



Colac Otway
SHIRE

Quarterly Performance Report 2025-26

Q3

1 January 2026

to

31 March 2026



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Acknowledgement

The Colac Otway Shire Council respectfully acknowledges the Gulidjan and Gadubanud peoples of the Maar Nation as the Traditional Custodians of the Colac Otway region, the land and waterways upon which the activities of the Colac Otway Shire Council are conducted on.

We pay our respects to their ancestors and elders, past, present and emerging. We recognise and respect their unique cultural heritage, beliefs and up hold their continuing relationship to this land.

Annual Plan Progress Report

Council Plan 2025–29

Council formally adopted the Council Plan 2025-29 at a Council meeting held on 14 October 2025. The Council Plan is a document developed in partnership with the community to guide Council’s strategic direction over the next four years.

The key issues faced by our community, identified through the development of the Community Vision 2050 and also the 10 year Financial Plan and 10 year Asset Plan, informs the choice of major projects and activities that Council identifies as its highest priorities.

Council Plan 2025 – 29 Strategic Themes

Council has three themes for the 2025-29 Council Plan: Place, People and Prosperity:



Municipal Health and Wellbeing Plan

Council has chosen to incorporate the Municipal Health and Wellbeing Plan (MHWP) into the Council Plan 2025-29. This will ensure major health priorities for the region are captured in this overarching strategic document.

Annual Plan 2025-26: Quarterly Performance Reporting – January to March 2026

Actions continued to progress to deliver on the 2025-26 Annual Plan and a summary of progress against the 50 action items is provided below:

- 12 action items have been completed
- 23 actions are on track and will be completed this year
- 10 actions items are in on track and will be completed in 2026-27
- 5 actions are experiencing delays and will be completed in 2026-27

Key initiatives that have continued to progress include:

- **Eliminyt Wetlands:** The project is progressing well and is on track for completion in May 2026
- **Apollo Bay Structure Plan:** The community reference group and first engagement occurred in March to discuss the issues and opportunities report.
- **Road Safety Strategy:** Consultation has been completed and the Draft Road Safety Strategy is on track for Public Endorsement in May 2026.
- **Safer Local Roads and Streets Program:** is progressing well, with construction of the roundabout at the intersection of Pascoe Street and Moore Street, Apollo Bay commenced. Construction of raised pedestrian crossings and speed cushions on Armstrong Street, Pound Road and Connor Street is planned to commence in May.
- **Colac Sale Yard Improvements:** Contract for loading ramp improvements awarded, design completed and manufacture is underway.
- **Economic Development Strategy:** is currently in development, with community and business consultation occurring in February, and a draft strategy has been developed.

3rd Quarter Summary Result

Council Themes & Outcome	Completed	On Track and will be completed this financial year as planned	On Track and will be completed in 2026/27 as planned	In progress, experiencing temporary delays and expected to be completed this financial year	In progress, experiencing delays that mean this action will be carried over and completed in 2026/27	Not yet programmed to start and will progress to plan when it does commence
1. PLACE – Our Shire is a great place to live, work and belong	2	8	5			
2. PEOPLE – Our community is vibrant, healthy and supported	3	5			1	
3. PEOPLE – Our Council governs progressively and sustainably for all	4	4	3		2	
4. PROSPERITY – Our Economy is growing and diverse, supporting innovation, new businesses and investments	2	4			1	
5. PROSPERITY – Our tourism industry is thriving, with expanded and interlinked experiences	1	2	2		1	
Total	12	23	10		5	

The table above shows the status as at 31 March 2026 for the 50 items included for actioning in the 2025-26 Annual Action Plan and it should be noted that actions have progressed since this point in time.

3rd Quarter Report

Theme: PLACE

1. Our Shire is a great place to live, work and belong				
COUNCIL PLAN STRATEGIC OUTCOMES	2025-26 ANNUAL ACTION PLAN	QUARTERLY PERFORMANCE REPORTING UPDATE QUARTER 3 (January to March)	% Complete	Status
1.1 Enliven and beautify our townships and natural environments	1.1.1 Progress Apollo Bay Structure Plan Review	The community reference group and first engagement occurred in March to discuss the issues and opportunities report. This is a multi year project.	75%	On Track and will be completed in 2026-27 as planned.
	1.1.2 Complete the Elliminyt Wetlands project	Completion expected in May 2026.	90%	On track and will be completed this financial year as planned.
	1.1.3 Deliver Council's Street Tree planting program to identified candidate streets	The planting program has mostly been finalised, with approximately 100 trees planted this year. There has been a focus on filling gaps where there are dead trees.	90%	On track and will be completed this financial year as planned.

COUNCIL PLAN STRATEGIC OUTCOMES	2025-26 ANNUAL ACTION PLAN	QUARTERLY PERFORMANCE REPORTING UPDATE QUARTER 3 (January to March)	% Complete	Status
	1.1.4 Implement the Greenlinks Revegetation program at Barongarook Creek in Colac	Large woody weed removal commenced in early March and minor woody weed treatment is commencing in Q4. Public signage has been put in place. The collaboration with V Line/Vic Track near Wallace Street has been successfully completed.	75%	On track and will be completed in 2026-27 as planned.
	1.1.5 Complete the Birregurra Structure Plan review.	The Birregurra Structure Plan was adopted by Council in Q2.	100%	Completed
1.2 Enhance our community and social spaces and collaborate with communities to deliver healthy and climate environments	1.2.1 Undertake the Bluewater Leisure Centre Electrification project.	Work has progressed on this project and pre-tender estimates are to be completed in April 2026.	75%	On track and will be completed in 2026-27 as planned.
	1.2.2 Prepare designs for the Lake Colac Foreshore Regional Playspace	Quotations for Design Services and Cultural Heritage Investigations have been accepted. A project plan is being developed.	35%	On track and will be completed in 2026-27.

COUNCIL PLAN STRATEGIC OUTCOMES	2025-26 ANNUAL ACTION PLAN	QUARTERLY PERFORMANCE REPORTING UPDATE QUARTER 3 (January to March)	% Complete	Status
	1.2.3 Construct a dog park at Colac's Central Reserve.	Detailed Design underway and is expected to be completed in April/May 2026.	75%	On track and will be completed in 2026-27 as planned
	1.2.4 Deliver climate change mitigation and adaptation programs in partnership with Geelong Sustainability.	Implementation of the strategic partnership program continued with the energy efficiency upgrades delivered to residents through the Electric Homes program. 'Relief in Place' facilities at Colac Neighbourhood House and Colac Showgrounds were activated and utilised during extreme weather and fire danger days during January and February. Several local community facilities also received energy efficiency audits and recommendations; and five local community leaders have been recruited to undertake Climate Resilience Leadership training in early May.	75%	On track and will be completed this financial year as planned.
1.3 Make it safe and easy to get around the Shire	1.3.1 Develop a Road Safety Strategy	Draft Road Safety Strategy has been developed and is planned to be presented for Council endorsement for public exhibition in Q4.	75%	On track and will be completed this financial year as planned.

COUNCIL PLAN STRATEGIC OUTCOMES	2025-26 ANNUAL ACTION PLAN	QUARTERLY PERFORMANCE REPORTING UPDATE QUARTER 3 (January to March)	% Complete	Status
	1.3.2 Construct new footpath connections in accordance with the footpath strategy for Colac and Apollo Bay.	A tender for selecting a contractor for Ballagh Street has been finalised, and construction will commence in May. Design documentation for the Nelson Street footpath is being finalised. A new footpath will be constructed in Ramsden Avenue as part of the road reconstruction works which commenced in March.	75%	On track and will be completed this financial year as planned.
	1.3.3 Renew CCTV equipment within the central Colac precinct	The link to Central Reserve and the Police station has been remediated and the project for the central Colac precinct CCTV has been completed.	100%	Completed
	1.3.4 Implement approved road safety upgrades under the State Government's Safer Local Roads and Streets program	Construction of the roundabout at the intersection of Pascoe Street and Moore Street, Apollo Bay has commenced. The timing of works was delayed to minimise impacts to Pascoe Street businesses, hence the works will now be completed early in 2026-27. Construction of raised pedestrian crossings and speed cushions on Armstrong Street, Pound Road and Connor Street in Colac is planned to commence in May.	65%	In progress, experiencing delays that mean this action will be carried over and completed in 2026-27.
	1.3.5 Develop a policy framework for consideration of proposals to seal unsealed roads	The draft Road Upgrade Policy was endorsed for exhibition at the March Council meeting and submissions close in early May.	90%	On track and will be completed this financial year as planned.

COUNCIL PLAN STRATEGIC OUTCOMES	2025-26 ANNUAL ACTION PLAN	QUARTERLY PERFORMANCE REPORTING UPDATE QUARTER 3 (January to March)	% Complete	Status
1.4 Ensure our region offers a diversity of economic opportunities supported by an array of housing options	1.4.1 Participate in the Colac Otway Adaptable Precincts Project relating to Colac and Apollo Bay, funded by the Federal Government's Regional Precincts and Partnerships program.	Community engagement has commenced and site investigations complete. Modular housing designs currently under development. This is a multi-year project and 2025-26 milestones will be completed this financial year.	75%	On track and will be completed this financial year as planned

Theme: PEOPLE

2. Our community is vibrant, healthy and supported				
2.1 Work with partners to ensure important services like employment, health, and education are readily available	2.1.1 Implement Year 1 actions from the Municipal Health and Wellbeing Action Plan.	A workshop was organised with stakeholders in February to discuss the progress in the implementation of the Health and Wellbeing Action Plan. 20 participants from 17 organisations attended. Each participant reported on the programs that they were delivering in preventative health and health promotion and how it directly/indirectly contributed to the actions in the plan. Progress has been made in embedding healthy eating and active living actions across different organisations.	75%	On Track and will be completed this financial year as planned.

COUNCIL PLAN STRATEGIC OUTCOMES	2025-26 ANNUAL ACTION PLAN	QUARTERLY PERFORMANCE REPORTING UPDATE QUARTER 3 (January to March)	% Complete	Status
2.2 Build greater community connection through social, cultural, and recreational opportunities	2.2.1 Prepare designs for the potential redevelopment of Colac's Lake Oval Clubrooms.	<p>This project has experienced delays as it was waiting the completion of the Colac Otway Football (Soccer) Feasibility Study and Youth and Recreation Centre lease. Both these matters have progressed to a level to provide clarity to Council about the Lake Oval.</p> <p>The project brief is now being developed for the Clubrooms and procurement for a consultant will commence in Q4.</p>	15%	In progress, experiencing delays that mean this action will be carried over and completed in 2026/27
	2.2.2 Support Geelong Regional Library Corporation to develop the new 2025-29 Library Plan, representing the needs of the community in Colac Otway Shire.	Completed in Q1. Council officers had input into the development of the new 2025-29 Library Plan, with the plan now having been adopted by the Geelong Regional Library Corporation Board.	100%	Completed
	2.2.3 Deliver youth engagement services and programs, such as Youth Fest	Youth programs are delivered based on the guidelines of the Victorian State funded Engage! program across three domains: youth engagement and participation, youth development, and celebration and events. The following programs were delivered: Youth Sunday music sessions at Lake View Colac Cafe, Youth music hour at Gellibrand River market, participation and engagement during the Colac Kana festival and Tertiary Education Information services session with SouthWest TAFE.	75%	On Track and will be completed this financial year as planned.

COUNCIL PLAN STRATEGIC OUTCOMES	2025-26 ANNUAL ACTION PLAN	QUARTERLY PERFORMANCE REPORTING UPDATE QUARTER 3 (January to March)	% Complete	Status
<p>2.3 Identify and advocate for increased support for vulnerable communities, and vulnerable and socially disadvantage members of our communities, wherever possible</p>	<p>2.3.1 Continue the transition of aged care services to the Commonwealth Government's new Support at Home program.</p>	<p>Council successfully transitioned services to the new Support at Home program on 1 November 2025.</p>	<p>100%</p>	<p>Completed</p>
	<p>2.3.2 Advocate for increased availability of social support services, particularly to cover gaps in the provision of mental health, counselling, homelessness outreach and emergency accommodation, including wrap-around supports.</p>	<p>Council continues to advocate for increased availability of social support services to the community.</p> <p>Council's efforts during this quarter were dedicated to relief and recovery and advocating on behalf of the residents.</p>	<p>75%</p>	<p>On Track and will be completed this financial year as planned.</p>

COUNCIL PLAN STRATEGIC OUTCOMES	2025-26 ANNUAL ACTION PLAN	QUARTERLY PERFORMANCE REPORTING UPDATE QUARTER 3 (January to March)	% Complete	Status
2.4 Promote and enable healthy behaviours	2.4.1 Implement the Colac Otway Food Systems Community Partnership project in partnership with Colac Secondary College, Colac Area Health, Farm my School and other key stakeholders	The Farm My School Colac project is progressing well. Harvest from the farm began in February and the farm is making fresh veggie boxes available to the community. The produce is all organic and rich in nutrients. The project is also conducting workshops with community participants to develop their capacity to grow organic vegetables themselves.	75%	On Track and will be completed this financial year as planned.
	2.4.2 Continue to partner with Colac Area Health in 16 Days of Activism initiative	Completed in Q2. Several activities were held during the 16 Days of Activism period from 25 November to 10 December. Council worked with a range of partners to deliver an event that highlighted increased promotion of gender equity and equality to encourage prevention of all forms of violence against women and children.	100%	Completed
2.5 Ensure opportunities for greater community connections for multicultural and First Nations groups within our Shire	2.5.1 Partner with community organisations, traditional owner groups and the Colac Multicultural Association to promote programs for multicultural and First Nations peoples in the Shire	Council Officers continue to participate in meetings of the Colac Intercultural Committee, Colac Multicultural Association and the Schools and Community Together (SACT). Council continues to support Cultura to deliver services to the multicultural community in the Shire.	75%	On Track and will be completed this financial year as planned.

COUNCIL PLAN STRATEGIC OUTCOMES	2025-26 ANNUAL ACTION PLAN	QUARTERLY PERFORMANCE REPORTING UPDATE QUARTER 3 (January to March)	% Complete	Status
3. Our Council governs progressively and sustainably for all				
3.1 Elevate the efficiency and effectiveness of our Council	3.1.1 Implement Customer Experience improvement program.	A Councillor briefing is scheduled to be held in May.	65%	On track and will be completed this financial year as planned.
	3.1.2 Progress service reviews for priority areas, determined through discussion with Councillors.	This will commence in Q4.	10%	On track and will be completed this financial year as planned.
	3.1.3 Explore opportunities to dispose of surplus Council land and/or assets	Management has briefed Councillors on progress in identifying properties that may be surplus to Council's requirements. A list of buildings and land assets has now been developed for further consideration.	100%	Completed.

COUNCIL PLAN STRATEGIC OUTCOMES	2025-26 ANNUAL ACTION PLAN	QUARTERLY PERFORMANCE REPORTING UPDATE QUARTER 3 (January to March)	% Complete	Status
	3.1.4 Undertake the Planning Scheme Review.	The procurement for the Planning Scheme review is scheduled to commence in Q4 with an anticipated end date of October 2026.	75%	On Track and will be completed in 2026-27 as planned.
3.2 Make well-informed, transparent decisions for the betterment of the community through best-practice governance	3.2.1 Implement response provided to the recommendations from the Monitors report.	Status Report was presented to Council on 10 February, has been sent to the Minister for LG and placed onto Council's website. Councillors Continuing Professional Development Program for 2026 has commenced, which progresses multiple actions from the recommendations.	50%	On track and will be completed in 2026-27
	3.2.2 Review Council's Resource Recovery and Waste Strategy.	Strategy review being finalised in advance of Council consideration in Q4, along with review of transfer stations operations. Work on the 10-year Waste Services contract is progressing well.	75%	On Track and will be completed in 2026-27 as planned.
	3.2.3 Adopt a revised Domestic Animal Management Plan.	The Domestic Animal Management Plan was adopted at the November 2025 Council meeting.	100%	Completed

COUNCIL PLAN STRATEGIC OUTCOMES	2025-26 ANNUAL ACTION PLAN	QUARTERLY PERFORMANCE REPORTING UPDATE QUARTER 3 (January to March)	% Complete	Status
3.3 Build and maintain effective working relationships with all levels of government	3.3.1 Review Advocacy Strategy and determine Council's priority projects.	Council adopted its Advocacy Framework and Priority Projects at its December 2025 meeting.	100%	Completed
3.4 Communicate and engage positively and clearly with the community	3.4.1 Undertake minimum of two Community Conversations at townships across the Shire.	Community Conversations are scheduled to be held in May and June at Beech Forest and Cressy.	35%	On track and will be completed this financial year as planned.
	3.4.2 Review Council's Community Engagement Policy.	An initial review has been undertaken along with benchmarking against other Council policies. Further work to be undertaken in Q4	10%	In progress, experiencing delays that mean this action will be carried over and completed in 2026-27.
	3.4.3 Early and effective engagement with the community on emergency preparedness.	Council's Emergency Management team has been working with the community and emergency agencies to prepare for the upcoming bushfire season. The township emergency management plans have been updated and meetings are underway with the relevant small town communities.	100%	Completed.

COUNCIL PLAN STRATEGIC OUTCOMES	2025-26 ANNUAL ACTION PLAN	QUARTERLY PERFORMANCE REPORTING UPDATE QUARTER 3 (October to December)	% Complete	Status
3.5 Develop and refine policies that support the health and wellbeing of the community	3.5.1 Implement Council's Gender Equity Action Plan and conduct Gender Impact Assessments to inform Council's policies, programs and services	Council has reviewed the scope, timing and resourcing for the 2026–2030 Gender Equality Action Plan to ensure it is robust, evidence based and informed by meaningful consultation. Due to significant organisational pressures, an extension was approved to lodge the GEAP by 1 July 2026. Planning for targeted stakeholder consultation and analysis of gender impact data is now underway to support a comprehensive, practical Action Plan aligned with Council Priorities.	85%	On Track to be completed this financial year
	3.5.2 Support the Global Age Friendly Cities declaration	This activity will progress in Q4 with community consultation and review of the Global Age Friendly Cities declaration framework.	0%	In progress, experiencing delays that mean this action will be carried over and completed in 2026-27.

Theme: PROSPERITY

4. Our Economy is growing and diverse, supporting innovation, new businesses and investments				
COUNCIL PLAN STRATEGIC OUTCOMES	2025-26 ANNUAL ACTION PLAN	QUARTERLY PERFORMANCE REPORTING UPDATE QUARTER 3 (January to March)	% Complete	Status
4.1 Attract business and government investment to stimulate industry and business growth	4.1.1 Develop a new Economic Development Strategy.	The Economic Development Strategy is currently in development. Community and business consultation in February delivered an excellent turnout.	75%	On track and will be completed this financial year as planned.
	4.1.2 Develop a Strategy for the Colac Aerodrome.	Contract has been awarded with inception meeting to be held in April.	25%	In progress, experiencing delays that mean this action will be carried over and completed in 2026/27
4.2 Protect and leverage our traditional agricultural and manufacturing industries to create new economic opportunities, preparing for and responding to changes to the natural environment	4.2.1 Complete Saleyards Review	Service Review has been completed and Advisory Committee was informed of the outcomes.	100%	Completed
	4.2.2 Upgrade facilities at the Colac Saleyards, including purchase of a multi-deck loading race.	Contract for loading ramp improvements awarded, design completed and manufacture is underway.	85%	On track and will be completed this financial year as planned.

COUNCIL PLAN STRATEGIC OUTCOMES	2025-26 ANNUAL ACTION PLAN	QUARTERLY PERFORMANCE REPORTING UPDATE QUARTER 3 (January to March)	% Complete	Status
4.3 Build economic opportunities from local arts, culture, sports, science and technology	4.3.1 Develop a Public Art Policy and implement the Public Art program.	The Public Art Policy and associated guidelines were formally adopted at Council's October meeting. Following this, an Expression of Interest (EOI) process for Council contribution funding toward public artwork is currently open to market. Delivery of the selected artwork is planned by the end of December 2026.	100%	Completed
	4.3.2 Determine the future management of COPACC.	The EOI process has concluded with an in-principle proponent identified as per Council resolution 10 March 2026. Community consultation and final decision will occur in Q4.	90%	On Track and will be completed this financial year as planned.
	4.3.3 Work with TAFE and other education providers to enhance their offerings in Colac Otway Shire.	The Economy and Creative Industries team is meeting with Department of Employment and Workplace Relations to discuss identified skills gaps across the Shire and to support engagement with South West TAFE on potential program development. Council will also participate in the upcoming regional Transport Engagement Session to identify current barriers within local transport offerings that may be limiting student access and participation in training.	75%	On track and will be completed this financial year as planned.

5. Our tourism industry is thriving, with expanded and interlinked experiences

COUNCIL PLAN STRATEGIC OUTCOMES	2025-26 ANNUAL ACTION PLAN	QUARTERLY PERFORMANCE REPORTING UPDATE QUARTER 3 (January to March)	% Complete	Status
5.1 Facilitate growth and diversification of the visitor economy to increase visitation, length of stay and employment outcomes	5.1.1 Support the upgrade of the Lake Colac Holiday Park.	The upgrade works have been successfully completed and formally signed off by Council team in accordance with the funding agreement.	100%	Completed
5.2 Enhance promotion of Colac Otway Shire as a destination	5.2.1 In partnership with Great Ocean Road Regional Tourism, undertake a project focussing on Colac and leveraging its important role in the regional visitor economy.	Colac-specific visitation content project is underway, with filming completed at the end of March in partnership with GORRT to highlight Colac's role in the regional visitor economy.	75%	On track and will be completed this financial year as planned.
5.3 Increase tourism offerings and investment in Colac Otway Shire through events, products and attractions	5.3.1 Partner with local businesses to develop a visitor economy business partnering program.	No activity this quarter.	0%	Not yet programmed to start

COUNCIL PLAN STRATEGIC OUTCOMES	2025-26 ANNUAL ACTION PLAN	QUARTERLY PERFORMANCE REPORTING UPDATE QUARTER 2 (October to December)	% Complete	Status
	5.3.2 Continue to investigate and support options for short term accommodation in Colac.	An EOI is currently being prepared for the Civic Precinct to explore short-term accommodation opportunities. Regional Development Victoria (RDV) and Invest Victoria have been engaged. The intention is to circulate the EOI to RDV and Invest Victoria for broader distribution to developers and to test market interest.	40%	On Track and will be completed this financial year as planned.
	5.3.3 Explore opportunities for activating key public spaces through events and programs.	February's Basketball Weekends saw strong Council involvement, facilitating collaboration between the Basketball Association, Business Chambers and local media to promote the event and encourage extended trading hours. Council also programmed Pierce Brothers in Memorial Square to draw visitors into the town centre. The event was well attended, with an estimated 300-400 participants, supporting activation of key public spaces.	75%	On track and will be completed in 2026-27 as planned.
5.4 Improve tourism infrastructure that leverages our natural tourism and recreation assets	5.4.1 Undertake renewal works at the Red Rock scenic lookout.	Currently engaging with Red Rock District Progress Association on proposed works. Anticipate going seeking tenders in Q4. This is a multiyear project.	55%	Behind schedule but will be completed in 2026-27.

Budget Report

Executive Summary

For the year to date, Council is tracking in a good position both in terms of a Total Comprehensive Result and in Recurrent Operations.

The year-to-date **Total Comprehensive Result** is a surplus of \$13.92 million for the year to date which is \$7.68 million favourable to Current Budget.

The main contributors are:

1. Capital Grant Income of \$4.20 million received earlier in the financial year than expected which is temporary.
2. A temporary variance in Employee Costs of \$1.21 million due to a current underspend.

The **Recurrent Operations** result for the year to date is a surplus of \$15.37m, which is \$921k favourable to Current Budget.

During the quarter officers have worked to estimate a full year forecast position as to where it is believed Council will end by June 2026.

The full year forecast position at this point is for a deficit of \$2.41 million. This forecast is less than the surplus that was anticipated in the Current Budget outcome of \$7.89 million. This is largely due to;

- A reduction in Operating Grants relating to the early payment in the 2024-25 financial year of the Federal Financial Assistance Grant;
- The Grants associated with Capital projects that have been carried forward to the 2026-27 financial year; and
- Taking into account year to date permanent variances coupled with other expected variances by year end.

March Balance Sheet results show year-to-date assets have grown compared to same time last year, due mainly to an increase in cash and capital works to date. Liabilities have also increased, mainly due to the Landfill Provision inclusion at 30 June 2025 Year End. The Total Equity position is increased from the same time in the prior year by \$6.75 million.

Year-to-date Ratios are tracking well to year-end Victorian Auditor General Office (VAGO) targets. The asset renewal ratio is above the VAGO target at this point, indicating stronger than anticipated capital expenditure due to completion of projects carried forward from 2025-26. Working capital and cash ratios indicate strong balances relative to corresponding liabilities.

Council's current investment balance is \$21.00 million with a total of \$7.00 million with a maturity date in quarter four 2025-26, which will enable timely payment of anticipated capital spend.

Glossary

Please find below glossary of terms to assist with reading this Budget Report:

Adopted Budget:	is the 2025-26 Annual Budget that was adopted by Council in June 2025 and is displayed on the Council website With respect to the Balance Sheet and the Statement of Cash Flows, carrying balances have also been updated to reflect the impact of audited closing balances as at 30 June 2025 which were different to the assumed opening balances in the Adopted Budget.			
Balance sheet:	a financial statement that shows the assets and liabilities of Council at a specific point in time.			
Council:	refers to Colac Otway Shire Council			
Current Budget:	is the Adopted Budget for 2025-26 plus any Carry Forward Projects from 2024-25 (approved by Council during July 2025) plus any Budget Adjustments that have been approved year-to-date by Council (e.g. as part of reviews of the operating projects and capital programs).			
Recurrent Operations:	represent day to day activities and operations that are core to Council performance			
EBITDA:	is a standard financial term meaning earnings before nett interest, taxes, depreciation and amortisation			
Forecast:	is the expected End of Financial Year position estimated by Council Officers taking into account: <ul style="list-style-type: none"> • events that have transpired year-to-date and given rise to permanent variances (favourable and unfavourable) from the Current Budget; and • events and outcomes now expected to crystallise by the end of the Financial Year which were unknown (or unable to be reliably estimated) at the time of preparation of the Adopted Budget for 2025-26 			
Reserve:	funding broken into statutory (for a specific obligation) or internal (for a council resolved purpose)			
Statement of Cash Flows:	a financial statement that summarises the cash inflows and outflows for a reporting period			
Underlying Operating Surplus (Deficit):	Council's operating position is its surplus or deficit after non-recurrent revenues (such as one-off capital grants and non-monetary contributions from developers) have been removed. If the result is positive, the Council's ongoing revenue is sufficient to fund its current activities			
Non Recurrent Operations:	represent ad hoc revenue items, operating grants income and expenditure on operating projects (usually tied to grant funding). Therefore, this represents areas of Council operations and performance that Management and Council Officers have strong influence over implementation but a reduced ability to alter the amounts or the origination of the projects			
Indicator Colour Key for Financial Ratios	<table border="1"> <tr> <td style="background-color: #d9ead3;">= On Target</td> </tr> <tr> <td style="background-color: #f4cccc;">= Below Target</td> </tr> <tr> <td style="background-color: #f8cbad;">= Well Below Target</td> </tr> </table>	= On Target	= Below Target	= Well Below Target
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Operating Result

Comprehensive Income Statement

For the period ended 31 March 2026

Colac Otway Shire Council	Notes	Year-To-Date				Full Year	
		Actual \$'000	Current Budget \$'000	Variance \$'000	Variance %	Current Budget \$'000	Forecast \$'000
Revenue							
Rates and Charges		38,949	38,688	261	1%	38,748	39,040
Statutory Fees and Fines		920	777	143	18%	1,003	1,161
User Fees	1	6,170	6,799	(629)	(9%)	9,242	8,252
Other Income	2	1,465	1,002	463	46%	1,299	1,367
Net Gain/(Loss) on Disposal of Property, Infrastructure, Plant and Equipment	3	291	-	291	100%	-	250
Share of Net Profit/(Loss) of Associates and Joint Ventures		-	-	-	0%	(100)	-
Total operating revenue		47,795	47,266	529	1%	50,192	50,070
Grants - Operating	4	6,237	5,106	1,131	22%	14,290	10,229
Grants - Capital	5	8,051	4,201	3,850	92%	16,363	10,230
Contributions - Monetary	6	649	19	630	3359%	25	757
Total Grants and Contributions		14,936	9,325	5,611	60%	30,678	21,216
Total Revenue		62,732	56,591	6,140	11%	80,870	71,286
Expenses							
Employee Costs	7	18,503	19,707	1,205	6%	26,618	26,054
Materials and Services	8	17,858	17,603	(254)	(1%)	28,874	29,648
Depreciation and Amortisation		10,999	11,653	654	6%	15,538	16,038
Amortisation - Right of Use Assets		69	76	6	8%	101	93
Bad and Doubtful Debts		()	-	-	0%	5	5
Borrowing Costs		-	-	-	0%	14	-
Other Expenses		1,349	1,308	(41)	(3%)	1,824	1,860
Total Expenses		48,810	50,348	1,538	3%	72,975	73,698
Surplus/(Deficit) for the Year		13,921	6,243	7,678	123%	7,896	(2,412)
Other Comprehensive Income							
Items that will not be reclassified to Surplus or Deficit in future periods							
Net Asset Revaluation Increment/(Decrement)		-	-	-	-	-	-
Share of other Comprehensive Income of Associates and Joint Ventures		-	-	-	-	-	-
Total Comprehensive Result		13,921	6,243	7,678	123%	7,896	(2,412)
DEDUCT:							
Grants - Capital		(8,051)	(4,201)	(3,850)	92%	(16,363)	(10,230)
Contributions - Monetary		(649)	(19)	(630)	3359%	(25)	(757)
Adjusted Underlying Surplus/Deficit		5,222	2,024	3,198	158%	(8,493)	(13,399)

The year-to-date result is \$7.68 million favourable to current budget. The full year current budget is a \$7.90 million surplus.

Further information on key variances is provided on the following page.

Income

Note	Comment	Amount (\$'000s)
1	User Fees: Unfavourable permanent variance of around \$629k mainly due to; the Federal government's delayed implementation of the new Aged Care Act, lower than budgeted fees at COPACC (due to a reduced program), the Colac Regional Saleyards (due to reduced throughput), and Bluewater (due to higher than budgeted memberships on hold and gym closure for equipment replacement).	(629)
2	Other Income: Favourable permanent variance due to higher than budgeted Interest received on investments, and unbudgeted Victorian Electoral Commission (VEC) fine payments for the 2024 local government elections.	463
3	Net Gain/(Loss) on Disposal of Property, Infrastructure, Plant and Equipment: Favourable temporary variance due to gain from disposals of items replaced under the Capital Program. Variance is forecast to reduce by year end due to offset of loss on disposal of other assets.	291
4	Grants Operating: Favourable temporary variance year to date due to a payment of the 2025-26 Federal Financial Assistance Grant this quarter. The full year forecast will be for an unfavourable variance as a tranche of this grant was received in 2024-25 but budgeted to be received in June 2026.	1,131
5	Grants – Capital: Temporary favourable variance with Capital Grants income received year-to-date for a suite of different grant-funded projects. The full year current budget allows for all capital projects to be completed while the forecast allows for anticipated carry overs to next financial year.	3,850
6	Contributions – monetary: Favourable permanent variance due to Public Open Space contributions received from developers in excess of budget estimates.	630

Expenses

Note	Comment	Amount (\$'000s)
7	Employee Costs: Favourable temporary variance due to; reduced hours within the Ageing Well Program, vacancies experienced, 2025-26 Workcover Premium lower than budgeted.	1,205
8	Materials and Services: Unfavourable permanent variance due to an increase in agency staff use to fill vacant employee positions and greater than budgeted legal costs. Funded operational projects have used more employees year to date than budgeted. All operational projects have been forecasted to be complete by year end therefore forecast increase in Materials and Services is due to the above operational factors.	(254)

Key variances (and Note reference numbers) in this table are also applicable to the following reconciliation of EBITDA to comprehensive result.

Adjusted Underlying Surplus or Deficit Statement

For the period ended March 2026

Colac Otway Shire Council	Notes	Year-To-Date				Full Year	
		Actual \$'000	Current Budget \$'000	Variance \$'000	Variance %	Current Budget \$'000	Forecast \$'000
Recurrent Operations							
Revenue							
Rates and Charges		38,949	38,688	261	1%	38,748	39,040
Statutory Fees and Fines		920	777	143	18%	1,003	1,161
User Fees	1	6,170	6,799	(629)	(9%)	9,242	8,252
Other Income - excluding Interest	2	429	207	222	107%	239	307
Own Source Revenue		46,468	46,471	(3)	(0%)	49,232	48,760
Grants - Operating (Recurrent)	4	4,209	4,842	(633)	(13%)	10,206	6,146
Total Revenue		50,678	51,313	(635)	(1%)	59,438	54,906
Expenses							
Employee Costs	7	18,251	19,620	1,369	7%	26,442	25,878
Materials and Services	8	16,035	16,177	142	1%	21,690	22,464
Other Expenses		1,023	1,068	45	4%	1,444	1,481
Total Expenses		35,308	36,864	1,556	4%	49,576	49,823
Recurrent Operations Surplus/(Deficit) for the Period		15,370	14,449	921	6%	9,862	5,083
Operating Projects Expenses							
Employee Costs (funded operating projects)	7	252	88	(164)	(188%)	176	176
Materials and Services (funded operating projects)	8	1,823	1,427	(396)	(28%)	7,184	7,184
Other Expenses/Income (funded operating projects)		327	240	(86)	(36%)	385	385
Total Operating Projects Expenses		2,402	1,755	(647)	(37%)	7,746	7,746
Non Operational Revenue							
Grants - Operating (Non-Recurrent)	4	2,028	264	1,764	669%	4,084	4,084
Net Gain/(Loss) on Disposal of Property, Infrastructure, Plant and Equipment	3	291	-	291	0%	-	250
Share of Net Profit/(Loss) of Associates and Joint Ventures		-	-	-	0%	(100)	-
Total Non Operational Revenue		2,319	264	2,055	780%	3,984	4,334
Non-Recurrent Operations Surplus/(Deficit) for the Period		(83)	(1,491)	1,408	(94%)	(3,762)	(3,412)
Operations Surplus/(Deficit) for the Period		15,286	12,958	2,329	18%	6,100	1,671
Non-Recurrent and Ad Hoc Capital Revenue							
Grants - Capital	5	8,051	4,201	3,850	92%	16,363	10,230
Contributions - Monetary	6	649	19	630	3359%	25	757
Total Non-Recurrent and Ad Hoc Capital Revenue		8,699	4,219	4,480	106%	16,388	10,987
EBITDA		23,986	17,177	6,809	40%	22,489	12,658
Depreciation and Amortisation		10,999	11,653	654	6%	15,538	16,038
Amortisation - Right of Use Assets		69	76	6	8%	101	93
Interest Income	2	(1,036)	(795)	241	(30%)	(1,060)	(1,060)
Borrowing Costs		-	-	-	0%	14	-
Total Interest (Net), Tax, Depreciation & Amortisation Expenses		10,065	10,934	870	8%	14,593	15,071
Total Comprehensive Result		13,921	6,243	7,678	123%	7,896	(2,412)
DEDUCT:							
Grants - Capital		(8,051)	(4,201)	(3,850)	92%	(16,363)	(10,230)
Contributions - Monetary		(649)	(19)	(630)	3359%	(25)	(757)
Adjusted Underlying Surplus/Deficit		5,222	2,024	3,198	158%	(8,493)	(13,399)

The above reconciliation breaks down the Total Comprehensive Result into components as follows:

The **Recurrent Operations** result for the year to date is a surplus of \$15.37m, which is \$921k favourable to Current Budget. Explanations of these variances are outlined in the earlier table.

The **Non-Recurrent Operations** result for the year to date is \$1.41 million favourable to Budget.

This results in an **Operations Surplus/(Deficit)** result of \$15.29 million for the year to date, which is \$2.33 million favourable to Current Budget for the year-to-date.

Therefore, the overall **Total Comprehensive Result** is a surplus of \$13.92 million for the year to date which is \$7.68 million favourable to Current Budget for the year to date.

Balance Sheet

Balance Sheet

As at 31 March 2026

Colac Otway Shire Council	Notes	Mar-25	Mar-26	Variance \$'000
		Actual \$'000	Actual \$'000	
Assets				
Current assets				
Cash and cash equivalents	1	34,401	39,490	5,089
Trade and other receivables	2	11,565	12,780	1,214
Inventories		156	236	80
Non-current assets held for sale		-	-	-
Other assets		424	670	245
Total current assets		46,547	53,175	6,628
Non-current assets				
Intangible assets		-	-	-
Right of use assets		2,804	2,711	(93)
Property, infrastructure, plant and equipment	3	557,015	560,527	3,511
Investments in associates, joint arrangements and subsidiaries		218	243	25
Total non-current assets		560,038	563,481	3,443
Total assets		606,585	616,656	10,071
Liabilities				
Current liabilities				
Trade and other payables		7,850	7,644	(206)
Trust funds and deposits		802	339	(462)
Interest-bearing liabilities		-	-	-
Lease liabilities		9	-	(9)
Provisions		5,195	4,559	(637)
Total current liabilities		13,856	12,543	(1,314)
Non-current liabilities				
Interest-bearing liabilities		-	-	-
Lease liabilities		-	-	-
Provisions	4	4,694	9,328	4,634
Total non-current liabilities		4,694	9,328	4,634
Total liabilities		18,550	21,871	3,321
Net assets		588,034	594,785	6,750
Equity				
Accumulated Surplus		146,056	148,489	2,433
Reserves		441,978	446,296	4,318
Total Equity		588,034	594,785	6,750

Note	Comment	Amount (\$'000s)
1	Cash and cash equivalents: Variance due to early receipt (during June 2025) of the first tranche of the Federal Financial Assistance Grant for 2025-26 Financial Year	5,089
2	Trade and Other Receivables: Major contributors to variance between this year and last year balances are General Debtors, Emergency Services and Volunteers Fund (ESVF) Debtor and Rates Debtors. General Debtors balance has reduced (favourable variance) compared to the same time last year while both Rates and ESVF Debtor has increased (unfavourable variance).	1,214
3	Property, infrastructure, plant and equipment: Current variance reflects the capital program and depreciation year to date, expected balance at year end is forecast to increase significantly due to effects of the roads revaluation yet to be processed.	3,511
4	Provisions: Variance due to an increase of \$4 million in the landfill provision as a part of 2024-25 year end.	4,646

Ratios

The Ratios for quarter ending 31 March 2026 may be distorted when compared to actual year-end results, however they have been included to give an indication of the position year-to-date in comparison to VAGO targets.

See Glossary for Indicator % Colour Key.

Financial Ratios

As at 31 March 2026

Colac Otway Shire Council	[A] \$'000	/	[B] \$'000	%	VAGO Target %
Adjusted Underlying Result Adjusted Underlying Surplus/(Deficit) [A] / Adjusted Underlying Revenue [B]	5,222	/	52,996	10%	> 5%
Asset Renewal Ratio Asset Renewal [A] and Upgrade Expenditure / Asset Depreciation [B]	11,533	/	10,999	105%	> 100%
Working Capital Ratio Current Assets [A] / Current Liabilities [B]	53,175	/	12,543	424%	> 100%
Loans & Borrowings to Own Source Revenue Non-Current Liabilities [A] / Own Source Revenue [B]	9,328	/	46,468	20%	< 40%
Rates Concentration Rates and Charges [A] / Adjusted Underlying Revenue [B]	38,949	/	52,996	73%	> 50%
Cash Ratio Cash & Cash Equivalents [A] / Current Liabilities [B]	39,490	/	12,543	315%	> 100%
Ratio Descriptions					
Adjusted Underlying Result An indicator of the sustainable operating result required to enable Council to continue to provide core services and meet its objectives.					
Asset Renewal Ratio An indicator of the decline in value of Council's existing capital assets. A percentage less than 100 indicates Council's assets are deteriorating faster than they are being renewed and future capital expenditure will be required to renew assets					
Working Capital Ratio A general measure of Council's liquidity and its ability to meet its commitments as and when they fall due					
Loans & Borrowings to Own Source Revenue A general measure used to ensure the level of long-term liabilities are appropriate to the size and nature of Council's activities					
Rates Concentration An indicator of Council's income diversification and relative reliance on rates and charges to fund services					
Cash Ratio A liquidity measure that eliminates the impact of unpaid rates and charges instalments that are not yet due.					

Statement of Cash Flows

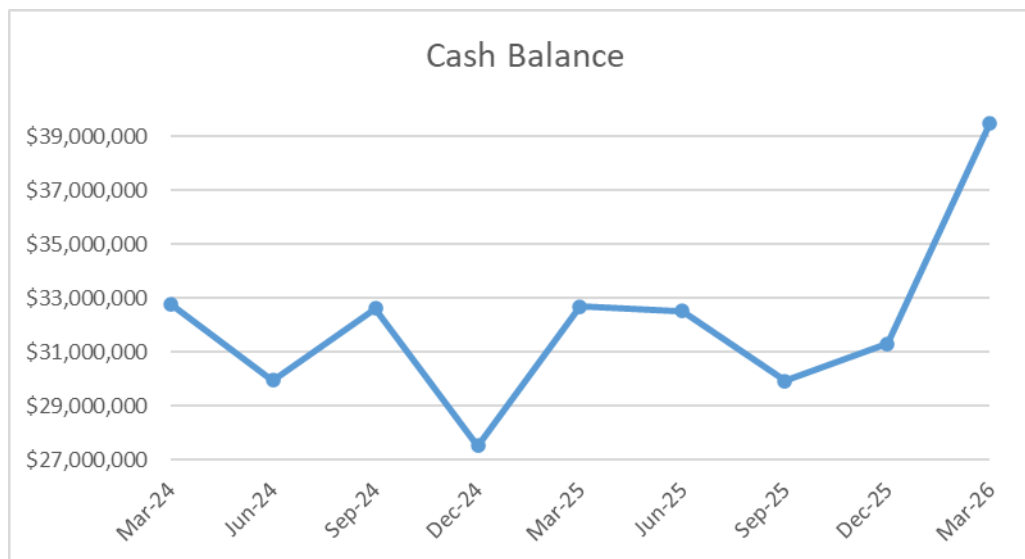
Statement of Cash Flows

For the period ended 31 March 2026

Colac Otway Shire Council	Mar-26	Full Year	
	Actual \$'000	Current Budget \$'000	Forecast \$'000
Cash flows from Operating Activities			
Rates and Charges	30,819	38,748	39,040
Statutory Fees and Fines	920	1,003	1,161
User Fees	6,170	9,163	8,252
Grants - Operating	6,360	14,290	10,229
Grants - Capital	7,666	16,363	10,230
Contributions - Monetary	649	25	757
Trust Funds and Deposits Received/(Paid)	(367)	-	(368)
Other Receipts	1,465	1,299	1,367
Payments for Employees	(18,396)	(26,618)	(26,054)
Payments for Materials and Services	(17,268)	(28,874)	(29,648)
Other Payments	(1,349)	(1,824)	(1,860)
Net Cash provided by/(used in) Operating Activities	16,668	23,575	13,105
Cash flows from Investing Activities			
Payments for Property, Infrastructure, Plant and Equipment	(11,419)	(34,088)	(19,908)
Payments for Investments	-	-	-
Proceeds from Sale of Property, Infrastructure, Plant and Equipment	473	-	604
Net cash provided by/(used in) Investing Activities	(10,946)	(34,088)	(19,304)
Cash flows from Financing Activities			
Finance Costs	-	(14)	-
Proceeds from Borrowings	-	500	-
Repayment of Borrowings	-	(23)	-
Interest Paid - Lease Liability	-	-	-
Repayment of Lease Liabilities	-	-	-
Net cash provided by/(used in) Financing Activities	-	463	-
Net Increase/(Decrease) in Cash and Cash Equivalents	5,722	(10,050)	(6,199)
Cash and Cash Equivalents at the beginning of the Period	33,767	33,767	33,767
Cash and Cash Equivalents at the end of the Period	39,490	23,718	27,568
Represented by:			
Operating Bank Accounts	18,490		
Term Deposits and Investments	21,000		
Cash and Cash Equivalents at the end of the Period	39,490	-	-

Cash Balance

The Graph below shows how the Council's cash balance to 31 March 2026.



Available opportunities are taken to invest surplus cash to maximise investment returns in accordance with Council's investment policy. Investment income (from bank term deposits) received for the quarter ended 31 March 2026 was \$366k.

Investments were within the investment and risk rating limits set out in the investment policy.

Investment Summary

Institution	Percentage of Total Investments	Investment Type	Investment Amount	Interest Rate	Commencement Date	Maturity Date
Rabobank	14%	Term Deposit	\$ 3,000,000.00	4.38%	27/11/2025	27/05/2026
NAB	19%	Term Deposit	\$ 4,000,000.00	4.10%	27/11/2025	27/05/2026
NAB	24%	Term Deposit	\$ 5,000,000.00	4.20%	27/11/2025	27/11/2026
NAB	10%	Term Deposit	\$ 2,000,000.00	4.25%	1/12/2025	1/09/2026
Rabobank	24%	Term Deposit	\$ 5,000,000.00	4.65%	24/02/2026	24/08/2026
Rabobank	10%	Term Deposit	\$ 2,000,000.00	4.84%	10/03/2026	11/09/2026
Total:			\$ 21,000,000.00			

Capital Works Report

Statement of Capital Expenditure

For the period ended 31 March 2026

Colac Otway Shire Council	Mar-26	Full Year
	YTD Actual \$'000	Current Budget \$'000
Property		
Land	-	-
Building	1,121	5,308
Total Property	1,121	5,308
Plant and Equipment		
Plant, machinery and equipment	1,953	4,040
Fixtures, fittings and furniture	-	122
Computers and telecommunications	155	272
Total Plant and Equipment	2,108	4,434
Infrastructure		
Roads	4,171	13,155
Bridges	20	646
Footpaths and cycleways	226	566
Drainage	427	826
Other infrastructure	3,461	6,544
Total Infrastructure	8,304	21,738
Total	11,533	31,479

Capital Works Budget Overview

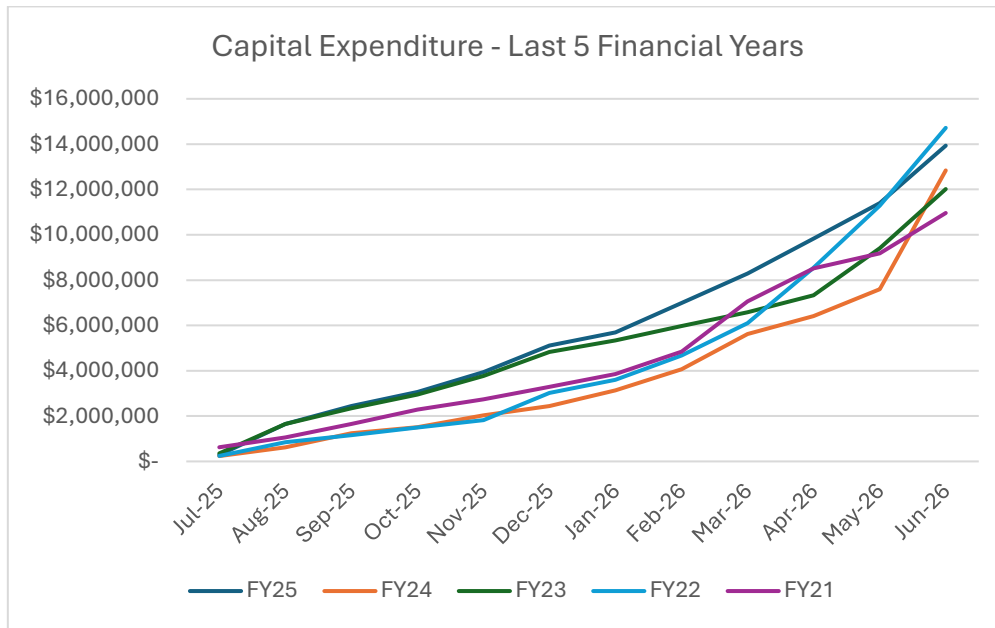
The total current capital works budget is **\$34.1 million**. Of this, **\$31.5 million** has been allocated to approved capital works projects, with **\$2.6 million** remaining in the Unallocated Fund.

The Program Delivery Team is focused on increasing capital expenditure this year to address a backlog of projects that has accumulated over several years.

Historical Performance

Graph 1 below illustrates capital expenditure over the past five financial years. The average annual expenditure during this period was **\$12.89 million**.

Graph 1



2025-26 Target and Progress

Council has set a capital expenditure target of **\$14.18 million** for 2025-26 — a 10% increase on the five-year average. This target reflects Council’s commitment to accelerating project delivery and reducing the backlog.

To support this, a **Project Planning and Delivery Committee** has been established. The committee meets monthly to:

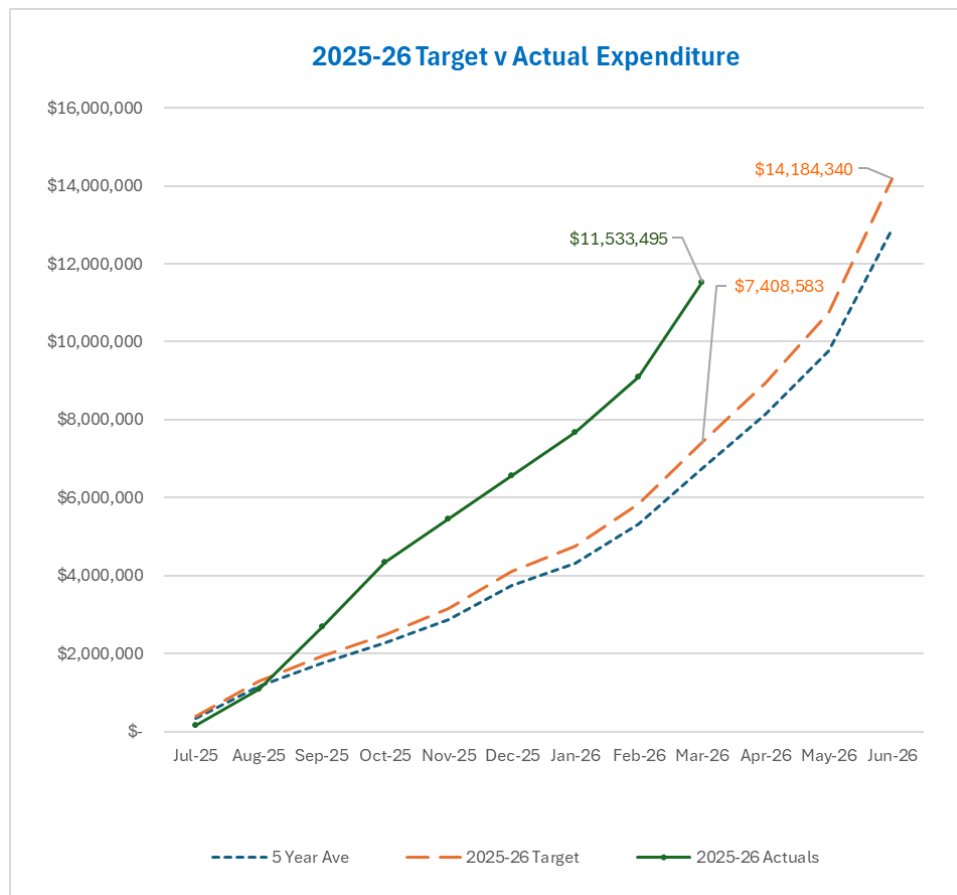
- Monitor actual expenditure against the target baseline
- Identify opportunities to streamline processes
- Resolve delivery challenges

As of **31 March 2026**, actual expenditure is **tracking ahead of the target baseline**, indicating strong performance over the first three quarters of the financial year.

Graph 2 below compares actual expenditure to the 2025-26 target and the five-year average.

The Q3-financial year trends suggest the Program Delivery Team is on track to meet or exceed the 2025-26 target. Continued focus on procurement efficiency and project planning will be critical to maintaining this momentum.

Graph No.2



Monitoring and Reporting Framework

Capital works performance is monitored and reported at three levels:

- **Portfolio Level:** Provides a high-level view of all capital projects to assess overall financial health.
- **Program Level:** Identifies performance trends and issues across project groupings.
- **Project Level:** Tracks individual project budgets, actuals, and forecasts to ensure accountability and control.

This multi-level reporting approach enables:

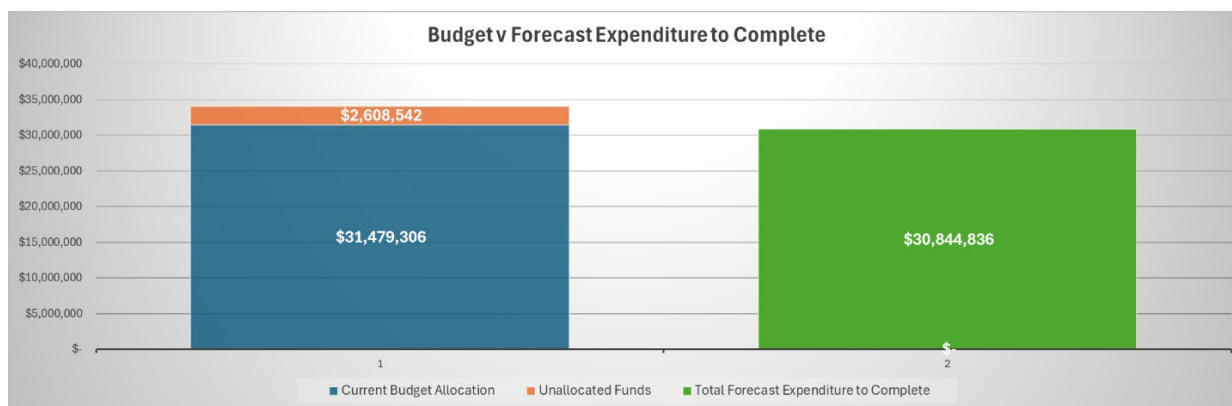
- Timely insights into financial performance
- Early identification of variances and corrective actions
- Improved transparency and governance
- Enhanced ability to prioritise and reallocate resources

Portfolio Level Report

The forecast expenditure to complete the capital program is \$634,470 less than the allocated budget. Refer Graph No.3 below.

As projects reach completion, any savings will be returned to the Unallocated Fund.

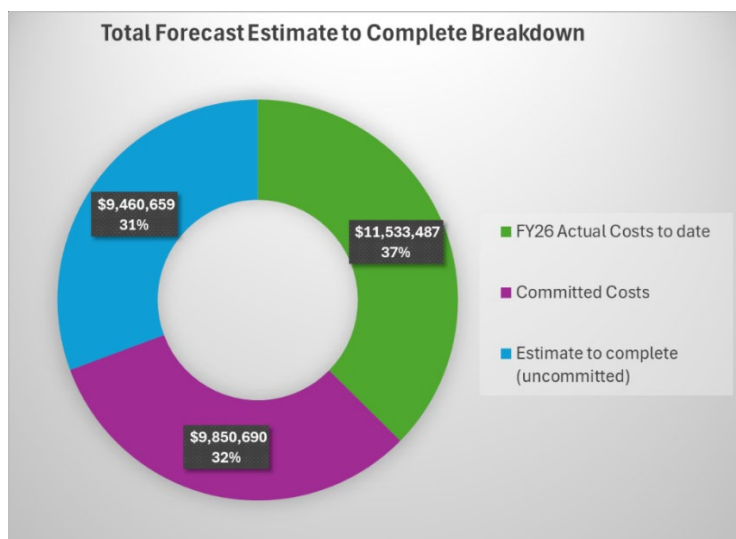
Graph No.3



As shown in Graph No.4 below, as at 31 March 2026:

- **\$21.4 million or 69%** has been either spent or committed.
- This represents a strong first three quarters and positions Council well to achieve the 2025-26 capital expenditure target of **\$14.18 million**

Graph No.4



Program Level Report

The table below identifies the current budget allocation, actual cost to date and committed costs at a program level.

Programme Title	Current Budget Allocation (\$)	Spend to date 2025-26		Committed		Program Health
Bridges Program	646,000	19,711	3%	69,008	11%	
Building Program	5,307,659	1,121,049	21%	563,924	11%	
BWFC Program	160,000	155,561	97%	-	0%	
Equipment Renewal	121,523	-	0%	-	0%	
Footpath Program	566,337	226,167	40%	129,129	23%	
Furniture Program	104,527	56,154	54%	711	1%	
ICT Hardware Program	271,637	154,701	57%	-	0%	
Guard Rail Program	75,000	55,342	74%	-	0%	
Kerb and Channel Program	150,000	161,465	108%	-	0%	
Light Fleet Program	1,061,000	389,804	37%	507,999	48%	
LRCI Program	4,918,602	2,870,168	58%	1,921,836	39%	
Major Plant Program	2,819,342	1,407,874	50%	1,192,700	42%	
Open Space Program	1,446,353	478,839	33%	263,148	18%	
Major Patch and Reseal Program	2,039,000	1,873,020	92%	68,739	3%	
Resheet Program	1,000,000	645,786	65%	70,443	7%	
Road Improvement Program	56,357	24,722	44%	3,850	7%	
Road Reconstruction Program	7,398,991	1,357,787	18%	4,018,433	54%	
Road Safety Program	1,978,999	51,162	3%	973,784	49%	
Road Slip Program	531,920	59,456	11%	-	0%	
Stormwater Program	826,059	427,099	52%	66,988	8%	
Capital Works Total	31,479,306	11,535,869	37%	9,850,690	31%	
38793 - Unallocated Renewal Fund	2,608,542					
Total Budget	34,087,848					

Project Level Report

There are approximately **271 individual capital projects** with approved current budget allocations. All projects are tracked monthly, including financial forecasts and status updates.

A selection of **key projects** is reviewed in greater detail by the Project Planning and Delivery Committee each month.

Refer to **Appendix No.1 – Key Capital Projects Financial Report** for further detail.

Market Conditions and Delivery Risks

Ongoing volatility in market conditions, including the fuel supply disruption and sustained increases in construction material prices, is having a material impact on the capital works program.

Recent tender outcomes have demonstrated increased contractor uncertainty, with a number of preferred tenderers declining to execute contracts at tendered prices. In response, Council has been required to reopen Best and Final Offer (BAFO) processes to all conforming tenderers in several procurements to achieve contract award and maintain program continuity. While this approach has enabled progress on critical projects, it has resulted in extended procurement timeframes and increased delivery risk.

There is also heightened risk across contracts currently in progress, with multiple contractors seeking:

- Cost-sharing arrangements, or
- Revisions to submitted pricing to reflect escalating input costs.

In all cases, Council has adhered strictly to existing contract conditions, which do not provide for rise and fall or post-award price adjustments. This approach has been maintained deliberately to avoid setting a precedent whereby concessions provided to one contractor outside the agreed contract terms would create an expectation that equivalent concessions be extended to all contractors across the capital program. Maintaining consistency in the application of contract conditions is considered critical to ensuring probity, fairness, and financial governance.

At this stage of the financial year, the capital program is nearing completion of procurement activity, and the Program Delivery Team has no remaining capacity to deliver additional projects beyond those already approved and underway.

Looking ahead, there is a heightened risk that capital works delivery will be further impacted in the early part of the next financial year. Based on current market advice and contractor feedback, it is anticipated that:

- Cost escalation pressures will continue to intensify over the next 3 to 6 months, and
- Market conditions at the time of adoption of the next financial year budget are likely to be more challenging than those experienced in the current year.

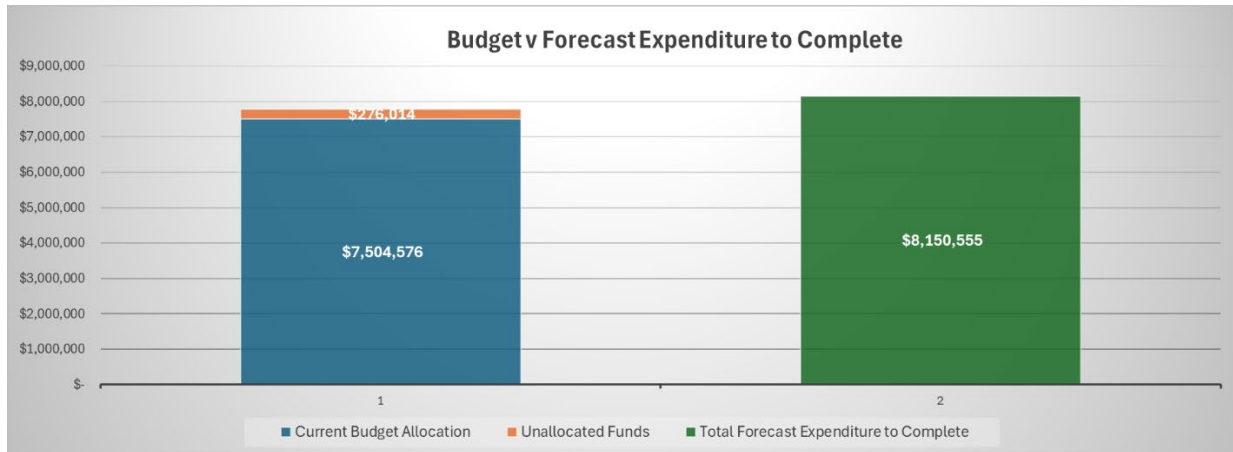
As a result, Council's capacity to deliver capital works projects may be adversely impacted unless market conditions stabilise

Operational Projects Report

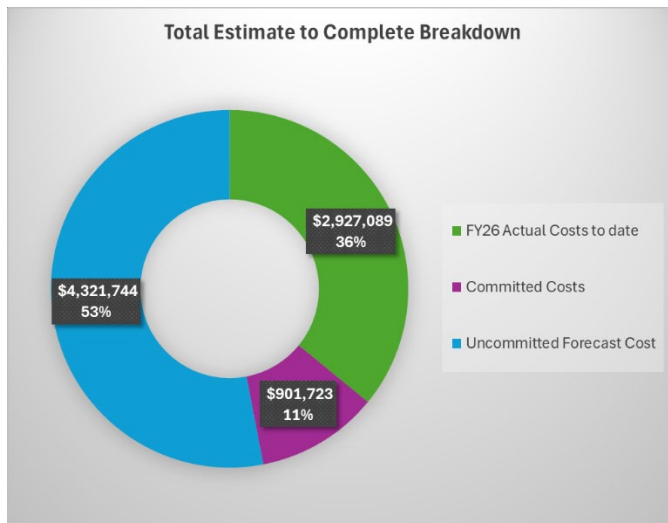
The total operational program budget for the 2025–26 financial year is **\$7.8 million**. Of this, **\$7.5 million** has been allocated to approved operational projects, with **\$0.3 million** remaining in the Unallocated Fund.

Portfolio Level Report

The forecast expenditure to complete the operational project program exceeds the allocated budget with a negative variance of \$644k (overspend), excluding the unallocated fund. This is primarily due to expenditure on the emergency relief and recovery for the fire and flood events earlier this year. Council expects State and Federal disaster relief funds to largely offset this current overspend. Staff are currently preparing claims for recovery of these funds but there is a risk that not all expenditure will be deemed eligible for payment. The outcome may not be known until some time in 2026-27.



As at 31 March 2026, **47%** of the operational project program budget (**\$3.8 million**) has been either spent or committed.



Project Level Report

There are approximately **78 individual operational projects** with approved current budget allocations. All projects are tracked monthly, including financial forecasts and status updates.

A selection of **key projects** is reviewed in greater detail by the Project Planning and Delivery Committee each month.

Refer to **Appendix No.2 – Key Operational Projects Financial Report** for further detail.

Appendix No.1 – Key Capital Projects Financial Report

Project Title	Project Stage	2025/26 Adopted Budget	Current Budget Allocation (\$)	Actual Costs to date 2025/26 (€)		Committed Costs		Project Status
Eliminyt Wetlands Development	CONSTRUCTION / DELIVERY		4,789,596	2,758,883	58%	1,911,363	40%	ON TRACK
Bluewater Leisure Centre Electrification	DESIGN		2,678,596	66,376	2%	75,536	3%	ON TRACK
Tuxion Road	CONSTRUCTION / DELIVERY		729,009	406,925	56%	63,380	9%	ON TRACK
Pengilley Avenue (Gallipoli Parade to McLachlan Street)	DLP		712,173	657,416	92%	8,038	1%	ON TRACK
Wombat Crossings, Armstrong & Hart Streets & Pound Road Colac	PROCUREMENT		482,000	7,747	2%	-	0%	ON TRACK
Sarsfield Street Reconstruction	PROCUREMENT	✓	336,200	7,724	2%	-	0%	ON TRACK
Priority Crossings Connor Street Colac	PROCUREMENT		417,736	6,090	1%	435	0%	ON TRACK
Central Reserve Dog Park	DESIGN		356,364	28,830	8%	12,000	3%	ON TRACK
Redrock Reserve Stairs Renewal	PROCUREMENT	✓	150,000	7,853	5%	-	0%	AT RISK
Major Patch & Reseal Program	CONSTRUCTION / DELIVERY	✓	2,039,000	1,873,020	92%	68,739	3%	ON TRACK
Road Reconstruction Bundle No.1 (Apollo Bay)								
Montrose Avenue Reconstruction (From McLachlan to Costin)	CONSTRUCTION / DELIVERY	✓	1,015,000	13,361	1%	959,269	95%	ON TRACK
Pengilley Avenue Reconstruction - (From Costin to Gallipoli)	CONSTRUCTION / DELIVERY	✓	559,000	15,025	3%	388,831	70%	ON TRACK
Ramsden Avenue Reconstruction (From Pengilley to McLachlan)	CONSTRUCTION / DELIVERY	✓	786,000	20,131	3%	717,996	91%	ON TRACK
Costin Street Reconstruction - 1 (From Pengilley to Montrose)	CONSTRUCTION / DELIVERY	✓	720,800	13,851	2%	668,212	93%	ON TRACK
Road Reconstruction Bundle No.2 (Wye River)								
Koonya Avenue (Wallace Street to Dunoon Road)	PROCUREMENT		526,816	48,704	9%	2,930	1%	ON TRACK
The Boulevard Wye River	PROCUREMENT		561,515	25,162	4%	435	0%	ON TRACK
Road Reconstruction Bundle No.3 (Pascoe St, Apollo Bay)								
Pascoe Street Apollo Bay (Moore Street to Nelson Street)	CONSTRUCTION / DELIVERY		774,938	180,106	23%	257,677	33%	ON TRACK
Wombat Crossings & Roundabout, Pascoe Street Apollo Bay	CONSTRUCTION / DELIVERY		945,500	23,185	2%	889,500	94%	ON TRACK
Total			18,580,243	6,160,389	33%	6,024,340	32%	

Appendix No.2 – Key Operational Projects Financial Report

Project Title	2025/26 Adopted Budget	Carry Forward Required (into FY27)	Current Budget Allocation (\$)	Actual Costs to date 2025/26 (\$)		Committed Costs		Project Status
Apollo Bay Structure Plan Review		No	200,000	68,888	34%	82,226	41%	ON TRACK
Tree Planting Program	✓	No	60,000	56,062	93%	13,810	23%	ON TRACK
Greenlinks - Rewilding Barongarook Creek		Yes	349,410	1,830	1%	-	0%	ON TRACK
Birregurra Structure Plan Review	✓	No	23,863	6,136	26%	-	0%	COMPLETE
Lake Colac Foreshore Regional Playground Design Project		No	100,000	1,604	2%	101,180	101%	ON TRACK
Road Safety Strategy		Yes	60,000	26,044	43%	9,432	16%	ON TRACK
Colac Otway Adaptable Precincts Project		Yes	2,017,576	802,235	40%	-	0%	ON TRACK
New Clubrooms - Lake Colac Oval (Design only)	✓	Yes	40,000	-	0%	-	0%	NOT STARTED
Youth Projects - Youth Fest	✓	Yes	2,000	2,000	100%	-	0%	ON TRACK
Aged Care Review Implementation Activities	✓	Yes	273,248	92,918	34%	-	0%	ON TRACK
Economic Development Strategy		No	40,000	10,600	27%	24,650	62%	ON TRACK
Total			3,126,097	1,057,717	34%	206,648	7%	