

2017-2018

# *Annual Report*



Colac Otway  
SHIRE

## *About this Annual Report*

Our report documents Colac Otway Shire Council's performance during 2017/18 against the Council Plan and the 2017/18 Budget. This is the first year of reporting against the Council Plan 2017-2021.

Our Council Plan has four key Themes guiding the growth and development of our municipality:

- Our Prosperity
- Our Places
- Our Community
- Our Leadership & Management

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 community, ratepayers, local businesses, visitors, investors, government agencies and other interested parties. The report also provides council staff with an overall picture of the organisation's performance and how staff 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](http://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](mailto:inq@colacotway.vic.gov.au) or by letter to:

Chief Executive  
PO Box 283  
Colac Vic 3250

### **Acknowledgement**

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

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

*Cover: Winter at Colac Botanic Gardens (photo: Kirsty Osborne)*



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***Towards a prosperous future***

**Our Values**

Council will achieve its Vision and Mission by acting with:

- Respect
- Integrity
- Goodwill
- Honesty
- Trust

**Our Strategic Direction**

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

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

Theme 1: Our Prosperity

Theme 2: Our Places

Theme 3: Our Community

Theme 4: Our Leadership & Management

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

# About our Shire

## Our Location

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

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

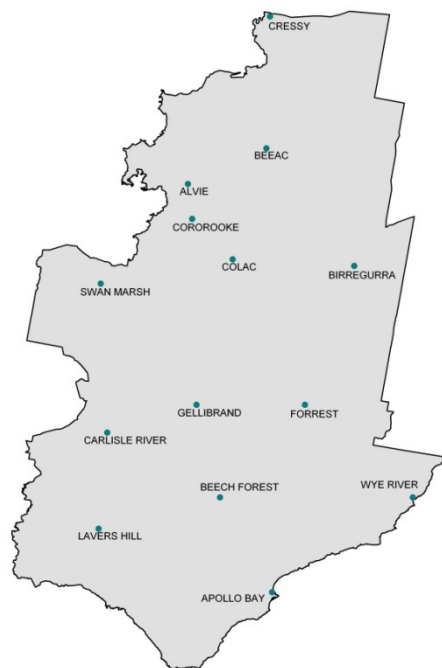


The shire has two main townships; Colac, the largest and the major service town where most community support and health services, retail trade and manufacturing businesses are located, and Apollo Bay, which serves as the major tourism centre. Dotted throughout the shire are many small and historic towns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

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, annually drawing over 5 million local, interstate and international visitors to view its spectacular beauty.



## Our History

The township of Colac is located on Gulidjan Country of the Eastern Maar Nation, and is an important cultural landscape for Aboriginal people and Colac's Eastern Maar citizens.

Before European arrival in the district, Colac was known as "Kolak" or "Kolagnat" which means 'belonging to sand' to the Gulidjan People of the Eastern Maar Nation. Ownership and custodianship of these areas spans thousands of years and it is still present today.

European settlement dates from 1837 when pastoralists settled near Lake Colac, with further development occurring over the following years as timber-getting and sawmills were established. The Apollo Bay township was established in the 1860s, with other coastal villages being settled by the 1880s. The opening of the Great Ocean Road in 1932 gave greater access to coastal townships,

with tourism spurring growth in the 1950s. Since the 1970s rural residential living has steadily increased in popularity.

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.'*

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

## Our People

Our resident population is 20,972, as at the last census in 2016. Approximately 83.3% of the shire's residents were born in Australia and of those born overseas, only 4.2% came from non-English speaking backgrounds. The forecast through to 2036 is for a growth of approximately 10.24%, 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 (1,291 persons or 13.5%)
- Health Care & Social Assistance (1,209 persons or 12.7%)
- Agriculture, Forestry & Fishing (1,191 persons or 12.5%)
- Retail Trade (872 persons or 9.1%)
- Tourism (835 persons or 8.7%)

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

Area	<b>3,433 sq kilometres</b>
Length of Local Roads	1,621 kilometres
<b>Sealed</b>	557 km
<b>Unsealed</b>	1,064 km
Estimated Population	21,436
<b>0 – 4 years</b>	5.6%
<b>5 – 19 years</b>	17.7%
<b>20 – 34 years</b>	15.8%
<b>35 – 49 years</b>	17.5%
<b>50 – 64 years</b>	21.9%
<b>over 65 years</b>	21.7%
Aboriginal and Torres Strait Islanders	1.2% (253 people)
Population born overseas	9%
Population growth rate	0.36%
Employment rate	96%
Rateable properties	15,304
Coastline	95 kilometres
Forest and National Park	110,000 hectares

### \*Sources

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

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



## *CEO's Report*



*Acting Chief Executive Robert Dobrzynski*

*Chief Executive Peter Brown*

### **Welcome**

It's our pleasure to present the Colac Otway Shire's Annual Report for 2017/18, the first year of reporting against the 2017-2021 Council Plan.

Colac Otway Shire staff got on with the job of delivering high quality services to the community in a time when the organisation was undergoing a transition of leadership. We welcomed Councillor Joe McCracken to the role of Mayor, farewelled CEO Sue Wilkinson who moved to the Darebin City Council as their CEO and I took on the role as Acting CEO in September to December and again from April to June, with Tony McGann Acting CEO from January through to March.

While this change occurred the shire's seven councillors have continued their role in ensuring the delivery of their four-year plan and Council staff have continued their hard work and commitment to improve the local community.

It's always good to hear what the community think about how we're doing our job, and this year's community survey responses were heartening to read with an increase in positive responses to most areas, in particular in community service and emergency management.

### **Noteworthy outcomes include:**

- The revitalisation of Colac's central business district
- The upgrade to Colac's war memorial in the square
- Hosting major events such as the AFL JLT community football match which attracted close to 10,000 people
- Adopting an innovative approach to decision making and community engagement with the 2050 Citizen's Jury helping shape shire development
- Work has begun on the \$1.6 million investment to address threat of landslips in Separation Creek
- Opening the Bluewater gym for the community to use 24 hours a day
- Providing support for those affected by the fire at Dreeite in January and support relief for our neighbouring Corangamite shire community during the bushfires in March
- Works to improve our towns including Gellibrand's Rex Norman Park, Colac's Memorial Square and the Lake Colac foreshore
- Community consultation in partnership with Barwon Water to identify and address waste water management issues for the Forrest community

### **Performance against Council Plan:**

- Adopting the new Arts and Culture Strategy
- Apollo Bay Harbour Plan\*
- Continuing advocacy for a single authority to manage tourism and infrastructure demands for the Great Ocean Road
- Endorsing a traffic management and parking survey to support the development of a parking strategy for Apollo Bay and coastal regions to help improve traffic management of the increasing number of visitors to the region
- Endorsing a Council recommendation for the Colac Library Annexe to be available as a community space
- Endorsing the recommendations of the Citizen's Jury as part of the 2050 Growth Plan
- Council's commitment to enhance opportunities for increased local spending of Council expenditure was demonstrated in the delivery of the work for CBD redevelopment project with work carried out mostly by Colac and district contractors
- In line with Council's commitment to improve our towns and places, Council committed \$200,000 annually to the ongoing operations of an indoor heated pool in Apollo Bay.

### **Financial Performance**

An operating surplus of \$3.8 million combined with low levels of debt, a healthy working capital ratio, a strong cash position and reduced infrastructure renewal gap underpin a strong short term financial position for Colac Otway Shire Council.

Council budgeted for \$21.6 million of capital expenditure, spent \$16.1 million and carried \$3.9 million forward to this financial year, including \$1.4 million tied to external grants.

Council is holding \$27.2 million in current assets, including \$23.5 million in cash and investments and had \$10.7 million in current liabilities which calculated to a very healthy working capital ratio.

Despite an increase of \$1 million in our Landfill Restoration Provision, our working capital ratio of 255 per cent remains very strong. Ratios greater than 150 per cent are considered low risk.

Colac Otway Shire is well placed financially and is currently working on delivery of a sustainable Long Term Financial Plan. Development of a robust long term financial plan and associated asset management plans will give us a much better understanding of the technical condition of our roads and buildings.

### **Challenges**

The challenges for the Council in the immediate future are highlighted in the Community Satisfaction Survey results the Council achieved. While Council rated better than last year in a range of areas, there is still much to be done. Our rating for sealed and unsealed roads dropped. The Council has established a key road stakeholders' consultative committee to drive improvements in the road network in priority areas.

Our results in Apollo Bay and surrounds were disappointing and highlight the need for the Council to engage more with the Apollo Bay Chamber of Commerce and the Apollo Bay and surrounding areas community to gain a greater sense of their priorities while also improving the day to day level of service delivered there.

The third area of attention is in the shire's building and planning department. Our team will review the way they engage with the community and also seek to streamline processes in order to issue permits quicker.



The Council will continue to work with the community to develop its priority projects for inclusion in the Council's Long Term Financial Plan and to advocate strongly to both the State and Federal Government seeking funding support.

An overarching challenge for the Council is to continue improving the level of service provided while maintaining Council rates at an affordable level. The Council is aware of capacity to pay issues in our communities and is committed to continuous improvement in order to become more efficient in its operations.

A handwritten signature in black ink, appearing to read "Peter Brown". The signature is fluid and cursive, with a long horizontal stroke at the end.

**Peter Brown**  
Chief Executive

## *Mayor's Message*



The 2017/18 year has been a year of change. As a group of Councillors we have set a new and positive direction for the Council organisation on behalf of the community – but there are still more improvements that can be made.

For the second year Council has set rate increases below the state government mandated rate cap (which is 2.25%). It's also the second year we have reduced the differential rate for farmers (down another 2% on last year). This is recognition that our rural sector plays a significant role in our region's economy and culture, and as a Council we are supporting the sector as it faces difficulty.

One of the great challenges that has come into being this year is annual revaluations. It might not be 'exciting' or make you sit up with interest, but it really has a great impact on a rate-payer's ability to compare their rates year on year. At least when revaluations occurred every second year, in the off year it was clear to gauge the change in rates, but now that properties are being revalued every year, there isn't the same base to compare your rates.

It is with great pleasure that Council appointed a new CEO in Mr Peter Brown. It was a long process and the community was as keen as we were to find the right candidate. I'd like to thank and acknowledge the two Acting CEO's who stepped into the job while recruitment of a permanent CEO was undertaken, Mr Robert Dobrynski and Mr Tony McGann – both men steered the organisation in a time of uncertainty and I thank them for their contribution. Peter Brown will be a great asset to our organisation – he brings a wealth of experience in a rural setting, having formerly been CEO at Rural City of Horsham. Peter has also been CEO at Wimmera Uniting Care, which is important when working with the high levels of disadvantage we have in some parts of our shire. Peter has also worked at the City of Warrnambool as a director, and his background as an accountant will be beneficial as the organisation responds to the increasing financial challenges that lay ahead.

Council continues to advocate on behalf of the community for major projects, and it was pleasing to see the fruit of that labour this year. It was my pleasure to open the CBD revitalisation project which cost \$2.1 million, with contributions from Federal and State governments. Council was also successful in gaining a \$250,000 federal government grant to improve the foreshore along Lake Colac – one of our most significant assets. The changing of Federal Electoral boundaries will have significant challenges for parts of our shire going forward, but we'll continue to build relationships and advocate to all sides of politics in order to achieve results for our communities.

As a group of Councillors, we have made a very deliberate move to properly re-engage with our coastal communities, who in the past have felt forgotten. Work around the Port of Apollo Bay is long overdue; as port manager Council is currently in discussions with the State government about its future. This has been in conjunction with local businesses and port users, and it's vitally important we stick to our principles and continue to fight for the port. I'd like to thank locals for their passion and commitment - working in partnership always produces better results. Apollo Bay Harbour is the sole port on the Great Ocean Road and apart from being a major employer, its importance as part of the social and cultural fabric of our coastal communities cannot be understated. Coastal erosion is another great concern that needs to be handled sensitively – but quickly – as the threat to the Great Ocean Road and indeed the property of residents in our shire continues to cause concern.

Our Council as an organisation has committed staff that do great work; I'd especially like to acknowledge our Services and Operations team who maintain a normal program of work while also responding to the needs of our community. Unsealed roads are always a challenge in winter, and keeping our gardens, parks and grass looking good is a big job. I see this work as vitally important and I'd like to especially thank the staff in Services and Operations who work hard to produce great results. One of the significant improvements I've seen in the organisation over the last 12 months is the development of a 'SWAT' team of staff who are a fast response unit to concerns raised about roads, pot holes and paths. This is a good innovation and helps Council respond quickly to maintenance matters that community members raise. I encourage members of the community to continue to let us know about roads, footpaths and tracks that need work. We'll do our best to make sure things are up to scratch.

I'd like to acknowledge Councillors who, despite coming from different points of view, work together for our community. We do have differences, but as a group we come together and respect each other's views (and on occasion, respectfully disagree!). We have a good mix of experience, new ideas and a real contest of ideas that many other Councils would envy. Councillors – thank you so much for your work.

Lastly, I'd like to acknowledge and thank our community. Without you, Council doesn't exist. Council exists to serve the community, and I'd like to acknowledge the community in being patient and considerate, despite frustrations that are experienced. Driving change takes time, and we are conscious the community wants positive change within our shire, we're working hard to deliver that in a calm, considered, sensible and stable manner. Our shire organisation exists to serve our community, just as Councillors do. I look forward to continuing to serve our great Colac Otway community into the future.

A handwritten signature in dark ink, appearing to read 'Joe McCracken', with a stylized flourish at the end.

**Cr Joe McCracken**  
**Mayor**

## 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 provide good governance ... for the benefit and wellbeing ... (S7(1))* of our municipality. This broadly covers a range of legislative and functional activities including strategic planning, advocacy, representation, policy development and law making.

Council sets the overall direction for our municipality through long-term planning. Examples include the Council Plan, financial plans, the municipal strategic statement and other strategic plans. Setting the strategic vision and then ensuring it is achieved is one of Council's most important roles. For additional information on the role and powers of Council, please see page 72.

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



**Cr Joe McCracken**

Mayor

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



**Cr Jason Schram**

Deputy Mayor

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



**Cr Stephen Hart**

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



**Cr Chris Potter**

First elected: 2016  
 Telephone: (03) 5232 9408  
 Mobile: 0427 821 435  
 Email: [councillor.potter@colactotway.vic.gov.au](mailto:councillor.potter@colactotway.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](mailto: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
Joe McCracken (Mayor)	12/12	4/4	5/5	1/1	37/37
Jason Schram (Deputy Mayor)	12/12	4/4	5/5	1/1	32/37
Kate Hanson	12/12	4/4	5/5	1/1	34/37
Stephen Hart	12/12	4/4	5/5	1/1	36/37
Chris Potter	11/12	3/4	5/5	1/1	32/37
Chris Smith	11/12	4/4	5/5	1/1	4/37
Terry Woodcroft	12/12	4/4	4/5	1/1	30/37

## Chief Financial Officer's Report

The 2017/18 results show that Council is currently in a strong financial position. We delivered our eleventh successive surplus, which is a significant result given the increasing demands on Council services, the challenges of rate capping and the recent impacts of the bushfire and flood disaster events.

Council is currently working on the delivery of a sustainable and robust long term financial plan. The preparation of this plan involves the review and development of existing and new asset management plans, which will give us a much better understanding of the technical condition of our infrastructure assets and the long term investment required to maintain them.

### Financial snapshot

- \$53.9 million income against a budgeted \$55.4 million.
- \$16.1 million Capital Works program delivered against a budgeted \$21.6 million.
- Rates and Charges comprised \$29.7 million (55%) of the total income.
- Operating surplus of \$3.8 million (budget \$7.5 million).
- Cash holdings increased by \$0.8 million, from \$22.7 million in 2016/17 to \$23.5 million in 2017/18.
- Net debt decreased by \$0.6 million, from \$4 million in 2016/17 to \$3.4 million in 2017/18.

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

#### 2017/18 Operating Result

	Actual \$ million	Budget \$ million	Variance \$ million
Operating Income	53.9	55.4	(1.5)
Operating Expenses	50.1	47.9	(2.2)
Operating Surplus	3.8	7.5	(3.7)

The \$3.7m unfavourable result compared to budget primarily relates to the following:

- Capital grant income was \$3.8m less than budget;
- An additional \$1.6m of income was recognised relating to subdivision assets gifted to Council by developers;
- \$1.5m of additional Materials and Services expense; and
- An increase in the landfill rehabilitation provision resulted in \$1.9m of additional expense.

94% of our operating costs occurred in the following three categories:

- Employee expenses 38%
- Materials and services 36%
- Depreciation 20%

For more information on the actual variances to budget please refer to the Financial Statements Note 1 – Performance against budget (p112).

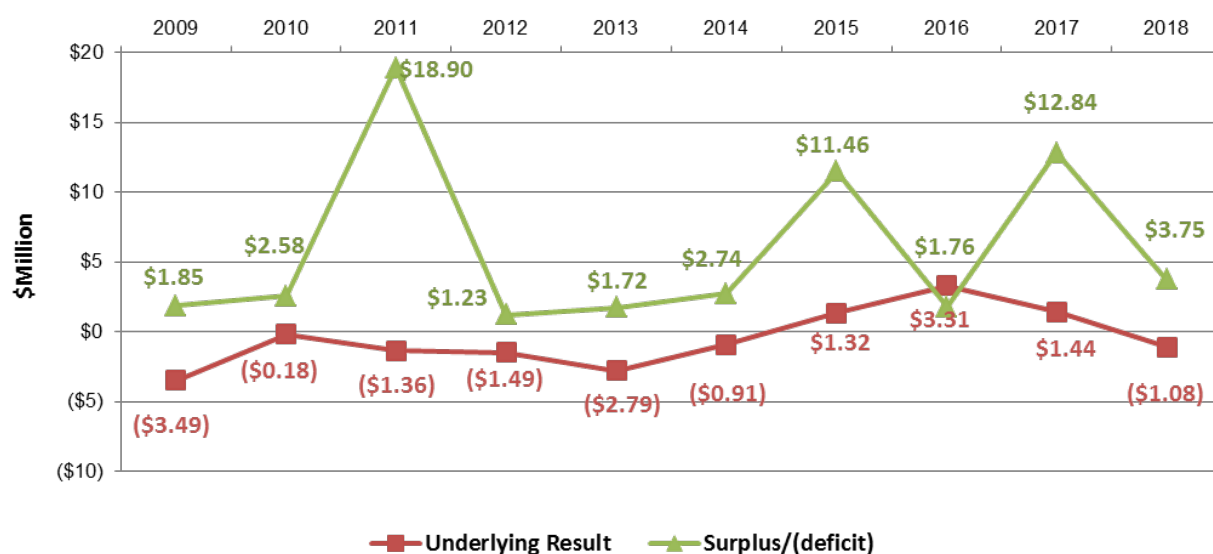
## Underlying Result

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.

Following three successive years of underlying surpluses, Council's underlying result for 2017/18 was a deficit of \$1.1m. This was calculated after adjusting the surplus for capital items and various one-off items, such as the prepayment of the Victorian Grants commission, as follows:

Item	2017/18 \$'000	2016/17 \$'000	2015/16 \$'000	2014/15 \$'000
Surplus/(deficit) for the year	\$3,750	\$12,843	\$1,761	\$11,455
Non-Recurrent Commonwealth Grants	(\$571)	(\$1,731)	(\$217)	(\$3,200)
Non-Recurrent State Grants	(\$2,252)	(\$5,901)	(\$689)	(\$2,791)
Revaluation Expense	0	0	\$0	\$0
Contributions - monetary	(\$325)	(\$320)	(\$545)	(\$624)
Contributions - non-monetary	(\$1,598)	(\$334)	\$0	(\$519)
Prepaid VGC Grants	(\$85)	(\$3,114)	\$2,996	(\$2,996)
<b>Underlying Surplus/(Deficit)</b>	<b>(\$1,081)</b>	<b>\$1,443</b>	<b>\$3,306</b>	<b>\$1,325</b>

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.



It is important to note in the graph above that the spike in 2010/11 relates to the initial recognition of the Port of Apollo Bay assets due to Council being appointed Port Manager. However, it was assessed in 2015/16 that we do not legally control these assets and therefore the assets were subsequently removed from Council's results.

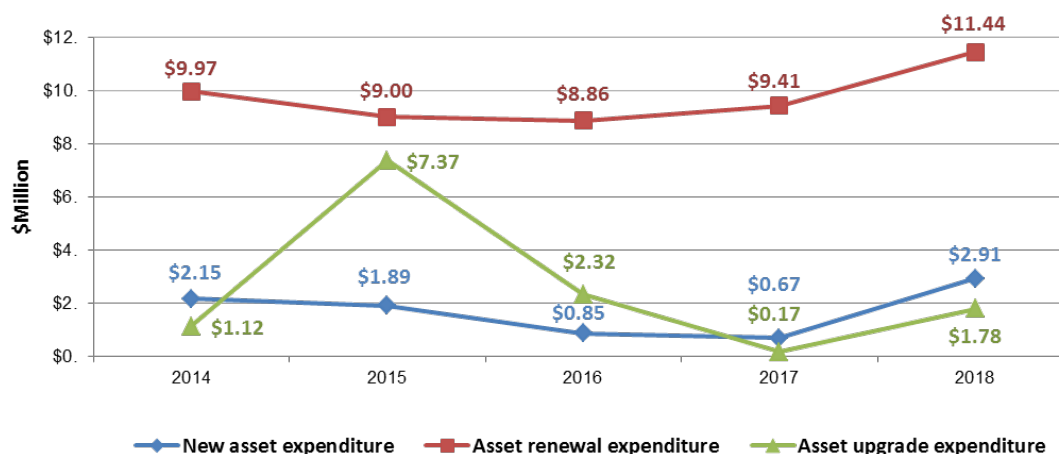
Ideally, the underlying surplus should remain relatively consistent from year to year. It is the best measure we have to represent our ability to remain sustainable in our own right without being dependent upon external funding to maintain operations.

## Replacing our assets

A key strategic indicator is the rate of replacement of our assets as they age and deteriorate. During 2017/18, we spent a total of \$16.1 million on capital works (capital expenditure/investment) across the shire, compared with \$10.3 million in 2016/17. This included a total of \$11.4 million (71%) on renewal works/activities, \$2.9 million (18%) on new and \$1.8 million (11%) on upgrade works/activities.

### Capital Works

	2017/18 \$ million	2016/17 \$ million	Variance \$ million
Renewal	11.4	9.4	2.0
Upgrade	1.8	0.2	1.6
New	2.9	0.7	2.2
Total	16.1	10.3	5.8



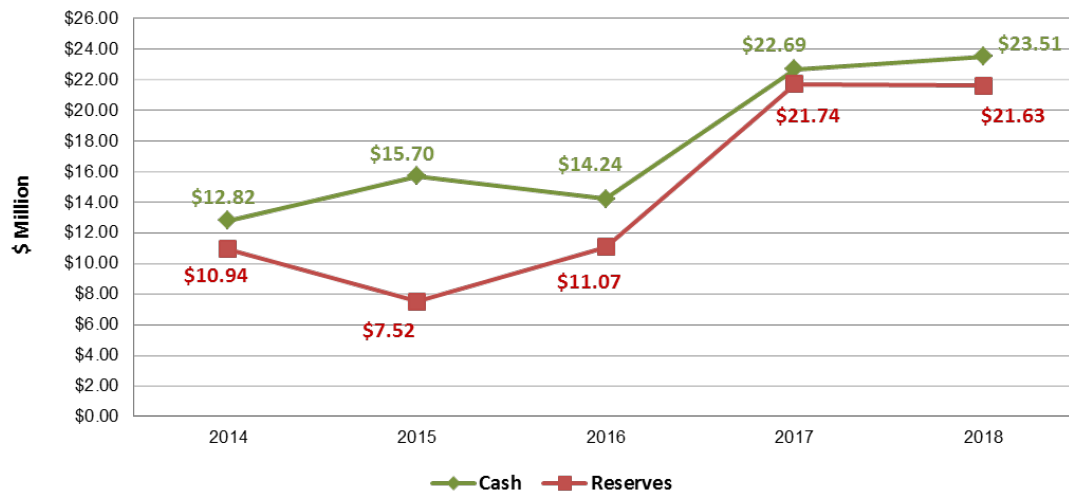
A key capital works indicator is whether the expenditure on renewal matches the rate that our assets are deteriorating or depreciating. Council's strategy is to renew our asset base at a greater rate than it depreciates. Our key strategic indicator for renewal is a minimum of 100%.

The result for 2017/18 was 116%, which means we renewed our assets at 1.16 times the rate we depreciated them, hence reducing Council's current renewal gap.

## 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 4.1 in the financial statements for restricted cash and reserves).





During 2017/18 Cash holdings increased to \$23.5 million from \$22.7 million in 2016/17. This cash balance supports Council's strong current liquidity position, evidenced by the working capital ratio of 255%.

### 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 89. The Financial Statements commence on page 106.

**Jason Clissold FCPA**  
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 2017/18 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 \$15.27 million dollars were delivered across the shire in 2017/18. Following is a summary of the key projects under each category. See page 50 for a breakdown of capital expenditure within the renewal, upgrade and new programs.

<b>Building Assets</b>	<b>\$1,084,149</b>
Building Renewal Programme	\$1,084,149
<b>Open Space Assets</b>	<b>\$2,869,737</b>
Open Space Furniture	\$2,680,229
Playground Programme	\$189,508
<b>Plant and Fleet Assets</b>	<b>\$1,204,189</b>
Major Plant	\$640,828
Light Fleet	\$563,361
<b>Stormwater Assets</b>	<b>\$2,131,499</b>
Drainage Programme	\$2,131,499
<b>Transport Infrastructure</b>	<b>\$7,983,803</b>
Sealed Road Pavement Programme	\$2,129,040
Reseal Programme	\$1,276,007
Strategic Improvements	\$1,164,032
Unsealed Road Pavement Programme	\$1,109,174
Road Slip Rehabilitation Programme	\$1,030,871
Bridges Programme	\$637,959
Footpath Programme	\$636,720
<b>Total</b>	<b>\$15,273,377</b>

A snapshot of key community infrastructure projects delivered included:

### Sealed Road Reconstruction.

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

- Carpendeit-Bungador Road, Bungador
- Colac-Lorne Road, Birregurra
- Dehnerts Track, Beech Forest
- Weering School Road/Eurack Road intersection
- Nalangil Road, Corunnun
- Pound Road, Colac

### Colac's Queen Street – drainage, footpaths and road improvements

Colac's Queen Street saw the completion of a much needed shared path linking Elliminyt to Colac Secondary College and beyond. The recently completed footpath, which required some significant drainage improvements to facilitate, has been well received by the growing community with many users from the expanding development area using the link to commute by foot or bicycle.



### CBD Revitalisation

The Colac CBD Revitalisation project was successfully completed with renewed footpaths to Murray Street in Colac, between Queen Street and Corangamite Street. As part of the revitalisation project improvements to pedestrian crossings and lighting were also completed, to enhance safety.

A commitment was made to local businesses to have the project completed prior to Christmas 2017, which Council was able to achieve.



### Wydinia Kindergarten - \$41,100

It was identified as part of the Building Renewal Program that the Wydinia Kindergarten required external and internal painting and an upgrade to the kitchen.

The reason for painting and upgrading the kitchen was due to the kindergarten having had extension works completed in 2016/17. Following this, a review of the asset's usage and community importance was undertaken.

The review identified a kitchen upgrade was justified to minimise reactive maintenance and extend the life of the asset and repainting the original building would improve the appearance and match the extension.

Wydinia Kindergarten Kitchen was upgraded with the following:

- New appliances
- Flooring
- Cabinetry
- Internal paint
- External paint



### The Year Ahead

The construction of major community infrastructure will continue into 2018/19, as Council continues to invest in community asset improvement and upgrade. A total of \$11.10 million of capital works is included in the 2018/19 budget with highlights including:

- Murray/Pascoe Street Reconstruction, Apollo Bay - \$900k
- Winifred Nance Kindergarten - \$400k
- Coastal Tourist Traffic and Parking Strategy - \$180k



## 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 79.

### Our Executive Management Team



**Peter Brown**

Chief Executive

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

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.



**Errol Lawrence**

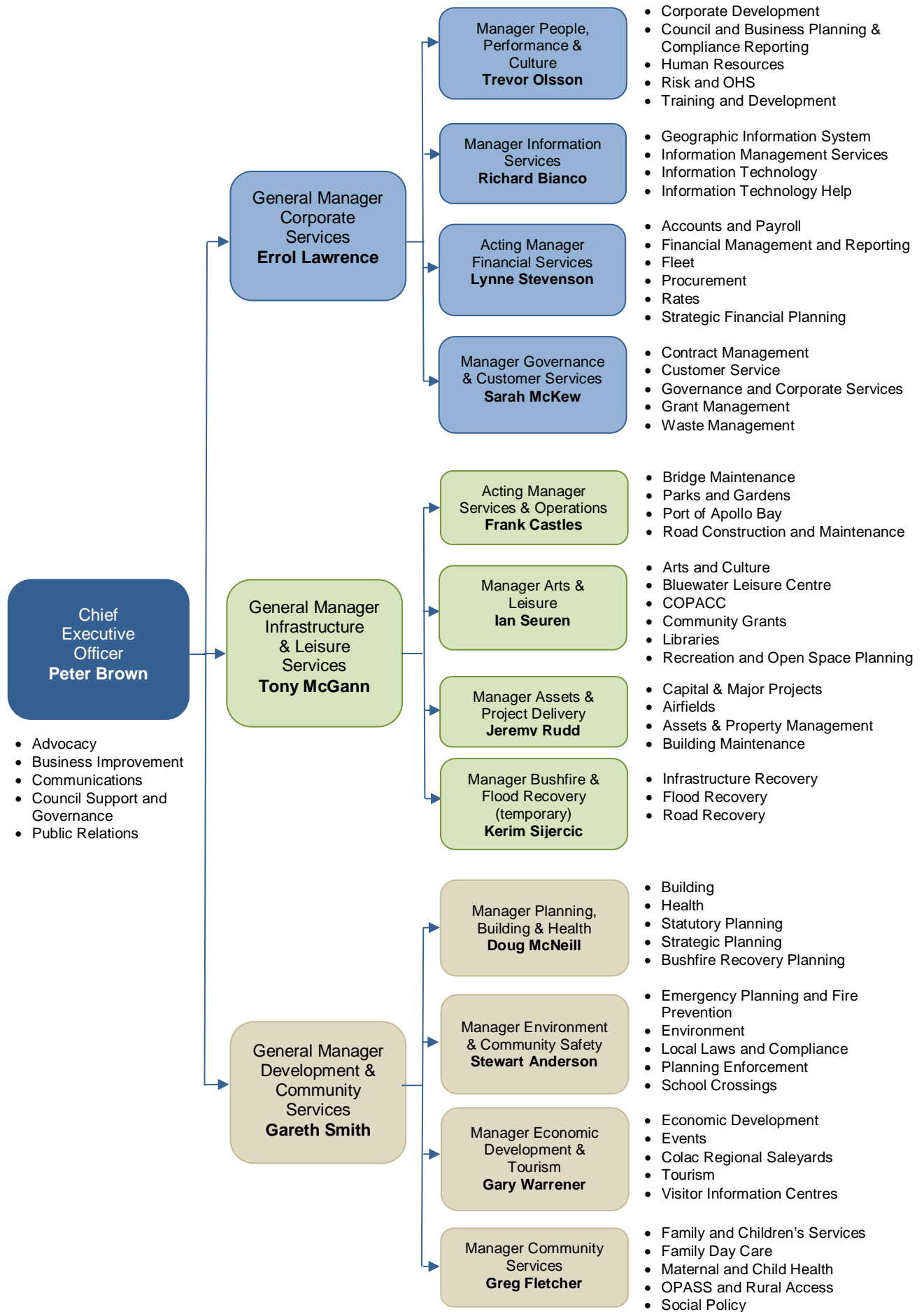
General Manager Corporate Services

Diploma of Accounting; Company Directors Diploma

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

Sue Wilkinson resigned as Chief Executive Officer effective from 9 September 2017.

## Our Organisation Structure

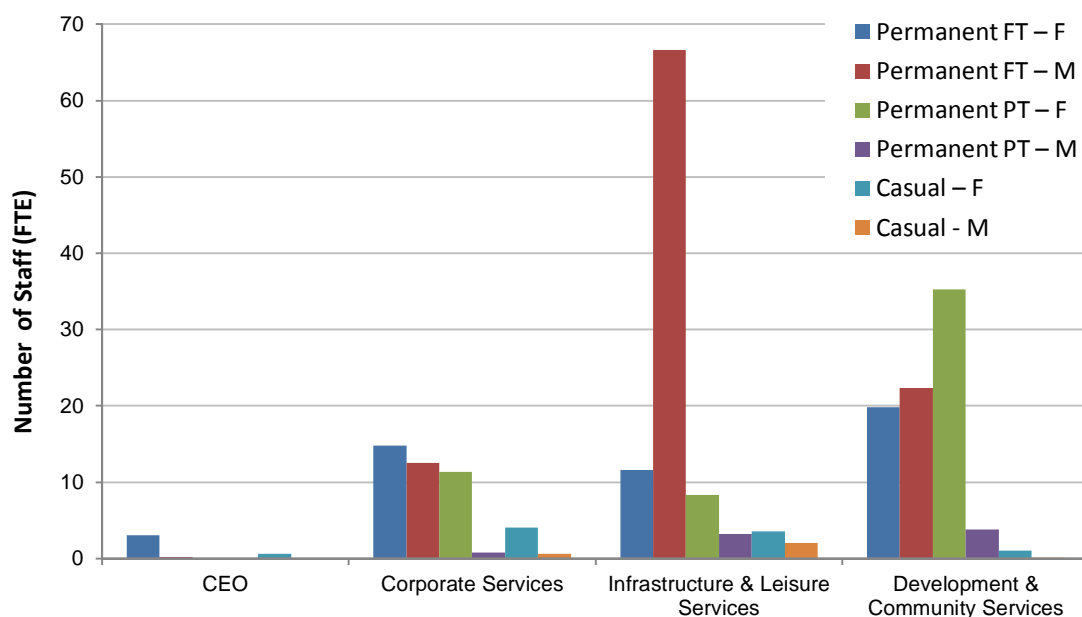


## Our People

Our workforce is predominantly permanent full-time at 67% with 28% permanent part-time and 5% casual. Employment type by gender indicates that males constitute 67% of permanent full-time roles whilst females are strongly represented in part-time and casual work at 79% and 77% respectively. The gender profile and composition of the workforce is reflective of the typical contemporary workforce and has remained consistent over the past six 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	3	15	12	20	49
Permanent FT – M	0	12	67	22	102
Permanent PT – F	0	11	8	35	55
Permanent PT – M	0	1	3	4	8
Casual – F	1	4	4	1	9
Casual - M	0	1	2	0	3
<b>Total</b>	<b>4</b>	<b>44</b>	<b>95</b>	<b>82</b>	<b>226</b>

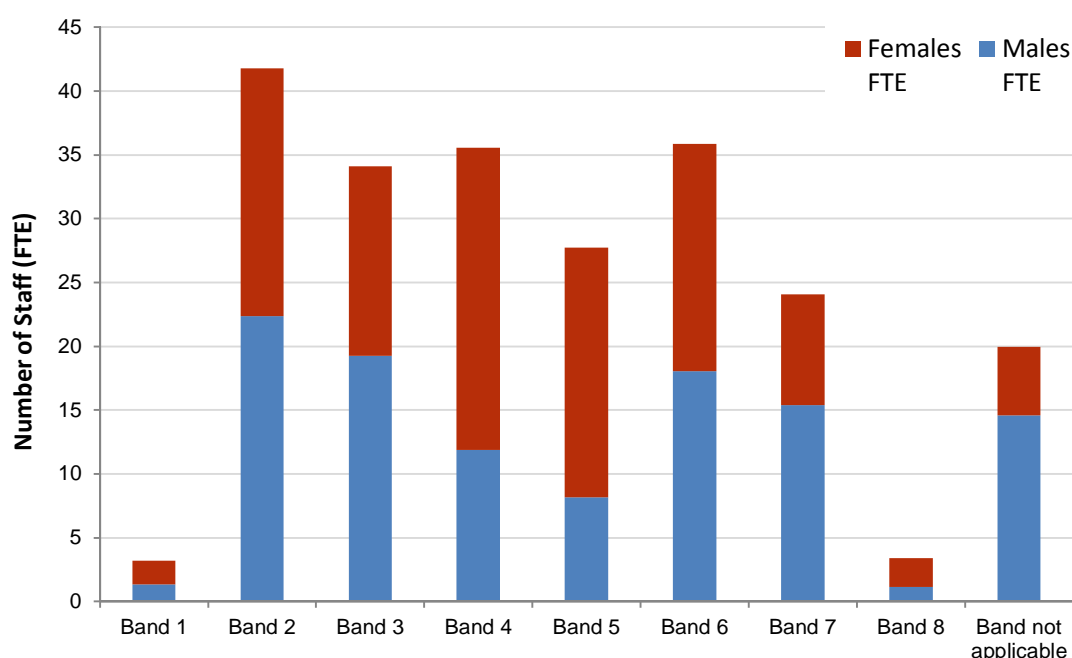


The data has remained consistent over the past six years. Anecdotal evidence supports the findings of formal studies that the main reason for the higher number of women working part-time is that it fits better with balancing work and other responsibilities. Approximately 65% of full-time males work in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

### Staff by employment category and gender

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

Employment Classification	Males FTE	Females FTE	Total FTE
Band 1	1	2	3
Band 2	22	19	42
Band 3	19	15	34
Band 4	12	24	36
Band 5	8	20	28
Band 6	18	18	36
Band 7	15	9	24
Band 8	1	2	3
Band not applicable	15	5	20
<b>Total</b>	<b>112</b>	<b>113</b>	<b>226</b>



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 102 positions advertised during this reporting period, compared with 91 for 2016/17. We received 618 applications, including multiple applicants for positions traditionally difficult to fill.

Vacancies ranged across Health and Community Services, Planning and Development, Infrastructure and Engineering, Environment and Community Safety, Tourism, Administration and Services and Operations.



## *Student work placements*

The number of work experience placements fluctuates year on year. In 2017/18 we provided work experience placements for seven local secondary school students which is an increase from the previous reporting period. Students are provided with the opportunity to get practical workplace experience, building skills and knowledge to assist them in 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 five university and TAFE students to enhance their discipline specific skills and 'employability', placing two in Maternal and Child Health, two in our Family and Children's Services and one in Community Services. Students joined their workplace teams and undertook specific projects as well as making the most of opportunities to 'shadow' management.

## **Equal Employment Opportunity**

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

We identify ourselves as an 'Equal Opportunity Employer' in all external recruitment advertisements and ensure that all new employees are made aware of our EEO, Diversity and Inclusion and Unacceptable Workplace Behaviour Policies as a mandatory component of our induction program. In 2017/18, 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.

We also have a formal internal grievance policy and procedure that enables staff to raise complaints. There were no EEO/discrimination related complaints raised by staff during 2017/18 year. Compliance with EEO requirements is monitored by the People, Performance and Culture Department.

## **Learning and Development**

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

Our highlights in the 2017/18 year were:

- A focus on Leadership development and cohesion as a team through continued workshops for our Leadership Group representatives, including:
  - A presentation from David Parkin (former Australian rules footballer and four-time premiership coach) who spoke on the topic of competencies and attributes of a good leader and building high performing teams.
  - The establishment of Leadership Group direction and guidelines:
    - Our trademark as a Leadership Group
    - Behaviours we agree to work by
    - Our goals as a Leadership Group

- Application process initiated for delivery of a 12 month Coaching and Mentoring personal and professional development program (to commence in September 2018 with 13 Mentors and 13 Mentees participating)

Programs delivered during 2017/18 were:

Training	Attendees
OH&S for Managers and Supervisors	38
Fire & Emergency Warden	13
Fire & Emergency Chief Warden	5
Initial 5 day Health & Safety Representative	5
First Aid and CPR refresher	50
Health & Safety Representative refresher	4
Microsoft Office Programs	16
Report Writing	18
Child Wise	32
Safety Information Session	112
Zero Inbox	16
Cultural Awareness Workshop	13
Tender Processes	49
Resilience in Self	14
Mental Health First Aid	14
Records Management/Privacy/Freedom of Information compliance training	183

In addition to the above, a Policy was created to reflect Council's legislative responsibility in meeting the requirements of the Child Safe Standards and our commitment to the community to create and sustain an environment where children are safe and protected from abuse. Child Safe Standards training was delivered and mandatory for all staff as part of this implementation.

Colac Otway Shire Council also supports employees who experience domestic violence through the Flexible Work Options Policy. The Manager People, Performance & Culture attended a workshop on "Family Violence is a Workplace Issue" arranged by the Domestic Violence Resource Centre Victoria. This training provided guidance and support for workplaces in developing organisational responses to family violence experienced by staff.

Colac Otway Shire Council is also committed to ensuring the security of confidential data and privacy. Council's Manager Governance & Customer Service, and Manager People, Performance & Culture, attended a presentation on the Privacy Breach process and Privacy Impact Assessment training.

### Health and wellbeing

Our COShealth (health and wellbeing) program continues to be an outstanding success and highly valued by our employees.

We delivered 17 initiatives with excellent attendances.

This year's activities included:

- Meditation sessions (32)
- Daffodil Day morning tea
- Women's Health Lunch (11)
- R U OK Day barbeque
- CommBank retirement planning session
- Movember fundraiser for Men's health promotion
- White Ribbon Day morning tea
- Harmony Day BBQ (promotion of inclusion "Everyone Belongs")

- Active April (encouraging staff to increase physical activity)
- Spinal Care presentation for office workers (13)
- Australia's biggest morning tea
- Neck and shoulder massages (to encourage to self-care to release muscle tension from staying in one position for long periods and increase wellbeing and productivity)
- Men's Health Week luncheon with guest speaker promoting mental health
- Resilience in Self training (14)
- Operation Christmas Child (55 gift boxes were donated by staff to be sent to children overseas)
- Lunch time walking groups
- Regular Stress Down Casual Day on the last Friday of each month
- Subsidised membership to Council's Bluewater Leisure Centre

We also participated in the "Clothes Line Project - 16 Days of Activism Against Gender-based Violence" which incorporated three objectives:

- To act as an educational tool
- To act as a healing tool
- To allow those who maybe suffering in silence to know they are not alone

Colac Area Health and local family violence services included community leaders and prominent Colac Otway personalities to come together to paint their message to the world about gender based violence on a t-shirt. Staff were invited to paint their own message which were displayed on a clothes line in the reception area.

#### **Staff Alignment and Engagement survey**

All staff were invited to participate in the biennial Alignment and Engagement survey which was undertaken in March 2018. We achieved a solid response rate of 59%. The survey was independently conducted by a specialist survey company, Insync.

The organisational wide Alignment score was 41% (compared with March 2015 of 52%) and the Engagement score was 60% (compared with March 2015 of 70%).

A number of briefing sessions were delivered across the organisation to communicate the outcomes of the survey and in response to feedback given by staff, the Executive Management team developed three key organisational wide action plans being:

- Communication of the long term direction of Council and of key organisational matters
- To develop a structured People and Culture Strategic Plan which invests in, and develops our staff
- Develop, endorse and implement the IT Strategic Plan

#### **Healthy fundraisers**

Our employees raised over \$3,095.20 through their participation in a number of health awareness fundraisers including: Movember \$2,233, Australia's Biggest Morning Tea \$220.15, Daffodil Day \$72.05, Sids and Kids Red Nose Day \$170.00, South West District Bushfires \$273.10, Colac Area Health Long Road Appeal \$57.90, and White Ribbon Day \$69.00.

#### **Occupational Health and Safety**

At Colac Otway Shire we have an absolute commitment to providing a safe and healthy workplace for our employees, contractors, volunteers and visitors. Our Occupational Health and Safety (OH&S) Consultative Committee meets quarterly, with representation from all areas of our organisation.

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

Emergency Warden and Health and Safety Representative training. In addition to our scheduled OH&S training, 38 Managers and Supervisors from across the organisation also participated in a 1 day OH&S course this reporting period, developing their knowledge and skills required to fulfil their duties and responsibilities under OH&S legislation.

A major OH&S achievement during this reporting period was the development and implementation of Council's Occupational Health and Safety 3 Year Strategic Plan. Colac Otway Shire's vision for 2018 onwards is to eliminate work-related injuries and illness, unsafe work practices, and promote the health, safety and wellbeing of all employees, contractors, volunteers and visitors. As part of this strategy, Council commenced its own OHS internal auditing program (OHS Assist), designed to measure against regulatory responsibilities and also to fit within the requirements of AS/NZS 4801 Occupational Health and Safety Management Systems. This proactive approach to safety management allows Council to recognise and share positive performance, as well as identify opportunities to improve safety culture and transform the way we conduct business. A total of 29 audits were completed this reporting period across each of Council's service divisions.

To strengthen our commitment to supporting staff with mental health problems and reducing the issues impacting them, Council established a Mental Health Network to help support the role of the Mental Health First Aid Officer. This network consists of an Employee Assistance Program, Support Officer, and a Health and Welfare Committee comprising the 17 employees from across the organisation trained in Mental Health First Aid. The Health and Welfare Committee meets quarterly with the aim of identifying and supporting those who may be suffering an acute mental health event, or may have a reduced capacity to cope, and to proactively identify and address issues impacting on the mental health and welfare of employees.

#### *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 Shire 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*

We had 196.93 days lost due to injury during the 2017/18 year; a total of 201.82 effective full-time (EFT) days compared with 62.39 EFT days in 2016/17 period. This was influenced by three significant injuries requiring recovery.

Whilst the 2017/18 reporting year has seen an increase in days lost to injury, Colac Otway continues to achieve and maintain overall positive return-to-work results. This is reflected in Council's "better than average" employer performance rating (Victorian WorkCover Authority calculation of performance against industry peers). A score below one is considered better than average, with Council achieving a score of 0.72 for 2017/18.

#### **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.

During 2017/18, 17 employees negotiated formal flexible work arrangements and feedback to the flexible work options available to our staff continues to be very positive.

### **Appreciating our staff**

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:*

Terence Malone.

#### *35 Years*

Phillip Evers.

#### *30 Years:*

Karen Borch, Gwenda Cook, David Noonan, Terrence Robb.



#### *20 Years:*

Shellie Nicholls, Nola McGuane, Lynette Morgan, Laurence Towers.



#### *15 Years:*

Simone Robertson, Geoffrey Neave, John Sherman, Chris Spalding.

#### *10 Years:*

Carmel Westmoreland, Travis Richies, Maree Ryan, Gemma Lamanna, Elke Duffin, Doug McNeill, Jill Sharp, Dionne Smith, Stewart Anderson.



#### *5 Years:*

Silvana Sherman, Thomas O'Connor, Katherine Grinter, Deborah Park, Nicholas Welsh, Bláithín Butler, Gary Holt, Lynn Tillack, Elizabeth Duke.

# 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 2017 to 2021. This is the first year of reporting against the Council Plan 2017-2021.

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



## Theme 1: Our Prosperity

The goal of this theme in the 2017-2021 Council Plan is: *'We work together to improve the prosperity of our people, businesses and community partners by working to promote our beautiful shire as an attractive place to live, work, invest and visit'.*

### The importance of Our Prosperity as a Theme

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

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

### Four strategies contribute to achieving our goal

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

Key highlights for projects and activities linked to Our Prosperity begin on page 32.

### Services contributing to Our Prosperity

The following services/activities were funded in the 2017/18 budget and contributed to achieving the goal and strategies for this Theme:

Service area	Description of service	Net Cost Actual Budget Variance \$000
<b>Building Control</b>	This service provides for planned building developments to meet present and future community requirements.	381 425 44
<b>Events</b>	This service provides for active community involvement in the provisioning of management and support for community entertainment and events.	260 267 7
<b>Economic Development</b>	The service facilitates a healthy and resilient economy by providing effective leadership, advocacy, and partnership, by working with government business and the community.	512 947 435
<b>Tourism</b>	This service provides economic benefit by promoting the shire as a location for visitors to enjoy, explore and return to. Visitor information is provided via Council's two Visitor Information Centres and via media.	633 619 (14)
<b>Apollo Bay Harbour</b>	This service manages and maintains the Apollo Bay Harbour for the enjoyment of the community.	1,249 278 (971)

Service area	Description of service	Net Cost Actual <u>Budget</u> Variance \$000
<b>Colac Livestock Selling Centre</b>	This service provides a vital link in our rural infrastructure by providing a marketplace for buying and selling livestock.	(63) <u>(192)</u> (129)
<b>Statutory Planning</b>	This service fulfils Council's statutory obligations in being the responsible authority for the management and regulation of land use and development, with the aim of achieving sustainable outcomes in the interests of current and future generations.	773 <u>683</u> (90)
<b>Strategic Planning</b>	This service ensures that land use planning is undertaken to meet the sustainable long term needs of current and future generations.	626 <u>473</u> (153)

## Highlights

### Colac 2050 Growth Plan

Council undertook comprehensive engagement with the community about the future growth of Colac in developing a draft Colac 2050 Growth Plan. Following a series of community and stakeholder workshops, a community survey and written submissions, Council appointed a Citizen's Jury of 46 people to provide direction to Council on how Colac should grow, what facilities, infrastructure and services are required for a population of 20,000, and how that growth should be funded. The Jury represented a cross section of residents from Colac and other parts of the shire, and met over four separate days late in 2017 and early 2018 before delivering its report to Council. This progressive form of engagement has been critical to developing a draft Plan that is well informed by the community.



### Apollo Bay Harbour Redevelopment

Council continued to advocate for the strategic redevelopment of the Apollo Bay Harbour Precinct. This follows market testing in 2017 that recommended:

- The design of a transparent process to invite private sector proposals for the harbour consistent with the existing planning controls; and
- Development of an advocacy plan to secure government funding to upgrade ailing public infrastructure at the harbour.

Prior to proceeding to invite commercial development opportunities, Council will advance work on a Development Plan for the harbour precinct in consultation with the community. Progressing the Development Plan will allow early community engagement and reduce a number of technical uncertainties that may otherwise hinder private sector interest. This work will progress in 2018/19.

Concurrently, Council has advanced its advocacy with the relevant State and Federal agencies to secure the funding essential for the on-going operation of the harbour as a viable and resilient port.

### **Forrest Wastewater Options Investigation**

Council and Barwon Water have partnered with the Forrest community to investigate options for treatment of wastewater in Forrest. Council conducted an audit of all properties late in 2017 which confirmed the high level of non-compliance of on-site treatment systems with current standards, reflecting community concerns about the discharge of waters into street drains throughout the town. The project has included significant engagement with the community, and resulted in the development of four options for future consideration by the community, before a preferred option is identified later in 2018.

### **Grants Program**

The Economic Development and Tourism Department led a major review for Council's grants programs which was undertaken during the year. The review looked at all of the current Council grant schemes and our external grant application processes. The review was completed and endorsed by Council in time for the new financial year's grant rounds. A total of 86 applications were received in the first round of applications. Following completion of a second round of grants the new program resulted in over 100 different groups/organisations accessing funds for their events/projects. Of the programs budget of \$317,400, only \$3,136 remains unallocated and the return on the Council's investment in the community is in excess of \$2.54 million.

### **Forrest Mountain Bike Trail**

Council successfully applied for a grant of \$100,000 from Round 2 of the Building Better Regions Grant scheme. This funding together with matching funds from Council will be used for a Forrest Mountain Bike Trails Design Plan. This Design Plan will allow Council, the Forrest Mountain Bike Club, Forrest community and the Department of Environment, Land, Water & Planning to finalise all the planning, trail designs and cultural heritage plans for Forrest's Mountain Bike Network.

### **Events**

Council's Events team supported over 130 events during 2017/18. The events ranged from regular local club events through to events that attracted up to 18,000 people to the region.

It was also pleasing to see the re-birth of the classic car event in Memorial Square, organised by the Colac RSL attracting large crowds in its first year. Also, the successful relocation of the Forrest Soup Fest, to the recreation reserve in Forrest, resulted in over 5,000 people attending the event.



*Photo: Classic Car Show 2018*



*Photo: Forrest Soup Fest 218*

## Challenges

- The highest priority for service improvement in Statutory Planning and Building Services is achieving progress towards significant IT system improvements that make the permit processing tasks more efficient, saving time and speeding up approval processes overall. The challenge is to implement these improvements and at the same time introduce mobile technology to increase capacity for building inspections to be undertaken more efficiently.
- The Statutory Planning team had difficulty recruiting to fill vacant planning officer positions during the year due to a skills shortage in regional areas. Together with the challenge of additional workload still being experienced from applications to rebuild in Wye River and Separation Creek following the 2015 bushfire, and several major development proposals, has placed pressure on planning staff to maintain consistent levels of service in processing planning permit applications.
- Failing infrastructure in Colac Otway's tourism towns is harming the visitor experience, satisfaction and community liveability. Tourism visitation to our region has increased by 44.4% since 2013 and due to the Great Ocean Road region's popularity, visitation will continue to rise. Without considerable public sector investment the issues will get worse.

## The Year Ahead

- The Health Protection team will begin implementing the Domestic Wastewater Management Plan through a program of audits of on-site wastewater treatment systems throughout the shire, based on priority according to risk. Council has allocated resources in the 2018/19 budget to facilitate these audits.
- The Building Services team will commence a program of proactive audits of commercial buildings across the shire to ensure compliance with Essential Safety Measure requirements under the Building Act (these measures include checking fire exits, maintenance of fire extinguishers etc). Council has allocated resources in the 2018/19 budget to facilitate these audits.
- Council will be leading the development of a Community Infrastructure Master Plan for Apollo Bay (Skenes Creek to Marengo) that will examine all infrastructure requirements relating to hard infrastructure such as streetscape improvements as well as community and social infrastructure. It will encompass the development of a Foreshore Master Plan in partnership with the Otway Coast Committee.
- Investigate the development of a local "Produce Hub" to display local produce and attract tourists to stop in Colac. The Hub will also deliver employment opportunities in partnership with the GROW program.
- Investigate building an internal Point-of-Sale system for accommodation and tour bookings.
- Facilitate the delivery of a balanced calendar of events within the shire in all communities and to all tastes.

### Fast Facts

243	People attended local business development forums.
14,101	Phone calls to Visitor Information Centres.
139,946	Walk-in visitors to Visitor Information Centres.
26,805	Animals through the Colac Regional Saleyards.

## Progress against the Council Plan 2017-2021:

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

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

#### Residential

Colac 2050 Growth Plan will inform the residential demand and identify appropriate locations for future residential supply. The draft plan has been presented to Council.

**80%**

#### Industrial

Colac Economic Development, Commercial and Industrial Land Use Strategy, 2017 provides direction for commercial and industrial growth. Amendment C86 – rezones land as identified by the Strategy

**Completed**

### **Develop and implement a Colac Otway Economic Development Strategy.**

The development of Colac Otway Economic Development Strategy has commenced. The Draft Strategy is intended to be placed on public exhibition for 6 weeks in late 2018.

**80%**

Colac Economic Development, Commercial and Industrial Land Use Strategy completed & planning scheme amendment completed.

**100%**

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

A residential demand and supply analysis was undertaken to inform the Colac 2050 Growth Plan

**Completed**

A Housing Strategy assessment to identify future housing need/types based on the population trends and community patterns is proposed for 2019/20

### **Identify and improve tourism assets across the shire.**

Audit of existing public and private tourism infrastructure is proposed to commence in 2019/20.

Development of a plan to prioritise improvements and development of public assets and private opportunities is proposed to commence in 2019/20.

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

Due to commence in 2018/19 and funding has been allocated.

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

Economic assessments completed for Lake Colac Foreshore Master Plan and commenced for Forrest Mountain Bike Park Strategy and Apollo Bay Harbour Precinct priority projects.

**75%**

Prospectus for all priority projects have been updated and detailed prospectus completed for the Apollo Bay Harbour.

<b>Remove unnecessary planning triggers to streamline planning processes.</b>	
Council adopted the Planning Scheme Review at the March meeting, and the consultant has commenced drafting the Planning Scheme Amendment to implement it, with exhibition likely in 2018/19.	<b>100%</b>
Stage 2 of this project will revise the current controls (as appropriate) to streamline planning requirements and referral process. A draft of the Planning Scheme Amendment has commenced.	<b>50%</b>
<b>Strengthen partnerships with employers in the shire.</b>	
Liaison with Chambers of Commerce, GORRT, G21, Victorian Farmers Federation, Regional Development Victoria, Department of Environment, Land, Water and Planning, and Parks Victoria undertaken by the Acting CEO. Partnership plan to be developed on the advent of the appointed CEO.	<b>Ongoing</b>

<b>1.2 Support a thriving economy and industries.</b>	
<b>Identify and promote Tourism pathways between attractions across the whole shire.</b>	
The development of the Colac Otway Economic Development Strategy has commenced. The Draft Strategy is intended to be placed on public exhibition for 6 weeks in late 2018.	<b>80%</b>
New Apollo Bay Destination Marketing Plan completed.	<b>50%</b>
New Colac Destination Action Plan to be completed in 2018-19.	
Otway Tourism Advisory Committee review/revamp commenced in 2017-18 and will be completed in 2018-19	<b>70%</b>
<b>Identify and support employment in tourism.</b>	
The development of the Colac Otway Economic Development Strategy has commenced	<b>80%</b>
<b>Explore options to facilitate new tourism accommodation.</b>	
The Minister has called in the decision on the Apollo Bay Tourism resort. An independent planning panel has been established to hear submissions. A hearing is scheduled to commence in September 2018. A business case has been prepared for consideration in the 2018/19 budget re opportunities for tourism in the Otways.	<b>100%</b>
An accommodation demand analysis has been completed for Colac. Potential site identification has been completed. An Investment Prospectus will be completed in 2018-19	<b>80%</b>
A business case will be considered in the 2019/20 budget regarding opportunities for tourism in the Otways	



<b>Review Planning controls for the coastal hinterland and support establishment of tourist accommodation.</b>	
Will occur after the Strategy above is completed; anticipated to commence in 2018/19.	
<b>Review the shire Events Strategy and partner with event organisers to assist them preserve the amenity of residents while running successful events.</b>	
Economic Development Strategy is nearing completion and the Events Strategy has been incorporated in the document.	<b>80%</b>
<b>Facilitate the attraction of investment in the development of high standard accommodation in Colac and Apollo Bay, complemented by high yielding nature based experiences.</b>	
Due to commence in 2018/19 and 2019/20	
<b>Encourage and support existing owners of accommodation to upgrade, refurbish and develop new infrastructure to meet visitor demand.</b>	
Due to commence in 2019/20.	
<b>Review the Great Ocean Road Closure Policy.</b>	
In partnership with the Interagency Great Ocean Road Closure Events Committee a review of policy guidelines has commenced and will be completed in 2018/19 following Community Consultation.	<b>30%</b>

<b>1.3 Strengthen partnerships with key stakeholders to benefit the whole community.</b>	
<b>Seek regional funds from State and Federal Governments.</b>	
Council endorsed its priority projects and prospectus/facts sheets have been developed for each project. Advocacy strategies have been developed for the highest priority projects.	<b>50%</b>
Council endorsed the recommendations of a review of Council's Grants Program. The 2017/18 program was based on the recommendations from the review.	<b>100%</b>
<b>Develop and maintain regional partnerships and joint advocacy.</b>	
Active participation in identified key regional organisations, such as G21, Barwon Regional Partnerships etc, through regular engagement and representation of Council priority matters.	<b>Ongoing</b>
<b>Seek to influence education providers to match local job opportunities with available skills training.</b>	
Interaction with GROW and other Job Active Groups in the area has increased. Investigating joint projects and funding applications with RDV.	<b>Completed</b>

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

GROW activity has been incorporated in the Draft Economic Development and Tourism Strategy.

**Completed**

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

**Advocate for the establishment of a Great Ocean Road Authority.**

Actively participated and contributed in the Victorian Government Great Ocean Road Taskforce, reflecting the Council's priorities.

**Completed**

### Planning Applications

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

	Number of Applications	Decisions made within 10 days	Median days to process applications
2016/17	12	9	7.6
2017/18	49	44	7.5

**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
2017/18	319	178	70.0	1	1

\*Victorian Civil and Administrative Tribunal

### Building applications

	Number of Applications	Average Days to Assess Applications	Average Days to Issue Permits
2013/14	53	14	24
2014/15	55	7	17
2015/16	63	10	12
2016/17	83	13	17
2017/18	75	46.47	49

## Local Government Performance Reporting Framework

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

Service/Indicator/measure	2015/16	2016/17	2017/18	Material Variations and Comments
<b>Statutory Planning</b>				
<b>Timeliness</b> <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]	70.00	66.50	70.00	Initiatives are being taken to refine processes and implement service review recommendations with the aim of reducing the average time taken in future years.
<b>Service standard</b> <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	78.10%	73.09%	74.25%	Initiatives are being taken to refine processes and implement service review recommendations with the aim of reducing the average time taken in future years.
<b>Service cost</b> <i>Cost of statutory planning service</i> [Direct cost of statutory planning service / Number of planning applications received]	\$2,749.49	\$2,706.06	\$3,634.56	Additional statutory planning costs due to temporary engagement of contractors due to staff departures. Traditionally it is challenging to recruit suitably experienced planning staff resulting in long periods of using contractors. Council also required additional external support to assess permits for replacing properties lost in the Wye River and Separation Creek fires.
<b>Decision making</b> <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%	Positive result reflects quality of decisions made by Council, the majority of which are made under delegation by officers.

## Theme 2: Our Places

The goal of this theme in the 2017-2021 Council Plan is: *'Our places are well-planned. We work with local and government partners to plan healthy, safe environments which promote community life and enhance well-being. Our infrastructure assets are managed so that they are sustainable for the long term.'*

### The importance of Our Places as a Theme

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

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

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

### Six strategies contribute to achieving our goal

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

Key highlights for projects and activities linked to Our Places begin on page 41.

### Services contributing to Our Places

The following services/activities were funded in the 2017/18 budget and contributed to achieving the goal and strategies for this Theme:

Service area	Description of service	Net Cost Actual Budget Variance \$000
Emergency Management	Provision of necessary support for the community in the case of an emergency event occurring.	236 <u>234</u> (2)
Environment	Management of our natural environment for to the betterment and enjoyment of all members of our community.	686 <u>714</u> 28
Fire Prevention	Promotion of community safety by aiming to eliminate potential fire risks within our community.	2 <u>643</u> 641
Infrastructure Services	Provides for the physical assets required by the community to maintain a happy, healthy and sustainable lifestyle.	5,734 <u>3,499</u> (2,235)

Service area	Description of service	Net Cost Actual Budget Variance \$000
<b>Parks, Gardens and Reserves</b>	Maintenance of open space for the enjoyment of all community members.	1,230 <u>1,321</u> 91
<b>Street Lighting</b>	Active promotion of community safety by providing a clear and safe environment in our towns after dark.	132 <u>107</u> (25)
<b>Waste Management</b>	Efficient and effective control of waste products produced by our community. It includes the provision of waste collection services as well as for disposal to landfill.	4,806 <u>203</u> (4,603)

## Highlights

### Emergency Response and Recovery Support

Council participated in the coordination of response, relief and recovery services for ten emergency events in the last year. In response to the Dreeite and Saint Patrick day fires, Council activated and manned Emergency Relief Centres that provided critical support to impacted residents. Council also provided a range of other assistance and resources to Corangamite Shire in its prolonged response to the Saint Patrick day fires. In addition Council activated Emergency Relief Centres for two separate bus crashes and provided assistance to people after house fires and flood events in Colac and Birregurra.

### Climate Resilient Communities Forum

Over the past five years Colac Otway Shire Council has coordinated the Climate Resilient Communities of the Barwon South West Project. The project has been undertaken in collaboration with nine other councils and multiple partner agencies. The project has helped improve the understanding of climate change impacts across the region and determine ways to help address the challenge. The project culminated in the Barwon South West Climate Change Forum held in December 2017. The forum comprised a launch of the Barwon South West Climate Change Web Portal, which is a climate change resource and information hub, as well as seminar sessions and presentations showcasing the many initiatives being undertaken by agencies in south-western Victoria to respond to climate change. This event was extremely well received and the Climate Resilient Communities Project has established a strong regional network that will enable effective ongoing collaboration on climate change adaptation and mitigation initiatives in the future.

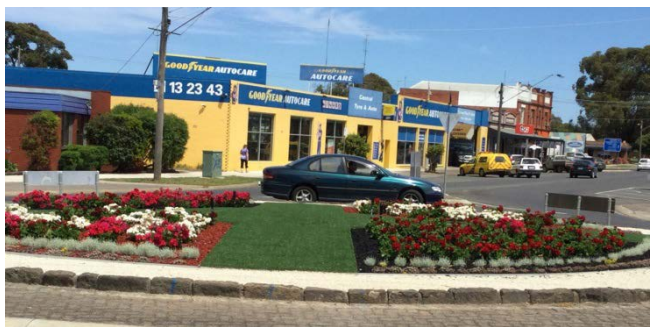


## **Municipal Emergency Management Plan (MEMP) Audit**

Pursuant to requirements of the Emergency Management Act 1986, Council is required to submit the MEMP to the Victorian State Emergency Service (SES) for audit every three years. An updated draft version of Council's MEMP was submitted and audited by the SES in August 2017. Council was successful in passing all 24 criteria associated with the audit and the Auditor stated that it was an example of 'Best Practice'. Subsequently, the revised MEMP (2017-2020) was presented to Council and endorsed at the Ordinary Council meeting on the 22 November 2017.

## **Street Furniture Policy**

A new policy allowing fixed tables and seating on footpaths in front of commercial businesses has been developed and will be trialled in 2018/19 for the first time. The new policy has received support from the Chambers of Commerce in both Colac and Apollo Bay and will be carefully monitored by Council's Compliance Unit to ensure only suitable furniture is fixed to the footpath. The policy will be reviewed after twelve months to determine if it should be maintained or altered in any way.



## **Colac CBD Revitalisation Program**

Council successfully completed the capital improvements to the Colac Central Business District and Roundabout Rejuvenation projects.

## **Parks, Gardens & Reserves**

Preparation works at Central Reserve for the 2018 pre-season AFL match between Geelong and Essendon. The AFL stipulate specific ground condition requirements which staff were able to meet to ensure the success of the day.



## **Sustainability Program Highlights**

### **Bluewater Solar Array**

Colac Otway Shire's target to be carbon neutral by 2020 took a giant leap forward with the installation of the second 99kw solar array system. The new system was installed on the roof of the Bluewater Leisure Centre. This system is expected to generate a large portion of the centre's electricity requirements during the warmer months and reduce reliance on the power grid. It will save Council approximately \$25,000 each year in electricity bills and will pay for itself within six years. It is also estimated that this will reduce our emissions by 250 tonnes per year. These projects demonstrate real leadership to the community about the viability of renewable energy. The solar array system is supported by a website which shows real time data, including how much energy is produced, the centre's usage, how much carbon emissions are being prevented and the financial saving to Council.



## Public Lighting

Following on from the success of the Street Light Project (which changed over 1600 Powercor lights), Council has completed a Public Open Space Lighting Upgrade Project. The project saw the upgrade of over 220 lights in main streets, car parks and reserves to more efficient LED globes. These upgrades are expected to save Council approximately \$13,000 each year, which gives a payback of less than five years. On top of this, the more efficient globes will further reduce emissions to help Council meet its Carbon Neutral Target by 2020.

The 2017/18 Budget and Actuals for these combined programs were:

	<b>Budget</b> (\$ Million)	<b>Revised Budget</b> (\$ Million)	<b>Actual</b> (\$ Million)
Maintenance	\$5.13	\$5.11	\$5.05
Renewal	\$12.31	\$14.03	\$11.56
<b>Total</b>	<b>\$17.43</b>	<b>\$19.14</b>	<b>\$16.61</b>

All routine road and footpath inspections were completed for 2017/18. In total, 141 km of footpath and close to 1,622 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 2017/18:

Caterpillar Grader	\$428,000
Caterpillar Grader	\$369,000
Isuzu Truck	\$92,105
Reacharm Control	\$84,250
Isuzu Truck	\$83,732
Tractor	\$76,995
Community Bus	\$46,143
Howard Mower	\$17,800
Howard Slasher	\$13,550
VMS Board & Trailer	\$10,521
Hyster Forklift	\$10,300
Mobile Traffic Light	\$10,265
<b>Total</b>	<b>\$1,241,661</b>

## Challenges

- The Fire Prevention Program undertaken by Council involves the inspection of properties across the region during the declared Fire Danger Period. Unfortunately 270 properties were issued with a Fire Prevention Notice (FPN) by Council officers because their property failed to meet the prescribed standards, of which 25 properties had to be issued with an infringement for failing to comply with the notice.
- Council's customer survey results strongly indicate a concern of the condition of Council's unsealed road network. This is an area that will be prioritised to improve our performance.
- Delay getting a new two way radio system in place.
- Council will be implementing a new approach to Environmental Weed Management, which targets high threat weed infestations in high conservation value roadside vegetation and reserves. The goal is to have a more significant and measurable impact on key weed species in specific target areas, rather than trying to spread limited resources over a wide area.

Changes to the weed mapping process will ensure an appropriate balance of time is allocated between treatment and data capture, so that Council can be more certain that we are having a significant impact on environmental weeds.

- Provision of mature maintenance schedules and programs in ensuring Council's maintenance budget is maximised in the delivery of these services, the key focus being to move from a reactive maintenance response to proactive maintenance programs.
- Building trust within the community around the process Council uses to ensure infrastructure projects are identified and prioritized and Council's infrastructure budget is maximized to deliver projects which improve the liveability of the Colac Otway Shire.

## The Year Ahead

- Review and update the Colac Otway Shire Environment Strategy.
- Undertake Sustainability Audits on Council's two largest facilities and identify actions to reduce energy consumption.
- Continue to implement Council's Emergency Management Training and Embedding Program
- Ensuring a proactive maintenance regime is incorporated into Council's roads maintenance programs.
- Effective management model for the Port of Apollo Bay operations.
- Provision of a new recycled waste contract.
- Completing Asset Management Plan review and implementing strategic action plan.
- Building robust long term works programme for all asset categories.
- Continuing to improve reporting on project delivery.

### Fast Facts

2,377	Trees, grasses, lilies and shrubs planted
1,551	School children participated in 56 environmental activities
37km	Sealed roads renewed
1,562m	Footpath reconstructed
25km	Trees trimmed on rural roads
2,000	Guideposts replaced on rural roads

## Progress against the Council Plan 2017-2021

### 2.1 Assets and infrastructure meet community needs.

#### Develop and implement a Property Strategy.

Strategic Plan to manage Council's properties covering issues such as valuation, service provision, future investment and disposal of assets, is due to commence 2018/19

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

Strong relationships established with G21, Regional Development Victoria, VicRoads, Barwon Water, Southern Rural Water, GORRT, Great Ocean Road Taskforce, Parks Victoria, State and Federal Government Members of Parliament.

Ongoing

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

Detailed reviews for Bluewater Leisure Centre and Unsealed Road Maintenance have been completed

Detailed service review of the Asset and Project Delivery Department, Library Services and Port of Apollo Bay Management are scheduled for 2018/19

Ongoing

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

The Mayor and Chief Executive meet monthly with the Chamber and OCC to ensure open dialogue. Key collaborations in 2017-18 included support from major events in Apollo Bay, including office accommodation, Christmas decorations, Apollo Boat Harbour, response to coastal erosion and preparation for development of a Community Infrastructure Plan.

Ongoing

### 2.2 Our places are managed for long term sustainability.

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

Council adopted the Planning Scheme Review at the March meeting, and the consultant has commenced drafting the planning scheme amendment to implement it, with exhibition likely in 2018/19.

100%

Stage 3 of the project to rewrite the Municipal Strategic Statement (the MSS) and amend respective Framework Plan. A draft Planning Scheme Amendment has been prepared by the consultant. This will be placed on exhibition in 2018/19.

50%

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

Implementation of Council's Environment Strategy 2010-18 is progressing effectively

100%

The review of the Environment Strategy will commence in the next quarter, but it will not be completed until later this year. As a result implementation will commence in 2018/19.

10%

## 2.3 Towns and places are welcoming and attractive.

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

Continue advocacy for improvements to the Eastern entrance to Colac being completed as part of VicRoads duplication. Relocate/Replace eastern entrance sign as appropriate.	20%
Develop concept plans for Johnstone's Lane Improvement.	50%
Install Colac western entrance sign per design.	10%

### Advocate for improvements to public open space where the State Government is the land owner/manager.

<p>Ongoing discussions with relevant land managers. Priority Project Register based on endorsed master plans.</p> <p>Council secured \$250,000 from the Federal Government for the implementation of the Lake Colac Foreshore Master Plan. The car park near the rowing club has been sealed and further works will be completed in 2018-19 including the construction of a new pathway along Queens Avenue.</p>	Ongoing
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### Develop and implement a prioritised program to review and implement master plans, community infrastructure plans and structure plans for small towns across the shire.

Work has commenced on consolidating a list of all relevant master plans for small towns. This will be refined over the course of 2018/19.	50%
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### Incorporate treatments into infrastructure standards that enhance community perceptions of safety.

Develop and implement a process for developers to engage a consultant to be accountable for entire design and construction of third party works based on best practice from other LGAs.	10%
Identify asset failure as a result of the Wye River/Separation Creek failures and develop improved standards for new infrastructure across the shire region that improves resilience. Due to commence in 2018/19	
Identify at least two public lighting projects in separate townships and apply to applicable external grant funding.	10%
Implement Light-up Memorial Square project.	20%
Apply for funding for enhanced street lighting and public security measures. Due to commence in 2018/19	

### Maintain Parks and gardens, sports reserves and streetscapes.

<p>Maintenance and cleaning works achieved for 2017/18 include:</p> <ul style="list-style-type: none"> <li>• Over forty tree plantings</li> <li>• New bridge over Barongarook Creek was installed</li> <li>• New solar and caged bins installed</li> <li>• Aged seats and picnic tables replaced</li> <li>• Lake Colac recreation area weeds cleared</li> </ul>	Ongoing
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<b>Support enjoyment of outdoor experiences through the provision of a network of quality open spaces, including paths and trails.</b>	
The Integrated Water Management Plan has been reviewed and the priorities updated. Council has obtained funding from the State Government to develop a design for upgrading the Irrewillipe Road Retarding Basin. Council is also actively participating in the new Barwon Integrated Water Management Forum to help improve water management at a regional level.	<b>Ongoing</b>
<b>Evaluate the feasibility of a regional wet waste facility to manage waste from road and drainage maintenance.</b>	
Investigations have commenced into the viability of a regional wet waste facility	<b>30%</b>
<b>Continue to support the Apollo Bay community's advocacy for the development of a public indoor heated swimming pool in Apollo Bay.</b>	
Funding secured from the Federal Government. Council commitment to the ongoing operations of the pool once constructed.	<b>50%</b>

## 2.4 Leadership in natural environment through good management practices.

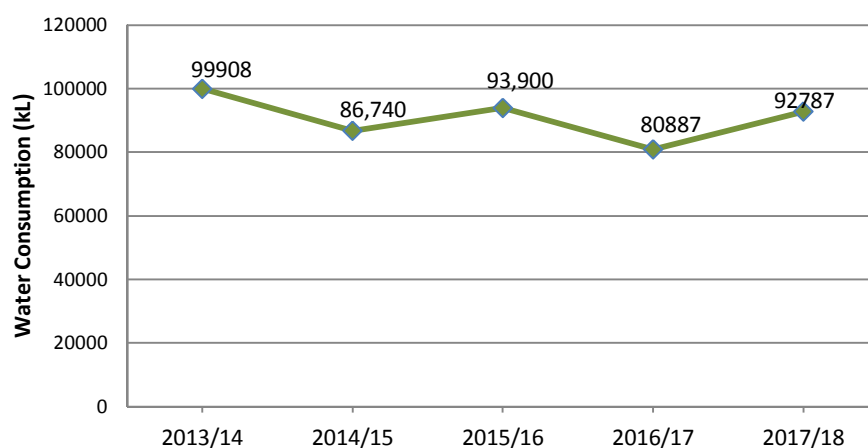
<b>Ensure best practice guides planning and management of the natural environment and associated assets, and Council's response to climate change.</b>	
The Climate Resilient Communities project will be completed by December 2018. Funding has and will continue to be sought for further support of regional collaboration.	<b>90%</b>
<b>Minimise coastal erosion in partnership with other stakeholders and implement measures to assist climate adaptation.</b>	
The first stage of the Local Hazard Assessment Project has been completed and funds are now being sought to develop management plans for high risk areas.	<b>50%</b>
<b>Improve the health and sustainability of the natural environment through structured planning with our partners.</b>	
Council continues to actively participate in regional and local environment forums e.g. G21 Environment Pillar, Lake Colac Committee and Colac Shire Weeds Committee.	<b>Ongoing</b>
<b>Deliver localised planning to communities to reduce fire risk.</b>	
Council's Fire Prevention and Awareness Raising Program was reviewed and enhanced approach will be delivered in the 2017/18 fire season.	<b>Ongoing</b>
<b>Implement emission reduction programs for Council operations.</b>	
The Bluewater Solar Array was completed. Funding has been secured to do audits of Council facilities to identify further energy saving opportunities in 2018/19.	<b>50%</b>
<b>Enhance the level of resource recycling and reuse across the shire.</b>	
Presentations to local schools and community groups have commenced as part of Council's education campaign for resource recycling and reuse across the shire.	<b>Ongoing</b>

Enhance and protect biodiversity through weed control and revegetation.	
Councils weed program was implemented within the budget constraints.	Ongoing
New weed mapping was completed for Council’s roadsides and reserves to inform the development of a new approach to Council’s weed control program.	
Implement Council’s Climate Adaptation Strategy.	
Implementation of Council’s Climate Adaption Strategy actions has commenced. Further training and awareness for staff will be undertaken in 2018/19.	15%

## 2.5 Delivery of our capital works program.

<b>Develop a system of capital allocations based on Asset Management Plans.</b>	
Not due to commence until 2018/19.	
<b>Develop a project management framework, covering proposals, planning and delivery.</b>	
Planning to examine environmental impacts, availability of grant funding, required consultation and planning permit requirements.	<b>10%</b>
Project Proposals to measure strategic alignment, asset renewal, service need, number of years to deliver and funds required.	<b>10%</b>

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



Water usage increased by 13% in 2017/18 due to the extra irrigation associated with the preparation of Central Reserve for hosting its first AFL game in March 2018 and the completion of the CBD revitalisation program and subsequent commissioning of green features around the CBD. The decrease in 2016/17 attributable to a return to 'business as usual' after significant water use during the commissioning of the Bluewater Leisure centre and the post bushfire clean-up in 2015/16.



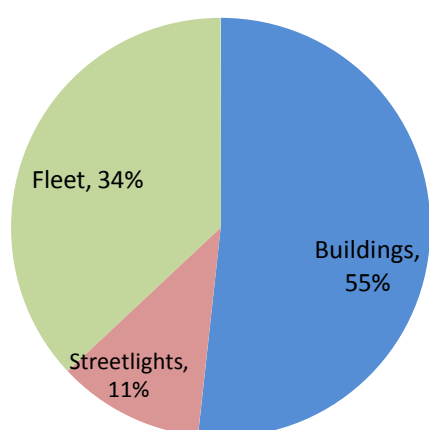
## Total greenhouse emissions (CO2-e tonnes)

During the last five years our greenhouse gas emissions have reduced by 16%; however during 2017/18, there was some significant movement in results for building and fleet.

	Buildings	Street Lights	Fleet	Total
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
2017/18	1,859	367	1,329	3,406

Source: 2018 Planet Footprint Report

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



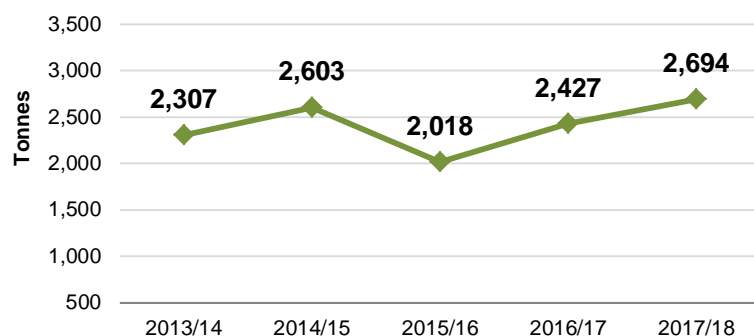
### Buildings

Building emissions increased by 8% in 2017/18, primarily due to the redeveloped Bluewater Fitness Centre being fully operational, however the installation of the new solar array will significantly reduce the facilities emissions in 2018-19.

### Fleet

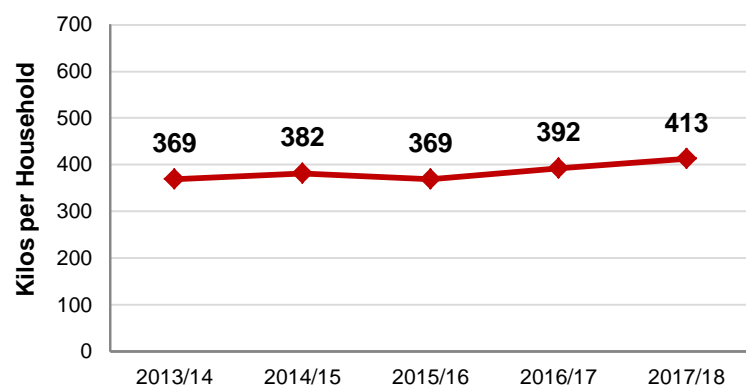
Fleet emissions decreased by 14% in 2017/18, due in part to the completion of Wye River bushfire rehabilitation works and a return to normal operations in the area. A number of fleet vehicles and plant were retired, many of which replaced with newer, more efficient models.

## Organic waste diverted from landfill (tonnes)



The increase in organic material diverted from landfill in 2017/18 was due to three additional kerbside collections in October and November 2017. Council offered all residents the additional collections to assist them in preparing their properties before the bushfire season commenced.

## Household waste to landfill (kilos)

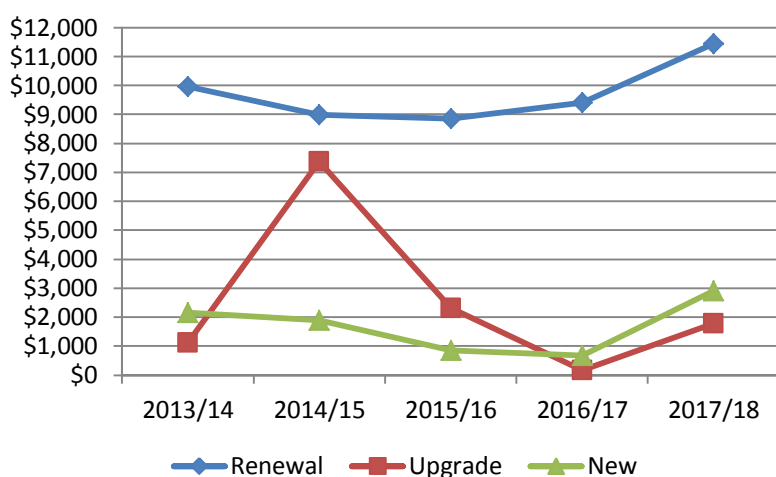


The increase in 2017/18 is due to 175 new kerbside collection services that commenced during the year and more waste bins being collected; however the overall trend for the past 5 years has been a minor increase in household waste (non-organics) to landfill. New marketing strategies have been developed to reinvigorate community commitment to recycling.

## Capital Works

In '000s

	Renewal	Upgrade	New	Total
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
2017/18	\$11,436	\$1,778	\$2,909	\$16,122



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 Sealed Roads and Waste Collection are presented below in the prescribed format.

Service/Indicator/measure	2015/16	2016/17	2017/18	Material Variations and Comments
<b>Roads</b>				
<b>Satisfaction of use</b>				
Sealed local road requests [Number of sealed local road requests / Kilometres of sealed local roads] x100	10.78	12.57	15.95	The variation in price of bitumen resealing is due mainly to fluctuation in the price of crude oil.
<b>Condition</b>				
Sealed local roads maintained to condition standard [Number of kilometres of sealed local roads below the renewal intervention level set by council / Kilometres of sealed local roads] x100	94.88%	95.87%	93.58%	This result indicates that 94% of our road network is at an acceptable standard based on condition and does not need any major reconstruction work.
<b>Service cost</b>				
Cost of sealed local road reconstruction [Direct cost of sealed local road reconstruction / Square metres of sealed local roads reconstructed]	\$39.54	\$30.20	\$52.61	Increased costs resulted mainly from additional project management, competition for materials due to VicRoads duplication of Princes Highway and complexity of projects delivered.

<b>Service/Indicator/measure</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>Material Variations and Comments</b>
<i>Cost of sealed local road resealing</i> [Direct cost of sealed local road resealing / Square metres of sealed local roads resealed]	\$7.03	\$6.19	\$5.99	The variation in price of bitumen resealing is due mainly to fluctuation in the price of crude oil.
<b>Satisfaction</b> <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	37	42	39	Satisfaction with sealed local roads has decreased marginally in 2017/18 however is still on par with other similar sized LGAs
<b>Waste Collection</b> <b>Satisfaction</b> <i>Kerbside bin collection requests</i> [Number of kerbside garbage and recycling bin collection requests / Number of kerbside bin collection households] x1,000	168.82	100.05	58.69	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.
<b>Service standard</b> <i>Kerbside collection bins missed</i> [Number of kerbside garbage and recycling collection bins missed / Number of scheduled kerbside garbage and recycling collection bin lifts] x10,000	7.82	6.35	2.30	The significant reduction is the result of fewer requests for missed bins. Drivers are now completing the same collection run each week with fewer bins now being missed due to change in collections.
<b>Service cost</b> <i>Cost of kerbside garbage collection service</i> [Direct cost of the kerbside garbage bin collection service / Number of kerbside garbage collection bins]	\$129.20	\$134.63	\$140.36	The increase in this indicator reflects an increase in the contractors and disposal charge rates for the 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]	\$36.98	\$36.15	\$37.74	The minor increase in this indicator reflects an increase in the contractors and disposal charge rates for the recycling collection.
<b>Waste Diversion</b> <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	43.32%	47.09%	47.79%	The increase in 2018 reflects the gradual reinstatement of services to some of our bushfire affected residents as properties re-build, also includes an increase of 175 new kerbside services.

## Theme 3: Our Community

The goal of this theme in the 2017-2021 Council Plan is: *'We work to know our community and to understand their needs and aspirations. We plan our assets and services to meet community need and to foster a culture of good service and partnership with others.'*

### The importance of Our Community as a Theme

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

### Six strategies contribute to achieving our goal

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

Key highlights for projects and activities linked to Our Community begin on page 53.

### Services contributing to Our Community

The following services/activities were funded in the 2017/18 budget and contributed to achieving the goal and strategies for this Theme:

Service area	Description of service	Net Cost Actual Budget Variance \$000
<b>Arts &amp; Culture</b>	Management and provision of arts and cultural services to the community. This service is responsible for the running of the Colac Otway Performing Arts and Cultural Centre.	711 <u>670</u> (41)
<b>Recreation</b>	Provides for active community involvement and the promotion of healthy lifestyles by providing for suitable sporting and recreational facilities.	360 <u>335</u> (25)
<b>Bluewater Leisure Centre</b>	Active promotion of a healthy lifestyle for our community by directly providing swimming and gymnasium facilities.	666 <u>521</u> (145)
<b>Local Laws</b>	Contributes to community safety and health by providing a framework for behaviours which affect our community wellbeing.	388 <u>390</u> 2
<b>Public Health</b>	Encourages a healthy and safe lifestyle by actively promoting and policing public health issues.	250 <u>263</u> 13

Service area	Description of service	Net Cost Actual Budget Variance \$000
<b>Older Persons &amp; Disability Services</b>	Supports older and disabled members of our community to sustain quality of life.	623 <u>719</u> 96
<b>Children and Family Services</b>	Supports our children, families and youth to encourage and nurture their growth and development.	267 <u>262</u> (5)
<b>Library Service</b>	Provides resources and oversight to the Corangamite Regional Library Corporation for the provision of information, education, recreation and enrichment of the community.	703 <u>716</u> 13

## Highlights

### AFL JLT Community Series Match

In March 2018, Colac's Central Reserve hosted an AFL JLT Community Series match between Geelong and Essendon. The event attracted approximately 10,000 people and created significant social and economic benefits for the region. There was a real buzz of excitement within the town.

Whilst the event was managed by Council, there was substantial input by the local community to ensure the event was such a great success.



According to AFL economic modelling, the event provided an economic benefit of \$1.5m to the local economy. Colac's ability to attract the match was due to high quality ground surface and the redevelopment of the off-field facilities which were completed in 2017.

### Bluewater 24/7 Gym

In June 2018, Council converted the Bluewater gym to a 24/7 operation following feedback from the community seeking greater access to the facility.

Colac Otway Shire is the first rural Council to convert to a 24/7 gymnasium, which highlights our commitment to getting more people active and removing barriers for people looking to live a happier, healthier life.

Bluewater members now have access to the gymnasium at any time that is convenient for them, with over 2,000 shift workers, farmers and business people in our community and more than 700 people travelling from outside the shire to work here. Removing barriers around operating hours, in particular on weekends and public holidays, is an important move that will have wonderful health outcomes for the community.

The project has been an outstanding success with more than 400 members being inducted to utilise the new access and 70 new members signing up in the first two weeks. In the first month, the centre was attracting an average of 35 member visits per day out of normal operating hours.

## Creative Colac Otway – Arts and Culture Strategy 2018-2022



Colac Otway's cultural vibrancy is set for a boost with Council adopting the Creative Colac Otway – Arts and Culture Strategy 2018-2022 during the year. The strategy provides a framework to guide the planning and provision for arts and cultural services and facilities in the shire for the next four years.

The development of the strategy included extensive community and industry involvement. The strategy incorporated the key themes and opportunities that emerged from the extensive community consultation and research.

This document will help Council to deliver on our community's goals relating to the provision of arts, heritage and cultural services. The strategy will be linked to Council's Long Term Financial Plan, ensuring commitment to its implementation.

We know that arts and culture play an important role in helping build local identity and strengthen social networks. Council is keen to foster artistic and cultural activities and provide opportunities for cultural learning and creative expression through this new strategy.

### Senior's Festival

The Older Persons and Ability Support Service of Council had a successful Senior's Festival with a range of activities that included a concert, well-attended morning teas across the shire and a number of bus trips, which were also very popular. Over 600 older persons participated.



*Photo: Joyce O'Neil, Mavis Weston & Eileen Jeffreys, enjoying morning tea together.*

### Home Care Packages

Over the past twelve months the Commonwealth Home Care Packages Program has grown from 16 to 60 Home Care Packages for Colac Otway Shire.

### Maternal Child Health Centre

The Maternal Child Health Centres experienced a 10% increase in participation of the service by Aboriginal and /or Torres Strait origin children.

A commitment was made to the facilitation and provision of Circle of Security, an eight week early intervention parenting program for parents and children.



### Launch of CHEWS App

Council, in partnership with Barwon Child Youth & Family and Colac Area Health, developed an electronic application available on smartphones that focuses on an online directory for the Colac Otway Shire community. The application highlights services that cover areas in Community, Health, Education, Wellbeing & Social and the information covered supports all demographics of our community, including young persons, families and older persons, in a format that is accessible to everyone in the community.



### Implementation of the Child Safe Standards across the Organisation

Child Safe Standards came into effect in 2017. Council has worked tirelessly to implement a range of policies and procedures across the whole organisation around making Colac Otway Shire Council a child safe organisation. All staff and programs within Community Services are fully compliant with the child safe standards through revising policies and procedures and implementing training for all staff.

### Rural Access

Workshops were conducted with all the neighbourhood houses in the Otways region to explore their role with vulnerable people in their communities prior, during and after natural disasters.

### Community Services

Council adopted the Municipal Public Health and Wellbeing Plan at its Ordinary Council Meeting 26 July 2017.

### Family & Child Services

Council has been successful in securing a \$301,500 Children's Facilities Capital Program Grant for Winifred Nance Kindergarten. This will enable the kindergarten to meet the new educator/children ratios of 11:1 and secure up to 33 places for children to participate in a 4 year old kindergarten program at the kinder. Commencement of works is scheduled for the latter half of 2018 with the completion of the project scheduled for July 2019.

### Challenges

- Securing State Government funding for the implementation of the Memorial Square Master Plan.
- The Arts and Leisure Department has completed a significant number of strategic and/or master plans to guide the future delivery of facilities and services. The challenge now is to ensure that the actions from the strategic planning is consolidated and feed into Council's Long Term Financial Plan.
- There is an ongoing challenge to continue to balance access to COPACC's Auditorium for our performing arts season program, the burgeoning local performing arts sector and day and date release cinema. Each sector has an important role in ensuring the success and viability of COPACC.
- Participation rates for older age group children 18 months, 2 years and 3 ½ years, remain under statewide average.
- Oversight of the funding and management of the transition of Commonwealth Home Support Services around the Aged Care reforms.

- Transitioning to an electronic tracking package with the new Home Care Management systems.
- To continue to be responsive to community needs with regards to Maternal Child Health.
- Developing a transition plan for the cessation of the Rural Access program funding.

## The Year Ahead

- Implement the Bluewater Leisure Centre Business Review.
- Review Council's current provision of library services to ensure that our service remains relevant and provides great value to our community.
- Deliver a diverse, interesting and challenging performing and visual arts program at COPACC including both professional and community productions.
- Monitoring and responding to the potential growth of the Commonwealth Home Care Package.
- Introducing and implementing the new Ezitracker Home Care Management systems.
- Undertaking a client survey regarding the Maternal Child Health service.
- Providing clinical experience and professional mentoring for two Maternal Child Health students and commitment to offer ongoing clinical experience opportunities to the staff on the Maternal Child Health nurse bank.
- To continue to offer highly professional and supportive services to all families in Colac Otway Shire.

### Fast Facts

180	Children registered in Family Day Care.
15,150	Home Care hours.
12,378	Personal Care hours.
4,076	Respite Care hours.
4,839	Community transport hours.
6,050	Meals delivered.
2,595	Maternal and Child Health consultations.
4,649	Dogs and 1,570 Cats registered.
1,198	Permits (various) issued.
475	Food safety inspections of 396 premises.
2,996	Immunisations performed.
66,000	Bluewater Leisure Centre attendances.
1,276	Crèche attendances at Bluewater Leisure Centre.
1,734	New memberships at Bluewater Leisure Centre.
30,732	People attended 465 events and performances at COPACC.

## Progress against the Council Plan 2017-2021:

### 3.1 Increase social connection opportunities and community safety.

#### Support community organisations through the community grants program.

Council completed and implemented endorsed recommendations of a review of Council's Grants Program. The 2017-18 program was based on the recommendations from the review	Complete
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#### Support community clubs, groups and associations to provide welcoming and inclusive environments for all members of our community within council facilities.

Meetings within a number of communities have been held to discuss our ageing population and Access, Equity and Inclusion. All listed plans have been reviewed and new plans are being drafted	60%
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### 3.2 Connect people through events and activities.

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

Council completed and implemented endorsed recommendations of a review of Council's Grants Program. The 2017-18 program was based on the recommendations from the review	Complete
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#### Supports community activities through information dissemination and planning information.

Relevant information is disseminated to community groups on a regular basis.	Ongoing
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### 3.3 Opportunities for the community to participate in lifelong learning.

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

Corangamite Regional Library Corporation is currently undertaking an internal review of services. A review of possible options for the future provision of library services has commenced.	25%
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#### Support for community groups.

Continue to resource community services and culture and leisure to support community groups.	Ongoing
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#### 4.1 Provision of resources to support physical activity by the community.

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

Increased Learn to Swim enrolments. A range of programs delivered on an ongoing basis. Commenced 24/7 gym operations. Introduced Virtual Les Mills programming significantly extending the number of exercise programs.	Ongoing
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##### Build capacity of local sports groups in promoting healthy eating and physical activity.

Actively participate in the development and implementation of the G21 Healthy Eating and Active Living Strategy, by partnering with the Colac Choose Change Program to childhood obesity. Delivered the annual Walk to School Program	Ongoing
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##### Encourage more people to participate and be inclusive of others.

A review and Community Consultation has occurred to enable implementation of the Access Equity and Inclusion Plan, 50+ Plan and Municipal Early Years Plan. Plans to be completed in 2018/19	60%
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##### Participate in the G21 Healthy Eating and Active Living regional priority project.

Council officers actively participated in the project and determine how it will impact on Colac Otway. Action plans to be developed and implemented across the G21 region.	Complete
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##### Consider health of the community when formulating policy for Council's Property Strategy.

Strategy review forecast in 2018/19.

#### 3.5 Foster an inclusive community.

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

A review and Community Consultation has occurred to enable implementation of the Access Equity and Inclusion Plan, 50+ Plan and Municipal Early Years Plan. Plans to be completed in 2018/19	60%
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#### 3.6 Community planning informs provision of Council services and social infrastructure.

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

Development of the Social Infrastructure Plan has not commenced due to lack of resources at this time. An Infrastructure Master Plan for Apollo Bay is funded in 2018/19 which will include an assessment of future social infrastructure needs.

## Local Government Performance Reporting Framework

Results for Animal Management, Aquatic Facilities, Food Safety, Maternal & Child Health and Libraries are presented below in the prescribed format.

Service/Indicator/measure	2015/16	2016/17	2017/18	Material Variations and Comments
<b>Animal Management</b>				
<b>Timeliness</b> <i>Time taken to action animal management request</i> [Number of days between receipt and first response action for all animal management requests / Number of animal management requests]	1.00	1.00	1.00	Requests are responded to on the same day, usually within four hours. Urgent requests are responded to immediately.
<b>Service standard</b> <i>Animals reclaimed</i> [Number of animals reclaimed / Number of animals collected]	84.83%	55.19%	77.63%	Council actively worked with a local veterinary clinic's cat adoption program which has significantly increased the number of animals being reclaimed.
<b>Service cost</b> <i>Cost of animal management service</i> [Direct cost of the animal management service / Number of registered animals]	\$57.40	\$55.79	\$58.57	The decrease from 2015/16 is due to a minor increase in the number of registered animals.
<b>Health and safety</b> <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	13.00	10.00	6.00	The number of cases prosecuted continues to reduce due to increased public awareness and due to Council capacity, ability and willingness to prosecute where necessary.
<b>Aquatic Facilities</b>				
<b>Service standard</b> <i>Health inspections of aquatic facilities</i> [Number of authorised officer inspections of Council aquatic facilities / Number of Council aquatic facilities]	0.50	1	1	Consistent with core business activities.
<i>Reportable safety incidents at aquatic facilities</i> [Number of WorkSafe reportable aquatic facility safety incidents]	Nil	1	Nil	There were no reportable incidents in the 2017-18 year.

<b>Service/Indicator/measure</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>Material Variations and Comments</b>
<b>Service cost</b>				
<i>Cost of indoor aquatic facilities</i> [Direct cost of indoor aquatic facilities less income received / Number of visits to indoor aquatic facilities]	\$3.08	\$1.91	\$1.62	It can be difficult to accurately determine aquatic visitation and net costs in a multi-faceted leisure facility. A management review has been conducted in 2017/18 of attendance and financial reporting systems to provide a more accurate assessment of net costs and visitation for indoor aquatic services.
<i>Cost of outdoor aquatic facilities</i> [Direct cost of outdoor aquatic facilities less income received / Number of visits to outdoor aquatic facilities]	\$43.07	\$24.27	\$16.98	The decrease is due to more favourable weather conditions during the 2017/18 season, as well as a more efficient use of staff resources.
<b>Utilisation</b>				
<i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	2.73	6.39	5.01	It can be difficult to accurately determine aquatic visitation and net costs in a multi-faceted leisure facility. A management review has been conducted in 2017/18 of attendance and financial reporting systems to provide a more accurate assessment of net costs and visitation for indoor aquatic services.
<b>Food Safety</b>				
<b>Timeliness</b>				
<i>Time taken to action food complaints</i> [Number of days between receipt and first response action for all food complaints / Number of food complaints]	1.00	1.30	0.25	The time taken to action food safety complaints was reduced in 17/18
<b>Service standard</b>				
<i>Food safety assessments</i> [Number of registered class 1 food premises and class 2 food premises that receive an annual food safety assessment in accordance with the Food Act 1984 / Number of registered class 1 food premises and class 2 food premises that require an annual food safety assessment in accordance with the Food Act 1984] x100	71.63%	64.26%	100.00%	Additional temporary contractor resources were engaged to enable assessment of all Food Premises and achieve targets.



<b>Service/Indicator/measure</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>Material Variations and Comments</b>
<b>Service cost</b> <i>Cost of food safety service</i> [Direct cost of the food safety service / Number of food premises registered or notified in accordance with the Food Act 1984]	\$274.87	\$459.78	\$402.10	The decrease is due to a reduction in staffing resources available during the year to undertake Food Safety services. Contractor resources were engaged for a limited period to ensure assessments were completed of all registered food premises.
<b>Health and safety</b> <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about food premises] x1004	90.91%	80.00%	100.00%	Compliance activity prioritised in allocation of resources to ensure all major and critical non-compliance Food Premises are followed up.
<b>Maternal and Child Health (MCH)</b> <b>Satisfaction</b> <i>Participation in first MCH home visit</i> [Number of first MCH home visits / Number of birth notifications received] x100	103.78%	95.51%	100.46%	Annual fluctuations in annual birth rate and enrolment.
<b>Service standard</b> <i>Infant enrolments in the MCH service</i> [Number of infants enrolled in the MCH service (from birth notifications received) / Number of birth notifications received] x100	99.16%	100.41%	99.54%	Annual fluctuations in annual birth rate and enrolment.
<b>Service cost</b> <i>Cost of the MCH service</i> [Cost of the MCH service / Hours worked by MCH nurses]	\$75.12	\$68.86	\$72.85	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.
<b>Participation</b> <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	71.90%	69.68%	70.85%	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	58.33%	60.38%	66.67%	Increased work with the new Colac Gathering Place and Maternal Child Health initiatives to review all Aboriginal and Torres Strait Islander histories has resulted in an increased participation rate.

<b>Service/Indicator/measure</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>Material Variations and Comments</b>
<b>Libraries</b>				
<b>Utilisation</b>				
<i>Library collection usage</i> [Number of library collection item loans / Number of library collection items]	5.04	4.86	4.68	There is a state-wide trend for reduced physical loans from libraries.
<b>Resource standard</b>				
<i>Standard of library collection</i> [Number of library collection items purchased in the last 5 years / Number of library collection items] x100	76.44%	74.50%	68.18%	Collection expenditure was reduced in this financial year which reduced the percentage of the collection less than 5 years old. Still within acceptable standards.
<b>Service cost</b>				
<i>Cost of library service</i> [Direct cost of the library service / Number of visits]	\$6.67	\$6.39	\$5.96	The decrease in service cost from 2017/18 is due to a slight reduction in expenditure for library services.
<b>Participation</b>				
<i>Active library members</i> [Number of active library members / Municipal population] x100	17.87%	17.57%	16.04%	Active library members does not include those members who only access e-resources because of inability to count these separately.

## Theme 4: Our Leadership & Management

The goal of this theme in the 2017-2021 Council Plan is: 'We will work together with our community to create a sustainable future. We will deliver value for money for ratepayers in everything we do and we will achieve long term sustainability and transparent community leadership.'

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

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

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

### Five strategies contribute to achieving our goal

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

Key highlights for projects and activities linked to Our Leadership & Management begin on page 64.

### Services contributing to Our Leadership & Management

The following services/activities were funded in the 2017/18 budget and contributed to achieving the goal and strategies for this Theme:

Service area	Description of service	Net Cost Actual Budget Variance \$000
<b>Councillors and Chief Executive Office</b>	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.	1,292 <u>1,724</u> 432
<b>Finance, Property and Rates</b>	Generation of revenue for Council via rate, levies and charges and provision of sustainable and accountable financial management of Council's resources.	(4,864) <u>(1,677)</u> 3,187
<b>Customer Service</b>	Provides the first point of contact between Council and the public through Council's Customer Service Centres. The service provides overall corporate customer service to the wider community and assists all areas of Council with the provision of corporate responsibility.	769 <u>600</u> (169)
<b>Corporate Services Management</b>	Maintenance of strong governance and administrative systems and ensuring that these systems are responsive, accountable and transparent to internal users and community needs.	690 <u>414</u> (276)

Service area	Description of service	Net Cost Actual <u>Budget</u> Variance \$000
<b>Contract Management Service</b>	Provides oversight and governance on contractual and procurement services undertaken by Council.	183 <u>121</u> (62)
<b>Information Services</b>	Management and governance of information flows, storage and retrieval within the organisation in accordance with appropriate legislation and standards.	1,666 <u>2,250</u> 584
<b>People, Performance &amp; Culture</b>	Develops a culture of high performance, productivity and accountability across the organisation.	826 <u>731</u> (95)
<b>Risk Management Services</b>	Identifies records and manages all business risk associated with Council's activities. This service also manages Council's insurance portfolio.	659 <u>722</u> 63

## Highlights

### Appointment of new Colac Otway Shire Council, Chief Executive Officer.



Colac Otway Shire Councillors appointed a new Chief Executive Officer in Peter Brown at the Ordinary Council Meeting, 23 May 2018. Mr Brown comes to Council with more than three decades of experience in local government, including seven years as Chief Executive Officer at Horsham Rural City prior to accepting the role at Colac Otway Shire.

Mr Brown brings a strong set of skills and experience to the role with his background in economics and social development. He has held leadership and management roles within regional centres and is experienced in dealing with the unique challenges regional communities face.

Council is pleased to welcome Mr Brown to the role and the Colac Otway region.

### Information Communication and Technology Department (ICT)

Following a comprehensive and collaborative organisation wide review, in tandem with an ICT Department internal analysis, a renewed four-year ICT Strategic Plan has been developed recognising and benchmarking the level of systems and technical maturity of the organisation. Twenty initiatives have been identified over the four-year term to invest and raise the bar of both internal and constituent facing *modern* systems and services.

Major infrastructure has been upgraded in regard to server room equipment, with several online portals scheduled to be launched prior to Christmas 2018.

To date, a comprehensive program of core-software remediation has occurred, resulting in the delivery of greater efficiencies therefore reducing administrative costs, increased information quality in reporting, and providing greater legislative compliance.

### Information Management Services (IMS)

Initiatives such as the adoption of a digital mail house for distribution of mail, reducing onerous tasks by staff whilst also reducing costs are being pursued through a collaborative tender with a number of other Victorian councils.

A pre-action digitisation plan has been developed to establish processes that must be followed to convert hardcopy documents to digital format, and then dispose of the source documents. The digitised record will be regarded as the official record of the Council.

### **Geographical Information Systems (GIS)**

Following an audit of many data-sets relating to shire assets and decision-supporting information such as planning schemes, infrastructure location and status, and down to an evaluation of the suitability of the incumbent GIS software systems, work has been undertaken to consolidate a broad range of data to effectively and efficiently present to staff to support them in the conduct of their duties.

Further, plans are well developed to provide an integrated and effective GIS public web portal to provide accessible shire related information to the community, operating both on computer and mobile devices.

#### **Fast Facts**

95%	Rates collected by year end.
15,304	Rateable properties.
1,095	Non-rateable properties.
2,671	Pension rebates on property rates.
1,280	Land information certificates issued.
22,973	Debtor invoices issued.
7,266	Supplier payments processed.
74,335	Receipts issued.
288	New properties mapped.
96,077	Inwards and outwards correspondence processed.
1.34m	Emails internal and external received and sent.

### **The Year Ahead**

- Develop a Long term Financial Plan and Asset Management Plan
- Develop and resource a structured People and Culture Strategic Plan which invests in and develops our staff
- Continued Business Service Improvement Reviews
- Complete Stage 1 implementation of the Lake Colac Foreshore Master Plan
- Complete construction of the new stormwater reticulation system at Wye River and Separation Creek

### 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 2018 we gifted a total of \$630,574 to our community; \$232,187 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 \$307,387 was allocated to support community events and organisations.

### Small Town Improvement Program

Proposal	Amount
Kennett River Tourism & Traffic Management Plan	\$15,000
Kennett River Wildlife Walk	\$8,000
Birregurra Park Outdoor Gym equipment	\$20,700
Gellibrand Garden Walk Upgrade	\$3,400
Forrest Common Master Plan	\$15,000
Apollo Bay Memorial Options Plan	\$7,000
Apollo Bay to Skenes Creek Discovery Trail Feasibility Study (Stage 2)	\$25,000

### Community Funding Program 2017/18

#### *COPACC Hire Assistance*

Organisation	Amount
Colac & District Family History Group Inc.	\$933
Colac Secondary College	\$760
Colac West Primary School	\$976
Colac Woodcrafters Guild Inc	\$1,300
The Colac Players Inc.	\$2,615
Sacred Heart Primary School	\$1116.50

#### *Small Equipment and Training*

Organisation	Amount
Apollo Bay Pre-School	\$1,000
Beeac Tennis Club Inc.	\$187
Colac Basketball Association	\$1,000
Colac Cake Decorators Association	\$500
Colac Horticultural & Marvellous Properties Appreciation Society (CHAMPAS)	\$491
Colac Little Athletics Centre	\$675
Colac Woodcrafters Guild	\$355
Community Hub Inc.	\$671
Elliminyt Public Hall	\$175
Eurack Recreation Centre	\$675
Irrewarra Football Netball Club	\$1,000
Positive Ageing Ambassadors	\$1,000
Red Rock Regional Theatre and Gallery	\$995
Wye River Surf Life Saving Club	\$991



**Community Projects**

<b>Organisation</b>	<b>Amount</b>
Alvie Tree Planters	\$5,000
Anam Cara House Colac	\$2,223
Apollo Bay Arts Inc.	\$3,460
Apollo Bay Chamber of Commerce Inc.	\$5,000
Apollo Bay Sailing Club	\$3,481
Barwon Child, Youth & Family	\$3,000
Barwon Child, Youth & Family	\$1,375
Birregurra CWA	\$2,481
Birregurra District Historical Centre Inc.	\$3,921
Colac Basketball Association Inc.	\$883
Colac & District Family History Group Inc.	\$1,863
Colac Driver Reviver	\$3,190
Colac Otway Residents Action Group Inc.	\$2,000
Colac Woodcrafters Guild Inc.	\$5,000
Colac Writers Guild	\$490
Elliminyt Public Hall Inc.	\$2,080
Forrest & District Historical Society	\$3,000
Mind your Groove Community Dance Group	\$3,576
Rotary Club of Colac West	\$2,500
Vic SES Colac Unit	\$3,500

**Recreation Facilities 2017/2018**

<b>Organisation</b>	<b>Amount</b>
Alvie Football Netball Club	\$2,101
Apollo Bay Bowls Club Inc	\$5,000
Beeac Community Centre Inc	\$5,000
Beeac Golf Club	\$3,002
Birregurra Bowling Club	\$5,000
Birregurra Hall	\$1,250
Colac Central Bowling Club Inc	\$5,000
Colac Cycling Club	\$4,050
Colac Cricket Club	\$2,898
Colac Mallet Sports Club	\$1,654
Colac Pony Club Inc	\$1,870
Cororooke Tennis Club	\$4,222
Eurack Recreation Group	\$5,000
Forrest Cricket Club	\$2,177
Irrewillipe Sports & Entertainment	\$1,000
Polwarth & District Tennis Association	\$1,290
Rotary Club of Colac West Inc	\$5,000
Tomahawk Creek Cricket Club	\$2,499
Warrowie Recreation Reserve	\$3,960

## **Festival and Events Support Scheme**

### ***One Off Funding***

<b>Organisation</b>	<b>Amount</b>
Community Hub Inc.	\$1,000
Birregurra Community Arts Group	\$1,000
Colac & District Family History Group Inc.	\$1,000
Colac Quilters	\$1,000
Apollo Bay Surf Lifesaving Club	\$1,000
Colac RSL	\$500
Community Hub Inc.	\$500

### ***Seed Funding***

<b>Organisation</b>	<b>Amount</b>
Apollo Bay Chamber of Commerce Inc.	\$2,000
Otway Harvest Trail	\$2,000
Otway Country to Coast Tourism Association Inc.	\$2,000
Apollo Bay Chamber of Commerce Inc.	\$2,000
Forrest District Community Group	\$1,200
Gellibrand Community Group Inc.	\$1,000

### ***Sponsorship Funding***

<b>Organisation</b>	<b>Amount</b>
Apollo Bay Chamber of Commerce Inc.	\$5,000
Birregurra Festival & Art Show	\$5,000
Colac Kana Festival	\$5,000
IMG	\$5,000
Colac City Band	\$5,000
Otway Country to Coast Tourism Association	\$4,000
Lions Club of Forrest & District	\$4,000
Rapid Ascent	\$3,500
Apollo Bay Arts Inc.	\$3,500
Southern Exposure	\$3,000
Colac Woodcrafters Guild Inc.	\$3,000
Colac & District Chamber of Commerce and Industry	\$2,500
Old Beechy Rail Trail Committee of management	\$2,500
Warrior Public Hall Committee	\$2,500
St Mary's Primary School	\$2,000
Birregurra Primary School	\$1,500
Colac Orchid Club Inc.	\$1,000
Lions Club of Colac	\$1,000

## Progress against the Council Plan 2017-2021:

### 4.1 Effectively manage financial resources.

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

The Rating Strategy has been reviewed and not adopted by Council in its current form; this project needs to be re-evaluated going forward. The costing structure review is well underway and will be completed by mid to late November. Concluding this part of the project a comprehensive review of the organisation's reporting requirements will be undertaken to enable timely and accurate reporting to the business.	50%
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#### Maintain the 10 year long term financial plan.

Review the Long Term Financial Plan to establish a more robust document. Software and development program purchased; project has commenced	5%
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#### Identify new income opportunities.

Priority Projects Framework established as the basis of ongoing advocacy to State and Federal Governments for funding. Further funding for Bushfire Recovery pursued. Funding application for Apollo Bay Harbour is underway	30%
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#### Maintain low risk audit rating for financial sustainability.

As a result of the Annual Audit process risks will be addressed as appropriate.	Ongoing
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### 4.2 Openness and accountability in decision making.

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

Governance continues to monitor and provide improvements toward open and democratic decision-making. The introduction of overhead projectors for Agendas and Minutes at Council Meetings is an example.	Ongoing
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#### Develop and implement a program of regular reporting on key activities to ensure they are focused on implementing priorities.

New quarterly reporting framework implemented in September 2017.	100%
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### 4.3 Organisational development and legislative compliance.

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

Draft Organisational Development & People Strategic Plan has been completed. Consultation with Leadership Group to occur in September 2019.	100%
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<b>Manage our risk exposure, including providing a safe working environment where “Work Health and Safety is everyone’s business”.</b>	
OHS internal audits completed. Mental Health Network established.	<b>50%</b>

#### 4.4 Provide value for money services for our community.

<b>Implement a program of ongoing service reviews to ensure our services are efficient and effective and are valued by the community.</b>	
Implemented comprehensive service reviews, with Searchlight engaging Council operations in a continuous improvement process. State Government funding obtained for detailed Asset Management planning. General Ledger rewrite in progress. Long Term Financial Plan development underway.	<b>40%</b>
<b>Enhance opportunities for increased local spending of Council expenditure.</b>	
The annual review of the Procurement Policy, required under the <i>Local Government Act 1989</i> , is underway and is due to be considered by Council at the October 2018 Ordinary Council meeting.	<b>75%</b>
<b>Develop partnerships to procure services and materials on a regional basis.</b>	
The adopted procurement policy, will be available on Colac Otway Shire Website once it has been considered Council	<b>Ongoing</b>

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

<b>Review the Community Engagement Policy to guide council decision making.</b>	
Awaiting adoption of the new Local Government Act, expected during 2018/19, which will have implications for the content of the Engagement Policy and subsequent procedures.	

## Local Government Performance Reporting Framework

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

Service/Indicator/measure	2015/16	2016/17	2017/18	Material Variations and Comments
<b>Governance</b>				
<b>Transparency</b> <i>Council decisions made at meetings closed to the public</i> [Number of Council resolutions made at ordinary or special meetings of Council, or at meetings of a special committee consisting only of Councillors, closed to the public / Number of Council resolutions made at ordinary or special meetings of Council or at meetings of a special committee consisting only of Councillors ] x100	13.85%	16.37%	17.86%	The result for 2017/18 indicates an increasing trend for this indicator. The recruitment of the Chief Executive Officer contributed greatly to the increase in confidential resolutions. Without these resolutions, the value would have been 12%, a considerable decrease from the 2016/17 value.
<b>Consultation and engagement</b> <i>Satisfaction with community consultation and engagement</i> [Community satisfaction rating out of 100 with how council has performed on community consultation and engagement]	48	46	55	Colac Otway Shire Council's result is above the Large Rural council average and equal to the State-wide average of 55. Improved organisation capacity and capability to undertake community consultation and engagement in a meaningful way for the community is reflected in the result.
<b>Attendance</b> <i>Council attendance at Council meetings</i> [The sum of the number of councillors who attended each ordinary and special council meeting / (Number of ordinary and special council meetings) x (Number of councillors elected at the last council general election)] x100	97.52%	98.21%	97.32%	Results indicate a high level of attendance at council meetings.
<b>Service cost</b> <i>Cost of governance</i> [Direct cost of the governance service / Number of councillors elected at the last council general election]	\$39,945.14	\$39,185.69	\$41,116.71	The minor increase in cost of governance is the result of a minor increase in Mayor and elected member expenses.
<b>Satisfaction</b> <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	43	45	49	Improvements with Council's community consultation and engagement process have increased the satisfaction with Council decisions.

# Democratic Governance

## Council's role

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

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

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

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

## Decision-making process

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

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

Councillors have a Code of Conduct, which was reviewed and adopted by Council on 1 February 2017. The code outlines the principles of good governance, guides Councillor 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 2017/18, Councillors registered 20 conflicts of interest during Council Meetings and 0 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 Forrest in September 2017 and in Apollo Bay in March 2018.

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 September and November 2017, in February 2018 and in May 2018. A Special Committee meeting was held in June 2018.

Councillor meeting attendance is reported in the Our Council section on page 13.

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#section-14>

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

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

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, or on behalf of 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
Joe McCracken (Mayor)	\$58,402	\$0	\$0	\$0	\$1,122	\$300	\$59,825
Jason Schram (Deputy Mayor)	\$26,207	\$0	\$0	\$0	\$870	\$0	\$27,077
Kate Hanson	\$26,207	\$0	\$2,626	\$0	\$873	\$0	\$29,706
Chris Potter	\$47,118	\$2,051	\$1,081	\$0	\$2,209	\$2,044	\$54,502
Stephen Hart	\$26,207	\$1,907	\$7,005	\$0	\$491	\$0	\$35,610
Chris Smith*	\$26,207	\$120	\$7,458	\$0	\$0	\$0	\$33,786
Terry Woodcroft	\$26,207	\$576	\$1,250	\$0	\$1,565	\$450	\$30,049
<b>Total</b>	<b>\$236,556</b>	<b>\$4,654</b>	<b>\$19,420</b>	<b>\$0</b>	<b>\$7,131</b>	<b>\$2,794</b>	<b>\$270,554</b>

\*Travel includes unpaid travel from previous years

### Notes:

1. Cr Joe McCracken was elected as Mayor on 8 November 2017. A councillor vehicle is provided to the Mayor for business and private use.
2. Travel includes amounts reimbursed to Councillors for travel for Council business, remote area travel allowances. It also includes any accommodation or other travel related expenses (i.e. fares) that have been reimbursed to Councillors.

## Local Laws

The following local laws are in force:

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

Date Adopted by Council: 28 August 2013

Date Operational: 28 August 2013

### *No. 2 General Local Law*

Date Adopted by Council: 25 September 2013

Date Operational: 25 September 2013

### *No. 3 Livestock Local Law*

Date Adopted by Council: 28 August 2013

Date Operational: 28 August 2013

### *No. 4 Governance*

Date Adopted by Council: 26 November 2014

Date Operational: 12 December 2014

### *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.
Chief Executive Officer Recruitment Special Committee	As required	To consider the appointment 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.

Committee	Meeting Frequency	Purpose/Comments
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 2017/18:

Document	Date Endorsed/Adopted
Municipal Public Health and Wellbeing Plan 2017 – 2021	26 July 2017
Colac Otway Shire's Domestic Wastewater Management Plan	23 August 2017
Procurement Policy	27 September 2017
Domestic Management Animal Plan	22 November 2017
Municipal Emergency Management Plan	22 November 2017
Memorial Square Master Plan	24 January 2018
Road Management Plan	24 January 2018
Events Policy	28 March 2018

Document	Date Endorsed/Adopted
Flag Protocol Policy	28 March 2018
Creative Colac Otway – Arts & Culture Strategy 2018-2022	23 May 2018
Council Plan 2017-2021 Annual Review	27 June 2018

## Audit Committee

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

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

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

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

Mr Mike Said was reappointed Chairperson of the Committee on 6 December 2017.

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 8 November 2017.

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 2017/18*

- Developed an Audit Committee Plan for the year
- Review and endorsement of the Financial Statements, Standard Statements, Performance Statement and Audit Management Letters
- Review End of Year Financial Management Report
- Review of 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
- 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 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 McLaren Hunt). Prior to McLaren Hunt's appointment in 2018, Council's External Auditor was LD Assurance.

Council's Internal Auditor is Crowe Horwath.



## Corporate Governance

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

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

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

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

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

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

### Council Plan

The Council Plan 2017-2021, developed with extensive community consultation, is a high level strategic document responding to the issues faced by our community and sets 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. The Council Plan is reviewed annually and can be viewed on Council's website.

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

### Governance and Management Checklist

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

Governance and Management Items	Assessment
1. <b>Community engagement policy</b> (policy outlining Council's commitment to engaging with the community on matters of public interest)	Policy ✓ Date of operation of current policy: 24 July 2013
2. <b>Community engagement guidelines</b> (guidelines to assist staff to determine when and how to engage with the community)	Guidelines ✓ Date of operation of current guidelines: 24 July 2013
3. <b>Strategic Resource Plan</b> (plan under section 126 of the Act outlining the financial and non-financial resources required for at least the next 4 financial years)	Adopted in accordance with section 126 of the Act ✓ Date of adoption: 27 June 2018
4. <b>Annual budget</b> (plan under section 130 of the Act setting out the services to be provided and initiatives to be undertaken over the next 12 months and the funding and other resources required)	Adopted in accordance with section 130 of the Act ✓ Date of adoption: 27 June 2018
5. <b>Asset management plans</b> (plans that set out the asset maintenance and renewal needs for key infrastructure asset classes for at least the next 10 years)	Plans ✓ Date of operation of current plans: Bridge Asset Management Plan, 4 December 2017; Road Asset Management Plan, 18 December 2007; Building Asset Management Plan, 12 May 2008; Road Management Plan, 24 May 2017.
6. <b>Rating strategy</b> (strategy setting out the rating structure of Council to levy rates and charges)	Strategy ✓ Date of operation of current strategy: 26 March 2014
7. <b>Risk policy</b> (policy outlining Council's commitment and approach to minimising the risks to Council's operations)	Policy ✓ Date of operation of current policy: 4 February 2016
8. <b>Fraud policy</b> (policy outlining Council's commitment and approach to minimising the risk of fraud)	Policy ✓ Date of operation of current policy: 22 April 2015
9. <b>Municipal emergency management plan</b> (plan under section 20 of the <i>Emergency Management Act 1986</i> for emergency prevention, response and recovery)	Prepared and maintained in accordance with section 20 of the <i>Emergency Management Act 1986</i> ✓ Date of preparation: 5 April 2016
10. <b>Procurement policy</b> (policy under section 186A of the <i>Local Government Act 1989</i> outlining the matters, practices and procedures that will apply to all purchases of goods, services and works)	Prepared and approved in accordance with section 186A of the <i>Local Government Act 1989</i> ✓ Date of approval: 27 September 2017
11. <b>Business continuity plan</b> (plan setting out the actions that will be undertaken to ensure that key services continue to operate in the event of a disaster)	Plan ✓ Date of operation: 25 April 2018

Governance and Management Items	Assessment
12. <b>Disaster recovery plan</b> (plan setting out the actions that will be undertaken to recover and restore business capability in the event of a disaster)	Plan Date of operation: 25 May 2018 ✓
13. <b>Risk management framework</b> (framework outlining Council's approach to managing risks to the Council's operations)	Framework Date of operation of current framework: 4 February 2016 ✓
14. <b>Audit Committee</b> (advisory committee of Council under section 139 of the Act whose role is to oversee the integrity of a Council's financial reporting, processes to manage risks to the Council's operations and for compliance with applicable legal, ethical, and regulatory requirements)	Established in accordance with section 139 of the Act Date of establishment: 31 December 1995 ✓
15. <b>Internal audit</b> (independent accounting professionals engaged by the Council to provide analyses and recommendations aimed at improving Council's governance, risk and management controls)	Engaged Date of engagement: 14 June 2017 ✓
16. <b>Performance reporting framework</b> (a set of indicators measuring financial and non-financial performance, including the performance indicators referred to in section 131 of the Act)	Framework Date of operation: 28 July 2014 ✓
17. <b>Council Plan reporting</b> (report reviewing the performance of the Council against the Council Plan, including the results in relation to the strategic indicators, for the first six months of the financial year)	Report Date of reports: 20/09/2017 21/03/2018 ✓
18. <b>Financial reporting</b> (quarterly statements to Council under section 138 of the Act comparing budgeted revenue and expenditure with actual revenue and expenditure)	Statements presented to Council in accordance with section 138(1) of the Act Dates statements presented: Q1. 25/10/2017 Q2. 25/10/2017 Q3. 24/01/2018 Q4. 02/05/2018 ✓
19. <b>Risk reporting</b> (six-monthly reports of strategic risks to Council's operations, their likelihood and consequences of occurring and risk minimisation strategies)	Reports Date of reports: Half Year 6 September 2017 Full Year 21 March 2018 ✓
20. <b>Performance reporting</b> (six-monthly reports of indicators measuring the results against financial and non-financial performance, including performance indicators referred to in section 131 of the Act)	Reports Date of report: Audit Committee Report Half Year 20 September 2017 Full Year 21 March 2018 ✓
21. <b>Annual report</b> (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: 25 October 2017 ✓

Governance and Management Items	Assessment
22. <b>Councillor Code of Conduct</b> (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. <b>Delegations</b> (a document setting out the powers, duties and functions of Council and the Chief Executive Officer that have been delegated to members of staff)	Reviewed in accordance with section 98(6) of the Act ✓ Date of review: 24 May 2017
24. <b>Meeting procedures</b> (a local law governing the conduct of meetings of Council and special committees)	Meeting procedures local law made in accordance with section 91(1) of the Act ✓ Date local law made: 26 November 2014

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



**Mr Peter Brown**  
Chief Executive Officer  
Dated: 27 September 2017



**Cr Joe McCracken**  
Mayor  
Dated: 27 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 frequently ensuring the shared commitment to the management of risk across the organisation remains relevant in our ever-changing environment.

## Insuring our risks

Council places particular efforts into evaluating its insurance program, working with our insurance broker to realise value for money whilst still maintaining appropriate levels of cover relevant to our risk profile. In 2017 an independent review of our insurance portfolio was undertaken in order to best manage arrangements for 2017/18 and plan for the future. Significant savings were achieved as part of this process without any reduction in cover; these savings continue to be realised as part of the 2018/19 insurance program. Independent risk profiling is also being investigated in 2018/19 which will assist in identifying any opportunities for further cost savings with no added risk exposure.

Council continues to maintain low levels of insurance claims, with ten Public Liability claims received and responded to during the 2017/18 reporting period.

## 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 2017/18:

### Planning, Building & Health Protection

- Health Manager IT system installed to support work flows within the Health Protection unit, facilitating capacity to monitor and report on work flow/activity, greater recording of information and more efficient work practices.
- Improvements to CIVICA Authority relating to planning and building work flows to achieve efficiencies in permit processes.
- Restructure of planning and building administration staff to create a new Co-ordinator overseeing this area, increasing flexibility and responsiveness within administration for building and planning permit processing.
- Officer reporting templates in statutory planning reviewed to rationalise the content of reports and make report writing more efficient.
- Initiated a planning scheme amendment designed to rationalise planning permit triggers and reduce onerous planning requirements for minor works.

### Economic Development & Tourism

- The Events Policy was reviewed and an amended policy endorsed by Council. The amendments strengthened Council's position to ensure events are not held during extreme weather events.
- A comprehensive review has been conducted on the full suite of Council Grants and the recommendations of the review were endorsed by Council. The Grants program for 2017/18 was based on the recommendations from the review. The next step is to finalise the implementation of the Grants program to an online process.

### Environment & Community Safety

- In order to deliver a more sustainable customer service, one of the Compliance Unit's administration personnel has been authorised to perform Authorised Officer duties, enabling minimal disruption to service delivery during periods of annual leave and increased service delivery during peak periods. This new arrangement means that Council's Compliance Unit is better able to provide service to the community throughout the year and negates the need to recruit another Officer during the peak periods.
- The Emergency Management Unit has undertaken a review of the fire inspection program and associated software utilised in its delivery. Subsequently a new system will be used that has several advantages over the pre-existing software including: reduced costs associated with licensing agreements; improved connectivity for use in the field and the potential to significantly reduce a large segment of the administration associated with producing maps and arranging contractors to do fire prevention works. These improvements will help Council provide a more timely fire prevention inspection process at a reduced cost.

## **Service & Operations**

- Service and Operations have near completed a safety review. This review has identified 183 improvement opportunities. When the review is completed and accepted an action plan will prioritise and address the opportunities.

## **Community Services**

- Updated the Client Handbook to comply with the Commonwealth Home Support Services 2018 Program Manual.
- Update of the My Aged Care Assessment Manual for Regional Services and the Aged care Assessment Teams.
- Streamlined protocols from Intake My Aged Care, Regional Assessment Services and Service delivery within the Older Persons & Ability Support Services.

## **Leisure and Culture**

- Council undertook an external business review of the Bluewater Leisure Centre to determine ways to improve the quality of the service, whilst also reducing the ongoing subsidy from Council. A number of key actions have been implemented including the conversion to a 24/7 gym operation, adjustments to the Swim School Program, streamlining of staff rostering including Duty Manager roles, introduction of a Youth Membership and review of concession pricing.

## **Infrastructure Services**

- Implement a robust package to support a Project Management Reporting Framework, which is important for tracking progress and expenditure of a project from commencement to completion, and to allow for regular reporting and advance warning of when intervention may be required to keep a project on track.

## **Information Services**

- A video conference facility has been launched, intended for recruitment and the conduct of business without necessitating travel.
- An external facing network vulnerability assessment has been conducted with favourable results, necessary in these modern times of hacking and malware infection.
- The Information Management Services department has conducted a strategic and operational review resulting in the development of a range of initiatives from re-locating and progressively digitising physical stored records. Further, a program of increased training for all staff has begun to reinforce our obligations under the Victorian Records Management Act.



## 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. A review of the plan (D.A.M.P) commenced in early 2017, with the revised plan endorsed by Council on 22 November 2017.

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

As at 30 June 2018 there were 6,219 domestic animals registered; 4,649 dogs and 1,570 cats.

- Of the 254 dogs impounded, 226 were returned to their owner, 20 were rehoused and 8 were euthanised.
- Of the 126 cats impounded, 10 were returned to their owner, 39 were rehoused and 77 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, but unfortunately were not able to rehouse as many cats as were rehoused in the previous year.

#### **Equal Opportunity Act 2010**

(See the Our People section on page 25 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 2017/18.

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

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

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

Freedom of information (FOI) requests must be made in writing and be accompanied by a \$28.90 application fee. Applicants should also indicate how they would like to receive the information. For further information and access to the FOI Access Request Form, see Council's website <http://www.colacotway.vic.gov.au/Council-the-shire/Permits-applications-forms/Freedom-of-Information-Access-Request-Form>. 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 seven FOI requests received in 2017/18.

### **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#section-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 2017/18.

### **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 2017/18. <http://www.colacotway.vic.gov.au/Council-the-shire/Council-policies#section-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 2017/18.

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

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

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

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

## Our Finances

### Financial Performance

We are committed to providing accurate, understandable and fair reporting on our financial performance for 2017/18 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 \$3.8 million surplus in 2017/18; \$3.7 million below budget expectations.

This was mainly due to:

- Capital grant income being \$3.8m less than budget;
- An additional \$1.6m of income being recognised relating to subdivision assets gifted to Council by developers;
- \$1.5m of additional Materials and Services expense; and
- An increase in the landfill rehabilitation provision resulting in \$1.9m of additional expense

We ended the financial year with a total cash balance of \$23.5 million, which was up slightly from the 2016/17 balance of \$22.7 million. It is important to note that \$7.8 million of this balance is restricted to enable Council to fulfil specific obligations.

Total borrowings decreased moderately over 2017/18, to \$3.4 million from \$4 million. Repayments totalled \$0.6 million and there were no new borrowings during the year (see Note 4.4 Interest-bearing liabilities on page 126).

### Operating results

We achieved a \$3.8 million surplus for the 2017/18 financial year, compared to \$12.8 million for 2016/17. It must be noted that the large surplus last year was mostly due to a combination of factors including grant funding received in advance. This is the twelfth successive surplus, which is a significant result given the increasing demands on Council services.

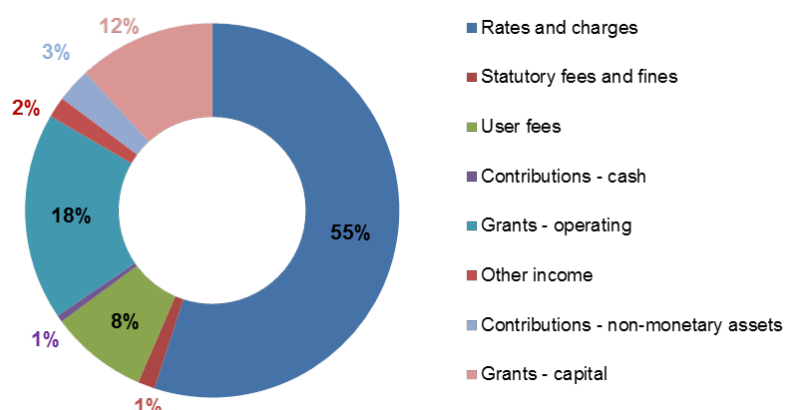
Our major challenge in future years is to continue delivering a surplus to fund infrastructure renewal requirements whilst maintaining service levels. Council is currently undertaking a project to develop a more robust Long Term Financial Plan that will assist in meeting these renewal requirements.

### Revenue

Our total revenue for 2017/18 was \$53.9 million (budgeted \$55.4 million) compared with \$59.8 million for 2016/17. Further detail on our income can be seen in the Comprehensive Income Statement on page 107.

An analysis of Council's revenue sources highlights that 85% of our income is derived from three income categories:

- Rates and charges 55%
- Operating grants 18%
- Capital grants 12%

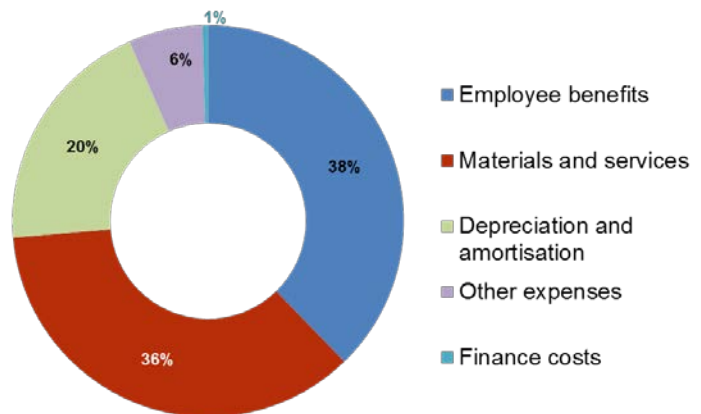


## Expenditure

Our total expenses for 2017/18 were \$50.1 million; \$3.1 million more than the \$47 million spent in 2016/17 (detailed in the Comprehensive Income Statement).

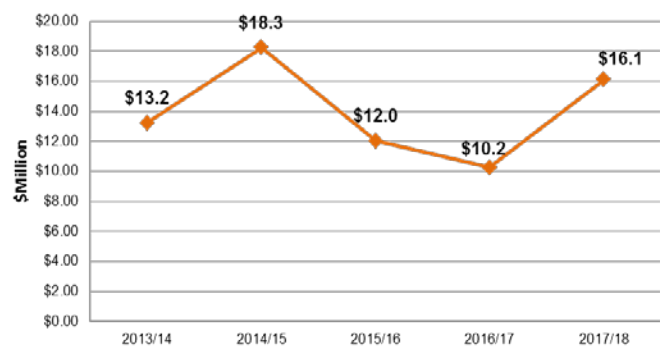
An analysis of expenses indicates that 94% were in the following three categories:

- Employee benefits 38%
- Materials and services 36%
- Depreciation and amortisation 20%



## Capital Works

In 2017/18 our Capital Works activities increased by \$5.6 million from last year, to a total of \$16.1 million. Renewal of our existing assets accounted for \$11.4 million, new assets accounted for \$2.9 million and upgrade to existing assets totalled \$1.8 million. The investment in capital works is a strategic approach to maintaining or renewing the community's existing assets as they age. Council is currently undertaking a large body of work to review existing and develop new asset management plans.



Activities included:

- \$6.1 million on road works.
- \$3.3 million on footpaths and cycle ways.
- \$1.9 million on buildings.
- \$1.7 million on renewal of Council's plant, machinery and equipment.
- \$1.0 million on drainage and storm water.
- \$0.5 million on bridge works.

## Assets

Our total assets are valued at \$314 million; 98% consisting of:

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

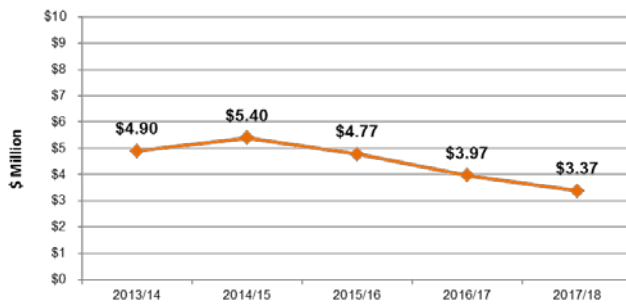
## Liabilities

Our total liabilities were \$21.6 million as at 30 June 2018. Liabilities included loans, amounts owed to suppliers, provisions for landfill rehabilitation and amounts owed to employees for leave entitlements. Liabilities increased by \$3.6 million, in comparison with 2016/17. This was mainly due to an increase in the landfill rehabilitation provision of \$1.9 million and the timing of creditor payments.

Provisions for employee benefits decreased by \$0.14 million, due predominately to long term employee departures.

### Loan liability

Council's borrowings liability levels reduced from \$3.97 million in 2016/17 to \$3.37 million in 2017/18.



During 2017/18 Council made total loan payments of \$0.8 million (\$0.6 million repayment and \$0.2 million interest). Council's current loans and borrowing are well under the prudential ratio limits previously used by the Victorian State Government.

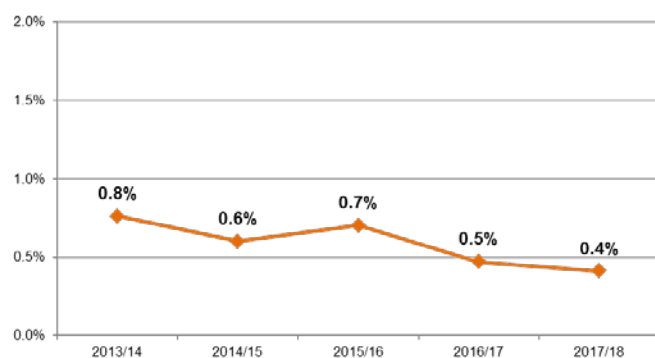
### Financial Indicators

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

#### Debt Servicing Ratio

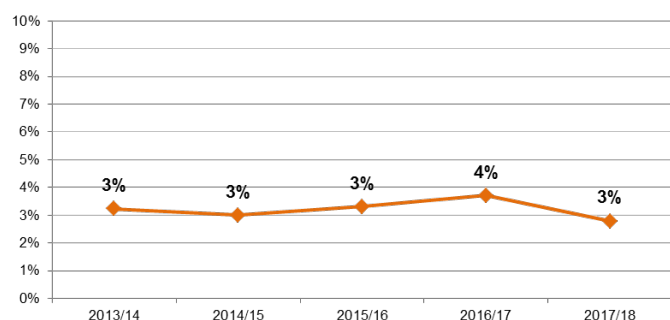
The Debt Servicing Ratio essentially shows how much we spend on maintaining our outstanding debts compared with how much revenue we earn. The lower the ratio, the better Council's performance. These debt-servicing costs refer to the payment of interest on loan borrowings and any lease interest. The ratio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

The ratio of 0.4% 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 principal and interest relating to loans and leases. The rate at which the ratio either increases or decreases is a reflection of our debt redemption strategy. The debt commitment ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.

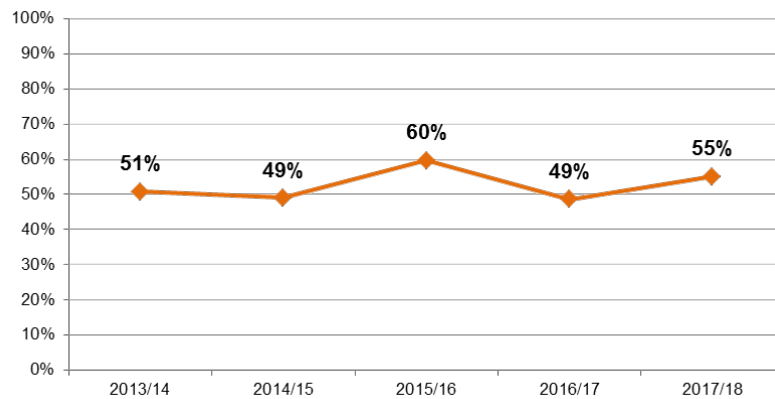


Our Debt Commitment Ratio has decreased to 3% due to the repayment of loans in 2017/18. The ratio remains well under the 10% limit previously set by the Victorian State Government.



## Revenue Ratio

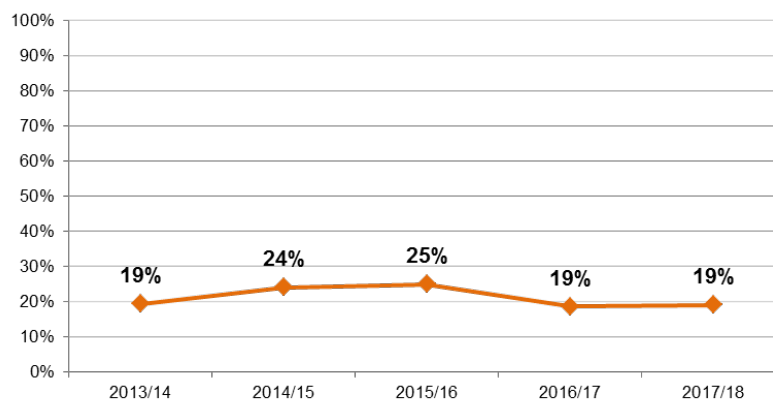
The Revenue Ratio shows the level of our reliance on rate revenue. It is an indication of how much of our total revenue comes from rates and charges. It is influenced by other revenue sources such as government grants, contributions, special charges, user fees and charges. Rate income is a secure and 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.



## 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 has remained quite consistent over the past five years.



## 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 2017/18 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 2017/18 figures in the graphs are our calculations of the ratios.

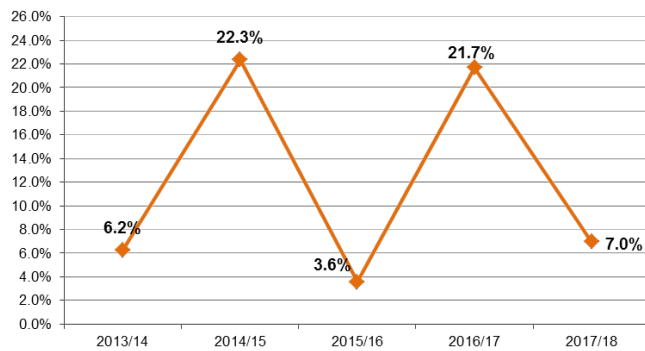
## Financial Sustainability Risk Matrix

The matrix shows an excellent result for 2017/18, with all indicators at Low risk.

Indicators	Colac Otway Result	Risk Levels		
		High	Medium	Low
Net Result Ratio	7.0%	Less than Negative 10%	Between negative 10% and zero	Greater than zero
Liquidity Ratio	254.7%	Less than 100%	Between 100% and 150%	Greater than 150%
Indebtedness Ratio	30.3%	Greater than 60%	Between 40% and 60%	Less than 40%
Internal Financing Ratio	147.6%	Less than 75%	Between 75% and 100%	Greater than 100%
Capital Replacement	162.8%	Less than 100%	Between 100% and 150%	Greater than 150%
Renewal Gap	133.4%	Less than 50%	Between 50% and 100%	Greater than 100%

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

## Net Result Ratio



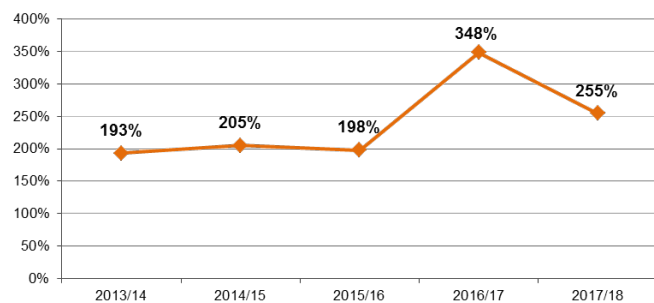
This ratio includes capital grants that aid in generating a surplus. This can be utilised for new assets or asset renewal. This result places Council within the 'Low' risk category for financial sustainability (see page 17).

**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.

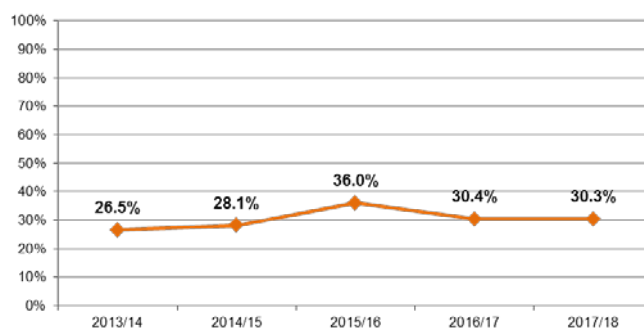
## Liquidity Ratio

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 255% 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 as they fall due.

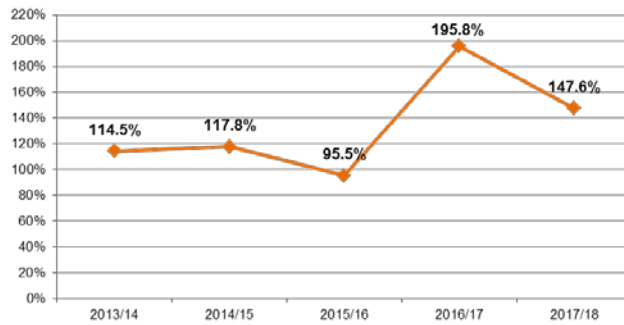


## Indebtedness Ratio



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.

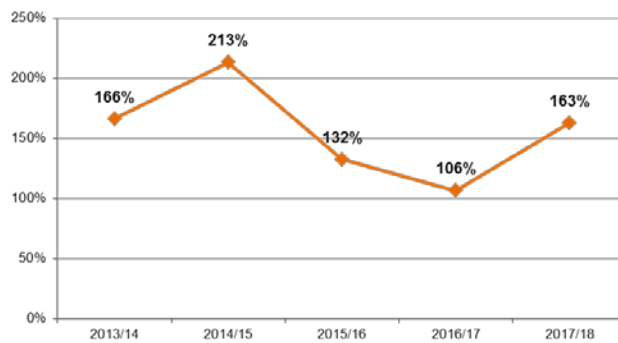
### Internal Financing Ratio



Results indicate that we are generating sufficient cash from operations to fund the renewal of existing assets.

**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.

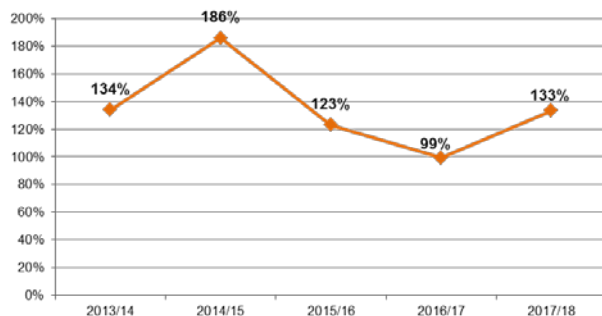
### Capital Replacement Ratio



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

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

### Renewal Gap Ratio



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

## Understanding the Financial Statements

### Introduction

The financial statements show Council's performance during 2017/18 and our overall financial position as at 30 June 2018.

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 117)
- Performance Statement (see page 152)

### Annual Financial Report

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

Council's financial report has two main sections, the Report and the Notes. There are five Statements and eight notes. These are prepared by Council staff 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.

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

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



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

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

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

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

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

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

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

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

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

S H I R E

**Colac Otway Shire Council  
ANNUAL FINANCIAL REPORT**

*For the Year Ended 30 June 2018*

# Colac Otway Shire Council

## Financial Report

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### Certification of the Financial Statements

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




Jason Clissold, FCPA  
Principal Accounting Officer  
Date : 17/9/18  
Colac

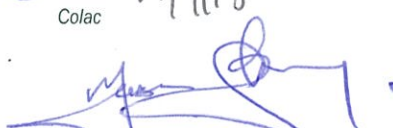
In our opinion the accompanying financial statements present fairly the financial transactions of the Colac Otway Shire Council for the year ended 30 June 2018 and the financial position of the Council as at that date.

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 Joe McCracken  
Councillor  
Date : 17/9/18  
Colac



Cr Jason Schram  
Councillor  
Date : 17/9/18  
Colac



Peter Brown  
Chief Executive Officer  
Date : 17/9/18  
Colac

# Independent Auditor's Report

## To the Councillors of Colac-Otway Shire Council

<b>Opinion</b>	<p>I have audited the financial report of Colac-Otway Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2018</li> <li>• comprehensive income statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• statement of cash flows for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• certification of the financial statements.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the council as at 30 June 2018 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>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Councillors' responsibilities for the financial report</b>	<p>The Councillors of the council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Local Government Act 1989</i>, and for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Councillors are responsible for assessing the council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

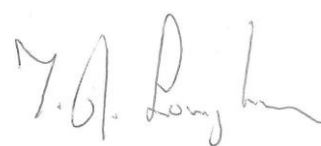
**Auditor's  
responsibilities  
for the audit  
of the financial  
report**

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

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

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

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



MELBOURNE  
17 September 2018

Tim Loughnan  
*as delegate for the Auditor-General of Victoria*

## Comprehensive Income Statement For the Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Income</b>			
Rates and charges	<a href="#">2.1</a>	29,654	29,197
Statutory fees and fines	<a href="#">2.2</a>	795	746
User fees	<a href="#">2.3</a>	4,535	4,191
Grants - operating	<a href="#">2.4</a>	9,663	15,804
Grants - capital	<a href="#">2.4</a>	6,386	7,761
Contributions - monetary	<a href="#">2.5</a>	325	320
Contributions - non-monetary	<a href="#">2.5</a>	1,598	334
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	<a href="#">2.6</a>	(87)	(5)
Share of net loss/(gain) of associates and joint ventures	<a href="#">5.3</a>	17	32
Other income	<a href="#">2.7</a>	968	1,418
<b>Total income</b>		<b>53,855</b>	<b>59,798</b>
<b>Expenses</b>			
Employee costs	<a href="#">3.1</a>	18,910	18,929
Materials and services	<a href="#">3.2</a>	17,998	16,984
Bad and doubtful debts	<a href="#">3.4</a>	3	4
Depreciation and amortisation	<a href="#">3.3</a>	9,905	9,638
Borrowing costs	<a href="#">3.5</a>	223	280
Other expenses	<a href="#">3.6</a>	3,066	1,120
<b>Total expenses</b>		<b>50,105</b>	<b>46,956</b>
<b>Surplus/(deficit) for the year</b>		<b>3,750</b>	<b>12,843</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to surplus or deficit in future periods</b>			
Net asset revaluation increment/(decrement)	<a href="#">8.1</a>	(815)	6,977
<b>Total comprehensive result</b>		<b>2,934</b>	<b>19,820</b>

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



## Balance Sheet As at 30 June 2018

	Note	2018 \$'000	2017 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	<a href="#">4.1</a>	6,093	1,304
Other Financial Assets	<a href="#">4.1</a>	17,419	21,390
Current Trade and other receivables	<a href="#">4.1( b)</a>	3,181	4,209
Inventories	<a href="#">4.2(a)</a>	151	183
Other assets	<a href="#">4.2(b)</a>	367	194
<b>Total current assets</b>		<b>27,211</b>	<b>27,280</b>
<b>Non-current assets</b>			
Investment in associates and joint ventures	<a href="#">5.2(a)</a>	356	338
Property, infrastructure, plant & equipment	<a href="#">5.1</a>	286,913	280,352
Intangible assets	<a href="#">4.2( c)</a>	2	11
<b>Total non-current assets</b>		<b>287,271</b>	<b>280,702</b>
<b>Total assets</b>		<b>314,482</b>	<b>307,983</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Current Trade and other payables	<a href="#">4.3(a)</a>	4,781	2,231
Trust funds and deposits	<a href="#">4.3(b)</a>	392	463
Current Provisions	<a href="#">4.5</a>	4,863	3,947
Current Interest-bearing loans and borrowings	<a href="#">4.4</a>	649	604
<b>Total current liabilities</b>		<b>10,685</b>	<b>7,247</b>
<b>Non-current liabilities</b>			
Non-current Provisions	<a href="#">4.5</a>	8,189	7,414
Non-current Interest-bearing loans and borrowings	<a href="#">4.4</a>	2,721	3,370
<b>Total non-current liabilities</b>		<b>10,910</b>	<b>10,784</b>
<b>Total liabilities</b>		<b>21,595</b>	<b>18,030</b>
<b>Net assets</b>		<b>292,887</b>	<b>289,952</b>
<b>Equity</b>			
Accumulated surplus/(deficit)		116,159	112,300
Reserves	<a href="#">8.1</a>	176,728	177,652
<b>Total Equity</b>		<b>292,887</b>	<b>289,952</b>

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

## Statement of Changes in Equity For the Year Ended 30 June 2018

	Note	Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2018</b>					
Balance at beginning of the financial year		289,952	112,300	155,913	21,739
Accumulated surplus/(deficit)		3,750	3,750	-	-
Asset revaluation increment/(Decrement)	<a href="#">8.1 (a)</a>	(815)	-	(815)	-
Transfers to other reserves	<a href="#">8.1 (b)</a>	-	(17,003)	-	17,003
Transfers from other reserves	<a href="#">8.1 (b)</a>	-	17,112	-	(17,112)
<b>Balance at end of the financial year</b>		<b>292,887</b>	<b>116,159</b>	<b>155,098</b>	<b>21,630</b>

		Total \$'000	Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000
<b>2017</b>					
Balance at beginning of the financial year		270,132	110,130	148,936	11,066
Accumulated surplus/(deficit)		12,843	12,843	-	-
Asset revaluation increment	<a href="#">8.1 (a)</a>	6,977	-	6,977	-
Transfers to other reserves	<a href="#">8.1 (b)</a>	-	(28,601)	-	28,601
Transfers from other reserves	<a href="#">8.1 (b)</a>	0	17,928	-	(17,928)
<b>Balance at end of the financial year</b>		<b>289,952</b>	<b>112,300</b>	<b>155,913</b>	<b>21,739</b>

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

## Statement of Cash Flows For the Year Ended 30 June 2018

		2018 Inflows/ (Outflows) \$'000	2017 Inflows/ (Outflows) \$'000
	Note		
<b>Cash flows from operating activities</b>			
Rates and charges		29,616	29,135
Statutory fees and fines		761	726
User fees		4,334	4,238
Grants - operating		11,038	14,011
Grants - capital		6,386	7,761
Contributions - monetary		325	320
Interest received		621	455
Trust funds and deposits taken/(paid)		(71)	(217)
Other receipts		493	639
Net GST refund/(payment)		(238)	(1)
Employee costs		(19,049)	(19,544)
Materials and services		(15,572)	(16,908)
Other payments		(1,237)	(1,120)
<b>Net cash provided by/(used in) operating activities</b>	<a href="#">8.2</a>	<b><u>17,405</u></b>	<b><u>19,493</u></b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	<a href="#">5.1</a>	(16,123)	(10,249)
Proceeds from sale of property, infrastructure, plant and equipment		361	291
Payments for investments		(48,528)	(91,244)
Proceeds from sale of investments		52,500	81,100
<b>Net cash provided by/(used in) investing activities</b>		<b><u>(11,790)</u></b>	<b><u>(20,102)</u></b>
<b>Cash flows from financing activities</b>			
Finance costs		(223)	(280)
Repayment of borrowings		(604)	(800)
<b>Net cash provided by/(used in) financing activities</b>		<b><u>(827)</u></b>	<b><u>(1,080)</u></b>
Net increase/(decrease) in cash and cash equivalents		4,788	(1,688)
Cash and cash equivalents at the beginning of the financial year		1,304	2,992
<b>Cash and cash equivalents at the end of the financial year</b>		<b><u>6,093</u></b>	<b><u>1,304</u></b>
Financing arrangements	4.6		
Restrictions on cash assets	4.1		

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 2018

	2018 \$'000	2017 \$'000
<b>Property</b>		
Buildings	1,266	3,882
<b>Total property</b>	<b>1,266</b>	<b>3,882</b>
<b>Plant and equipment</b>		
Plant, machinery and equipment	1,360	894
Fixtures, fittings and furniture	134	153
Computers and telecommunications	249	41
<b>Total plant and equipment</b>	<b>1,743</b>	<b>1,089</b>
<b>Infrastructure</b>		
Roads	6,207	4,193
Bridges	554	163
Footpaths and cycleways	3,404	378
Drainage	1,020	102
Other infrastructure	1,929	440
<b>Total infrastructure</b>	<b>13,114</b>	<b>5,277</b>
<b>Total capital works expenditure</b>	<b>16,123</b>	<b>10,249</b>
<b>Represented by:</b>		
New asset expenditure	2,909	670
Asset renewal expenditure	11,436	9,412
Asset upgrade expenditure	1,778	166
<b>Total capital works expenditure</b>	<b>16,123</b>	<b>10,249</b>

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

OVERVIEW

Introduction

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

Statement of compliance

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, Statement of Capital Works and Notes accompanying these financial statements. The general purpose financial report complies with the Australian Accounting Standards, 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](http://www.colacotway.vic.gov.au)

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 5.2)
- the determination of depreciation for buildings, infrastructure, plant and equipment (refer to Note 5.2)
- the determination of employee provisions (refer to Note 4.5 (a))
- the determination of landfill provisions (refer to Note 4.5 (b))

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

(b) Rounding

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

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

**Note 1 Performance against budget**

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 28 June 2017. 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*.

<b>1.1 Income and Expenditure</b>	<b>Budget 2018 \$'000</b>	<b>Actual 2018 \$'000</b>	<b>Variance 2018 \$'000</b>	<b>Ref</b>
<b>Income</b>				
Rates and charges	29,419	29,654	235	
Statutory fees and fines	730	795	65	
User fees	4,540	4,535	(5)	
Grants - operating	9,478	9,663	185	
Grants - capital	10,185	6,386	(3,799)	1
Contributions - monetary	485	325	(160)	2
Contributions - non-monetary	-	1,598	1,598	3
Net loss/(gain) on disposal of property, infrastructure, plant and equipment	147	(87)	(234)	4
Share of net gain/(loss) of associates and joint ventures	7	17	10	5
Other income	436	968	532	6
<b>Total income</b>	<b>55,427</b>	<b>53,855</b>	<b>(1,572)</b>	
<b>Expenses</b>				
Employee costs	18,982	18,910	72	
Materials and services	16,450	17,998	(1,548)	7
Bad and doubtful debts	2	3	(1)	
Depreciation and amortisation	10,027	9,905	122	
Borrowing costs	226	223	3	
Other expenses	2,199	3,066	(867)	8
<b>Total expenses</b>	<b>47,886</b>	<b>50,105</b>	<b>(2,219)</b>	
	-			
<b>Surplus/(deficit) for the year</b>	<b>7,542</b>	<b>3,750</b>	<b>(3,792)</b>	

**Note 1 Performance against budget**  
**1.1 Income and Expenditure (cont'd)**  
**(i) Explanation of material variations**

Variance Ref	Item	Explanation
1	Grants - capital	Unsuccessful state government grant funding applications included \$2.4m for road slip works on Lardners Track to Sayers Road, Gellibrand following a flooding event and \$2.8m for Apollo Bay Kindergarten relocation and construction. Offsetting this was a 2016-17 Roads to Recovery funding claim of \$1.5m for sealed road pavement programme delayed until 2017-18.
2	Contributions - monetary	Budgeted contributions for building projects not received in 2017-18 included the Apollo Bay Kindergarten project not funded \$150,000, Colac Secondary School sports shelter carried forward to 2017-18 \$80,000 and amenities sports oval and Irrewarra netball facilities upgrade carried forward to 2017-18 \$51,000.
3	Contributions - non-monetary	Colac Otway received the following gifted assets from developers for subdivision works not budgeted for: - \$710,000 Drainage - \$534,000 Roads - \$273,000 Other infrastructure - \$81,000 Footpaths
4	Net loss/(gain) on disposal of property, infrastructure, plant and equipment	Due to a change in the procurement of the vehicles there were a number that were changed over at a later time which resulted less income and inturn a loss on sale of these items.
5	Share of net gain/(loss) of associates and joint ventures	Council's share of the Corangamite Regional Library Corporation is an estimate and not ascertainable at time of budget preparation.
6	Other income	\$135,000 additional interest on investments due to higher than expected cash balances relating mainly to \$4.0m budgeted capital and major project funding carried forward to 2017-18 and \$3.2m 2017-18 Victorian Grants Commission funding received in advance. \$113,000 insurance reimbursements were received in 2017-18 not budgeted for.
7	Materials and services	\$496,000 increase in professional contractor services used and an additional \$721,000 of materials and services related to capital projects expensed in 2017-18 not budgeted for.
8	Other expenses	The Landfill Rehabilitation Provision was reestimated in 2017-18 in accordance with the Environment Protection Authority's guidelines, resulting in a \$1.9m increase in the provision.



**Note 1 Performance against budget**

**1.2 Capital Works**

	<b>Budget 2018 \$'000</b>	<b>Actual 2018 \$'000</b>	<b>Variance 2018 \$'000</b>	<b>Ref</b>
<b>Property</b>				
Land	500	-	(500)	9
Buildings	4,419	1,266	(3,153)	10
<b>Total Buildings</b>	<b>4,919</b>	<b>1,266</b>	<b>(3,653)</b>	
<b>Total Property</b>	<b>4,919</b>	<b>1,266</b>	<b>(3,653)</b>	
<b>Plant and Equipment</b>				
Plant, machinery and equipment	1,683	1,360	(323)	11
Fixtures, fittings and furniture	237	134	(103)	12
Computers and telecommunications	527	249	(278)	13
<b>Total Plant and Equipment</b>	<b>2,447</b>	<b>1,743</b>	<b>(704)</b>	
<b>Infrastructure</b>				
Roads	7,311	6,207	(1,104)	14
Bridges	650	554	(96)	
Footpaths and cycleways	525	3,404	2,879	15
Drainage	3,445	1,020	(2,425)	15
Other Infrastructure	2,340	1,929	(411)	15
Marine Infrastructure	-	-	-	
<b>Total Infrastructure</b>	<b>14,271</b>	<b>13,114</b>	<b>(1,157)</b>	
<b>Total Capital Works Expenditure</b>	<b>21,637</b>	<b>16,123</b>	<b>(5,514)</b>	
<b>Represented by:</b>				
New asset expenditure	7,755	2,909	(4,846)	
Asset renewal expenditure	12,309	11,436	(873)	
Asset upgrade expenditure	1,572	1,778	206	
<b>Total Capital Works Expenditure</b>	<b>21,637</b>	<b>16,123</b>	<b>(5,514)</b>	

**Note 1   Performance against budget**

**1.2   Capital Works (cont'd)**

**(i) Explanation of material variations**

Variance Ref		Item	Explanation
9	Land		This variance is related to the Implementation of the Lake Colac Master Plan. The original budget proposed Land Improvements but as the project has developed it has been allocated across various infrastructure assets such as fixtures, fittings, furniture, footpaths, cycleways, drainage and other infrastructure. There is also an amount that has been carried forward into the 2018-19 financial year.
10	Buildings		The major variance in this category relates to the inability to secure funding for the reloaction of the Apollo Bay Kindergarten for \$3.09 million in 2017-18.
11	Plant, machinery and equipment		The variances are due to the timing of replacement of key items of Major Plant. These have been ordered but awaiting delivery in the 2018-19 year.
12	Fixtures, fittings and furniture		This variance is due to the replacement of critical 2-Way Radio infrastructure being delayed until the 2018-19 year.
13	Computers and telecommunications		The variance in this area is due to a large number of the items purchased not meeting Council's asset capitalisation thresholds. These items whilst acquired have been recognised as materials within the Comprehensive Income Statement.
14	Roads		The more significant variances in this category relate to the works on Queen Street, Colac and the reconstruction of Conns Lane, Birregurra. These two projects are expected to be completed in the early part of the 2018-19 year.
15	Footpaths and cycleways, Drainage and Other Infrastructure		There are a number variances between budgeted works and the actual works performed due to the categorisation of assets. This reallocation has arisen from the complexity of the asset types within projects such as the CBD Revitalisation, Wye River Separation Creek Reticulated Drainage System and Landslip remediation works.

Note 2 Funding for the delivery of our services	2018	2017
	\$'000	\$'000

## 2.1 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 2017/18 was \$5,801 million (2016/17 \$5,755 million).

Differential rate	2018	2017
Residential Colac	0.004422	0.004370
Residential Balance of Shire	0.003759	0.003714
Rural Farm	0.003405	0.003452
Holiday Rental	0.004422	0.004370
Commercial /Industrial Colac	0.007297	0.007210
Commercial /Industrial Balance of Shire	0.006191	0.006118
General rates residential	14,986	14,740
General rates farm / rural	5,737	5,806
General rates commercial / industrial	3,199	3,076
Municipal charge	2,653	2,597
Garbage charge	2,932	2,838
Interest on rates and charges	146	119
Special rates and charges	-	22
<b>Total rates and charges</b>	<b>29,654</b>	<b>29,197</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2018, and the valuation will be first applied in the rating year commencing 1 July 2018.

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.

## 2.2 Statutory fees and fines

Town planning fees	334	307
Infringements and costs	186	154
Health regulations	168	163
Building permits	103	100
Engineering fees	4	22
Freedom of information	1	0
<b>Total statutory fees and fines</b>	<b>795</b>	<b>746</b>

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

## 2.3 User fees

Aged services fees	1,329	1,022
Leisure centre fees	1,056	982
Colac Otway performing arts & cultural centre fees	493	426
Colac livestock selling centre fees	455	509
Visitor information centre fees	364	363
Parking, animal control and local laws fees	259	239
Waste disposal fees	174	192
Other fees and charges	156	219
Apollo bay harbour fees	109	66
Council properties fees and rental	64	82
Child care children's programs	40	43
Town planning and building services fees	36	48
<b>Total user fees</b>	<b>4,535</b>	<b>4,191</b>

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

<b>Note 2 Funding for the delivery of our services</b>	<b>2018</b>	<b>2017</b>
<b>2.4 Funding from other levels of government</b>	<b>\$'000</b>	<b>\$'000</b>
Grants were received in respect of the following:		
<b>Summary of grants</b>		
Commonwealth funded grants	12,037	12,281
State funded grants	4,012	11,284
<b>Total grants received</b>	<b>16,049</b>	<b>23,565</b>
<b>(a) Operating Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Financial Assistance Grant - untied base grant	3,784	5,334
Financial Assistance Grant - local roads	2,478	3,798
Family and community services	338	383
Aged and disability services	56	874
Diesel rebate scheme	37	42
Environment and protection services	-	-
<b>Recurrent - State Government</b>		
Aged and disability services	1,220	393
Maternal and child health	258	245
Recreation and culture	125	95
School crossing supervisors	66	45
Environment and protection services	75	81
Family and community services	10	1
Community safety	6	7
Port management	-	811
<b>Total recurrent operating grants</b>	<b>8,453</b>	<b>12,110</b>
<b>Non-recurrent - Commonwealth Government</b>		
Recreation and culture	-	5
<b>Non-recurrent - State Government</b>		
Bushfire recovery	1,013	2,644
Aged and disability services	178	3
Port management	20	10
Flood recovery	-	750
Business and economic services	-	188
Family and community services	-	96
<b>Total non-recurrent operating grants</b>	<b>1,211</b>	<b>3,695</b>
<b>Total operating grants</b>	<b>9,664</b>	<b>15,804</b>
<b>(b) Capital Grants</b>		
<b>Recurrent - Commonwealth Government</b>		
Roads to recovery	4,774	115
<b>Recurrent - State Government</b>		
Aged and disability services	-	15
<b>Total recurrent capital grants</b>	<b>4,774</b>	<b>130</b>
<b>Non-recurrent - Commonwealth Government</b>		
Bluewater leisure centre building upgrade	571	-
Central reserve redevelopment	-	1,712
Maternal and child health	-	19
<b>Non-recurrent - State Government</b>		
Port management	532	20
Family and community services	354	-
Recreation and culture	155	276
Bushfire recovery	-	5,430
Bluewater leisure centre building upgrade	-	115
Local roads and bridges	-	40
Business and economic services	-	10
Central reserve redevelopment	-	10
<b>Total non-recurrent capital grants</b>	<b>1,612</b>	<b>7,632</b>
<b>Total capital grants</b>	<b>6,386</b>	<b>7,762</b>

Notes to the Financial Report  
For the Year Ended 30 June 2018

<b>Note 2 Funding for the delivery of our services</b>	<b>2018</b>	<b>2017</b>
<b>2.4 Funding from other levels of government (cont'd)</b>	<b>\$'000</b>	<b>\$'000</b>

**(c) Unspent grants received on condition that they be spent in a specific manner**

Balance at start of year	918	2,347
Received during the financial year and remained unspent at balance date	3,700	380
Received in prior years and spent during the financial year	(914)	(1,809)
Balance at year end	<u>3,705</u>	<u>918</u>

Grant income is recognised when Council obtains control of the contribution. Control is normally obtained upon receipt (or acquittal) or upon earlier notification that a grant has been secured.

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 2.4. 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.

**2.5 Contributions**

Monetary	325	320
Non-monetary	1,598	334
<b>Total contributions</b>	<u>1,923</u>	<u>654</u>

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

Drainage	710	-
Roads	302	157
Retaining Structures	273	-
Kerb and Channel	233	116
Footpath	81	61
<b>Total non-monetary contributions</b>	<u>1,598</u>	<u>334</u>

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

**2.6 Net gain/(loss) on disposal of property, infrastructure, plant and equipment**

Proceeds of sale	361	291
Written down value of assets disposed	(448)	(297)
<b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b>	<u>(87)</u>	<u>(6)</u>

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

**2.7 Other income**

Interest	475	355
Reimbursements	259	472
Other income	214	153
Licensing fees	19	-
Landfill rehabilitation present value movement	-	424
State Revenue Office	-	14
<b>Total other income</b>	<u>968</u>	<u>1,418</u>

Interest is recognised as it is earned.

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

**Note 3 The cost of delivering services**

**3.1 Employee costs**

	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries	13,210	13,723
Employee leave	1,888	1,555
Superannuation	1,541	1,595
Casual staff	1,119	915
Sick leave	513	577
Other employee benefits	319	232
Fringe benefits tax	149	144
WorkCover	171	189
<b>Total employee costs</b>	<b>18,910</b>	<b>18,930</b>

**(b) Superannuation**

Council made contributions to the following funds:

**Defined benefit fund**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	120	159
	<u>120</u>	<u>159</u>

**Accumulation funds**

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	849	920
Employer contributions - other funds	572	516
	<u>1,421</u>	<u>1,436</u>
Employer contributions payable at reporting date.	<u>139</u>	<u>140</u>

Refer to note 8.3 for further information relating to Council's superannuation obligations.

<b>Note 3 The cost of delivering services</b>	<b>2018</b>	<b>2017</b>
<b>3.2 Materials and services</b>	<b>\$'000</b>	<b>\$'000</b>
Contract Payments	9,188	6,755
Consultants	1,643	1,214
Services	1,426	1,316
Plant and equipment maintenance	979	1,064
Subscriptions and memberships	1,073	1,025
Utilities	1,119	933
Materials	1,035	3,028
Insurances	363	480
Legal costs	345	298
Advertising	301	236
Training costs	243	167
Hire costs	152	153
Agency staff	125	308
Permits	5	8
<b>Total materials and services</b>	<b>17,997</b>	<b>16,984</b>

### 3.3 Depreciation and amortisation

Infrastructure	6,912	6,601
Plant and equipment	1,682	1,770
Property	1,303	1,231
<b>Total depreciation</b>	<b>9,897</b>	<b>9,603</b>
Intangible assets	9	35
<b>Total depreciation and amortisation</b>	<b>9,906</b>	<b>9,638</b>

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

### 3.4 Bad and doubtful debts

<b>Bad and doubtful debts</b>		
Other debtors	3	4
<b>Total bad and doubtful debts</b>	<b>3</b>	<b>4</b>

#### Movement in provisions for doubtful debts

Balance at the beginning of the year	10	7
New Provisions recognised during the year	8	5
Amounts already provided for and written off as uncollectible	(10)	0
Amounts provided for but recovered during the year	0	(2)
Balance at end of year	<b>8</b>	<b>10</b>

Provision for doubtful debt is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.



	2018	2017
	\$'000	\$'000
<b>3.5 Borrowing costs</b>		
Interest - Borrowings	223	280
<b>Total borrowing costs</b>	<b>223</b>	<b>280</b>

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

Council does not capitalise borrowing costs.

### 3.6 Other expenses

Waste management	2,013	128
Community grants and donations	512	582
Councillors' allowances	257	242
Other	98	44
Fire services levy	63	60
Auditors' remuneration - VAGO - audit of the financial statements, performance statement and grant acquittals	51	43
Rates and charges written off	37	0
Animal registration levy	17	17
Royalties and commissions	17	4
<b>Total other expenses</b>	<b>3,065</b>	<b>1,120</b>

Notes to the Financial Report  
For the Year Ended 30 June 2018

Note 4 Our financial position	2018	2017
4.1 Financial assets	\$'000	\$'000
<b>(a) Cash and cash equivalents</b>		
Cash on hand	5	5
Cash at bank	87	1,298
Term deposits	6,000	-
<b>Total cash and cash equivalents</b>	<b>6,093</b>	<b>1,304</b>
<b>(b) Other financial assets</b>		
Term deposits - current	17,419	21,315
<b>Total other financial assets</b>	<b>17,419</b>	<b>21,315</b>
<b>Total financial assets</b>	<b>23,512</b>	<b>22,619</b>

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

- Trust funds and deposits (Note 4.3 (b))	391	463
- Statutory reserves (Note 8.1(b) - Recreational Lands)	725	694
- Conditional grants unspent (Note 2.4)	3,705	918
- Port of Apollo Bay reserve cash held (Note 8.1(b))	1,173	1,611
- Disaster recovery reserve (Note 8.1(b))	1,789	3,938
<b>Total restricted funds</b>	<b>7,783</b>	<b>7,624</b>
<b>Total unrestricted cash and cash equivalents</b>	<b>15,728</b>	<b>14,994</b>

**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 .	13,974	12,420
- Carried forward capital works committed.	2,611	2,638
<b>Total funds subject to intended allocations</b>	<b>16,585</b>	<b>15,058</b>

Refer to Note 8.1(b) for details of other reserves.

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

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

**(b) Trade and other receivables**

**Current**

*Statutory receivables*

Rates debtors	1,221	1,327
Net GST receivable	577	339
Government operating grants	590	1,964
Special rate assesment	40	43
Parking infringement debtor	34	26
Other infringements	104	78
Other debtors	623	443
Provision for doubtful debts - other debtors	(8)	(10)
<b>Total trade and other receivables</b>	<b>3,181</b>	<b>4,209</b>

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

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

<b>Note 4 Our financial position</b>	<b>2018</b>	<b>2017</b>
<b>4.1 Financial assets (Cont'd)</b>	<b>\$'000</b>	<b>\$'000</b>

**(c) 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)	479	237
Past due by up to 30 days	32	138
Past due between 31 and 180 days	9	3
Past due between 181 and 365 days	13	65
Past due by more than 1 year	74	-
<b>Total ageing of receivables</b>	<b>607</b>	<b>443</b>

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

At balance date, other debtors representing financial assets with a nominal value of \$8,170 (2017: \$10,064) were impaired. The amount of the provision raised against these debtors was \$8,170 (2017: \$10,064). 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

Current (not yet due)	-	-
Past due by up to 30 days	0	-
Past due between 31 and 180 days	2	-
Past due between 181 and 365 days	4	5
Past due by more than 1 year	1	5
<b>Total ageing of individually impaired receivables</b>	<b>7</b>	<b>10</b>

Notes to the Financial Report  
For the Year Ended 30 June 2018

	2018 \$'000	2017 \$'000
<b>Note 4 Our financial position</b>		
<b>4.2 Non-financial assets</b>		
<b>(a) Inventories</b>		
Inventories held for distribution	8	17
Inventories held for sale	142	167
<b>Total inventories</b>	<b>150</b>	<b>184</b>
Inventories held for distribution are measured at cost, adjusted when applicable for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value. Where inventories are acquired for no cost or nominal consideration, they are measured at current replacement cost at the date of acquisition.		
<b>(b) Other assets</b>		
Prepayments	255	98
Accrued income	104	88
Other	8	7
<b>Total other assets</b>	<b>367</b>	<b>193</b>
<b>(c) Intangible assets</b>		
Software	2	11
<b>Total intangible assets</b>	<b>2</b>	<b>11</b>
	<b>Software \$'000</b>	<b>Total \$'000</b>
<b>Gross carrying amount</b>		
Balance at 1 July 2017	616	616
Additions from internal developments	-	-
Other Additions	-	-
Balance at 1 July 2018	616	616
<b>Accumulated amortisation and impairment</b>		
Balance at 1 July 2017	606	606
Amortisation expense	9	9
Balance at 1 July 2018	614	614
Net book value at 30 June 2017	11	11
Net book value at 30 June 2018	2	2

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

Notes to the Financial Report  
For the Year Ended 30 June 2018

<b>Note 4 Our financial position</b>	<b>2018</b>	<b>2017</b>
<b>4.3 Payables</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Trade and other payables</b>		
Trade payables	3,603	1,069
Accrued expenses	1,178	1,163
<b>Total trade and other payables</b>	<b>4,781</b>	<b>2,232</b>
<b>(b) Trust funds and deposits</b>		
Refundable deposits	283	255
Fire services levy	71	133
Retention amounts	37	75
<b>Total trust funds and deposits</b>	<b>391</b>	<b>463</b>

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

*Purpose and nature of items*

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

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

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

**4.4 Interest-bearing liabilities**

<b>Current</b>		
Borrowings - secured	649	604
	<u>649</u>	<u>604</u>
<b>Non-current</b>		
Borrowings - secured	2,721	3,370
<b>Total Interest-bearing liabilities</b>	<b>3,370</b>	<b>3,974</b>

Borrowings are secured by council rates and charges

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

Not later than one year	649	604
Later than one year and not later than five years	2,721	2,774
Later than five years	-	596
	<u>3,370</u>	<u>3,974</u>

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

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

**Note 4 Our financial position**

**4.5 Provisions**

	Employee	Landfill restoration	Total
	\$ '000	\$ '000	\$ '000
<b>2018</b>			
Balance at beginning of the financial year	4,155	7,206	11,361
Additional provisions	1,407	1,830	3,237
Amounts used	(1,547)	-	(1,547)
Balance at the end of the financial year	<b>4,015</b>	<b>9,036</b>	<b>13,051</b>
<b>2017</b>			
Balance at beginning of the financial year	4,771	7,659	12,430
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	<b>4,155</b>	<b>7,206</b>	<b>11,361</b>
		<b>2018</b>	<b>2017</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>(a) Employee provisions</b>			
<b>Current provisions expected to be wholly settled within 12 months</b>			
Annual leave		1,118	1,108
Long service leave		210	211
Time in lieu		83	83
		<b>1,411</b>	<b>1,402</b>
<b>Current provisions expected to be wholly settled after 12 months</b>			
Annual leave		182	159
Long service leave		2,209	2,358
		<b>2,391</b>	<b>2,517</b>
<b>Total current employee provisions</b>		<b>3,802</b>	<b>3,919</b>
<b>Non-current</b>			
Long service leave		213	236
<b>Total non-current employee provisions</b>		<b>213</b>	<b>236</b>
Aggregate carrying amount of employee provisions:			
Current		3,802	3,919
Non-current		213	236
<b>Total aggregate carrying amount of employee provisions</b>		<b>4,015</b>	<b>4,155</b>

*Classification of employee costs*

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.

Key assumptions:

- discount rate 1.535%
- index rate N/A
- inflation rate 1.75%
- settlement rate N/A

**Notes to the Financial Report**  
**For the Year Ended 30 June 2018**

<b>Note 4 Our financial position</b>	<b>2018</b>	<b>2017</b>
<b>4.5 Provisions (cont'd)</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(b) Land fill restoration</b>		
Current	1,061	28
Non-current	7,975	7,178
	<b>9,036</b>	<b>7,206</b>
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.		
Key assumptions:		
- discount rate	2.5%	1.6%
- inflation rate	2.2%	3.1%
- estimated cost to rehabilitate	5,036	3,931
<b>Total Provisions</b>		
Current	4,863	3,947
Non-current	8,189	7,414
<b>Total Provisions</b>	<b>13,052</b>	<b>11,361</b>
<b>Note 4 Our financial position</b>	<b>2018</b>	<b>2017</b>
<b>4.6 Financing arrangements</b>	<b>\$'000</b>	<b>\$'000</b>
The Council has the following funding arrangements in place as at 30 June 2018		
Credit card facilities	50	50
<b>Total facilities</b>	<b>50</b>	<b>50</b>
Used facilities	-	-
Unused facilities	<b>50</b>	<b>50</b>



Notes to the Financial Report  
For the Year Ended 30 June 2018

**Note 4 Our financial position**

**4.7 Commitments**

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

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

<b>2017</b>	<b>Not later than 1 year</b>	<b>Later than 1 year and not later than 2 years</b>	<b>Later than 2 years and not later than 5 years</b>	<b>Later than 5 years</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Operating</b>					
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
<b>Total</b>	<b>5,141</b>	<b>4,319</b>	<b>3,569</b>	<b>-</b>	<b>13,029</b>
<b>Capital</b>					
Plant and equipment	236	-	-	-	236
Civil works	2,397	5	-	-	2,402
<b>Total</b>	<b>2,633</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>2,638</b>

	2018 \$'000	2017 \$'000
<b>Note 4 Our financial position</b>		
<b>4.7 Commitments (cont'd)</b>		
<b>Operating lease commitments</b>		
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):		
Not later than one year	16	93
Later than one year and not later than five years	-	171
Later than five years	-	-
	<u>16</u>	<u>264</u>

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

Note 5 Assets we manage

5.1 Property, infrastructure, plant and equipment  
Summary of property, infrastructure, plant and equipment

	At Fair Value 30 June 2017	Acquisitions	Contributions	Revaluation	Depreciation	Disposal	Transfers	At Fair Value 30 June 2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land	24,561	-	-	753	-	-	-	25,314
Buildings	44,600	824	-	(213)	(1,303)	-	32	43,940
Plant and Equipment	7,069	1,692	-	-	(1,682)	(448)	11	6,641
Infrastructure	203,089	9,042	1,598	(1,356)	(6,912)	-	340	205,801
Work in progress	1,037	4,563	-	-	-	-	(383)	5,217
	280,352	16,123	1,598	(816)	(9,897)	(448)	-	286,913

Summary of Work in Progress

	Opening WIP	Additions	Transfers	Write Offs	Closing WIP
	\$'000	\$'000	\$'000	\$'000	\$'000
Buildings	34	442	(32)	-	443
Plant and Equipment	131	51	(11)	-	171
Infrastructure	873	4,071	(340)	-	4,604
Total	1,037	4,563	(383)	-	5,218

Notes to the Financial Report  
For the Year Ended 30 June 2018

Note 5 Assets we manage

5.1 Property, infrastructure, plant and equipment

Summary of property, infrastructure, plant and equipment (cont'd)

(a) Property

	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 2017	3,419	20,918	224	24,561	62,916	15,198	78,114	34	102,709
Accumulated depreciation at 1 July 2017	-	-	-	-	(28,252)	(5,262)	(33,514)	-	(33,514)
	3,419	20,918	224	24,561	34,664	9,937	44,600	34	69,195
<b>Movements in fair value</b>									
Acquisition of assets at fair value	-	-	-	-	616	208	824	442	1,266
Revaluation increments/decrements	(115)	868	-	753	7,550	747	8,297	-	9,051
Transfers	-	-	-	-	32	-	32	(32)	-
	(115)	868	-	753	8,199	954	9,153	410	10,317
<b>Movements in accumulated depreciation</b>									
Depreciation and amortisation	-	-	-	-	(1,053)	(250)	(1,303)	-	(1,303)
Revaluation increments/decrements	-	-	-	-	(7,439)	(1,072)	(8,510)	-	(8,510)
	-	-	-	-	(8,492)	(1,321)	(9,813)	-	(9,813)
At Fair Value 30 June 2018	3,304	21,786	224	25,314	71,115	16,153	87,267	443	113,025
Accumulated depreciation at 30 June 2018	-	-	-	-	(36,744)	(6,583)	(43,327)	-	(43,327)
	3,304	21,786	224	25,314	34,371	9,570	43,940	443	69,698

(b) Plant and Equipment

	Plant machinery and equipment	Fixtures fittings and furniture	Computers and telecomms	Work in Progress	Total plant and equipment
At Fair Value 1 July 2017	9,337	9,686	1,101	131	20,255
Accumulated depreciation at 1 July 2017	(5,130)	(6,978)	(946)	-	(13,055)
	4,206	2,708	155	131	7,200
<b>Movements in fair value</b>					
Acquisition of assets at fair value	1,360	83	249	51	1,743
Fair value of assets disposed	(1,113)	-	-	-	(1,113)
Transfers	-	11	-	(11)	-
	247	94	249	40	630
Depreciation and amortisation	(935)	(617)	(130)	-	(1,682)
Accumulated depreciation of disposals	665	-	-	-	665
Transfers	-	-	-	-	-
	(270)	(617)	(130)	-	(1,017)
At Fair Value 30 June 2018	9,584	9,780	1,350	171	20,885
Accumulated depreciation at 30 June 2018	(5,401)	(7,596)	(1,076)	-	(14,072)
	4,183	2,184	274	171	6,813

(c) Infrastructure

	Roads	Bridges	Footpaths and cycleways	Drainage	Other Infrastructure	Marine Infrastructure	Work In Progress	Total Infrastructure
At Fair Value 1 July 2017	217,476	21,929	22,211	40,719	4,661	-	873	307,869
Accumulated depreciation at 1 July 2017	(69,363)	(7,400)	(7,486)	(18,095)	(1,563)	-	-	(103,907)
	148,113	14,528	14,725	22,624	3,098	-	873	203,961
<b>Movements in fair value</b>								
Acquisition of assets at fair value	4,280	515	3,260	46	940	-	4,071	13,113
Contributed assets	534	-	81	710	273	-	-	1,598
Revaluation increments/(decrements)	-	(5,853)	-	-	-	-	-	(5,853)
Transfers	9	-	-	66	266	-	(340)	-
	4,823	(5,337)	3,341	821	1,480	-	3,731	8,859
<b>Movements in accumulated depreciation</b>								
Depreciation and amortisation	(5,282)	(448)	(418)	(504)	(261)	-	-	(6,912)
Accumulated depreciation of disposals	-	-	-	-	-	-	-	-
Revaluation increments/(decrements)	-	4,497	-	-	-	-	-	4,497
	(5,282)	4,049	(418)	(504)	(261)	-	-	(2,415)
At Fair Value 30 June 2018	222,300	16,591	25,552	41,540	6,141	-	4,604	316,727
Accumulated depreciation at 30 June 2018	(74,645)	(3,351)	(7,903)	(18,599)	(1,824)	-	-	(106,323)
	147,654	13,240	17,649	22,941	4,317	-	4,604	210,405

**Note 5 Assets we manage**

**5.1 Property, infrastructure, plant and equipment**

*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 5.2 have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year.

*Land under roads*

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

*Depreciation and amortisation*

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

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

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

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

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

*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.

**Valuation of land and buildings**

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

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

Any significant movements in the unobservable inputs for land 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 2018 are as follows:

	Level 1	Level 2	Level 3
Land	-	21,786	-
Specialised land	-	-	3,304
Buildings	-	9,570	34,371
<b>Total</b>	<b>-</b>	<b>31,356</b>	<b>37,675</b>

**Note 5 Assets we manage**

**5.1 Property, infrastructure, plant and equipment**

Details of the Council's infrastructure and information about the fair value hierarchy as at 30 June 2018 are as follows

*Valuation of infrastructure*

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

The date of the current valuation is detailed in the following table.

*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 2018 are as follows:*

	Level 1	Level 2	Level 3
Roads	-	-	147,654
Bridges	-	-	13,240
Footpaths and cycleways	-	-	17,649
Drainage	-	-	22,941
Other infrastructure	-	-	4,317
<b>Total</b>	<b>-</b>	<b>-</b>	<b>205,801</b>

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

**Specialised land and land under roads** is valued using a market based direct comparison technique. Significant unobservable inputs include the extent and impact of restriction of use and the market cost of land per square metre. The extent and impact of restrictions on use varies and results in a reduction to surrounding land values between 5% and 95%. The market value of land varies significantly depending on the location of the land and the current market conditions. Currently land values range between \$1 and \$270 per square metre.

**Specialised buildings** are valued using a depreciated replacement cost technique. Significant unobservable inputs include the current replacement cost and remaining useful lives of buildings. Current replacement costs is calculated on a square metre basis and ranges from \$200 to \$2,250 per square metre. The remaining useful lives of buildings are determined on the basis of the current condition of buildings and vary from 40 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of buildings are sensitive to changes in expectations or requirements that could either shorten or extend the useful lives of buildings.

**Infrastructure assets** are valued based on the depreciated replacement cost. Significant unobservable inputs include the current replacement cost and remaining useful lives of infrastructure. The remaining useful lives of infrastructure assets are determined on the basis of the current condition of the asset and vary from 5 years to 100 years. Replacement cost is sensitive to changes in market conditions, with any increase or decrease in cost flowing through to the valuation. Useful lives of infrastructure are sensitive to changes in use, expectations or requirements that could either shorten or extend the useful lives of infrastructure assets.

	2018	2017
<b>Reconciliation of specialised land</b>	<b>\$'000</b>	<b>\$'000</b>
Land under roads	224	224
Parks and reserves	3,304	3,195
<b>Total specialised land</b>	<b>3,528</b>	<b>3,419</b>

**Notes to the Financial Report  
For the Year Ended 30 June 2018**

<b>Note 5 Assets we manage</b>	<b>2018</b>	<b>2017</b>
<b>5.2 Investment in associates, joint arrangements and subsidiaries</b>	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Investments in associates</b>		
Investments in associates accounted for by the equity method are:		
- Corangamite Regional Library Corporation		
- Colac Community Library and Learning Centre		
<b>Corangamite Regional Library Corporation</b>		
<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 24.13% equity interest in 2017/2018 (2016/2017 23.61%).		
<b>Fair value of Council's investment in Corangamite Regional Library Corporation</b>	<b>356</b>	<b>338</b>
<b>Council's share of accumulated surplus/(deficit)</b>		
Council's share of accumulated surplus(deficit) at start of year	287	249
Reported surplus(deficit) for year	16	32
Transfers (to) from reserves	(10)	7
Council's share of accumulated surplus(deficit) at end of year	<b>293</b>	<b>287</b>
<b>Council's share of reserves</b>		
Council's share of reserves at start of year	51	58
Transfers (to) from reserves	10	(7)
Council's share of reserves at end of year (based on population)	<b>61</b>	<b>51</b>
<b>Movement in carrying value of specific investment</b>		
Carrying value of investment at start of year	338	307
Share of surplus(deficit) for year	16	32
Share of asset revaluation	-	-
Change in equity share due to population change	1	-
Carrying value of investment at end of year	<b>355</b>	<b>338</b>
<b>Significant restrictions</b>		
The associate is not required to repay dividends, loans or advances to Council.		



Note 5 Assets we manage	2018	2017
5.2 Investment in associates, joint arrangements and subsidiaries (Cont'd)	\$'000	\$'000

(a) Investments in associates

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	2,628	2,664
Change in asset revaluation	288	-
Write back of annual depreciation	(36)	(36)
Carrying value of investment at end of year	<u>2,880</u>	<u>2,628</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 2018.

Significant restrictions

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

**Note 6 People and relationships**  
**6.1 Council and key management remuneration**

**(a) Related Parties**

*Parent entity*  
Colac Otway Shire is the parent entity.

*Subsidiaries and Associates*  
Interests in subsidiaries and associates are detailed in note 5.3.

**(b) Key Management Personnel**

Details of persons holding the position of Councillor or other members of key management personnel at any time during the year are:

<b>Councillors</b>	Councillor Chris Potter (Mayor 01/07/17 to 08/11/17)
	Councillor Stephen Hart
	Councillor Chris Smith
	Councillor Terry Woodcroft
	Councillor Kate Hanson
	Councillor Joe McCracken (Mayor 09/11/17 to 30/06/18)
	Councillor Jason Schram

**Chief Executive Officer and other Key Management Personnel**

Peter Brown (CEO commenced 02/07/18)  
Robert Dobrynzski (Acting CEO 04/09/17 to 31/01/2018 and 03/04/2018 to 29/06/2018)  
Sue Wilkinson (CEO 01/07/2017 to 01/09/2017)  
Errol Lawrence  
Anthony McGann (Acting CEO 01/02/2018 to 02/04/2018)  
Gareth Smith

	2018 No.	2017 No.
<b>Total Number of Councillors</b>	7	11
<b>Chief Executive Officer and other Key Management Personnel</b>	5	8
<b>Total Key Management Personnel</b>	12	19

**(c) Remuneration of Key Management Personnel**

	2018 \$'000	2018 \$'000
Total remuneration of key management personnel was as follows:		
Short-term benefits	966	1,116
Post-employment benefits	93	114
Long-term benefits	16	-
<b>Total</b>	<b>1,075</b>	<b>1,230</b>

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

	2018 No.	2017 No.
\$1 - \$9,999	-	3
\$10,000 - \$19,999	-	3
\$20,000 - \$29,999	3	5
\$30,000 - \$39,999	2	1
\$50,000 - \$59,999	1	1
\$60,000 - \$69,999	1	-
\$70,000 - \$79,999	1	1
\$130,000 - \$139,999	-	1
\$160,000 - \$169,999	1	-
\$170,000 - \$179,999	-	2
\$190,000 - \$199,999	2	-
\$240,000 - \$249,999	-	1
	12	19

**(d) Senior Officer Remuneration**

A Senior Officer is an officer of Council, other than Key Management Personnel, who:

- a) has management responsibilities and reports directly to the Chief Executive; or
- b) whose total annual remuneration exceeds \$145,000

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

Income Range:	2018 No.	2017 No.
\$145,000 - \$149,999	3	4
\$150,000 - \$159,999	1	-
	4	4

Total Remuneration for the reporting year for Senior Officers included above, amounted to:	\$ 606	\$ 585
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Note 6 People and relationships

6.2 Related party disclosure

(a) Transactions with related parties

2018  
\$'000

During the period Council entered into the following transactions with related parties. Note these transactions do not include transactions that are typical to any citizen and undertaken in the normal course of Council operations and are at arms-length (i.e. Rates and Charges, Bluewater membership's, etc.).

The following is the aggregate amount of transactions with the above listed **Councillors**.

Materials & Services	91
Employee benefits	41

There are no transactions with **Key Management Personnel** other than the Councillors listed above.

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

Payments made to Corangamite Regional Library Corporation	695
Payments received from Corangamite Regional Library Corporation	76

(b) Outstanding balances with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties

The following is the aggregate amount of Outstanding balances with the above listed **Councillors**.

Accounts Receivable	-
Accounts Payable	30

There are no outstanding balances with the above listed **Key Management Personnel** other than the Councillors listed above.

(c) Loans to/from related parties

There are no loans in existence at balance date that have been made, guaranteed or secured by the council to any related parties.

(d) Commitments to/from related parties

There are no commitments in existence at balance date that have been made, guaranteed or secured by the council to a related party.

**Note 7 Managing uncertainties**

**7.1 Contingent assets and liabilities**

**(a) Contingent assets**

There are no contingent assets identified

**(b) Contingent liabilities**

**(i) 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 8.3. 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.

**(ii) Guarantees for loans to other entities**

Council has no guarantees in place for loans to other entities

**(iii) 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.

**(iv) 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 2016-2017 financial year. At the time of this report an amount and timing of any potential expense is not known.

## Note 7 Managing uncertainties

### 7.2 Change in accounting standards

The following new AAS's have been issued that are not mandatory for the 30 June 2018 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.

#### *Financial Instruments - Disclosures (AASB 7) (applies 2018/19)*

This Standard requires entities to provide disclosures in their financial statements that enable users to evaluate: (a) the significance of financial instruments for the entity's financial position and performance; and (b) the nature and extent of risks arising from financial instruments to which the entity is exposed.

#### *Financial Instruments (AASB 9) (applies 2018/19)*

The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.

#### *Revenue from contracts with customers (AASB 15) (applies 2019/20 for LG sector)*

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

#### *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities (AASB 2016-7) (applies 2019/20)*

This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.

#### *Leases (AASB 16) (applies 2019/20)*

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

#### *Income of Not-for-Profit Entities (AASB 1058) (applies 2019/20)*

This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.

### 7.3 Financial instruments

#### (a) Objectives and policies

The Councils 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 Notes of the financial statements. Risk management is carried out by senior management under policies approved by the Council. These policies include identification and analysis of the risk exposure to Council and appropriate procedures, controls and risk minimisation.

#### (b) Market risk

Market risk is the risk that the fair value or future cash flows of council financial instruments will fluctuate because of changes in market prices. The Council's exposure to market risk is primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

## Note 7 Managing uncertainties

### 7.3 Financial instruments

#### **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 7.1(b).

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements. Council does not hold any collateral.

#### **(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 7.1(c), and is deemed insignificant based on prior periods' data and current assessment of risk.

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

With the exception of borrowings, all financial liabilities are expected to be settled within normal terms of trade. Details of the maturity profile for borrowings are disclosed at Note 4.4.

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

#### **(e) Sensitivity disclosure analysis**

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

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

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 on the results of Council's operations..

## Note 7 Managing uncertainties

### 7.4 Fair value measurement

#### *Fair value hierarchy*

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

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

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

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

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

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

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

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

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

#### *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 5.1 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.

#### **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.

### 7.5 Events occurring after balance date

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

**Note 8 Other matters**

**8.1 Reserves**

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period
(a) Asset revaluation reserves	\$'000	\$'000	\$'000
<b>2018</b>			
<b>Property</b>			
Land	15,775	753	16,529
Buildings	8,783	(213)	8,570
	24,558	540	25,099
<b>Plant and Equipment</b>			
Fixed plant, furniture and equipment	293	-	293
	293	-	293
<b>Infrastructure</b>			
Roads	88,521	-	88,521
Bridges	9,270	(1,356)	7,914
Footpaths and cycleways	7,312	-	7,312
Kerb and channelling	11,619	-	11,619
Drainage	14,341	-	14,341
	131,061	(1,356)	129,707
<b>Total asset revaluation reserves</b>	<b>155,913</b>	<b>(815)</b>	<b>155,098</b>
<b>2017</b>			
<b>Property</b>			
Land	15,775	-	15,775
Buildings	8,783	-	8,783
	24,558	-	24,558
<b>Plant and Equipment</b>			
Fixed plant, furniture and equipment	293	-	293
	293	-	293
<b>Infrastructure</b>			
Roads	88,521	-	88,521
Bridges	9,270	-	9,270
Footpaths and cycleways	3,449	3,863	7,312
Kerb and channelling	8,505	3,114	11,619
Drainage	14,341	-	14,341
	124,083	6,977	131,060
<b>Total asset revaluation reserves</b>	<b>148,936</b>	<b>6,977</b>	<b>155,913</b>

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 2018

Note 8 Other matters	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>8.1 Reserves (cont'd)</b>				
<b>(b) Other reserves</b>				
<b>2018</b>				
Carried Forward Projects	3,076	1,830	(936)	3,970
Port of Apollo Bay	1,611	863	(1,301)	1,173
Kerbside bin replacement	1,538	3,008	(2,767)	1,778
Long Service Leave reserve	1,999	5,984	(5,352)	2,631
Landfill rehabilitation (Alvie)	809	57	-	866
Recreational lands	694	61	(30)	725
Colac livestock selling centre	246	475	(596)	124
Rehabilitation reserve	503	143	-	646
Plant replacement	2,399	2,656	(2,973)	2,082
Tirrengower Drainage Scheme	33	-	(21)	11
Local Government Financial Vehicle Sinking Funds	904	100	-	1,004
Unallocated Surplus Reserve	177	757	-	934
Contingent Liability Reserve	500	-	-	500
Strategic Projects Reserve	200	-	-	200
Financial Assistance Grants received in advance	3,114	85	-	3,199
Disaster Recovery Reserve	3,938	984	(3,133)	1,789
<b>Total Other reserves</b>	<b>21,739</b>	<b>17,003</b>	<b>(17,112)</b>	<b>21,630</b>
<b>2017</b>				
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 reserve	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 reserve	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
Local Government Financial Vehicle Sinking Funds	-	904	-	904
Unallocated Surplus Reserve	-	177	-	177
Contingent Liability Reserve	-	500	-	500
Strategic Projects Reserve	-	372	(172)	200
Financial Assistance Grants received in advance	-	3,114	-	3,114
Disaster Recovery Reserve	-	8,834	(4,896)	3,938
<b>Total Other reserves</b>	<b>11,067</b>	<b>28,601</b>	<b>(17,928)</b>	<b>21,739</b>

**Note 8 Other matters**

**8.1 Reserves (cont'd)**

**Purposes for Reserves**

**Carried forward projects reserve**

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

**Port of Apollo Bay reserve**

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

**Kerbside bin replacement reserve**

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

**Long service leave reserve**

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

**Landfill rehabilitation (Alvie) reserve**

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

**Recreational lands reserve**

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

**Colac livestock selling centre reserve**

This reserve is for the purpose of funding works at the Colac Livestock Selling Centre and all funds are derived from any surplus made from the operations of the Colac Livestock Selling Centre.

**Rehabilitation reserve**

This reserve is to fund the rehabilitation of the various waste disposal sites across the Colac Otway Shire.

**Plant replacement reserve**

This reserve is to fund the replacement of council's plant at the end of their useful lives. Inflows to the reserve accrue out of any plant operating surplus with the funds then being used for the changeover of plant.

**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.

**Local Government Financing Vehicle Sinking Fund**

This reserve has been established to set aside monies to fund the repayment of the Local government Financing Vehicle (LGFV) bonds as the bonds come due for payment

**Unallocated Surplus reserve**

These funds are the funds that remain unallocated at the end of the financial year to support the delivery of the services and activities as determined through Long Term Financial Planning.

**Contingent liability reserve**

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

**Strategic Projects Reserve**

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

**Financial Assistance Grants received in advance**

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

**Disaster Recovery reserve**

The purpose of this reserve is to set aside funds received in advance for use in the recovery of Disaster events. The reserve may only be used in accordance with the terms of the disaster relief funding agreements.

	2018 \$'000	2017 \$'000
<b>Note 8 Other matters</b>		
<b>8.2 Reconciliation of cash flows from operating activities to surplus/(deficit)</b>		
Surplus/(deficit) for the year	3,750	12,843
Depreciation/amortisation	9,905	9,638
Finance costs	223	280
Share of result of associate	(17)	(32)
Profit/(loss) on disposal of property, infrastructure, plant and equipment	87	5
Contributions - non monetary assets	(1,598)	(334)
<b>Change in assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	1,028	(1,659)
(Increase)/decrease in prepayments	(157)	(30)
(Increase)/decrease in accrued income	(16)	(48)
(Decrease)/increase in trade and other payables	2,534	(444)
(Decrease)/increase in accrued expenses	15	603
(Increase)/decrease in inventories	32	(44)
(Increase)/decrease in trust funds & deposits	(72)	(217)
(Decrease)/increase in provisions	1,690	(1,068)
Net cash provided by/(used in) operating activities	<b>17,405</b>	<b>19,493</b>

### 8.3 Superannuation

Council makes the majority of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. Obligations for contributions to the Fund are recognised as an expense in 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 2018), this was 9.5% as required under Superannuation Guarantee legislation (SG)).

#### 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, a full triennial actuarial investigation was completed. The vested benefit index (VBI) of the Defined Benefit category of which Council is a contributing employer was 103.1%. To determine the VBI, the Fund Actuary used the following long-term assumptions:

Net investment returns 7.0% pa

Salary information 4.25% pa

Price inflation (CPI) 2.5% pa.

Vision Super has advised that the estimated VBI as at 30 June 2018 is 106.0%.

The VBI is to be used as the primary funding indicator. Because the VBI was above 100%, the 30 June 2017 actuarial investigation determined the Defined Benefit category was in a satisfactory financial position and that no change was necessary to the Defined Benefit category's funding arrangements from prior years.

**Note 8 Other matters**

**8.3 Superannuation (Cont'd)**

***Employer contributions***

***Regular contributions***

On the basis of the results of the 2017 triennial actuarial investigation conducted by the Fund Actuary, Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2018, this rate was 9.5% of members' salaries (9.5% in 2016/2017). This rate will increase in line with any increases in the SG contribution rate. In addition, Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit.

***Funding calls***

If the Defined Benefit category is in an unsatisfactory financial position at an actuarial investigation or the Defined Benefit category's VBI is below its shortfall limit at any time other than the date of the actuarial investigation, the Defined Benefit category has a shortfall for the purposes of SPS 160 and the Fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Council) are required to make an employer contribution to cover the shortfall. Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's Defined Benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. If there is a surplus in the Fund, the surplus cannot be returned to the participating employers. In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

**2017 triennial actuarial investigation surplus amounts**

The Fund's triennial investigation as at 30 June 2017 identified the following in the defined benefit category of which Council is a contributing employer:

A VBI surplus of \$69.8 million

A total service liability surplus of \$193.5 million.

A discounted accrued benefits surplus of \$228.8 million.

The VBI surplus means that the market value of the fund's assets supporting the defined benefit obligations exceed the vested benefits that the defined benefit members would have been entitled to if they had all exited on 30 June 2017. Council was notified of the 30 June 2017 VBI during August 2017.

**2018 interim actuarial investigation**

An interim actuarial investigation will be conducted for the Fund's position as at 30 June 2018. It is anticipated that this actuarial investigation will be completed in December 2018.

## Performance Statement

For the year ended 30 June 2018

### Description of Municipality

Colac Otway Shire is situated about 160 kilometers south-west of the Melbourne CBD and approximately an hour to the large regional cities of Geelong to the east and Warrnambool to the west. Colac Otway Shire has a unique and precious natural environment containing some of the most picturesque scenery in the State. A large proportion is Forest Park and National Park, but it also includes beaches, rugged coastline, rainforests, waterfalls, volcanic lakes and craters.

The Colac Otway Shire estimated resident population is 21,436 as at 30 June 2018 and is forecast to grow to 23,725 by 2036. Approximately 83.3% of the Shire's residents were born in Australia and of those born overseas; only 4.2% came from non-English speaking backgrounds. The forecast through to 2036 is for a growth of approximately 10.24%; 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.

The five major industry sectors are:

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

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

Colac Otway Shire Council provides 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 2018

<i>Indicator/measure</i>	<b>Results 2015</b>	<b>Results 2016</b>	<b>Results 2017</b>	<b>Results 2018</b>	<b>Material Variations and Comments</b>
<b>Population</b> <i>Expenses per head of municipal population</i> [Total expenses / Municipal population]	\$2,092.24	\$2,197.93	\$2,192.10	\$2,361.85	
<b>Infrastructure per head of municipal population</b> [Value of infrastructure / Municipal population]	\$12,728.74	\$12,292.96	\$11,996.72	\$12,737.77	
<b>Population density per length of road</b> [Municipal population / Kilometres of local roads]	12.56	12.51	13.18	13.22	
<b>Own-source revenue</b> <i>Own-source revenue per head of municipal population</i> [Own-source revenue / Municipal population]	\$1,543.78	\$1,655.79	\$1,664.87	\$1,677.98	
<b>Recurrent grants</b> <i>Recurrent grants per head of municipal population</i> [Recurrent grants / Municipal population]	\$697.19	\$541.20	\$573.06	\$617.03	
<b>Disadvantage</b> <i>Relative Socio-Economic Disadvantage</i> [Index of Relative Socio- Economic Disadvantage by decile]	3.00	3.00	3.00	3.00	

### Definitions

"adjusted underlying revenue" means total income other than—

- (a) non-recurrent grants used to fund capital expenditure; and
- (b) non-monetary asset contributions; and
- (c) contributions to fund capital expenditure from sources other than those referred to in paragraphs (a) and (b)

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

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

**"population"** means the resident population estimated by council

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

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

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

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

## Service Performance Indicators

For the year ended 30 June 2018

Service/ <i>indicator/measure</i>	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
<b>Aquatic Facilities</b> <b>Utilisation</b> <i>Utilisation of aquatic facilities</i> [Number of visits to aquatic facilities / Municipal population]	0.09	2.73	6.08	5.01	It can be difficult to accurately determine aquatic visitation and net costs in a multi-faceted leisure facility. A management review has been conducted in 2017-18 of attendance and financial reporting systems to provide a more accurate assessment of net costs and visitation for indoor aquatic services.
<b>Animal Management</b> <b>Health and safety</b> <i>Animal management prosecutions</i> [Number of successful animal management prosecutions]	27.00	13.00	10.00	6.00	The number of cases prosecuted continues to reduce due to public awareness that Council has the capacity, ability and willingness to prosecute where necessary.
<b>Food Safety</b> <b>Health and safety</b> <i>Critical and major non-compliance outcome notifications</i> [Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises followed up / Number of critical non-compliance outcome notifications and major non-compliance notifications about a food premises] x100	80.77%	90.91%	81.25%	100.00%	Compliance activity prioritised in allocation of resources to ensure all major and critical non-compliance Food Premises are followed up.
<b>Governance</b> <b>Satisfaction</b> <i>Satisfaction with council decisions</i> [Community satisfaction rating out of 100 with how council has performed in making decisions in the interest of the community]	48.00	43.00	45.00	49.00	Improvements with Council's community consultation and engagement process have increased the satisfaction with Council decisions.



Service/ <i>indicator/measure</i>	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
<b>Libraries</b> <b>Participation</b> <i>Active library members</i> [Number of active library members / Municipal population] x100	17.61%	17.87%	16.70%	16.04%	Active library members does not include those members who only access e-resources because of inability to count these seperately.
<b>Maternal and Child Health (MCH)</b> <b>Participation</b> <i>Participation in the MCH service</i> [Number of children who attend the MCH service at least once (in the year) / Number of children enrolled in the MCH service] x100	74.83%	71.90%	69.68%	70.85%	
<b>Participation</b> <i>Participation in the MCH service by Aboriginal children</i> [Number of Aboriginal children who attend the MCH service at least once (in the year) / Number of Aboriginal children enrolled in the MCH service] x100	59.26%	58.33%	60.38%	66.67%	Increased work with the new Colac Gathering Place and Maternal Child Health initiatives to review all Aboriginal and Torres Strait Islander histories has resulted in an increased participation rate.
<b>Roads</b> <b>Satisfaction</b> <i>Satisfaction with sealed local roads</i> [Community satisfaction rating out of 100 with how council has performed on the condition of sealed local roads]	44.00	37.00	42.00	39.00	

Service/ <i>indicator/measure</i>	Results 2015	Results 2016	Results 2017	Results 2018	Material Variations and Comments
<b>Statutory Planning</b> <b>Decision making</b> <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	100.00%	100.00%	100.00%	100.00%	Positive result reflects quality of decisions made by Council, the majority of which are made under delegation by officers.
<b>Waste Collection</b> <b>Waste diversion</b> <i>Kerbside collection waste diverted from landfill</i> [Weight of recyclables and green organics collected from kerbside bins / Weight of garbage, recyclables and green organics collected from kerbside bins] x100	55.52%	43.32%	47.09%	47.79%	The increase in 2018 reflects the gradual reinstatement of services to some of the bushfire affected residents as properties re-build, also includes an increase of 175 new kerbside services.

## 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 2018

Dimension/indicator/measure	Results				Forecasts				Material Variations and Comments
	2015	2016	2017	2018	2019	2020	2021	2022	
<b>Efficiency</b>									
<b>Revenue level</b>									
<i>Average residential rate per residential property assessment</i> [Residential rate revenue / Number of residential property assessments]	\$1,461.91	\$1,598.36	\$1,650.83	\$1,664.15	\$1,738.01	\$1,756.96	\$1,776.11	\$1,795.47	
<b>Expenditure level</b>									
<i>Expenses per property assessment</i> [Total expenses / Number of property assessments]	\$2,859.53	\$2,967.93	\$3,087.23	\$3,279.64	\$3,101.91	\$3,156.21	\$3,212.59	\$3,273.24	
<b>Workforce turnover</b>									
<i>Resignations and terminations compared to average staff</i> [Number of permanent staff resignations and terminations / Average number of permanent staff for the financial year] x100	8.50%	11.34%	23.77%	17.93%	14.90%	14.79%	14.79%	14.79%	The 2017-18 result was influenced by the continued organisational changes that commenced from the previous year, together with the general cyclical staff turnover including some long term staff who retired throughout the year.

Dimension/indicator/measure	Results				Forecasts				Material Variations and Comments
	2015	2016	2017	2018	2019	2020	2021	2022	
<b>Liquidity</b> <b>Working capital</b> Current assets compared to current liabilities [Current assets / Current liabilities] x100	226.47%	197.53%	348.05%	254.66%	186.60%	162.35%	126.79%	87.44%	<p>The decrease in working capital is due to increased trade payables, mainly relating to capital works progress payments and an increase in the current landfill restoration provision by \$1.0m for the estimated cost of monitoring and undertaking future rehabilitation works required to reinstate landfill sites to a suitable standard. Assumptions applied to forecast data are currently under further review.</p>
<b>Unrestricted cash</b> Unrestricted cash compared to current liabilities [Unrestricted cash / Current liabilities] x100	70.19%	68.22%	192.27%	9.42%	108.57%	70.27%	33.93%	0.73%	<p>The result has reduced from 192.27% to 9.42% due to term deposits held for greater than 90 days of \$17.4m reclassified as Other financial assets in 2017-18, which is excluded from Unrestricted cash. Unrestricted cash and other financial assets is largely set aside in reserves for specific purposes and has increased slightly to \$15.7m in 2017-18 while trade payables increased \$2.4m and the current landfill restoration provision was increased by \$1.0m for the estimated cost of monitoring and undertaking future rehabilitation works required to reinstate landfill sites to a suitable standard. Assumptions applied to forecast data are currently under further review.</p>

Dimension/ <i>indicator/measure</i>	Results				Forecasts				Material Variations and Comments
	2015	2016	2017	2018	2019	2020	2021	2022	
<b>Obligations</b> <b>Asset renewal</b> <i>Asset renewal compared to depreciation</i> [Asset renewal expense / Asset depreciation] x100	101.51%	97.58%	97.66%	115.56%	82.42%	81.23%	80.05%	78.90%	Council increased its asset renewal program by 2.1m in 2017-18 mainly due to undertaking the Colac CBD and entrances project for \$2.5m. The forecast data is an estimate based on the budgeted capital works program.
<b>Loans and borrowings</b> <i>Loans and borrowings compared to rates</i> [Interest bearing loans and borrowings / Rate revenue] x100	20.15%	17.29%	13.67%	11.36%	9.02%	3.33%	2.35%	1.86%	Council has low overall debt levels and a prudent debt management strategy of no new loans.
<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%	2.79%	2.75%	5.87%	1.08%	0.57%	Council has low overall debt levels and a prudent debt management strategy of no new loans.

Dimension/indicator/measure	Results				Forecasts				Material Variations and Comments
	2015	2016	2017	2018	2019	2020	2021	2022	
<b>Indebtedness</b> Non-current liabilities compared to own source revenue [Non-current liabilities / Own source revenue] x100	28.23%	25.54%	30.33%	30.33%	23.52%	22.80%	22.48%	21.00%	Council increased the non-current landfill restoration provision by \$0.8m in 2017-18 for the estimated cost of monitoring and undertaking future rehabilitation works required to reinstate landfill sites to a suitable standard. Assumptions applied to forecast data are currently under further review.
<b>Operating position</b> <b>Adjusted underlying result</b> Adjusted underlying surplus (or deficit) [Adjusted underlying surplus (deficit) / Adjusted underlying revenue] x100	10.34%	1.88%	9.27%	0.97%	-5.11%	1.74%	2.23%	2.68%	The decrease is mainly due to higher Victorian Grants Commission grants received in advance in 2016-17 Assumptions applied to forecast data are currently under further review.
<b>Stability</b> <b>Rates concentration</b> Rates compared to adjusted underlying revenue [Rate revenue / Adjusted underlying revenue] x100	55.66%	60.86%	56.35%	58.51%	66.98%	62.21%	61.48%	60.72%	Assumptions applied to forecast data are currently under further review.

Dimension/ <i>indicator/measure</i>	Results				Forecasts				Material Variations and Comments
	2015	2016	2017	2018	2019	2020	2021	2022	
<b>Rates effort</b> <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%	0.51%	0.49%	0.50%	0.50%	0.51%	

#### 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

## Certification of the performance statement

In my opinion, the accompanying performance statement has been prepared in accordance with the *Local Government Act 1989* and the *Local Government (Planning and Reporting) Regulations 2014*.



Jason Clissold FCPA  
**Principal Accounting Officer**

Date: 17/9/18  
Colac

In our opinion, the accompanying performance statement of the Colac Otway Shire Council for the year ended 30 June 2018 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*.

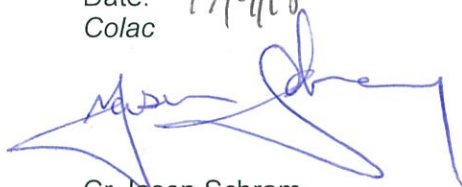
The performance statement contains the relevant performance indicators, measures and results in relation to service performance, financial performance and sustainable capacity.

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 Joe McCracken  
**Councillor**  
Date: 17/9/18  
Colac



Cr Jason Schram  
**Councillor**  
Date: 17/9/18  
Colac



Peter Brown  
**Chief Executive Officer**  
Date: 17/9/18  
Colac

# Independent Auditor's Report

## To the Councillors of Colac-Otway Shire Council

<b>Opinion</b>	<p>I have audited the accompanying performance statement of Colac-Otway Shire Council (the council) which comprises the:</p> <ul style="list-style-type: none"> <li>• description of municipality for the year ended 30 June 2018</li> <li>• sustainable capacity indicators for the year ended 30 June 2018</li> <li>• service performance indicators for the year ended 30 June 2018</li> <li>• financial performance indicators for the year ended 30 June 2018</li> <li>• other information and</li> <li>• the certification of the performance statement.</li> </ul> <p>In my opinion, the performance statement of Colac-Otway Shire Council in respect of the year ended 30 June 2018 presents fairly, in all material respects, in accordance with the performance reporting requirements of Part 6 of the <i>Local Government Act 1989</i>.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Standards on Assurance Engagements. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the performance statement</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. I and my staff are independent of the council in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the performance statement in Victoria and have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Councillors' responsibilities for the performance statement</b>	<p>The Councillors are responsible for the preparation and fair presentation of the performance statement in accordance with the performance reporting requirements of the <i>Local Government Act 1989</i> and for such internal control as the Councillors determines is necessary to enable the preparation and fair presentation of the statement of performance that is free from material misstatement, whether due to fraud or error.</p>
<b>Auditor's responsibilities for the audit of the performance statement</b>	<p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the performance statement based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the performance statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Standards on Assurance Engagements will always detect a material misstatement when it exists.</p>

---

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of this performance statement.

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

- identify and assess the risks of material misstatement of performance statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the council's internal control
- evaluate the overall presentation, structure and content of the performance statement, including the disclosures, and whether performance statement represents the underlying events and results in a manner that achieves fair presentation.

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

---

MELBOURNE  
17 September 2018

  
Tim Loughnan  
as delegate for the Auditor-General of Victoria

## Other Information

For the year ended 30 June 2018

### 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 27 June 2018 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.

## *Acronyms and Definitions*

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

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## *Contacting Council*

### **Colac Service Centre**

2-6 Rae Street  
Colac Vic 3250

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

### **Postal Address**

PO Box 283  
Colac Vic 3250

### **Email Address**

[inq@colacotway.vic.gov.au](mailto:inq@colacotway.vic.gov.au)

### **Website Address**

[www.colacotway.vic.gov.au](http://www.colacotway.vic.gov.au)