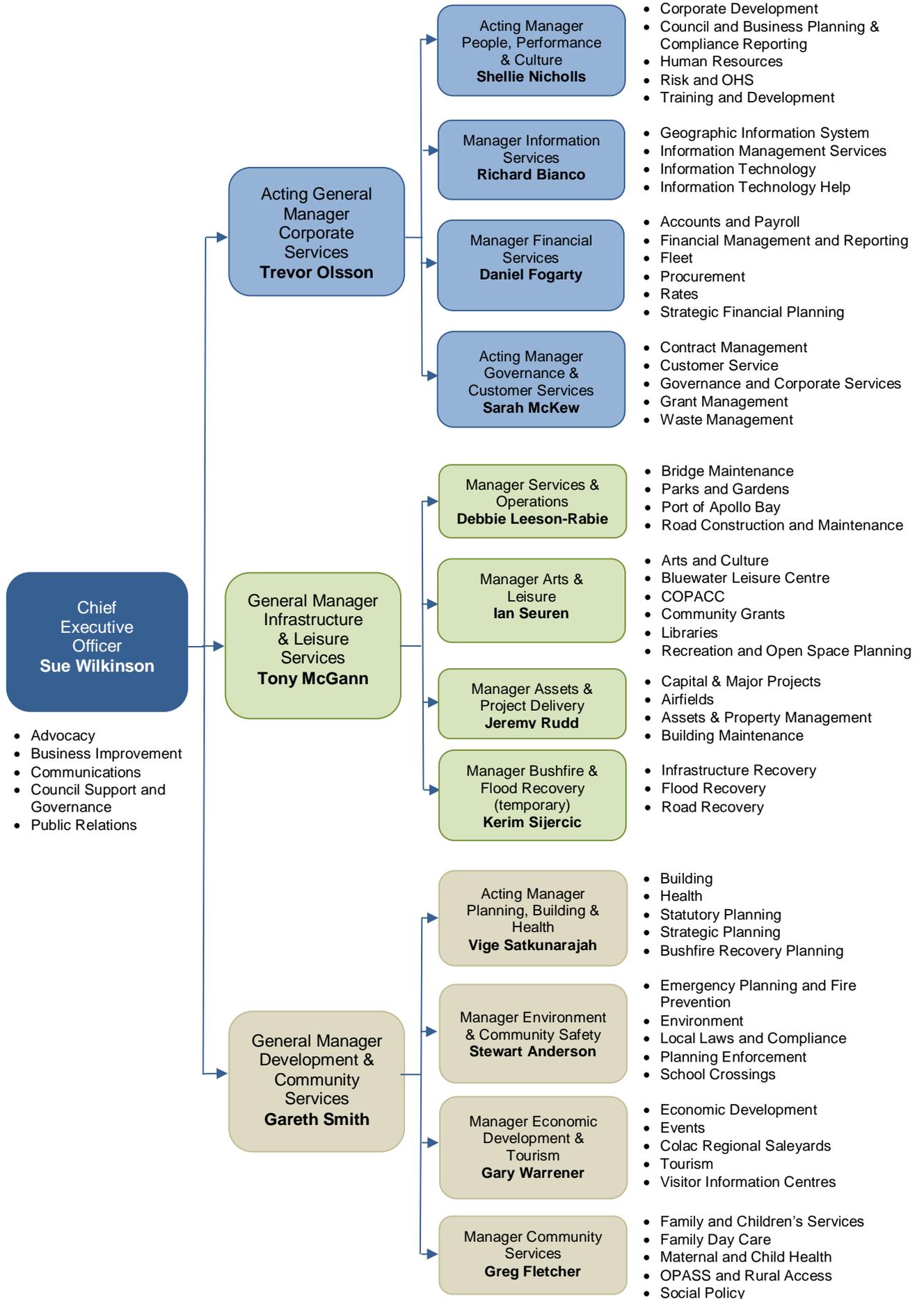
Trevor Olsson
Acting General Manager Corporate Services

Bachelor of Business (Management & Human Resources)
Major Functions: Finance Management; Customer Services; Information Management Services; Corporate Development; Human Resources; Learning and Development; Risk Management; Occupational Health and Safety; Governance; Contract Management; Waste Management.

Mark Lyons resigned as General Manager Corporate Services effective from 12 May 2017.

Ingrid Bishop resigned as General Manager Infrastructure & Leisure Services effective from 24 May 2017.

Our Organisation Structure

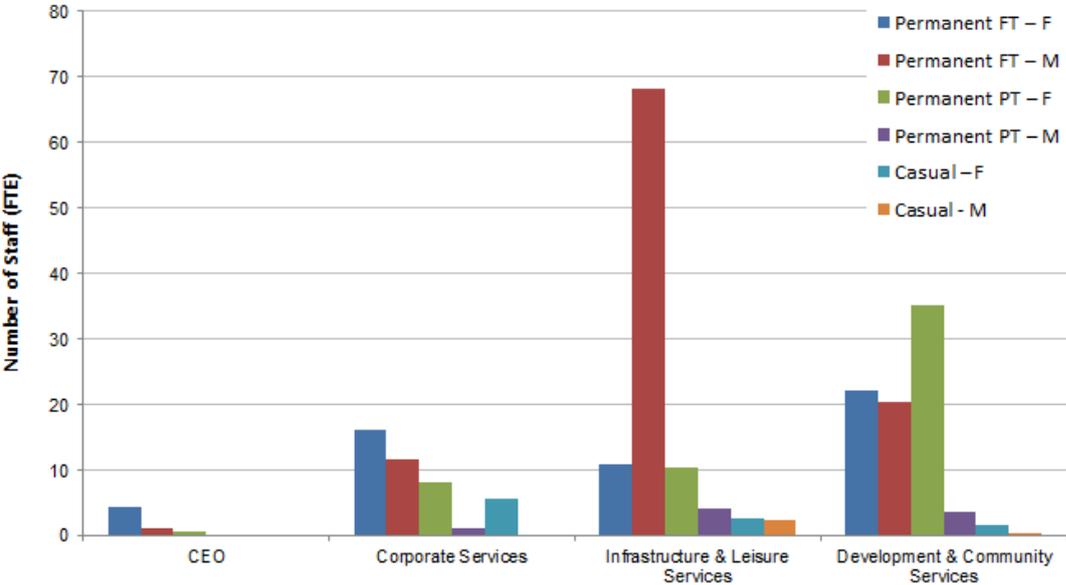


Our People

Our workforce is predominantly permanent full-time at 67% with 27% permanent part-time and 5% casual. Employment type by gender indicates that males constitute 66% of permanent full-time roles whilst females are strongly represented in part-time and casual work at 85% and 79% respectively. The gender profile and composition of the workforce is reflective of the typical contemporary workforce and has remained consistent over the past five years.

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

Employee type/gender	CEO	Corporate Services	Infrastructure & Leisure Services	Development & Community Services	Total
	FTE	FTE	FTE	FTE	
Permanent FT – F	4	16	11	22	53
Permanent FT – M	1	12	68	20	101
Permanent PT – F	1	8	10	35	54
Permanent PT – M	0	1	4	4	9
Casual – F	0	6	3	1	10
Casual - M	0	0	2	0	3
Total	6	42	98	83	229

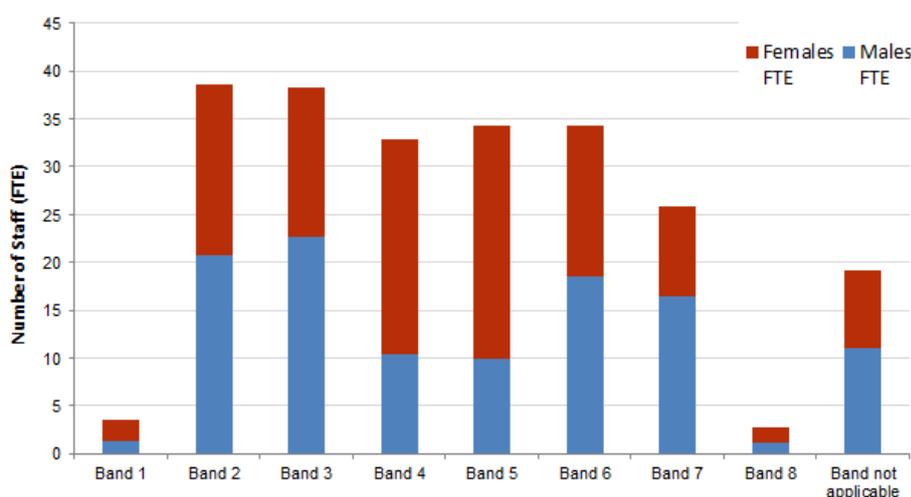


The data has remained consistent over the past five years. Anecdotal evidence supports the findings of formal studies that the main reason for the higher number of women working part-time is that it fits better with balancing work and other responsibilities. Approximately 77% of full-time males work in the outdoor crews (Parks and Gardens, Road Maintenance etc.)

Staff by employment category and gender

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

Employment Classification	Males FTE	Females FTE	Total FTE
Band 1	1	2	4
Band 2	21	18	39
Band 3	23	16	38
Band 4	10	22	33
Band 5	10	24	34
Band 6	19	16	34
Band 7	16	9	26
Band 8	1	2	3
Band not applicable	11	8	19
Total	112	117	229



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

Recruitment

There were 91 positions advertised during this reporting period, compared with 88 for 2015/16. We received 453 applications, including multiple applicants for positions traditionally difficult to fill. Vacancies ranged across Planning and Development, Engineering, Health and Community Services, Environment, Tourism, Governance and Customer Service, Administration, Leisure and Arts.

Student work placements

In 2016/17 we provided work experience placements for secondary school students from Colac and Apollo Bay (up from two the previous year). Students are provided with the opportunity to get practical workplace experience, building skills and knowledge to assist them to their further studies and career choices. Students gain valuable industry experience in a friendly and supportive team environment and learn more about employment opportunities at Council and local government.

We also provided opportunities to four TAFE students to allow them to complete the “hands on” component of their Certificate or Diploma, placing one in Community Services and four with our Bluewater Leisure Centre. These placements allowed the students to gain a practical learning experience in line with their course objectives which are a compulsory component in order for them to receive their qualification.

Equal Employment Opportunity

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

We identify ourselves as an ‘Equal Opportunity Employer’ in all external recruitment advertisements and ensure that all new employees are made aware of our EEO, Diversity and Inclusion and Unacceptable Workplace Behaviour Policies as a mandatory component of our induction program. In 2016/17, 100% of new employees participated in the induction process.

All staff are required to attend mandatory Equal Opportunity/anti-discrimination and unacceptable workplace behaviour refresher training every three years, with the next program scheduled for 2017/18. We also have a formal internal grievance process that enables staff to raise complaints. There were no EEO/discrimination related complaints raised during 2016/17. Compliance with EEO requirements is monitored by the People, Performance and Culture Department.

Learning and development

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

Learning and Development needs are identified through our performance review framework which includes a six month and end of year review for all staff. Our focus is on supporting the development of employees in their current roles and building their skills to help them achieve their future career aspirations. Our spend on learning and development in 2016/17 (inclusive of on-costs) was \$304,624.

A highlight in this reporting period was the formation of a Leadership Group incorporating the Senior Leadership Team and 56 Coordinators, Team Leaders and other relevant staff. A workshop was held to begin the journey as a united group and explored topics such as workforce culture, unity of purpose, agreed behavioural frameworks, our values and, in the process, develop strong professional working relationships.

Key messages were delivered to the Executive Management Team through a small group of representatives from the group to discuss how to keep the positive momentum going and ensure the leadership of Colac Otway Shire Council is strengthened and united going forward.

Further delivery of Lean Thinking training this year has allowed a broader cross section of staff to be equipped with the skills to review their processes. The Lean Thinking principles, tools and techniques allows staff to see wasted time and effort and other forms of non-value adding activity in daily work processes. This investment will ensure both internal and external customers receive the highest standard of customer service with minimum delay.

Programs delivered during 2016/17 were:

Training	Attendees
First Aid/CPR	41
Warden	1
Mental Health First Aid	14
Report writing training	39
Lean Thinking	12
Leadership Group workshop	63

Professional development

In 2016/17, three staff received tertiary study assistance totalling \$7,756.50 excluding travel and on costs. These funds were paid towards a Certified Practicing Accountant (CPA) Program, and two Managers undertaking their Masters in Business Administration.

Health and wellbeing

Our COShealth (health and wellbeing) program was an outstanding success. We ran 18 programs and registered more than 421 attendances, with many staff participating in multiple events. We had the most diverse range of activities yet on offer and staff provided us with overwhelmingly positive feedback and support for the program.

Occupational Health and Safety

Colac Otway Shire is committed to providing a safe and healthy workplace for our staff, contractors, volunteers and visitors. Our Occupational Health and Safety (OH&S) Consultative Committee meets quarterly, with representation from all areas of our organisation.

Employees are strongly encouraged to complete reports for any incidents (staff, third party and property), near misses or hazards they identify in the workplace through the SafetyMax corporate reporting software. 143 incidents were reported for 2016/17. 19 hazards were also reported during this period, allowing our OHS team to implement proactive safety measures to decrease the potential of future incidents.

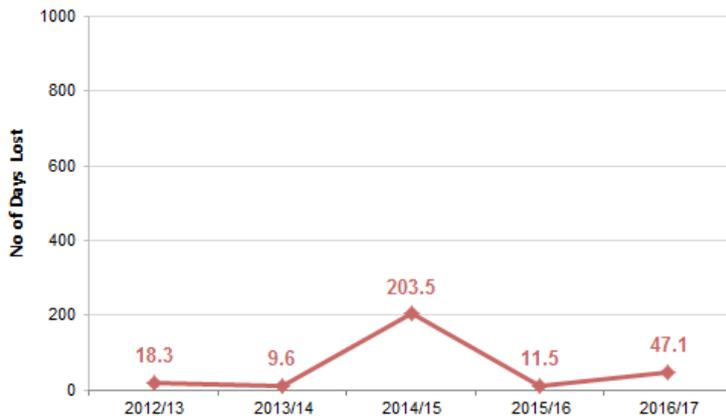
Colac Otway recognises the importance of ongoing OH&S training; a key element in our continuous improvement approach to health and safety performance. Key staff are regularly refreshed with training in First Aid/CPR, Emergency Warden and Health and Safety Representative training.

Understanding the increasing prevalence of mental health issues and the support required, this year Council took a proactive step to train 14 staff members across the organisation in Mental Health First Aid. These staff are now equipped with knowledge and skills to identify the signs and symptoms of mental health problems and assist in providing information on where and how to get help.

SafetyMap surveillance audit

Council verifies compliance of its OH&S systems to the requirements of AS/NZS 4801:2001 through ongoing certification with SafetyMap. Colac Otway was again able to demonstrate its commitment and continual improvement to the health and safety management system across all levels of the organisation. Only one minor non-conformance was identified.

Days lost due to injury



There was an increase in days lost due to injury during this reporting period; a total of 47.1 days in 2016/17 compared with 11.5 days in 2015/16 (see graph below). Two significant injuries were responsible for the majority of these lost days.

Whilst the 2016/17 reporting year has seen an increase in days lost to injury, Colac Otway continues to achieve and maintain overall

positive return-to-work results. This is reflected in Council's "better than average" employer performance rating (Victorian WorkCover Authority calculation of performance against industry peers). A score below one is considered better than industry average, with Council achieving a score of 0.46 in 2015/16 and 0.82 in 2016/17.

Supporting our employees

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

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

Flexible Work Options

Our Flexible Work Options Policy and Toolkit was designed to respond to requests from staff and Managers for more information about flexible work options, how to access them and how to implement them. The policy provides for options including purchased leave, phased/gradual transition to retirement, change of work hours, career break and working from home. The toolkit is a practical workbook designed to help staff and managers identify and work through potential obstacles and options relating to a specific request. It also provides guidance on the application process. During 2016/17, 27 staff negotiated flexible work arrangements.

Appreciating our staff

We continually look for opportunities to recognise, encourage and celebrate the achievements of our employees. We do this across all departments formally and informally as an action outcome of our Employee Survey. We also do this through our quarterly and annual recognition awards and functions. This year 41 employees were recognised for key service milestones at the annual Years of Service awards presentation:

40 Years:

Brian Dyson.

35 Years:

Kevin O’Gorman, Wayne Roberts.

20 Years:

Ann Gray.

15 Years:

Charlie Tucker, Garry O’Connor, Melissa Garner.

10 Years:

Robyn Edwards, Lisa Loughnane, Heidi Robinson, Dora Novak, Sandra Edwards, Susan Austin, Margaret Giudice, John Postma, Elijah Harrowfield.

5 Years:

Anne Zucal, Debra Howlett, Elizabeth Duke, Fiona Fagan, Gavin Furney, Jane Preston-Smith, Kerry Searle, Michele Hagebols, Michelle Caspar, Sharyn Ryan, Simon Vulcz, Susan Kidman, Alana Park, Aprilina Couch, Brenda White, Brienna Butterworth, Daniel McNamara, Hannah Filice, Ian Rowland, Jennifer Ballagh, John Wilson, Leanne Taylor, Raelene Cook, Tracey Bray, Yvette Hill.



Years of Service presentation for 5 years

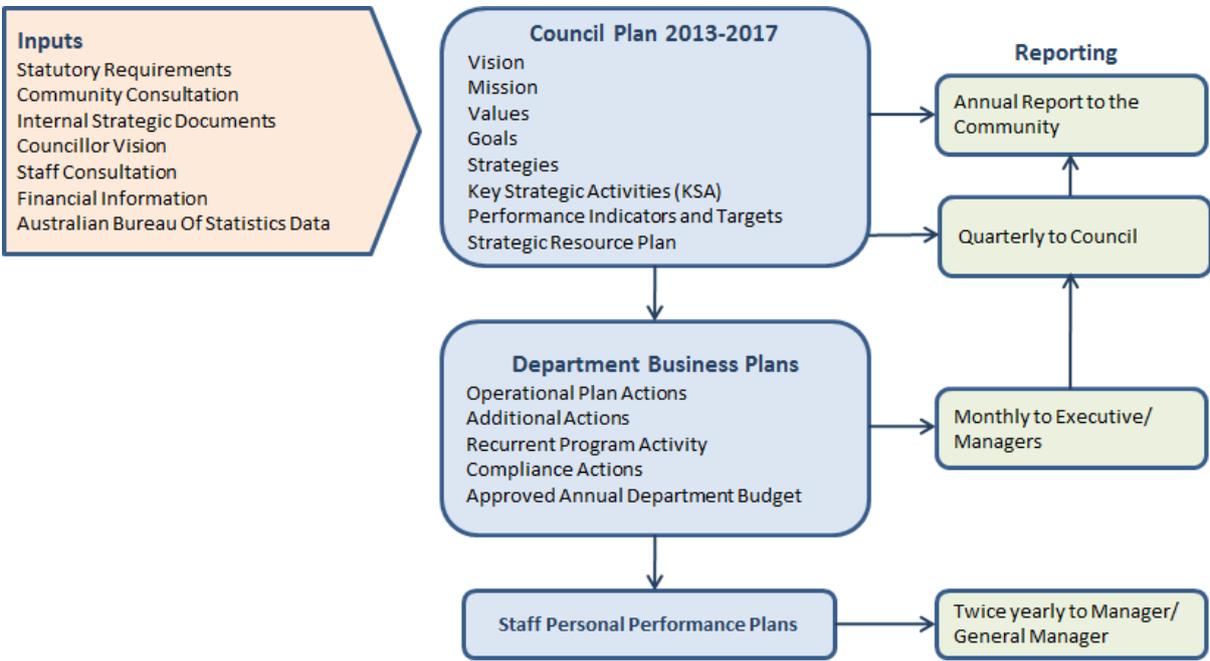
Corporate Planning and Reporting

Planning and accountability framework

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

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

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



Council plan

The Council Plan is a high level strategic document responding to the issues faced by our community. It sets out our goals, key strategic activities, performance indicators and a strategic resource plan for the four years from 2013 to 2017. This is the final year of reporting against the Council Plan 2013-2017.

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

Pillar 1: Good Governance

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

Four strategies contribute to achieving this goal:

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

Projects and activities linked to the strategies are a combination of key strategic activities from the Council Plan, supported by other significant projects documented in the annual Operational Plan. Results against targets for these projects in 2016/17 can be viewed on page 30.

Services contributing to this Pillar

The following services/activities were funded in the 2016/17 budget and contributed to achieving the strategies and goal for this Pillar:

Service area	Description of services provided	Net Cost Actual Budget Variance \$000
Councillors and Chief Executive Office	This area of governance includes the Mayor, Councillors, Chief Executive Officer, Business Improvement Officer and Public Relations Team and associated support which cannot be easily attributed to the direct service provision areas.	1,244 <u>1,331</u> 87
Finance, Property and Rates	Generation of revenue for Council via rate, levies and charges and provision of sustainable and accountable financial management of Council's resources.	1,467 <u>8,097</u> 6,630
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.	666 <u>654</u> (12)
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.	420 <u>373</u> (47)
Library Service	Provides resources and oversight to the Corangamite Regional Library Corporation for the provision of information, education, recreation and enrichment of the community.	687 <u>700</u> 13
Contract Management Service	Provides oversight and governance on contractual and procurement services undertaken by Council.	191 <u>121</u> (70)
Information Services	Management and governance of information flows, storage and retrieval within the organisation in accordance with appropriate legislation and standards.	1,745 <u>1,799</u> 54
People, Performance & Culture	Develops a culture of high performance, productivity and accountability across the organisation.	791 <u>749</u> (42)
Risk Management Services	Identifies, records and manages all business risk associated with Council's activities. This service also manages Council's insurance portfolio.	642 <u>633</u> (9)

Highlights

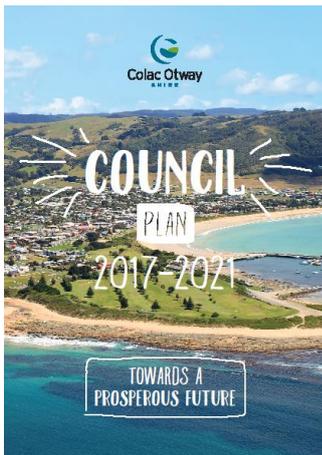
New Council elected and inducted



*Back row: Cr Chris Smith, Cr Jason Schram, Cr Chris Potter.
Front: Cr Kate Hanson, Cr Joe McCracken, Cr Stephen Hart, Cr Terry Woodcroft.*

Council elections, held on 22 October 2016, returned three members of the previous council and four new Councillors experiencing Local Government for the first time. A comprehensive induction process was conducted and included workshops and presentations with internal and external facilitators. The induction program ran across eight days over a five week period. The CEO and Executive team spent a significant amount of time with our new Councillors, covering key themes and setting a focus for the next four years.

New Council Plan adopted



Our new Council Plan 2017-2021 was directly informed by a significant community engagement program, which sought input from the community about their aspirations for the Shire. This was the most comprehensive consultation program ever conducted in Colac Otway Shire and received a very positive response. To support the consultation process, pop-up listening posts were held in Colac and Apollo Bay. These sessions were well attended and we received invaluable feedback on the draft Council Plan and various other matters of interest to the community. During the development of the new Council Plan, social and cultural implications were carefully considered along with attention to the funding available to carry out the many projects contained in the plan. The Council Plan was adopted on 28 June 2017.

Information management

To enhance council's ability to produce timely and accurate information, a number of software additions and improvements were made during the year.

Health management software implemented

The first stage of health management software implementation has been completed. The compliance management of food businesses, accommodation and septic systems is a legal obligation for Council and vital to ensure public health. The \$22,000 spent has allowed for the management of businesses and septic systems to be managed in a more effective and timely manner, as well as enabling for the collection and reporting of information about these activities. This will allow for evidence-based decisions on where to best spend resources to improve public health.

Geospatial Information Systems (GIS)

An overarching information portal has been created by developing reports to assist the organisation effectively query and report on data held in various software systems. This provides the organisation with an easier way to view and access data, saving time and making available the most up to date

information. Improvements have also been made to processing and uploading data to Councils' web GIS Portal.

Mobile asset data collection implementation

'GBM Konect' software has been implemented in the assets team for mobile asset data collection using iPads. So far GBM Konect has been used for tree assets data capture and was used in capturing data on post-flood damage across the shire.

Building management system implemented

This new software provides for the effective management and reporting of environmental conditions and associated power consumption.

Grants and donations to the community

To assist our community undertake cultural, recreational, environmental and community support projects and activities, Council provides grants and donations to community groups and organisations. In 2017 we gifted a total of \$478,580 to our community; \$147,513 as a result of applications for funding by community groups and organisations for a variety of projects ranging from minor maintenance to sporting clubs and arts and theatre groups, and \$331,067 was allocated to support community events and organisations. Aggregated over the last five years, this is a \$2.25 million investment in the social fabric of our community.

Challenges

- Completing the rebuilding of infrastructure damaged in the December 2015 bushfires. Restoration works include the repair of roadside retaining walls, which will require liaison with private land owners concerning the scope of works where retaining walls support private driveways.
- A review and update of Council's Asset Management strategy is required to support improved asset management practices.

The Year Ahead

- Complete and operationalise the organisational work plan.
- Complete 2017/18 business improvement service reviews.
- Complete the Organisational Development Plan.
- Complete the Rating Strategy.

Fast Facts	
95%	Rates collected by year end.
15,166	Property assessments.
1,086	Non-rateable property assessments.
2,282	Pension rebates on property rates.
1,145	Land information certificates issued.
27,431	Debtor invoices issued.
6,697	Supplier payments processed.
73,990	Receipts issued.
103	New properties mapped.
96,077	Inwards and outwards correspondence processed.
1.34m	Emails internal and external received and sent.

Progress against our 2016/17 commitments:

Activity	Progress
Strategy: Transparent and accountable decision making.	
<i>Preparation for 2016 Council elections.</i>	100%
<i>Target: All governance requirements met in accordance with the Local Government Act 1989. Local Government Elections were held on 22 October 2016.</i>	
<i>Post-election induction of Councillors.</i>	100%
<i>Target: Program developed and induction completed. Post-election induction for Councillors was conducted from 4-28 November 2016. The induction program included various workshops and presentations with internal and external facilitators.</i>	
<i>Council Plan 2017-2021 adopted</i>	100%
<i>Target: Background research for the Council Plan completed and Community engagement strategy developed and implemented. Adoption of the Council Plan. Completed. Council Plan 2017-2021 adopted by Council on 28 June 2017.</i>	
Strategy: Prudent and accountable financial, asset, risk and resource management.	
<i>Implement Council's internal audit program.</i>	77%
<i>Target: Complete internal audits as per audit schedule. Respond to all audit recommendations. Meet budget of \$55,000 +/- 5%. All internal audits commenced, with two to be finalised in 2017/18. Responses to all audit recommendations provided to Executive and the Audit Committee. \$44,700 budget expended.</i>	
<i>Review of the Long Term Financial Plan</i>	100%
<i>Target: Review completed. Will be reviewed again in 2017/18 once long term asset plans are completed.</i>	
Strategy: Embed an organisation culture of high performance, service excellence and safety.	
<i>Ongoing review of Council services</i>	50%
<i>Target: Stage 3 of Asset Project completed. Meet budget of \$25,000. A number of recommendations have been implemented including the following:</i>	
<ul style="list-style-type: none"> • 'Fast Track' Customer Service Planner engaged. • Colac Otway Planning Scheme and Cutting Red Tape Project currently underway. • Tasks associated with IT system improvement have commenced. Initially short-term improvements to the current system are considered which will be followed by investigation of appropriate IT system to support planning processes. • Statutory Planning Coordinator regularly meets with the Planners to discuss applications prior to Planners making decisions on applications. • Internal officers meet each week discuss applications (Weekly Surgery meetings). • Improved timelines to the internal referral process. • Planning website has been updated. • A number of staff attended training sessions. • A number of improvements have been identified and implemented within planning admin processes. • Improvements in Customer Service including in respond time. 	
<i>The Planning and Building Administration re-structure is partly aimed at making improvements to the planning permit processes.</i>	

Local Government Performance Reporting Framework

Results for Governance and Libraries are presented below in the prescribed format.

Service/Indicator/measure	2014/15	2015/16	2016/17	Material Variations and Comments
Governance Transparency <i>Council decisions made at meetings closed to the public</i> [Number of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors] x100	12.04%	13.85%	16.37%	While the result for 2016/17 has increased, this is due to a lesser number of actual meetings being held, rather than an increase in actual decisions being made closed to the public. The figure for resolutions made in closed meetings has varied only slightly from previous years, due to a similar number of commercial in confidence contracts required to be considered by Council.
Consultation and engagement <i>Satisfaction with community consultation and engagement</i> [Community satisfaction rating out of 100 with how council has performed on community consultation and engagement]	50	48	46	This result is per the Local Government Community Satisfaction Survey 2017. Council has put in place plans to improve low scoring areas.
Attendance <i>Council attendance at Council meetings</i> [The sum of the number of councillors who attended each ordinary and special council meeting / (Number of ordinary and special council meetings) x (Number of councillors elected at the last council general election)] x100	97.28%	97.52%	98.21%	Results indicate a high level of attendance at council meetings.
Service cost <i>Cost of governance</i> [Direct cost of the governance service / Number of councillors elected at the last council general election]	\$39,439.00	\$39,945.14	\$39,185.69	The minor decrease in cost of governance is the result of a minor decrease in Mayor and elected member expenses.
Satisfaction <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	48	43	45	Results have improved by two points from 2016. Council continues its efforts to steadily improve results.

Service/Indicator/measure	2014/15	2015/16	2016/17	Material Variations and Comments
Libraries				
Utilisation				
<i>Library collection usage</i> [Number of library collection item loans / Number of library collection items]	5.81	5.04	4.86	Usage is slightly trending down, reflecting the state-wide trend; however two other factors contributed to the 2016/17 result. The library collection was slightly larger due to reduced clearing of underperforming stock. The other significant factor was the closure of the Library Annexe from 1 July 2016, resulting in 22 fewer hours per week that library services were open to the public from that facility.
Resource standard				
<i>Standard of library collection</i> [Number of library collection items purchased in the last 5 years / Number of library collection items] x100	82.89%	76.44%	74.50%	The decrease since 2014/15 is due to a decision by the Corangamite Regional Library Board to purchase less new items, as a proportion of the existing collection, and to reallocate funds to programming. The proportion of new items to the existing collection still meets relevant standards.
Service cost				
<i>Cost of library service</i> [Direct cost of the library service / Number of visits]	\$6.46	\$6.67	\$6.39	The decrease in service cost from 2015/16 is due to a slight reduction in expenditure for library services.
Participation				
<i>Active library members</i> [Number of active library members / Municipal population] x100	17.61%	17.87%	17.57%	Active membership remains steady. Active members includes borrowers of eResources if borrowed through the library system. It excludes borrowers who access only eResources through other channels, such as the library's public internet, as the current system is not capable of capturing this data.

Pillar 2: A Planned Future

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

Five strategies contribute to achieving this goal:

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

Projects and activities linked to the strategies are a combination of key strategic activities from the Council Plan, supported by other significant projects documented in the annual Operational Plan. Results against targets for these projects in 2015/16 can be viewed on pages 37.

Services contributing to this Pillar

The following services/activities were funded in the 2016/17 budget and contributed to achieving the strategies and goal for this Pillar:

Service area	Description of service	Net Cost Actual <u>Budget</u> Variance \$000
Statutory Planning	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.	691 <u>798</u> 107
Strategic Planning	Ensures that land use planning is undertaken to meet the sustainable long term needs of current and future generations.	80 <u>280</u> 200
Economic Development	Facilitates a healthy and resilient economy by providing effective leadership, advocacy, and partnership, by working with government business and the community.	366 <u>475</u> 109
Tourism	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.	616 <u>611</u> (5)
Sustainable Asset Management	Provides for sustainable planning, development and use of Council's assets with the aim to maximise community utility in the present and for future generations.	916 <u>862</u> (54)
Building Control	Ensures planned building developments meet present and future community requirements.	159 <u>219</u> 60

Highlights

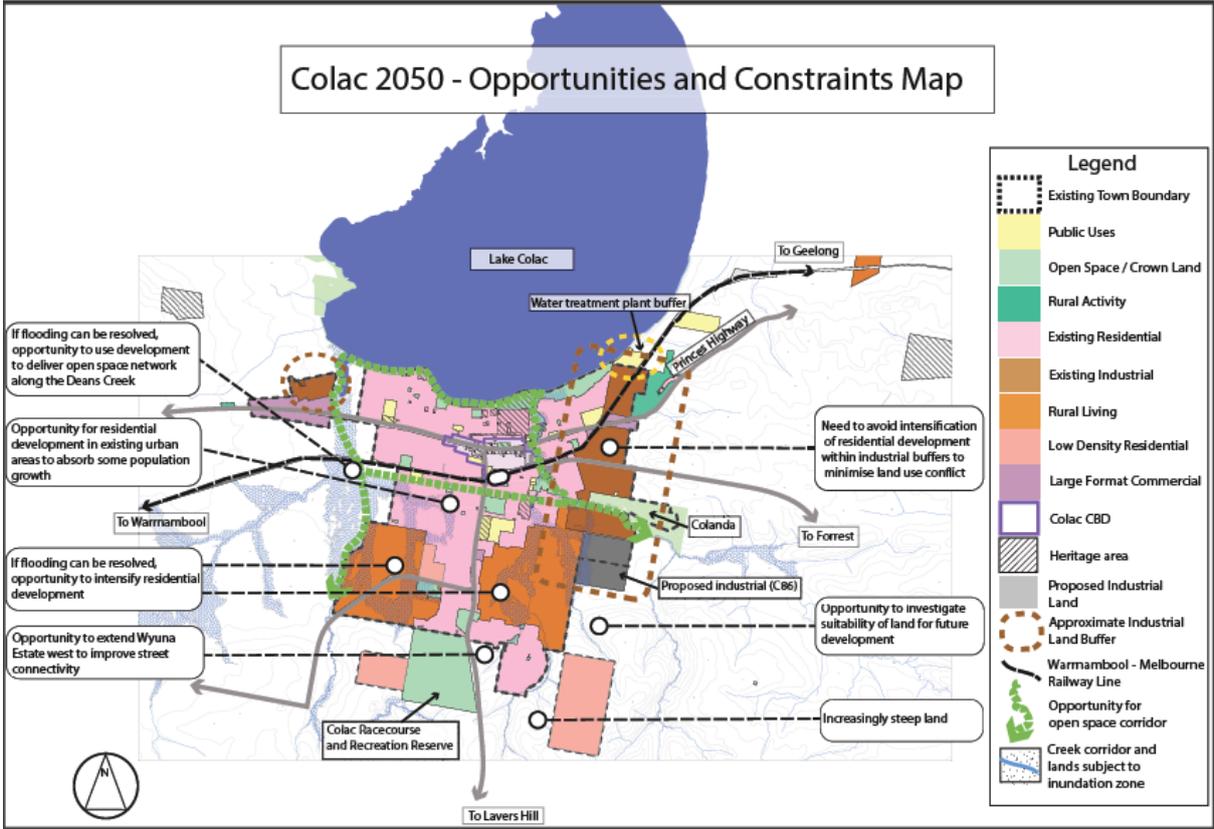
Strategic Planning Highlights

Colac 2050 Growth Plan

Colac Otway Shire Council, in partnership with Regional Development Victoria, is preparing a growth plan to guide the way Colac develops over the next three decades. The plan focusses on the

township of Colac because of its role as a regional centre. It will establish a plan to attract and manage Colac’s increasing population, from its current population of approximately 12,000 to reach an aspirational target of 20,000 by 2050. The growth plan builds on previous work that has focussed on economic development, commercial and industrial land uses in Colac. This will ensure that development happens in a positive way, consistent with community aspirations and in line with the Botanic Garden City theme identified for the City through earlier planning.

Background Papers for the Colac 2050 Growth Plan have been completed and extensive community consultation will commence in July/August 2017. The Opportunities and Constraints Map, below, is designed to assist community discussion about how Colac should grow. Council is committed to community consultation to ensure the plan reflects how the community want their town to look and feel in future years.



Apollo Bay Harbour Precinct Development Plan via an Expression of Interest Process

Market Testing has been completed for the Apollo Bay Harbour Precinct Development Plan Project. The testing process was undertaken to better understand the commercial interest in the Apollo Bay Harbour Precinct. The Market Testing report recommended an Expression of Interest (EOI) process be developed to invite private sector interest that can inform the Development Plan. The report also recommended an advocacy plan to obtain funding for public infrastructure improvements identified in Schedule 2, part of rezoning the land within the Precinct to a Special Use Zone in the Colac Otway Planning Scheme.

Future development of the Precinct will enhance the economic and employment opportunities of Apollo Bay. It will also improve amenity, and preserve the character and heritage values of the Precinct.

Amendment C90 – Colac Flood Mapping Changes

The Department of Environment, Land, Water and Planning and Corangamite Catchment Management Authority, in consultation with Colac Otway Shire Council, undertook the Deans Creek

and Barongarook Creek Regional Flood Mapping Study 2017. The Study re-examined the extent of flooding in Colac and revised the flooding maps. Amendment C90 aims to implement findings of the Study by amending Colac flood maps within the Colac Otway Planning Scheme. The amendment will make changes to the Land Subject to Inundation Overlay (LSIO) and Floodway Overlay (FO) and will also make corresponding changes to the Environmental Significance Overlay (ESO). The amendment will also streamline planning permit requirements and referral under LSIO and FO and will make relevant changes to the Municipal Strategic Statement. The amendment is scheduled to be exhibited during November – December 2017.

Statutory Planning highlights

During 2016/2017, we dealt with a number of high profile and significant applications. These included:

- A replacement police station in Queen Street, Colac, for which a permit was issued in April 2017. This is a State Government funded project and will provide for the continued use of the existing police station while the new station is under construction.
- An amendment to the Coles development in Queen Street/Bromfield Street which, as well as allowing some relatively minor changes to the original permit, allowed the provision of eleven retail premises (1,661sqm) in addition to Coles on site, instead of the four shops (1,100sqm) originally proposed.
- A number of permits were also issued for AKD Softwoods, including a permit for a dispatch shed/warehouse, a dry sticker shed/warehouse, an extension to the existing Green Mill, a new additional kiln and an office/amenities building at the timber milling plant at 7-15 Forest Street, Colac.

Significant proposals were also permitted elsewhere in the municipality:

- In June 2017, a planning permit was issued for an Interpretive Native Wildlife Park at 475 Great Ocean Road, Apollo Bay. The native animals at this site will not be caged, but will be free to roam on the property, allowing people to view native wildlife in a natural environment. In terms of buildings and works, the key elements are the proposed construction of a walking track, an 'entry/visitors' building', a car park and predator proof fencing, and the retention of an existing two-storey building on the land as a 'field base'.
- A number of applications associated with the NBN and the Mobile Blackspot Program rollouts across the municipality were also granted planning permits, including a NBN telecommunications facility in Birregurra, and facilities associated with the Mobile Black Spot at Barongarook West, Gellibrand, Kawarren and Yeodene. The replacement of a Telstra facility was also allowed in Ferguson.
- A Development Plan was approved and a planning permit subsequently issued for the subdivision of land at 30 and 40 Marriners Lookout Road, Apollo Bay into more than 130 lots.
- Other applications granted permits included:
 - A tree obstacle course in Yeodene.
 - Road improvements along the Great Ocean Road (including the replacement of Grey River bridge, and road pavement rehabilitation).

In addition to these applications, we also dealt with hundreds of other planning applications, including applications for the subdivision of land, new dwellings, industrial and warehouse buildings, the change of use of land, and various other buildings and works. In addition to dealing with planning applications, the Statutory Planning Unit dealt with issuing Certificates and Statements of Compliance for subdivisions, represented Council at the Victorian Civil and Administrative Tribunal (VCAT), and dealt with legal agreements entered into under section 173 of the *Planning and Environment Act 1987*.

Economic Development and Tourism Highlights

- As part of increasing the visitor experience, our Events staff contributed to the development of key events in the off-season; WinterWild Apollo Bay and Shakespeare in the Otways. Increasing the visitor experience encourages visitors to increase their length of stay. This boosts the local economy, creates employment for locals and attracts new people to the region.
- The following businesses were successful in receiving grant funding, which assists them to expand in the early stages of their development, enabling faster growth of their businesses than would otherwise occur:

Tourism Demand Driver Infrastructure Program

- Platypi Chocolates (Forrest - \$300,000)
- Wildlife Wonders (Marengo- \$577,962)
- Wye Beach Hotel (Wye River -\$450,000)

Regional Tourism Infrastructure Program

- Forrest Brewing received \$1.49 million to enable relocation and expansion of the business.

In addition, Council's involvement in the G21 Economic Recovery Pillar resulted in the successful lobbying for \$495,000 of indirect and direct funding for local communities and business.

- Our Tourism staff built websites and managed destination marketing content for Apollo Bay and the Otways. Approximately 350,000 consumers visited these sites in 2016/17, increasing the potential for more visitors to the region and the subsequent boost to the local economy.

Fast Facts

179	People attended local business development forums.
14,427	Phone calls to Visitor Information Centres.
150,058	Walk-in visitors to Visitor Information Centres.

Disappointments

- Closure of We Ride Bikes, organisers of four mountain bike events in Forrest, which will now not be held.
- Despite the State Government's interest, Councils Regional Tourism Infrastructure application for the Forrest Mountain Trail Bike trails was unsuccessful.

Challenges

- Developing new events with limited funding.
- The southern half of the Shire is prone to a number of environmental risks such as bushfire, flooding, landslip and erosion. Facilitating land use and development activities in these areas and managing environmental risks for people, properties and assets is challenging.
- Council regularly receives requests from landowners, prospective purchasers and real-estate agents seeking advice and or planning permission to use and develop Farming Zoned land for rural living. While some of this land is zoned Farming, the size of the land may not be suitable for productive agricultural activities. The challenge is to investigate appropriate land use and facilitate such use without impacting on the existing agricultural activities of the surrounding land and or compromising their capacity to intensify and expand.

The Year Ahead

- Complete the Colac 2050 Growth Plan and subsequent amendment to the Planning Scheme.
- Undertake amendments to the Colac Otway Planning Scheme to implement the findings of the Colac Otway Planning Scheme Review and Cutting Red Tape Project.
- Continuous process and IT improvements in the Statutory Planning area and permit application assessment process.

- Completion of the Economic Development Strategy.
- Complete the Investment Attraction Business Case for short-term accommodation.

Progress against our 2016/17 commitments:

Activity	Progress
Strategy: Plan for future land use to respond to population growth and changing needs.	
<i>Colac 2050 Plan.</i>	80%
<p><i>Target: Commercial and Industry Land Use Strategy completed. Amendment to implement the Commercial and Industry Land Use Strategy completed. Draft 2050 background report prepared.</i></p> <p><i>Commercial and Industry Land Use Strategy completed. Will be submitted to Council in July 2017 recommending adoption of the Strategy and Amendment C86. The Planning Scheme Amendment is likely to be gazetted to formally change the Planning Scheme by early 2018. The Colac 2050 Background Report has been completed, and community engagement has commenced. The Draft Colac 2050 Growth Plan is likely to be completed by early 2018.</i></p>	
<i>Apollo Bay Harbour Master Plan.</i>	30%
<p><i>Target: Stage 2: Expression of Interest process completed for preparation of a Development Plan.</i></p> <p><i>The Market Testing process has been completed. A report will be submitted to Council with recommendations from Market Testing advising the way forward with the project.</i></p>	
<i>Acquisition of 30% of the former Colac High School site for public open space.</i>	0%
<p><i>Target: Receive a portion of the site for Open Space</i></p> <p><i>The State Government is yet to initiate the Planning Scheme Amendment to rezone the land and transfer part of the site to open space. The State Government has demolished the former school buildings in preparation for rezoning and land sale, and Council has provided support to these processes.</i></p>	
<i>Review mapping of the Heritage Overlay to inform the red tape reduction planning scheme amendment.</i>	35%
<p><i>Target: Red tape reduction planning scheme amendment includes Heritage Overlay changes.</i></p> <p><i>The Review of the Colac Otway Planning Scheme and Cutting Red Tape Project is currently underway. The Review Report with recommendations is expected to be available in September 2017.</i></p>	
Strategy: Develop an integrated response to meet future infrastructure needs.	
<i>Community infrastructure and asset renewal plan.</i>	97%
<p><i>Target: Develop Asset Management Plans for key community infrastructure classifications. Develop an Asset Renewal Plan with forward projections of funding requirements. Identified asset renewal priorities funded.</i></p> <p><i>Asset management plans have been developed for all assets apart from buildings. Asset Renewal Plans have been developed with forward projections of funding requirements for the new financial year. Identified asset renewal priorities funded in the 2017/18 Budget.</i></p>	
<i>Develop a Colac Otway Shire Footpath Strategy.</i>	85%
<p><i>Target: Strategy developed.</i></p> <p><i>Strategies developed for Colac and Apollo Bay, the two main urban areas in the Shire with over 85% of footpath assets. Work on a Shire wide strategy was delayed due to staff shortage.</i></p>	

Strategy: Promote local business, services and foster employment opportunities.*Economic Development Strategy implementation.*

30%

Target: Strategy completed and adopted by Council. Staged implementation of the Economic Development Strategy commenced.

Internal stakeholder engagement completed. New strategy to be developed, adopted and implemented in 2018.

Strategy: Grow tourism to support the local economy.*Staged implementation of the Colac CBD & Entrances Project.*

0%

Target: Stage 1 & 2 of the CBD & Entrances Project completed. Meet budget of \$1.95 million =/-2.5%.

Federal funding, critical to progressing the project, was not received at the time the target was set. Funding was approved in December 2016, with the Tender process for works commencing in January 2017. The project is rescheduled to commence early in 2017/18. Budget carried over to 2017/18.

Great Ocean Road Tourism Destination Master Plan Implementation.

100%

Target: Stage 1: Master Plan priority projects identified. Stage 2: Implementation strategy developed.

Stages 1 and 2 completed and implemented.

Planning Applications

2016/17 is the first year of separating planning applications into VicSmart and Regular applications, making previous data non-comparable. Successive years of reporting will build comparative data.

VicSmart applications (decisions made within 10 days)

	Number of Applications	Decisions made within 10 days	Median days to process applications
2016/17	12	9	7.6

Regular applications (decisions made within 60 days)

	Number of Applications	Decisions made within 60 days	Median days to process applications	Appeals to VCAT*	Council decisions upheld
2016/17	365	282	43.3	2	2

*Victorian Civil and Administrative Tribunal

Building applications

	Number of Applications	Average Days to Assess Applications	Average Days to Issue Permits
2012/13	54	20	33
2013/14	53	14	24
2014/15	55	7	17
2015/16	63	10	12
2016/17	83	13	17

Local Government Performance Reporting Framework

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

Service/Indicator/measure	2014/15	2015/16	2016/17	Material Variations and Comments
Statutory Planning Timeliness <i>Time taken to decide planning applications</i> [The median number of days between receipt of a planning application and a decision on the application]	62.50	70.00	66.50	The result for 2016/17 has improved from the previous year's performance, with an ongoing commitment to refining processes (e.g. on referrals) to minimise the number of days taken to determine applications.
Service standard <i>Planning applications decided within required time frames</i> [(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	60.41%	78.10%	73.09%	Performance improved from 2015/16 as Council works to address resourcing issues.
Service cost <i>Cost of statutory planning service</i> [Direct cost of statutory planning service / Number of planning applications received]	\$2,341.79	\$2,749.49	\$2,706.06	The decrease in service cost from 2015/16 is due to an increase in the number of planning applications received.
Decision making <i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside Council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	100%	100%	100%	The result highlights Council's knowledge and effectiveness in applying the relevant Planning Schemes.

Pillar 3: A Place to Live and Grow

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

Four strategies contribute to achieving this goal:

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

Projects and activities linked to the strategies are a combination of key strategic activities from the Council Plan, supported by other significant projects documented in the annual Operational Plan. Results against targets for these projects in 2015/16 can be viewed on pages 43.

Services contributing to this Pillar

The following services/activities were funded in the 2016/17 budget and contributed to achieving the strategies and goal for this Pillar:

Service area	Description of service	Net Cost Actual Budget Variance \$000
Arts & 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.	689 <u>667</u> (22)
Older Persons & Disability Services	Supports older and disabled members of our community to sustain quality of life.	1,081 <u>527</u> (554)
Children and Family Services	Supports our children, families and youth to encourage and nurture their growth and development.	254 <u>290</u> 36
Infrastructure Services	Provides for the physical assets required by the community to maintain a happy, healthy and sustainable lifestyle.	4,920 <u>4,118</u> (802)
Parks, Gardens and Reserves	Maintenance of open space for the enjoyment of all community members.	1,035 <u>1,344</u> 309
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.	(3) <u>261</u> 264
Apollo Bay Harbour	Management and maintenance of the Apollo Bay Harbour for the enjoyment of the community.	(262) <u>396</u> 658
Colac Regional Saleyards	Provides a vital link in our rural infrastructure by providing a marketplace for buying and selling livestock.	(92) <u>187</u> (95)

Right: Boomerang Bags (photo: Luka Kazlauric)

Highlights

Successful transition to include new aged care and disability programs

The Older Persons and Ability Support Service of Council successfully transitioned its suite of programmes to include the National Disability Insurance Scheme, Commonwealth Home Care Packages, Commonwealth Home Support Program, and Veterans Home Care. These services support the frail, aged, vulnerable and disabled people and their carers.

Dementia friendly expo

A Dementia Expo was held in conjunction with the Colac HACC Alliance to launch the Ageing and Dementia Friendly Communities Project. The Expo provided the opportunity for services to give information to the community and to network with each other. Eighteen organisations and services provided information stalls during the Expo and over 80 members of the community attended.

Refurbishment of Maternal and Child Health Centre

The refurbishment of the 81 year old Queen Street Maternal and Child Health Centre has transformed it into a contemporary and inviting space for parents to visit.

Smarter than your average bin

Our waste management team trialed a Smart City Solutions solar compaction bin from 23 May to 13 June 2016 outside the Apollo Bay Bakery. These dates included the Queen's Birthday holiday long weekend. During this period, the percentage of waste in the solar compaction bin was monitored each day via a mobile phone app by our Waste Management Officer. The solar compaction bin was emptied on Friday 9 June 2016 before the long weekend and was only at 55 per cent capacity when emptied. All other street litter bins were emptied three times per week during this period. There were no reports of rubbish overflowing or bad smells coming from the solar compaction bin. Overall, the solar compaction bin trial was deemed a great success and the team will be looking to install more throughout the shire in the future.



Toward a Plastic Bag Free Apollo Bay

Colac Otway Shire's Environment and Waste Management units sponsored the Otway Conservation Association's (OCA) initiative 'Boomerang Bags' is gaining momentum. The aims of the initiative are to reduce waste to landfill (particularly plastic bags), keep our foreshores and oceans clean and educate our communities on how to live a more sustainable lifestyle.

Boomerang Bags is a community driven initiative tackling plastic pollution at a grassroots level. The initiative works to mobilise community volunteers to make re-useable Boomerang Bags using recycled materials. The bags are made available on a 'borrow and bring back' basis as a sustainable alternative to plastic bags. The initiative involves the implementation of 'bag-share' boxes or stations throughout a



target business district or within select local businesses and farmers markets. Re-useable Boomerang Bags are made available at these locations for customers to borrow if they have forgotten their own, and return on subsequent visits.

The Boomerang Bags campaign's primary objective is to make Apollo Bay plastic bag free. Currently Plastic Free Victoria, Boomerang Bags Torquay and Apollo Bay are working in consultation on how plastic bag free Great Ocean Road and surrounds can be achieved and implemented in the future.

Maintaining and improving our infrastructure

Council continued to demonstrate its ongoing commitment to improving the standards of the community's critical infrastructure assets. A significant investment was again made in 2016/17 to deliver various programmes to renew infrastructure such as roads, footpaths, buildings and bridges.

The 2016/17 Budget and Actuals for these combined programs were:

	Budget (\$ Million)	Revised Budget (\$ Million)	Actual (\$ Million)
Maintenance	\$7.01	\$7.07	\$6.14
Renewal	\$13.14	\$16.45	\$9.41
Total	\$20.14	\$23.52	\$15.55

All routine road and footpath inspections were completed for 2016/17. In total, 141 km of footpath and close to 1,621 km of local roads network were inspected. All routine inspections were conducted in keeping with the schedule documented in Council's Road Management Plan.

Maintaining our major plant

Major plant is routinely replaced, usually on a rolling 10 year program, to ensure safe, reliable and efficient equipment is available to undertake our asset maintenance and reconstruction responsibilities. The following major plant items were purchased during 2016/17:

12M Caterpillar Grader	\$423,000
Case Tractor	\$110,000
3M Isuzu truck	\$101,316
Toro Mower	\$20,000
6FT Howard Slasher	\$15,000
Total	\$669,316

Disappointments

- Limited Perinatal Emotional Health support available for struggling families due to external resource changes.

Challenges

- Engagement and participation of Aboriginal and Torres Strait Island families in the Maternal and Child Health service.
- Meeting the increasing demands created by increasing birth numbers in Colac Otway Shire.
- To align the existing State Government funded Building Inclusive Communities Program and the new commonwealth funded Information Linkages and Capacity Building Program with Council plans and community expectations.
- Continue to maintain the momentum at Council's key regional facilities including Bluewater and COPACC.

The Year Ahead

- Implementation of the new Municipal Public Health and Wellbeing Plan to support the health and wellbeing of our diverse communities.
- Consolidate and improve access to support services for struggling families including support for women and children experiencing family violence.
- Implementing ways to improve our participation rate in key ages and stages visits, especially with older children.
- Complete the development of the Arts and Culture Strategy 2017-2021.

Fast Facts

218	Children registered in Family Day Care.
15,340	Home Care hours.
11,530	Personal Care hours.
4,683	Respite Care hours.
6,196	Community transport hours.
9,092	Meals delivered.
2,491	Maternal and Child Health consultations.
28,225	Animals through the Colac Regional Saleyards.
38km	Sealed roads renewed.
75km	Unsealed roads renewed.
1,546m	Footpath reconstructed
30km	Trees trimmed on rural roads.
1,940	Guideposts replaced on rural roads

Progress against our 2016/17 commitments:

Activity

Progress

Strategy: Address the health and wellbeing needs of people of all ages and abilities.

Develop and implement the Public Health and Wellbeing Plan.

94%

Target: Implement actions as identified for 2016–2017 of the Plan. Develop the Alcohol and Other Drugs Plan completed. Meet budget of \$29,000 with a tolerance of +/-5%.

Majority of actions completed. A draft Alcohol and Other Drugs Plan was developed in 2016/17 but the timing wasn't appropriate to present to providers. The draft will be reviewed in 2017/18 to reflect new local data and approaches. \$10,306 expended due to working in partnership with other agencies on specific projects and programs.

Target: Develop the 2017-2021 Public Health and Wellbeing Plan within the timeframe agreed to by Council. Meet budget of \$29,000 with a tolerance of +/-5%.

Achieved. \$15,494 expended due to the Plan being developed using internal resources.

Strategy: Advocate for access to an increased range of education and training opportunities.

Joint implementation of the Beyond the Bell/GROW projects to increase Year 12 attainment and local opportunities for work.

100%

Target: Key objectives for first 12 months initiated. Meet remaining budget of \$146,000 with a tolerance of +/-5%.

Achieved. Council provided coordinator support and a management structure to oversee, implement and connect key activities within and between both projects. Multiple agencies and government departments were involved in these projects and work will continue on both projects during 2017/18.

Activity	Progress
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Strategy: Increase the diversity of arts, culture and social spaces.

<i>Staged implementation of the Beechy Precinct development program.</i>	100%
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Target: Bluewater leisure centre stadium sports floor completed. Central Reserve Redevelopment – complete construction.

Stadium floor completed and opened to the community in March 2017.

<i>Staged implementation of the Open Space Strategy.</i>	85%
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Target: Priority actions implemented. Playspace Strategy developed and adopted by Council.

Draft Playspace Strategy developed. To be adopted by Council.

Target: Annual open space renewal program completed. Meet budget of \$50,000 with a tolerance of +/-5%.

Achieved.

Target: Annual playground renewal program completed. Meet budget of \$60,000 with a tolerance of +/-5%.

Project deferred to 2017/18 due to State Government grant received.

Strategy: Maintain existing infrastructure.

<i>Implement the asset renewal and maintenance program.</i>	99%
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Target: Road and Footpath assets inspected in accordance with the Road Management Plan.

Road and Footpath assets inspected in accordance with the Road Management Plan, with the exception of Wye River as the area was under emergency management post bushfire and access was limited.

<i>Develop a Property Management Program.</i>	100%
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Target: New Property Management Plan and framework developed and implemented.

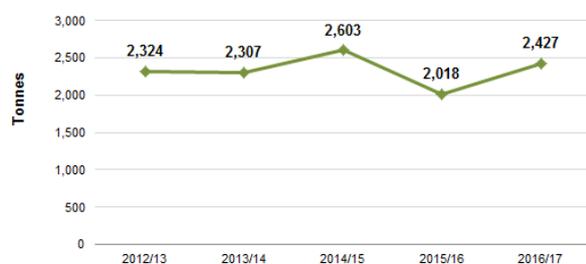
Gap analysis completed, lease and licence register established. Condition audit in progress and service manager workshops commenced.

<i>Annual road resealing program.</i>	70%
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Target: 30 kilometres (km). All planned works achieved within allocated budget of \$900,000.

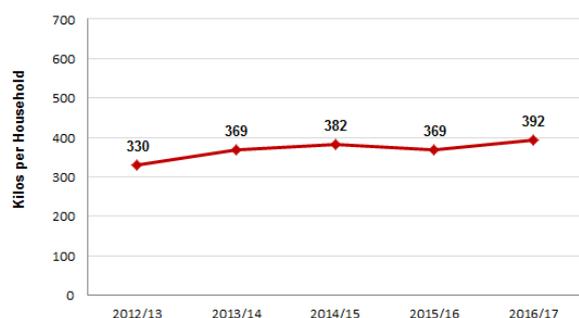
Achieved 36.6 km. \$929,485 expended. Additional works completed utilising additional funding from the Roads to Recovery allocation.

Organic waste diverted from landfill (tonnes)



The increase in organic material going to landfill in 2016/17 was a result of the two additional kerbside organics collections that took place in October 2016. Council offered all residents the additional collections to assist them in preparing their properties before the bushfire season commenced.

Household waste to landfill (kilos)

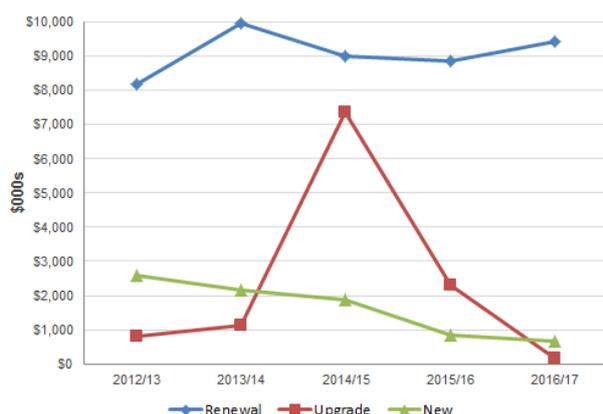


The increase in 2016/17 is due to 131 new kerbside collection services that commenced this year and more waste bins being collected; however the overall trend for the past 5 years has been a minor increase in household waste (non-organics) to landfill. New marketing strategies have been developed to reinvigorate community commitment to recycling.

Capital Works

In '000s

	Renewal	Upgrade	New	Total
2012/13	\$8,168	\$824	\$2,597	\$11,589
2013/14	\$9,965	\$1,116	\$2,151	\$13,232
2014/15	\$8,995	\$7,366	\$1,889	\$18,250
2015/16	\$8,862	\$2,316	\$853	\$12,031
2016/17	\$9,412	\$166	\$670	\$10,248



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

Local Government Performance Reporting Framework

Results for Maternal & Child Health, Roads and Waste Collection are presented below in the prescribed format.

Service/Indicator/measure	2014/15	2015/16	2016/17	Material Variations and Comments
Home and Community Care (HACC)				
Timeliness				
<i>Time taken to commence the HACC service</i> [Number of days between the referral of a new client and the commencement of HACC service / Number of new clients who have received a HACC service]	n/a	5.00	N/A	Reporting on Home and Community Care Services (HACC) ceased on 1 July 2016 due to the introduction of the Commonwealth Government's National Disability Insurance Scheme and Commonwealth Home Support Programme.

Service/Indicator/measure	2014/15	2015/16	2016/17	Material Variations and Comments
Service standard <i>Compliance with Community Care Common Standards</i> [Number of Community Care Common Standards expected outcomes met / Number of expected outcomes under the Community Care Common Standards] x100	100%	100%	N/A	As above.
Service cost <i>Cost of domestic care service</i> [Cost of the domestic care service / Hours of domestic care service provided]	n/a	\$41.25	N/A	As above.
Service cost <i>Cost of personal care service</i> [Cost of the personal care service / Hours of personal care service provided]	n/a	\$41.25	N/A	As above.
Service cost <i>Cost of respite care service</i> [Cost of the respite care service / Hours of respite care service provided]	n/a	\$55.27	N/A	As above.
Participation <i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100	24.16%	26.05%	N/A	As above.
<i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	21.50%	15.92%	N/A	As above.
Maternal and Child Health (MCH) Satisfaction <i>Participation in first MCH home visit</i> [Number of first MCH home visits / Number of birth notifications received] x100	99.12%	103.78%	95.51%	The decrease in participation in first home visits is the result of five birth notices received at the end of June 2016 and not yet enrolled, plus four stillbirths.
Service standard <i>Infant enrolments in the MCH service</i> [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100	96.04%	99.16%	100.41%	A small increase noted in birth notices from the previous two years.
Service cost <i>Cost of the MCH service</i> [Cost of the MCH service / Hours worked by MCH nurses]	n/a	\$75.12	\$68.86	The decrease from 2015/16 is a result of an increase in the hourly charge rate for nurses combined with a slight reduction in operating costs for this service.

Service/Indicator/measure	2014/15	2015/16	2016/17	Material Variations and Comments
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	74.83%	71.90%	69.68%	The small change in participation is part of normal fluctuations.
<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	59.26%	58.33%	60.38%	The small change in participation is part of normal fluctuations.
Roads Satisfaction of use <i>Sealed local road requests</i> [Number of sealed local road requests / Kilometres of sealed local roads] x100	11.29	10.78	12.57	The increase in 2016/17 is the result of a significant increase in requests in October and November 2016 following the September floods.
Condition <i>Sealed local roads maintained to condition standard</i> [Number of kilometres of sealed local roads below the renewal intervention level set by council / Kilometres of sealed local roads] x100	90.14%	94.88%	95.87%	This result indicates that 96% of our road network is at an acceptable standard based on condition and does not need any major reconstruction work.
Service cost <i>Cost of sealed local road reconstruction</i> [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$34.68	\$39.54	\$30.20	The reduction in the 2016/17 figure is due mainly to reduced capital works as a result of the flooding disaster event in the region in late 2016 combined with a higher than usual turnover in staff numbers in this area.
<i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$6.09	\$7.03	\$6.19	The reduction in the 2016/17 figure is due mainly to reduced capital works as a result of the flooding disaster event in the region in late 2016 combined with a higher than usual turnover in staff numbers in this area.
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]	44	37	42	Satisfaction with sealed local roads improved in 2017 and is on par with other large rural shires.

Service/Indicator/measure	2014/15	2015/16	2016/17	Material Variations and Comments
Waste Collection				
Satisfaction				
<i>Kerbside bin collection requests</i> [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1,000	107.00	168.82	100.05	Prompt and consistent communication with the waste contractor has improved the rate at which requests are being resolved. This has resulted in a reduction in the number of collection requests.
Service standard				
<i>Kerbside collection bins missed</i> [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	6.44	7.82	6.35	The reduction in the 2017 figure is the result of fewer requests for missed bins. The increase in the previous year's result is due to a change in the way missed bins are recorded, giving an artificial increase in the number of missed bins.
Service cost				
<i>Cost of kerbside garbage collection service</i> [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$120.79	\$129.20	\$134.63	The increase in this indicator reflects an increase in the contractor charge rates for garbage collection.
<i>Cost of kerbside recyclables collection service</i> [Direct cost of the kerbside recyclables bin collection service / Number of kerbside recyclables collection bins]	\$34.91	\$36.98	\$36.15	The minor reduction in cost for 2016/17 is the result of a reduction in overall recycling volume.
Waste Diversion				
<i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	55.52%	43.32%	47.09%	The increase in 2017 reflects the gradual reinstatement of services to some of our bushfire affected residents.

Pillar 4: A Healthy Community and Environment

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

Five strategies contribute to achieving this goal:

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

Projects and activities linked to the strategies are a combination of key strategic activities from the Council Plan, supported by other significant projects documented in the annual Operational Plan. Results against targets for these projects in 2015/16 can be viewed on page 53.

Services contributing to this Pillar

The following services/activities were funded in the 2016/17 budget and contributed to achieving the strategies and goal for this Pillar:

Service area	Description of service	Net Cost Actual <u>Budget</u> Variance \$000
Local Laws	Contributes to community safety and health by providing a framework for behaviours which affect our community wellbeing.	447 <u>400</u> (47)
Emergency Management	Provision of necessary support for the community in the case of an emergency event occurring.	245 <u>241</u> (4)
Events	This service provides for active community involvement in the provisioning of management and support for community entertainment and events.	219 <u>226</u> 7
Environment	Management of our natural environment for to the betterment and enjoyment of all members of our community.	852 <u>592</u> (260)
Recreation	Provides for active community involvement and the promotion of healthy lifestyles by providing for suitable sporting and recreational facilities.	383 <u>377</u> (6)
Bluewater Leisure Centre	Active promotion of a healthy lifestyle for our community by directly providing swimming and gymnasium facilities.	626 <u>474</u> (152)
Public Health	Encourages a healthy and safe lifestyle by actively promoting and policing public health issues.	274 <u>307</u> 33
Fire Prevention	Promotion of community safety by aiming to eliminate potential fire risks within our community.	(12) <u>19</u> 31
Street Lighting	Active promotion of community safety by providing a clear and safe environment in our towns after dark.	114 <u>113</u> (1)

Highlights

Central Reserve Redevelopment completed

The Central Reserve Redevelopment was completed in April 2017, resulting in first class facilities for our local netballers and footballers. The \$3 million project, completed on time and within budget, provides wonderful new netball change rooms and amenities, a new pavilion with change rooms and elevated areas for officials and spectators, and a completely refurbished grandstand.

“The Central Reserve off-field facilities redevelopment is the culmination of almost 15 years of planning, lobbying and collaboration between Council, the state and federal governments and Central Reserve users.

“This redevelopment is yet another great addition to the Beechy education and recreation precinct, which also includes the skate park, the library, the secondary college, an upgraded stadium and pool complex, a new shared-use sports oval and library. As a community we’re really fortunate to have all these facilities in the one precinct where people can come together to be social and active and learn.”
Mayor Chris Potter

The Federal Government provided \$2.5 million for the project, with the State Government contributing \$300,000, Council contributing \$150,000 and the Colac and District Football Netball League and the Colac Tigers contributing \$100,000.

Bluewater stadium opened



The Bluewater stadium opened to the community on Sunday 26 March 2017, with the Colac Basketball Association playing their grand finals in the redeveloped stadium for the first time. The grand finals attracted a massive crowd which showcased the wonderful new facility.

“The stadium is really something to behold, people will be amazed at

how big it is, how great it looks and how functional all the player, officials, spectator and storage spaces are.” Mayor Chris Potter said.

Colac Basketball Association’s President Peter Lemke said the completion of the stadium redevelopment was an exciting time for Colac basketball and the community.

“Our recent junior tournament attracted almost 700 players and it will be great to have them all in Colac next year along with our CBL (Country Basketball League) teams competing on our home court in front of a vocal Colac Kookas crowd,” Mr Lemke said.

Above: Bluewater Stadium (photo: Luka Kazlauric)

Bringing the ocean to Colac for World Environment Day

More than 300 Colac Otway school children were treated to an aquatic visual feast and educational experience over four days to celebrate World Environment Day 2017.

'Oceanarium' is a multi-artwork installation created especially for children aged 2-12, designed to deepen children's appreciation and understanding of south west Victoria's marine environment, in all its diverse shapes and forms. It is the work of four artists in collaboration with Deakin University, recreating four magical



environments for children to explore. The child centred installation allowed children to participate on multiple levels with an inbuilt array of sensory mediums and different modes for exploration. Oceanarium was sponsored by Sealife Melbourne.

Climate Change Adaptation Plans completed

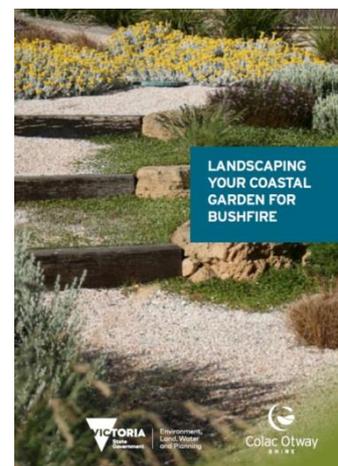
Through the Climate Resilient Communities of the Barwon South West Project, Climate Change Adaptation Plans (CCAP) were developed for eight Councils, including Colac Otway Shire. The completion and endorsement of this document provides a clear process for prioritising climate adaptation actions. Under the CCAP, Council is investigating future flooding risks under various climate change scenarios to ensure we have the most robust urban flood strategy to inform Colac 2050 planning.

Recovery actions associated with the Flood and Landslip events of September 2016

Significant flood events in September 2016 and the subsequent landslip incidents along the Great Ocean Road, along with a number of other locations, tested Councils capability to respond successfully to another large scale emergency event. During this period Council successfully balanced the competing requirements of maintaining core business function, facilitating and coordinating interagency recovery efforts and streamlining recovery works to maximise community benefit.

Coordination of the Wye River Separation Creek Vegetation Restoration Committee

Council has coordinated the Wye River Separation Creek Vegetation Restoration Committee to assist in the recovery of these townships, following the Christmas Day bushfire in 2015. This group delivered: weed control works, ensuring the most invasive species are controlled (target species include Sweet Pittosporum, Asparagus Fern, Banana Passionfruit); a number of community information days (e.g. Backyard Bird Count, weed identification and how to manage coppice regrowth on established trees); and developed the *Landscaping your Coastal Garden for Bushfire Booklet* to assist landholders in their rebuilding process.



Energy Efficient Lighting for Public Open Spaces

During the last three years, Council has been upgrading both internal and external lighting. The largest of these projects was the Great South Coast Smart Street Light Project, which for Colac Otway Shire included the changeover of more than 1,400 street lights to LED, saving Council approximately \$120,000 annually. The following link provides further details about this project.

<https://www.youtube.com/watch?v=MvOpevKWPuo>

To continue this project, Council completed an audit of our own Public Open Space lights (e.g. car parks, playgrounds). This assessment found that Council could save money by upgrading these assets to the more efficient LED alternative. Although some of this work was completed (e.g. Beeac Street decorative lights upgraded to LED) the majority of the upgrades will occur in the 2017/18 financial year.

Biosecurity Assurance Pound Facility Audit 2016

Council's animal pound facility was audited in 2016 by the Biosecurity Assurance Unit of the State Government's Department of Economic Development, Jobs, Transport and Resources. The Audit provided a very positive report of Council's facility noting full compliance with all legislative requirements and animal welfare issues.

Disappointments

- Set-back in rehabilitation of Barongarook Creek due to the flood event in September 2016.
- Increases in the number of Fire Prevention Notices issued in townships compared to the previous financial year; including a 30% increases in Colac and Apollo Bay.

Challenges

- Securing funding support for the implementation of the Lake Colac Foreshore Master Plan priority recommendations.
- Continue to maintain the momentum at Council's key regional facilities including Bluewater leisure centre and COPACC.
- Completion of the Climate Resilient Communities of the Barwon South West Project. Currently the team is partially funded through a grant from the State Government that will finish in December 2017. We will need to secure additional external funding to maintain the current resourcing of the Environment Team.
- Developing and implementing a new Emergency Management Training and Embedding Program (EMTEP) to build capacity within all business units that are involved within the emergency management response, relief and recovery. This ensures that Council builds on the learnings from the emergency events that Council has faced over the last 18 months to ensure our capacity is maintained effectively to manage emergencies effectively in the future.

The Year Ahead

- Complete the Rex Norman Park Playspace Development, \$160,000 project jointly funded by Council and Sport and Recreation Victoria.
- Bluewater and Colac Library Solar Photovoltaic System installation and completion of the Public Open Space lighting upgrade.
- Municipal Emergency Management Plan audit and delivery of the new Fire Prevention and Awareness program.
- Adoption and implementation of the 2017-2021 Domestic Animal Management Plan.
- Lake Colac Master Plan implementation.

Fast Facts

- 64,000 Bluewater leisure centre attendances.
- 4,856 Crèche attendances at Bluewater leisure centre.
- 1,628 New memberships at Bluewater leisure centre.
- 44,093 People attended 1,773 events and performances at COPACC.
- 2,298 Trees, grasses, lilies and shrubs planted.
- 2,068 School children participated in 75 environmental activities.
- 4,619 Dogs and 1,403 Cats registered.
- 1,061 Permits (various) issued.
- 681 Food safety inspections of 402 premises.
- 2,632 Immunisations performed.

Progress against our 2016/17 commitments:

Activity

Progress

Strategy: Protect and care for the natural environment.

Implement the relevant stages of the Environment Strategy 2010-2018.

100%

Target: Stage 2 of the 2013-2015 Environment Action Plan completed. Develop the 2016-2018 Environment Action Plan. Stage 1 of the 2016-2018 implemented. Meet budget of \$115,000 with a tolerance of +/- 5%.

Achieved. 96% Budget expended.

Strategy: Support community safety initiatives, local law enforcement and emergency management.

Implement the Municipal Emergency Management Plan.

100%

Target: Municipal Fire Management Plan reviewed and implemented. Meet budget of \$54,000 with a tolerance of +/-5%.

Plan actions achieved for 2016/17. Plan reviewed in partnership with Surf Coast and Corangamite Shires. New Otway District Strategic Fire Management Plan adopted by Council on 22 March 2017.

Implement the Bushfire Recovery Plan for the resettlement of Wye River and Separation Creek.

95%

Target: Program for restoration of damaged infrastructure implemented.

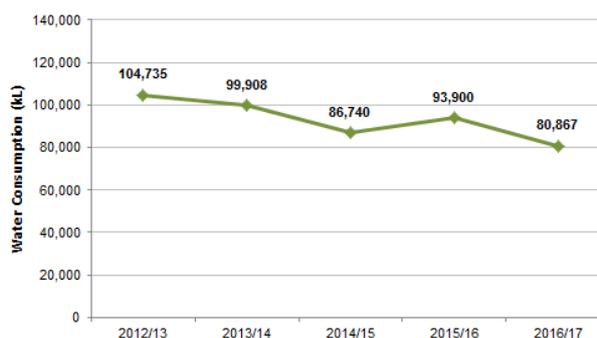
Achieved 90%. The outstanding road reinstatement works within Wye River and Separation Creek were delayed due to the weather. The remaining works were delayed due to procurement issues.

Target: A 'One-Stop-Shop' service provided to residents for rebuilding of houses.

Achieved.

Total water usage for council facilities (kilolitres)

Water usage decreased by 14% in 2016/17, largely due to a return to 'business as usual'. The increase in 2015/16 was a combination of water testing during the commissioning phase of the Bluewater leisure centre swimming pool, and the post bushfire clean-up and refilling of domestic water tanks.



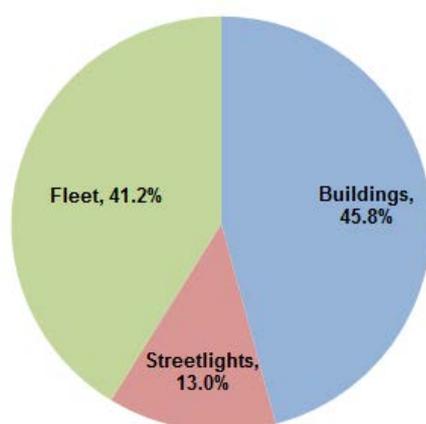
Total greenhouse emissions (CO2-e tonnes)

During the last five years our greenhouse gas emissions have reduced by 19%; however during 2016/17, there was some significant movement in results for Buildings and Fleet:

	Buildings	Street Lights	Fleet	Total
2012/13	1,959	1,048	1,578	4,585
2013/14	1,683	1,011	1,414	4,109
2014/15	1,403	869	1,520	3,792
2015/16	1,924	434	1,253	3,610
2016/17	1,716	368	1,543	3,627

Source: 2017 Planet Footprint Report

Proportion of Greenhouse Emissions (CO2-e tonnes)



Buildings

Building emissions decreased by 6% in 2016/17 due to ongoing energy efficiency improvements such as upgrading the theatre lighting in COPACC during 2015/16, and closing the bushfire recovery portable office.

Fleet

Fleet emissions increased by 8%. This was due to a combination of rehabilitation works after the 2015/16 Wye River bushfires, and the Apollo Bay harbour dredge line returning to full operating capacity post upgrades to the dredge pipe.

Local Government Performance Reporting Framework

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

Service/Indicator/measure	2014/15	2015/16	2016/17	Material Variations and Comments
Animal Management				
Timeliness				
<i>Time taken to action animal management request</i> [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	n/a	1.00	1.00	Requests are responded to on the same day, usually within four hours. Urgent requests are responded to immediately.
Service standard				
<i>Animals reclaimed</i> [Number of animals reclaimed / Number of animals collected]	65.91%	84.83%	55.19%	The decrease in the 2016/17 result is due to an abnormally high number of feral and diseased animals collected and euthanased in 2015/16.
Service cost				
<i>Cost of animal management service</i> [Direct cost of the animal management service / Number of registered animals]	\$42.00	\$57.40	\$55.79	The decrease from 2015/16 is due to a minor increase in the number of registered animals.

Service/Indicator/measure	2014/15	2015/16	2016/17	Material Variations and Comments
Health and safety <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	27.00	13.00	10.00	Prosecutions commenced in 2015. The reduced number of prosecutions is a direct reflection of public awareness that Council has the capacity and ability to prosecute matters.
Aquatic Facilities Service standard <i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	1	0.50	1	The decrease in the 2015/16 result was due to the diversion of resources to assist with the Wye River and Separation Creek bushfires. The improvement for 2016/17 is due to a return to usual business activities.
<i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]	Nil	Nil	1	A chlorine leak from the chemical dosing line in 2017 was reported to WorkSafe. No injuries were sustained.
Service cost <i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	n/a	\$3.08	\$1.91	The significant drop in cost per visit in 2016/17 is the effect of economies of scale of having the aquatic facility open for the full year, therefore spreading the costs.
<i>Cost of outdoor aquatic facilities</i> [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$35.26	\$43.07	\$24.27	The decrease in the 2016/17 result is due to the abnormally high figure in 2015/16 resulting from the pool being closed due to the impact of the Wye River bushfires. The 2016/17 result more accurately reflects business as usual.
Utilisation <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	0.09	2.73	6.39	The 2015/16 result reflects the Bluewater leisure centre being closed for two years for redevelopment, reopening in late 2016. The significant increase in usage in 2016/17 is the result of increased memberships and attendances at the remodelled and enlarged facility.

Service/Indicator/measure	2014/15	2015/16	2016/17	Material Variations and Comments
Food Safety Timeliness <i>Time taken to action food complaints</i> [Number of days between receipt and first response action for all food complaints / Number of food complaints]	n/a	1.00	1.30	From 1 July 2016 this measure is being reported by calendar year rather than financial year to better align with the Department of Health and Human Services reporting. The increase in the result for 2016/17 was impacted by the Wye River Bushfire response and recovery and staff vacancies, which generated work in excess of the Business Unit's capacity to undertake. Note, these rates are for the 2016 calendar year and any comparison with 2015/16 is not representative of change in performance.
Service standard <i>Food safety assessments</i> [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the 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	100%	71.63%	64.26%	The increase in the result for 2016/17 was impacted by the Wye River Bushfire response and recovery and staff vacancies, which generated work in excess of the Business Unit's capacity to undertake.
Service cost <i>Cost of food safety service</i> [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]	\$270.68	\$274.87	\$459.78	The increase in 2016/17 is due to an increase in staffing costs and resources to undertake Food Safety services. Future reporting will provide a better indicator of cost of service.
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 food premises] x100	80.77%	90.91%	80.00%	From 1 July 2016 this measure is being reported by calendar year rather than financial year to better align with the Department of Health and Human Services reporting. The increase in the result for 2016/17 was impacted by the Wye River Bushfire response and recovery and staff vacancies, which generated work in excess of the Business Unit's capacity to undertake. Note, these rates are for the 2016 calendar year and any comparison with 2015/16 is not representative of change in performance.

Democratic Governance

Council elections

Council elections were held on Saturday, 22 October 2016. Four new Councillors were elected:

- Cr Kate Hanson
- Cr Joe McCracken
- Cr Chris Potter
- Cr Jason Schram

Councillors returned for another term were:

- Cr Stephen Hart
- Cr Chris Smith
- Cr Terry Woodcroft

Councillor induction

An intensive induction program and workshop was conducted on 30 and 31 October 2012. The program included a number of topics to provide Councillors with information to assist them in their role:

- The fundamentals of being a Councillor
- Council finances
- Capital Works and Asset Management Process
- Key Strategic Planning
- Overview of each Department and Major Projects
- Legal responsibilities
- Code of Conduct
- Framework for working together

Council's role

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

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

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

f) *fostering community cohesion and encouraging active participation in civic life.*

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

Decision-making process

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

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

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

Relationship between Council and the Executive

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

Code of conduct

Council has a Code of Conduct, which was reviewed and adopted by Council on 1 February 2017. The code outlines the principles of good governance, guides Councillors' behaviour, accountability and dispute resolution between Councillors. All Councillors are expected to behave ethically and with integrity. The Code is available on Council's web site at <http://www.colacotway.vic.gov.au/Council-the-shire/Reports-strategies-plans/Policies-procedures-Local-Laws>

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 2016/17, Councillors registered 17 conflicts of interest during Council Meetings and 6 in Council Planning 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.

Council meetings

Council conducts its business in open and publicly advertised meetings. Ordinary Council Meetings are usually held on the fourth Wednesday of each month at Council Chambers in Colac. Reports are prepared independently by staff for both the decision and information of the Council. During the year, Ordinary Council Meetings were also held in Apollo Bay in November 2016 and in March and June 2017.

On occasions, Special Council meetings are called to consider specific matters. Meetings are conducted in accordance with the meetings procedure provisions of Governance Local Law 4. Special Council meetings were held in October and November (x2) 2016 and in February 2017. Special Committee meetings were held in May and June 2017.

Councillor meeting attendance is reported in the Our Council section on page 10.

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

Question time

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

Councillor support and remuneration

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

In line with the policy, support is provided to the Mayor in the form of a council vehicle. Information and communication technology is available to all councillors. The following table indicates the equipment currently provided to each Councillor:

Council from 1 July 2016 to 22 October 2016	Mobile Phone	iPad	Next G Internet Connection	Printer	Keyboard case iPad
Cr F Buchanan (Mayor)	✓	✓	✓	✓	
Cr T Woodcroft (Deputy Mayor)		✓	✓		
Cr B Crook	✓	✓	✓	✓	
Cr M Delahunty	✓	✓	✓		
Cr S Hart	✓	✓	✓		
Cr L Russell	✓	✓	✓	✓	
Cr C Smith*					
Council from 24 October 2016 to 30 June 2017					
Cr C Potter (Mayor)	✓	✓			✓
Cr S Hart (Deputy Mayor)	✓	✓			✓
Cr K Hanson	✓	✓			✓
Cr J McCracken	✓	✓			✓
Cr J Schram	✓	✓			✓
Cr C Smith*	Returned 16 November 2016				
Cr T Woodcroft	✓	✓	✓		✓

* Cr Smith does not have a Council provided iPad or iPhone; however his Council advertised mobile phone number is diverted to his personal phone and Council covers this cost.

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

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

Councillor	Allowance (including superannuation)	Travel	Car Mileage Expenses	Childcare Expenses	Information and Communications Technology Expenses	Conference and Training Expenses	Total
Chris Potter (Mayor) ¹	\$48,072	\$862	-	-	\$902	\$1,232	\$51,068
Stephen Hart (Deputy Mayor)	\$25,531	\$428	\$9,102	-	\$804	-	\$35,865
Kate Hanson	\$15,886	-	\$1,759	-	\$603	-	\$18,248
Joe McCracken	\$15,886	-	-	-	\$611	-	\$16,497
Jason Schram	\$15,886	-	-	-	\$600	\$27	\$16,513
Chris Smith	\$25,531	-	\$2,389	-	-	-	\$27,921
Terry Woodcroft	\$25,531	\$175	\$2,407	-	\$1,156	-	\$29,268
Frank Buchanan ²	\$29,190	\$279	-	-	\$542	-	\$30,011
Brian Crook ²	\$9,645	-	\$427	-	\$611	-	\$10,683
Michael Delahunty ²	\$9,645	-	-	-	\$321	-	\$9,966
Lyn Russell ²	\$9,645	-	-	-	\$257	-	\$9,902
Total	\$230,450	\$1,744	\$16,084	-	\$6,407	\$1,259	\$255,944

Notes:

1. Cr Chris Potter was elected as Mayor on 9 November 2016 taking over from outgoing councillor, Frank Buchanan. A councillor vehicle is provided to the Mayor for business and private use.
2. Outgoing Councillors on 22 October 2016.

Local Laws

The following local laws are in force:

No. 1 Consumption of Liquor in Public Places

Date Adopted by Council: 28 August 2013

Date Operational: 28 August 2013

No. 2 General Local Law

Date Adopted by Council: 25 September 2013

Date Operational: 25 September 2013

No. 3 Livestock Local Law

Date Adopted by Council: 28 August 2013

Date Operational: 28 August 2013

No. 4 Governance

Date Adopted by Council: 26 November 2014

Date Operational: 12 December 2014

Colac Regional Saleyards Conditions of Entry and Operating Policy

Date Adopted by Council: 23 September 2015

Date Operational: 24 September 2015

Committees of Council

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

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

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

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

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

Policies, Strategies and Plans

The following policies, strategies and key plans were reviewed, endorsed and/or adopted by Council during 2016/17:

Document	Date Endorsed/Adopted
Early Years Plan 2015-2017	19 September 2016
Councillor Code of Conduct	1 February 2017
Otway District Strategic Fire Management Plan 2017-2020	22 March 2017
Road Management Plan Review	24 May 2017
Council Plan 2017-2021	28 June 2017
Wye River and Separation Creek Construction, Traffic and Environmental Management Plan	28 June 2017
Councillor Support Policy	28 June 2017

Audit Committee

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

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

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

Audit Committee	<i>Eligible to Attend</i>	Actual Attendance
Mr Mike Said, Independent Member and Chairperson (EMES Consulting)	4	4
Ms Linda MacRae, Independent Member (Local Solutions Pty Ltd)	4	4
Cr Stephen Hart	4	4
Cr Terry Woodcroft	1	1
Cr Jason Schram	3	3

Mr Mike Said was reappointed Chairperson of the committee on 7 July 2016.

Ms Linda MacRae was reappointed to the Committee commencing 14 December 2016.

Cr Stephen Hart and Cr Jason Schram were appointed to the Committee at the Special Council meeting held on 23 November 2016.

The Chief Executive Officer, General Manager Corporate Services, Manager Governance and Customer Service and Governance Officer, Manager Financial Services and the Coordinator Financial Accounting attend meetings to assist with information and support. Other council officers attend as required.

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

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

Outcomes 2016/17

- Developed an Audit Committee Plan for the year
- Review and endorsement of the 2015/16 Financial Statements, Standard Statements, Performance Statement and Audit Management Letters
- Review End of Year Financial Management Report 2015/16
- Review of Audit Committee Charter, Internal Audit Policy, Fraud Prevention and Control Policy and Risk Management Policy
- Review of Risk Management Issues and monitoring of the Risk Register developments
- Review Fraud Control Program Report
- Review of Wye River and Separation Creek Bushfire Recovery
- Quarterly reporting of Fraud Control Program
- Monitoring of Excess Annual Leave of staff
- Review of Quarterly Performance Reports to Council
- Reviewed the audit scopes, reports and recommendations of internal audit projects
- Review updated report on IT Security and Control Environment Review
- Review of Waste Management results
- Review of progress of the Local Government Performance Reporting Framework
- Review of Road Management Plan Compliance
- Review the Disaster Recovery Planning Update

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

Council's Internal Auditor is Crowe Horwarth.

Corporate Governance

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

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

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

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

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

Governance and Management Checklist

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

Governance and Management Items	Assessment
1. Community engagement policy (policy outlining Council's commitment to engaging with the community on matters of public interest)	Policy ✓ Date of operation of current policy: 24 July 2013
2. Community engagement guidelines (guidelines to assist staff to determine when and how to engage with the community)	Guidelines ✓ Date of operation of current guidelines: 24 July 2013
3. Strategic Resource Plan (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)	Adopted in accordance with section 126 of the Act ✓ Date of adoption: 28 June 2017
4. Annual budget (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Adopted in accordance with section 130 of the Act ✓ Date of adoption: 28 June 2017
5. Asset management plans (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Plans ✓ Date of operation of current plans: Bridge Asset Management Plan, 4 December 2007; Road Asset Management Plan, 18 December 2007; Building Asset Management Plan, 12 May 2008; Road Management Plan, 24 May 2017.
6. Rating strategy (strategy setting out the rating structure of Council to levy rates and charges)	Strategy ✓ Date of operation of current strategy: 26 March 2014
7. Risk policy (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Policy ✓ Date of operation of current policy: 4 February 2016
8. Fraud policy (policy outlining Council's commitment and approach to minimising the risk of fraud)	Policy ✓ Date of operation of current policy: 22 April 2015
9. Municipal emergency management plan (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i> ✓ Date of preparation: 5 April 2016
10. Procurement policy (policy under section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with section 186A of the <i>Local Government Act 1989</i> ✓ Date of approval: 22 July 2015
11. Business continuity plan (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	Plan ✓ Date of operation: 1 April 2016

Governance and Management Items	Assessment
12. Disaster recovery plan (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Plan Date of operation: 5 May 2016 ✓
13. Risk management framework (framework outlining Council's approach to managing risks to the Council's operations)	Framework Date of operation of current framework: 4 February 2016 ✓
14. Audit Committee (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	Established in accordance with section 139 of the Act ✓ Date of establishment: 31 December 1995
15. Internal audit (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	Engaged ✓ Date of engagement: 31 July 2012
16. Performance reporting framework (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	Framework ✓ Date of operation: 28 July 2014
17. Council Plan reporting (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	Report ✓ Date of reports: 12/10/2016 22/02/2017
18. Financial reporting (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Statements presented to Council in accordance with section 138(1) of the Act ✓ Dates statements presented: Q1. 19 /09/ 2016 Q2. 23/11/2016 Q3. 22/02/2017 Q4. 26/04/2017
19. Risk reporting (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Reports ✓ Date of reports: Half Year 7 December 2016 Full Year 14 June 2017
20. Performance reporting (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	Reports ✓ Date of report: Audit Committee Report Half Year 6 September 2016 Full Year 8 March 2017
21. Annual report (annual report under sections 131, 132 and 133 of the Act to the community containing a report of operations and audited financial and performance statements)	Considered at a meeting of council in accordance with section 134 of the Act ✓ Date of consideration: 12 October 2016

Governance and Management Items	Assessment
22. Councillor Code of Conduct (Code under section 76C of the Act setting out the conduct principles and the dispute resolution processes to be followed by Councillors)	Reviewed in accordance with section 76C of the Act ✓ Date reviewed: 1 February 2017
23. Delegations (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)	Reviewed in accordance with section 98(6) of the Act ✓ Date of review: 24 May 2017
24. Meeting procedures (a local law governing the conduct of meetings of Council and special committees)	Meeting procedures local law made in accordance with section 91(1) of the Act ✓ Date local law made: 26 November 2014

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



Sue Wilkinson
Chief Executive Officer
Dated: 1 September 2017



Cr Chris Potter
Mayor
Dated: 1 September 2017

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.

Council's Risk Management Policy and Procedure help foster a culture of responsibility across our workforce providing a framework based on International Standard ISO 31000:2009. Both the Policy and Procedure are reviewed every two years ensuring the shared commitment to the management of risk across the organisation remains relevant in our ever-changing environment.

Insuring our risks

Council has placed particular efforts into evaluating its insurance program, working with our insurance broker to ensure that value for money is achieved whilst maintaining appropriate levels of cover relevant to our risk profile. Independent risk profiling is planned for 2017/18 which will identify any opportunities for further cost savings, with no added risk exposure. Asset valuations were also reviewed and updated to further reflect true values in relation to insuring property, including community facilities.

Council continues to maintain low levels of insurance claims, with a small rise this reporting period as a result of the increase in above average rain and storm events.

Contracts

During 2016/17 Council entered into one contract valued in excess of \$150,000 without inviting public tenders. The contract was with AS Miner Geotechnical Pty Ltd for the provision of geotechnical services and was valued at \$193,000. This contract met the requirements for an exemption from the public tender requirement under S186(5)(a) of the *Local Government Act 1989* because it related to an emergency situation, specifically, landslip risk as a result of bushfires.

Continuous Service Improvement

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

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

The following service improvements have been implemented during 2015/16:

Emergency Management

Multiple emergency events that have occurred over the last 18 months, testing Council's emergency management capacity and providing numerous learnings. These have been captured in a register that will be updated and maintained over time. One of these emergencies, the 2015 bushfires, has resulted in a significant amount of work being undertaken to ensure the delivery of Council's recently endorsed Municipal Fire Management Plan. The plan has several strategic directions that are focused on delivering significant improvements within fire prevention planning and awareness. Works are now focused on the delivery on these strategic improvements including several aspects of the Fire Prevention Program and the requirements for their delivery, including:

- Community Based Fire Planning
- Neighbourhood Safer Places (Bushfire Places of Last Resort)
- Fire Hazard Inspection Program
- Fire Awareness and Education Program

Information Management

To enhance Council's ability to produce timely and accurate information, a number of software additions and improvements were made during the year.

Health management software implemented

The first stage of health management software implement has been completed. The compliance management of food businesses, accommodation and septic systems is a legal obligation for Council and vital to ensure the public health. The \$22,000 spent has allowed for the management of businesses and septic systems to be managed in a more effective and timely manner, as well as enabling for the collection, and reporting of information about these activities which will allow for evidence based decisions on where to best spend resources to improve public health.

Geospatial Information Systems (GIS)

An overarching information portal has been created by developing reports to assist the organisation effectively query and report on data held in various software systems. This provides the organisation with an easier way to view and access data, saving time and making available the most up to date information. Improvements have also been made to processing and uploading data to Councils' Web GIS Portal.

Mobile asset data collection implementation

'GBM Konect' software has been implemented in the assets team for mobile asset data collection using iPads. So far GBM Konect has been used for tree assets data capture and was used in capturing data post flood damage across the shire.

Building management system implemented

This provides for the effective management and reporting of environmental conditions and associated power consumption.

Information and Communication Technology

- Designed a new corporate standard operating environment based on Windows 10.
- Multiple core software suite upgrades.
- Online ticketing solution implemented in the Colac Otway Performance Arts and Cultural Centre.
- CCTV upgrades to the Rae Street precinct.
- Installation of a backup generator feeding the Rae Street office and primary server room to mitigate gaps in business continuity.

Legislative Compliance

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

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

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

Carers Recognition Act 2012

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

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

- staff have an awareness and understanding of the care relationship principles.
- those receiving services have an awareness and understanding of the care relationship principles.

- staff reflect the care relationship principles in developing, providing or evaluating support and assistance for those in care relationships.

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

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

Colac Otway Shire is a registered provider to deliver services and support under the National Disability Insurance Scheme (NDIS). Support for eligible people with a disability, which was previously funded through Home and Community Care and/or the Department of Human Services (DHHS), is now funded through the National Disability Insurance Agency (NDIA).

Council's Older Persons and Ability Support Services (OPASS) Unit is continuing to develop and deliver responsive services for people of all abilities and their carers. OPASS is required to follow the Care Plan as agreed to by the recipient, carer and the NDIA. Council currently works closely with 54 people and their carers to deliver the Care Plan.

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. It was endorsed by Council on 24 July 2013. A review of the plan commenced in early 2017, with the revised plan expected to be submitted to Council for endorsement in 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.

As at 30 June 2017 there were 5,572 domestic animals registered; 4,169 dogs and 1,403 cats:

- Of the 223 dogs impounded, 195 were returned to their owner, 25 were rehoused and 3 were euthanised. There has also been a significant decrease in the dog euthanasia rate, which is encouraging (down from 14 in 2015/16).
- Of the 143 cats impounded, 7 were returned to their owner, 62 were rehoused and 74 were euthanised. We continued to receive support through a local vet who is running a cat adoption program and a reduced price de-sexing program.

Overall, of the 366 animals impounded, 79% were returned to their owner or re-housed, a stable result in comparison with 2015/16. These figures only include animals that were physically brought to the pound and not the many animals that were immediately returned to their owners.

Equal Opportunity Act 2010

(See the Our People section on page 22 for a detailed report.)

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 2016/17.

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 \$27.90 application fee. Applicants should also indicate how they would like to receive the information. For further information and access to the FOI Access Request Form, see Council's website <http://www.colacotway.vic.gov.au/Council-the-shire/Permits-applications-forms/Freedom-of-Information-Access-Request-Form>. Under the legislation, Council must decide if the information will be provided within 45 days.

Appeals

Applicants may appeal the decision made about their FOI request or the cost charged for access to documents. The letter containing the decision also outlines the appeal process. There were 12 FOI requests received in 2016/17.

Privacy and Data Protection Act 2014

Council has adopted policies on information privacy and health records that meet the requirements of the *Privacy and Data Protection Act 2014* and the *Health Records Act 2001*. Both *Acts* include privacy principles about the collection, use and disclosure of information. Council's Information Privacy and Data Protection Policy can be downloaded from our website at <http://www.colacotway.vic.gov.au/Council-the-shire/Council-policies#Governance-14>. The responsible handling of personal information is a key aspect of governance and we are strongly committed to protecting an individual's right to privacy. No complaints were received during 2016/17.

Protected Disclosure Act 2012

Council has established guidelines for responding to protected disclosures, which establishes a process for reporting improper conduct or detrimental action by Colac Otway Shire or its employees. Disclosures can be made to the nominated Council staff or to the Independent Broad-based Anti-corruption Commission (IBAC). Disclosures may be made by any person including a member, officer or employee of Colac Otway Shire. There were no protected disclosures in 2016/17. <http://www.colacotway.vic.gov.au/Council-the-shire/Council-policies#Governance-14>.

Road Management Act 2004

Council, as a road authority, is required under Section 22 of the *Act* to publish a copy or summary of any direction received from the Minister in its annual report. No Ministerial Directions were received during 2016/17.

Public Access to Registers and Documents

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

- A document containing details of overseas or interstate travel (other than interstate travel by land for less than three days) undertaken in an official capacity by Councillor or any member of Council staff in the previous 12 months.
- Agendas and Minutes of ordinary and special meetings held in the previous 12 months which are kept under section 93 of the *Act*, other than those agendas and minutes relating to a part of a meeting which was closed to members of the public under section 89 of the *Act* and are confidential information within the meaning of section 77(2) of the *Act*.
- Minutes of meetings of special committees established under section 86 of the *Act* and held in the previous 12 months, other than those minutes relating to a part of a meeting which was closed to members of the public under section 89 of the *Act* and are confidential information within the meaning of section 77(2) of the *Act*.
- A register of delegations kept under sections 87(1) and 98(4) of the *Act*, including the date on which the last review took place under sections 86(6) and 98(6), respectively, of the *Act*.
- A document containing details of all leases involving land, which were entered into by the Council as lessor, including the lessee and the terms and the value of the lease.
- A register maintained under section 224(1A) of the *Act* of authorised officers appointed under that section.
- A list of donations and grants made by the Council in the previous 12 months, including the names of persons who, or bodies which, have received a donation or grant and the amount of each donation or grant.

Our Finances

Financial Performance

We are committed to providing accurate, understandable and fair reporting on our financial performance for 2016/17 and our financial position at the end of the period. It enables an assessment of our ability to deliver current services and maintain existing facilities in the longer-term.

In brief

We achieved a \$12.96 million surplus in 2016/17; \$6.94 million above budget expectations. This was mainly due to:

- A 50% prepayment of the 2017/18 VGC grant of \$3.1 million.
- Additional Disaster recovery grants of \$1.3 million.
- Depreciation reduction of \$0.6m due to the deconsolidation of the Port of Apollo Bay.
- Disaster recovery employee costs savings of \$0.5m
- Gifted assets to the value of \$0.3m.
- Private works reimbursement of \$0.2m not budgeted for.

We ended the financial year with a total cash balance of \$22.69 million (including \$3.11 million VGC grant received in advance) compared to \$14.24 million in 2015/16.

Total borrowings decreased moderately over 2016/17, to \$3.97 million from \$4.77 million. Repayments totalled \$0.80 million and there were no new borrowings during the year (see Liabilities on page 74).

Operating Results

We achieved a \$12.96 million surplus for the 2016/17 financial year, compared to \$1.65 million for 2015/16; however this was mostly due to a combination of factors including grant funding received in advance. This is the eleventh successive surplus, which is a significant result given the increasing demands on Council services.

Our major challenge in future years is to continue delivering a surplus to fund infrastructure renewal requirements whilst maintaining service levels.

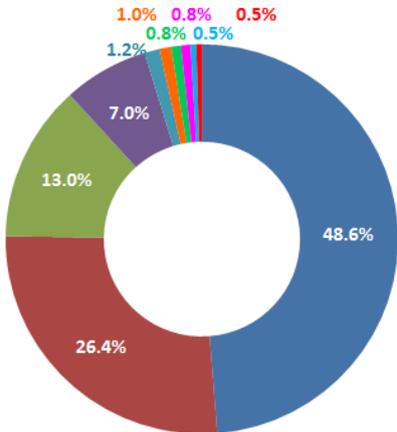
Revenue

Our total revenue for 2016/17 was \$59.78 million (budgeted \$54.08 million) compared with \$46.07 million for 2015/16. Further detail on our income can be seen in the Comprehensive Income Statement on page 85.

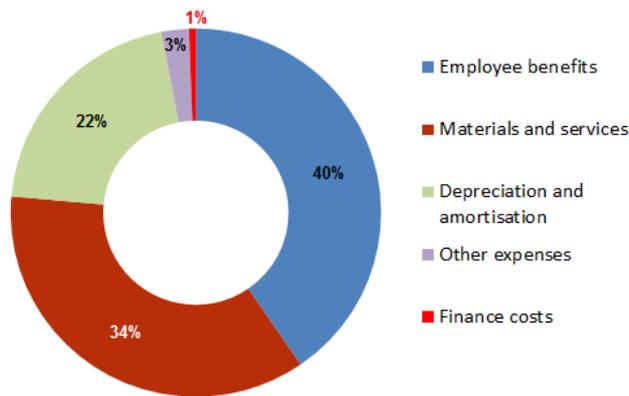
An analysis of Council’s revenue sources highlights that 88% of our income is derived from three income categories:

- Rates and charges 49%
- Operating grants 26%
- Capital grants 13%

- Rates and charges
- Grants - operating
- Grants - capital
- User fees
- Statutory fees and fines
- Other income
- Finance income
- Reimbursements
- Contributions - non-monetary assets
- Contributions - cash



Expenditure

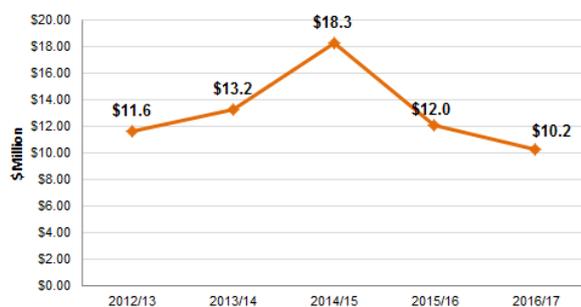


Our total expenses for 2016/17 were \$46.82 million; \$2.40 million more than the \$44.42 million spent in 2015/16 (detailed in the Comprehensive Income Statement).

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

- Employee benefits 40%
- Materials and services 36%
- Depreciation and amortisation 21%

Capital Works



In 2016/17 our Capital Works activities reduced by \$1.78 million to a total of \$10.25 million. Renewal and upgrade of our existing assets accounted for \$9.58 million and we spent \$0.67 million on new works (principally the construction of the Cororooke Tennis Court redevelopment, various new footpaths across the shire and gifted assets from subdivisions). The investment in capital works is a strategic approach to maintaining or renewing the

community's existing assets as they age.

Activities included:

- \$4.19 million on road works.
- \$2.77 million on redevelopment of the Central reserve (Buildings in the stat. of capital works).
- \$0.89 million on renewal of Council's plant, machinery and equipment.
- \$0.38 million on footpaths and cycleways works.
- \$0.16 million on bridge works.
- \$0.10 million on drainage works.

Assets

Our total assets are valued at \$308 million; 98% consisting of:

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

Liabilities

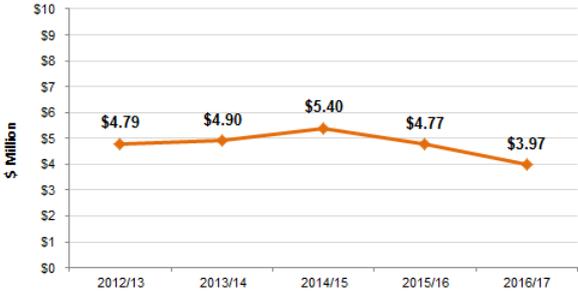
Our total liabilities were \$18.62 million as at 30 June 2017. Liabilities included loans, amounts owed to suppliers, provisions for landfill rehabilitation and amounts owed to employees for leave entitlements. Liabilities reduced by \$2.04 million, in comparison with 2015/16. This was mainly due to a reduction in provisions of \$1.07 million and borrowings of \$0.8 million.

Provisions for employee benefits decreased by \$0.62 million, due predominately to long term employee departures. Council's provision for landfill restoration decreased by \$0.45 million after adjustments being made for the time and effect of changes to applicable discount rates.

Loan liability)

Council’s borrowings liability levels reduced from \$4.77 million in 2015/16 to \$3.97 million in 2016/17.

During 2016/17 Council made total loan repayments (principal and interest) of \$1.08 million. This resulted in an overall net reduction in debt of \$0.80 million. Council’s current debt is within the prudential ratio limits previously used by the Victorian State Government

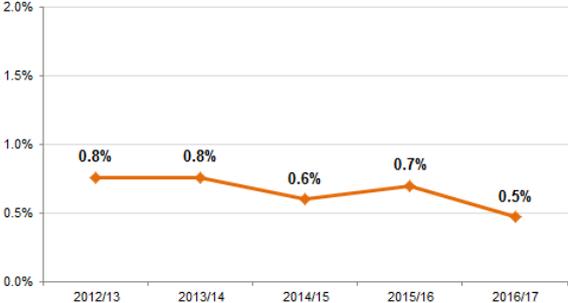


Financial Indicators

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

Debt Servicing Ratio

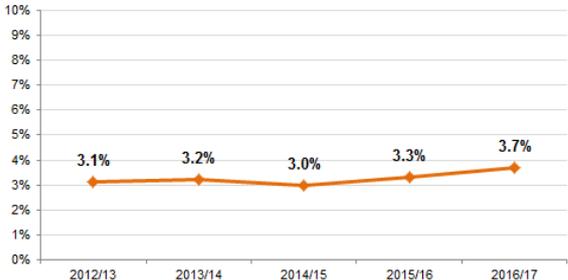
The Debt Servicing Ratio essentially shows how much we spend on maintaining our outstanding debts compared with how much revenue we earn. The lower the ratio, the better Council’s performance. These debt-servicing costs refer to the payment of interest on loan borrowings, finance lease interest and bank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



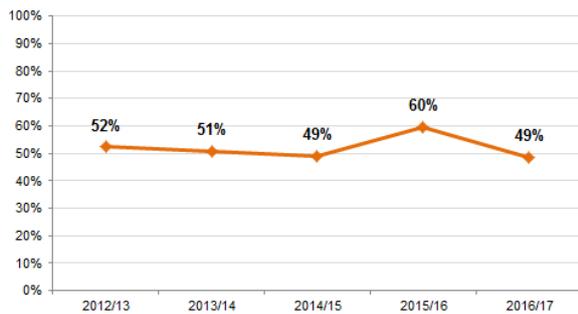
The ratio of 0.5% is very low and indicates that we are comfortably able to service existing debt levels.

Debt Commitment Ratio

The Debt Commitment Ratio is used to illustrate how much of our rate revenue is used to fund our existing debt for the year. This includes the payment of loan principal and interest and finance lease principal and interest. The rate at which the ratio either increases or decreases is a reflection of our debt redemption strategy. The debt commitment ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal. Our Debt Commitment Ratio has increased slightly to 3.7% due to the early repayment of a loan in the 2016/17 year, the ratio remains well under the 10% limit previously set by the Victorian State Government.



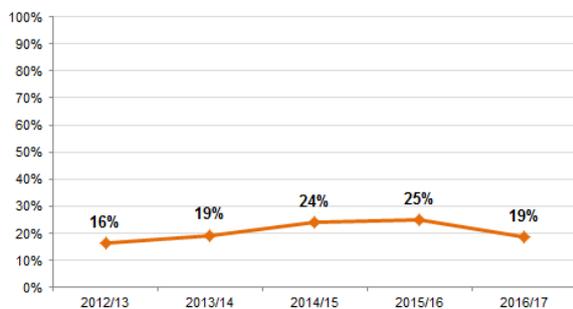
Revenue Ratio



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

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

Debt Exposure Ratio



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

The ratio remains relatively steady with a decrease in the current year.

Financial Sustainability Indicators

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

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

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

- Net Result – whether enough revenue is generated to cover operating costs.
- Liquidity – whether sufficient working capital exists to meet short-term commitments.
- Internal Financing – whether sufficient operating cash flows are generated to invest in asset renewal.
- Indebtedness – whether there is an over reliance on debt to fund capital programmes.
- Capital Replacement – whether assets have been replaced at a rate consistent with the rate of their consumption.
- Renewal Gap – whether existing assets have been maintained at a consistent rate.

In the following graphs, the figures for the financial years 2012/13 to 2016/17 are taken from the Victorian Auditor-General's (VAG) report that can be found at the following link:

<https://www.audit.vic.gov.au/sites/default/files/20161124-LG-2015-16.pdf>

The 2016/17 figures in the graphs are our calculations of the ratios.

Financial Sustainability Risk Matrix

The matrix shows an excellent result for 2016/17, with all indicators at Low risk with the exception of the Capital Replacement Ratio and Renewal Gap Ratio (see page 78).

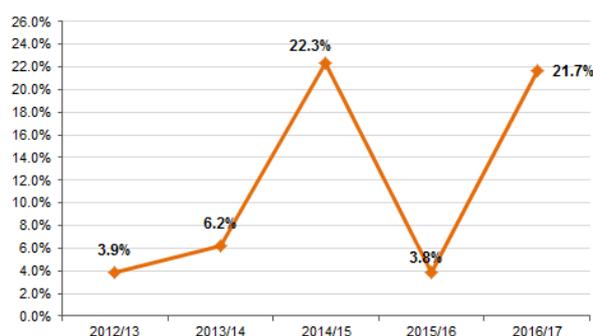
Indicators	Colac Otway Result	Risk Levels		
		High	Medium	Low
Net Result Ratio	21.7%	Negative 10% or less	Between negative 10% and zero	Greater than zero
Liquidity Ratio	348.0%	Equal to or less than 100%	Between 100% and 150%	Greater than 150%
Indebtedness Ratio	30.4%	Greater than 60%	Between 40% and 60%	Less than 40%
Internal Financing Ratio	195.8%	Less than 10%	Between 10% and 20%	Greater than 20%
Capital Replacement	106.3%	Equal to or less than 100%	Between 100% and 150%	Greater than 150%
Renewal Gap	99.4%	Equal to or less than 50%	Between 50% and 100%	Greater than 100%

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

Net Result Ratio

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

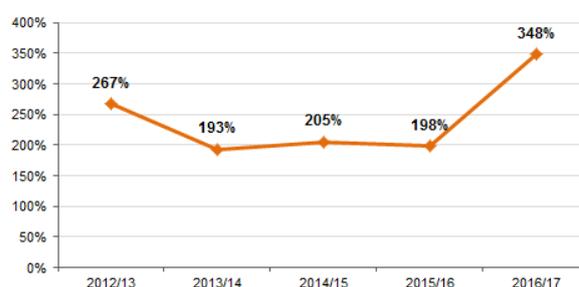
Note: This Ratio was revised by the Victorian Auditor General's Office in 2015/16, with prior year figures updated to reflect the new calculation methodology.



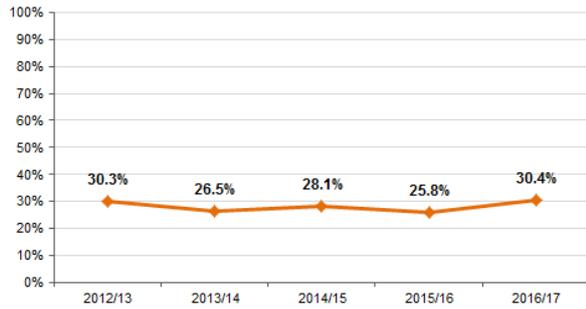
Liquidity Ratio

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

To be considered at Low risk by the Auditor General the ratio must be greater than 150%. This is reflected in Council's Strategic Resource Plan objective to maintain a ratio of at least 150%. Our current ratio of 348% is well over the recommended target for low risk. This is a very positive result. It means that we have no immediate issue with repaying our liabilities when they fall due.

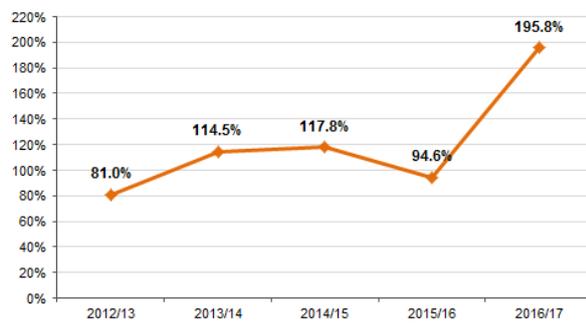


Indebtedness Ratio



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

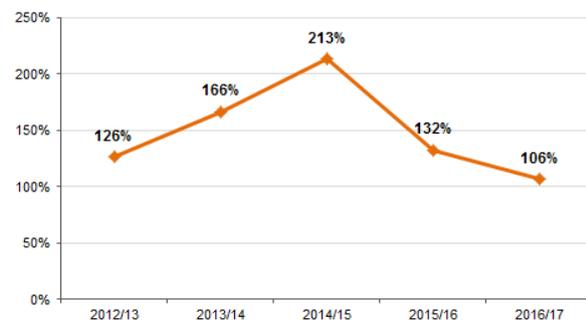
Internal Financing Ratio



Results indicate that we are generating sufficient cash from operations to fund the renewal of existing assets. The increase in this ratio is a direct reflection of the prepayment of the Grants Commission funding and upfront disaster recovery funding in 2016/17. It is expected to normalise in 2017/18.

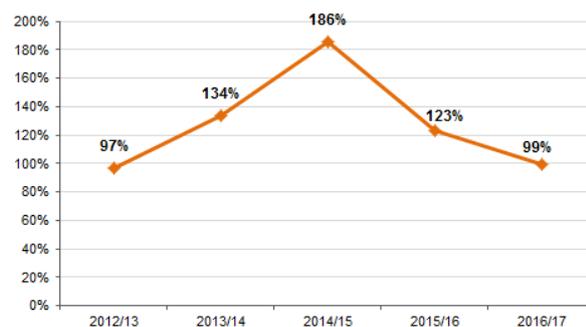
Note: This Ratio was revised by the Victorian Auditor General's Office in 2015/16, with prior year figures updated to reflect the new calculation methodology.

Capital Replacement Ratio



This ratio is about the overall spending on assets, both new and existing. The graph shows a drop in this ratio in 2016/17 predominately due to the redirection of resources to disaster recovery throughout the year, adverse weather conditions and turnover of key, long-term serving staff.

Renewal Gap Ratio



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). Much like the reduction in the Capital Replacement Ratio, this drop is due to the redirection of resources to disaster recovery throughout the year, adverse weather conditions and turnover of key, long-term serving staff.

Understanding the Financial Statements

Introduction

The financial statements show Council's performance during 2016/17 and our overall financial position as at 30 June 2017.

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

The financial report comprises two sets of statements:

- Financial Statements (see page 83)
- Performance Statement (see page 128)

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 38 notes. These are prepared by Council staff and reviewed by Council and Council's Audit Committee. They are also audited by the Victorian Auditor-General.

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

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

Comprehensive Income Statement

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

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

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

Balance Sheet

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

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

Current and Non-Current Assets

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

Current and Non-Current Liabilities

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

Net Assets

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

Total Equity

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

Statement of Changes in Equity

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

The main reasons for changes in equity are:

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

Statement of Capital Works

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

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

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

Statement of Cash Flows

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

The amounts disclosed in the Cash Flow Statement are 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 staff, creditors and other persons. It does not include the costs associated with the creation of assets.

2. Cash Flow from Investing Activities

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

3. Cash Flow from Financing Activities

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

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

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

Notes to the Accounts

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

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

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

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

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

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

What is the Performance Statement?

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

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

Statements by Principal Accounting Officer and Councillors

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

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

Auditor General's Report

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



Colac Otway
SHIRE

**Colac Otway Shire Council
ANNUAL FINANCIAL REPORT**

For the Year Ended 30 June 2017

**Colac Otway Shire Council
Financial Report
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Comprehensive Income Statement For the Year Ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Income			
Rates and charges	3	29,078	27,613
Statutory fees and fines	4	746	633
User fees	5	4,191	4,096
Grants - operating	6	15,804	6,638
Grants - capital	6	7,761	5,559
Contributions - monetary	7	320	545
Contributions - non-monetary	7	334	-
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	8	(5)	(32)
Share of net loss/(gain) of associates and joint ventures	16	32	33
Other income	9	1,518	987
Total income		59,779	46,072
Expenses			
Employee costs	10(a)	18,929	18,431
Materials and services	11	16,850	15,422
Bad and doubtful debts	12	4	3
Depreciation and amortisation	13	9,638	9,082
Borrowing costs	14	280	323
Other expenses	15	1,120	1,159
Total expenses		46,821	44,421
Surplus/(deficit) for the year		12,958	1,652
Other comprehensive income			
Items that will not be reclassified to surplus or deficit in future periods			
Net asset revaluation increment/(decrement)	27	6,977	7,220
Total comprehensive result		19,935	8,872

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

Balance Sheet
As at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Assets			
Current assets			
Cash and cash equivalents	17	22,694	14,238
Current Trade and other receivables	18	4,209	2,550
Inventories	19	183	140
Other assets	20	194	116
Total current assets		27,280	17,044
Non-current assets			
Investment in associates and joint ventures	16(a)	338	307
Property, infrastructure, plant & equipment	21	280,798	273,138
Intangible assets	22	11	46
Total non-current assets		281,148	273,491
Total assets		308,428	290,534
Liabilities			
Current liabilities			
Current Trade and other payables	23	2,824	2,781
Trust funds and deposits	24	463	681
Current Provisions	25	3,947	4,559
Current Interest-bearing loans and borrowings	26	604	636
Total current liabilities		7,839	8,657
Non-current liabilities			
Non-current Provisions	25	7,414	7,871
Non-current Interest-bearing loans and borrowings	26	3,370	4,137
Total non-current liabilities		10,784	12,008
Total liabilities		18,623	20,664
Net assets		289,805	269,870
Equity			
Accumulated surplus/(deficit)		112,153	109,868
Reserves	27	177,652	160,002
Total Equity		289,805	269,870

Statement of Changes in Equity For the Year Ended 30 June 2017

2017	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		269,870	109,868	148,936	11,067
Accumulated surplus/(deficit)		12,958	12,958	-	-
Asset revaluation increment	27(a)	6,977	-	6,977	-
Transfers to other reserves	27(b)	-	(28,601)	-	28,601
Transfers from other reserves	27(b)	-	17,928	-	(17,928)
Balance at end of the financial year		289,805	112,153	155,913	21,740

2016		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
Balance at beginning of the financial year		264,355	115,117	141,716	7,522
Prior period adjustment	38	(3,916)	(3,916)	-	-
Accumulated surplus/(deficit)		1,762	1,762	-	-
Asset revaluation increment	27(a)	7,841	-	7,841	-
Asset revaluation (decrement)	27(a)	(172)	449	(621)	-
Transfers to other reserves	27(b)	-	(9,005)	-	9,005
Transfers from other reserves	27(b)	-	5,460	-	(5,460)
Balance at end of the financial year		269,870	109,868	148,936	11,067

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 2017

	Note	2017 Inflows/ (Outflows) \$'000	2016 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates and charges		29,135	27,584
Statutory fees and fines		726	568
User fees		4,238	3,949
Grants - operating		14,011	6,918
Grants - capital		7,761	5,560
Contributions - monetary		320	545
Interest received		455	481
Trust funds and deposits taken/(paid)		(217)	263
Other receipts		639	392
Net GST refund/(payment)		(1)	398
Employee costs		(19,544)	(18,221)
Materials and services		(16,908)	(15,869)
Other payments		(1,120)	(1,186)
Net cash provided by/(used in) operating activities	28	<u>19,493</u>	<u>11,382</u>
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment	21	(10,249)	(12,618)
Proceeds from sale of property, infrastructure, plant and equipment		291	693
Net cash provided by/(used in) investing activities		<u>(9,957)</u>	<u>(11,925)</u>
Cash flows from financing activities			
Finance costs		(280)	(323)
Repayment of borrowings		(800)	(592)
Net cash provided by/(used in) financing activities		<u>(1,080)</u>	<u>(915)</u>
Net increase/(decrease) in cash and cash equivalents		8,457	(1,458)
Cash and cash equivalents at the beginning of the financial year		14,238	15,696
Cash and cash equivalents at the end of the financial year		<u>22,694</u>	<u>14,238</u>
Financing arrangements	29		
Restrictions on cash assets	17		

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

Statement of Capital Works For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
Property		
Buildings	3,882	3,402
Total property	3,882	3,402
Plant and equipment		
Plant, machinery and equipment	894	1,275
Fixtures, fittings and furniture	153	227
Computers and telecommunications	41	53
Total plant and equipment	1,089	1,555
Infrastructure		
Roads	4,193	5,253
Bridges	163	807
Footpaths and cycleways	378	689
Drainage	102	245
Other infrastructure	440	80
Total infrastructure	5,277	7,074
Total capital works expenditure	10,249	12,031
Represented by:		
New asset expenditure	670	853
Asset renewal expenditure	9,412	8,862
Asset upgrade expenditure	166	2,316
Total capital works expenditure	10,249	12,031

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

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, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1989*, and the *Local Government (Planning and Reporting) Regulations 2014*.

The purpose of the Council is to:

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

The following information is provided :

External Auditor : Auditor-General of Victoria

Internal Auditor : Crowe Horwath

Solicitors: Maddocks Lawyers
Harwood Andrews Pty Ltd

Bankers : Commonwealth Bank

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

Note 1 Significant accounting policies

(a) Basis of accounting

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

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

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

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

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

(b) Changes in accounting policies

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

(c) Principles of consolidation

The consolidated financial statements of Council incorporate all entities controlled by Council as at 30 June 2017, and their income and expenses for that part of the reporting period in which control existed.

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

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

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

There are no entities to be consolidated in these statements.

(d) Committees of management

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

Note 1 Significant accounting policies (cont.)

(e) Accounting for investments in associates and joint arrangements

Associates

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

Council has one associate entity being Corangamite Regional Library Corporation for which it has a 23.61% share.

Joint arrangements

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

(i) *Joint operations*

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

(ii) *Joint ventures*

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

Council is associated with one Joint venture being the Colac Community Library and Learning Centre with a 50% involvement with the Victorian Department of Education and Early Childhood Development and the Colac Secondary College.

(f) **Revenue recognition**

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

Rates and Charges

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

Statutory fees and fines

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

User fees

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

Grants

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

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

Contributions

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

Sale of property, infrastructure, plant and equipment

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

Interest

Interest is recognised as it is earned.

Other Income

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

Note 1 Significant accounting policies (cont.)

(g) Fair value measurement

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

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

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

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

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

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

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

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

(h) Cash and cash equivalents

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

(i) Trade and other receivables

Short term receivables are carried at invoice amount as amortised cost using the effective interest rate method would not impact the carrying value. 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.

(j) Other financial assets

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

(k) Inventories

Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential.

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

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

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

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

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 detailed in Note 1(n) have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

Note 1 Significant accounting policies (cont.)

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

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. Further details regarding the fair value hierarchy are disclosed at Note 21 Property, infrastructure, plant and equipment.

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.

Land under roads

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

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

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

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

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

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

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

Note 1 Significant accounting policies (cont.)

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

Asset recognition thresholds and depreciation periods

	Depreciation Period	Threshold Limit \$,000
<u>Land and Buildings</u>		
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
<u>Plant and Equipment</u>		
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
<u>Infrastructure</u>		
Roads		
road and tarmac formation and earthworks	-	10
road and tarmac pavements	10 - 80 years	10
road and tarmac substructure	-	10
road and tarmac seals	10 - 60 years	10
road and tarmac kerb, channel and minor culverts	45 - 80 years	2.5
footpaths and cycleways	15 - 50 years	2.5
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
<u>Intangible assets</u>		
software	5 years	4

Note 1 Significant accounting policies (cont.)

(o) Repairs and maintenance

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

(p) Investment property

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

(q) Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs 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.

(r) Trust funds and deposits

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

(s) Borrowings

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

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

Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred, except where they are capitalised as part of a qualifying asset constructed by Council. Except where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine the borrowing costs to be capitalised.

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

(t) Employee costs and benefits

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

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.

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

The components of this current liability are measured at :

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

Note 1 Significant accounting policies (cont.)

Classification of employee costs

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

This non-current LSL liability is measured at present value.

(u) Landfill rehabilitation provision

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

(v) Leases

Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Council does not currently have any finance leases.

Operating leases

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

Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. Council does not currently have any leasehold improvements.

(w) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(x) Financial guarantees

Financial guarantee contracts are not recognised as a liability in the balance sheet unless the lender has exercised their right to call on the guarantee or Council has other reasons to believe that it is probable that the right will be exercised. Details of guarantees that Council has provided, that are not recognised in the balance sheet, are disclosed at Note 33 contingent liabilities and contingent assets.

(y) Contingent assets and contingent liabilities and commitments

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value by way of Note 30 and presented inclusive of the GST payable.

(z) Pending accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2017 reporting period. Council has assessed these pending standards and has identified the following potential impacts will flow from the application of these standards in future reporting periods.

Revenue from contracts with customers (AASB 15) (applies 2019/20)

The standard shifts the focus from the transaction-level to a contract-based approach. Recognition is determined based on what the customer expects to be entitled to (rights and obligations), while measurement encompasses estimation by the entity of the amount expected to be entitled for performing under the contract. The full impact of this standard is not known however it is most likely to impact where contracts extend over time, where there are rights and obligations that may vary the timing or amount of the consideration, or where there are multiple performance elements. This has the potential to impact on the recognition of certain grant income.

Leases (AASB 16) (applies 2019/20)

The classification of leases as either finance leases or operating leases is eliminated for lessees. Leases will be recognised in the Balance Sheet by capitalising the present value of the minimum lease payments and showing a 'right-of-use' asset, while future lease payments will be recognised as a financial liability. The nature of the expense recognised in the profit or loss will change. Rather than being shown as rent, or as leasing costs, it will be recognised as depreciation on the 'right-of-use' asset, and an interest charge on the lease liability. The interest charge will be calculated using the effective interest method, which will result in a gradual reduction of interest expense over the lease term.

Council has an insignificant number of operating leases that will be impacted as a result of this change.

(aa) Rounding

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

Note 2 Budget comparison

The budget comparison notes compare Council's financial plan, expressed through its annual budget, with actual performance. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variances. Council has adopted a materiality threshold of the lower of 10 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 22 June 2016. 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*.

(a) Income and Expenditure

	Budget 2017 \$'000	Actual 2017 \$'000	Variance 2017 \$'000	Variance 2017 %	Ref
Income					
Rates and charges	28,744	29,078	334	1%	
Statutory fees and fines	570	746	175	31%	1
User fees	4,588	4,191	(397)	-9%	
Grants - operating	11,064	15,804	4,740	43%	2
Grants - capital	7,858	7,761	(97)	-1%	
Contributions - monetary	371	320	(51)	-14%	3
Contributions - non-monetary	-	334	334	100%	4
Net loss/(gain) on disposal of property, infrastructure, plant and equipment	83	(5)	(88)	-106%	5
Share of net gain/(loss) of associates and joint ventures	-	32	32	100%	6
Other income	799	1,518	719	90%	7
Total income	54,079	59,779	5,701	11%	
Expenses					
Employee costs	19,518	18,929	589	-3%	8
Materials and services	16,825	16,850	(25)	0%	
Bad and doubtful debts	2	4	(2)	115%	
Depreciation and amortisation	10,237	9,638	599	-6%	9
Borrowing costs	289	280	9	-3%	
Other expenses	1,184	1,120	64	-5%	
Total expenses	48,055	46,821	1,234	-3%	
Surplus/(deficit) for the year	6,024	12,958	6,934	115%	

Note 2 Budget comparison (cont.)

(i) Explanation of material variations

Variance Ref	Item	Explanation
1	Statutory fees and fines	Increase in Statutory fees (\$156,000) mainly due to a mid-year increase in all Statutory Planning fees as set by the State Government. There was also a \$27,000 increase in premises registration fees due to higher than budgeted activity.
2	Grants - operating	\$3.1m of the variance relates to the prepayment of the VGC grants, \$560,000 relates to additional bushfire operational grants received not budgeted for and \$750,000 of flood related grants not budgeted for as the event occurred during the 2017 financial year (after the budgets were devised).
3	Contributions - monetary	Received \$19,000 less in developer contributions than budgeted and \$34,000 less than budget for contributions received for the central reserve redevelopment project expected to be received next year.
4	Contributions - non-monetary	Colac Otway received \$334,000 of gifted assets as part of the bushfire recovery works in the Wye River/Separation Creek area.
5	Net loss/(gain) on disposal of property, infrastructure, plant and equipment	\$10,000 of unbudgeted loss on sale of land, \$23,000 of kerb & channel assets written off not budgeted for and \$53,000 less profit on disposal of heavy plant and light fleet compared to budget.
6	Share of net gain/(loss) of associates and joint ventures	Amount not budgeted for as not ascertainable at time of budget preparation.
7	Other income	Reimbursement of Private works not budgeted for of \$151,000, \$74,000 additional interest on investments due to higher than expected cash balances due to Disaster recovery funding not budgeted for, \$24,000 of election penalties not budgeted for and \$23,000 of insurance reimbursements not budgeted for.
8	Employee costs	\$450,000 of this variance relates solely to the bushfire recovery area. This budget was compiled around the time of the event, subsequently we became aware of the funding rules which requires the use of contractors as opposed to employees accordingly the overall costs were similar, simply the balance between Materials & services and Employee costs differed.
9	Depreciation and amortisation	\$800,000 of the variance relates to the fact that at the time of the budget preparation, the Port of Apollo Bay results were still being included in the Shire's, subsequent to this a determination was made during last years end of financial year process to remove the Port's depreciation and assets from the Shire's results. Offsetting this was approximately \$200,000 of additional Shire depreciation as a result of the additional assets being depreciated from disaster recovery works.

Note 2 Budget comparison (cont.)

(b) Capital Works

	Budget 2017 \$'000	Actual 2017 \$'000	Variance 2017 \$'000	Variance 2017 %	Ref
Property					
Buildings	4,446	3,882	(564)	13%	10
Total Buildings	4,446	3,882	(564)	13%	
Total Property	4,446	3,882	(564)	13%	
Plant and Equipment					
Plant, machinery and equipment	1,183	894	(289)	24%	11
Fixtures, fittings and furniture	428	153	(275)	64%	12
Computers and telecommunications	265	41	(224)	84%	13
Total Plant and Equipment	1,877	1,089	(788)	42%	
Infrastructure					
Roads	9,119	4,193	(4,926)	54%	14
Bridges	250	163	(87)	35%	15
Footpaths and cycleways	1,525	378	(1,147)	75%	16
Drainage	450	102	(348)	77%	17
Other Infrastructure	630	440	(190)	30%	18
Total Infrastructure	11,974	5,277	(6,697)	56%	
Total Capital Works Expenditure	18,297	10,249	(8,048)	44%	
Represented by:					
New asset expenditure	370	670	300	-81%	
Asset renewal expenditure	13,135	9,412	(3,723)	28%	
Asset upgrade expenditure	4,792	166	(4,626)	97%	
Total Capital Works Expenditure	18,297	10,249	(8,048)		

Note 2 Budget comparison (cont.)

(i) Explanation of material variations

Variance Ref	Item	Explanation
10	Buildings	\$126,000 was reallocated during the mid-year review for other priorities, \$58,000 carried forward to finish the memorial square refurbishment project, \$115,000 carried forward for the finalisation of the central reserve project, \$67,000 budget savings on completed projects and \$152,000 has been carried forward for finishing off various smaller projects.
11	Plant, machinery and equipment	Major Plant - The new 3m truck \$74,000 and Tractor \$110,000 are on order and due for delivery early in the 2017/18 year. Light Fleet - Due to the timing of the change over of cars and light commercials this was under spent by \$160,000.
12	Fixtures, fittings and furniture	There are \$229,000 of carried forward works relating to the 2 way radio project and the Home and community care (HACC) minor Equipment Programme with a further \$100,000 being not spent from the Street Furniture programme. \$18,000 was also not spent on the Small Town Entry Signage.
13	Computers and telecommunications	The majority of the Information and communication technology Renewal programme falls under the capitalisation threshold of \$4,000. There were also two items that have been carried forward to the 2017/18 year which are the Customer Service management system upgrade and the records management upgrade at \$30,000 each.
14	Roads	There is a \$2.3m budget which is incorrectly allocated to roads and should be in the Drainage area for the Wye River/Separation Creek Drainage System and carried over to next year. There are carry over of works totalling \$2m which includes the following projects:- Conns Lane, Birregurra; Queen Street, Colac; Apollo Bay parking improvement and the Strategic Road Improvement programme. There is also an amount of \$452,000 which are savings on completed projects.
15	Bridges	\$36,000 was reallocated during the mid-year review and allocated to other priorities. There is also \$40,000 being carried over for prioritised works in the 2017/18 year and the remaining \$14,000 captured as savings across the programme for the 2016/17 year.
16	Footpaths and cycleways	This includes the carry over for the CBD and entrances project which has commenced in the 2017/18 year to the value of \$900,000. There are also works that are carried over for completion in the 2017/18 year to the value of \$182,000 which relate to the Footpath Extension programme, Footpath Renewal programme and the pathway at Marriners Lookout.
17	Drainage	\$255,000 was reallocated to other projects as a part of the mid-year review process. The stormwater asset upgrade programme has a carry over of \$158,000 which will be used for prioritised works in the 2017/18 year.
18	Other Infrastructure	This is the combination from the budget document of works on recreational, leisure and community facilities along with the parks, open space and streetscapes. The breakup of these asset items related to the Fixtures, fittings and furniture category (Playground equipment) of \$60,000.

	2017 \$'000	2016 \$'000
Note 3 Rates and charges		
Council uses Capital Improved Value as the basis of valuation of all properties within the municipal district. The Capital Improved Value of a property is its value of the land plus buildings and other improvements.		
The valuation base used to calculate general rates for 2016/17 was \$5,799 million (2015/16 \$5,386 million).		
	2017	2016
Differential rate		
Residential Colac	0.004370	0.004513
Residential Balance of Shire	0.003714	0.003836
Rural Farm	0.003452	0.003565
Holiday Rental	0.004370	0.004513
Commercial /Industrial Colac	0.007210	0.007446
Commercial /Industrial Balance of Shire	0.006118	0.006318
General rates residential	14,766	13,694
General rates farm / rural	5,805	5,587
General rates commercial / industrial	3,052	3,095
Municipal charge	2,595	2,488
Garbage charge	2,838	2,726
Special rates and charges	22	22
Total rates and charges	29,078	27,613
The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2016, and the valuation was first applied in the rating year commencing 1 July 2016.		
Note 4 Statutory fees and fines		
Infringements and costs	154	204
Town planning fees	307	170
Health regulations	163	147
Building permits	100	85
Land information certificates	-	23
Engineering fees	22	4
Freedom of information	-	1
Total statutory fees and fines	746	633
Note 5 User fees		
Aged services fees	1,022	1,017
Leisure centre fees	982	774
Colac livestock selling centre fees	509	688
Colac Otway performing arts & cultural centre fees	426	428
Visitor information centre fees	363	389
Parking, animal control and local laws fees	239	216
Waste disposal fees	192	179
Other fees and charges	173	148
Apollo bay harbour fees	112	108
Council properties fees and rental	82	79
Town planning and building services fees	48	42
Child care children's programs	43	27
Total user fees	4,191	4,096
Note 6 Grants		
Grants were received in respect of the following:		
Summary of grants		
Commonwealth funded grants	13,093	7,810
State funded grants	10,472	4,387
Total grants received	23,565	12,197
Operating Grants		
Recurrent - Commonwealth Government		
Victorain grants commission - untied base grant	5,334	1,744
Victorain grants commission - local roads	3,798	1,239
Aged and disability services	874	75
Family and community services	383	258
Diesel rebate scheme	42	49
Port management	-	186
Environment and protection services	-	25

Note 6 Grants (cont.)	2017 \$'000	2016 \$'000
Recurrent - State Government		
Port management	811	716
Aged and disability services	393	1,366
Maternal and child health	245	215
Recreation and culture	95	290
Environment and protection services	81	46
School crossing supervisors	45	49
Community safety	7	19
Family and community services	1	32
Total recurrent operating grants	12,110	6,309
Non-recurrent - Commonwealth Government		
Recreation and culture	5	-
Non-recurrent - State Government		
Bushfire recovery	2,644	15
Flood recovery	750	-
Business and economic services	188	-
Family and community services	96	-
Port management	10	-
Aged and disability services	3	314
Total non-recurrent operating grants	3,695	329
Total operating grants	15,804	6,638
Capital Grants		
Recurrent - Commonwealth Government		
Bluewater leisure centre building upgrade	-	4,017
Roads to recovery	115	-
Recurrent - State Government		
Aged and disability services	15	-
Bluewater leisure centre building upgrade	-	271
Environment and protection services	-	250
Port management	-	92
Recreation and culture	-	23
Total recurrent capital grants	130	4,653
Non-recurrent - Commonwealth Government		
Central reserve redevelopment	1,712	-
Maternal and child health	19	-
Bluewater leisure centre building upgrade	-	217
Non-recurrent - State Government		
Bushfire recovery	5,430	-
Recreation and culture	276	399
Bluewater leisure centre building upgrade	115	-
Local roads and bridges	40	290
Port management	20	-
Business and economic services	10	-
Central reserve redevelopment	10	-
Total non-recurrent capital grants	7,632	906
Total capital grants	7,761	5,559
Unspent grants received on condition that they be spent in a specific manner		
Balance at start of year	2,347	1,482
Received during the financial year and remained unspent at balance date	380	1,764
Received in prior years and spent during the financial year	(1,809)	(899)
Balance at year end	918	2,347
Note 7 Contributions		
Monetary	320	545
Non-monetary	334	-
Total contributions	654	545
<i>Contributions of non monetary assets were received in relation to the following asset classes.</i>		
Kerb and Channel	116	-
Footpath	61	-
Roads	157	-
Total non-monetary contributions	334	-
Note 8 Net gain/(loss) on disposal of property, infrastructure, plant and equipment		
Proceeds of sale	291	557
Written down value of assets disposed	(297)	(588)
Total net gain/(loss) on disposal of property, infrastructure, plant and equipment	(5)	(32)
Note 9 Other income		
Interest	336	333
Reimbursements	472	244
Other income	154	158
Interest on rates	119	132
Landfill rehabilitation present value movement	424	116
Private works	-	4
Licensing fees	-	1
State Revenue Office	14	-
Total other income	1,518	987

	2017 \$'000	2016 \$'000
Note 10 (a) Employee costs		
Wages and salaries	12,889	12,872
Wages and salaries - Bushfire	722	542
Wages and salaries - Flood	112	-
Employee leave	1,555	1,878
Superannuation	1,595	1,543
Casual staff	915	579
Casual staff - Bushfire	-	3
Sick leave	577	409
Other employee benefits	224	249
Other employee benefits - Bushfire	7	9
Other employee benefits - Flood	1	-
Fringe benefits tax	144	200
WorkCover	189	147
Total employee costs	18,929	18,431

Note 10 (b) Superannuation

Council made contributions to the following funds:

Defined benefit fund

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	159	324
	<u>159</u>	<u>324</u>

Accumulation funds

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	920	652
Employer contributions - other funds	516	567
	<u>1,436</u>	<u>1,219</u>
Employer contributions payable at reporting date.	<u>140</u>	<u>158</u>

Refer to note 32 for further information relating to Council's superannuation obligations.

Note 11 Materials and services

Materials	2,577	4,105
Materials - Bushfire	73	112
Materials - Flood	243	-
Contract Payments	4,771	3,292
Contract Payments - Bushfire	1,784	331
Contract Payments - Flood	199	-
Services	1,307	1,522
Services - Bushfire	9	38
Consultants	971	747
Consultants - Bushfire	214	558
Consultants - Flood	29	-
Subscriptions and memberships	1,025	1,214
Utilities	933	992
Plant and equipment maintenance	1,064	878
Insurances	480	540
Agency staff	308	214
Agency staff - Bushfire	-	115
Advertising	236	242
Training costs	165	199
Training costs - Bushfire	2	15
Legal costs	298	189
Hire costs	88	82
Hire costs - Bushfire	65	32
Permits	8	4
Total materials and services	16,850	15,422

Note 12 Bad and doubtful debts

Other debtors	4	3
Total bad and doubtful debts	4	3

Note 13 Depreciation and amortisation

Property	1,231	991
Plant and equipment	1,770	1,827
Infrastructure	6,601	6,178
Total depreciation	9,603	8,996
Intangible assets	35	86
Total depreciation and amortisation	9,638	9,082

Refer to note 21 and 22 for a more detailed breakdown of depreciation and amortisation charges

	2017	2016
	\$'000	\$'000
Note 14 Borrowing costs		
Interest - Borrowings	280	323
Total borrowing costs	280	323
Council does not capitalise borrowing costs.		
Note 15 Other expenses		
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	43	61
Community grants and donations	582	573
Councillors' allowances	242	245
Waste management charge	128	121
Fire services levy	59	59
Animal registration levy	17	20
Royalties and commissions	4	7
Other	44	75
Total other expenses	1,120	1,159
Note 16 Investment in associates and joint ventures		
(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		
<i>Background</i>		
The Corangamite Regional Library Corporation is a corporation owned by four (4) councils: Colac Otway Shire, Corangamite Shire, Moyne Shire and Warrnambool City. Colac Otway Shire has a 23.61% equity interest in 2016/2017 (2015/2016 23.74%).		
Fair value of Council's investment in Corangamite Regional Library Corporation	338	307
Council's share of accumulated surplus/(deficit)		
Council's share of accumulated surplus/(deficit) at start of year	(190)	(240)
Reported surplus/(deficit) for year	32	33
Transfers (to) from reserves	7	18
Council's share of accumulated surplus/(deficit) at end of year	(151)	(190)
Council's share of reserves		
Council's share of reserves at start of year	496	514
Transfers (to) from reserves	(7)	(18)
Council's share of reserves at end of year (based on population)	490	496
Movement in carrying value of specific investment		
Carrying value of investment at start of year	306	274
Share of surplus/(deficit) for year	32	33
Carrying value of investment at end of year	338	307
Significant restrictions		
The associate is not required to repay dividends, loans or advances to Council.		

Note 16 Investment in associates and joint ventures (cont.)

(b) Investments joint ventures

2017	2016
\$'000	\$'000

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	2,664	2,700
Write back of annual depreciation	(36)	(36)
Carrying value of investment at end of year	<u>2,628</u>	<u>2,664</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 2017.

Significant restrictions

The joint venture is not required to repay dividends, loans or advances to Council.

Notes to the Financial Report
For the Year Ended 30 June 2017

	2017	2016
	\$'000	\$'000
Note 17 Cash and cash equivalents		
Cash on hand	5	6
Cash at bank	1,298	2,986
Term deposits	21,390	11,246
	<u>22,694</u>	<u>14,238</u>
Councils cash and cash equivalents are subject to external restrictions that limit amounts available for discretionary use. These include:		
- Trust funds and deposits (Note 24)	463	681
- Statutory reserves (Note 27(b) - Recreational Lands and Home Care Packages)	694	801
- Conditional grants unspent (Note 6)	918	2,347
- Port Of Apollo Bay reserve cash held (Note 27(b))	1,611	1,420
- Contingent asset (Note 33)	-	(1,700)
- Disaster recovery reserve (Note 27(b))	3,938	-
Total restricted funds	<u>7,624</u>	<u>3,549</u>
Total unrestricted cash and cash equivalents	<u>15,070</u>	<u>10,690</u>
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 .	12,421	6,897
- Carried forward capital works committed.	1,720	3,103
Total funds subject to intended allocations	<u>14,141</u>	<u>10,000</u>
Refer to Note 27(b) for details of other reserves.		

Note 18 Trade and other receivables

Current

Rates debtors	1,327	1,381
Net GST receivable	339	338
Government operating grants	1,964	170
Other debtors	443	539
Special rate assesment	43	45
Other infringements	78	57
Parking infringement debtor	26	26
Provision for doubtful debts - other debtors	(10)	(7)
Total trade and other receivables	<u>4,209</u>	<u>2,550</u>

(a) Ageing of Receivables

At balance date other debtors representing financial assets were past due but not impaired. The ageing of the Council's trade & other receivables (excluding statutory receivables) was:

Current (not yet due)	237	366
Past due by up to 30 days	138	108
Past due between 31 and 180 days	3	66
Past due between 181 and 365 days	65	-
Total trade & other receivables	<u>443</u>	<u>539</u>

(b) Movement in provisions for doubtful debts

Balance at the beginning of the year	7	56
New Provisions recognised during the year	5	7
Amounts already provided for and written off as uncollectible	-	(35)
Amounts provided for but recovered during the year	(2)	(21)
Balance at end of year	<u>10</u>	<u>7</u>

	2017	2016
	\$'000	\$'000
Note 18 Trade and other receivables (cont.)		
(c) Ageing of individually impaired Receivables		
At balance date, other debtors representing financial assets with a nominal value of \$10,064 (2016: \$6,713) were impaired. The amount of the provision raised against these debtors was \$10,064 (2016: \$6,713). The individual debts have been impaired as a result of their doubtful collection. Many of the long outstanding past due amounts have been lodged with Council's debt collectors or are on payment arrangements.		
The ageing of receivables that have been individually determined as impaired at reporting date was:		
Current (not yet due)	-	-
Past due by up to 30 days	-	-
Past due between 31 and 180 days	-	-
Past due between 181 and 365 days	5	7
Past due by more than 1 year	5	-
Total trade & other receivables	<u>10</u>	<u>7</u>
Note 19 Inventories		
Inventories held for distribution	17	13
Inventories held for sale	167	127
Total inventories	<u>183</u>	<u>140</u>
Note 20 Other assets		
Prepayments	98	75
Accrued income	88	40
Other	7	-
Total other assets	<u>194</u>	<u>116</u>

Note 21 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2016	Acquisitions	Contributions	Revaluation	Depreciation	Disposal	Transfers	At Fair Value 30 June 2017
Land	24,590	-	-	-	-	(29)	-	24,561
Buildings	41,767	3,851	-	-	(1,231)	-	213	44,599
Plant and Equipment	8,305	1,067	-	-	(1,770)	(244)	154	7,511
Infrastructure	197,248	4,650	334	6,977	(6,601)	(25)	507	203,089
Work in progress	1,232	681	-	-	-	-	(874)	1,039
	273,141	10,249	334	6,977	(9,602)	(298)	-	280,798

Summary of Work in Progress

	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
Buildings	215	32	(213)	-	34
Plant and Equipment	263	22	(154)	-	131
Infrastructure	754	627	(507)	-	873
Total	1,232	681	(874)	-	1,039

Land and Buildings

Note	Land - specialised	Land - non specialised	Land under roads	Total Land	Buildings - specialised	Buildings - Non specialised	Total Buildings	Work In Progress	Total Property
At fair value 1 July 2016	7,114	17,252	224	24,590	48,025	26,026	74,051	215	98,856
Accumulated depreciation at 1 July 2016	-	-	-	-	(18,571)	(13,712)	(32,284)	-	(32,284)
	7,114	17,252	224	24,590	29,454	12,314	41,767	215	66,572
Movements in fair value									
Acquisition of assets at fair value	-	-	-	-	3,719	131	3,851	32	3,882
Fair value of assets disposed	-	(29)	-	(29)	-	-	-	-	(29)
Transfers	(3,695)	3,695	-	-	11,172	(10,959)	213	(213)	-
	(3,695)	3,666	-	(29)	14,891	(10,828)	4,063	(181)	3,853
Movements in accumulated depreciation									
Depreciation and amortisation	-	-	-	-	(978)	(253)	(1,231)	-	(1,231)
Transfers	-	-	-	-	(8,703)	8,703	-	-	-
	-	-	-	-	(9,681)	8,450	(1,231)	-	(1,231)
At fair value 30 June 2017	3,419	20,918	224	24,561	62,916	15,198	78,114	34	102,709
Accumulated depreciation at 30 June 2017	-	-	-	-	(28,252)	(5,262)	(33,514)	-	(33,514)
	3,419	20,918	224	24,561	34,664	9,937	44,599	34	69,196

Note 21 Property, infrastructure, plant and equipment (cont.)

Plant and Equipment	Note	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Work in Progress	Total plant and equipment
At fair value 1 July 2016		9,836	9,405	1,060	263	20,565
Accumulated depreciation at 1 July 2016		(4,264)	(6,439)	(848)	-	(11,551)
		5,572	2,966	213	263	9,014
Prior Period Adjustments Fair Value	38	(448)	-	-	-	(448)
Prior Period Adjustments Accumulated Depreciation	38	2	-	-	-	2
		(446)	-	-	-	(446)
Movements in fair value						
Acquisition of assets at fair value		894	132	41	22	1,089
Fair value of assets disposed		(498)	(5)	-	-	(503)
Transfers		-	154	-	(154)	-
		397	281	41	(132)	586
Depreciation and amortisation		(1,124)	(548)	(99)	-	(1,770)
Accumulated depreciation of disposals		254	4	-	-	258
		(869)	(543)	(99)	-	(1,511)
At fair value 30 June 2017		9,785	9,686	1,101	131	20,703
Accumulated depreciation at 30 June 2017		(5,132)	(6,982)	(946)	-	(13,060)
		4,653	2,704	155	131	7,643

Infrastructure	Note	Roads	Bridges	Footpaths and cycleways	Drainage	Other Infrastructure	Work In Progress	Total Infrastructure
At fair value 1 July 2016		209,390	21,767	19,730	40,683	4,232	754	296,555
Accumulated depreciation at 1 July 2016		(63,803)	(6,966)	(8,827)	(17,609)	(1,349)	-	(98,554)
		145,587	14,801	10,903	23,074	2,883	754	198,001
Movements in fair value								
Acquisition of assets at fair value		3,951	162	321	37	180	627	5,277
Contributed assets		273	-	61	-	-	-	334
Revaluation increments/(decrements)		3,606	-	2,159	-	-	-	5,765
Fair value of assets disposed		-	-	(61)	-	-	-	(61)
Transfers		255	-	2	-	250	(507)	-
		8,086	162	2,481	37	430	120	11,315
Movements in accumulated depreciation								
Depreciation and amortisation		(5,068)	(434)	(399)	(486)	(214)	-	(6,601)
Accumulated depreciation of disposals		-	-	37	-	-	-	37
Revaluation increments/(decrements)		(492)	-	1,703	-	-	-	1,212
		(5,559)	(434)	1,341	(486)	(214)	-	(5,353)
At fair value 30 June 2017		217,476	21,929	22,211	40,719	4,661	873	307,869
Accumulated depreciation at 30 June 2017		(69,363)	(7,400)	(7,486)	(18,095)	(1,563)	-	(103,907)
		148,114	14,528	14,725	22,624	3,098	873	203,962

Note 21 Property, infrastructure, plant and equipment (cont.)

Valuation of land and buildings

Valuation of land and buildings were undertaken 2015-2016 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 2017 are as follows:

	Level 1	Level 2	Level 3
Land	-	20,918	-
Specialised land	-	-	3,419
Buildings	-	9,937	34,664
Total	-	30,855	38,083

Valuation of infrastructure

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

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 2017 are as follows:

	Level 1	Level 2	Level 3
Roads	-	-	148,114
Bridges	-	-	14,528
Footpaths and cycleways	-	-	14,725
Drainage	-	-	22,624
Other infrastructure	-	-	3,098
Total	-	-	203,089

Note 21	Property, infrastructure, plant and equipment (cont.)	2017 \$'000	2016 \$'000
	<i>Description of significant unobservable inputs into level 3 valuations</i>		
	<i>Specialised land and land under roads</i> 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.		
	<i>Specialised buildings</i> 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.		
	<i>Infrastructure assets</i> 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.		
	Reconciliation of specialised land		
	Land under roads	224	224
	Parks and reserves	3,195	7,114
	Total specialised land	3,419	7,338

Notes to the Financial Report
For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 22 Intangible assets		
Software	11	46
Total intangible assets	<u>11</u>	<u>46</u>
	Software \$'000	Total \$'000
Gross carrying amount		
Balance at 1 July 2016	616	616
Additions from internal developments	-	-
Other Additions	-	-
Balance at 1 July 2017	<u>616</u>	<u>616</u>
Accumulated amortisation and impairment		
Balance at 1 July 2016	571	571
Amortisation expense	35	35
Balance at 1 July 2017	<u>606</u>	<u>606</u>
Net book value at 30 June 2016	<u>46</u>	<u>46</u>
Net book value at 30 June 2017	<u>11</u>	<u>11</u>
	2017 \$'000	2016 \$'000
Note 23 Trade and other payables		
Trade payables	1,662	2,222
Accrued expenses	1,163	559
Total trade and other payables	<u>2,824</u>	<u>2,781</u>
Note 24 Trust funds and deposits		
Refundable deposits	255	220
Fire services levy	133	288
Retention amounts	75	173
Total trust funds and deposits	<u>463</u>	<u>681</u>
<i>Purpose and nature of items</i>		
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.		

Notes to the Financial Report
For the Year Ended 30 June 2017

		2017 \$'000	2016 \$'000
Note 25 Provisions			
	Employee	Landfill restoration	Total
	\$ '000	\$ '000	\$ '000
2017			
Balance at beginning of the financial year	4,771	7,659	12,429
Additional provisions	1,502	-	1,502
Amounts used	(2,094)	(28)	(2,122)
Change in the discounted amount arising because of time and the effect of any change in the inflation and discount rate	(24)	(424)	(448)
Balance at the end of the financial year	<u>4,155</u>	<u>7,206</u>	<u>11,361</u>
2016			
Balance at beginning of the financial year	4,590	7,802	12,392
Additional provisions	1,835	-	1,835
Amounts used	(1,667)	(28)	(1,695)
Change in the discounted amount arising because of time and the effect of any change in the inflation and discount rate	13	(116)	(103)
Balance at the end of the financial year	<u>4,771</u>	<u>7,659</u>	<u>12,429</u>
		2017 \$'000	2016 \$'000
Current provisions expected to be wholly settled within 12 months			
Annual leave		1,108	1,173
Long service leave		211	159
Time in lieu		83	77
		<u>1,402</u>	<u>1,409</u>
Current provisions expected to be wholly settled after 12 months			
Annual leave		159	206
Long service leave		2,358	2,916
		<u>2,517</u>	<u>3,122</u>
Total current employee provisions		<u>3,919</u>	<u>4,531</u>
Non-current			
Long service leave		236	240
Total non-current employee provisions		<u>236</u>	<u>240</u>
Aggregate carrying amount of employee provisions:			
Current		3,919	4,531
Non-current		236	240
Total aggregate carrying amount of employee provisions		<u>4,155</u>	<u>4,771</u>
Land fill restoration & after-care costs			
Current		28	28
Non-current		7,178	7,630
		<u>7,206</u>	<u>7,659</u>
Total Provisions			
Current		3,947	4,559
Non-current		7,414	7,870
		<u>11,361</u>	<u>12,429</u>

	2017	2016
	\$'000	\$'000
Note 26 Interest-bearing loans and borrowings		
Current		
Bank overdraft	-	-
Borrowings - secured	604	636
	<u>604</u>	<u>636</u>
Non-current		
Borrowings - secured	3,370	4,137
Total	<u>3,974</u>	<u>4,773</u>
 (a) The maturity profile for Council's borrowings is:		
Not later than one year	604	636
Later than one year and not later than five years	2,774	3,399
Later than five years	596	738
	<u>3,974</u>	<u>4,773</u>
 Aggregate carrying amount of interest-bearing loans and borrowings:		
Current	604	636
Non-current	3,370	4,137
	<u>3,974</u>	<u>4,773</u>
 Interest bearing loans and borrowing movements		
Opening Interest-bearing loans and borrowings	4,773	5,365
New loans taken up during year	-	-
Repayment of loan principal	(800)	(592)
Closing Interest-bearing loans and borrowings	<u>3,974</u>	<u>4,773</u>

Secured borrowings are secured against the future rate revenue of Council.
All borrowings are made on a commercial basis with Australian financial institutions.

Note 27 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Share of increment (decrement) on revaluation by an associate	Balance at end of reporting period
(a) Asset revaluation reserves	\$'000	\$'000	\$'000	\$'000
2017				
Property				
Land	15,775	-	-	15,775
Buildings	8,783	-	-	8,783
	<u>24,558</u>	<u>-</u>	<u>-</u>	<u>24,558</u>
Plant and Equipment				
Fixed plant, furniture and equipment	293	-	-	293
	<u>293</u>	<u>-</u>	<u>-</u>	<u>293</u>
Infrastructure				
Roads	88,521	-	-	88,521
Bridges	9,270	-	-	9,270
Footpaths and cycleways	3,449	3,863	-	7,312
Kerb and channelling	8,504	3,114	-	11,619
Drainage	14,341	-	-	14,341
	<u>124,084</u>	<u>6,977</u>	<u>-</u>	<u>131,061</u>
Total asset revaluation reserves	148,936	6,977	-	155,913
2016				
Property				
Land	15,776	-	-	15,776
Buildings	8,782	-	-	8,782
Share of CRLC asset revaluation reserve	450	-	(450)	-
	<u>25,008</u>	<u>-</u>	<u>(450)</u>	<u>24,558</u>
Plant and Equipment				
Fixed plant, furniture and equipment	293	-	-	293
	<u>293</u>	<u>-</u>	<u>-</u>	<u>293</u>
Infrastructure				
Roads	88,692	-	(171)	88,521
Bridges	9,270	-	-	9,270
Footpaths and cycleways	3,449	-	-	3,449
Kerb and channelling	8,504	-	-	8,504
Drainage	6,500	7,841	-	14,341
	<u>116,415</u>	<u>7,841</u>	<u>(171)</u>	<u>124,085</u>
Total asset revaluation reserves	141,716	7,841	(621)	148,936

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.

Notes to the Financial Report
For the Year Ended 30 June 2017

Note 27 Reserves (cont.)	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000
(b) Other reserves				
2017				
Carried forward projects	1,949	1,682	(555)	3,076
Port of Apollo Bay	1,420	973	(782)	1,611
Kerbside bin replacement	1,298	2,917	(2,678)	1,538
Long service leave	2,517	5,352	(5,870)	1,999
Landfill rehabilitation (Alvie)	752	57	-	809
Recreational lands	753	16	(75)	694
Colac livestock selling centre	355	509	(618)	246
Rehabilitation	360	143	-	503
Plant replacement	1,591	3,030	(2,221)	2,399
Home care packages	48	-	(48)	-
Tirrengower drainage scheme	23	22	(13)	33
Bond repayment	-	904	-	904
Matching grants	-	177	-	177
Contingent liability	-	500	-	500
Project	-	372	(172)	200
Prepaid grants	-	3,114	-	3,114
Disaster recovery	-	8,834	(4,896)	3,938
Total Other reserves	11,067	28,601	(17,928)	21,740
2016				
Carried forward projects	1,375	1,949	(1,375)	1,949
Port of Apollo Bay	539	1,101	(220)	1,420
Kerbside bin replacement	1,166	136	(3)	1,299
Long service leave	1,865	1,012	(358)	2,519
Landfill rehabilitation (Alvie)	695	57	-	752
Recreational lands	669	84	-	753
Colac livestock selling centre	359	689	(693)	355
Rehabilitation	160	200	-	360
Plant replacement	686	3,707	(2,803)	1,590
Home care packages	-	48	-	48
Tirrengower drainage scheme	7	22	(7)	22
Scholarship	1	-	(1)	-
Total Other reserves	7,522	9,005	(5,460)	11,067

Note 27 Reserves (cont.)

Purposes for Reserves

Carried forward projects reserve

This reserve is to recognise the funds allocated and received in prior financial periods that are committed to unfinished projects. This includes grants received in advance for specific projects and funds allocated from prior financial years for projects that are still incomplete at the end of the current financial year.

Port of Apollo Bay reserve

These funds are bound by an agreement with the Department of Transport concerning the operations of the Port of Apollo Bay and are the value of cash assets owed.

Kerbside bin replacement reserve

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

Long service leave reserve

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

Landfill rehabilitation (Alvie) reserve

This reserve relates to the funds required to restore the Alvie Tip. The rehabilitation 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.

Home Care Packages

This reserve reflects the balance owed to clients at the end of the financial year for consumer directed care packages received from Federal Government funding.

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.

Scholarship reserve

This reserve holds any unspent funds received by Council on behalf of the annual Barnard Trust distribution.

Bond Repayment reserve

This reserve has been set up to reserve monies to fund the balloon payments on future expiring debt.

Matching Grants reserve

The purpose of this reserve is to set aside unallocated surplus for future funding of matching grant opportunities.

Contingent liability reserve

This reserve allows for the payment of a potential obligation that may be incurred depending on the outcome a future event.

Project reserve

The purpose of this reserve is to set aside unallocated surplus for future projects to be prioritised accordingly.

Prepaid Grants reserve

The purpose of this reserve is to set aside any prepaid grants received for allocation to the next financial year works programme (for example the 50% prepaid Victorian Grants Commission received in June 2017 per the May 2017 Federal Budget).

Disaster Recovery reserve

The purpose of this reserve is to set aside income received in advance or expenditure made in advance of funding for use in the recovery of Disaster events. Over the life of the event the disaster recovery reserve will cancel out to zero, a positive reserve amount represents funding received in advance a negative represents expenditure made in advance.

Notes to the Financial Report
For the Year Ended 30 June 2017

	2017 \$'000	2016 \$'000
Note 28 Reconciliation of cash flows from operating activities to surplus/(deficit)		
Surplus/(deficit) for the year	12,958	1,652
Depreciation/amortisation	9,638	9,082
Net GST receipts and payments from financing and investment activities	0	398
Finance costs	280	323
Share of result of associate	(32)	(33)
Profit/(loss) on disposal of property, infrastructure, plant and equipment	5	32
Contributions - non monetary assets	(333)	-
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(1,659)	14
(Increase)/decrease in prepayments	(30)	(75)
(Increase)/decrease in accrued income	(48)	(22)
(Decrease)/increase in trade and other payables	(560)	(751)
(Decrease)/increase in accrued expenses	603	263
(Increase)/decrease in inventories	(44)	7
(Increase)/decrease in trust funds & deposits	(217)	453
(Decrease)/increase in provisions	(1,068)	39
Net cash provided by/(used in) operating activities	<u>19,493</u>	<u>11,382</u>
Note 29 Financing arrangements		
Bank overdraft	-	1,000
Credit card facilities	50	50
Total facilities	<u>50</u>	<u>1,050</u>
Used facilities	-	-
Unused facilities	<u>50</u>	<u>1,050</u>

Notes to the Financial Report
For the Year Ended 30 June 2017

Note 30 Commitments

The Council has entered into the following commitments

2017	Not later than 1	Later than 1 year	Later than 2 years	Later than 5	Total
	year	and not later than 2 years	and not later than 5 years	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Salaries	1,325	1,110	659	-	3,094
Consultancies	341	38	-	-	379
Garbage collection	2,990	3,073	2,879	-	8,942
Street lighting	67	67	-	-	134
Information technology	31	31	31	-	93
Inspection and maintenance	23	-	-	-	23
Cleaning contracts for council buildings	364	-	-	-	364
Total	5,141	4,319	3,569	-	13,029
Capital					
Plant and equipment	236	-	-	-	236
Civil works	2,397	5	-	-	2,402
Total	2,633	5	-	-	2,638

2016	Not later than 1	Later than 1 year	Later than 2 years	Later than 5	Total
	year	and not later than 2 years	and not later than 5 years	years	
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating					
Salaries	1,810	1,841	1,874	-	5,525
Consultancies	260	252	38	-	550
Garbage collection	2,351	2,391	4,184	-	8,926
Street lighting	67	67	-	-	134
Information technology	140	108	108	-	356
Inspection and maintenance	55	-	-	-	55
Cleaning contracts for council buildings	363	-	-	-	363
Council election	157	-	-	-	157
Total	5,203	4,659	6,204	-	16,066
Capital					
Buildings	2,719	-	-	-	2,719
Plant and equipment	46	7	-	-	53
Civil works	331	-	-	-	331
Total	3,096	7	-	-	3,103

	2017 \$'000	2016 \$'000
Note 31 Operating leases		
Operating lease commitments		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):		
Not later than one year	93	156
Later than one year and not later than five years	171	162
Later than five years	-	-
	264	318

Note 32 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 the Comprehensive Income Statement when they are made or due.

Accumulation

The Fund's accumulation categories, Vision My Super/Vision Super Saver, 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 2017, 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 Council in the Fund cannot be measured as a percentage compared with other participating employers. Therefore, the Fund Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

Funding arrangements

Council makes employer contributions to the Defined Benefit category of the Fund at rates determined by the Trustee on the advice of the Fund Actuary.

As at 30 June 2017, the triennial investigation was still underway however at the time of producing this annual report the trustee indicated an expected Vested Benefit Index (VBI) of 103.1%. While the triennial investigation is underway the threshold remains at 100% indicating no remedial action is expected at this time due strong fund returns and a strong net asset position. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns 6.5% pa
Salary information 3.5% pa
Price inflation (CPI) 2.5% pa.

Note 32 Superannuation (cont.)

Employer contributions

Regular contributions

On the basis of the results of the 2016 interim actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Funds Defined Benefit category at rates determined by the Funds Trustee. For the year ended 30 June 2017, this rate was 9.5% of members' salaries (9.5% in 2015/2016). This rate will increase in line with any increase to the 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 categories 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 Funds 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 Funds 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.

2016 Interim actuarial investigation surplus amounts

The Funds interim actuarial investigation as at 30 June 2016 identified the following in the defined benefit category of which Council is a contributing employer:

A VBI surplus of \$40.3 million; and

A total service liability surplus of \$156 million.

The VBI surplus means that the market value of the funds 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 2016. The total service liability surplus means that the current value of the assets in the Funds Defined Benefit category plus expected future contributions exceeds the value of expected future benefits and expenses. Council was notified of the 30 June 2016 VBI during August 2016.

2017 Full triennial actuarial investigation

A full actuarial investigation is being conducted for the Funds position as at 30 June 2017. It is anticipated that this actuarial investigation will be completed in December 2017.

Future superannuation contributions

The expected contributions to be paid to the Defined Benefit category of Vision Super for the year ending 30 June 2018 are \$135,012.

Note 33 Contingent liabilities and contingent assets

(a) 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 32. As a result of the volatility in financial markets the likelihood of making such contributions in future periods exists. At this point in time it is not known if additional contributions will be required, their timing or potential amount.

(b) Guarantees for loans to other entities

Council has not guaranteed any loans to other entities.

(c) 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.

(d) Contingent liability

Council has identified a potential liability (or the probability of a material expense arising) as a result of a workplace death during the course of the financial year. At the time of this report an amount and timing of any potential expense is not known.

Note 34 Financial instruments

(a) Objectives and policies

The Council's principal financial instruments comprise cash assets, term deposits, receivables (excluding statutory receivables), payables (excluding statutory payables) and bank borrowings. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument is disclosed in Note 1 of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of 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's interest rate liability risk arises primarily from long term loans and borrowings at fixed rates which exposes council to fair value interest rate risk. Council does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Council has minimal exposure to cash flow interest rate risk through its cash and deposits that are at floating 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. 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 33.

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.

(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 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 34, and is deemed insignificant based on prior periods' data and current assessment of risk.

There has been no significant change in Council's exposure, or its objectives, policies and processes for managing liquidity risk or the methods used to measure this risk from the previous reporting period.

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 26.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

(e) Fair value

Fair value hierarchy

Council's financial assets and liabilities are not valued in accordance with the fair value hierarchy, Council's financial assets and liabilities are measured at amortised cost.

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Council believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of + 0.75% and -0.75% in market interest rates (AUD) from year-end rates of 1.95%.

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

Note 35 Related party disclosures

(i) Related Parties

Parent entity

Colac Otway Shire is the parent entity.

Subsidiaries and Associates

Interests in subsidiaries and associates are detailed in note 16.

(ii) 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 (Elected 02/11/16) (Mayor 09/11/17 to current)
	Councillor Frank Buchanan (Mayor - Term ended 22/10/16)
	Councillor Stephen Hart (Re-elected 02/11/16)
	Councillor Chris Smith (Re-elected 02/11/16)
	Councillor Terry Woodcroft (Re-elected 02/11/16)
	Councillor Kate Hanson (Elected 02/11/16)
	Councillor Joe McCracken (Elected 02/11/16)
	Councillor Jason Schram (Elected 02/11/16)
	Councillor Lyn Russell (Term ended 22/10/16)
	Councillor Brian Crook (Term ended 22/10/16)
	Councillor Michael Delahunty (Term ended 22/10/16)

Chief Executive Officer and other Key Management Personnel

Ms Sue Wilkinson (CEO) (Resigned 01/09/17)
Mr Gareth Smith (Commenced 31/10/16)
Mr Anthony McGann (Commenced 06/02/17)
Mr Trevor Olson (Commenced 12/05/17)
Mr Brydon King (Resigned 12/09/2016)
Ms Sandra Wade (Resigned 31/03/17)
Mr Mark Lyons (Resigned 12/05/2017)
Ms Ingrid Bishop (Resigned 24/05/2017)

	2017 No.	2016 No.
Total Number of Councillors	11	7
Chief Executive Officer and other Key Management Personnel	8	6
Total Key Management Personnel	<u>19</u>	<u>13</u>

(iii) Remuneration of Key Management Personnel

Total remuneration of key management personnel was as follows:

	2017 \$'000
Short-term benefits	1,116
Post-employment benefits	114
Total	<u>1,230</u>

The numbers of key management personnel whose total remuneration from Council and any related entities, fall within the following bands:

	2017 No.
\$1 - \$9,999	3
\$10,000 - \$19,999	3
\$20,000 - \$29,999	5
\$30,000 - \$39,999	1
\$50,000 - \$59,999	1
\$70,000 - \$79,999	1
\$120,000 - \$129,999	1
\$130,000 - \$139,999	1
\$170,000 - \$179,999	2
\$240,000 - \$249,999	1
	<u>19</u>

(iv) Transactions with related parties

During the period Council entered into the following transactions with related parties.

The following is the aggregate amount of transactions with Investments in associates.

Payments made to Corangamite Regional Library Corporation	<u>683</u>
Payments received from Corangamite Regional Library Corporation	<u>(47)</u>

Note 36 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 \$142,000

The number of Senior Officers are shown below in their relevant income bands:

Income Range:	2017 No.	2016 No.
\$142,000 - \$149,999	4	7
\$150,000 - \$159,999	-	1
	<u>4</u>	<u>8</u>
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	<u>585</u>	<u>1,150</u>

Note 37 Events occurring after balance date

No matters have occurred after balance date that require disclosure in the financial report.

Note 38 Adjustments direct to equity

	2016 \$'000
Plant and equipment replacement value - system processing error	(448)
Plant and equipment replacement accumulated depreciation - system processing error	2
Non-current landfill provision - aftercare costs brought to account	(3,470)
Total adjustments direct to equity	<u>(3,916)</u>

Certification of the Financial Statements

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



Daniel Fogarty B.Com, MAppFin, CA
Principal Accounting Officer

Date : 20 September 2017
Colac

In our opinion the accompanying financial statements present fairly the financial transactions of the Colac Otway Shire Council for the year ended 30 June 2017 and the financial position of the Council as at that date.

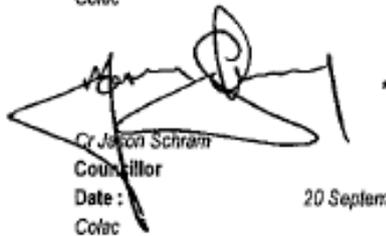
As at the date of signing, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

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



Cr Stephen Hart
Councillor

Date : 20 September 2017
Colac



Cr Jason Schram
Councillor

Date : 20 September 2017
Colac



Robert Dobrzynski
Acting Chief Executive Officer

Date : 20 September 2017
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 2017 • 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 a summary of 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 2017 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. My responsibilities under the Act are further described 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 Australia. 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, and using the going concern basis of accounting unless it is inappropriate to do so.</p>

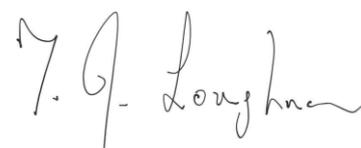
Auditor's responsibilities for the audit of the financial report

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.



Tim Loughnan

as delegate for the Auditor-General of Victoria

MELBOURNE
22 September 2017

Performance Statement

For the year ended 30 June 2017

Description of the municipality

Colac Otway Shire Council is situated about 160 kilometers south-west of the Melbourne CBD. It is approximately an hour to the large regional cities of Geelong to the east and Warrnambool to the west. The Shire covers an area of 3,433 square kilometres and has some of the most picturesque scenery in the State. A large proportion is Forest Park and National Park, but it also includes beaches, rugged coastline, rainforests, waterfalls, volcanic lakes and craters.

The Colac Otway Shire population forecast for 2017 is 21,265 and is forecast to grow to 23,725 by 2036. Approximately 88 % of the Shire's residents were born in Australia and of those born overseas; only 4% come from non-English speaking backgrounds. The forecast through to 2036 is for a growth of approximately 0.53% per annum; however we expect this to increase once the dual highway to Geelong is completed as it will open up the region making commuting an attractive option for both the local population and for those seeking a lifestyle change. Growth over the coming 19 years is also predicted to be steady; however with an increasingly ageing population.

The five major industry sectors are:

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

In combination, these five industries employed a total of 5,334 people or 56.3% of the employed resident population.

Colac Otway Shire Council provides more than 90 high quality services and facilities across a range of areas including Community Services, Environmental Services, Customer Services, Health and Wellbeing, Planning and Building, Economic Development and Tourism, Parks and Gardens and more.

Sustainable Capacity Indicators

For the year ended 30 June 2017

Indicator/measure	Results			Material Variations and Comments
	2015	2016	2017	
Population				
<i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,092.24	\$2,197.93	\$2,192.10	A 5% increase in expenses in 2016/17 was due to Disaster Recovery expenditure as a result of the Shire wide flooding event in 2016, which was offset by a 5.2% increase in the Municipal population, causing an overall minor decrease in this indicator.
<i>Infrastructure per head of municipal population</i> [Value of infrastructure / Municipal population]	\$12,728.74	\$12,292.96	\$11,996.72	A 2.7% increase in 2016/17 due to ongoing capitalisation of assets as part of Council's works programme was offset by a 5.2% increase in the Municipal population, causing an overall decrease in this indicator.
<i>Population density per length of road</i> [Municipal population / Kilometres of local roads]	12.56	12.51	13.18	The increase in this indicator reflects the increase in the Shire's population.
Own-source revenue				
<i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,543.78	\$1,655.79	\$1,664.87	Most of the increase from 2015/16 relates to the annual increase in average rate income generated as per Council's budget process, which was offset by the increase in assessments lower than the increase in population.
Recurrent grants				
<i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$697.19	\$541.20	\$573.06	The increase in 2016/17 is due to Victorian Grants Commission funding received in advance.
Disadvantage				
<i>Relative socio-economic disadvantage</i> [Index of Relative Socio-economic Disadvantage by decile]	3	3	3	There has been no change to this indicator.

Definitions

"adjusted underlying revenue" means total income other than—

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and

(c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

“infrastructure” means non-current property, plant and equipment excluding land

"local road" means a sealed or unsealed road for which the council is the responsible road authority under the Road Management Act 2004

"population" means the resident population estimated by council

"own-source revenue" means adjusted underlying revenue other than revenue that is not under the control of council (including government grants)

"relative socio-economic disadvantage", in relation to a municipality, means the relative socio-economic disadvantage, expressed as a decile for the relevant financial year, of the area in which the municipality is located according to the Index of Relative Socio-Economic Disadvantage (Catalogue Number 2033.0.55.001) of SEIFA

"SEIFA" means the Socio-Economic Indexes for Areas published from time to time by the Australian Bureau of Statistics on its Internet website

"unrestricted cash" means all cash and cash equivalents other than restricted cash

Service Performance Indicators

For the year ended 30 June 2017

Service/indicator/measure	Results			Material Variations and Comments
	2015	2016	2017	
Aquatic facilities				
Utilisation				
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	0.09	2.73	6.08	The 2015/16 result reflects the Bluewater leisure centre being closed for two years for redevelopment, reopening in late 2016. The significant increase in usage in 2016/17 is the result of increased memberships and attendances at the remodelled and enlarged facility.
Animal management				
Health and safety				
<i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	27	13	10	Prosecutions commenced in 2015. The reduced number of prosecutions is a direct reflection of public awareness that Council has the capacity and ability to prosecute matters.
Food safety				
Health and safety				
<i>Critical and major non-compliance notifications</i> [Number of critical non-compliance notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance notifications and major non-compliance notifications about food premises] x100	80.77%	90.91%	81.25%	From 1 July 2016 this measure is being reported by calendar year rather than financial year to better align with the Department of Health and Human Services reporting. The decrease in the result for 2016/17 was impacted by the Wye River Bushfire response and recovery and staff vacancies, which generated work in excess of the Business Unit's capacity to undertake. Note, these rates are for the 2016 calendar year and any comparison with 2015/16 is not representative of change in performance.
Governance				
Satisfaction				
<i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	48	43	45	Results have improved by two points from 2016. Council continues its efforts to steadily improve results.
Libraries				
Participation				
<i>Active library members</i> [Number of active library members / Municipal population] x100	17.61%	17.87%	16.70%	Whilst active library memberships remain steady, the overall reduction in this measure reflects the increase in the Shire's population.
Maternal and child health				
Participation				
<i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) /	74.83%	71.90%	69.68%	The small change in participation is part of normal fluctuations.

Service/indicator/measure	Results			Material Variations and Comments
	2015	2016	2017	
Number of children enrolled in the MCH service] x100				
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	59.26%	58.33%	60.38%	The small change in participation is part of normal fluctuations.
<hr/>				
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]	44	37	42	Satisfaction with sealed local roads improved in 2017 and is on par with other large rural Shires.
<hr/>				
Statutory Planning				
Decision making				
<i>Council planning decisions upheld at VCAT</i> [Number of VCAT decisions that did not set aside council's decision in relation to a planning application / Number of VCAT decisions in relation to planning applications] x100	100%	100%	100%	The result highlights Council's knowledge and effectiveness in applying the relevant Planning Schemes.
<hr/>				
Waste Collection				
Waste diversion				
<i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	55.52%	43.32%	47.09%	The increase in 2017 reflects the gradual reinstatement of services to some of our bushfire affected residents.

Service/indicator/measure	Results			Material Variations and Comments
	2015	2016	2017	
Home and community care				
Participation				
<i>Participation in HACC service</i> [Number of people that received a HACC service / Municipal target population for HACC services] x100	24.16%	26.05%	N/A	Reporting on Home and Community Care Services (HACC) ceased on 1 July 2016 due to the introduction of the Commonwealth Government's National Disability Insurance Scheme and Commonwealth Home Support Programme.
Participation				
<i>Participation in HACC service by CALD people</i> [Number of CALD people who receive a HACC service / Municipal target population in relation to CALD people for HACC services] x100	21.50%	15.92%	N/A	Reporting on Home and Community Care Services (HACC) ceased on 1 July 2016 due to the introduction of the Commonwealth Government's National Disability Insurance Scheme and Commonwealth Home Support Programme.

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 2017

Dimension/indicator/measure	Results			Forecasts				Material Variations and Comments
	2015	2016	2017	2018	2019	2020	2021	
Efficiency								
Revenue level								
Average residential rate per residential property assessment [Residential rate revenue / Number of residential property assessments]	\$1,461.91	\$1,598.36	\$1,650.83	\$1,734.98	\$1,757.38	\$1,780.07	\$1,803.05	The increase in 2016/17 was due to an average 3.28% rates rise for residential properties, in line with the budgeted increase in residential rates. Also note the forecast amounts continue to increase at this rate with some volatility due to valuation years versus non-valuation years.
Expenditure level								
Expenses per property assessment [Total expenses / Number of property assessments]	\$2,859.53	\$2,967.93	\$3,087.23	\$3,164.94	\$3,184.53	\$3,233.47	\$3,300.67	The increase in 2016/17 is due to Disaster Recovery expenditure as a result of the Shire wide flooding event in 2016.
Workforce turnover								
Resignations and terminations compared to average staff [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	8.50%	11.34%	23.77%	11.61%	11.67%	11.67%	11.67%	The significant increase in the 2016/17 result is due to the large number of staff resignations during the year. This has occurred largely due to (1) Low historical turnover resulting in a significant number of long term staff moving on during 2017 to seek other opportunities, (2) Expected turnover relating to major organisational changes executed during the 2015-2017 period and (3) General cyclical staff changes.
Liquidity								
Working capital								
Current assets compared to current liabilities [Current assets / Current liabilities] x100	226.47%	197.53%	348.05%	156.17%	131.73%	142.81%	131.79%	Movement in the Working Capital Ratio is due to increased cash balances, largely due to Disaster Recovery grants and Victorian Grants Commission funds to be spent in 2017/18.
Unrestricted cash								

Dimension/indicator/measure	Results			Forecasts				Material Variations and Comments
	2015	2016	2017	2018	2019	2020	2021	
<i>restricted cash compared to current liabilities</i> [Unrestricted cash / Current liabilities] x100	70.19%	68.22%	192.27%	91.91%	73.11%	77.73%	67.24%	Movement is due to increased cash balances largely as a result of Disaster Recovery grants and Grants Commission funds to be spent in 2017/18.
Obligations								
Asset renewal								
<i>Asset renewal compared to depreciation</i> [Asset renewal expenses / Asset depreciation] x100	101.51%	97.58%	97.66%	122.76%	148.64%	145.65%	142.82%	During 2016/17 Council's works programme spending was in line with 2015/16, with forecasts showing ongoing commitment to renew major community assets.
Loans and borrowings								
<i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	20.15%	17.29%	13.67%	11.53%	9.12%	5.01%	3.99%	This result reflects Council's prudent debt management and low overall debt levels.
<i>Loans and borrowings repayments compared to rates</i> [Interest and principal repayments on interest bearing loans and borrowings / Rate revenue] x100	3.37%	3.31%	3.71%	2.84%	2.78%	4.34%	1.16%	This result reflects Council's prudent debt management and low overall debt levels.
Indebtedness								
<i>Non-current liabilities compared to own source revenue</i> [Non-current liabilities / Own source revenue] x100	28.23%	25.54%	30.33%	17.85%	12.76%	10.43%	8.64%	The reduction in this indicator from 2015/16 is a result of the early payment of Victorian Grants Commission funding received that caused a decrease in the Shire's Own source revenue calculation. The low estimates in the forecast period reflect continual reduction in debt obligations with no new borrowings anticipated.

Dimension/indicator/measure	Results			Forecasts				Material Variations and Comments
	2015	2016	2017	2018	2019	2020	2021	
Operating position								
Adjusted underlying result								
<i>Adjusted underlying surplus (or deficit)</i> [Adjusted underlying surplus (deficit)/ Adjusted underlying revenue] x100	10.34%	1.88%	9.27%	0.26%	3.47%	1.73%	-2.66%	The increase in 2016/17 is due to Disaster Recovery grants and Victorian Grants Commission funding received in advance.
Stability								
Rates concentration								
<i>Rates compared to adjusted underlying revenue</i> [Rate revenue / Adjusted underlying revenue] x100	55.66%	60.86%	56.35%	60.90%	59.45%	60.49%	62.84%	The decrease is a result of an increase in the adjusted underlying revenue due to the prepayment of Victorian Grants Commission (VGC) funding in the 2017 year. When removing the early payment of VGC grant funding, a consistent increase around 3-5% p.a. occurs in this measure.
Rates effort								
<i>Rates compared to property values</i> [Rate revenue / Capital improved value of rateable properties in the municipality] x100	0.49%	0.48%	0.50%	0.50%	0.50%	0.51%	0.51%	This measure moves consistently around 3-5% as a result of the increase in rates per the cap and the increase in population.

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 2017

1. Basis of preparation

Council is required to prepare and include a performance statement within its annual report. The performance statement includes the results of the prescribed sustainable capacity, service performance and financial performance indicators and measures together with a description of the municipal district and an explanation of material variations in the results. This statement has been prepared to meet the requirements of the *Local Government Act 1989* and *Local Government (Planning and Reporting) Regulations 2014*.

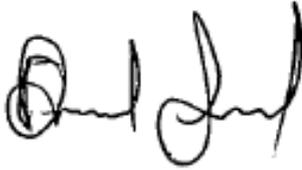
Where applicable, the results in the performance statement have been prepared on accounting bases consistent with those reported in the Financial Statements. The other results are based on information drawn from council information systems or from third parties (e.g. Australian Bureau of Statistics).

The performance statement presents the actual results for the current year and for the prescribed financial performance indicators and measures, the results forecast by the council's strategic resource plan. The *Local Government (Planning and Reporting) Regulations 2014* requires explanation of any material variations in the results contained in the performance statement. Council has provided comments against each performance indicator and measure to assist readers interpret the results.

The forecast figures included in the performance statement are those adopted by council in its Strategic Resource Plan on 22 June 2016 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*.



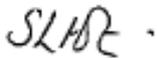
Daniel Fogarty B.Com, CA, MAppFin
Principal Accounting Officer
Date: 20 September 2017
Colac

In our opinion, the accompanying performance statement of the Colac Otway Shire Council for the year ended 30 June 2017 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*.

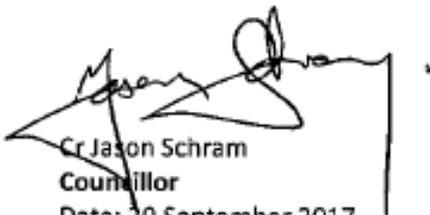
The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

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.

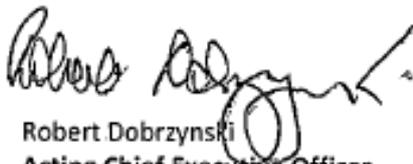
We have been authorised by the council and by the *Local Government (Planning and Reporting) Regulations 2014* to certify this performance statement in its final form.



Cr Stephen Hart
Councillor
Date: 20 September 2017
Colac



Cr Jason Schram
Councillor
Date: 20 September 2017
Colac



Robert Dobrzynski
Acting Chief Executive Officer
Date: 20 September 2017
Colac

Independent Auditor's Report

To the Councillors of Colac-Otway Shire Council

Opinion I have audited the accompanying performance statement of Colac-Otway Shire Council (the council) which comprises the:

- description of municipality for the year ended 30 June 2017
- sustainable capacity indicators for the year ended 30 June 2017
- service performance indicators for the year ended 30 June 2017
- financial performance indicators for the year ended 30 June 2017
- other information and
- the certification of the performance statement.

In my opinion, the performance statement of Colac-Otway Shire Council in respect of the year ended 30 June 2017 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 6 of the *Local Government Act 1989*.

Basis for Opinion I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Standards on Assurance Engagements. My responsibilities under the Act are further described in the *Auditor's responsibilities for the audit of the performance statement* section of my report.

My independence is established by the *Constitution Act 1975*. 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 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the performance statement in Australia and have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Councillors' responsibilities for the performance statement The Councillors is responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the *Local Government Act 1989* and for such internal control as the Councillors 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.

Auditor's responsibilities for the audit of the performance statement

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

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 our 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 statement of performance, including the disclosures, and whether the statement of performance 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
22 September 2017

Tim Loughnan
as delegate for the Auditor-General of Victoria

Acronyms and Definitions

AS/NZS	Australian/New Zealand Standards
CBD	Central Business District
CCMA	Corangamite Catchment Management Authority
CCTV	Closed-circuit television
CEO	Chief Executive Officer
CFA	Country Fire Authority
COPACC	Colac Otway Performing Arts and Cultural Centre
COShealth	Colac Otway Shire Health and Wellbeing Program
CPR	Cardiopulmonary Resuscitation
EEO	Equal Employment Opportunity
EMTEP	Emergency Management Training and Embedding Program
EOI	Expression of Interest
ESO	Environmental Significance Overlay
FO	Floodway Overlay
FOI	Freedom of Information
FTE	Full Time Equivalent employees
G21	Geelong Regional Alliance
GIS	Geospatial Information Systems
GROW	Geelong Regional Opportunities for Work
HACC	Home and Community Care
IBAC	Independent Broad-based Anti-corruption Commission
ISO/AS	International/Australian Standards
IT	Information Technology
LED	Light-emitting diode
LGPRF	Victorian Local Government Performance Reporting Framework
LSIO	Land Subject to Inundation Overlay
LTFP	Long Term Financial Plan
MAV	Municipal Association of Victoria
MCH	Maternal and Child Health services
MSS	Municipal Strategic Statement
NSP	Neighbourhood Safer Places
OCA	Otway Conservation Association
OH&S	Occupational Health and Safety
OPASS	Council's Older Persons and Ability Support Services
SafetyMAP	Accreditation through the Victorian WorkCover Authority
SRP	Strategic Resource Plan
VAGO	Victorian Auditor General's Office
VCAT	Victorian Civil and Administrative Tribunal

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Contacting Council

Colac Service Centre

2-6 Rae Street
Colac Vic 3250

Phone: (03) 5232 9400

Fax: (03) 5232 1046

Hours: 8.30am – 5.00pm

Monday to Friday

Apollo Bay Service Centre

69 Nelson Street
Apollo Bay Vic 3233

Phone: (03) 5237 6504

Fax: (03) 5237 6734

Hours: 8.30am – 1.00pm

Monday to Friday

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