



Colac Otway
SHIRE

Naturally Progressive



Working with our Community

2006/2007
Annual Report



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Colac Otway Shire

A Vibrant and Progressive Community

The Colac Otway Shire is situated within a two hour drive of Melbourne. The Shire is vibrant and progressive with some of the most picturesque scenery in the State.

In the northern hinterland prosperous agricultural lands are framed by volcanic lakes and craters. A drive south through Colac leads to the Otway Ranges, home to one of Australia's most significant cool climate rainforest areas. The Otways are important to the Shire and the wider region for tourism, timber and water harvesting.

The Shire's economy is historically based on primary production. The timber industry, with the harvesting of plantation timbers, is becoming a major industry for the municipality. The city of Colac is the Shire's major service town where most community support and health services, retail trade and manufacturing businesses are located.

Dotted throughout the Shire are many small and historic towns with active community associations.

The Shire at a Glance

Population as at 30 June 2006:	20,294
Population over 65 years of age:	17%
Colac Otway residents born in Australia:	87.3%
Area:	3,427 sq kms
Length of Local Roads:	1,700 kms
Number of Rateable Properties:	13,787

Our Vision

Colac Otway Shire is naturally progressive and strives to achieve the best possible social, economic and environmental outcomes to create a vibrant, liveable community.

Our Mission

Colac Otway operates according to good governance principles and emphasises the importance of service, people and business in:

- Providing community development and support services
- Managing Council's infrastructure and the natural environment
- Facilitating strategic economic development

The purpose of providing these services and activities is to enhance the quality of life of our residents and visitors, now and in the future.

Our Values

Partnership

We will work in partnership with the community to achieve agreed goals.

Consultation

We will undertake genuine consultation on key issues as part of our decision-making processes to improve the quality, accountability and transparency of those decisions.

Service

We will promote a culture in which our services respond to community needs and aspirations.

The Year in Review

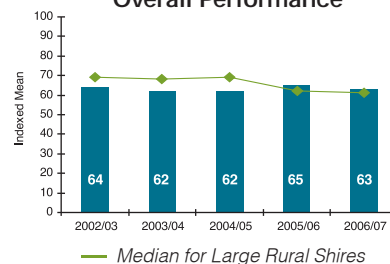
Key Reporting Area - Strong Leadership

For more information see Page 15

Highlights

- The visit of the Governor of Victoria Professor David de Kretser, and Mrs de Kretser, to the Shire in August 2006
- Review of the Community Consultation and Engagement Policy
- Significant advocacy roles: Princes Highway Campaign, Natural Gas for Elliminyt, and the Colac Education, Recreation Community Precinct
- Civic Mutual Plus insurance rating of 83%, up 8% on 2005/06
- New Enterprise Agreement certified in October 2006
- Introduced a new Customer Relationship Management application (MERIT) to track and monitor customer requests

Community Satisfaction with Overall Performance



Challenges

- 2006/07 was one of the toughest years for our community, particularly those on the land, as we battle through one of the worst droughts in our history
- Funding to upgrade the Princes Highway not yet secured
- Best Value reviews due for completion prior to the end of the financial year rescheduled for finalisation in late 2007

The Year Ahead

- Ongoing monitoring of drought conditions within the Shire
- Implementation of the Human Rights Charter
- Completion of the Volunteer Engagement Project and development of the Strategic Plan
- Implementation of an electronic risk register that integrates with our business and Council planning processes
- Develop a Contractor Occupational Health & Safety Guide
- Completion of the Information, Communication and Technology Strategic Plan

Key Reporting Area - Roads & Infrastructure

For more information see Page 42

Highlights

- 91% of Capital Works completed
- More than \$2 Million of Roads to Recovery works completed
- 2006/07 Building renewal program completed
- Upgrade of East End Jetty at Apollo Bay
- New weighbridge installed at Alvie Transfer Station
- 134 km of road network repaired

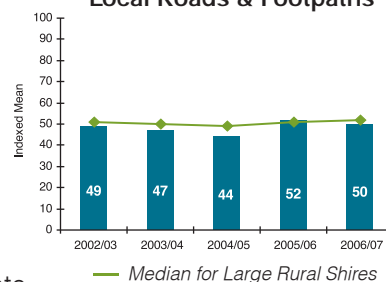
Challenges

- Rainfall in May/June delayed several major road infrastructure projects
- While an outstanding maintenance result was achieved, surveys indicate low community satisfaction with the road network despite increased infrastructure expenditure
- Final completion of the East End Jetty upgrade was delayed due to the need to undertake additional surge protection works

The Year Ahead

- Undertaking the largest Capital Works program to date
- A review of the direction of the maintenance service will include whether to pursue the VicRoads maintenance contract tendered in 2008
- Completion of the Apollo Bay Harbour Marina upgrade
- Investigate opportunities at the Colac Livestock Selling Centre to reduce water usage and increase water re-use

Community Satisfaction with Local Roads & Footpaths



Highlights

- Completion of Colac & Apollo Bay Structure Plan
- C22 Neighbourhood Character Amendment to the Colac Otway Planning Scheme
- 51 day average for processing of planning applications
- Completion of planning & procedures manual and introduction of process mapping
- Provision of building surveyor services to the second stage of the Mercy Eventide's aged care facility, and a major Shire-based business re-location
- Commenced review and development of the Municipal Fire Prevention Plan
- Certificate IV in Statutory Compliance completed by all Local Laws Officers
- Implemented "Dogs on Leads" signage and lifetime registration tag systems

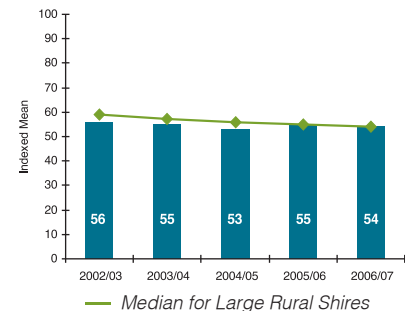
Challenges

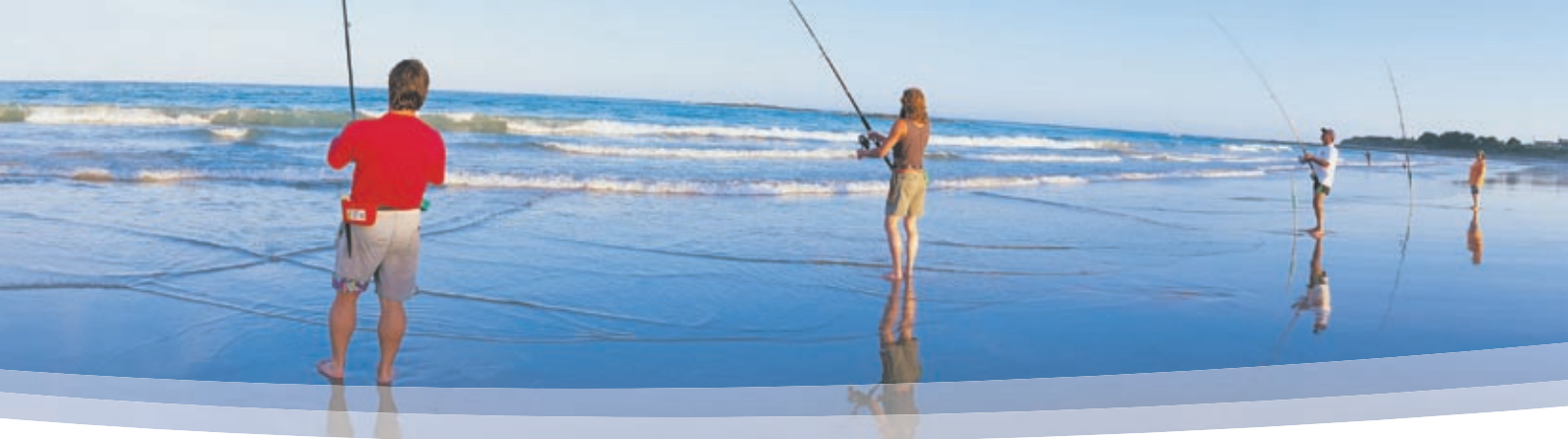
- Difficulties in recruiting planning professionals in a tight labour market, within a highly competitive industry
- Competition with private Building Surveyors where preliminary work has been performed by Council staff
- Delayed completion of the Local Laws Best Value Review

The Year Ahead

- Completion of the Rural Land Strategy
- Completion of the Planning Scheme Review
- Completion of the Heritage Study
- Completion of the Kennett River, Wye River and Separation Creek Structure Plans
- Completion of the Birregurra & Forrest Structure Plans
- Continue to consistently determine applications within the 60 day statutory timeframe
- Continue to process Planning Scheme Amendments
- Complete the review of the Livestock Local Law
- Complete the Local Laws Best Value Review

Community Satisfaction with Town Planning Policy & Approvals





Key Reporting Area - Community Service

For more information see Page 52

Highlights

- Three key strategies developed: Recreation, Arts & Culture and Festivals & Events
- Major redevelopment of seven playgrounds
- HACC Cultural Plan developed
- Refurbishment of four Maternal & Child Health centres
- Extensive immunisation program for cervical cancer prevention

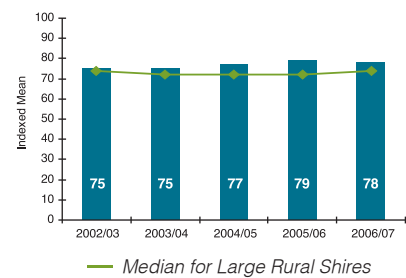
Challenges

- Positive ageing strategy postponed due to resource limitations
- Municipal Public Health Plan delayed due to awaiting the G21 Planning for Healthy Communities document
- Playground installation delayed due to contracting concerns

The Year Ahead

- Commence Bluewater Fitness Centre Stadium Strategy
- COPACC to stage alternative performances and programs
- Implement Youth Strategy actions
- Prepare a Pandemic Flu Action Plan
- Participate in CHILD FIRST initiative for vulnerable children, young people and families

Community Satisfaction with Health & Human Services



Key Reporting Area - Economic Development

For more information see Page 58

Highlights

- Enhanced Business Week format to increase participation in training and development programs
- Tourism review implementation including funding of Otway Tourism Executive Officer and planning for redevelopment of Great Ocean Road Visitor Information Centre
- Extensions to Lake Colac Pathway
- Completion of the draft Apollo Bay Harbour Precinct Master Plan, which will guide development of the Harbour Precinct over the next 20 years

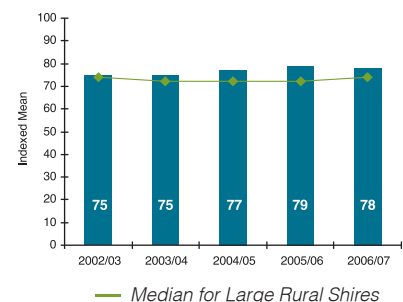
Challenges

- Continue to gain input from the community in relation to the design and development of the Apollo Bay Harbour Precinct

The Year Ahead

- Further implementation of the Lake Colac Master Plan
- Completion of the Apollo Bay Harbour Precinct Master Plan
- Completion of the redevelopment of the Great Ocean Road Visitor Information Centre at Apollo Bay
- Development of new projects under the Small Towns Improvement Program
- Implementation of the Affordable Housing Strategy

Community Satisfaction with Economic Development



Key Reporting Area - Environmental Sustainability

For more information see Page 61

Highlights

- Significant water savings through the Sustainable Water Use Plan
- Development of the Green House Action Plan
- \$45,000 spent on the management of environmental and noxious weeds on Council managed land
- Woody weed control along Barongarook Creek
- Environment education workshops and events involving disability groups, school students and other community groups

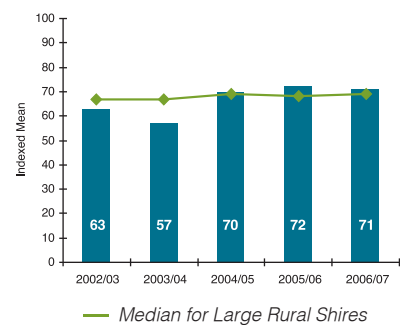
Challenges

- Limited time for grant funding applications
- Strategic planning for management and maintenance of revegetation projects
- Better promoting our successes through media releases, website updates etc
- Planning permit delays for the rehabilitation of the Beeac Landfill prevented the 2006/07 start to the project

The Year Ahead

- Auditing of forestry plantations on private lands in accordance with the Code of Practice for Timber Production
- Develop a comprehensive strategic direction for Environmental Management
- Continue to improve the condition of Lake Colac and adjoining waterways
- Undertake wastewater strategies for Beeac, Cressy, Gellibrand and Forrest
- Rehabilitation works to Cressy and Beeac Landfill sites
- Introduction of a Hard Waste collection in 2007/08

Community Satisfaction with Environmental Sustainability



Key Reporting Area - Financial Sustainability

For more information see Page 65

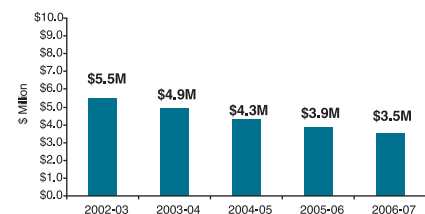
Highlights

- \$1.4 Million reduction in Council's loan liability
- 15% increase in interest earned on investments
- 95.7% of Rates collected by year end
- Infrastructure renewal gap reduced by \$1.2 Million
- Review of the Strategic Resource Plan
- 13,787 Property assessments undertaken

The Year Ahead

- Infrastructure renewal gap will be fully funded by Council for the first time in the Shire's history
- Implementation of new rating category for holiday rental properties
- Implementing actions identified in the Best Value review of Customer Services and Property & Rates
- Introduce scanning facilities for Rates and animal registration invoices

Council's Loan Liability



Our Council

Mayor Cr Warren Riches



Warrion Ward

First elected 1996
Re-elected 1999, 2002, 2004
Mayor 2001/2002, 2004/2005,
2005/2006

Committees

- Australian Local Government Association
- Bluewater Fitness Centre Advisory Committee
- COPACC Trust
- Lake Colac Coordinating Committee
- Municipal Aerodrome Committee – Colac
- Municipal Association of Victoria (MAV)
- Premier Recreation Reserve Committee
- Rural South West Regional Transport Group
- South West Municipalities Group
- Tirrengower Drainage Scheme Committee of Management



Cr Stuart Hart



Otway Ward

First elected 2002
Re-elected 2004

Committees

- Apollo Bay Harbour Redevelopment Community Reference Group
- Cliff Young and Community Recreation Centre Committee
- Lavers Hill Swimming Pool Committee of Management
- Otways Tourism Inc.

Cr Joe Di Cecco



Otway Ward

First elected 2004

Committees

- Apollo Bay Leisure Centre Committee
- Apollo Bay Redevelopment Community Reference Group
- Community Impact Advisory Committee (CIAC)
- Geelong Otway Tourism Board
- Otways Tourism Inc
- Port of Apollo Bay Consultative Group

Cr Geoff Higgins

Colac Ward

First elected 2004

Committees

- Ondit Quarry Consultative Committee
- Rural Financial Counselling Services Vic – Wimmera Southwest (RFC)
- Timber Towns Victoria



Cr Chris Smith

Colac Ward

First elected 2004

Committees

- Barnard Trust Committee
- Colac Otway Community Engagement Group
- Education Steering Committee
- Lake Colac Coordinating Committee
- Old Beechy Rail Trail Committee
- Rural Councils Network (Vic)
- Youth Council



Cr Brian Crook

Colac Ward

First elected 2002

Re-elected 2004

Committees

- Education Steering Committee



Cr Peter Mercer

Murray Ward

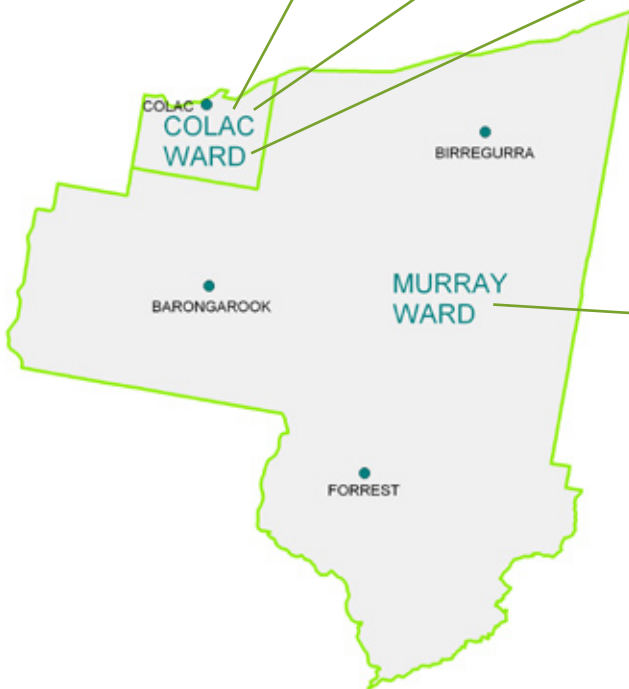
First elected: 1996

Re-elected 1999, 2002, 2004

Mayor: 2000/2001, 2002/2003

Committees

- Barwon Regional Waste Management Committee
- CFA Region 6 Fire Prevention Committee
- Colac Livestock Selling Centre Management Committee
- Colac Otway Shire/Corangamite Local Safety Committee
- COPACC Trust
- Corangamite Regional Library Corporation
- Friends of the Botanic Gardens
- Municipal Emergency Management Planning Committee
- Municipal Fire Prevention Committee
- Victoria Regional Botanic Gardens Network Executive and BGANZ Council
- Volunteer Engagement Project Steering Committee



Message from the Mayor



I am delighted to present the Annual Report of the Colac Otway Shire for 2006/07. It is a key document in reporting Council's initiatives during the year and discloses key information.

The Council Plan, which was adopted in 2005, has continued to guide our decision making during the year. The objectives and actions under each of our seven community priorities have assisted the Council in the directions it has taken.

Education, Recreation and Community Precinct

The new education, recreation and community precinct, to be built at the site bordering Queen and Hearn Streets in Colac, will set a new standard for the integration of education and community facilities in rural Victoria. This is one of the biggest and most significant developments I've seen during my time in local government, and it marks the beginning of a new future for our Shire.

The idea was borne out of a merger between Colac's two State secondary schools. This presented us with a remarkable opportunity to develop a much bigger vision for whole of community learning, recreation and activities in a space that will be innovative in design and approach.

It was clear to me when over 80 people attended the initial visioning forum in August 2006 that this community wants more than just a new school. The forum allowed us all to think big and really explore all of the possibilities.

In September we received the news we had been hoping for with the State Government announcing the site of the new school and the commencement of planning for the development of a joint community, education and recreation precinct between the Department of Education, Employment and Training and Colac Otway Shire.

A concept plan for the precinct was included in the Colac Structure Plan. It outlined opportunities for facilities to be shared between the school and the community, whether they are for recreational pursuits, library, arts and multi-media or post-compulsory education.

Apollo Bay and Colac Structure Plans

Council is committed to planning for a strong and vibrant future for our Shire. During 2006/07 Council developed structure plans to guide the long term strategic development of the Shire's two largest towns, Apollo Bay and Colac.

Extensive community consultation was conducted as part of the development of the Plans, giving stronger emphasis to localised issues and providing a strong policy on which to base future planning decisions.

As indicated, the Colac Structure Plan included a concept plan for the Education, Recreation and Community Precinct while the Apollo Bay Structure Plan outlines a concept for the redevelopment of the Apollo Bay Harbour.

Climate Change

This has been an important focus for Council during the past year. In July 2006 Councillors and staff attended an eye-opening workshop on climate and demographic change. We heard from five speakers on the challenges and opportunities we face in the coming 20 to 30 years.

It became increasingly clear to Council that we have a critical role to play and need to be proactive in addressing the issues.

During the year we undertook an energy audit of our offices, which included an assessment of the efficiency of taps, shower heads and lights, and highlighted ways to increase our recycling and reduce paper usage.

We also developed a Greenhouse Action Plan and a Sustainable Water Use Plan. The Plans identify a wide range of actions to reduce our greenhouse gas emissions and our water use. Such actions are likely to bring environmental, social and economic benefits for all residents of the Shire, now and in the future.

Princes Highway Campaign

During 2006/07 Colac Otway Shire joined with 16 other municipalities to prepare an advocacy strategy to lobby the State and Federal governments for funding to upgrade the highway.

The strategy aims to provide a consistent message for the municipal groups of G21, Great South Coast Municipalities Group and the South East Local Government Association of South Australia, who share a common vision for improvements to the highway.

This vision included the declaration of the highway as an Auslink road from Geelong to the South Australian border and beyond, and its duplication between Geelong and Colac.

Through the strategy development, the Princes Highway West Alliance of Local Government was born. The Alliance held three launches in Winchelsea, Warrnambool and Mount Gambier on 16 February 2007 to herald the start of the public campaign.

The Alliance also held meetings with relevant ministers and government representatives including The Hon Mark Vaile, MP Deputy Prime Minister, The Hon Jim Lloyd, MP Federal Minister for Local Government Territories and Roads, The Hon Stewart McArthur, MP Federal Member for Corangamite and Mr Tim Pallas, State Minister for Roads & Ports.

The Alliance plans to increase its lobbying effort in the lead up to the 2007 Federal election and to further encourage community support for the campaign.

Drought

There is no doubt that 2006/07 was one of the toughest years for our community, particularly those on the land, as we battle through one of the worst droughts in our history. The Federal Government declared the region an area of Exceptional Circumstances, which provided farmers with access to financial support.

Council was proactive in addressing the impact of the drought, developing an information brochure and holding several community drought relief sessions to provide a 'one-stop shop' forum for people requiring support and information. Council also established a funding stream to help sporting clubs with water smart initiatives, enabling the clubs to perform an important social role in our community.

Governor's Visit

It was also a great honour to have the Governor of Victoria Professor David de Kretser, and Mrs de Kretser, spend time in the Shire in August 2006. It was one of the Governor's first regional visits after taking office. The two-day visit gave us the opportunity to showcase our thriving and picturesque municipality.

The visit included the official launch of stage one of the Colac Botanic Gardens Playspace redevelopment, a walk on the Lake Colac foreshore, a visit to local manufacturers to get a snapshot of our bustling local industries, a tour of Red Rock and the Shire's dry stone walls, a walk at Triplet Falls, a tour of the Cape Otway Lightstation and launches of the Koori Heritage Trail at Cape Otway and Commonwealth Games sculptures at Apollo Bay Harbour.

Financial Position

Over the past few years Council has made some hard decisions with respect to finances. Council has focused heavily on reducing the operating deficit and reducing the infrastructure renewal gap. Council has also reviewed the Strategic Resource Plan to ensure it reflects the strategic financial directions Council has implemented.

I thank the Colac Otway Community and my fellow Councillors for their support throughout the year.

I also wish to thank all Colac Otway Shire staff for their dedication, hard work and commitment to the Shire.

And finally a big thank-you to all of our volunteers. It continues to be a highlight for me to have the opportunity to recognise the ongoing work done by the unsung heroes of our community.



Warren Riches
Mayor

Chief Executive Officer's Report



Colac Otway Shire's Annual Report meets a statutory requirement to report to the community each year, comparing Council's performance with the initiatives in the Council Plan and Budget.

During 2006/07 we have worked even more closely with our community to deliver on many of the initiatives set in the 2005 - 2009 Council Plan.

Our community identified that our work in advocacy and community engagement are among our greatest strengths. Our community also believes that advocacy and community engagement are two of the most important roles our Shire plays.

Rather than rest on our laurels we have endeavoured to further improve our relationship with the community by enhancing our consultation processes and working in even stronger partnerships on our key projects and issues. This year saw Council adopt an enhanced Community Consultation and Engagement Policy, which encourages the input of the community right at the start of our policy and project work through to completion. Interested members of our community are also encouraged to make submissions on our policies, and in all cases they are provided with the opportunity to discuss their submission with a forum of Councillors. We also tailor our approach to suit the individual needs of the community and the context of the project.

Wye River, Kennett River and Separation Creek

Over the past year we have worked with the coastal communities of Wye River, Kennett River and Separation Creek in the development of a new structure plan to guide the sustainable future of these precious hamlets. These are small communities with many members not living permanently in the area, so we brought together several projects into one process – township improvement master plans, water planning, waste water solutions, infrastructure improvement planning and the township Structure Plans. Consultation was held both in Melbourne and in the coastal hamlets. Direct communication was also mailed to all residents and ratepayers.

Community reference groups were formed to guide Council and its consultants each step of the way.

This process was sometimes challenging for staff and our consultants as we learned more about genuine consultation rather than just the provision of updates and information. This approach also places resource pressures on a small Council like ours. Sometimes our processes did not meet the ideal, but we have learned a lot and overall the feedback from members of these communities has been very appreciative and positive.

Apollo Bay Harbour Precinct Master Plan

We have also worked closely with our community on the development of a comprehensive master plan for the Apollo Bay Harbour. The Master Plan provides a framework for future planning and identifies priorities for investment by government and the private sector. Consultation to date has included a community reference group, direct mail out of information and surveys to all Apollo Bay residents and ratepayers. An information tent staffed by Councillors and Officers on the Saturday of Labour Day weekend allowed locals and visitors to see full colour copies of the proposals and make their comments on feedback sheets "on the spot".

This feedback made it clear that the community wants to see the Harbour enhanced but they also want to protect it from over-development. Any commercial facilities on the site need to be in keeping with the town's heritage and environmental significance and not dominate the landscape. It is clear that while improved amenities are welcome, the community wishes to see the working fishing harbour maintained and protected.

Ongoing community involvement at each stage will be critical, as the overwhelming message is 'proceed carefully', so that what is special about Apollo Bay is not lost.

Lake Colac

I am really excited by how passionate people are becoming about Lake Colac, in particular how many people are enjoying the new pathway. Perhaps more importantly, it is fantastic to see how many people are getting directly involved in its improvement. The best example of this was the Lake Colac Clean Up Day held to coincide with Clean Up Australia Day. More than 150 people turned out in their gumboots, hats and gloves to clear away rubbish, weeds and rocks. Out of this project grew another even more wonderful. People discovered artefacts and items of interest and over a barbeque at the end of the clean up we thought it would be great to hold an exhibition of these items.

A few weeks later COPACC was home to the Lake Colac Hidden Treasures exhibition, which featured in local and Melbourne media.

The development of Lake Colac continues as a partnership and I would particularly like to thank local schools, the Shire's Social Justice Program, Colac Adult and Community Education, Neighbourhood Renewal, and local contractors. The construction of the pathway was made possible through funding from the State Government, Council and local business. It is a fantastic means for people to take a leisurely stroll and absorb the magnificent views towards the Botanic Gardens or Warrion hills. It also provides a safer option for those serious power walkers and runners, cyclists, and people of all abilities who used to use the informal route as part of their daily circuit.

More works and community events are planned for 2007/08 that will see the pathway extended along the southern foreshore, integrating and linking the foreshore area to Stodart Street to the west and the wetlands to the east.

Budget

The 2006/07 budget focused heavily on key budget principles:

- Rate increases above CPI applied to Infrastructure Renewal
- Savings and reprioritisation of funds be redirected to infrastructure renewal, capital projects and non-capital Council Plan Priority projects
- Managing debt and maintaining levels below prudential guidelines
- Increased funding for infrastructure renewal

In the 2006/07 financial year we completed more than 120 road renewal projects and allocated an extra \$200,000 to Cosworks (our Works unit) for maintenance to extend the life of our existing assets. The budget also focused strongly on implementing Council Plan priorities and maintaining services at or above current levels. Council also completed 91% of Capital Works expenditure projects, which is an excellent result. This is a direct outcome of our improved approach to project management.

Finances

Council achieved a \$980,000 surplus for 2006/07. This is our second successive year in achieving an operating surplus, resulting from government grants received in advance. The improved financial position, the reduced Infrastructure Renewal Gap (down to \$1.07 Million from \$4.7 Million only two budgets ago) and reducing debt levels will assist the Council in meeting the ongoing financial challenges it faces.

The revised Strategic Resource Plan, adopted by Council in June 2007, will assist Council in meeting the Council Plan objectives, addressing identified funding deficiencies, and enhancing our financial viability and future sustainability.

Our Employees

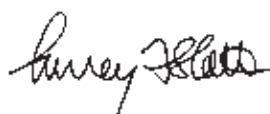
I would again like to thank all employees of Colac Otway Shire for their commitment to the Colac Otway Shire community. We have invested heavily in the development of staff in areas such as project management, communication, community consultation and engagement. I was also pleased with the work we have done on putting our Values into Action in the work we do every day. We have also improved on responding to customers within our set timelines, and I am pleased that we have exceeded our target of meeting these standards at least 80% of the time.

Office Accommodation

In 2006/07 we commenced a review of our office accommodation. The review examines our current accommodation in terms of functionality and suitability, compliance with Occupational Health & Safety, Building Code, and Disability Discrimination requirements. The review also takes into account short, medium and long term needs, corporate standards and office accommodation principles. It is important we are able to meet the challenge of providing a working environment for our staff that complies with legislation and supports their important customer service role.

Overall 2006/07 has been another successful year for Council and the community. I would like to acknowledge the strong direction of Council and the dedication and professionalism of staff that has made the achievements of the past year possible.

Next year we will continue the ongoing focus of working with our community to implement Council Plan priorities such as Infrastructure Renewal, Lake Colac, the Apollo Bay Harbour and responsible financial management, as well as putting in place processes to improve office accommodation.



Tracey Slatter
Chief Executive Officer

Our Executive Management Team



Left to right: Colin Hayman, Jack Green, Tracey Slatter and Gary Dolan

Tracey Slatter, Chief Executive Officer

Grad Dip Business Management,
Grad Dip Applied Science
(Human Services Research)

Commenced: 11 November 2004
Reappointed: May 2007

Major Functions: Council Governance;
Councillor Support;
Strategic Planning;
and Public Relations

Colin Hayman, General Manager Corporate & Community Services

Bachelor of Business in Local Government,
Certificate of Business Studies – Accounting

Commenced: 31 January 2005

Major Functions: Finance; Recreation
Arts & Culture;
Information Services;
Organisational Support &
Development; and
Health & Community Services

Gary Dolan, General Manager Infrastructure & Services

Bachelor of Engineering, Master of Business
Administration (Technology Management)

Commenced: 11 October 1993

Major Functions: Infrastructure and Asset
Development; Major Contracts;
Waste Management; Cosworks;
Colac Live Stock Selling Centre;
and Apollo Bay Harbour

Jack Green, General Manager Sustainable Planning & Development

Commenced: 16 October 2006,
replacing Kelly Grigsby

Major Functions: Statutory Planning and Regulations;
Strategic Land Use Planning;
Economic Development and Tourism;
Environmental Management;
Building Surveying;
Fire Prevention; and Local Laws

Council Plan Objective

Providing strong community leadership, governance and advocacy services which will benefit the community now and into the future.

★ 2006/2007 Actions completed

◆ 2006/2007 Actions behind schedule

➔ Deferred or delayed beyond 2006/2007

Council Plan Commitments	
★	Councillors and Council Officers to advocate strongly to other levels of government on issues of importance to the Shire's communities.
★	Continue the (Best Value) business planning process of organisational review: <ul style="list-style-type: none"> • Annually identify potential savings and efficiencies that can be redirected by Council to higher priorities • Work towards improved Community Satisfaction Survey results • Assess the impact on the Council's reliance on grants • Assess the level of community demand for services
★	Undertake a review of the development and implementation of Council's major projects process to establish efficiencies and knowledge to the delivery of Council's Capital Works Program.
★	Develop, implement and review Council's Volunteer Strategy.

Highlights

The **visit of the Governor of Victoria** Professor David de Kretser, and Mrs de Kretser, to the Shire in August 2006.

The announcement of the **site of the new school in Colac** and the commencement of planning for the development of a joint community, education and recreation precinct between the Department of Education and Colac Otway Shire.

Review of the Community Consultation and Engagement Policy (refer to page 17).

Risk Management performance continues to improve with Council receiving an insurance rating of 83% from Civic Mutual Plus, up 8% on 2005/06 (refer to page 27).

Successfully maintained SafetyMAP accreditation (refer to page 27).

New Enterprise Agreement certified in October 2006 and will be in effect for three years. No industrial actions occurred during the year (refer to page 37).

Introduced a new Customer Relationship Management application (MERIT) to track and monitor customer requests (refer to page 39).

Improvements in the project management of the Capital Works program, resulting in a 91% completion rate for 2006/07 (refer to Roads and Infrastructure, page 42).

Significant advocacy roles with respect to:

- Princes Highway Campaign (refer to Roads and Infrastructure, page 43).
- Colac Education, Recreation Community Precinct (refer to Health, Recreation & Community Services, page 52).
- Natural Gas for Elliminyt (refer to Economic Development, page 58).
- The upgrade of Telstra exchanges to provide an ADSL capability

Infrastructure renewal gap reduced by \$1.2 Million (refer to Financial Sustainability, page 65).

Challenges

- 2006/07 was one of the toughest years for our community, particularly those on the land, as we battle through one of the worst droughts in our history.
- Funding to upgrade the Princes Highway not yet secured.
- Staff turnover increased to 16.5% at 30 June 2007, up from 9.1% on the previous year. Exit interviews revealed a trend for staff leaving due to career opportunities or for personal reasons.

The Year Ahead

- Ongoing monitoring of drought conditions within the Shire.
- Implementation of the Human Rights Charter.
- Complete the Volunteer Engagement Project and development of a Strategic Plan.
- Implementation of an electronic risk register, that integrates with our business and council planning processes.

Representing Our Community

We take our advocacy role on behalf of the community very seriously and continue to lobby the State and Federal governments and industry for services or infrastructure beyond our capacity or authority.

Council advocated for communications improvements and as a result, a number of Telstra exchanges have been upgraded to ADSL capability.

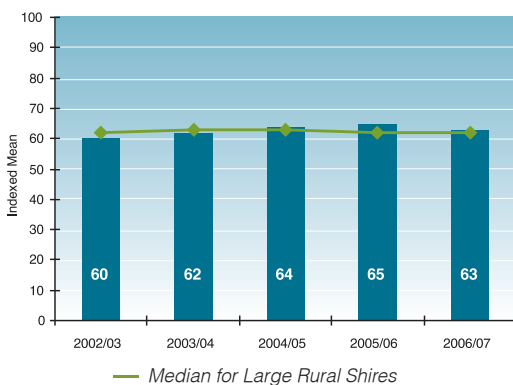
Engaging Our Community

Communication

We are committed to effective communication and consultation with our community as active partners in the ongoing development of our Shire. In addition to consulting through Council activities, meetings, forums and reference groups, we also provided comprehensive information about a broad range of Council activities, issues, services and events through:

- Monthly columns in local papers.
- Our website at www.colacotway.vic.gov.au, updated on a regular basis.
- Proactive engagement of the local media: issued an average of six media releases a week, held regular media briefings and responded to an average of ten media enquiries a week.
- Published regular advertisements in our local papers, community newsletters and on radio about initiatives and activities.
- A Council Plan Newsletter was sent to all non resident ratepayers and Council's Community News Database in March 2007. Local residents were informed through advertisements in the three major local papers.
- More than 600 people received Council news either by mail or email at key times throughout the year e.g. the Draft Budget for public comment.

Community Satisfaction with Council's Advocacy Role



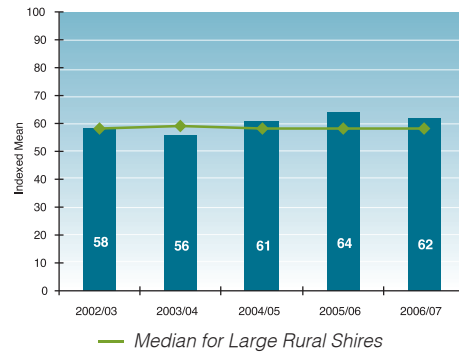
Consultation

We believe genuine consultation and engagement with our community leads to Council outcomes that are more reflective of the community’s aspirations. In 2006, our Community Consultation and Engagement Policy was reviewed to ensure a consistent approach to our consultation and to encourage early engagement. Planning our engagement in this way creates a culture of consultation and engagement.

The policy will provide the opportunity for all submitters to be heard by Council, rather than just submissions specifically required under the Local Government Act.

We believe successful consultation requires ongoing analysis of our practice, and we aim to build on the improvements we have made by regularly assessing the outcomes of our consultation with the community.

Community Satisfaction with Council’s Engagement in Decision Making



Some examples of our community consultation over the past year:

Building & Regulatory Services	• Review of the Municipal Fire Prevention Plan
Children & Family Services	• Kindergarten committees of management and staff regarding cluster management
Economic Development	• Extensive community consultation conducted to complete the Apollo Bay Harbour Capacity Study and in the development of the draft Apollo Bay Harbour Master Plan
Environmental Health	• Workshops held for community groups and sporting clubs on their food safety obligations
Finance	• Review of Strategic Resource Plan • Budget Process
Governance	• Review of Council Policies
Maternal & Child Health	• Statewide and local surveys of maternal and child health clients
Planning	• Colac Structure Plan • Apollo Bay Structure Plan • Rural Review Strategy • C22 Neighbourhood Character Study • Wye River, Separation Creek and Kennett River Structure Plan • Planning Officers have also held mediation meetings in response to some statutory planning applications as required
Recreation, Arts & Culture	• Playground redevelopment • 2006-2010 Festival and Events Strategy • 2006-2010 Arts and Cultural Strategy
Roads & Infrastructure	• Special Charge Schemes





Governance

Council's Role

Colac Otway Shire Council is one of 79 Victorian councils that derives its role, powers and functions primarily from the Local Government Act 1989.

Under the Act, the role of Council includes:

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 Council performs this role by setting the strategic direction of the municipality, establishing and guiding policies, setting service delivery standards and monitoring the performance of the organisation.

Planning and Accountability

Council's strategic plan, the Council Plan, is a four year program developed in 2004/05 by the Council, community and staff. Implementation of the Council Plan began on 1 July 2005.

The Plan sets the strategic direction for the organisation up until 30 June 2009 and identifies seven priority areas:

- Strong Leadership
- Financial Sustainability
- Roads & Infrastructure
- Planning & Development
- Economic Development
- Environmental Sustainability
- Health, Recreation & Community Services

The 2005/09 Plan is reviewed annually. In 2006/07 no additional or new strategies were identified. The Council Plan is available on Council's website at: www.colacotway.vic.gov.au/Page/page.asp?Page_Id=457&h=0

The Strategic Resource Plan (SRP), a four year plan required to achieve the strategic objectives detailed in the Council Plan, was reviewed in June 2007. The last SRP was prepared in 2005 for the financial years 2005 to 2009 to coincide with the Council's electoral term. The next review of the SRP is not due until after the 2008 Council elections, however, it was considered fiscally prudent to revise the SRP as the strategic financial directions and outcomes had materially changed from those in the original SRP.

These material changes include the following:

- The original SRP did not reflect the more rigorous approach taken by the Council to reducing the Infrastructure Renewal Gap.
- The consequential 9.5% rating increase for 2006/07.
- Roads to Recovery Grants.
- Funding of current and future environmental obligations including the relocation of the Marengo Transfer Station and landfill remediation.

Council Decision Making

Council decisions are made in one of two ways:

1. By resolution at Council meetings and Special Committees of Council.
2. By Council officers under delegated authority. Most decisions of an operational nature have been delegated to officers through the Chief Executive Officer (CEO). This system recognises the CEO's responsibility under the Local Government Act in managing the day-to-day operations of the organisation.

Policy and Strategy Review

The following policies, strategies and key plans were reviewed and or adopted by Council during 2006/2007:

Document	Date Adopted
Asset Management Policy	26 July 2006
Community Consultation & Engagement Policy	23 August 2006
Donations – Miscellaneous Policy	23 August 2006
Playground Maintenance & Improvement Policy	23 August 2006
Planning for Healthy Communities in the G21 Region 2006-2009	27 September 2006
Road Asset Management Plan	27 September 2006
Recreation Strategy 2006-2010	25 October 2006
Sale of Council Land Policy	22 November 2006
Arts & Cultural Strategy 2007-2011	30 January 2007
Festival & Events Strategy 2007-2011	30 January 2007
Domestic Wastewater Management Plan	30 January 2007
Sustainable Water Use Plan	30 January 2007
Colac Structure Plan	28 February 2007
Councillor Support Policy	28 March 2007
Governance Policy (Revised)	28 March 2007
Greenhouse Action Plan	28 March 2007
Apollo Bay Structure Plan	26 April 2007
Community Consultation & Engagement Policy (Revised)	23 May 2007
Plaques & Memorials in Colac Botanic Gardens Policy	23 May 2007
Committees of Management Drainage Systems Policy (Revised)	27 June 2007
Section 86 Committees Policy (Revised)	27 June 2007
Internal Audit Policy	27 June 2007
Apollo Bay Harbour Precinct Master Plan	27 June 2007

Statutory Information

Information available for Public Inspection

The following documents are available for inspection at the Colac Otway Shire Offices at 2-6 Rae Street, Colac from 8.30am to 5.00pm Monday to Friday.

- Details of current allowances fixed for the Mayor and Councillors.
- Details of senior officers' total salary packages for the current financial year and previous year.
- Details of overseas or interstate travel undertaken in an official capacity by Councillors or any Council staff in the previous 12 months.
- Names of Council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted.
- Names of Councillors who were required to submit a return of interest during the financial year and the dates the returns were submitted.
- Agendas and minutes for Ordinary and Special Council meetings held in the previous 12 months.
- A list of all special committees established by the Council and the purpose for which each committee was established.
- A list of all special committees established by Council which were abolished or ceased to function during the financial year.
- Minutes of meetings of special committees established under Section 86 of the Act and held in the last 12 months.
- A register of delegations kept under the Local Government Act.
- Submissions received under Section 223 of the Act during the previous 12 months.
- Agreements to establish a regional library.
- Details of all property, finance and operating leases entered into by Council.
- Register of authorised officers appointed under Section 224 of the Act.
- A list of donations and grants made by the Council during the financial year.
- A list of the names of the organisations of which the Council was a member during the financial year.
- A list of contracts valued at \$100,000 or more which Council entered into during the financial year without first engaging in a competitive process and which are not contracts referred to in 186(5) of the Act. Note: "The Act" refers to the Local Government Act 1989.

Local Laws

Council has in place the following Local Laws:

Local Law	Date Adopted by Council	Date Operational
No. 1 Consumption of Liquor in Public Places	24 August 2005	24 September 2005
No. 2 General Local Law	23 September 2005	24 September 2005
No. 4 Processes of Municipal Government	24 August 2005	24 September 2005
No. 4A Processes of Municipal Government	13 December 2006	18 December 2006
No. 5 Colac Livestock Selling Centre	24 August 2005	24 September 2005
No. 11 Livestock	10 November 1999	1 December 1999

Local Law No. 4A was adopted in December 2006 to amend Clause 68 of Local Law No. 4 with respect to speaking times. Local Law No. 11 – Livestock is to be reviewed in 2007/2008.

Audit Committee

This Committee exists to assist the Council to carry out corporate governance responsibilities in relation to:

- 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.
- Council’s overall risk management.

The Audit Committee meets at least quarterly and consists of:

Audit Committee	Eligible to Attend	Actual Attendance
Mr John Warburton, Independent Member (Martoge Pty Ltd)	3	3
Mr Mike Said, Independent Member (EMES Consulting)	4	4
Ms Linda MacRae, Independent Member (Local Solutions Pty Ltd)	1	1
Cr Chris Smith	2	2
Cr Brian Crook	2	2
Cr Peter Mercer	4	4

Mr John Warburton was Chairperson of the Audit Committee until his resignation in February 2007. Mr Mike Said was appointed Chairperson of the Committee in May 2007.

Cr Chris Smith and Cr Peter Mercer were appointed as members of the Audit Committee at the Statutory Meeting held in December 2006. Cr Chris Smith replaced Cr Brian Crook as a member of the Committee.

The Chief Executive Officer, General Manager Corporate & Community Services, Manager Organisational Support & Development, Manager Finance and the Senior Accountant attend meetings to assist with information and support.

Outcomes

The performance of the Audit Committee is demonstrated by three key indicators:

- Risk Reduction
- Audit Committee Work Plan
- Audit Committee Charter



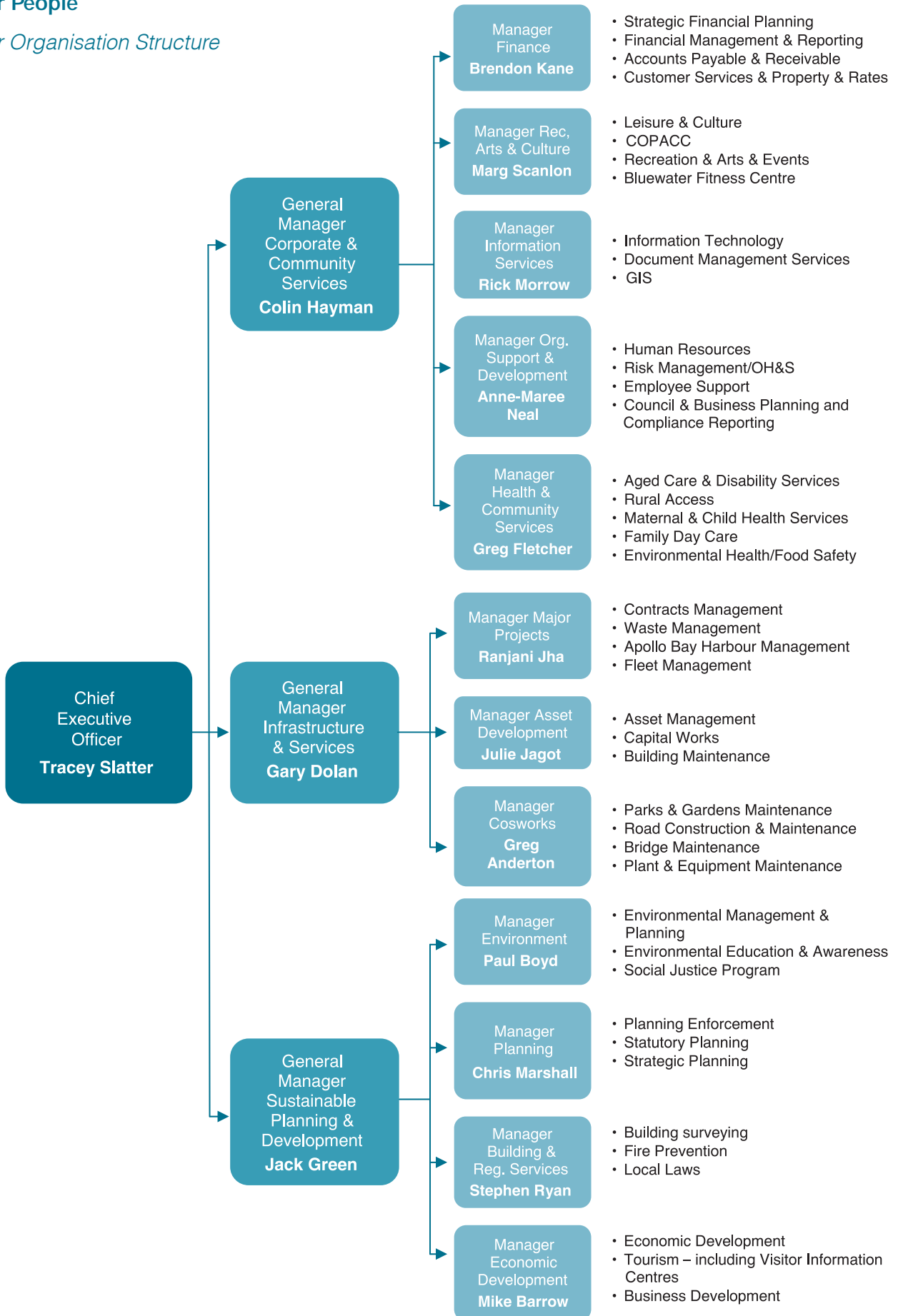


Over the financial year the Audit Committee has dealt with the following issues:

- Review of the 2006/07 External Audit Strategy and development of an Internal Audit three year program.
- Review and recommend amendments to the Audit Committee Charter.
- Review of the Internal Audit Policy.
- Monitoring of the Risk Register actions and developments.
- Monitoring progress of Business Continuity and Disaster Recovery Plan.
- Review of the 2005/06 and 2006/07 Civic Mutual Plus Audits.
- Monitoring Excess Annual Leave of staff.
- Review and endorsement of the 2005/06 Financial Statements, Standard Statements, Performance Statement and Audit Management Letter.
- Review of the Australian Tax Office GST Audit Report.
- Review of the Asset Revaluation and Asset Capitalisation Threshold Policies and monitoring of Accounting Standards changes.
- Monitoring of Insurance and WorkCover Claims.
- Quarterly reporting of Fraud Control Program and review of Fraud Awareness and Control Policy.
- Review of the Half Year Financial Report and Council's updated Strategic Resource Plan.
- Reviewed the reports and recommendations of internal audit projects, including GST Compliance, Best Value Service Review Program, Electronic Funds Transfers Procedures and Information Technology Control Environment.
- Review of the Legislative Compliance Register and the application of the Competitive Neutral Policy.
- Review Council's Sale of Land Policy and Road Management Plan.
- Review risk exposure of Council's Section 86 Committees.
- Review of the Shire's insurance coverage.
- Review of the Auditor General's Report to Parliament on the 2005/06 Financial Statement Audits.
- Review of Waste Management results.

Our People

Our Organisation Structure



Our staff are our most valuable asset and are the driving force behind the delivery of services and the achievement of our Council Plan strategies. At 30 June 2007 there were 288 staff employed in a variety of full-time, part-time and casual positions equalling 184.95 full time staff.

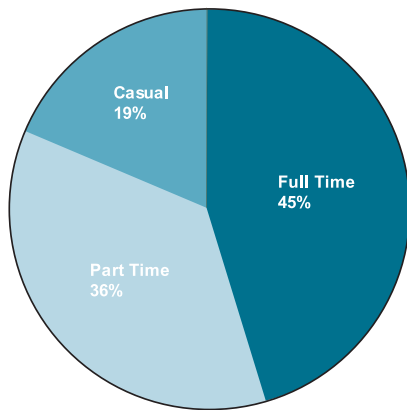
More than 140 volunteers, Family Day Care contractors and work experience participants support and assist our staff in the delivery of council services. Our volunteers play a key role in tourism promotion, community transport and the delivery of major events. We held a “thank-you” breakfast in December 2006 for Colac Otway Shire workforce volunteers, with 90 volunteers in attendance.

New Management Structure

As a result of an organisational review conducted in May 2006, which clarified the roles of the executive and managers, this year was our first full year operating under the new management structure with a clearer third line management group. The entire management group meets regularly to workshop ideas and issues on current or pending projects.

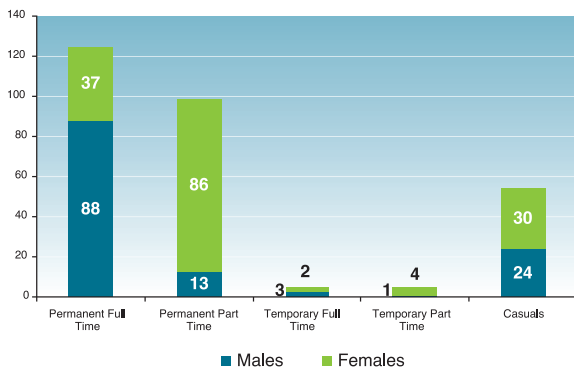
As well as management workshops, the managers meet regularly with their teams. Other internal forums include the Staff Consultative Committee, Occupational Health & Safety Consultative Committee and CEO Forums, which are conducted bi-monthly. Staff also participate in a number of internal cross-departmental working parties on specific topics of interest. Working parties formed in 2006/07 included two Best Value Review Teams, Capital Works, Events Management Team and the Lake Colac Group.

Staff by Employment Status



Staff by Gender and Employment Category

Total Males = 129 Total Females = 159



Effective Full Time (EFT) Staff by Business Unit

Business Unit	EFT
Executive (including General Managers)	6.42
Corporate & Community Services	0.95
Finance	12.61
Recreation, Arts & Culture	18.73
Information Services	8.08
Organisation Support & Development	5.91
Health & Community Services	35.22
Sustainable Planning & Development	8.72
Economic Development	9.34
Environment	3.27
Planning	9.57
Building & Regulatory Services	3.09
Infrastructure & Services	0.63
Major Contracts	7.00
Asset Development	5.02
Cosworks	50.39
TOTALS	184.95

Organisational training and development

Key retention strategies and development opportunities for existing staff included the revision of our tertiary studies assistance policy and introduction of a Staff Scholarship for Studies in Rural & Regional Planning. Also, a number of our Local Laws staff completed Certificate IV in Government & Statutory Compliance.

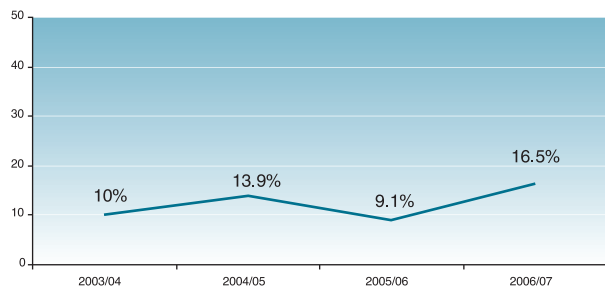
In the previous two years, our organisational training and development program has focused on leadership development for managers and supervisors. One of the key aims for the 2006/07 Organisation Development program was to involve a wider cross section of staff. The program commenced in October with the roll out of the “Values in Action” workshops for all managers and staff. Over 240 participants attended other workshops. Topics included Mediation, Customer Services, Community Engagement and Project Management training.

Recruitment and Retention

We have been fortunate to continue to attract a number of talented people and fill staff vacancies in 2006/2007. While recruitment and retention of a skilled workforce remains an ongoing challenge given general labour market shortages, we believe Colac Otway Shire is uniquely placed to offer a diverse range of career opportunities and lifestyle options.

Being ideally situated within an hour's drive of major population centres and coastal areas, and by promoting our commitment to staff development and training, Council can offer a variety of work opportunities. In addition to retaining and supporting a core group of staff who have a long term commitment to Colac Otway Shire, opportunities are provided to graduates and emerging leaders to grow, learn and experience working in a rural community, and who may then move on to pursue further career challenges.

Annual Turnover Rate



Appreciating our staff

Council has an ongoing Reward & Recognition Program. This year special mentions were made of 16 employees with 10, 15, 20 & 25 years of service to our community. *20 Years: Nola Dowie and Lorraine Brown. 25 Years: Norm Dowie, Mark Robinson, Gary McDougall, Wayne Roberts, Lillian Caspar and Elizabeth Monahan.*

The year also saw the loss of two long serving employees of Council, Peter Marshall and Russell Day, who passed away after periods of illness. Their deaths were a great loss to our organisation and they will be remembered for their dedication and long public service to the Shire and our community.

New Enterprise Agreement

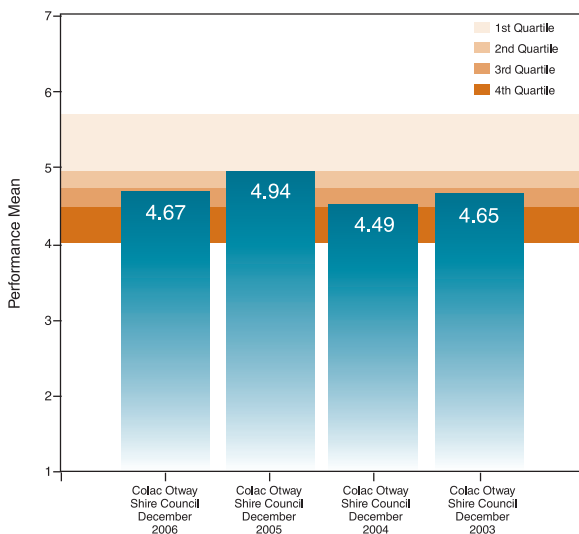
A new Enterprise Agreement, Colac Otway Shire's fourth, was certified in October 2006 and will be in effect for three years. All parties (management, staff and representative unions) contributed positively to the negotiation. No industrial actions occurred during the year.





Employee Opinion Survey

The fourth annual Employee Opinion Survey was conducted in December 2006 by insyncsurveys®. Overall staff satisfaction decreased marginally from the previous year, however more than two thirds of our employees reported that Colac Otway is a good place to work. The two main areas highlighted by staff for further improvement were “Keeping skilled employees” and “Having the resources to achieve my work area goals”. As a follow up to the survey, staff workshops were conducted to discuss the findings in more depth and propose strategies for continuous improvement.



The Year Ahead

- Research and develop strategies to improve staff recruitment, retention and skills
- Provide appropriate staff/office accommodation in line with industry, workplace health and safety standards
- Review of our Employee Assistance Program

Occupational Health & Safety (OH&S)

We are committed to providing a safe and healthy workplace for our staff, contractors and visitors, and our fourth Enterprise Agreement contains a strong commitment to achieving and maintaining workplace health and safety.

Our OH&S Consultative Committee meets bi-monthly. The committee membership includes representation from all areas of our organisation, with 13 designated staff/workgroup representatives.

Our commitment to workplace safety and achievements was evident in the results of our 2006 Employee Opinion Survey. Staff considered safety as the highest priority in terms of improved organisational performance over the past 12 months.

In 2006/07 under the Local Government WorkSafe Project, our occupational health and safety procedures were reviewed by WorkSafe, including inspections of sites and practices related to the areas of Livestock Selling Centre, Creche and Events Management practices.

Ongoing OH&S training is an essential element in continuously improving our health and safety performance. In 2006/07 staff participated in a number of activities including:

- OH&S Representative 5 Day OHS course
- CPR training
- Emergency Warden training
- First Aid training

Fourteen staff participated in sessions held by WorkSafe during Safety Week in October 2006.

In November 2006 we were audited under Victorian Worksafe's SafetyMAP program and successfully maintained our accreditation. The purpose of the SafetyMAP audit program is to determine whether we continue to satisfy the requirements for SafetyMAP Advanced Level Achievement. The results of the audit proved that we have effective systems in place to manage health and safety at Colac Otway Shire.

The Year Ahead

Continue to review policies and improve our procedures to ensure compliance with the Occupational Health & Safety Act 2004, including the development of Contractor OH&S Induction Guidelines.

Risk Management

Our risk management focus this year has been to reinforce and raise awareness of our corporate risk management processes and tools.

Highlights

A project risk assessment guide was developed. The guide aims to provide direction to staff in applying the risk management process to ensure all 'new projects, activities, programs and systems' are subject to a formal documented risk assessment.

In-house training workshops were also held in late 2006 to further develop staff skills in the use of our risk assessment template in the identification, assessment and control of risks.

The Risk Management Policy was reviewed and adopted as a Council policy for the first time rather than remaining as an internal operational policy. This reinforced and communicated Council's ongoing commitment to good risk management practice.

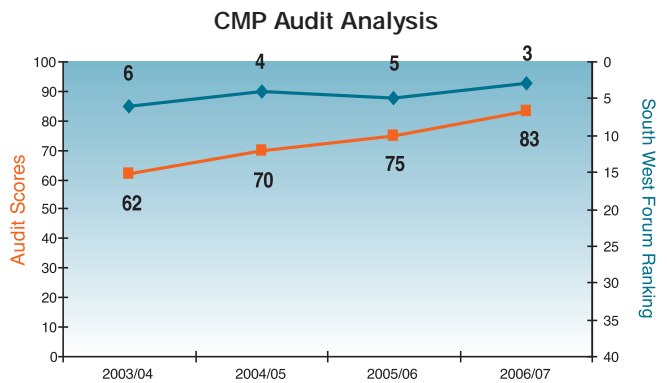
The Year Ahead

The implementation of an electronic risk register that integrates with our business and Council planning processes will be an important development.

Public Liability

Council's Insurer Civic Mutual Plus (CMP) conducts an annual liability assessment of Council's activities. The results of the assessment contribute to establishing insurance premiums for insurance scheme members (Victorian Local Government Councils) for the next financial year. Councils insured with CMP are assessed, scored out of 100 and ranked according to their score. Colac Otway Shire's performance continues to improve, achieving a score of 83% for 2006/07, up 8% on 2005/06. We scored well in the areas of Town Planning/Building (93%), Organisational Risk Management (91%), Recreation (83%) and Roads/Footpaths (81%).

Our ranking amongst participating Councils also improved. Of the 14 South Western Rural councils, Colac Otway Shire improved from 4th in 2005/06 to the 3rd highest scoring council in 2006/07. We were also placed 23rd out of 78 Councils for the State, up from 34th in 2005/06.



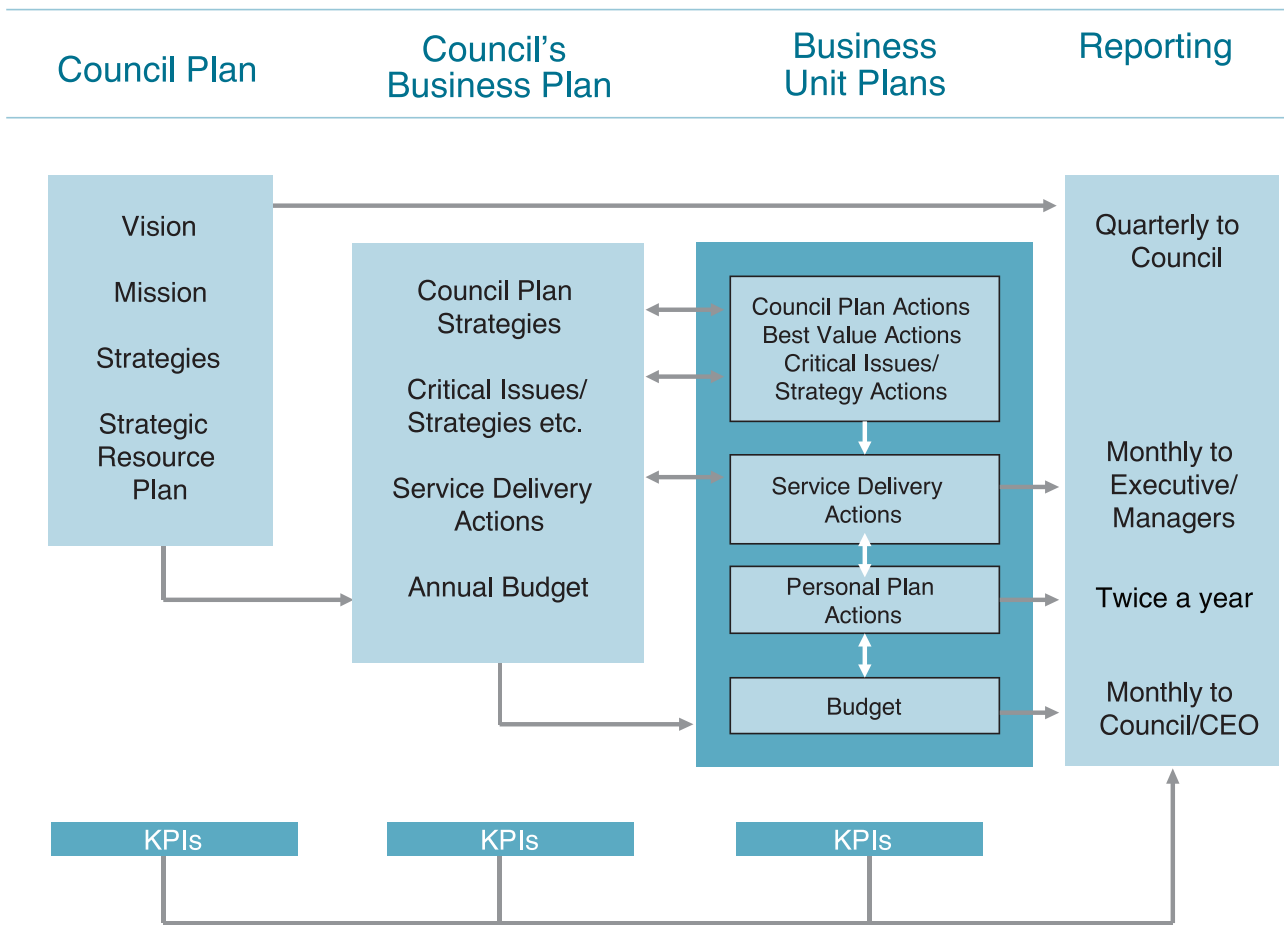
Annual Property Risk Audit

As a requirement of Council's asset insurers, Jardine Lloyds Thompson, we also participated in an annual audit of council properties. The insurer inspected a selection of council properties and reviewed our risk minimisation systems. For 2006/07 we received a score of 82%, which was a significant improvement on the previous year's score of 61%.

Integrated Business Planning

This year we continued to strengthen our approach to an integrated business planning framework through the ongoing implementation of the interplan® reporting software. A key focus has been to strengthen the linkages between the Council Plan, the business unit annual plans and employees' personal plans.

Integrated Planning Model



At the Council Plan level the key performance indicators address outcomes of the Council Plan strategies and actions and the following legislatively prescribed indicators (Victorian Local Government Indicators):

Victorian Local Government Indicators

	2002/2003	2003/2004	2004/2005	2005/2006	2006/2007
Affordability					
Average rates and charges per assessment	\$811	\$869	\$907	\$956	\$1,069
Average rates and charges per Residential assessment	\$618	\$764	\$822	\$878	\$950
Sustainability					
Average liabilities per assessment	\$752	\$698	\$885	\$818	\$698
Operating result per assessment – surplus/(deficit)	(\$564)	(\$115)	(\$161)	\$128	\$71
Services					
Average operating expenditure per assessment	\$2,603	\$2,261	\$2,482	\$2,142	\$2,069
Community Satisfaction Survey for overall performance generally of the Council	Index Mean 64	Index Mean 62	Index Mean 62	Index Mean 65	Index Mean 63
Infrastructure					
Average capital expenditure per assessment	\$396	\$388	\$429	\$626	\$601
<i>Renewal Gap</i>					
Current spending on renewal to Asset base consumed during the year	29%	38%	42%	55%	83%
<i>Renewal and Maintenance Gap</i>					
Current spending on renewal plus maintenance to Asset base consumed during the year, plus maintenance	45%	51%	56%	72%	121%
Governance					
Community Satisfaction Survey for Council's advocacy and community representation on key local issues	Index Mean 60	Index Mean 62	Index Mean 64	Index Mean 65	Index Mean 63
Community Satisfaction Survey for Council's engagement in decision-making on key local issues	Index Mean 58	Index Mean 56	Index Mean 61	Index Mean 64	Index Mean 62

We measure our performance at four stages within the planning, measurement and reporting cycle and report at regular intervals, as shown in the following table:

Performance Report	Content	Audience	Interval
Annual Report	Report of operations Achievement in line with Council Plan strategies Victorian Local Government Indicators Legislative compliance Financial management	Colac Otway community, Council, State Government, businesses, partners and visitors	Annually by 30 September
Financial Management	Financial position	Council, CEO and General Managers	Monthly to the Executive and Council
Council Plan Strategy Report	Achievement in line with Council Plan strategies	Council, CEO, General Managers and Managers	Quarterly
Business Unit Report	Progress according to business unit actions	CEO, General Managers and Managers	Monthly
Employee Personal Plans	Progress against personal plan actions	Employee and their Manager	Twice per year
Capital Works	Progress according to implementation schedule and expenditure	Council, CEO, General Managers and Managers	Monthly to the Executive and Quarterly to Council

Continuous Service Improvement

The Best Value provisions outlined in the Local Government Act require Council to review our 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

In line with Council's ongoing requirement to continue to review services against the Best Value principles, in June 2006 a process was endorsed whereby the strategic direction for service delivery

would be set by Council at the commencement of each service review. The revised process also provides for greater emphasis on benchmarking, community consultation and financial assessments, with the Audit Committee continuing to oversee the Best Value Review schedule.

Three services are currently undergoing review: Customer Services, Property & Rates and Local Laws, with reports due to go to Council for adoption in late 2007.

Asset Management, Contract Management, Waste Management, Fleet Management, Capital Works, Building Maintenance and Apollo Bay Harbour Management will be reviewed in 2007/08.



Legislative Compliance

Equal Opportunity

Colac Otway Shire is committed to the principles of Equal Opportunity and believes that our staff, volunteers and clients are entitled to be treated on the basis of merit and work in an environment free of harassment and bullying. Accordingly, we are committed to achieving Equal Employment Opportunity and Anti-Discrimination. All staff are entitled to access employment, promotion, training and the benefits of a working environment based on merit, that is, their skills, qualifications, abilities and work performance. Staff are informed of our commitment to the principles of equal opportunity through our staff induction program, Code of Conduct, and regular awareness programs. Over the coming year all staff shall have access to Equal Opportunity refresher training, and our Employee Assistance program will be reviewed.

Freedom of Information Act 1982

The Act grants the community the right to access certain Council documents. This general right of access is only limited by exceptions and exemptions, which have been prescribed to protect essential public interests and the private and business affairs of people about whom Council holds information.

The Act has four principles:

1. The public has the right of access to information
2. Local governments are required to publish information on the documents they hold
3. People may request that inaccurate, incomplete, out-of-date or misleading information in their personal records be amended
4. People may appeal against a decision not to give access to the information or not to give access to the information or not to amend a personal record

Written requests for documents must be addressed to Council's Freedom of Information Officer. The request must specify the document required or if unable to do so, give sufficient detail to enable the relevant document to be located, the form of access required and include details of the applicant's contact details. Applications must be accompanied by the prescribed fee.

FOI Applications Recorded

2006-07	12
2005-06	9
2004-05	13
2003-04	18
2002-03	21

Whistleblowers Protection Act 2001

The Act is designed to encourage and facilitate the disclosure of information about improper conduct by Council Officers or Councillors. The Act provides a framework for the investigation and correction of any improper conduct reported. It also provides protection for informants. The key objectives of the Act are to:

- Promote a culture in which people feel safe to make disclosures
- Protect these people from recrimination
- Provide a clear process for investigating allegations
- Ensure that investigative matters are dealt with properly

Council's commitment to the Act is outlined in our procedures, and can be downloaded from Council's website at www.colacotway.vic.gov.au/Page/page.asp?Page_Id=1758&h=1 or obtained from the Colac Shire Offices.

Disclosures may be made either to the Council or directly to the Ombudsman. Disclosures may be made by members of the public, other organisations or Council employees. No disclosures were received in 2006/07.

Information Privacy

Council has adopted policies relating to information privacy and health records that meet the requirements of the Information Privacy Act 2000 and the Health Records Act 2001. Both Acts include privacy principles that relate to the collection, use and disclosure of information.

At Colac Otway Shire we believe the responsible handling of personal information is a key aspect of democratic governance and we are strongly committed to protecting an individual's right to privacy. Over the coming year staff shall have access to Information Privacy refresher training. No complaints were received in 2006/07.

Council Memberships

Council is a member participant in a number of forums including the following key memberships:

Organisation	Amount
Geelong Otway Tourism	\$59,000
G21 - Geelong Regional Alliance	\$45,000
Municipal Association of Victoria	\$18,900
Barwon Regional Waste Management Group	\$14,300
Livestock Saleyards Association of Victoria	\$2,100
Timber Towns Victoria	\$2,000
VECCI	\$1,200
Victorian Association of Performing Arts Centres	\$900
National Seachange Taskforce	\$700
Planning Institute of Australia	\$530
Australian Airports Association	\$350
Total	\$144,980

Sale of Property

The Council disposed of one parcel of land during 2006/07 - 10 Baynes Road, Alvie for \$1,876.



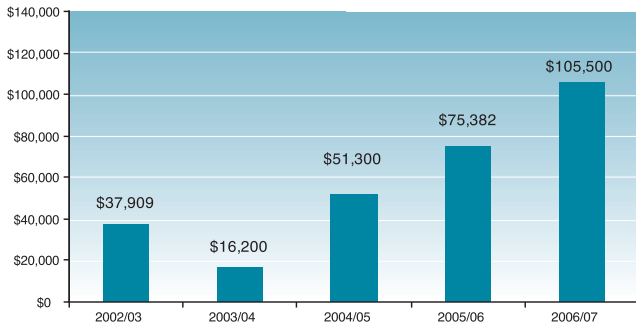
Grants and Donations to the Community

Council provides grants and donations to community groups for the purpose of undertaking cultural, recreational, environmental and community support projects and activities. In the 2006/07 financial year the amount we gave to the community totalled \$203,492.

Major Grants and Donations

Over the past five years Council has provided \$286,291 in Major Grants and Donations to support community events and organisations. There is a \$30,118, or a 40%, increase in Major Grants and Donations over the 2005/06 financial year.

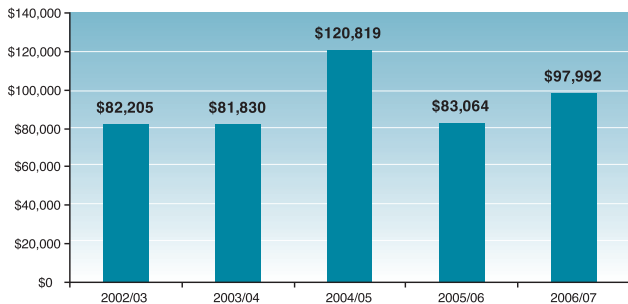
Major Grants & Donations



Community support grants and donations

A five year view of the Community Support Grants and Donations indicates Council has provided a total of \$465,910 to support community groups, with a variety of projects, ranging from minor maintenance to the purchase of life saving equipment.

Community Grants & Donations



Councillors

Council Meetings

Council conducts its business in open and publicly advertised meetings. Ordinary Council Meetings are usually held on the third Wednesday of each month. Council meets in Apollo Bay in April and November. On occasion, Special Council meetings are called to consider specific matters.

Council provides the opportunity for members of the public to ask questions related to issues in which Council has a direct interest or responsibility, with question time held at the start of the Council meeting.

Meetings are conducted in accordance with the meetings procedure provisions of Local Law 4. Reports are prepared independently by staff for both decision and information of Council.

Councillors are required to disclose any conflict of interest in any item to be discussed at Council meetings, and are subsequently precluded from voting on an item if a conflict of interest exists.

Attendance at Meetings

	Number of Council and Statutory Meetings Attended	Number of Special Meetings Attended
Number of Meetings held	13	3
Cr Warren Riches (Mayor)	13	3
Cr Joe Di Cecco	12	3
Cr Stuart Hart	13	3
Cr Chris Smith	13	3
Cr Brian Crook	12	2
Cr Peter Mercer	13	3
Cr Geoff Higgins	12	3

The statutory meeting including the election of Mayor was held on Wednesday, 6 December 2006.

Special meetings and their purpose

9 August 2006	<ul style="list-style-type: none"> • Consideration of submissions to the Draft 2006/07 Budget • Tourism Review • Rating Strategy • Adoption of 2006/2007 Budget
7 June 2007	<ul style="list-style-type: none"> • Amendment To The Intended Development On The Barham River Flood Plain Estuary Situated Within The Land Subject To Inundation Overlay (LSIO) • Notice of Motion Apollo Bay Structure Plan
13 June 2007	<ul style="list-style-type: none"> • Consideration of the 2007/08 Draft Budget

Attendance at Council Committees

	Planning Committee	Roads Committee
Number of meetings held	12	4
Cr Warren Riches	12	4
Cr Brian Crook	8	2
Cr Geoff Higgins	11	2
Cr Chris Smith	12	4
Cr Joe Di Cecco	11	2
Cr Stuart Hart	12	0
Cr Peter Mercer	12	4



Councillor Support and Remuneration

The State Government categorises councils according to their size and revenue base. For each category the maximum amount that can be paid to a mayor and councillors is set. The Colac Otway Shire was categorised as a Category 2 council in December 2005. Council resolved that the Councillor Allowance be set at \$15,000 per annum

and the Mayoral Allowance be set at \$45,000 (maximum allowable - \$46,500).

The Local Government Act 1989 (Section 75) also provides for the reimbursement of 'necessary out of pocket expenses' incurred while performing the duties of a Councillor.

Councillor	Allowance	Travel (paid during 2006/07)	Total
Cr Warren Riches (Mayor)	\$45,000	Car Provided (Council business and full private use)	\$45,000
Cr Stuart Hart	\$15,000	\$22,286	\$37,286
Cr Peter Mercer	\$15,000	\$9,848	\$24,848
Cr Joe Di Cecco	\$15,000	\$8,840	\$23,840
Cr Chris Smith	\$15,000	\$5,361	\$20,361
Cr Brian Crook	\$15,000	0	\$15,000
Cr Geoff Higgins	\$15,000	0	\$15,000
Total	\$135,000	\$46,335	\$181,335

A Councillor Support Policy was adopted in March 2007 which provides a broad overview of how the Council provides assistance and support to the Mayor and Councillors in carrying out their role and official duties as Councillors.

Support is provided in the form of a Council vehicle for the Mayor. Registration fees for conferences and functions, training, communication equipment, meeting room/office, travel and child care expense reimbursement are available for all Councillors. All Councillors are provided with a telephone/facsimile machine for Council business, paid for by Council.

Mobile telephones are currently provided to the Mayor and Councillor Hart and are paid for by Council. The total cost of the two mobile telephones is approximately \$150 a year. The Mayor is also provided with a computer and ancillary equipment. This assistance and support is additional to the Mayoral and Councillor annual allowances.

Changes to Council Code of Conduct

Council, as part of the development of a Councillor Support Policy in March 2007, deleted appendix 5 "Guidelines: Councillor Expense Entitlements" from the Council Code of Conduct.

Copies of the Code are available on Council's web site at www.colacotway.vic.gov.au/Page/page.asp?Page_Id=457&h=0

Committees of Council

The Local Government Act 1989 acknowledges the need for Special Committees of the Council and Advisory Committees in Part 4 Division 2. The Act allows for Committees made up of Councillors, Council staff and other persons and for a Council, by Instrument of Delegation, to delegate any of its functions, duties or powers to a Special Committee. The Committees of Council for 2006/07 are detailed below:

Councillor	Committee	Meeting Frequency	Purpose/Comments
Cr Chris Smith Cr Peter Mercer (includes 2 independent members)	Audit Committee (Advisory Committee)	Quarterly, or more frequently as determined	The committee is made up of two Councillors and two independent members with an independent member as the chairperson. The Chief Executive Officer (CEO) is a non-voting member.
All Councillors	Chief Executive Officer Appraisal Committee (Advisory Committee)	Half Yearly	The primary purpose of this committee is to review the CEO's performance.
Cr Chris Smith Cr Stuart Hart	Contracts Committee (Special Committee)	As required	The purpose of this committee is to approve contracts of the value ranging from \$100,000 to \$200,000.
All Councillors	Planning Committee (Special Committee)	Meets the second Wednesday of the month (except December), or more frequently 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.
All Councillors (includes staff and a VicRoads representative)	Roads Committee (Advisory Committee)	Quarterly, or more frequently as determined	To provide an effective means of communication between the community and Council in relation to its road management function and to guide Council's advocacy role in relation to strategic road issues; and To act as an advisory committee to Council to assist in discharging Council's responsibilities as they relate to the Local Government Act 1989 and Road Management Act 2004.
Cr Warren Riches Cr Chris Smith Cr Peter Mercer Cr Stuart Hart	Australia Day Committee (Advisory Committee)	Once per year in December/January	The purpose of this committee is to review nominations and select Australia Day Award winners in the various categories.
Cr Warren Riches Cr Brian Crook Cr Peter Mercer Cr Chris Smith Cr Stuart Hart	Grants/Community Funding Committee (Advisory Committee)	Once per year in June/July	The purpose of this committee is to consider the applications received for the Community Funding program and make recommendations and any strategic directions for the specific projects or funding programs.

Organisational Support and Development

The Organisational Support & Development Unit provides advice, coordination and support on a broad range of internal services to Colac Otway Shire's management and staff in the areas of human resources management (including recruitment and selection, industrial relations, training and development), risk management and workplace safety; and corporate support for Council's integrated business planning processes, best value reviews and performance reporting.

Highlights

Information Systems Improved

Implemented the second stage of the 2000 Plus Employee Management module (software) with an employee self service kiosk providing staff with the option of applying "online" for leave, checking leave balances etc.

Introduced a Workers' Compensation Software application (SmartClaim) to assist in the administration of incident/injury reporting, claims and injury management.

Revised and expanded the Volunteer Section of our Web Page to include information on both Council's Volunteer programs and the broader volunteering opportunities within the community including links to other volunteer organisations, available grants and National Volunteer Week.

Commenced the planning phase for implementation of a new electronic staff performance management system (PES®). The system will be implemented in July 2007 and will fully integrate with Council's strategic and annual business planning software and performance management processes.

Continued implementation and training staff in the use of Council's Business Planning Software (interplan®). interplan® is an integrated planning tool that will provide the organisation with the ability to more effectively manage corporate, business and service level planning and reporting requirements. The quarterly Council Plan progress reports were produced using this system.

Organisational Development

Coordinated a comprehensive organisational development and staff training program to ensure all employees received ongoing professional development opportunities that assist them to effectively carry out their duties.

In preparation for Enterprise Agreement negotiations, the Organisational Support & Development Unit facilitated five staff focus group workshops and coordinated six staff/union consultative committee meetings culminating in **certification of Colac Otway Council's fourth Enterprise Agreement** by the Office of Employment Advocate in October 2006.

Implemented the outcomes of an organisational review conducted in May/June 2006. Changes to the management structure required revision and updating of management position descriptions, employment contracts and agreement arrangements, and recruitment and selection for newly created/altered management positions.

Coordinated the recruitment and selection of 39 positions vacant processing a total of 295 applications, including the appointment of six executive/managerial positions.





Reviewed the Risk Management Policy and the Risk Management & Insurance Manual for Council Committees of Management. Developed new guides for Events Management, Project Risk Assessment and Insurance for Non-Council Committees of Management. Conducted risk management training for staff to continue to educate and raise awareness of the risk assessment procedures and their importance in the organisation.

Coordinated the annual external audit program for compliance with Public Liability, Professional Indemnity, Asset Management Insurances and OH&S Management system accreditation. Developed a furniture and equipment inventory database and compliance checklist for conducting internal audits.

All new staff completed a comprehensive induction program that provided information, key human resources policies and procedures, internal systems and processes, risk management and workplace safety.

Engaged with our Volunteers

In partnership with Surf Coast Shire, Colac Otway Shire was successful in receiving \$160,000 grant funding from the Department of Victorian Communities to develop a volunteer strategy that will address future needs and resources for sustainable volunteer communities. The project focuses on working with community volunteers to collect their stories about their volunteer experiences. The stories will be used to develop a Council strategy to support active community participation in volunteering. The project began in February 2007 with the employment of a Volunteer Engagement Project Officer for 12 months.

Challenges

- Best Value reviews due for completion prior to the end of the financial year were rescheduled for finalisation in late 2007.
- Ensuring our contractors have appropriate safety procedures and systems in place.
- A continued reduction in staff participation in our annual Employee Opinion Survey with a 35% response rate for 2006 down from 44% in 2005.

The Year Ahead

- Complete the Volunteer Engagement Project and development of the strategic plan.
- Continue to implement the Performance Management Software and revised Staff Development Program.
- Develop and implement a Staff Health & Wellbeing Program.
- Implement the new Risk Register module of Interplan®.
- Develop a Contractor Occupational Health & Safety Induction Guide.
- Review and implement the annual Employee Opinion Survey.
- All staff will undergo equal opportunity, privacy, and workplace health and safety refresher training.

Information Services

The Information Services Unit strives to provide a consistently high level of Document Management Services (DMS), Information Communication and Technology (ICT) and Geographic Information System (GIS) support and service to internal and external customers in order to provide the best Council services for the benefit of all customers.

Information Services

- \$970,000 operating expenditure (\$70 per rateable property)

Information Communication and Technology (ICT)

Highlights

Introduced a new Customer Relationship Management application (MERIT) to track and monitor customer requests. To ensure staff met the Customer Service standard target of 80% for completion of requests within the allocated timeframe, a significant amount of training and consultation was undertaken. Council received 25,402 customer requests in 2006/07 and achieved an 86.2% completion rate within allocated timeframes.

Implemented a help desk to assist both the ICT staff and Council officers with ICT related problems and issues to increase responsiveness and provide a more efficient service.

Increased security and streamlined the management of Council's information systems by implementing a feature called Group Policy, which defines a set of rules that are applied to the systems.

Established the Municipal Emergency Control Centre, in readiness for the summer fire season.

Engaged in several software development activities including Animal Lifetime Tags for Local Laws and modifications to the 'Trees Management' application.

Upgraded the communications infrastructure link between the Livestock Selling Centre office and the main office at Rae St. Two new Production Servers were commissioned, with one at the Pound and the other at the Apollo Bay Visitor Information Centre. Forty-three Workstations, two printers, two servers and a host of peripheral equipment were replaced in accordance with the equipment replacement program.

Involved in the **introduction of the Point of Sale systems** at Bluewater Fitness Centre and the Colac and Apollo Bay Visitor Information Centres.

Challenges

- Significant work has been put into the identification of a Disaster Recovery (DR) site to develop the skills and procedures to recover from a single server failure within four hours. Further investigations will be required after the completion of the ICT Strategic Plan as to a DR site.
- The Council's Town Planning software application has been fully redeveloped by the vendor for release to the Local Government sector. However, introduction of the application has been delayed while the vendor completes final development activities.

The Year Ahead

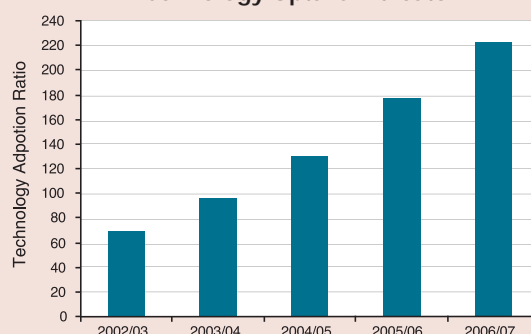
- Recently released operating systems for both the server farm and desktop workstations will be implemented over the next 12 to 24 months. The new release of several Microsoft applications including MS Office 2007, and a move to web based applications, will generate a number of challenges for the organisation.
- Completion of the ICT Strategic Plan.

ICT

- The information system consists of 13 servers and 146 workstations located across 12 work sites.
- Received 101,409 emails and sent 65,152.

The trend in the uptake and adoption of technology is expected to continue in the foreseeable future.

Technology Uptake Indicator



Geographic Information Services (GIS)

Highlights

The GIS unit has played a pivotal role in the formation and management of the Corangamite Consortium, which has coordinated the Imagery and Modelling project. The project will provide Council with low-resolution imagery of the whole Shire and for the first time a high resolution model of the terrain. The total value of the project is just under \$2 Million of which Council has contributed \$20,000.

Managed the administrative functions of the extension of the MelbPos geodetic network into Apollo Bay. The network provides real time GPS corrections that provide 2cm positioning accuracy. The installation of the Cressy and Apollo Bay base stations, which form part of the MelbPos geodetic network covering the Barwon Region, has complemented the existing stations at Colac, Geelong and Ballarat.

Finalised the rural road numbering scheme, which provides address and location points for all driveways in Victoria. This scheme was designed to aid mail delivery and emergency services delivery.

Challenges

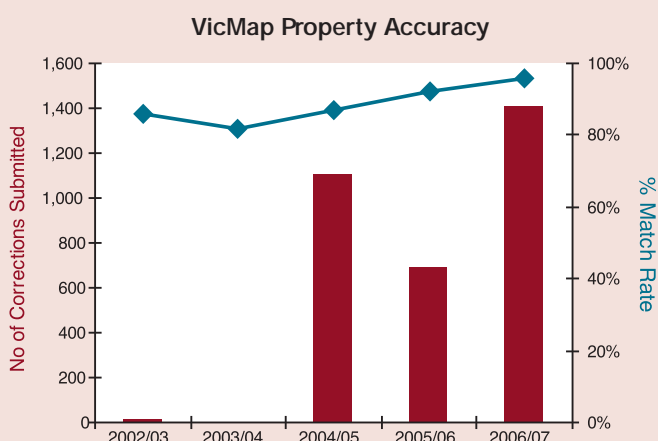
- Did not receive “Clever Networks” Federal government grant funding, which would have provided a capability for Council’s GIS data to be made available through the South West Knowledge Hub.
- Council’s Health Department has a requirement to gather spatial data. The GIS unit worked hard to provide the capability by modifying their current system to allow for the capture and storage of spatial elements. However, due to a number of factors this did not eventuate.

The Year Ahead

- GIS data to be made available on Council’s website.
- Creation of web tools to manage the property system.
- Investigate the management of mobile devices.

GIS

- 200 new properties mapped



The match rate between Council's property system and State Government has steadily improved and is now above 95%.

With the growing reliance on property maps by the Council and to a smaller degree the community, the accuracy of the data has become an issue of significance. The GIS unit has worked closely in partnership with other agencies to provide a system which is accurate and constantly maintained.

Aerial photography plays an important part. As technology has improved so has the resolution and the currency of the aerial images and thereby its usefulness. The GIS unit has been able to deliver a capability to Council that has improved over the last seven years and is now used by all departments.

Document Management Services (DMS)

Highlights

Disposal of all eligible 2006 documents in accordance with the Public Records Office Disposal Schedule.

Redevelopment of the DMS procedure manual to align with the new customer request system.

Developed a delivery storage facility.

Completed four audits of Council's electronic document library in relation to compliance with defined standards for the library.

Challenges

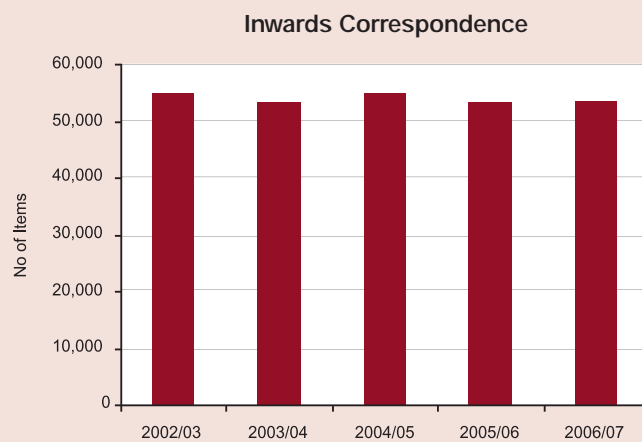
- Auditing of the electronic document library identified a number of issues that need to be addressed.

The Year Ahead

- Managing the requirements for electronic correspondence will be a significant challenge as the advances in technology bring increased use of email and SMS (Short Message Service).

DMS

- 123,010 items of both inwards and outwards correspondence processed.

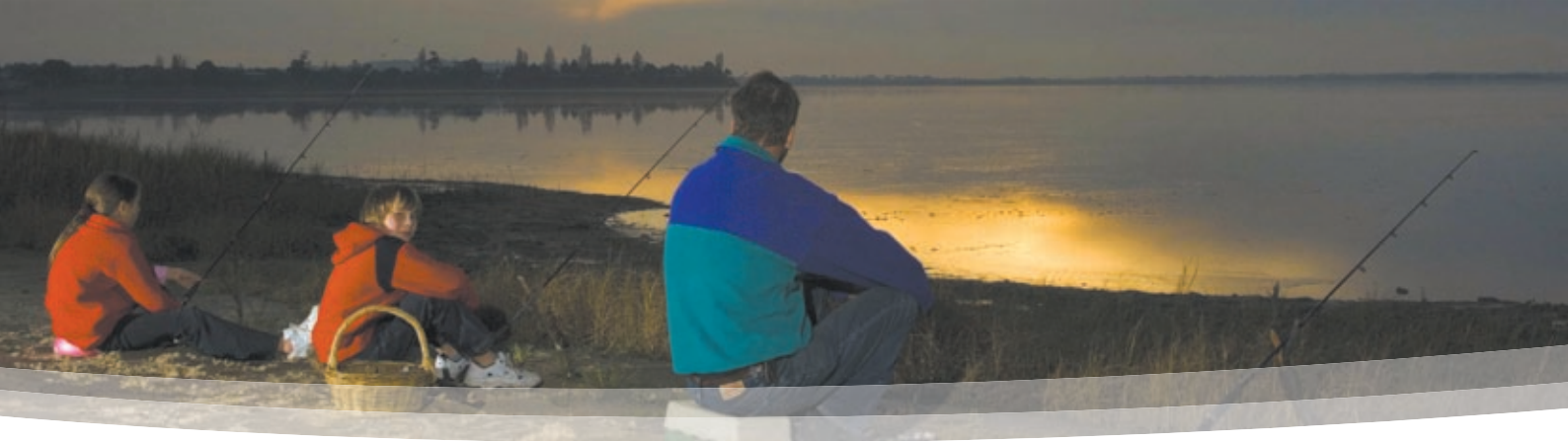


Council Plan Objective

Improving and renewing our roads and other infrastructure by allocating additional Council funds and strongly advocating for State and Federal Governments to provide additional funding.

- ★ 2006/2007 Actions completed
- ◆ 2006/2007 Actions behind schedule
- ➔ Deferred or delayed beyond 2006/2007

Council Plan Commitments	
★	Continue increased funding of infrastructure asset renewal, particularly on rural road resheeting, drainage, timber bridges and footpaths.
★	Advocate for the upgrade of Turtons Track as a major sealed 2WD Touring route.
★	Advocate for the upgrade of the main access roads between Princes Hwy and the Great Ocean Road including the Colac/Forrest Road, Birregurra/Forrest Road, Forrest/Skenes Creek Road and Forrest/Apollo Bay Road and the Colac/Lavers Hill Road consistent with actions contained in the Great Ocean Road Regional Strategy.
★	Advocate for the location of the Geelong By-Pass connection with the Princes Highway to enable a continuous 100kmh speed zone.
★	Advocate for the Construction of a dual carriageway Princes Highway from Geelong to Colac and then beyond to the South Australian border.
★	Advocate for the development of an alternative heavy vehicle route for the City of Colac.
★	Advocate for the identification of a designated route for the future location of a Colac By-Pass for the Princes Highway.
➔	Implement the Road Safety Plan and Council approved road safety initiatives in partnership with VicRoads and other agencies. <i>Project deferred to 2007/08. This strategy is to be undertaken as a joint project with Corangamite Shire (with strong links to the Corangamite Policing District). Both municipalities have committed funding to the project.</i>
★	Advocate for improved infrastructure services – telecommunications.
★	Investigate the feasibility of a Regional Saleyards complex with other municipalities in the G21 Region.
◆	Develop and implement the Asset Management Plans and Asset Management System for all infrastructure categories. <i>Bridge Asset Management Plan to be completed and presented to Council. Data for building assets collected but limited progress made to develop an Asset Management Plan for this category. Limited work undertaken on preparing an Asset Management Plan for recreation reserves.</i>
★	Manage our roads consistent with Council's Road Management Plan.
➔	Strategically manage the impacts on Council's local road network giving consideration to emerging industries and changes in transport demands. <i>Management outcomes of defect inspections and responses have been reported to the Roads Committee quarterly throughout 2006/07. Applications were submitted to undertake improvements to strategic local road routes consistent with the South West Region Transport Plan. Further work is proposed in future years to take into account impacts of transport (various sectors) as outcomes of the Colac Structure Plan. An integrated Traffic Management Plan is proposed to be undertaken in 2008/09 in response to the Colac Structure Plan.</i>



Advocacy

Princes Highway Campaign

During 2006/2007 Colac Otway Shire joined with 16 municipalities representing G21, Great South Coast Municipalities Group and the South East Local Government Association of South Australia to advocate for the State and Federal governments for funding to upgrade the Princes Highway.

A position statement and business case was prepared for these municipalities to unite their vision for improvements to the Princes Highway West and to provide a consistent message to both levels of government when lobbying on this issue. This vision included the declaration of the highway as an Auslink road between Geelong and the South Australian border and beyond, and its duplication between Geelong and Colac. The position statement and complementary business case were launched in February 2007.

Through the development of the strategy the Princes Highway West Alliance of Local Government was born. The Alliance held three simultaneous launches in Winchelsea, Warrnambool and Mount Gambier on 16 February 2007 to herald the start of the public campaign. The Alliance also held meetings with relevant Ministers and government representatives including The Hon Mark Vaile, MP Deputy Prime Minister, The Hon Jim Lloyd, MP Federal Minister for Local Government Territories and Roads, The Hon Stewart McArthur, MP Federal Member for Corangamite and Mr Tim Pallas, State Minister for Roads & Ports. The Alliance plans to increase its lobbying effort in the lead up to the 2007 Federal Election and further encourage community support for the campaign.

Infrastructure and Asset Development

Highlights

91% of the year's capital works projects were completed, with 89% of the budget spent including \$1.3 Million of capital works carried forward from the previous year.

More than \$2 Million of works under the Roads to Recovery scheme were also completed including projects associated with supplementary funding of \$1.1 Million received from the Federal Government.

Completion of the 2006/07 Building Renewal Program (\$146,273) delivering improved buildings and facilities to the community included repairs and repainting of the Memorial Square rotunda, refurbishment of the kitchen area to the Barongarook Hall, repairs to brickwork at the Beech Forest Hall, and repairs and repainting of the airport doors at the Bluewater Fitness Centre.

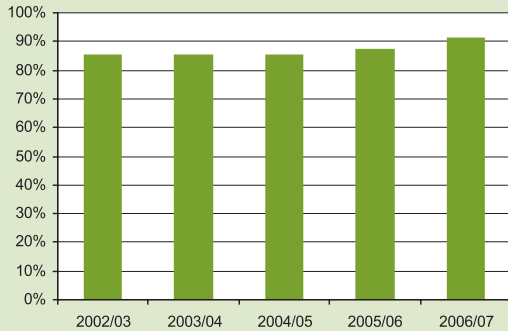
Upgrade and improvement of Council's public toilets, including replacement of the facilities at Forrest and construction of a disabled access toilet at the Hesse Street Comfort Station in Colac.

Completion of building works under Council's 2006/07 Capital works Program, including replacement of the asbestos roof at the Colac City Band Room and upgrade of the existing water meter servicing the Colac Livestock Selling Centre.

Infrastructure & Asset Development

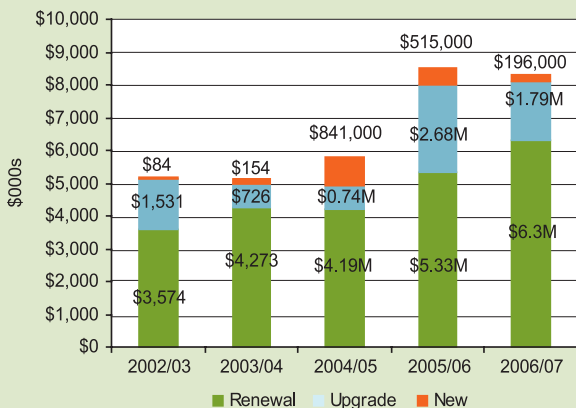
- Non-Current Assets valued at \$198 Million

Percentage of Capital Works Completed



The continued increase to 91% completion of the Capital Works program is directly attributed to improved and ongoing project monitoring.

Capital Works Undertaken



A commitment to asset renewal has seen a reduction of the asset renewal in recent years with the gap projected to be closed for the first time in 2007/08.

Challenges

- Rainfall in May/June resulted in delays in completing a number of major road infrastructure projects including Deepdene and Rossmoyne Roads.
- Delays to service installations by external authorities also impacted on the timely completion of the Borwick Street and Dowling Street Special Charge Scheme projects.
- The finalisation of a complex project involving clarification of building ownership issues, including the need to establish clear roles and responsibilities for maintenance has not been achieved.
- The 17 municipal members of the Princes Highway Alliance are yet to receive a funding announcement from the State and Federal levels of government to upgrade the highway.

The Year Ahead

- The capital works adopted for 2007/08 is the largest undertaken by Council to date, and presents many challenges to implement the wide range of projects.
- The year ahead will see the start of the Federal Government Auslink Strategic Roads Program involving Barpinba – Poorneet Road and Swan Marsh-Irrewillipe Road. This program will be implemented over two years.
- The construction of Carpendeit – Bungador Road, Bungador under the State Government Dairy Roads Program will be undertaken in the coming year.
- Continued development of Council's road inspections system including integration with Council's customer request system MERIT to improve monitoring and reporting.
- Managing community expectations in relation to the levels of service delivered by Council in respect to management of roads, buildings, and public open space, including playgrounds.
- Development of a model to prioritise maintenance and capital expenditure on Council's public halls and the implementation of a routine building maintenance inspection system.

Asset Maintenance

Highlights

Colac Otway Shire has 1,700km of local roads (1,074km unsealed, 626km sealed) and 120km of footpaths to maintain. Drought conditions impacted upon a number of maintenance areas although **approximately 108km of unsealed roads were resheeted** during the year, representing approximately 10% of the unsealed road network.

The **resealing of approximately 34km of urban and rural roads** was completed early in the year, resulting in asphaltting works on a number of roads being brought forward.

1,600m of footpath was replaced across the footpath network, renewing and replacing unsafe and broken sections.

Major drainage works involving the establishing, clearing and reshaping of drains were undertaken along 85km of the road network, in addition to 1,600m of **kerb and channel** being replaced throughout the year.

Guidepost installation was undertaken along 150km of road across the municipality involving the installation of 2,200 new guide posts. Additional to this a further 1,500 guide posts were installed replacing posts that had been identified as damaged or missing as part of our programmed road asset inspections.

Drought conditions decreased demand for **roadside slashing**. Instead there was a greater emphasis on roadside vegetation control (trees), with 110km of maintenance being undertaken across the Shire.

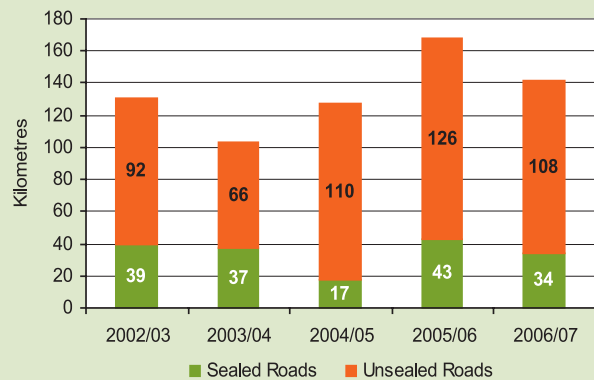
Challenges

- While an outstanding maintenance effort was achieved over the 12 month period, community surveys indicate low satisfaction levels with the condition of the road network. This is despite increased expenditure on local road maintenance activities and improvements to the road environment. Community understanding of the different management responsibilities for the main road and local road networks is still an area of concern.

Asset Maintenance

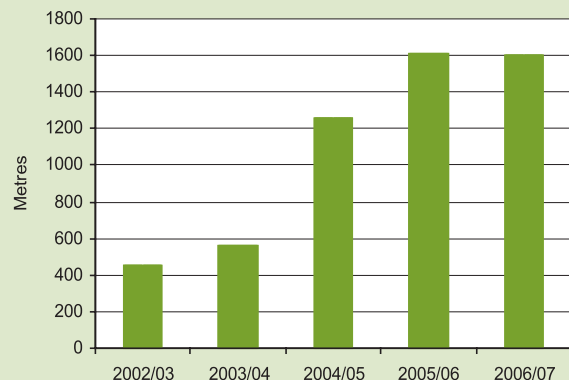
- 130 bridges maintained

Road Network Renewal Works



Council continues a strong commitment to the improvement of the sealed and unsealed road networks.

Repairs to Footpaths



A sustained commitment is being undertaken to maintain and improve the footpath network.

The Year Ahead

- Challenges in the next 12 months relate to the direction of the maintenance service and consideration as to whether to pursue the main roads maintenance contract (VicRoads) to be tendered in 2008. This business decision will have impacts on the direction of major plant purchases, staffing requirements and workplace organisational arrangements.

Port of Apollo Bay

Colac Otway Shire is responsible for the management and maintenance of the Port of Apollo Bay since accepting responsibility from the Port of Geelong in 1995. This role is funded by the Department of Sustainability and Environment (DSE).

Highlights

The upgrade of the East End Jetty, commenced in 2005/06, was completed and the new jetty opened to the public.

The Apollo Bay Harbour marina upgrade project, funded by Regional Infrastructure Development Funds (RIDF) and Department of Environment & Sustainability (DSE), commenced with the contract being awarded at the end of the 2006/07 year. The construction component of the project will be undertaken in 2007/08 with works programmed to be completed in December 2007.

A review of the Safety Environment Management Plan (SEMP) for the Port of Apollo Bay began. The emphasis of the document is on identifying all potential environmental risks in a risk register, and the development of safe operational procedures within the port area.

Challenges

- Commencement of the Apollo Bay Marina replacement project was delayed due to a funding shortfall. Additional funding was secured and the project is programmed to begin in 2007/08.
- Practical completion of the East End Jetty upgrade works was achieved early; however final completion works were delayed due to the need to undertake additional surge protection works.

The Year Ahead

- Completion of the Apollo Bay Harbour Marina upgrade project.
- The continuation of the SEMP review addressing environmental and operational issues associated with the Apollo Bay Harbour.
- Further programming for the ongoing upgrade of Apollo Bay Harbour assets in consultation with the users and DSE.
- A review of user fees and charges for the Apollo Bay Harbour.

Contract Management

Highlights

During 2006/2007, a total of 17 tenders were prepared, 22 contracts were awarded, and 16 quotations were sought for infrastructure works across a range of project areas including:

Construction and Civil Works

- Footpath construction in Costin Street and Moore Street, Apollo Bay and on Lake Colac foreshore.
- Road construction works including reconstruction of Larpent Road, Old Beech Forest Road, Rifle Butts Road, Rossmoyne Road, Deepdene Road - Stage 2, and landslip rehabilitation on Wait-A-While Road and Blue Johanna Road.
- Various asphalt works undertaken in and around Colac.
- Street construction works as part of Special Charge Schemes for Dowling Street and Borwick Street.
- Colac Botanic Gardens play space redevelopment project.
- Contracts were awarded for reconstruction works on Carpendeit - Bungador Road.
- The 2006/07 annual bituminous sealing contract.
- Works were undertaken by quotation for: Ondit-Warrion Road, Blue Johanna Road, Ryan's Lane, Gambier Street drainage, Kenneadys and Sunnyside Roads landslips, Beeac footpath and Conns Lane bridge approaches.

Use of Consultants

- A contract to investigate bridge condition.
- An underground drainage condition inspection survey.
- A footpath condition audit.
- A study to investigate water supply and wastewater solutions in Wye River, Skenes Creek and Kennett River.
- The Colac and Apollo Bay Structure Plan contracts.
- The Apollo Bay Masterplan and Office Accommodation Review are well underway with completion of both projects expected in late 2007.

Waste Management

- Beeac Landfill Rehabilitation contract was awarded (work to commence in late 2007).
- A new weighbridge was installed at the Alvie Transfer Station.

Service Contracts

- Property maintenance services tender for the frail, aged and disabled was contracted.
- Cleaning services for municipal buildings and public conveniences continued.

Apollo Bay Harbour

- A contract was awarded for the replacement of the Apollo Bay Harbour Marina finger jetties.
- The East End Jetty construction reached practical completion and was opened to the public.

Challenges

- Wet conditions contributed to delays affecting the progress and completion of a number of construction projects including:
 - o Amiets Track
 - o Deepdene Road
 - o Rifle Butts Road
 - o Rossmoyne Road

The Year Ahead

- To improve the tender preparation programming process to ensure that all projects subject to the tendering process are completed at an early stage in the financial year.
- Continuous improvement in the area of contract management with special focus towards timely completion, cost and quality control.
- Continued implementation of Occupational Health & Safety, and Risk Management policies to ensure a hazard-free work environment.

Livestock Selling Centre

Highlights

Drought conditions resulted in a **significant increase in the use of the saleyards**, with farmers off loading cattle to consolidate their farm operations. Throughput figures for weighings and Fat Cattle showed an increase of over 35% on the 2005/06 figures, while the Store Cattle and Bobby Calves remain constant with the previous year.

Alterations to both loading and unloading ramps were undertaken to increase safe usage of the facility, in accordance with WorkSafe requirements.

Challenges

- Programmed asset renewal works at the saleyards were deferred until outcomes of an inspection being undertaken by WorkSafe were known. These inspections being undertaken by WorkSafe across Victoria on all regional saleyards are being used to assist with prioritising works to address risk issues.

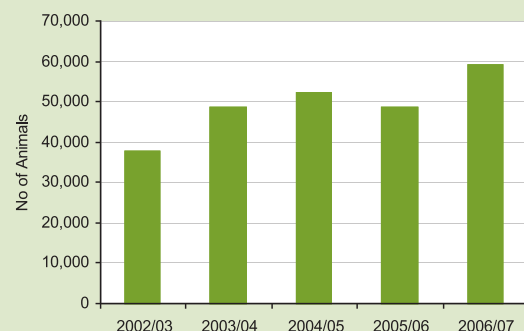
The Year Ahead

- The usage of the facility in 2007/08 will be dependent on the status of drought conditions. However, short to medium term opportunities may arise from a neighbouring Shire's review of their facility.
- Continue to work proactively on the ongoing maintenance and capital renewal projects necessary to minimise risks and maintain the facility in accordance with WorkSafe requirements.
- Investigate opportunities to reduce water usage and improved water reuse within the facility to minimise trade waste impacts.

Livestock Selling Centre

- \$395,000 operating expenditure

Total Saleyards Throughput



Council Plan Objective

Undertake a comprehensive review of the Colac Otway Planning Scheme including a rural zones review and the preparation of an updated Municipal Strategic Statement and Local Planning Policy Framework to address the recommendations arising from the Planning Scheme Review.

Sustainable development through the implementation of the Lake Colac Management Plan and the redevelopment of Apollo Bay Harbour.

★ 2006/2007 Actions completed

◆ 2006/2007 Actions behind schedule

➔ Deferred or delayed beyond 2006/2007

Council Plan Commitments

◆	Undertake a comprehensive review of the Colac Otway Planning Scheme and prepare an updated Municipal Strategic Statement and Local Planning Policy Framework to address the recommendations arising from the planning scheme review. <i>Council has adopted a revised timeframe for completion of November 2007 due to additional work being undertaken in developing the Apollo Bay & Colac Structure Plans & Rural Strategy Review.</i>
➔	Prepare a Developer Contributions Plan which will facilitate developer contributions towards the provision of social and physical infrastructure. <i>Stages 1 & 2 of this program have been completed with Council adopting a resolution not to proceed with the development of the Plan until a comprehensive capital works program is in place. To be reviewed in November 2007.</i>
★	Develop and implement a Sustainability Action Plan for the organisation and the Community. <i>The Sustainable Water Use and Greenhouse Action Plans have been developed, and are being implemented, as key components of the SAP.</i>
★	Develop a Colac Structure Plan that provides a long term vision for Colac, by setting a planning and development framework that will provide for the orderly sequencing of development. This will ensure that community and infrastructure servicing, open space, industrial and commercial facilities are provided in a staged and efficient manner. <i>Colac Structure Plan completed and adopted by Council in February 2007.</i>
★	Continue the development of the Colac Botanic Gardens.
➔	Improve the Eastern Entrance to Colac. <i>This project has been delayed due to the need for clarification of community requirements and the need to establish a process for effective implementation. This Project is proposed for the 2007/08 period.</i>
★	Complete the Apollo Bay Structure Plan incorporating the results of the Apollo Bay character Study to provide guidance and direction for the future development of Apollo Bay, including the identification of car parking needs, a continuation of the streetscape development program, and the development of a Concept Plan for the future development of the Apollo Bay Harbour. <i>Apollo Bay Structure Plan completed and adopted by Council in April 2007.</i>
★	Complete a Neighbourhood Character Study and Structure Plan which will provide guidelines and a policy basis for determining development applications in the towns of Kennett River, Wye River, Skenes Creek and Separation Creek. <i>Neighbourhood Character Study and subsequent amendments completed and incorporated into the Colac Otway Planning Scheme in February 2007. Council has adopted a revised timeframe for preparation of the Structure Plan which is now scheduled for completion in 2007/08.</i>



Council Plan Commitments

- ◆ Priorities identified for the Hinterland are incorporated into the review of the Colac Otway Planning Scheme and the Economic Development and Environment Priority areas. These include the completion of the Neighbourhood Character Studies, Structure Plans, policy development and a review of the impact of the transfer of agricultural land to forestry use.
Rural Land Strategy review is nearing completion. This is the final body of work required.
- ★ Continue to implement the Lake Colac Master Plan and Management Plan, including advocating for funding contributions from the State Government, relevant Authorities and the community.
- ★ Continue the redevelopment of the Apollo Bay Harbour, including the development of a Concept Plan specific to the Apollo Bay Harbour precinct, which will form an important component of the Apollo Bay Structure Plan.
Draft Concept Plan completed and adopted in June 2007.
- ➔ Through effective community engagement, develop a Colac Otway 2030 Vision, with a view to developing a long-term strategic vision for the municipality around a number of key themes including: Quality of Life, Environmental Stewardship, Built Environment, Local Economy, Tourism and Culture, and Living and Learning.
Council's current extensive strategic planning program means that this project will be reviewed in 2008/09.
- ➔ Prepare Structure Plans that provide long-term vision and planning and development framework for the townships of Birregurra and Forrest.
Due to the hold-up in finalising other Strategic Plans this initiative is proposed for the 2007/2008 period.

Planning

Highlights

Strategic Planning

Completion of Colac Structure Plan. The Colac Structure Plan sets the strategic direction for Colac and guides future growth and change over the next 20 years. Its primary purpose is to guide major changes to land use, built form and public spaces in order to achieve social, economic, cultural and environmental objectives for Colac.

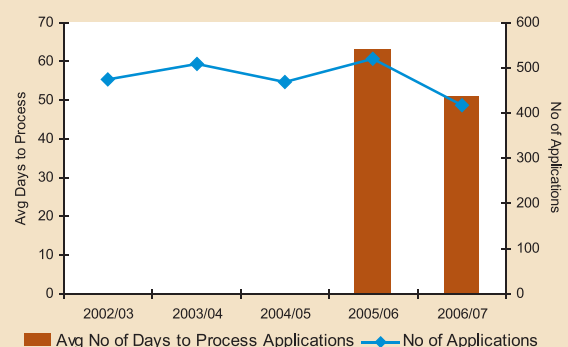
Completion of Apollo Bay Structure Plan.

The Apollo Bay Structure Plan provides strategic direction for the future growth and development of the Apollo Bay district for the next 20 to 30 years. Work on the Plan started in 2005 and has included extensive consultation with the project steering committee and the wider community. The plan aims to protect the magnificent hills of Apollo Bay from urban development and indicates that the approval of developments will depend on the availability of a sustainable water supply.

Planning

- \$1.11 million net expenditure (\$81 per rateable property)
- 422 applications received
- 15 appeals to VCAT
- Avg of 51 days to process planning applications.

Processing of Planning Applications



Data on 'Avg No Days to Process' applications not collected before 2005/06.

C22 Neighbourhood Character Amendment to the Colac Otway Planning Scheme.

Amendment C22 to the Colac Otway Planning Scheme implements the recommendations from the Skenes Creek, Kennett River, Wye River & Separation Creek Neighbourhood Character Study. These recommendations include the introduction of a Neighbourhood Character Overlay to vary ResCode standards such as setbacks, building height, site coverage, the introduction of minimum lot sizes for new subdivisions, control of vegetation removal and a provision for a vision and preferred character statements for each township in the Municipal Strategic Statement.

Statutory Planning

Consistent decisions under the 60 day statutory timeline. Council has a statutory requirement under the Planning & Environment Act 1987 to decide on planning applications within 60 days. At times this can be an onerous requirement especially in response to highly detailed and technical applications. In 2006/07 planning application decisions averaged 51 days.

Completion of the first draft planning and procedures manual. Our planning and procedures manual sets out the procedures for processing planning applications with the aim of ensuring a consistent approach to planning issues.

Challenges

- Difficulties in recruiting planning professionals in a tight labour market, within a highly competitive industry.

The Year Ahead

- Completion of the Rural Land Strategy.
- Completion of the Planning Scheme Review.
- Completion of the Heritage Study.
- Completion of the Kennett River, Wye River & Separation Creek Structure Plans.
- Completion of the Birregurra & Forrest Structure Plans.
- Continue to process Planning Scheme Amendments.
- Continue to consistently determine applications within the 60 day statutory timeframe.
- Continue to upgrade procedures and finalise process mapping.
- Attract staff to fill vacancies and retain staff.

Building

Our Building Services Unit ensures that buildings in the Colac Otway Shire are constructed and maintained to acceptable standard.

Highlights

Provision of building surveyor services to the second stage of the Mercy Eventide's aged care facility and a major Shire-based business relocation.

Commenced review and development of the Municipal Fire Prevention Plan (MFPP)

Challenges

- Competition with private Building Surveyors where preliminary work has been performed by Council staff.



The Year Ahead

- Employing experienced Building Surveying staff.
- Continue to provide a proactive essential services function as required by the Building Act.
- Continue to be responsive to complaints about safety issues e.g. pools or building deficiencies, such that risks are addressed in a timely manner.
- Continue to work in collaboration with the Planning & Environment Units to minimise the overlap of matters.
- Consider the potential opportunities such as the Municipal Fire Prevention Officer's involvement in wildfire safety issues regarding housing and essential service maintenance on buildings.

Local Laws

Council's Local Laws unit is concerned with delivering services which improve the overall safety and well-being of residents through effective enforcement and pro-active regulatory services involving education, information provision and increasing community awareness of civic responsibilities. This is carried out through:

- Enforcement of Local Law and fire prevention statutory regulations and relevant acts.
- Abandoned vehicles impounded and sold if unclaimed.
- Animal management (control of livestock).
- Registration and impoundment of animals.
- Signage provided, installed and maintained.
- Management of authorised aircraft landing areas.
- Processing and issuing permits relating to Local Laws.
- Parking Management.
- Fire Prevention Services.
- School Crossing Supervision.

Local Laws

- \$339,000 net expenditure (\$25 per rateable property)
- 4,800 Dogs registered
- 1,730 Cats registered
- 1,039 Permits issued
- 135 Animals microchipped

Highlights

Review of disability parking requirements

undertaken to ensure adequate parking spaces for our aged and those with disabilities.

Lifetime Registration Tag system introduced for domestic animals.

The system improves the efficiency of the service and the new design of the tags are proving much easier to fit to animal collars.

Implemented 'Dogs on Leads' signage in

designated townships throughout the municipality to ensure the safety of our community.

In 2006/07 our Local Laws officers successfully completed Certificate IV in Statutory Compliance.

The Bureau of Animal Welfare intends this training to become the accepted benchmark for Local Laws officers.

Policy and procedures manual introduced to

ensure a uniform approach and delivery of our Local Law responsibilities.

Challenges

- Delayed completion of the Local Laws Best Value Review.

The Year Ahead

- Complete the review of the Livestock Local Law.
- Complete the Best Value Local Laws service review.
- Increased services to coastal areas and small towns through the implementation of a revised rostering system and increased resources.

Council Plan Objective

Providing and promoting quality health, recreation and community services by working in partnership with local health, aged care, welfare, youth, housing, education providers, sporting groups and employment organisations to promote community wellbeing.

★ 2006/2007 Actions completed

◆ 2006/2007 Actions behind schedule

➔ Deferred or delayed beyond 2006/2007

Council Plan Commitments	
➔	Advocate for the development of a Hydrotherapy Pool located at the Bluewater Fitness Centre. <i>Warm Water Exercise Fundraising Committee was unable to raise \$500,000 by February 2007 as required by Council to continue the process of working on a hydrotherapy pool at the Bluewater Fitness Centre. Council has requested that other options be explored.</i>
➔	Coordinate, implement and support youth initiatives across the Shire. <i>Council was unable to get support from the State government or other agencies to match its own funding to employ a Youth Coordinator. Other options are being investigated for 2007/08.</i>
★	Ensure that Health and Wellbeing programs are available and accessible to all residents.
★	Continue to support strong integration between the Colac Otway Shire and Health Services within the Shire.
➔	Assess the impact and demand implications of an ageing population. <i>Application for further funding to engage a consultant to undertake the project unsuccessful. Unable to complete the project with In-house resources. To be completed in 2007/08.</i>
★	Develop a sustainable approach for our sporting grounds.
★	Continue the renewal of Council's Playground Program.
★	Implement the signage recommendations from the Colac Municipal Precinct Signage Access report.
★	Review and implement the recommendations of the Colac Otway Shire Arts and Culture Strategy.
★	Develop, implement and review Council's Festival and Events Strategy.
★	Investigate strategies to fund and develop Central Reserve and Bluewater Fitness Centre Precinct.

Recreation, Arts & Culture

Highlights

Three key strategic plans were developed: the 2006-2010 Colac Otway Recreation Strategy; Festivals & Events Strategy, plus the Arts & Culture Strategy. These three strategies now steer the planning and development of programs, services and facilities for Recreation, Arts & Culture.

Development of the Colac Education, Recreation Community Precinct Project is being led by Council in partnership with the Colac College, Colac High School, and the Department of Education and Department for Victorian Communities. This project is a significant opportunity to develop important specialist facilities currently not available within the Colac Otway Shire, ensuring increased educational, sporting, recreation and economic opportunities for the future.

Recreation

- \$256,000 net expenditure (\$19 per rateable property)
- 9 Playgrounds redeveloped
- 3 Recreation Reserve Masterplans developed

Arts and Culture

- \$151,000 net expenditure (\$11 per rateable property)
- 130 Council Community Grant applications processed, with \$112,500 allocated.
- 19 Art exhibitions facilitated
- 3 Projects undertaken by the Youth Council
- 4 Club Network meetings held



Regional Trails Masterplan Project. Matching funding has been sought from the Department of Victorian Communities. Colac Otway Shire will lead the project in partnership with eight other surrounding local government authorities and other key stakeholders.

Major redevelopment of seven playgrounds occurred within Colac including the Colac Botanic Gardens Playspace, Lawrence Court, Inglis Court, Robinson Street, Selwyn Brown, Ball Street and Donaldson Street playgrounds. Significant community consultation was undertaken to determine community needs and aspirations for these important community spaces.

26 Events were staged throughout the Shire this year including several new events such as Otway Soup Fest, Otway Odyssey, GO Sports Festival, plus Gumboots and Pearls. Five new events were made possible through the Department of Sustainability and Environment's 'A new Future of the Otways' funding. The Events Unit also delivered the Australia Day celebrations at both Colac and Apollo Bay.

The Colac Otway Performing Arts and Cultural Centre (COPACC) introduced the world of arts to many for the first time. The COPACC holiday program introduced many primary aged children to circus and performance arts skills. The COPACC Comedy Season proved to be popular, contributing to the average audience attendance numbers increasing from 168 to 233.

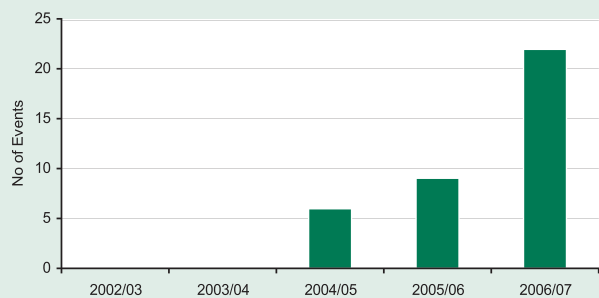
COPACC

- \$204,000 net expenditure (\$15 per rateable property)
- 1,905 events held at COPACC, with attendances of 60,700
- 20% increase in COPACC season performances
- 30% increase in community hiring of the auditorium

Events

- \$202,000 net expenditure (\$15 per rateable property)
- 3 FReeZA events delivered, with attendances of 860

Events Undergoing the Risk Management Process



Data unavailable prior to 2004/05

An Events management process has been developed to minimise risk, benefiting event organisers and Council. This proactive approach has resulted in events being better organised and managed.

The Bluewater Fitness Centre average Learn to Swim enrolments increased from 220 to 270. This program provides swimming instruction and water safety skills development for all ages and abilities. Significant works have taken place at the Centre this year, specifically access improvements throughout the Centre. The reception area has been rebuilt to better cater for customer services and needs. Achieved 100% compliance for the Life Saving Victoria audit.

Bluewater Fitness Centre

- \$212,000 net expenditure (\$15 per rateable property)
- 21,924 attendances at the swimming pool
- 3,452 total attendances at the gym, with 1,796 attendances by seniors
- 2,013 attendances at the Bluewater Fitness Centre crèche
- 980 memberships

The **Sporting Facility Drought Relief Package** (December 2006 - April 2007) provided various resources to Clubs and Reserve Committees during the current drought and offered financial bridging assistance. \$4,000 was allocated to two Clubs who applied for bridging funds to maintain their seasonal activities.

Challenges

- Slow progress in the implementation of the Regional Recreation Reserve Agreements. Further consultation will be required between Council and the Reserve Users to ensure clarity on agreements is achieved. This will occur early in the 2007/08 financial year.
- Playground installation subcontractors could not be secured within the project timelines to ensure the completion of the Neighbourhood Playground Improvement Project, therefore delaying the project.
- Funding for implementation of the FReeZA Program responsible for delivering fully supervised drug and alcohol free youth musical and cultural events was reduced from five events to two for the 2007 calendar year (January - December). However, additional funds were later offered enabling the Committee to be able to stage three youth events during 2007.

The Year Ahead

- The 2006-2010 Colac Otway Recreation Strategy; Festivals & Events Strategy and the Arts & Culture Strategy will continue to steer the activities of these units over the coming year. These three strategies will guide the planning and development of programs, services and facilities by Council's Recreation, Arts & Culture Unit.
- The Bluewater Fitness Centre Stadium Feasibility Study will start early in the financial year looking at the detailed design. Further planning and design will also be undertaken on the facilities within Central Reserve.
- Further improvements to the Bluewater Fitness Centre pool filtration and pool deck sealing to ensure water quality and pool edge safety.
- COPACC will stage alternative performances and programs over the coming year, with performances also being scheduled in some of the smaller communities throughout the Shire.
- The Events Unit will administer the recently launched Festival & Events Support Scheme applicable to existing and established events throughout the Shire. This funding program, together with the Council Community Grants Program, will enable significant community recreation, arts projects, and events to occur over the course of the year.
- The FReeZA Committee will deliver their program for the remainder of the calendar year and plans for 2008 include seeking State Government funding. The Colac Otway Youth Council aims to host the 'ALT-CONTROL-DELETE' event in October 2007 to showcase the numerous recreation opportunities to youth in the Colac Otway Shire.

Aged and Disability Services

Highlights

A HACCC (Home and Community Care) Cultural Plan was developed in partnership with Colac Area Health to ensure that appropriate services are provided to people from multicultural backgrounds.

Council was successful in again being awarded the contract to provide Veteran's Home Care on behalf of Veterans' Affairs for a period of three years.

Attained accreditation for HACCC services through the Australian Health Association.

In partnership with other local government agencies in the G21 Region, **Three Positive Ageing Workshops were conducted** to identify and determine future directions in addressing an ageing population.

The **DARE (Disability Access Radio Express)** continues to be aired on Otway FM weekly which will increase from one hour per week to two hours per week in August 2007.

The Healthy Lifestyles Project, developed in partnership with Colac Disability Network, introduced an easily understood pictorial menu which has been introduced into a Colac café.

Challenges

- Unsuccessful in obtaining Community Aged Care Packages funding.
- Postponed the development of the Positive Ageing Strategy due to resource limitations.

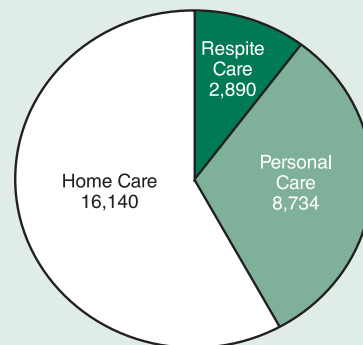
The Year Ahead

- Completion of the local disability services the 'Towards 2010 – developing a strategy for service provision in Colac' document.
- Develop a Positive Ageing Strategy.
- Develop a Volunteer Engagement Strategy to provide more support volunteers at The Meeting Place.
- Develop health promotion guidelines and participate in the Regional Health Promotion Forum for the disability sector.
- Commence the Transport Connections project.
- Investigation into the needs and development of Kanyana Senior Citizen's Centre.
- Working committee to review, update Aged & Disability Services policies.
- Application for 2007-2008 Community Aged Care Packages.
- Support the commencement of an effective town bus service in Colac.
- Apply for Respite funding for High Care Community Services.

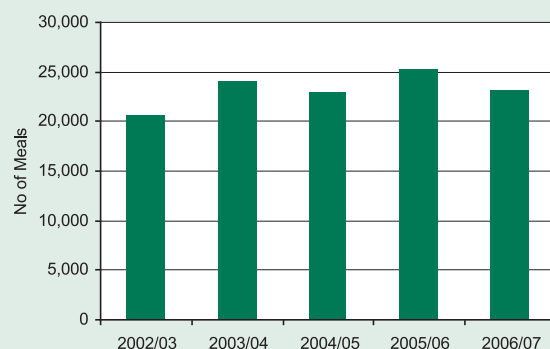
Aged and Disability Services

- \$276,000 net expenditure (\$20 per rateable property)
- 4,921 community transports provided
- 1,220 hours of home maintenance provided

Hours of Aged Care Support



Meals on Wheels Delivered



Environmental Health

Highlights

Council endorsed the **Domestic Wastewater Management Strategy** which was prepared in compliance with the Department of Sustainability and Environments' template.

Council received an **immunisation funding bonus** for obtaining rates higher than the state average and an **extensive immunisation campaign** was commenced for school students, especially to help protect female students against cervical cancer.

Challenges

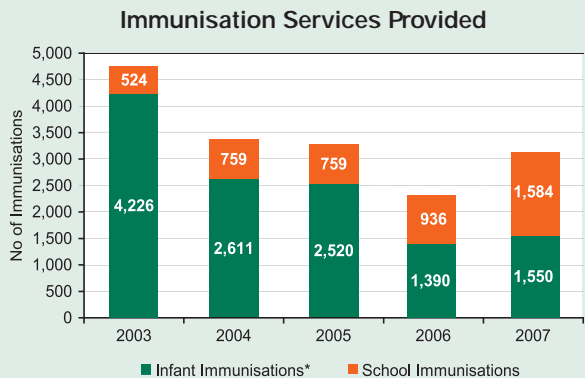
- The Municipal Public Health Plan was delayed due to awaiting the G21 Planning for Healthy Communities document.

The Year Ahead

- Implement recommendations from the Domestic Wastewater Management Strategy.
- Complete and implement the Municipal Public Health Plan.
- Prepare a Pandemic Flu Action Plan.
- Comply with the requirement of the new Public Health & Wellbeing Act expected to be introduced in late 2007.
- Continue working with the G21 Health and Wellbeing Pillar, Barwon Primary Care Forum and the Healthy Regions Project.
- Introduction of the rotavirus (gastroenteritis) immunisation for infants.
- Implement actions as outlined in the (COPYS) Colac Otway Plan for a Youth Strategy report.
- Increase registered premises inspection rates.

Environmental Health

- \$260,000 net expenditure (\$19 per rateable property)
- 373 premises and other outlets selling food
- 759 food safety inspections undertaken



Figures are for the calendar year

2007 school immunisations are to June 2007. Final results will be influenced by the cervical cancer protection vaccine administered to girls in secondary schools.

Decline in infant immunisations is a result of growth in service provision by local General Practitioners. 2003 figures inflated by the meningococcal campaign.



Maternal & Child Health

Highlights

2006/07 has seen a **significant increase in births** in the municipality, which Council has responded to with a high quality service. A local survey of clients indicated a high level of satisfaction with the service. This is supported by the results of a state-wide survey of parents using maternal and child health services, indicating that Colac Otway Shire provided an above average service which was respectful, accessible, provided quality information, instilled parental confidence and was superior in all fields of home visitation consultations.

Refurbishment and comfort improvements have been made to the Colac, Gellibrand, Cororooke and Carlisle River centres, with new and upgraded equipment being provided for most centres. Colac's Hesse Street comfort station has been upgraded to include breastfeeding and baby changing facilities.

Challenges

- Limited interest was shown in sessions for grandparents.
- Participation rates for two and three-and-a-half year olds were lower than expected.

The Year Ahead

- Implement strategies to increase the attendance rates of two and three-and-a-half year olds.
- Participate in CHILD FIRST, a state government initiative to strengthen services to vulnerable children, young people and families.
- Plan for the increased birth rate to continue.
- Continue support for a father friendly service.

Children & Family Services

Highlights

Council's Family Day Care unit **achieved a very high rating for National Childcare Accreditation** and continues to maintain a safe, efficient and diverse childcare service for the community.

Council provided additional building maintenance support for the Apollo Bay, Wydinia and Winifred Nance kindergartens.

Council has an ongoing commitment with the Colac Settlement Committee and the Refugee Support Brokerage Program to **assist new migrants and refugees** to the region.

Challenges

- After an extensive consultation process it was determined that there was insufficient support to continue with the kindergarten cluster management proposal.

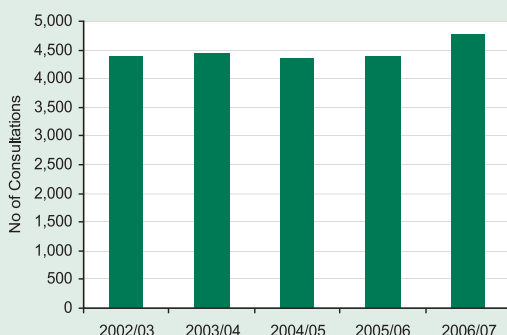
The Year Ahead

- Compliance with regulations for all children's services to be introduced in Victoria in May 2008.
- Introducing a Certificate III course in children's services in partnership with Gordon TAFE.
- Researching and determining the need for a Children's Hub in Colac.
- Implement actions as outlined in the (COPYS) Colac Otway Plan for a Youth Strategy report.
- Continue planning and implementing strategies for refugee support.
- Being prepared for spot Accreditation compliance checks.
- A review of all policies and procedures.

Maternal and Child Health

- \$125,000 net expenditure (\$9 per rateable property)
- 262 birth notifications

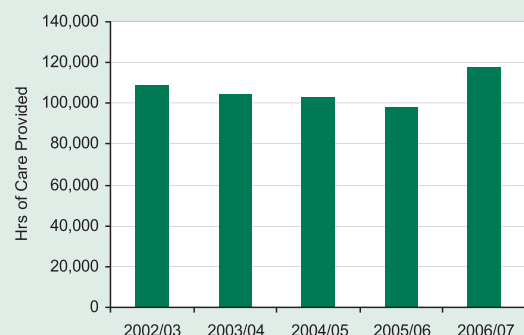
Maternal and Child Health Consultations



Children and Family Service

- \$92,000 net expenditure (\$7 per rateable property)
- 341 children registered for Family Day Care

Family Day Care Provided



Council Plan Objective

Driving economic development by:

- **Progressing the regeneration of our small towns.**
- **The promotion of our Shire's local business and the attraction of new business.**
- **Working to attract more tertiary education opportunities and skilled and unskilled employees to our Shire.**

★ 2006/2007 Actions completed

◆ 2006/2007 Actions behind schedule

→ Deferred or delayed beyond 2006/2007

Council Plan Commitments	
→	Review the impacts of population growth and the need for workforce planning. <i>Research completed in 2005 will be updated in 2007/2008.</i>
★	Continue Implementation of Small Town Improvement Program in partnership with community groups.
★	Continue support for and attract additional Major Events to be held within the Municipality.
★	Continue to implement the Economic Development and Tourism Strategy.
★	Undertake a review of Council funding of tourism activities.
★	Implement the recommendations of the Tertiary Feasibility Study by advocating and lobbying the State Government for additional training hours to be provided within the Shire.
★	Advocate for the provision of a natural gas supply for Birregurra and extension of coverage for the whole of the Colac urban area. <i>Advocacy undertaken but without success.</i>
→	Work with the State Government to explore the possible co-uses of the Colanda site. <i>State Government is conducting a review of Colanda. Colac Otway will be consulted as a key stakeholder. Discussion on use may take place following the completion of the review.</i>
★	Support an increase in nature based tourism opportunities across the Shire. <i>Nature Based Tourism Committee set up including State and local authorities and tourism industry.</i>
★	Complete implementation of Old Beechy Rail Trail and undertake promotion of the Trail.

The Economic Development Unit works with partners to help develop a sustainable local economy. It does this by focusing on four main areas: supporting local business development, providing services for tourism, delivering capital works projects, and promoting investment in local communities.

In 2006/07 **the Business Week format was revamped** to enable a greater number of business people to participate in training and development. More than 80 participated in Business Planning, Financial Planning, Marketing, Networking Skills and Time Management.

Highlights

Business Development

The Economic Development Unit supports local businesses to grow and develop by providing Business Development Training Programs, Information and Networking Forums, and Business Facilitation.



Tourism Services

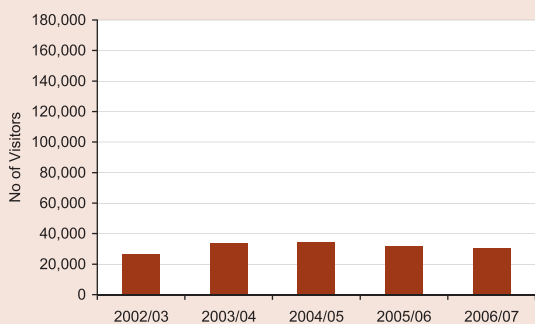
The Economic Development Unit has implemented key elements of the 2006 Tourism Review including funding of Otways Tourism to appoint an Executive Officer and planning for the redevelopment of the Great Ocean Road Visitor Information Centre at Apollo Bay.

Visitor numbers to Colac Otway Shire continue to be strong despite a general downturn in the tourism industry throughout Australia. This is due to the strength of the Great Ocean Road and its attraction to international visitors.

Tourism

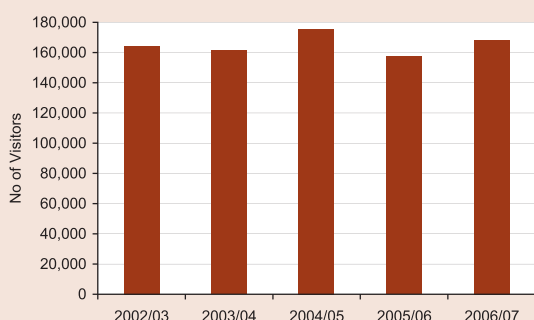
- \$320,000 net expenditure - Tourism
- \$388,000 net expenditure – Visitor Information Centres (VIC)
- Serviced almost 200,000 visitor enquiries at the Colac VIC and Great Ocean Road Visitor Information Centre (GORVIC). Both Centres maintained Level 2 accreditation.

Colac Visitor Information Centre



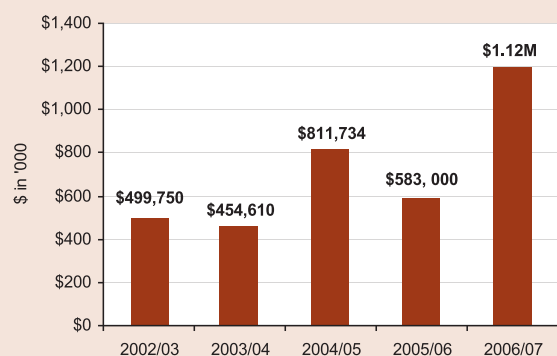
Prior to January 2006 phone calls were included in the statistics

Apollo Bay Visitor Information Centre



Grants

Grants Received From Government Sources



The significant increase in grants received was due to two grants totalling \$550,000:

- \$250,000 from Regional Development Victoria for upgrades to rural roads under the Dairy Industry Roads Program.
- \$300,000 from Regional Development Victoria for Lake Colac Pathway under the Local Infrastructure Works program.

Capital Works Projects

The Economic Development Unit continues to implement the Lake Colac Master Plan in partnership with the Lake Colac Coordinating Committee, a community based advisory group.

The Lake Colac Pathway has been extended as a recreational opportunity for local residents and victors to Colac. A Commercial Development feasibility Study will guide future opportunities for business development to attract and support both local people and visitors.

The Apollo Bay Harbour Precinct Master Plan has been completed to draft stage. The Master Plan will guide development in the Harbour precinct over the next 20 years.

Community Development

The Economic Development Unit works with small communities throughout the Colac Otway Shire developing and implementing local Structure Plans and implementing local priorities through the Small Towns Improvement Program. This Program contributed \$60,000 to small town capital works projects during 2006/07.

The Economic Development Unit has **worked in partnership with local community organisations on the development of an Affordable Housing Audit**. This will guide Council's approach to working with community, business and other levels of government on the issues of housing affordability.

Consultation with SP AusNet was completed on the supply of natural gas to Elliminyt. An agreement was reached to support the laying of gas mains through a local contribution to be collected through a Council Special Charge Scheme.

Challenges

- It will be important to continue to gain input from the community in relation to the design and development of the Apollo Bay Harbour Precinct.

The Year Ahead

- Further implementation of the Lake Colac Master Plan.
- Completion of the Apollo Bay Harbour Precinct Master Plan.
- Managing funding applications for the implementation of the Apollo Bay Harbour Precinct Master Plan.
- Completion of the redevelopment of the Great Ocean Road Visitor Information Centre at Apollo Bay.
- Implement a fee for service accommodation booking system for the Visitor Information Centres in Colac and Apollo Bay.
- Development of new projects under the Small Towns Improvement Program.
- Completion of the project to extend the natural gas network to Elliminyt.
- Implementation of the Affordable Housing Strategy.
- Four Business Development and Networking Forums.
- Active participation in the review of the Colanda Centre.



Council Plan Objective

Providing support to local communities to enable them to address local environment priorities, whilst working with State and Federal Government environment bodies to address major environmental issues.

- ★ 2006/2007 Actions completed
- ◆ 2006/2007 Actions behind schedule
- ➔ Deferred or delayed beyond 2006/2007

Council Plan Commitments	
★	Focus on the control of weeds on both Council and privately owned properties.
★	Implementation of approved recommendations from the three Towns Stormwater Management Strategy (concept Study). <i>Hyder Report received by Council. Implementation of those recommendations to occur in 2007/2008.</i>
★	Pursue waste water issues in the towns of, Colac East, Birregurra, Cressy, Beeac, Forrest, Gellibrand, Kennett River, Separation Creek, Wye River. <i>Colac East, Cressy, Beeac, Forrest and Gellibrand to be completed in 2007/2008 as scheduled.</i>
★	Determine a location for the development of an Apollo Bay Transfer Station.
★	Develop a strategy for the provision of a hard waste collection throughout the municipality and options for a green waste collection for non resident property owners.
★	Investigate options for a future waste management system to be implemented following completion of the existing contracts in September 2009.
★	Raise awareness of environmental issues through increased community engagement and improved access to information.
◆	Establish environmental best practice as a benchmark for managing natural resources in relation to Council assets (including storm water management, energy use and water use). <i>Water and energy use plans finalised. Further policy work to continue (e.g. scope a Climate Change Policy) along with continued roll-out of projects outlined in the above plans.</i>
★	Implementing environmental best practice through planning conditions in line with regional, state-wide and national legislation and established procedures in regard to land use management.
★	Working in partnership with other responsible authorities and environmental groups to improve facilitation of environmental projects.

Environment

Highlights

Council has shown its commitment to managing climate change and drought by adopting the Sustainable Water Use Plan 2007, the Greenhouse Action Plan 2006-2008 and becoming re-accredited as a 'Waste Wise' organisation.

A Greenhouse Action Plan (GAP) has been developed thereby achieving Milestone 3 of the International Council for Local Environmental Initiatives (ICLEI) under the Cities for Climate Protection (CCP) program. The CCP aims to achieve reductions in greenhouse gas emissions. The remaining two milestones involve developing a process for implementation of the endorsed plan and continual monitoring and improvement of our

initiatives. The GAP has Council committing to a 20% reduction in our carbon emission levels by 2010 and a community target of 10% by 2010.

Almost three Million litres of water will be saved through implementing actions from the Sustainable Water Use Plan (SWUP). These actions include implementing a water recycling system at Bluewater Fitness Centre and installing water saving tap fittings, dual flush toilets and waterless urinals at seven locations including visitor information centres, and public toilets. These projects are jointly funded by the Council and an Australian Government Community Water Grant. The actions in the SWUP aim to reduce Council's water consumption by 20% by 2020.

In 2006/2007 Council committed \$30,000 for sustainability actions in water reduction, energy reduction and resource use reduction actions (waste wise/eco-buy). This fund has been set up as a revolving fund, where the savings made by reducing water consumption are to be 'revolved' back into the fund, which will be used for additional actions. These various water saving initiatives have put Council on track to achieve the water savings targets.

Strategic weed control. In 2006/07 \$45,000 was spent on environmental and noxious weed management on council managed land. This funding included \$15,500 for ragwort and gorse control on Council roadsides provided through the Victorian Government's Interim Roadside Weed Control Project.

Woody weed control along Barongarook Creek. The Environment Unit's Social Justice Program, in partnership with Corangamite Catchment Management Authority (CCMA) and Trinity College, removed woody weeds including willows, gorse and poplars along the banks of the lower reaches of Barongarook Creek. CCMA provided \$15,000 as part of the Victorian Government's Healthy Waterways Program. Further works will be carried out in 2007/08 to maintain and enhance weed control along the creek.

Protection of a nationally threatened plant species discovered in the Colac Otway Shire. In partnership with the CCMA a Grassland Management Plan commenced for the Poorneet Native Grassland.

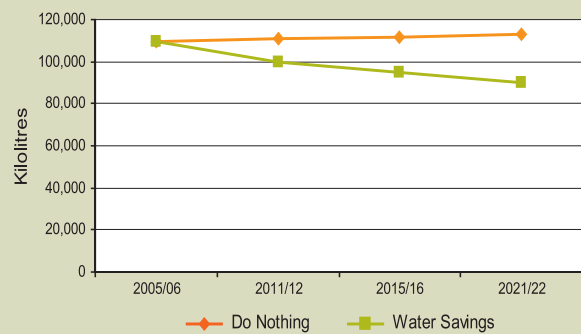
Environmental education for our community and schools. Involvement of disability groups, a range of other community groups and more than 1,000 school students in environmental education and events including: Catch a Carp Day, National Tree Planting Day, and National Threatened Species Day. These days are run in partnership with a variety of groups including 'Be Active Eat Well', Barwon Water and the Lions Club of Colac.

In partnership with the CCMA and Greening Australia, we have also offered environment workshops and events for the general public on topics such as native grassland conservation, living with wildlife within your property, and fire ecology.

Environment

- \$267,000 net expenditure (\$19 per rateable property)

Projected Water Consumption for Colac Otway Shire



Permanent protection of environmental values in Barongarook. Approximately \$13,000 in funding was obtained through the Victorian Government's BushTender Program to manage and enhance the rare native vegetation contained at the Barongarook Covenant property at 15 Barongarook Road, Barongarook. This 16 hectare, council owned bush block contains significant local flora and fauna. The funding will be used to implement a prescribed five year management plan.

Council supports Geelong Community Correctional Services through a partnership program. The Environment Unit's Social Justice Program coordinated the efficient implementation of community and environment based work programs for people required to complete allocated work hours under the Geelong Community Correctional Services and the Colac Otway Shire partnership program. This partnership has helped integrate offenders back into society by allowing them to contribute to the improvement of the environment for the benefit of the broader community.

Waste Water Solutions. The **Concept Design for sewerage** in Wye River and Separation Creek, and water supply in Wye River, Separation Creek and Kennett River was completed. The report has been submitted to the Department of Sustainability and Environment for assessment. If successful, funding will be provided to develop a functional design for sewerage.

The **draft Functional Design report for sewerage** at Birregurra was completed and released to the community for comment. It is recommended that a modified conventional sewerage system be developed, and that reuse in-town opportunities be provided for the community.

Challenges

- Limited time for grant funding applications.
- Strategic planning for management and maintenance of revegetation projects.
- Better promoting our successes through media releases, website updates etc.

The Year Ahead

- Auditing of forestry plantations on private land in accordance with the Code of Practice for Timber Production.
- Develop a comprehensive strategic direction for Environmental Management.
- Continue to manage and mitigate against impacts from climate change and drought.
- Continue to improve the condition of Lake Colac and the adjoining creeks.
- Undertake wastewater strategies for Beeac, Cressy, Gellibrand and Forrest.
- Continue to drive Eco-buy and Waste Wise initiatives and encourage implementation across the organisation.

Waste Management

Highlights

Council’s focus is on reducing the volume of waste going to landfill, educating our community to develop Waste Wise practices and further development of reuse and recycling services. Council is working closely with Barwon Regional Waste Management Group on strategies to achieve zero waste in consultation with our stakeholders and community.

Waste management services provided include:

- Household kerbside and litter waste collection services (Contracted Service).
- Transportation of waste to regional landfill and recycling facilities (Contracted Service).
- Management of Transfer Station and Landfill (Contracted Service).
- Operation of waste drop-off facilities (Contracted Service).
- Sorted kerbside organics for composting (Contracted Service).
- Waste education.
- Kerbside waste bin inspections.
- Organics processing facility.

Waste Management

- \$564,000 net expenditure
- 10,455 bins collected weekly



There has been a steady increase in recycling volumes over the last three years, while mixed waste volumes remain constant.





A new contract was awarded for the **processing of organics from the kerbside waste collection**. A receival facility was also developed to sort contamination from the organics and reduce composting costs whilst creating a marketable end product.

An **organics waste education campaign** was launched in September 2006 to reduce the amount of contamination occurring in the organic waste collection. In addition to media releases and letter box drops, Council staff working at the Organics Processing Facility became our new Waste Education Inspectors, providing further education for those with contaminated organics and giving out prizes to those residents who are our best sorters. An ongoing monitoring program is in place to reduce contamination.

A **School Waste Education program** was conducted in our primary and secondary schools with the support of Barwon Regional Waste Management Group. The focus of the program was to educate our school children in the new recycling codes and in organic waste collection.

The **Alvie Transfer Station weighbridge** contract was awarded and construction began in April 2007, for completion early in 2007/08.

Challenges

- Planning permit delays for the rehabilitation of the Beeac Landfill prevented the 2006/07 start to the project.

The Year Ahead

- Council's long term Landfill Rehabilitation Program will continue to move forward with the completion of both Gellibrand and Cressy landfill rehabilitation design works in 2006/07. Rehabilitation works for Cressy are to be undertaken in 2007/08 with Gellibrand to follow in 2008/09.
- Rehabilitation works to Beeac Landfill will be undertaken in 2007/08.
- Design works for the Apollo Bay Transfer Station will be completed in the first half of 2007/08, with construction works anticipated to be tendered early in 2008.
- Introduction of a Hard Waste collection in 2007/08.

Council Plan Objective

Ensuring the financial sustainability of the Council whilst maintaining service delivery and reducing debt.

- ★ 2006/2007 Actions completed
- ◆ 2006/2007 Actions behind schedule
- ➔ Deferred or delayed beyond 2006/2007

Council Plan Commitments	
★	Ensure our Financial Plan is sustainable.
★	Ensure our debt is managed and levels are maintained below prudential guidelines.
★	Advocate for increased State Government recognition and funding as compensation for the Shire's larger than average area of non-rateable land.
★	Undertake a review of rating which includes: - Council Pensioner Rate Concessions - Other concessions and rental waivers - Special rates and charges schemes - An assessment of the impact of increased forestry use of land.
★	Optimise the effectiveness and work towards the minimisation of the Council subsidy for the Bluewater Fitness Centre, Colac Otway Performing Arts and Cultural Centre and Visitor Information Centres.
★	Maintain internal audit program based on the outcomes of the Risk Assessment Audit.

Highlights

Reduction in Loan Liability. For the third consecutive year Council did not undertake any new loan borrowings. Total loan liability has reduced from \$4.87M in 2003/04 to \$3.47M in 2006/07. It is forecast to reduce further to \$2.98M in 2007/08.

Review of Strategic Resource plan. Although there was no statutory obligation to do so, Council reviewed its Strategic Resource Plan for the four year period to 2010/11. The Plan forecasts that the infrastructure gap will be eliminated resulting in ongoing operating surpluses going forward. This will place Council in a strong position to fund new projects that provide significant benefits to the community.

Increased interest earned on investments. Council earned total interest on investments of \$395,000 compared to \$343,000 the previous year, an increase of 15%.

Infrastructure renewal gap reduced by \$1.2 Million to approximately \$800,000. The renewal gap is budgeted to be eliminated in 2007/08.

Financial Sustainability

- \$28.5 million operating expenditure
- 95.7% Rates collected by year end
- 13,787 Property assessments
- 2,044 Pension rebates
- 225 Drought relief concessions
- 953 Land information certificates issued
- 33,996 Debtor invoices issued
- 6,033 Supplier payments processed

Completion of statutory financial information by due dates. Council is required to complete a wide variety of statutory financial returns and information during the financial year such as:

- Annual Council Budget
- Annual Report
- Annual Grants Commission Return
- Monthly Business Activity Statement
- Annual Fringe Benefits Tax Return
- Annual Certification of Remuneration

Council met all of its statutory obligations by the due dates.

Performance of Council's Audit Committee.

Council's Audit Committee met quarterly and considered a variety of issues including:

- Review of Council Financial Policies.
- Monitoring risk management control.
- Review and endorsement of Annual Financial Statements.
- Monitoring the Internal Audit Plan including implementation of recommendations.

2008 Property revaluations have commenced for all properties within the municipality.

System established to process Drought Relief Rates Rebate applications and contributed to public information sessions organised by the Shire.

The Year Ahead

- The challenge for the Audit Committee is to continue to operate at a high level into the future.
- For the first time in the Shire's history, Council will fully fund its infrastructure renewal requirements in 2007/08. The challenge going forward for Council is to continue to review its funding sources and asset management methodology to maintain this position.
- Implementation of new rating category for holiday rental properties.
- Implementing actions identified in the Best Value review of Customer Services and Property & Rates.
- Review contract for provision of after-hours telephone service.
- Introduce scanning facilities for rates and animal registration invoices.

FINANCIAL PERFORMANCE

In Brief

- Achieved a \$980,000 surplus for the period, which was \$390,000 ahead of budget due to government grants received in advance.
- Ended the 2006/07 financial year with a cash balance of \$6.99 Million.
- Increased Non-Current Assets by \$2.39 Million.

Operating Results

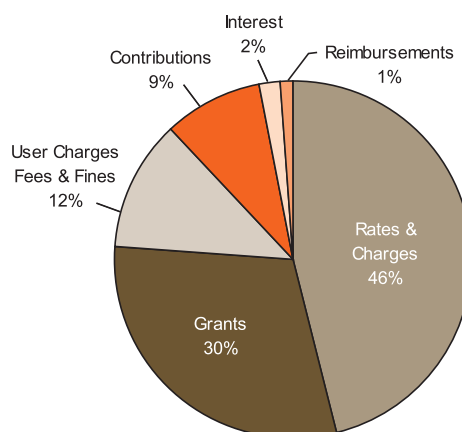
Council achieved a \$980,000 surplus for the 2006/07 financial year. This is the second successive year of a surplus which is a dramatic improvement on previous years. One of the major challenges of Council will be to maintain ongoing surpluses to fund infrastructure renewal requirements.

Revenue

Council's total revenue for the 2006/07 year was \$31.79 Million as per the Standard Income Statement.

A breakdown of Council's revenue sources highlights that 88% of Council's income comes from three income categories:

• Rates and Charges	46%
• Grants	30%
• User Charges, Fees and Fines	12%



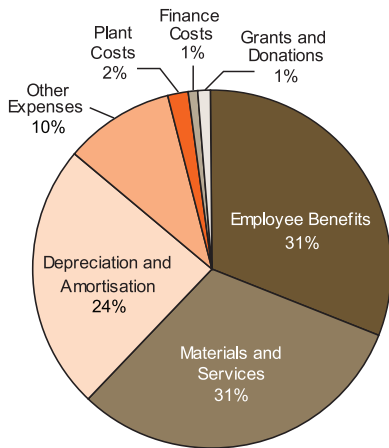
Contributions include Donated Assets.

Expenditure

Council’s total expenses for the 2006/07 year were \$30.73 Million as per the Standard Income Statement (excluding net loss on disposal of assets).

A breakdown of Council’s expenses highlights that 86% relates to three expenditure categories.

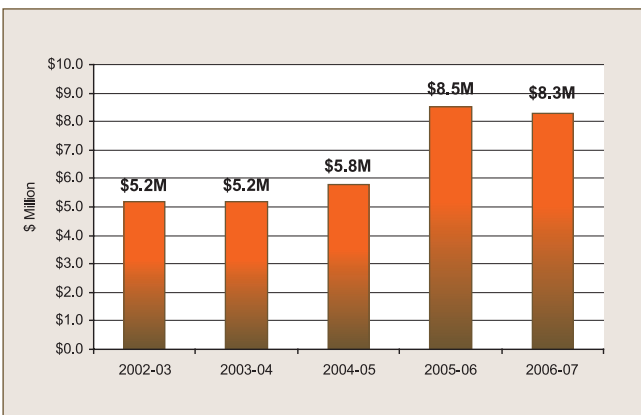
• Employee Benefits	31%
• Materials and Services	31%
• Depreciation and Amortisation	24%



Other Expenses includes Assets Written Off.

Capital Works

During the financial year, Council spent \$8.29 Million on capital works projects. The amount spent on Capital Works in the last two years has increased significantly to address the major issue of the Infrastructure Renewal Gap.



Assets

Council’s total assets are \$208 Million. This is a \$1 Million increase over the previous year. The major components of assets are:

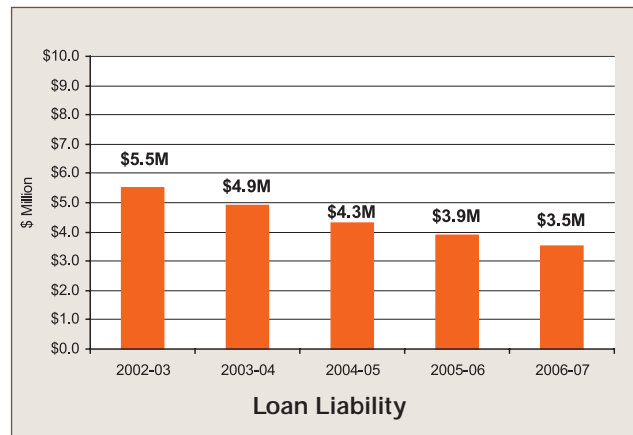
- Property, plant and equipment and infrastructure (land, buildings, roads, bridges etc)
- Cash Assets (mainly short term investments)

Together these asset categories account for 98% of all assets.

Liabilities

Council’s liabilities include loans, amounts owed to suppliers, amounts owed to employees for leave entitlements and provisions for landfill rehabilitation.

Council’s loan liability levels continue to decrease. Current debt levels means that we are operating well within the Victorian State Government prudential ratio limits.



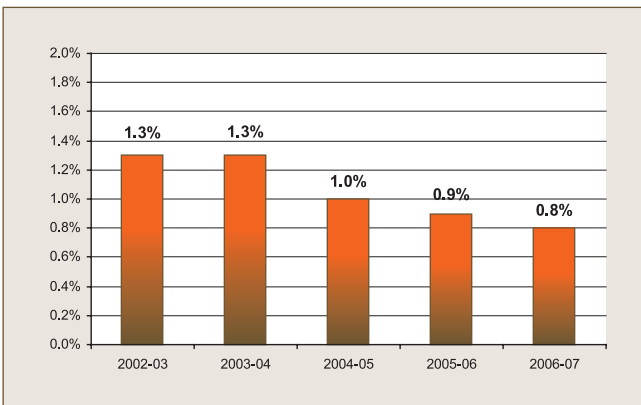
Financial Indicators

All of the following indicators indicate an improved financial position over the last five year period.

Debt Servicing Ratio

The Debt Servicing Ratio identifies the capacity of Council to service its outstanding debt. Debt servicing costs refer to the payment of interest on loan borrowings, finance lease interest and bank overdraft. The ratio expresses the amount of interest paid as a percentage of Council's total revenue.

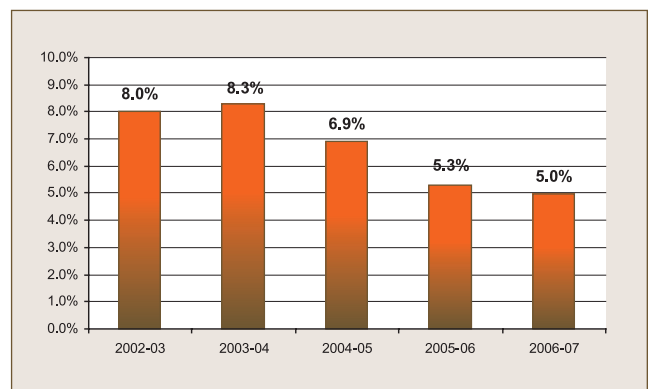
The ratio has reduced significantly over the five year period, with Council's ratio of 0.8% being well under the prudential limit of 5% set by the Victorian State Government.



Debt Commitment Ratio

The Debt Commitment Ratio is used to identify Council's debt redemption strategy. The strategy involves the payment of loan principal and interest, finance lease principal and interest. The debt commitment ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.

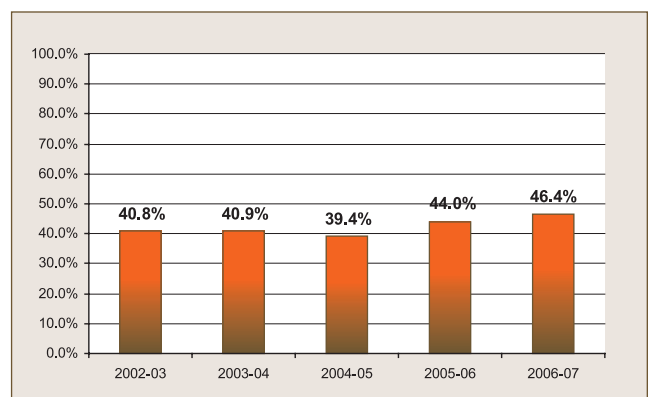
The ratio has reduced significantly over the five year period. In 2005/06 Council's ratio of 5.3% was well under the average of 7.85% for Large Rural Shires.



Revenue Ratio

The Revenue Ratio shows the level of Council's reliance on rate revenue. The ratio is determined by assessing rate revenue as a proportion of the total revenue of Council. 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.

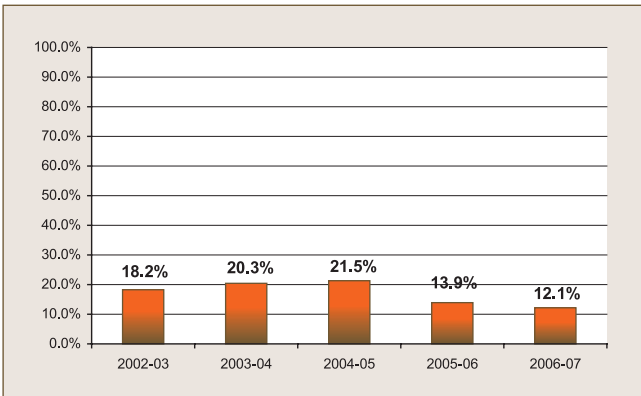
Colac Otway Shire's ratio is similar to the average for Large Rural Shires e.g. the 2005/06 ratio was 44% compared to the average for Large Rural Shires of 45.5%.



Debt Exposure Ratio

The Debt Exposure Ratio enables assessment of Council’s solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets, which are all Council assets not subject to any restriction and are able to be realised.

Overall, the ratio has reduced since 2002/03. The 2006/07 ratio of 12.1% is well under the limit of 50% set by the Victorian State Government.



Looking Ahead

A revised Strategic Resource Plan was adopted by Council in June 2007. The Plan sets out the financial challenges for the Council.

- Ageing infrastructure.
- Extensive local roads system.
- Funding of capital expenditure investment.
- Environmental obligations.
- No operating deficits.
- Maintenance of existing liquidity levels.
- Managing financial risks prudently in regard to debts, assets and liabilities.
- Development of rating policies that provide reasonable stability and equity in the level of the rate burden.
- Financial capacity to fund major infrastructure projects.

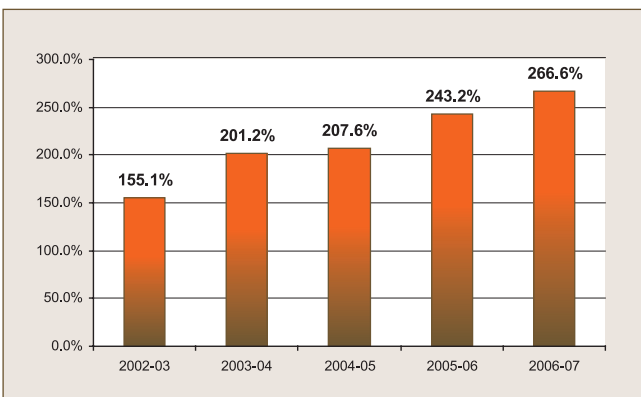
The plan also details the targets to be achieved to address the challenges and a set of principles which underpin the Strategic Resource Plan and financial management of Council operations.

Working Capital Ratio

The Working Capital Ratio expresses the level of current assets Council has available to meet its current liabilities.

Council’s Working Capital Ratio is higher than forecast due to receiving government grants for 2007/08 in advance and the expenditure for some Capital Works being carried forward to 2007/08.

The target in Council’s Strategic Resource Plan is to maintain a ratio of at least 125%. Council’s current ratio is well over the prudential limit of 110% set by the State Government of Victoria.



Understanding the Financial Statements

Introduction

The Financial Report is a key report by the Colac Otway Shire. It shows how Council performed financially during the 2006/2007 financial year and the overall position at the end of the financial year (30 June 2007).

Council presents its financial report in accordance with the Australian Accounting Standards. Particular terms required by the Standards may not be familiar to some readers. Colac Otway Shire Council is committed to accountability. It is in this context that the following explanations have been developed to assist readers understand and analyse the financial report.

What is contained in the Annual Financial Report?

Council's financial report has two main sections, namely the Report and the Notes. There are four Statements and 38 notes. These are prepared by Council's staff, examined by the Council Audit Committee and Council, and are audited by the Victorian Auditor-General.

The four Statements included in the first few pages of the report are the Income Statement, Balance Sheet, Statement of Changes in Equity and a Cash Flow Statement.

The Notes detail Council's accounting policies and the make-up of values contained in the Statements.

1. Income Statement

The Income Statement measures Council's performance over the year and shows if a surplus or a deficit has been made in delivering services.

The Statement includes all sources of income, less all operating expenses incurred in delivering Council services. This includes depreciation or the writing down, of the value of buildings, roads, footpaths, drains and all other infrastructure assets, which are used to deliver Council services. These assets are depreciated over the life of the asset as they are consumed. Capital costs or new assets purchased or created during the year are excluded from the Statement but, as indicated above, are depreciated as they are used.

The Statement is prepared on an 'accrual' basis. This means that all income and costs for the year are recognised even though the income may not yet be received (such as interest on bank deposits) or expenses not yet paid (invoices not yet received for goods and services already used).

If the Statement is in a deficit situation, this means that Council is not creating sufficient surplus to replace infrastructure assets at the time when they need to be replaced. Continual deficits may indicate concern about Council's ability to be financially viable in the longer term.

The key figure to look at is the surplus/(deficit) for the year. A deficit means that the expenses were greater than revenue.

2. Balance Sheet

The Balance Sheet is an important financial statement. This one page summary is a snapshot of the financial situation as at 30 June 2007. It shows what the Council owns as Assets and what it owes as Liabilities. The bottom line of this Statement is Net Assets. This is the net worth of Council, which has been built up over many years.

The assets and liabilities are separated into Current and Non-Current. Current means those assets or liabilities, which will fall due or be consumed in the next 12 months. The components of the Balance Sheet are described here.

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 which have been invested in by Council over many years.

Current and Non-Current Liabilities

- Payables are those to whom Council owes money as at 30 June 2007.
- Provisions include Employee Benefits which is the accounting term for accrued Long Service and Annual Leave provisions. Landfill rehabilitation works are also grouped under provisions.
- Interest Bearing Liabilities includes loans, which are repaid over a set period of time, and Lease Liabilities that are leases of assets where ownership of the asset is transferred to the 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 2007. The net value of the Council is also synonymous with Total Equity.

Total Equity

- Asset Revaluation Reserve is the difference between the previously recorded value of property and infrastructure assets and their current valuations.
- Other Reserves are allocations of the Accumulated Surplus to specific projects.
- Accumulated Surplus is the value of all net assets accumulated over time.

3. Statement of Changes in Equity

During the course of the year, the value of Total Ratepayers Equity as set out in the Balance Sheet changes. This Statement shows the values of such changes and how these changes arose.

The main reason for a change in equity stem from:

- The 'profit and loss' from operations, described in the income Statement as the Operating (deficit) for the year.
- The use of monies from Council's reserves.
- Revaluation of assets; this takes place every three years as a matter of course. It also occurs when existing assets are taken up in the books for the first time.

4. Cash Flows Statement

The Cash Flows Statement 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 Income Statement because the Income Statement is prepared on an accrual accounting basis.

Cash in the Statement refers to bank deposits and other forms of highly liquid investments that can readily be converted to cash.

Council's cash arises from, and is used in, three main areas:

Cash Flows from Operating Activities

- Receipts – All cash received into Council's bank account from ratepayers and others that owed money 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 by Council from its bank account to staff, creditors and other persons. It does not include the costs associated with the creation of assets.

Cash Flows from Investing Activities

The accounting term Investing Activities only relates to assets such as new capital plant and other long-term revenue producing assets.

Cash Flows from Financing Activities

This is where the receipt and repayment of borrowed funds are recorded.

The bottom line of the Cash Flows Statement is the Cash at End of Financial Year. This shows the capacity of Council to meet its debts and other liabilities.

Notes to the Accounts

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

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

Where Council wishes to disclose other information, which cannot be incorporated into 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.
- Comparisons of Budget to Actual results.
- Financial performance indicators.

The Notes should be read at the same time as, and together with, the other parts of the Financial Statements to get a clear picture of the accounts.

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 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 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 Audit Report is the external and independent opinion on the Financial Statements. It provides the reader with a totally independent opinion on the Financial Statements. The opinion covers both the Statutory and professional requirements and also the fairness aspects of the Financial Statements.



Colac Otway Shire

Standard Statements
for the year ended 30th June 2007

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Notes to the Standard Statements

Note 1 **Basis of preparation of Standard Statements**

Council is required to prepare and include audited Standard Statements within its Annual Report. Four Statements are required - a Standard Income Statement, Standard Balance Sheet, Standard Cash Flow Statement and a Standard Statement of Capital Works, together with explanatory notes.

These statements and supporting notes form a special purpose financial report prepared to meet the requirements of the Local Government Act 1989 and Local Government (Finance and Reporting) Regulations 2004.

The Standard Statements have been prepared on accounting bases consistent with those used for the General Purpose Financial Statements and the Budget. The results reported in these statements are consistent with those reported in the General Purpose Financial Report.

The Standard Statements are not a substitute for the General Purpose Financial Statements, which are included on pages 83 to 86 of the Annual Report. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The Standard Statements compare Council's financial plan, expressed through its budget, with actual performance. The Local Government Act 1989 requires explanation of any material variances. The Council has adopted a materiality threshold of 10 per cent. 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 included in the Standard Statements are those adopted by Council on 9 August 2006. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet council's business plan 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.

Detailed information on the actual financial results are contained in the General Purpose Financial Report on pages 83 to 119. The detailed budget can be obtained by contacting Council or through the council's website. The Standard Statements must be read with reference to these documents.

Standard Income Statement

for the year ended 30th June 2007

	Note	ACTUAL \$'000	BUDGET \$'000	VARIANCE \$'000	VARIANCE %
REVENUE					
Rates and Charges		14,748	14,805	(57)	(0%)
Grants Commission / NCF		4,401	4,374	27	1%
Recurrent Grants	1	1,632	2,224	(592)	(27%)
Non-Recurrent Grants	2	3,602	4,190	(588)	(14%)
User Charges, Fees & Fines	3	3,652	4,180	(528)	(13%)
Reimbursements and Contributions	4	769	1,060	(291)	(27%)
Donated Property, Plant and Equipment, Infrastructure	5	2,497	150	2,347	1,565%
Interest income	6	490	340	150	44%
TOTAL REVENUE		31,791	31,323	468	1%
EXPENSES					
Employee Benefits		9,577	9,570	7	0%
Depreciation and Amortisation		7,435	7,476	(41)	(1%)
Finance costs		255	252	3	1%
Materials and Services	7	9,567	11,090	(1,523)	(14%)
Grants and Donations	8	250	120	130	108%
Plant costs	9	511	880	(369)	(42%)
Property, Plant and Equipment, Infrastructure written off	10	2,185	250	1,935	774%
Loss on Investment in Associates		24	-	24	0%
Other expenses		930	1,000	(70)	(7%)
TOTAL EXPENSES		30,734	30,638	96	0%
Net gain (loss) on disposal of assets	11	(82)	(100)	18	(18%)
SURPLUS (DEFICIT) FOR THE REPORTING PERIOD		975	585	390	67%

VARIANCE EXPLANATION

Note	Item	Explanation
1	Recurrent Grants	2006/07 Harbour Operational subsidy received in the 2005/06 year.
2	Non-Recurrent Grants	2006/07 'Roads to Recovery' Grant received in 2005/06 year, offset by early receipt of the 2007/08 'Better Roads' Grant in June 2007.
3	User Charges, Fees & Fines	Lower Private Works income than budget and lower building & planning fees.
4	Reimbursements & Contributions	General contributions lower than anticipated.
5	Donated Property, Plant and Equipment, Infrastructure	Higher subdivision and development activity levels than forecast.
6	Interest income	Higher interest rates and bank balances than budgeted.
7	Materials and Services	Carry overs to 2007/08, lower Harbour expenditure, Private Works and increased capitalisation of Materials and Services.
8	Grants and Donations	Backdating of Community rate rebate.
9	Plant costs	Lower Private Works and higher capitalised materials consumption.
10	Property, Plant and Equipment, Infrastructure written off	Earlier infrastructure asset intervention levels than forecast.
11	Net gain (loss) on disposal of assets	Lower Plant and equipment trade-ins and disposals than budgeted.

Standard Balance Sheet

as at 30th June 2007

	Note	ACTUAL \$'000	BUDGET \$'000	VARIANCE \$'000	VARIANCE %
CURRENT ASSETS					
Cash and cash equivalents	12	6,988	4,222	2,766	66%
Trade and other receivables	13	2,575	2,205	370	17%
Inventories	14	89	111	(22)	(20%)
Prepayments	15	73	55	18	33%
TOTAL CURRENT ASSETS		9,725	6,593	3,132	48%
NON-CURRENT ASSETS					
Trade and other receivables		24	28	(4)	(14%)
Investment in associates		440	478	(38)	(8%)
Property, Plant and Equipment, Infrastructure		197,821	188,850	8,971	5%
TOTAL NON-CURRENT ASSETS		198,285	189,356	8,929	5%
TOTAL ASSETS		208,010	195,949	12,061	6%
CURRENT LIABILITIES					
Trade and other payables	16	780	2,510	(1,730)	(69%)
Trust funds and other deposits	17	276	196	80	41%
Provisions	18	2,084	1,099	985	90%
Interest bearing loans and borrowings		508	508	-	0%
TOTAL CURRENT LIABILITIES		3,648	4,313	(665)	(15%)
NON-CURRENT LIABILITIES					
Provisions	18	2,971	3,297	(326)	(10%)
Interest bearing loans and borrowings		3,006	3,006	-	0%
TOTAL NON-CURRENT LIABILITIES		5,977	6,303	(326)	(5%)
TOTAL LIABILITIES		9,625	10,616	(991)	(9%)
NET ASSETS		198,385	185,333	13,052	7%
EQUITY					
Accumulated Surplus		91,879	88,584	3,295	4%
Asset Revaluation Reserve	19	104,417	96,184	8,233	9%
Other Reserves	20	2,089	565	1,524	270%
TOTAL EQUITY		198,385	185,333	13,052	7%

VARIANCE EXPLANATION

Note	Item	Explanation
12	Cash	Higher cash balances due to lower capital spending and carry over of projects.
13	Trade and other receivables	Higher rate rebates and user charges debtors than forecast.
14	Inventories	Lower raw materials on hand.
15	Prepayments	IT Licence fees.
16	Trade and other payables	Lower activity levels for Harbour, Private Works and Capital expenditure.
17	Trust funds and other deposits	Higher developer activity.
18	Provisions	Re-scheduling of landfill rehabilitation activity and higher employee entitlements.
19	Asset Revaluation Reserve	Asset Revaluations are not budgeted due to the uncertainty in \$ movements.
20	Other Reserves	Lakeside Estate sale proceeds allocated to Reserves.

Standard Cash Flow Statement

for the year ended 30th June 2007

Note	ACTUAL \$'000	BUDGET \$'000	VARIANCE \$'000	VARIANCE %	
CASH FLOWS FROM OPERATING ACTIVITIES					
Rates and Charges	14,561	14,746	(185)	(1%)	
Government Grants	10,035	10,788	(753)	(7%)	
Council User Charges and Reimbursements received	4,372	4,251	121	3%	
Contributions and Donations received	4	1,060	(413)	(39%)	
Council payments to Employees	(10,059)	(9,499)	(560)	6%	
Council payments to Suppliers	(12,351)	(12,325)	(26)	0%	
Interest received	6	340	150	44%	
Finance costs	(256)	(252)	(4)	2%	
Council Grants and Donations paid	8	(120)	(130)	108%	
Net GST refund/(payment)	21	-	1,083	0%	
Other payments	(954)	(904)	(50)	6%	
NET CASH INFLOW FROM OPERATING ACTIVITIES	7,318	8,085	(767)	(9%)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for Property, Plant and Equipment, Infrastructure	22	(8,292)	(9,447)	1,155	(12%)
Proceeds from sale of Property, Plant & Equipment, Infrastructure	11	316	500	(184)	(37%)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(7,976)	(8,947)	971	(11%)	
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of interest bearing loans and borrowings	(457)	(457)	-	0%	
Proceeds from interest bearing loans and borrowings	-	-	-	0%	
Trust funds and deposits	9	-	9	0%	
Lease Payments	(20)	(20)	-	0%	
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(468)	(477)	9	(2%)	
Net increase (decrease) in cash and cash equivalents	(1,126)	(1,339)	213	(16%)	
Cash and cash equivalents at the beginning of the year	23	8,114	5,561	2,553	46%
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	6,988	4,222	2,766	66%	
Reconciliation of Surplus (Deficit) and Net Cash Flows from Operating Activities					
For the year ending 30 June 2007					
Surplus (deficit)	975	585	390	67%	
Depreciation	7,435	7,476	(41)	(1%)	
(Profit) Loss on sale of Property, Plant and Equipment, Infrastructure	82	100	(18)	(18%)	
Net movement in current assets and liabilities	(1,174)	(76)	(1,098)	1,445%	
Net cash inflow (outflow) from operating activities	7,318	8,085	(767)	(9%)	

VARIANCE EXPLANATION

Note	Item	Explanation
21	Net GST refund/(payment)	GST refund/payments are not budgeted due to the uncertainty in \$ movements.
22	Payments for PP&E	See Standard Statement of Capital Works.
23	Cash at the beginning of the year	Early receipt of Roads to Recovery and Apollo Bay Harbour Grants in June 2006.

Standard Statement of Capital Works

for the year ended 30th June 2007

	Note	ACTUAL \$'000	BUDGET \$'000	VARIANCE \$'000	VARIANCE %
CAPITAL WORKS AREA					
Land		-	-	-	0%
Buildings	24	738	837	(99)	(12%)
Plant and Machinery	25	438	1,185	(747)	(63%)
Furniture and Equipment	26	238	210	28	13%
Roads and Streets	27	5,411	6,235	(824)	(13%)
Bridges	28	251	95	156	164%
Footpaths	29	417	365	52	14%
Kerb and Channel	30	225	0	225	0%
Parks and Gardens	31	562	125	437	350%
Drainage	32	12	395	(383)	(97%)
TOTAL CAPITAL WORKS		8,292	9,447	(1,155)	(12%)
Represented by:					
Renewal		6,301	7,871	(1,570)	(20%)
Upgrade		1,795	1,221	574	47%
New		196	355	(159)	(45%)
TOTAL CAPITAL WORKS		8,292	9,447	(1,155)	(12%)

PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE MOVEMENT RECONCILIATION WORKSHEET

The movement between the previous year and the current year in property, plant and equipment, infrastructure as shown in the Balance Sheet links to the net of the following items:				
Total capital works	8,292	9,447	(1,155)	(12%)
Asset revaluation movement	1,515	-	1,515	0%
Depreciation and Amortisation	(7,435)	(7,476)	41	(1%)
Written down value of assets sold / disposed / donated	83	(700)	783	(112%)
NET MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE	2,455	1,271	1,184	48%


VARIANCE EXPLANATION

Note	Item	Explanation
24	Buildings	Apollo Bay Visitor Information Centre upgrade carried over to the 2007/08 year.
25	Plant And Machinery	Carry over of Plant replacements to the 2007/08 year.
26	Furniture and Equipment	Customer Relationship Module software.
27	Roads and Streets	Absence of Diary Industry Road Program, AUSLink funding and carry overs to the 2007/08 financial year.
28	Bridges	Construction of Parkers Creek Bridge.
29	Footpaths	'Small Towns' Footpath upgrades.
30	Kerb and Channel	Unbudgeted miscellaneous Kerb and Channel activity.
31	Parks and Gardens	Lake Colac Redevelopment and Recreational upgrades.
32	Drainage	Drainage Works expenditure on unsealed roads reclassified to Roads and Streets.

Certification of Standard Statements

for the year ended 30th June 2007

In my opinion the accompanying standard statements have been prepared on accounting bases consistent with the financial statements and in accordance with the Local Government Act 1989, and the Government (Finance and Reporting) Regulations 2004.

PRINCIPAL ACCOUNTING OFFICER 

Date: 4 September 2007

In our opinion the accompanying standard statements have been prepared on accounting bases consistent with the financial statements and in accordance with the Local Government Act 1989, and the Government (Finance and Reporting) Regulations 2004.

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

We have been authorised by the Council on 4 September 2007 to certify the Standard Statements in their final form.

COUNCILLOR 

Date: 4 September 2007

COUNCILLOR 

Date: 4 September 2007

CHIEF EXECUTIVE OFFICER 

Date: 4 September 2007



Colac Otway Shire

Financial Statements

for the year ended 30th June 2007

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Income Statement

for the year ended 30th June 2007

	Note	2007 \$'000	2006 \$'000
REVENUE			
Rates and Charges	2	14,748	13,198
Grants Commission / NCF		4,401	4,402
Grants - Recurrent	3	1,632	3,019
Grants - Non Recurrent	3	3,602	4,113
User Charges, Fees & Fines	4	3,652	3,698
Contributions - Cash	5 (a)	488	776
Contributions - Non-monetary assets	5 (b)	2,497	139
Reimbursements	6	281	314
Interest income	7	490	450
TOTAL REVENUE		31,791	30,109
EXPENSES			
Employee Benefits	8	9,577	8,987
Finance costs	9	255	277
Depreciation and Amortisation	10	7,435	7,545
Materials and Services	11	9,567	11,015
Grants and Donations		250	99
Plant costs		511	437
Other expenses	12	930	836
TOTAL EXPENSES		28,525	29,196
Net gain (loss) on disposal of Property, Plant and Equipment, Infrastructure		(82)	933
Property, Plant and Equipment, Infrastructure written off	18	(2,185)	(78)
Share of net profits (losses) of associates accounted for by the equity method	17	(24)	(29)
SURPLUS (DEFICIT) FOR THE PERIOD		975	1,739

The accompanying notes form part of this financial report.

Balance Sheet

as at 30th June 2007

	Note	2007 \$'000	2006 \$'000
CURRENT ASSETS			
Cash and cash equivalents	13	6,988	8,114
Trade and other receivables	14	2,575	2,896
Inventories	15	89	86
Prepayments	16	73	70
TOTAL CURRENT ASSETS		9,725	11,166
NON-CURRENT ASSETS			
Trade and other receivables	14	24	47
Investment in associates accounted for using the equity method	17	440	479
Property, Plant and Equipment, Infrastructure	18	197,821	195,366
TOTAL NON-CURRENT ASSETS		198,285	195,892
TOTAL ASSETS		208,010	207,058
CURRENT LIABILITIES			
Trade and other payables	19	780	1,918
Trust funds and deposits	20	276	268
Provisions	21	2,084	1,928
Interest bearing loans and borrowings	22	508	477
TOTAL CURRENT LIABILITIES		3,648	4,591
NON-CURRENT LIABILITIES			
Provisions	21	2,971	3,043
Interest bearing loans and borrowings	22	3,006	3,514
TOTAL NON-CURRENT LIABILITIES		5,977	6,557
TOTAL LIABILITIES		9,625	11,148
NET ASSETS		198,385	195,910
EQUITY			
Accumulated surplus		91,879	91,331
Reserves	23	106,506	104,579
TOTAL EQUITY		198,385	195,910

The accompanying notes form part of this financial report.

Statement of Changes in Equity

for the year ended 30th June 2007

		Accumulated Surplus 2007	Other Reserves 2007	Asset Revaluation Reserve 2007	Total 2007
2007	Note	\$'000	\$'000	\$'000	\$'000
Balance at beginning of financial year		91,331	1,663	102,916	195,910
Surplus (deficit) for the year		975	-	-	975
Revaluation of Property, Plant and Equipment, Infrastructure	23(a)	-	-	1,501	1,501
Transfers to other Reserves	23(b)	-	426	-	426
Transfer from other Reserves	23(b)	(427)	-	-	(427)
BALANCE AT END OF FINANCIAL YEAR		91,879	2,089	104,417	198,385

		Accumulated Surplus 2006	Other Reserves 2006	Asset Revaluation Reserve 2006	Total 2006
2006	Note	\$'000	\$'000	\$'000	\$'000
Balance at beginning of financial year		90,850	505	95,188	186,543
Surplus (deficit) for the year		1,739	-	-	1,739
Revaluation of Property, Plant and Equipment, Infrastructure	23(a)	-	-	7,728	7,728
Transfers to other Reserves	23(b)	-	1,258	-	1,258
Transfer from other Reserves	23(b)	(1,258)	(100)	-	(1,358)
BALANCE AT END OF FINANCIAL YEAR		91,331	1,663	102,916	195,910

The accompanying notes form part of this financial report.

Cash Flow Statement

for the year ended 30th June 2007

	Note	2007 Inflows/ (Outflows) \$'000	2006 Inflows/ (Outflows) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Rates and Charges		14,561	13,107
Government Grants		10,035	11,394
Council User Charges and Reimbursements received		4,372	4,458
Contributions and Donations received		647	846
Council payments to Employees		(10,059)	(9,374)
Council payments to Suppliers		(12,351)	(13,292)
Interest received		490	450
Finance costs		(256)	(285)
Council Grants and Donations paid		(250)	(99)
Net GST refund/(payment)		1,083	863
Other payments		(954)	(897)
NET CASH PROVIDED BY OPERATING ACTIVITIES	25	7,318	7,171
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Plant and Equipment, Infrastructure		(8,292)	(8,536)
Proceeds from sale of Property, Plant and Equipment, Infrastructure		316	1,814
NET CASH USED IN INVESTING ACTIVITIES		(7,976)	(6,722)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of interest bearing loans and borrowings		(457)	(410)
Trust funds and deposits		9	72
Lease payments		(20)	(18)
NET CASH USED IN FINANCING ACTIVITIES		(468)	(356)
Net increase (decrease) in cash and cash equivalents		(1,126)	93
Cash and cash equivalents at the beginning of the financial year		8,114	8,021
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	26	6,988	8,114

Restrictions on cash assets - see note 24

The accompanying notes form part of this financial report.

Notes to the Financial Report

for the year ended 30th June 2007

INTRODUCTION

The Colac Otway Shire was established by an order of the Governor in Council on September 20, 1994 and is a body corporate.

The registered and main office of the reporting entity is 2-6 Rae Street Colac Victoria 3250.

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 charges and to ensure transparency and accountability in Council decision making.

This financial report is a general purpose financial report that consists of an Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes accompanying these financial statements. The general purpose financial report complies with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standard Board, the Local Government Act 1989, and the Local Government (Finance and Reporting) Regulations 2004.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

This financial report has been prepared on the accrual and going concern bases.

This financial report has been prepared under the historical cost convention, except where specifically stated in Notes 1(e) and 1(i).

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.

All entities controlled by Council that have material assets or liabilities, such as the Port of Apollo Bay Committee of Management, have been included in this financial report. All transactions between these entities and the Council have been eliminated in full. Please see Note 35 for further details.

(b) Cash and cash equivalents

For the purposes of the cash flows statement, cash and cash equivalents include cash on hand, deposits at call, and other highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

(c) Rounding

Unless otherwise stated, amounts in the financial report have been rounded to the nearest thousand dollars.

(d) Web site costs

Costs in relation to websites are charged as an expense in the period in which they are incurred.

Notes to the Financial Report

for the year ended 30th June 2007

(e) Recognition and measurement of assets

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 amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

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.

The following classes of assets have been recognised in Note 18. In accordance with Council's policy, the threshold limits detailed in note 1(f) have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year. Assets which are no longer under the control of the Council or which have been replaced are written off.

Revaluation of Non-Current Assets

Subsequent to the initial recognition, all non-current assets, other than, plant, machinery and parks and gardens, are measured at fair value being the amounts for which the assets could be exchanged between willing parties in an arms length transaction. Where a market value for a non-current asset does not exist, fair value is determined at written down current replacement cost.

At balance date, the Council reviewed the carrying values 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.

In addition, Council undertakes a formal revaluation of land, buildings and infrastructure assets excluding parks and gardens on a regular basis every three years. The valuation is performed by experienced Council officers and independent experts. The last revaluation occurred on 30 June 2007 for the asset classes of Drainage, Kerbs and Channels.

Where assets are revalued, revaluation increments are credited to the Asset Revaluation Reserve, unless they reverse a previous decrement processed through the Income Statement, and decrements are charged to the Income Statement, unless they reverse a previous increment credit to the Asset Revaluation Reserve.

Land Under Roads

The Council has elected not to recognise land under roads as an asset in accordance with AASB 1045 Land under Roads, which extends the requirement to recognise and measure land under roads as an asset of Council until 01 July 2008.

(f) Depreciation of non-current assets

Non-current assets having limited useful lives are systematically depreciated over their useful lives to Council in a manner which reflects consumption of the service potential embodied in those assets by the Council.

Straight line depreciation is used based on residual useful lives as determined each year. Reducing balance depreciation is provided based on rates which are reviewed each reporting period. Road earthworks are not depreciated.

Depreciation is calculated for assets purchased during the financial year on a pro rata basis.

Major depreciation classes are:	Capitalisation Threshold	Depreciation Method	2007 Estimated Useful Life Years	2006 Estimated Useful Life Years
Buildings	\$5,000	Straight Line	25	25
Furniture and Equipment	\$1,000	Straight Line	9-21	9-21
Drainage	\$10,000	Straight Line	80	80
Roads and Streets	\$10,000	Straight Line	10-55	10-55
Improvements to Parks & Gardens	\$5,000	Straight Line	10-100	10-100
Bridges	\$10,000	Straight Line	50-70	50-70
Footpaths	\$10,000	Straight Line	30-60	30-60
Kerb and Channelling	\$10,000	Straight Line	35-45	35-45
Plant and Machinery	\$1,000	Reducing Balance	5-10	5-10
Equipment Under Lease	\$1,000	Straight Line	5-10	5-10

Notes to the Financial Report

for the year ended 30th June 2007

(g) 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 to sell 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 income statement.

(h) Employee Benefits

Wages and salaries

Liabilities for wages and salaries and rostered days off are recognised and are measured as the amount unpaid at balance date and include appropriate oncosts such as WorkCover charges.

Annual leave

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date and are measured at the amount expected to be paid, including appropriate oncosts, when the accrued obligation is settled.

Long service leave

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related oncosts and other factors including accumulated years of employment, on settlement, and experience of employee departure per year of service. Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled. Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

Classification of employee benefits

An employee benefit liability is classified as a current liability if the Council does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the period. This would include all annual leave and unconditional long service leave entitlements.

Superannuation

A liability is recognised in respect of Council's present obligation to meet the unfunded obligations of defined benefit superannuation schemes to which its employees are members. The liability is defined as the Council's share of the scheme's unfunded position, being the difference between the present value of employees' accrued benefits and the net market value of the scheme's assets at balance date. The liability also includes applicable contributions tax of 17.65%.

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. Details of these arrangements are recorded in Note 28.

(i) Accounting for investments in associates

Council's investment in associates is accounted for by the equity method as the Council has the ability to influence rather than control the operations of the entities. The investment is initially recorded at the cost of acquisition and adjusted thereafter for post-acquisition changes in the Council's share of the net assets of the entities. The Council's share of the financial result of the entities is recognised in the income statement.

Notes to the Financial Report

for the year ended 30th June 2007

(j) Leases

Finance leases

Leases of assets where substantially all the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are amortised on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Leased assets are currently being amortised over a 5 to 10 year period.

Operating leases

Lease payments for operating leases are recognised as an expense in the years in which they are incurred as this reflects the pattern of benefits derived by the Council.

(k) Revenue Recognition

Rates, charges, fees and fines, grants, donations and contributions other than reciprocal contributions received are recognised as revenues when the municipality obtains control over the assets comprising these revenues. Control over assets acquired from rates is obtained at the commencement of the rating period, or where earlier, upon receipt of rates. Control over granted assets is normally obtained upon their receipt or upon prior notification that a grant has been secured. A liability is only recognised in respect to granted assets if there is an obligation to disperse future economic benefits to the grantor.

Where contributions recognised as revenues during the year were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 3. That note also discloses the amount of contributions recognised as revenues in previous years which were obtained in respect of the municipality's operations for the current year.

Donations received by the Council are accounted for on a cash basis.

Interest is recognised as revenue on a proportional basis when the payment is due, the value of the payment is notified, or the payment is received, whichever first occurs.

(l) Borrowing Costs

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

Borrowing costs include interest on borrowings and finance lease charges.

(m) Inventories

Stores and materials are stated at the lower of cost or net realisable value. Costs are assigned to individual items of stock mainly on the basis of weighted average cost.

(n) Receivables

Receivables are amounts due to Council by external parties for the purchase of goods and services and recognised as assets when the goods and services are delivered. Receivables are normally invoiced monthly.

(o) Payables and other current liabilities

Payables and other current liabilities are amounts due to external parties for the purchase of goods and services and recognised as liabilities when the goods and services are received. Payables are normally paid monthly. Interest is not payable on these liabilities.

Notes to the Financial Report

for the year ended 30th June 2007

(p) Provision for Landfill Rehabilitation

A liability is recognised in respect of Council's present obligation to rehabilitate landfills. All known costs associated with landfill rehabilitation and aftercare costs have been included in the provision. This provision is reviewed every three years in line with Council's revaluation policy.

(q) 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.

(r) Goods and Services Tax

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

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

(s) Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being the Council's operational cycle, or if the Council does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

NOTE 2 RATES AND CHARGES

	2007 \$'000	2006 \$'000
Residential	6,321	5,799
Farm	3,125	2,655
Garbage Charge	1,763	1,560
Municipal Charge	1,553	1,401
Commercial	1,639	1,395
Industrial	170	190
Supplementary	177	198
	14,748	13,198

Council uses the Capital Improved Value as the basis of valuation of all properties within the municipality. The valuation base used to calculate general rates for 2006/2007 was \$4,347,213,300 (2005/2006 \$3,321,039,000).

The date of the last general revaluation within the municipality was 1 January 2006, and the valuation first applied to the rating year commencing 1 July 2006.

The date of the next general revaluation within the municipality is 1 January 2008, and the valuation will be first applied in the rating year commencing 1 July 2008.

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 3 GOVERNMENT GRANTS

	2007		2006	
	Recurrent \$'000	Non-Recurrent \$'000	Recurrent \$'000	Non-Recurrent \$'000
Governance				
- Aged & Home Care	807	36	755	28
- Family Day Care	359	3	362	-
- Maternal & Child Health	144	-	143	-
- Volunteer Project	-	144	-	-
- Rural Access Project	72	4	95	21
- Community Transport	68	-	66	9
- Meeting Place	37	-	-	-
- Delivered Meals	34	2	34	2
- School Crossings	34	-	34	-
- GIS Apollo Bay - Base Station	-	24	-	-
- Immunisation	17	-	10	-
- Senior Citizens	17	-	8	-
- Tobacco Act Administration	8	-	3	-
- Staff Training	2	7	-	1
- Community Services AEDI	-	6	-	-
- Country Towns Water Supply	-	-	-	75
- Waste Water	-	-	-	27
- Kindergarten Cluster Management	-	-	-	20
- Telecommunications	-	-	-	18
	1,599	226	1,510	201
Infrastructure				
- Federal - Roads to Recovery	-	1,038	-	2,090
- AUSLINK	-	798	-	-
- Vic Roads - Better Roads	-	184	-	286
- Port of Apollo Bay	-	139	1,198	343
- Silks Access Bridge	-	33	-	-
- Fire Access Track	-	30	-	28
- State Emergency Service	10	-	10	-
- Bus Stop Improvements	-	9	-	-
- Beach Cleaning	6	-	7	-
- Safety Bids	-	5	-	-
- Jackson's Track	-	(1)	-	18
- Natural Disaster Relief Funding	-	-	-	191
- King Track Bridge	-	-	-	42
- Waste Collection	-	-	-	18
- Kennett River Bus Shelter	-	-	-	9
	16	2,235	1,215	3,025

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 3 GOVERNMENT GRANTS (CONT'D)

	2007		2006	
	Recurrent \$'000	Non-Recurrent \$'000	Recurrent \$'000	Non-Recurrent \$'000
Strategic Development				
- Lake Colac	-	448	-	131
- Bluewater Fitness Centre - Access for all	-	72	-	-
- Environmental Community Water Grant	-	64	-	-
- COPACC Improvements	-	60	-	120
- Port of Apollo Bay Tourism	-	60	-	50
- South Colac Netball Court	-	60	-	46
- Pride of Place	-	42	-	36
- Neighbourhood Renewal Grant	-	40	-	46
- Rex Norman Park Improvements	-	35	-	25
- Port of Apollo Bay Planning/Capacity	-	22	-	75
- Great Ocean Road Sports Festival	-	20	-	-
- Public Place Recycling	-	20	-	-
- Irrewarra Beeac Netball Court	-	20	-	46
- Colac Strategic Structure Plan	-	20	-	20
- GORLASS	-	20	-	-
- Forrest Town Upgrade	-	17	-	25
- Barongarook Creek Restoration	-	15	-	-
- Environmental Weed Control	-	15	-	-
- Elliminyt Hall	-	13	-	12
- Regional Playground	-	12	-	38
- Bluewater Fitness Centre Child Care	12	-	8	-
- Great Ocean Road Visitor Information Centre	-	10	-	12
- CLUE	-	8	-	-
- Heritage Study	-	7	-	8
- Enviromark Implementation	-	7	-	7
- Recreation Strategy	-	6	-	19
- Enviro Control - Bush Tender	5	-	-	-
- Recreation Strategy - Country Action	-	5	-	-
- National Youth Week	-	5	-	-
- Gellibrand Recreation Reserve	-	4	-	(6)
- Youth Health Promotion	-	4	-	-
- Progress Association Workshop	-	4	-	-
- Bluewater Fitness Centre	-	3	-	-
- Jobs for Young People	-	2	-	1
- 'Saluting Their Service'	-	1	-	-
- Old Beechy Line Rail Trail	-	-	-	175
- Television Blackspot Program	-	-	-	152
- Bicycle Strategic Plan	-	-	-	59
- Apollo Bay Netball Court	-	-	-	46
- Neighbourhood House Grant	-	-	-	36
- Kennett River Wetlands	-	-	-	35
- Botanic Gardens Water	-	-	-	32
- Streetlife	-	-	-	29
- Biodiversity Scheme	-	-	-	25
- Birregurra Heritage Walk	-	-	-	20
- Commonwealth Games	-	-	-	14
- Sustainable Water Use	-	-	-	10
- Street Parties Kits	-	-	-	6
- Youth Trekkers	-	-	-	2
- Economic Development Strategy	-	-	-	2
- After School Activity Program	-	-	-	2
- Parliamentary Sitting	-	-	-	1
- Central Reserve Netball Court	-	-	-	(15)
- Beeac Hall Upgrade	-	-	-	(6)
	17	1,141	8	1,336
TOTAL	1,632	3,602	2,733	4,562

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 3 GOVERNMENT GRANTS (CONT'D)

Conditions on Grants

Grants recognised as revenue during the year that were obtained on the condition that they be expended in a specified manner that had not occurred as at the balance date were:

	2007		2006	
	Recurrent \$'000	Non-Recurrent \$'000	Recurrent \$'000	Non-Recurrent \$'000
AUSLINK Road Projects	-	800	-	-
Lake Colac - LWIP	-	262	-	-
Port of Apollo Bay	-	94	-	731
Community Water	-	64	-	-
HACC Minor Works	-	31	-	24
GORLASS Project	-	20	-	-
Lake Colac - Stoddart Street	-	20	-	-
Public Place Recycling	-	19	-	-
Carlisle River - STIP	-	18	-	-
Water Saving	-	15	-	-
Irrewarra Beeac Netball Court	-	14	-	-
Lake Colac - Fishing Platform	-	13	-	-
Business Week	-	10	-	-
GOR VIC Upgrade	-	10	-	-
CLUE Project	-	8	-	-
Enviromark	-	7	-	7
Heritage Advisor	-	7	-	-
AEDI Project	-	6	-	-
Lake Colac - Work for the Dole	-	6	-	-
Ragwort Project	-	5	-	-
National Youth Week	-	5	-	-
Country Action Scheme	-	5	-	-
Volunteer Co-ordination	-	2	-	-
Healthy Lifestyles Project	-	2	-	-
Youth Health Promotion	-	2	-	-
Federal - Roads to Recovery	-	-	-	1,535
Country Towns Water Supply	-	-	-	75
Neighbourhood House Grant	-	-	-	36
Kennett River Wetlands	-	-	-	35
Botanic Gardens Water	-	-	-	32
Biodiversity Scheme	-	-	-	25
Rural Access Project	-	-	-	20
Kindergarten Cluster Management	-	-	-	20
Mental Health	-	-	-	15
Beech Forest Toilet Area	-	-	-	15
Hydrotherapy Pool Feasibility Study	-	-	-	12
Elliminyt Hall	-	-	-	12
Sustainable Water Use	-	-	-	10
Walking School Bus	-	-	-	9
Street Parties Kits	-	-	-	2
TOTAL	0	1,445	0	2,615

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 3 GOVERNMENT GRANTS (CONT'D)

Grants recognised as revenue in prior years and were expended during the current reporting period in the manner specified by the grantor were:

	2007		2006	
	Recurrent \$'000	Non-Recurrent \$'000	Recurrent \$'000	Non-Recurrent \$'000
Federal - Roads to Recovery	-	1,535	-	-
Port of Apollo Bay	-	731	-	1,175
Country Towns Water Supply	-	75	-	-
Neighbourhood House Grant	-	36	-	-
Kennett River Wetlands	-	21	-	-
Botanic Gardens Water	-	31	-	-
Biodiversity Scheme	-	12	-	-
Rural Access Project	-	20	-	-
Kindergarten Cluster Management	-	20	-	-
Beech Forest Toilet Area	-	15	-	-
Elliminyt Hall	-	12	-	-
Sustainable Water Use	-	4	-	-
Street Parties Kits	-	2	-	-
Old Beechy Line Trail	-	-	-	364
Hydrotherapy Pool Feasibility Study	-	-	-	50
Commonwealth Games	-	-	-	41
Futures for Young Adults	-	-	-	28
Lake Colac Project	-	-	-	20
Events Tourism Plan	-	-	-	19
Neighbourhood Renewal	-	-	-	15
Waste Water Management Strategy	-	-	-	9
Tour de Skate	-	-	-	5
Birregurra Sewerage	-	-	-	4
TOTAL	0	2,514	0	1,730

NOTE 4 USERS CHARGES, FEES AND FINES

	2007 \$'000	2006 \$'000
BlueWater Fitness Centre	677	671
Saleyards	575	459
Home Care and Delivered Meals	522	518
Performing Arts Centre	392	308
Town Planning and Building	323	340
Parking, Animal Control and Local Laws	175	178
Waste Disposal	173	184
Visitor Information Centres	167	167
Private Works	152	444
Council Properties	127	105
Other	369	324
	3,652	3,698

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 5 CONTRIBUTIONS

(a) CONTRIBUTIONS - CASH

Special Charge Schemes	345	264
Recreational Land contribution	46	18
FREEZA Contributions	31	22
COPACC Sponsorship	21	3
Apollo Bay Harbour - Fisherman's Co-op	19	20
Colac Saleyards - Pen sponsorship	-	140
Road Construction Contributions	-	100
Lake Colac - CRF Sales Proceeds contribution	-	100
Colac Library improvements	-	35
Car Parking Contribution	-	16
Other	26	58

2007
\$'000

2006
\$'000

345
46
31
21
19
-
-
-
-
-

264
18
22
3
20
140
100
100
35
16

26

58

488

776

(b) CONTRIBUTIONS - NON-MONETARY ASSETS

Roads and Streets	1,000	38
Drainage	837	66
Kerbs and Channelling	553	27
Footpaths	107	8

1,000
837
553
107

38
66
27
8

2,497

139

NOTE 6 REIMBURSEMENTS

Vicroads Agency Reimbursement	163	153
Administration Fees	75	75
Vicroads Maintenance	-	37
Other	43	49

163
75
-
43

153
75
37
49

281

314

NOTE 7 INTEREST INCOME

Interest on cash and cash equivalents	405	351
Interest on rates	85	99

405
85

351
99

490

450

NOTE 8 EMPLOYEE BENEFITS

Wages and Salaries	6,775	6,439
Superannuation	798	743
Annual Leave and Long Service Leave	748	750
Casual Staff	537	301
Vehicle	213	206
WorkCover Premium	197	198
Training	180	218
Fringe Benefits Tax	74	77
Other	55	55

6,775
798
748
537
213
197
180
74
55

6,439
743
750
301
206
198
218
77
55

9,577

8,987

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 9 FINANCE COSTS

Interest - Borrowings
Interest - Finance Leases

	2007 \$'000	2006 \$'000
Interest - Borrowings	250	270
Interest - Finance Leases	5	7
	255	277

NOTE 10 DEPRECIATION AND AMORTISATION

Roads and Streets
Buildings
Plant and Machinery
Kerb and Channel
Bridges
Drainage
Parks and Gardens
Footpaths
Furniture and Equipment
Leased Assets

Roads and Streets	4,590	4,854
Buildings	930	882
Plant and Machinery	656	643
Kerb and Channel	348	339
Bridges	245	217
Drainage	198	192
Parks and Gardens	179	180
Footpaths	145	127
Furniture and Equipment	121	87
Leased Assets	23	24
	7,435	7,545

NOTE 11 MATERIALS AND SERVICES

Waste Management
Governance
Roads, Parks and Gardens
Town Planning
Insurance Premiums
Colac Otway Performing Arts and Culture Centre
Tourism
Arts, Culture and Recreation
Family Day Care
Economic Development
Environment and Fire Prevention
Port of Apollo Bay (inc Jetty reconstruction)
Bluewater Fitness Centre
Delivered Meals
Aged and Disability
Local Laws
Street Lighting
Council Properties
Other

Waste Management	2,348	2,327
Governance	1,396	1,406
Roads, Parks and Gardens	1,381	1,540
Town Planning	446	622
Insurance Premiums	388	360
Colac Otway Performing Arts and Culture Centre	376	311
Tourism	337	351
Arts, Culture and Recreation	318	422
Family Day Care	316	259
Economic Development	283	301
Environment and Fire Prevention	268	240
Port of Apollo Bay (inc Jetty reconstruction)	264	1,602
Bluewater Fitness Centre	248	254
Delivered Meals	172	174
Aged and Disability	158	148
Local Laws	150	108
Street Lighting	136	127
Council Properties	75	76
Other	507	387
	9,567	11,015

NOTE 12 OTHER EXPENSES

Library Contribution
Councillors' allowances
Economic Development Contributions
Tourism subscriptions
Councillors' Travel
Town Planning - legal fees
Other

Library Contribution	327	304
Councillors' allowances	135	122
Economic Development Contributions	81	40
Tourism subscriptions	56	54
Councillors' Travel	46	58
Town Planning - legal fees	39	54
Other	246	204
	930	836

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 13 CASH AND CASH EQUIVALENTS

Cash on hand
Cash at bank
Cash on call

2007 \$'000	2006 \$'000
6	6
5,703	6,705
1,279	1,403
6,988	8,114

Of the cash and cash equivalents amount above, \$1,768,000 (2005/06: \$1,701,000) is subject to restrictions. Please see the Restricted Assets Note 24.

NOTE 14 TRADE AND OTHER RECEIVABLES

Current

Government Grants
Rates and Charges
Special Charge Schemes contributions
Private Works
Farm Rate Rebates
GST Receivable
User Charges
Harbour
Reimbursement Unfunded Superannuation Loan - CRLC
Sale proceeds
Other

688	537
505	461
441	318
265	177
143	-
118	128
99	201
25	674
23	22
-	171
268	207
2,575	2,896

Non-Current

Reimbursement Unfunded Superannuation Loan - CRLC

24	47
24	47

Rates are secured by a charge over each ratepayer's property. Interest is charged on overdue rates at 11.00% (2005/06 11.00%). Rates are due for payment in a lump sum on 15 February or by instalments due on 30 September, 30 November, 28 February and 31 May. The amount of overdue rates upon which interest is being charged is \$648,437 (2005/06: \$461,168), before any provision for doubtful debts.

NOTE 15 INVENTORIES

Raw Materials and Stores
Great Ocean Road Visitor Information Centre
Colac Visitor Information Centre
Garbage Bins
BlueWater Fitness Centre

35	42
24	17
14	8
13	14
3	5
89	86

NOTE 16 PREPAYMENTS

Vehicle Registrations
Councillor Allowances
Licence Fee
COPACC
Other
Insurance

22	22
21	21
15	-
9	14
6	10
-	3
73	70

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 17 INVESTMENT IN ASSOCIATES

Investments in associates accounted for by the equity method are:

Name of Associate: Corangamite Regional Library Corporation
Principal Activity: Library

	Ownership Interest	
	2007	2006
	%	%
	24.54	25.24
	2007	2006
	\$'000	\$'000
Council's share of accumulated surplus (deficit)		
Council's share of accumulated surplus (deficit) at start of year	(57)	(28)
Reported surplus (deficit) for year	(24)	(29)
Council's share of accumulated surplus (deficit) at end of year	(81)	(57)
Council's share of reserves		
Asset Replacement Reserve		
Council's share of asset replacement reserve at start of year	8	8
Share of increase/(decrease) in asset replacement reserve	(1)	-
Council's share of asset replacement reserve at end of year	7	8
Asset Revaluation Reserve		
Council's share of asset revaluation reserve at start of year	528	528
Share of increase/(decrease) in asset revaluation reserve	(14)	-
Council's share of asset revaluation reserve at end of year	514	528
Council's share of total reserves at end of year	521	536
Movement in carrying value of investment		
Carrying value of investment at start of year	479	508
Share of surplus (deficit) for year	(24)	(29)
Share of asset replacement reserve	(1)	-
Share of asset revaluation reserve	(14)	-
Carrying value of investment at end of year	440	479

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 18 PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE

Summary

- at Cost
- at Independent Valuation
- at Council Valuation
- Less: Accumulated Depreciation and Amortisation

Total Property, Plant and Equipment, Infrastructure

Property

Land

- at Independent Valuation 30/6/2005

Buildings

- at Cost
- at Independent Valuation 30/6/2005
- Less: Accumulated Depreciation

Total Property

Land and building assets were revalued as at 30 June 2005. Council engaged Southern Cross Property Services to undertake the revaluation of land and buildings. Land values were determined on a direct comparison basis to arrive at the current market value. Market value is defined as the estimated amount for which an asset should exchange on the date of valuation between the willing buyer and a willing seller in an arms length transaction. The valuation basis for buildings was a mix of market value and replacement cost. All buildings with an alternative use or which could be occupied was valued at market value, while replacement value was used for assets such as toilet blocks, gazebos, scoreboards etc, which are not considered to have a market value.

Plant and Equipment

Plant and Machinery

- at Cost
- Less: Accumulated Depreciation

Furniture and Equipment

- at Cost
- Less: Accumulated Depreciation

Total Plant and Equipment

	2007 \$'000	2006 \$'000
	19,494	15,122
	75,185	75,185
	200,868	194,023
	(97,726)	(88,964)
Total Property, Plant and Equipment, Infrastructure	197,821	195,366
	29,784	29,784
	29,784	29,784
	1,378	641
	45,401	45,401
	(23,055)	(22,126)
	23,724	23,916
Total Property	53,508	53,700
	7,730	7,540
	(3,913)	(3,277)
	3,817	4,263
	1,704	1,468
	(355)	(235)
	1,349	1,233
Total Plant and Equipment	5,166	5,496

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 18 PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE (CONT'D)

	2007 \$'000	2006 \$'000
Infrastructure		
Roads and Streets		
- at Cost	6,630	4,155
- at Council Officer Valuation 30/6/2005	138,534	138,534
Less: Accumulated Depreciation	(49,210)	(46,603)
	95,954	96,086
Bridges		
- at Cost	168	-
- at Council Officer Valuation 30/6/2006	15,351	15,351
Less: Accumulated Depreciation	(3,955)	(3,748)
	11,564	11,603
Footpaths		
- at Cost	395	-
- at Council Officer Valuation 30/6/2006	7,108	7,108
Less: Accumulated Depreciation	(2,284)	(2,212)
	5,219	4,896
Kerb and Channelling		
- at Cost	-	144
- at Council Officer Valuation 30/6/2007	18,344	-
- at Council Officer Valuation 30/6/2004	-	14,773
Less: Accumulated Depreciation	(6,442)	(3,397)
	11,902	11,520
Parks and Gardens		
- at Cost	1,302	791
- at Council Officer Valuation 30/6/2005	3,004	3,004
Less: Accumulated Depreciation	(1,951)	(1,805)
	2,355	1,990
Drainage		
- at Cost	-	196
- at Council Officer Valuation 30/6/2007	18,527	-
- at Council Officer Valuation 30/6/2005	-	15,253
Less: Accumulated Depreciation	(6,438)	(5,461)
	12,089	9,988
Recreational and leisure equipment under lease		
- at cost	187	187
Less: Accumulated Amortisation	(123)	(100)
	64	87
Total Infrastructure	139,147	136,170
The Council Officer's valuations are at fair value being written down replacement cost taking into account the asset condition.		
Total Property, Plant and Equipment, Infrastructure	197,821	195,366

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 18 **PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE (CONT'D)**
YEAR ENDED 30 JUNE 2006

	Balance at beginning of financial year	Acquisition of assets (note 36)	Revaluation increments (decrements) (note 23)	Depreciation and amortisation (note 10)	Written down value of disposals	Assets written off	Non-monetary assets contributed (note 5b)	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2006 YEAR								
Property								
Land	29,926	0	0	0	(142)	0	0	29,784
Buildings	24,157	641	0	(882)	0	0	0	23,916
Total Property	54,083	641	0	(882)	(142)	0	0	53,700
Plant and Equipment								
Plant and Machinery	4,246	1,444	0	(643)	(784)	0	0	4,263
Furniture and Equipment	887	488	0	(87)	(55)	0	0	1,233
Total Plant and Equipment	5,133	1,932	0	(730)	(839)	0	0	5,496
Infrastructure								
Roads and Streets	96,785	4,118	0	(4,854)	0	(1)	38	96,086
Bridges	4,247	466	7,107	(217)	0	0	0	11,603
Footpaths	4,048	387	621	(127)	0	(41)	8	4,896
Kerb and Channelling	11,777	71	0	(339)	0	(16)	27	11,520
Parks and Gardens	1,400	791	0	(180)	(1)	(20)	0	1,990
Drainage	9,984	130	0	(192)	0	0	66	9,988
Equipment under lease	111	0	0	(24)	0	0	0	87
Total Infrastructure	128,352	5,963	7,728	(5,933)	(1)	(78)	139	136,170
Total Property, Plant and Equipment, Infrastructure	187,568	8,536	7,728	(7,545)	(982)	(78)	139	195,366

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 18 PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE (CONT'D) YEAR ENDED 30 JUNE 2007

	Balance at beginning of financial year	Acquisition of assets (note 36)	Revaluation increments (decrements) (note 23)	Depreciation and amortisation (note 10)	Written down value of disposals	Assets written off (see (a) below)	Non-monetary assets contributed (note 5b)	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2007 YEAR								
Property								
Land	29,784	0	0	0	0	0	0	29,784
Buildings	23,916	738	0	(930)	0	0	0	23,724
Total Property	53,700	738	0	(930)	0	0	0	53,508
Plant and Equipment								
Plant and Machinery	4,263	438	0	(656)	(228)	0	0	3,817
Furniture and Equipment	1,233	238	0	(121)	(1)	0	0	1,349
Total Plant and Equipment	5,496	676	0	(777)	(229)	0	0	5,166
Infrastructure								
Roads and Streets	96,086	5,411	0	(4,590)	0	(1,953)	1,000	95,954
Bridges	11,603	251	0	(245)	0	(45)	0	11,564
Footpaths	4,896	417	0	(145)	0	(56)	107	5,219
Kerb and Channelling	11,520	225	65	(348)	0	(113)	553	11,902
Parks and Gardens	1,990	562	0	(179)	0	(18)	0	2,355
Drainage	9,988	12	1,450	(198)	0	0	837	12,089
Equipment under lease	87	0	0	(23)	0	0	0	64
Total Infrastructure	136,170	6,878	1,515	(5,728)	0	(2,185)	2,497	139,147
Total Property, Plant and Equipment, Infrastructure	195,366	8,292	1,515	(7,435)	(229)	(2,185) (a)	2,497	197,821

(a) Assets written off

The majority of the asset write is due to some road seal asset lives failing short of their estimated useful lives. The impact of this write off has been offset by other roads seals lives continuing beyond their estimated useful lives. These asset life variances are due the diverse weather conditions experienced by the Shire ie "wet roads" vs "dry roads".

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 19 TRADE AND OTHER PAYABLES

Trade Creditors
Accrued Expenses

	2007 \$'000	2006 \$'000
Trade Creditors	474	1,593
Accrued Expenses	306	325
	780	1,918

NOTE 20 TRUST FUNDS AND DEPOSITS

Refundable deposits - Planning Permits
Refundable deposits - Landscaping Bond
Refundable deposits - Builders Footpath
Refundable deposits - Re-erection of dwellings
Refundable deposits - Contracts
Refundable deposits - Other

	2007 \$'000	2006 \$'000
Refundable deposits - Planning Permits	84	57
Refundable deposits - Landscaping Bond	68	86
Refundable deposits - Builders Footpath	63	60
Refundable deposits - Re-erection of dwellings	33	18
Refundable deposits - Contracts	21	38
Refundable deposits - Other	7	9
	276	268

Trust Deposits are refundable deposits held as guarantees for compliance with Council regulations.

NOTE 21 PROVISIONS

	Annual leave \$'000	Long service leave \$'000	Landfill rehabilitation works \$'000	Other \$'000	Total \$'000
2007					
Balance at beginning of financial year	720	1,280	2,942	29	4,971
Additional provisions	524	224	-	29	777
New employee transfers	-	1	-	-	1
Amounts used	(442)	(212)	(6)	(34)	(694)
Balance at the end of financial year	802	1,293	2,936	24	5,055
2006					
Balance at beginning of financial year	666	1,109	2,942	22	4,739
Additional provisions	538	212	-	23	773
New employee transfers	-	26	-	-	26
Amounts used	(484)	(67)	-	(16)	(567)
Balance at the end of financial year	720	1,280	2,942	29	4,971

(a) Provision for Employee Benefits

Current

Annual Leave
Long Service Leave
Other

	2007 \$'000	2006 \$'000
Annual Leave	802	720
Long Service Leave	1,044	1,045
Other	24	29
	1,870	1,794

Non-Current

Long Service Leave

	249	235
	249	235

Total

	2,119	2,029
--	-------	-------

Number of employees at year end.

	2007 No.	2006 No.
Number of employees at year end.	288 (194 EFT)	280 (190 EFT)

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 21 PROVISIONS (CONT'D)

(b) Provision for Landfill Rehabilitation Works

Current	214	134
Non-Current	2,722	2,808
Total	2,936	2,942

NOTE 22 INTEREST BEARING LOANS AND BORROWINGS

(a) Loans

Current		
Borrowings - Secured	486	457
Non-current		
Borrowings - Secured	2,980	3,466
Total	3,466	3,923

The loans and bank overdraft facility (Note 27) are secured over the general rates of the Council.

Borrowings are expected to be settled as follows:

Not later than one year	486	457
Later than one year and not later than five years	1,337	1,583
Later than five years	1,643	1,883
	3,466	3,923

(b) Finance Leases

Council had the following obligation under finance leases for the lease of gym equipment (the sum of which is recognised as a liability after deduction of future lease finance charges included in the obligation):

Not later than one year	25	25
Later than one year and not later than five years	27	52
Minimum lease payments	52	77
Future finance lease charges	(4)	(9)
Recognised in the statement of financial position as:	48	68

Current		
Leases	22	20
Non-current		
Leases	26	48
Total	48	68

Aggregate carrying amount of interest bearing liabilities:

Current	508	477
Non-current	3,006	3,514
Total	3,514	3,991

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 23 RESERVES

(a) The Asset Revaluation Reserve records revaluations of non-current assets.

	Balance at beginning of financial year	Increment/ (Decrement)	Share of increment/ (Decrement) of associate	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000
2007				
Property				
Land	22,229	-	-	22,229
Buildings	8,877	-	-	8,877
	<u>31,106</u>	<u>-</u>	<u>-</u>	<u>31,106</u>
Plant and Equipment				
Furniture and Equipment	293	-	-	293
Share of CRLC Asset Revaluation Reserve	528	-	(14)	514
	<u>821</u>	<u>-</u>	<u>(14)</u>	<u>807</u>
Infrastructure				
Roads and Streets	54,590	-	-	54,590
Bridges	8,019	-	-	8,019
Footpaths	1,150	-	-	1,150
Kerb and Channel	5,124	65	-	5,189
Parks and Gardens	552	-	-	552
Drainage	1,554	1,450	-	3,004
	<u>70,989</u>	<u>1,515</u>	<u>-</u>	<u>72,504</u>
Total Asset Revaluation Reserve	<u>102,916</u>	<u>1,515</u>	<u>(14)</u>	<u>104,417</u>
2006				
Property				
Land	22,229	-	-	22,229
Buildings	8,877	-	-	8,877
	<u>31,106</u>	<u>-</u>	<u>-</u>	<u>31,106</u>
Plant and Equipment				
Furniture and Equipment	293	-	-	293
Share of CRLC Asset Revaluation Reserve	528	-	-	528
	<u>821</u>	<u>-</u>	<u>-</u>	<u>821</u>
Infrastructure				
Roads and Streets	54,590	-	-	54,590
Bridges	912	7,107	-	8,019
Footpaths	529	621	-	1,150
Kerb and Channel	5,124	-	-	5,124
Parks and Gardens	552	-	-	552
Drainage	1,554	-	-	1,554
	<u>63,261</u>	<u>7,728</u>	<u>-</u>	<u>70,989</u>
Total Asset Revaluation Reserve	<u>95,188</u>	<u>7,728</u>	<u>-</u>	<u>102,916</u>

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 23 RESERVES (CONT'D)

(b) Other Reserves record funds allocated for the future acquisition or replacement of non-current assets.

	Balance at beginning of financial year \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of financial year \$'000
2007				
Landfill Rehabilitation	180	70	-	250
Plant Replacement	167	311	-	478
Share of CRLC Plant Replacement	8	(1)	-	7
Marengo Transfer Station	225	-	-	225
Car Parking	115	-	-	115
Recreational Lands	38	46	-	84
Lakeside Estate	930	-	-	930
Total Other Reserves	1,663	426	-	2,089
2006				
Landfill Rehabilitation	120	60	-	180
Plant Replacement	33	134	-	167
Share of CRLC Plant Replacement	8	-	-	8
Marengo Transfer Station	225	-	-	225
Car Parking	99	16	-	115
Recreational Lands	20	18	-	38
Lakeside Estate	-	1,030	(100)	930
Total Other Reserves	505	1,258	(100)	1,663
Total Reserves	104,579	1,941	(14)	106,506

NOTE 24 RESTRICTED ASSETS

Council has cash and cash equivalents (note 14) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to employee entitlements (Long Service Leave) and reserve funds (Car parking and Recreational lands Reserves).

Long service leave (note 21)
Trust Deposits (note 20)
Reserve funds - Car parking (note 23)
Reserve funds - Recreational lands (note 23)

2007 \$'000	2006 \$'000
1,293	1,280
276	268
115	115
84	38
1,768	1,701

Restricted asset for long service leave is based on the Local Government (Long Service Leave) Regulations 2002 and does not necessarily have to equate to the long service leave liability disclosed in Note 21 due to a different basis of calculation prescribed by the regulation.

The Recreational lands and the Car parking developers reserves are required to be spent on future developments for recreation and car parking. Trust Deposits are refundable deposits held as guarantees for compliance with Council regulations. It includes deposits paid for building and planning permits.

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 25 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS

	2007 \$'000	2006 \$'000
Surplus for the period	975	1,739
Depreciation and amortisation	7,435	7,545
(Profit)/loss on disposal of Property, Plant and Equipment, Infrastructure	82	(933)
Share of net (profit) losses in associate entity	24	29
Property, Plant and Equipment, Infrastructure written off	2,185	78
Contributions non-monetary assets	(2,497)	(139)
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in Trade and other receivables	174	(741)
(Increase)/decrease in Inventories	(3)	24
(Increase)/decrease in Prepayments	(3)	(16)
Increase/(decrease) in Trade and other payables	(1,138)	(648)
Increase/(decrease) in Provisions	84	233
Net cash provided by operating activities	7,318	7,171

NOTE 26 RECONCILIATION OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents (see Note 13)	6,988	8,114
Less bank overdraft	-	-
	6,988	8,114

NOTE 27 FINANCING ARRANGEMENTS

Bank overdraft facilities		
Used facilities	-	-
Unused facilities	1,000	1,000
	1,000	1,000

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 28 SUPERANNUATION

Council makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). Obligations for contributions are recognised as an expense in profit or loss when they are due. The Fund has two categories of membership, each of which is funded differently.

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided under Paragraph 32 (b) of AASB 119, Council does not use defined benefit accounting for these contributions.

Council makes employer contributions to the defined benefit category of the Fund at rates determined by the Trustee on the advice of the Fund's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 31 December 2005, the Trustee has determined that the current funding arrangements are adequate for the expected Defined Benefit Plan liabilities. Council makes the following contributions:-

- 9.25% of members' salaries (same as previous year);
- the difference between resignation and retrenchment benefits paid to any retrenched employees (same as previous year);

The Fund's liability for accrued benefits was determined in the 31 December 2006 actuarial investigation pursuant to the requirements of Australian Accounting Standard AAS 25 as follows:

	31-Dec-06 \$'000
Net Market Value of Assets	3,443,686
Accrued Benefits (per accounting standards)	3,319,598
Difference between Assets and Accrued Benefits	124,088
Vested Benefits	3,040,443

The financial assumptions used to calculate the Accrued Benefits for the defined benefit category of the Fund were:

Net Investment Return	8.0% p.a.
Salary Inflation	5.5% p.a.
Price Inflation	3.0% p.a.

Details of contributions to superannuation funds during the year and contributions payable at 30 June are as follows:

	2007 \$'000	2006 \$'000
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	798	743
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	-	-

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 29 COMMITMENTS

The Council has entered into the following commitments

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
2007					
Operating					
Waste management	1,613	1,661	2,004	-	5,278
Cleaning	172	-	-	-	172
Property Maintenance	19	15	-	-	34
Total	1,804	1,676	2,004	-	5,484
Capital					
Road Construction	371	-	-	-	371
Plant and Equipment	285	-	-	-	285
Other Infrastructure	45	-	-	-	45
Total	701	0	0	0	701
Total commitments	2,505	1,676	2,004	0	6,185

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000
2006					
Operating					
Waste management	1,623	1,575	1,622	-	4,820
Cleaning	172	172	-	-	344
Total	1,795	1,747	1,622	-	5,164
Capital					
Lake Colac Improvements Stg 1	54	-	-	-	54
Total	54	-	-	-	54
Total commitments	1,849	1,747	1,622	0	5,218

NOTE 30 OPERATING LEASE COMMITMENTS

At the reporting date, Council had the following obligations under non-cancellable operating leases for office equipment (these obligations are not recognised as liabilities):

Not later than one year
Later than one year and not later than five years

	2007 \$'000	2006 \$'000
Not later than one year	53	67
Later than one year and not later than five years	51	105
Total	104	172

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 31 FINANCIAL INSTRUMENTS

(a) Accounting policy terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	13	Cash on hand and at bank and money market call account are valued at face value. Interest is recognised as it accrues.	On call deposits returned a floating interest rate of 5.9% (5.5% in 2005/2006). The interest rate at balance date was 6.15% (5.6% in 2005/2006).
Trade and other receivables			
Rates debtors	14	Rates are carried at nominal amounts due plus interest. Rate debts are a charge attached to the rateable land and are recoverable on sale, therefore, no provision for doubtful debts is made. Interest rates are reviewed annually.	Rates are payable by four instalments during the year. Arrears, including deferred rates, attract interest. The interest rate was 11.0% (11.0% in 2005/2006) at balance date for general rates. Interest rates charged for Special Rate and Private Street Schemes was 11.0% at balance date (11.0% in 2005/2006).
Other debtors	14	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectibility of overdue accounts is assessed on an ongoing basis.	Trade and other general debtors are unsecured and no interest is charged on arrears. The CRLC loan interest is levied at 6.01%.
Financial Liabilities			
Trade and other payables	19	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.
Interest-bearing loans and borrowings	22	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables. Finance leases are accounted for at their principle amount with the lease payments discounted to present value using the interest rates implicit in the leases.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 6.70% during 2006/2007 (6.66% in 2005/2006). As at balance date, the Council had finance leases with an average lease term of 1 years. The weighted average rate implicit in the lease is 8.86% (8.86% in 2005/2006).
Bank overdraft	26	Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft facility has not been utilised for this or the previous financial year subject to annual review. If utilised, it is secured by a mortgage over Council's general rates and is repayable on demand.

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 31 FINANCIAL INSTRUMENTS (CONT'D)

(b) Interest rate risk

The exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

	Floating Interest rate \$'000	Fixed interest maturing in			Non- interest bearing \$'000	Total \$'000
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
2007						
Financial Assets						
Cash & equivalents	6,988	-	-	-	-	6,988
Trade & other recs	648	-	-	-	1,951	2,599
Inv't in associates	-	-	-	-	440	440
Total Financial Assets	7,636	-	-	-	2,391	10,027
<i>Weighted average interest rate</i>	6.30%	-	-	-		
Financial Liabilities						
Trade & other pay	-	-	-	-	780	780
Trust funds	-	-	-	-	276	276
Interest bearing	-	508	1,363	1,643	-	3,514
Total Financial Liabilities	-	508	1,363	1,643	1,056	4,570
<i>Weighted average interest rate</i>	-	6.43%	6.54%	6.98%		
Net Financial Assets	7,636	(508)	(1,363)	(1,643)	1,335	5,457
	Floating Interest rate \$'000	Fixed interest maturing in			Non- interest bearing \$'000	Total \$'000
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		
2006						
Financial Assets						
Cash & equivalents	8,114	-	-	-	-	8,114
Trade & other recs	584	-	-	-	2,359	2,943
Inv't in associates	-	-	-	-	479	479
Total Financial Assets	8,698	-	-	-	2,838	11,536
<i>Weighted average interest rate</i>	5.83%	-	-	-		
Financial Liabilities						
Trade & other pay	-	-	-	-	1,918	1,918
Trust funds	-	-	-	-	268	268
Interest bearing	-	477	1,631	1,883	-	3,991
Total Financial Liabilities	-	477	1,631	1,883	2,186	6,177
<i>Weighted average interest rate</i>	-	6.43%	6.50%	6.94%		
Net Financial Assets	8,698	(477)	(1,631)	(1,883)	652	5,359

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 31 FINANCIAL INSTRUMENTS (CONT'D)

(c) Net Fair Values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date are as follows:

	Total carrying amount per the Balance Sheet		Aggregate net fair value	
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Financial Instruments				
Financial Assets				
Cash and cash equivalents	6,988	8,114	6,988	8,114
Trade and other receivables	2,599	2,943	2,599	2,943
Investment in associates	440	479	440	479
Total Financial Assets	10,027	11,536	10,027	11,536
Financial Liabilities				
Trade and other payables	780	1,918	780	1,918
Trust funds and other deposits	276	268	276	268
Interest bearing liabilities	3,514	3,991	2,345	2,798
Total Financial Liabilities	4,570	6,177	3,401	4,984

For current assets and liabilities, excluding finance leases and borrowings, the net fair value approximates the carrying amount because of the short period to maturity.

For finance leases, the carrying amount approximates net fair value and has been measured by discounting future cash flows by the interest rate implicit in the lease.

The net fair value of fixed rate interest bearing liabilities has been measured by discounting contracted future cash flows by the average interest rate charged on the outstanding balance.

(d) Credit Risk

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Balance Sheet.

NOTE 32 AUDITORS' REMUNERATION

Audit fee to conduct external audit - Victorian Auditor-General appointee

2007 \$'000	2006 \$'000
28	27

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 33 RELATED PARTY DISCLOSURE

(i) Responsible persons

Names of persons holding the position of a Responsible Person at the Colac Otway Shire Council at any time during the year are:

Councillors	Warren Riches (Mayor)	Geoff Higgins
	Brian Crook	Peter Mercer
	Joe Di Cecco	Chris Smith
	Stuart Hart	
Chief Executive Officer	Tracey Slatter	

(ii) Remuneration of Responsible Persons

The numbers of Responsible Officers, whose total remuneration from Council and any related entities fall within the following bands:

\$10,000 - \$19,999
 \$40,000 - \$49,999
 \$150,000 - \$159,999
 \$170,000 - \$179,999

	2007 No.	2006 No.
	6	6
	1	1
	-	1
	1	-
	8	8
	\$'000	\$'000
	306	282

Total Remuneration for the reporting year for Responsible Persons included above, amounted to:

(iii) No retirement benefits have been made by the Council to a Responsible Person. (2005/06 \$Nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2005/06 \$Nil).

(v) Other Transactions

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year (2005/06 \$Nil), except that an entity controlled by Cr G. Higgins rendered services to the Shire on commercial rates and terms to the value of \$116,296 during the period.

(vi) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who has management responsibilities and reports directly to the Chief Executive Officer or whose total annual remuneration exceeds \$100,000.

The number of Senior Officers other than the Responsible Persons, are shown below in their relevant income bands:

Income Range:
 \$30,000 - \$39,999
 \$80,000 - \$89,999
 \$90,000 - \$99,999
 \$100,000 - \$109,999
 \$110,000 - \$119,999
 \$120,000 - \$129,999

	2007 No.	2006 No.
	1	-
	1	-
	-	1
	-	1
	1	1
	1	-
	4	3
	\$'000	\$'000
	358	323

Total Remuneration for the reporting year for Senior Officers included above, amounted to:

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 34 REVENUE AND EXPENSES BY FUNCTION

	2007 \$'000	2006 \$'000
Income		
Rates	13,071	11,737
Infrastructure	9,880	9,123
Governance	3,581	5,152
Strategic Development	2,851	3,006
Grants Commission	2,556	3,004
Total Income	31,939	32,022
Expenses		
Infrastructure	16,564	16,999
Governance	8,366	7,330
Strategic Development	6,034	5,954
Total Expenses	30,964	30,283
Surplus for the year	975	1,739

NOTE 35 PORT OF APOLLO BAY

The Council is the Committee of Management for the Port of Apollo Bay. The assets and liabilities of the Committee have been included in Council's financial statements and are summarised below:

Assets		
Current Assets	612	1,104
Total Assets	612	1,104
Liabilities		
Current Liabilities	13	22
Non-Current Liabilities	14	12
Total Liabilities	27	34
Net Assets	585	1,070
Accumulated Funds	585	1,070
Equity	585	1,070

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 36 CAPITAL EXPENDITURE

Capital Expenditure Areas

	2007 \$'000	2006 \$'000
Roads and streets	5,411	4,118
Buildings	738	641
Plant and equipment	676	1,932
Parks and gardens	562	791
Footpaths	417	387
Bridges	251	466
Kerbs and channelling	225	71
Drainage	12	130

Total Capital Works

8,292	8,536
--------------	--------------

Represented by:

Renewal of infrastructure	5,433	3,630
Upgrade of infrastructure	1,314	1,947
Renewal of plant and equipment	512	1,609
Upgrade of buildings	382	524
Renewal of buildings	356	100
New infrastructure	131	386
Upgrade of plant and equipment	99	211
New plant and equipment	65	112
New buildings	-	17

Total Capital Works

8,292	8,536
--------------	--------------

Property, Plant and Equipment, Infrastructure movement

The movement between the previous year and the current year in Property, Plant and Equipment, Infrastructure as shown in the Balance Sheet links to the net of the following items:

Total Capital Works	8,292	8,536
Asset revaluation movement	1,515	7,728
Depreciation/amortisation	(7,435)	(7,545)
Contributions non-monetary assets	2,497	139
Assets written off	(2,185)	(78)
Written down value of assets sold	(229)	(982)

Net movement in Property, Plant and Equipment, Infrastructure

2,455	7,798
--------------	--------------

(a) Renewal

Expenditure on an existing asset which returns the service potential or the life of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time.

(b) Upgrade

Expenditure which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the Council's asset base.

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 37 FINANCIAL RATIOS

	2007 (\$)		2007 (%)		2006 (%)		2005 (%)
--	--------------	--	-------------	--	-------------	--	-------------

(a) **Debt servicing ratio** (to identify the capacity of Council to service its outstanding debt);

Debt servicing costs	<u>255</u>						
Total revenue	31,791	=	0.8%		0.9%		1.0%

Debt servicing costs refer to the payment of interest on loan borrowings, finance lease, and bank overdraft.

The ratio expresses the amount of interest paid as a percentage of Council's total revenue.

(b) **Debt commitment ratio** (to identify council's debt redemption strategy);

Debt servicing & redemption	<u>732</u>						
Rate and Charges revenue	14,748	=	5.0%		5.3%		6.9%

The strategy involves the payment of loan principal and interest, finance lease principal and interest.

The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.

(c) **Revenue ratio** (to identify Council's dependence on non-rate income);

Rate and Charges revenue	<u>14,748</u>						
Total revenue	31,791	=	46.4%		44.0%		39.4%

The level of Council's reliance on rate revenue is determined by assessing rate revenue as a proportion of the total revenue of Council.

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 37 FINANCIAL RATIOS (CONTINUED)

	2007 (\$)		2007 (%)	2006 (%)	2005 (%)
(d) Debt exposure ratio (to identify Council's exposure to debt);					
Total indebtedness	8,056	=	12.1%	13.9%	21.5%
Total realisable assets	66,655				

For the purposes of the calculation of financial ratios, realisable assets are those assets which can be sold and which are not subject to any restriction on realisation or use.

Any liability represented by a restricted asset (Note 24) is excluded from total indebtedness.

This ratio enables assessment of Council's solvency and exposure to debt. Total indebtedness refers to the total liabilities of Council. Total liabilities are compared to total realisable assets which are all Council assets not subject to any restriction and are able to be realised. The ratio expresses the percentage of total liabilities for each dollar of realisable assets.

(e) Working capital ratio (to assess Council's ability to meet current commitments);

Current assets	9,725	=	266.6%	243.2%	207.6%
Current liabilities	3,648				

The ratio expresses the level of current assets the Council has available to meet its current liabilities.

(f) Adjusted Working capital ratio (to assess Council's ability to meet current commitments).

Current assets	9,725	=	373.5%	314.9%	256.3%
Current liabilities	2,604				

The ratio expresses the level of current assets the Council has available to meet its current liabilities.

Current liabilities have been reduced to reflect the long service leave that is shown as a current liability because Council does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date, but is not likely to fall due within 12 months after the end of the period.

Notes to the Financial Report

for the year ended 30th June 2007

NOTE 38 PENDING ACCOUNTING STANDARDS NOT CHANGED IN ACCOUNTING POLICY

The following Australian Accounting Standards have been issued or amended and are applicable to the Council but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB amendment	Standards affected	Outline of amendment	Application date of Standard	Application date for Council
AASB 2005-10 Amendments to Australian Accounting Standards	<ul style="list-style-type: none"> - AASB 1 First time adoption of AIFRS - AASB 101 Presentation of Financial Statements - AASB Leases 117 - AASB 139 Financial instruments: Recognition and Measurement 	<p>The disclosure requirements of AASB 132: Financial Instruments: Disclosure and Presentation have been replaced due to the issuing of AASB 7: Financial Instruments: Disclosures in August 2005. These amendments will involve changes to financial instrument disclosures within the financial report. However, there will be no direct impact on amounts included in the financial report as it is a disclosure standard.</p>	1/01/2007	1/07/2007
AASB 7 Financial Instruments: Disclosures	<ul style="list-style-type: none"> - AASB 132 Financial Instruments: Disclosure and Presentation 	As above.	1/01/2007	1/07/2007
AASB 2006-3 Amendments to Australian Accounting Standards	<ul style="list-style-type: none"> - AAS 27 Financial Reporting by Local Governments - AASB 1045 Land under Roads: Amendments to AAS 27A, AAS 29A and AAS 31A 	<p>From the beginning of the reporting period to which this Standard is first applied, until the end of the first reporting period ending on or after 31 December 2007, transitional provisions shall apply. Under those provisions, local governments, while encouraged to apply the full provisions of this Standard, may elect instead not to recognise land under roads as an asset in the balance sheet. The impact of any changes that may be required when the transitional provisions cease cannot be reliably estimated and is not disclosed in the financial report.</p>	October 2006	1/07/2008

Certification of the Financial Report

for the year ended 30th June 2007

In my opinion the accompanying financial statements have been prepared in accordance with the Local Government Act 1989, the Local Government (Finance and Reporting) Regulations 2004, Australian Accounting Standards and other mandatory professional reporting requirements.

PRINCIPAL ACCOUNTING OFFICER



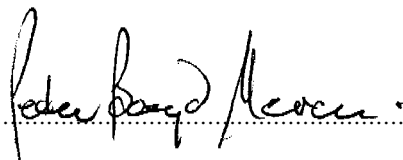
Date: 4 September 2007

In our opinion the accompanying financial statements present fairly the financial transactions of the Colac Otway Shire for the year ended 30 June 2007 and the financial position of the Council as of 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.

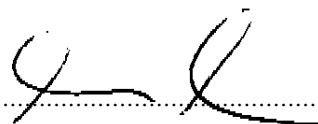
We have been authorised by the Council on 4 September 2007 to certify the financial statements in their final form.

COUNCILLOR



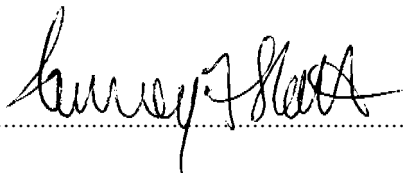
Date: 4 September 2007

COUNCILLOR



Date: 4 September 2007

CHIEF EXECUTIVE OFFICER



Date: 4 September 2007

Auditor-General's Report

for the year ended 30th June 2007

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDIT REPORT

Colac-Otway Shire Council

To the Councillors

Matters Relating to the Electronic Presentation of the Audited Financial Report and Standard Statements

This auditor's report for the financial year ended 30 June 2007 relates to the financial report of Colac-Otway Shire Council included on its web site. The Councillors of Colac-Otway Shire Council are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2007 of Colac-Otway Shire Council which comprises of income statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the Certification of the Financial Report has been audited.

The accompanying standard statements for the year ended 30 June 2007 of Colac-Otway Shire Council which comprises of standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the Certification of Standard Statements have been audited.

The Responsibility of Councillors for the Financial Report and Standard Statements

The Councillors of Colac-Otway Shire Council are responsible for the preparation and the fair presentation of:

- the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Local Government Act 1989*
- the standard statements in accordance with the basis of preparation as described in note 1 of the statements and the requirements of the *Local Government Act 1989*.

This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report and standard statements that are free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

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Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditor-General's Report

for the year ended 30th June 2007

VAGO

Victorian Auditor-General's Office

Independent Audit Report (continued)

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report and standard statements based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report and standard statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and standard statements. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report and standard statements, whether due to fraud or error. In making those risk assessments, consideration is given to internal control relevant to the Councillor's preparation and fair presentation of the financial report and standard statements 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 Councils internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Councillor's, as well as evaluating the overall presentation of the financial report and standard statements.

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

Independence


The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. The Auditor-General, his staff and delegates comply with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion:

- the financial report presents fairly, in all material respects, the financial position of Colac-Otway Shire Council as at 30 June 2007 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Local Government Act 1989*.
- The standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

MELBOURNE
7 September 2007


D.D.R. Pearson
Auditor-General

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Level 24, 35 Collins Street, Melbourne Vic. 3000

Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Performance Measures for Strategic Objectives

for the year ended 30th June 2007

Strategic Objective	Performance Measure	How Data is Reported	2006 - 2007 Targets	2006 - 2007 Actuals
Governance	Ensure that Council Plan Priorities are implemented	Council Records	80%	76%
	Increase the Index Mean for Council's advocacy and community representation on key local issues to be equal to or better than the median of the Large Rural Shires	Local Government Annual Community Satisfaction Survey 2007	62	63
	Increase the Index Mean for Council's engagement in decision making on key on key local issues to be equal to or better than the median of the Large Rural Shires	Local Government Annual Community Satisfaction Survey 2007	58	62
	Increase the Index Mean for overall performance generally of the Council to equal or better than the median of the Large Rural Shires	Local Government Annual Community Satisfaction Survey 2007	61	63
Financial Sustainability	Ensure the Working Capital Ratio (Current Assets to Current Liabilities) is maintained at 1.5:1	Audited Financial Statements	1.5:1	2.7:1
Roads & Infrastructure	Ensure the Asset Renewal Gap is reduced	Council Records	75%	83%
	Percentage of Capital Works expenditure projects completed	Council Records	85%	91%

Notes to and forming part of the Performance Statement for 2006/2007

Introduction to the Performance Statement

The Victorian Government is of the view that it is reasonable to expect all councils to collect and publish performance information. An amendment to the Local Government Act 1989 (Section 153) ensured that local government develops new performance accountability mechanics that allow for a consistent approach in the collection and reporting of information and community satisfaction. Without comparable figures, a great deal of benefit of measuring performance is lost.

The use of performance indicators by local government is a significant first step towards achieving:

- An improved capacity to objectively measure council performance leading to a better set of relationships between state and local government.
- Better informed local communities.

Since 1997/98, there has been a requirement for councils to adopt an annual business plan as part of its corporate planning cycle and to include in its annual report a statement of performance against the targets set in the annual business plan.

The Victorian Government has recently reviewed the requirements of all Victorian Council's in identifying a standard set of performance indicators and those not forming part on Council's Annual Business Plan are separately reported in the Annual Report.

Common Terms

The majority of the terms used in the performance statement are the same as those used in the financial statements. However some of the terms are different. A full and detailed explanation of each indicator, how it is calculated, its purpose and interpretation etc, can be found in the "Explanatory Guide" which is available from the Council.

Short explanation of a "different" term used are listed below:

Customer Satisfaction Ratings - Indexed mean of 350 respondents' answers in a survey, conducted by the independent strategic research consultants Wallis Consulting Group, asking them to rate council's performance. The indexed mean is a weighted score across five performance ratings being 100 - for an excellent / outstanding performance, 80 - a good / high standard, 60 - adequate / acceptable, 40 - needs some improvement and 20 - needs a lot of improvement.

Certification of Performance Statement

for the year ended 30th June 2007

In my opinion, the accompanying performance statement of the Colac Otway Shire Council in respect of 2006/2007 financial year has been prepared in accordance with the *Local Government Act 1989*.

PRINCIPAL ACCOUNTING OFFICER



Date: 4 September 2007

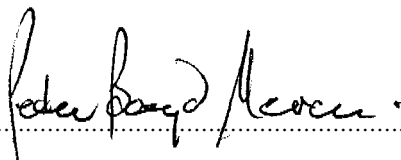
In our opinion, the accompanying performance statement of the Colac Otway Shire Council in respect of 2006/2007 financial year is presented fairly in accordance with the *Local Government Act 1989*.

The statement outlines the performance targets and measures set out in relation to the achievement of the business plan in respect of that year described in the Council Plan and describes the extent to which the business plan was met in that year having regard to those targets and measures.

As at the time of signing, we are not aware of any circumstance which would render any particular in the statement to be misleading or inaccurate.

NAME: Peter Mercer

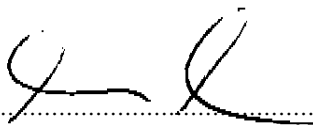
COUNCILLOR



Date: 4 September 2007

NAME: Chris Smith

COUNCILLOR



Date: 4 September 2007

NAME: Tracey Slatter

CHIEF EXECUTIVE OFFICER



Date: 4 September 2007

Auditor-General's Report

for the year ended 30th June 2007

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDIT REPORT

Colac-Otway Shire Council

To the Councillors

Matters Relating to the Electronic Presentation of the Audited Performance Statement

This auditor's report for the financial year ended 30 June 2007 relates to the performance statement of Colac-Otway Shire Council included on its web site. The Councillors of Colac-Otway Shire Council are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited performance statement to confirm the information included in the audited performance statement presented on this web site.

The Performance Statement

The accompanying performance statement for the year ended 30 June 2007 of Colac-Otway Shire Council which comprises the statement, the related notes and the Certification of Performance Statement has been audited.

The Responsibility of the Councillors for the Performance Statement

The Councillors of the Colac-Otway Shire Council are responsible for the preparation and the fair presentation of the performance statement in accordance with the *Local Government Act 1989*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the performance statement that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Local Government Act 1989*, my responsibility is to express an opinion on the performance statement based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the performance statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance statement. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance statement, whether due to fraud or error. In making those risk assessments, consideration is given to internal control relevant to the Councillors' preparation and fair presentation of the performance statement 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. An audit also includes evaluating the overall presentation of the performance statement.

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Level 24, 35 Collins Street, Melbourne Vic. 3000

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Auditing in the Public Interest

VAGO

Victorian Auditor-General's Office

Independent Audit Report (continued)

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


Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. The Auditor-General, his staff and delegates comply with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the performance statement of Colac-Otway Shire Council in respect of the 30 June 2007 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

MELBOURNE
7 September 2007


for D.D.R. Pearson
Auditor-General

Acronyms and Definitions

ADSL	Asymmetric Digital Subscriber Line
BWFC	Bluewater Fitness Centre
BGANZ	Botanic Gardens Australia and New Zealand
CEO	Chief Executive Officer
CCMA	Corangamite Catchment Management Authority
COPACC	Colac Otway Performing Arts and Cultural Centre
COPYS	Colac Otway Plan for a Youth Strategy
COSWORKS	Colac Otway Shire Works Unit
DR	Disaster Recovery
DMS	Document Management Services
DSE	Department of Sustainability and Environment
DVC	Department of Victorian Communities
EPA	Environment Protection Authority
EFT	Effective Full Time employees
G21	Geelong Regional Alliance
GIS	Geographic Information System
GORVIC	Great Ocean Road Visitor Information Centre
GOT	Geelong Otway Tourism
GPS	Global Positioning System
HACC	Home and Community Care for the aged and those with disabilities
ICT	Information, Communication and Technology
interplan®	Council's Corporate Performance Management software system
MERIT	Council's customer request system
MSS	Municipal Strategic Statement
OH&S	Occupational Health and Safety
PES®	Council's Corporate Personnel Evaluation software system
RIDF	Regional Infrastructure Development Funds
SafetyMAP	Accreditation through the Victorian WorkCover Authority
SAMPlan	Strategic Asset Management Plan
SEMP	Safety Environment Management Plan
SES	State Emergency Service
Strategic Resource Plan (SRP)	Council's plan of resources over a four year period
VCAT	Victorian Civil and Administrative Tribunal
WorkSafe	Victorian WorkCover Authority

National Competition Policy Compliance

for the year ended 30th June 2007

Certification by Chief Executive Officer

Colac Otway Shire Council has complied with the requirements of the Local Government Improvement Incentive Program in respect of:-

- National Competition Policy (in accordance with *National Competition Policy and Local Government – A Revised Statement of Victorian Government Policy (January 2002)*);

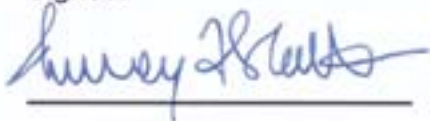
for the financial year 2006/07 as set out below:

A. Trade Practices Compliance <i>State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress.</i>	Compliant
B. Local Laws Compliance <i>State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress.</i>	Compliant
C. Competitive Neutrality Compliance <i>State whether the Council is compliant or non-compliant for all significant businesses. If non-compliant, justify or cite actions to redress.</i>	Compliant

I certify that:

- a) this statement has been prepared in accordance with the 2006/07 Local Government Improvement Incentive guidelines issued in June 2007 for reporting on the following criterion :- National Competition Policy in accordance with *National Competition Policy and Local Government – A Revised Statement of Victorian Government Policy (January 2002)*; and
- b) this statement presents fairly the Council's implementation of the National Competition Policy.

Signed:



(Chief Executive Officer)

Date: 12/9/07

contacting your councillors

Cr Warren Riches (Mayor) Warrion Ward	“Derrimut” Ondit Warrion Road Warrion Vic 3249	Phone/Fax: 5234 8206 Mobile: 0400 062 967 Email: warrenr@bordnet.com.au
Cr Brian Crook Colac Ward	88 Wilson Street Colac Vic 3250	Phone AH: 5231 3885 Fax AH: 5231 6954
Cr Chris Smith Colac Ward	1330 Bungador Road Swan Marsh Vic 3249	Phone BH/AH: 5235 1255 Mobile: 0419 351 255 Fax: 5235 1451 Email: cjmjsmith@bigpond.com
Cr Geoff Higgins Colac Ward	115 Back Larpent Road Colac West Vic 3249	Phone BH/AH: 5231 4864 Mobile: 0418 524 874 Fax: 5231 6289
Cr Joe Di Cecco Otway Ward	Suite 4, 93 Great Ocean Road Apollo Bay Vic 3233	Mobile: 0418 522 197 Email: joe.dicecco@ozemail.com.au
Cr Stuart Hart Otway Ward	15 Berry’s Lane Gellibrand via Colac Vic 3249	Phone: 5235 8391 Mobile: 0427 050 960 Fax: 5235 8159 Email: shart@netspace.net.au
Cr Peter Mercer Murray Ward	Meadowell Farm 160 Meadowell Road Colac Vic 3249	Phone: 5236 6246 Fax: 5236 6546



Colac Otway
SHIRE

Naturally Progressive

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

Postal Address:

PO Box 283
Colac Vic 3250

Email Address:

inq@colacotway.vic.gov.au

Website Address:

www.colacotway.vic.gov.au

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