



Colac Otway
SHIRE

COLAC OTWAY SHIRE
annual 2009
2010
report



contents

SECTION 1	About this Annual Report	2
	Colac Otway Shire Profile	3
	Our Vision, Mission and Values	3
	The Year in Review	4
	Calendar of Events	6
	Message from the Mayor and CEO	8
	Chief Financial Officer's Report	10
	Our Council	12
	Our Organisation	14
SECTION 2	Leadership and Governance	16
SECTION 3	Physical Infrastructure and Assets	32
SECTION 4	Land Use and Development	43
SECTION 5	Environmental Management	51
SECTION 6	Economic Development	60
SECTION 7	Community Health and Wellbeing	68
SECTION 8	Corporate Governance	78
SECTION 9	Financial Sustainability	96
	Understanding the Financial Statements	101
SECTION 10	Financial Reporting	104
	Standard Statements	105
	Financial Statements	116
	Performance Statement	172
	Acronyms and Definitions	175
	Index	176
	Contacting Council	177

COVER: Views from Red Rock across to Lake Beeac. Photo: Alan Charmichael

This report documents Council's performance during 2009/10 against the Council Plan and the 2009/10 Budget. It is also the first report against the Council Plan 2009-2013.

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

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

READERSHIP

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

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

FEEDBACK

The annual report's content is reviewed each year and is guided by local government requirements.

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

Chief Executive Officer
PO Box 283
Colac Vic 3250

ABOUT THIS

annual report



colac otway shire



We are fortunate to live in this part of the world, with its natural beauty and diversity of industry.

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

Colac Otway Shire is situated within a two hour drive of Melbourne and is a vibrant and progressive rural, residential and resort area.

Colac is thought to be named after the local Coladjin Aboriginal tribe that once lived in the area and Cape Otway was named by Lieutenant Grant in 1801 after a Captain Otway.

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

A drive south through Colac leads to the Otway Ranges, 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, with tourism being especially important in the southern section along the Great Ocean Road.

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

THE SHIRE AT A GLANCE

Population at 30 June 2006:	20,294
0 - 4 years	5.9%
5 - 17 years	18.9%
18 - 34 years	17.7%
35 - 59 years	34.9%
over 60 years	22.6%

Colac Otway residents born in Australia: 87.3%
Source: Australian Bureau of Statistics Census 2006

Area: 3,433 sq kilometres
Length of Local Roads: 1,632 kilometres
Number of Rateable Properties: 14,405

Our Vision

Council will work together with our community to create a sustainable, vibrant future.

Our Mission

Council will work in partnership with our community and other organisations to provide:

- > Effective leadership, governance and financial accountability
- > Affordable and effective services
- > An advocacy and engagement approach to sustainably grow our community

Our Values

Council will achieve its Vision and Mission by acting with:

- > Respect
- > Integrity
- > Goodwill
- > Honesty
- > Trust



The year in review

Key Result Area	Achievements	Disappointments
 <p>LEADERSHIP AND GOVERNANCE For more information see page 16</p>	<p>New Colac Community Library and Learning Centre nears completion</p> <p>Integration of Fire Management Plans</p> <p>'Virtual' technology infrastructure installed</p> <p>Renewed commitment to disadvantaged communities within the Shire</p>	<p>Failure to obtain funding for the improvements to the Bluewater Fitness Stadium</p> <p>Unacceptable level of animals being euthanised</p>
 <p>PHYSICAL INFRASTRUCTURE AND ASSETS For more information see page 32</p>	<p>Provision of natural gas infrastructure to Elliminyt through a Special Charge Scheme</p> <p>Development of a capital works and major projects management system</p> <p>Key road improvement projects completed</p> <p>Completion of the building renewal program</p>	<p>Significant foundation problems encountered with the Apollo Bay Transfer Station</p> <p>Non-availability of funds for the replacement of the dredging vessel at Apollo Bay Harbour</p> <p>Less capital works and major projects completed than in previous years</p>
 <p>LAND USE AND DEVELOPMENT For more information see page 43</p>	<p>Draft Rural Living Strategy prepared and draft Structure Plans prepared for Forrest and Birregurra</p> <p>Outdoor swimming pool compliance audit conducted</p> <p>Planning and building enforcement addressed resulted in progress on longstanding non-compliance</p>	<p>Colac and Apollo Bay Car Parking Strategy delayed to include future retail growth</p> <p>The Rural Living Strategy and draft Structure Plans for Forrest and Birregurra were delayed due to significant policy direction changes arising from the Bushfire Royal Commission final report</p>
 <p>ENVIRONMENTAL MANAGEMENT For more information see page 51</p>	<p>Completion and adoption by Council of the Environment Strategy after 12 months extensive community consultation and input from major regional environmental organisations</p> <p>Removal of Elm trees along Barongarook Creek and extensive revegetation works undertaken</p>	<p>Grant application unsuccessful to remove carp from creeks adjoining Lake Colac before the spawning season commences so that the lake is not reinfested</p> <p>New reporting requirements by the State Government on roadside weed removal onerous for Local Government</p>
 <p>ECONOMIC DEVELOPMENT For more information see page 60</p>	<p>Completed a formal evaluation of the Colac Otway Shire and Otways Tourism Agreement</p> <p>Achieved over \$2.9 million in Grant funding</p> <p>Facilitated a \$1.5 million State Government grant to Colac Power Company to establish a biogas plant</p>	<p>Apollo Bay Harbour Precinct Master Plan has not progressed as unable to attract the balance of funding to complete the Planning Scheme Amendment</p> <p>A coordinated local business response to climate change has been delayed by a lack of Federal Government policy</p>
 <p>COMMUNITY HEALTH AND WELLBEING For more information see page 68</p>	<p>A comprehensive emergency relief and recovery planning and preparation exercise has been undertaken to prepare the community in the event of fire</p> <p>Completion of the Barwon South West Regional Trails Master Plan</p> <p>60 Seniors attended all 8 sessions on environmental sustainability within and around the home</p>	<p>A sewerage design for Wye River and Separation Creek is yet to be completed due to limitations for the management of treated waste water</p> <p>Unsuccessful in securing funding for the redevelopment of the Central Reserve Main Oval</p>

Challenges	The Year Ahead	Community Satisfaction Results																		
<p>Managing the demand for asset maintenance and renewal</p> <p>Determining Colac's future road hierarchy</p> <p>Development of Council's disaster recovery capability</p>	<p>Development of the Municipal Fire Management Plan Version 1</p> <p>Review of the Rating Strategy and a comprehensive long-term financial plan</p> <p>Challenging Funding Models for rural shires</p>	<p>OVERALL PERFORMANCE</p> <table border="1"> <thead> <tr> <th>Year</th> <th>COS</th> <th>Large Rural Shires</th> </tr> </thead> <tbody> <tr> <td>05/06</td> <td>65</td> <td>65</td> </tr> <tr> <td>06/07</td> <td>63</td> <td>63</td> </tr> <tr> <td>07/08</td> <td>51</td> <td>59</td> </tr> <tr> <td>08/09</td> <td>57</td> <td>61</td> </tr> <tr> <td>09/10</td> <td>55</td> <td>59</td> </tr> </tbody> </table>	Year	COS	Large Rural Shires	05/06	65	65	06/07	63	63	07/08	51	59	08/09	57	61	09/10	55	59
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<p>Maintenance of Council's road network to a sufficient level</p> <p>Implementation of improvement initiatives in Council's Asset Management Strategy</p> <p>Explore funding options to upgrade the boat ramp facilities at Apollo Bay Harbour</p>	<p>Review of current assets and service levels</p> <p>Delivery of significant capital works building projects</p> <p>Determine appropriate long-term development requirements for the Colac Livestock Selling Centre</p>	<p>LOCAL ROADS AND FOOTPATHS</p> <table border="1"> <thead> <tr> <th>Year</th> <th>COS</th> <th>Large Rural Shires</th> </tr> </thead> <tbody> <tr> <td>05/06</td> <td>52</td> <td>52</td> </tr> <tr> <td>06/07</td> <td>50</td> <td>50</td> </tr> <tr> <td>07/08</td> <td>44</td> <td>48</td> </tr> <tr> <td>08/09</td> <td>47</td> <td>50</td> </tr> <tr> <td>09/10</td> <td>48</td> <td>48</td> </tr> </tbody> </table>	Year	COS	Large Rural Shires	05/06	52	52	06/07	50	50	07/08	44	48	08/09	47	50	09/10	48	48
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<p>The potential impact of recommendations in the Bushfire Royal Commission final report on future developments in the towns and settlements in the Otways and coastal hinterland is unknown and Council will need to work closely with the State Government to address issues arising</p>	<p>Implementation of process improvements identified through an internal audit</p> <p>Several significant strategic planning projects will be considered for adoption by Council that will result in widespread changes to the Planning Scheme</p>	<p>TOWN PLANNING POLICY AND APPROVALS</p> <table border="1"> <thead> <tr> <th>Year</th> <th>COS</th> <th>Large Rural Shires</th> </tr> </thead> <tbody> <tr> <td>05/06</td> <td>55</td> <td>55</td> </tr> <tr> <td>06/07</td> <td>54</td> <td>54</td> </tr> <tr> <td>07/08</td> <td>48</td> <td>50</td> </tr> <tr> <td>08/09</td> <td>48</td> <td>50</td> </tr> <tr> <td>09/10</td> <td>52</td> <td>50</td> </tr> </tbody> </table>	Year	COS	Large Rural Shires	05/06	55	55	06/07	54	54	07/08	48	50	08/09	48	50	09/10	52	50
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<p>Over 1,600 km of roads in the Shire makes it a very complex task to manage road user safety and fire management with the often competing priorities of environmental management of roadsides</p>	<p>Development of a 2-year Environment Action Plan</p> <p>Continuation of the major revegetation project along Barongarook Creek</p> <p>Rollout of over 18,000 Waste bins as part of the new 3-bin system</p>	<p>WASTE MANAGEMENT</p> <table border="1"> <thead> <tr> <th>Year</th> <th>COS</th> <th>Large Rural Shires</th> </tr> </thead> <tbody> <tr> <td>05/06</td> <td>72</td> <td>72</td> </tr> <tr> <td>06/07</td> <td>71</td> <td>71</td> </tr> <tr> <td>07/08</td> <td>67</td> <td>69</td> </tr> <tr> <td>08/09</td> <td>69</td> <td>70</td> </tr> <tr> <td>09/10</td> <td>68</td> <td>69</td> </tr> </tbody> </table>	Year	COS	Large Rural Shires	05/06	72	72	06/07	71	71	07/08	67	69	08/09	69	70	09/10	68	69
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<p>Responding to the regional skills and labour shortage to assist local industry and to build a stronger local community</p> <p>Participation in the implementation of the State Government Regional Tourism Action Plan that will restructure regional tourism</p>	<p>Development of a Colac Marketing Strategy to attract people to live in the Shire</p> <p>Partnership with the State Government to deliver funding to the Shire through the 'Ready for Tomorrow' - Blueprint for regional and Rural Victoria</p>	<p>ECONOMIC DEVELOPMENT</p> <table border="1"> <thead> <tr> <th>Year</th> <th>COS</th> <th>Large Rural Shires</th> </tr> </thead> <tbody> <tr> <td>05/06</td> <td>67</td> <td>67</td> </tr> <tr> <td>06/07</td> <td>64</td> <td>64</td> </tr> <tr> <td>07/08</td> <td>59</td> <td>61</td> </tr> <tr> <td>08/09</td> <td>57</td> <td>61</td> </tr> <tr> <td>09/10</td> <td>57</td> <td>61</td> </tr> </tbody> </table>	Year	COS	Large Rural Shires	05/06	67	67	06/07	64	64	07/08	59	61	08/09	57	61	09/10	57	61
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<p>Further development of emergency relief and recovery, and implement and train staff for local, state and other needs identified in the Bushfire Royal Commission recommendations</p> <p>A way forward needs to be found to continue work on the Wye River and Separation Creek sewerage system</p>	<p>Implementing Phase 3 of the Transport Connections Project</p> <p>Formal reviews of key strategies for community recreation, events, arts and culture</p> <p>Re-accreditation of HACC services</p> <p>Finalise 'The Meeting Place' redevelopment</p>	<p>HEALTH AND HUMAN SERVICES</p> <table border="1"> <thead> <tr> <th>Year</th> <th>COS</th> <th>Large Rural Shires</th> </tr> </thead> <tbody> <tr> <td>05/06</td> <td>79</td> <td>79</td> </tr> <tr> <td>06/07</td> <td>78</td> <td>78</td> </tr> <tr> <td>07/08</td> <td>73</td> <td>75</td> </tr> <tr> <td>08/09</td> <td>74</td> <td>76</td> </tr> <tr> <td>09/10</td> <td>72</td> <td>75</td> </tr> </tbody> </table>	Year	COS	Large Rural Shires	05/06	79	79	06/07	78	78	07/08	73	75	08/09	74	76	09/10	72	75
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Calendar of events

July, August, September

- > Council received \$300,000 from the Australian Government for upgrades to the Bluewater Fitness Centre stadium. Upgrades included roof replacement and a new air handling system
- > Council gives green light for a major expansion of Bulla Dairy Foods which will create up to 20 new jobs.
- > Council awards contract for a new \$2.7 million transfer station at Apollo Bay to a local contractor, Apollo Bay Building Group
- > Agencies across south-west Victoria launch a new South West Knowledge Hub in Colac, a web-based mapping tool, providing a regional information pool for property data
- > Colac Livestock Selling Centre hosts the National Saleyards Convention, bringing together Australia's leaders in the saleyards industry for a three-day event
- > COPACC was a finalist in the Australian Performing Arts Centre Association's Drover Awards in the best theatre presenter category

October, November, December

- > Council calls for community input into structure plans for Birregurra and Forrest, which will guide future land use, growth and sustainable development
- > Minister Assisting the Premier on Veterans' Affairs, Tony Robinson, unveils four commemorative plaques in Apollo Bay, honouring returned servicemen from World War I who built the Great Ocean Road
- > Colac Secondary College school captain and passionate sportswoman Samantha Fennell wins the Colac Otway Shire's Young Ambassador Award for 2009. She was among a field of a dozen candidates
- > Colac Otway Shire Council revises its systems for managing projects after a contractor damaged native vegetation along the Cressy-Shelford Road. Changes include the employment of an environmental engineer and significant investments in staff and community education on rare and threatened flora and fauna. The damage resulted in a \$690,000 fine from the Australian Government's Department of Environment, Water, Heritage and the Arts and the Department of Sustainability and Environment
- > Cr Lyn Russell is elected Mayor, taking the helm from Cr Brian Crook, who led the Council in its first term
- > Colac teenager Ben Cardinal is among six people and one business to receive honours as part of local celebrations for International Day of People with Disability
- > Council contracts a commercial fishing company to erect carp traps to prevent carp from moving between Lake Colac and Barongarook Creek following heavy rain
- > Council applies to the Australian Government for a \$6 million upgrade of the Bluewater Fitness Centre, which includes the addition of a show court, a hydrotherapy pool and other general improvements

LEFT: Colac Otway Shire's Simon Howland planting at Barongarook CENTRE: Snake and Reptile Show at COPPAC RIGHT: Forrest Festival of Fire



Photo: Jon Barter



Photo: Nick Jenkin

January, February, March

- › Council establishes four test sites to trial fairy grass control methods on Lake Colac to help management agencies better understand its growth habits
- › Council adopts an interim heatwave plan in anticipation of high temperatures during the summer
- › Almost 30 years of community volunteering earned Barry Gourley the title of Colac Otway Shire's Australia Day Citizen of the Year
- › Council initiates a weekly Friday bus trial between Lavers Hill and Colac as part of the Transport Connections Project
- › Council approves a new 2010-2018 Environment Strategy, which sets ambitious targets for Council's operations, and identifies environmental issues the community wants Council to address on its behalf
- › The Meeting Place's disability drama troupe Antz Pantz Arts performed an original production called Animal Complaints in Geelong as part of "Having a say", Australia's biggest national disability conference
- › Council inducts its new Youth Council
- › Council commits to establishing a library annex in the current Gellibrand Street library building, to operate for about 22 hours a week. Council will review the annex's operations after 12 months to determine its use levels
- › The Apollo Bay community forms a committee to help manage the town's pool following difficulties with staffing availability and opening hours during summer
- › Council plans a second round of exotic tree removal and revegetation along the Barongarook Creek as part of a project to improve the health of the Lake Colac catchment.
- › Council's Capital Works Manager Paula Gardiner receives a scholarship to attend the American Public Works Association (APWA) Congress in Boston USA
- › Colac's new Beechy Precinct reaches another building milestone, with a new 140-bay car park and bus terminal being completed. Another 11 car parks to be installed outside the new library
- › The Victorian Government provides a \$40,000 grant, to be matched with \$20,000 from Council, for an investigation into the urban growth potential of Apollo Bay
- › Council releases issues and opportunities papers for public comment following studies into car parking in Colac and Apollo Bay
- › The finalisation of Council's new waste contract heralds a move to a three-bin waste system, which meets the preferred state service standards for kerbside collection
- › Mayor Lyn Russell travelled to Canberra to help form a nationwide Rural Roads Lobby Group, which will make a concerted effort to secure increased funding for agricultural roads
- › Colac Otway Shire Council was the top performing organisation in Customer Service Benchmarking Australia's annual complaints benchmarking report

April, May, June

- › Health Minister Nicola Roxon wields her ministerial discretion to award a third pharmacy licence in Colac in response to community lobbying, which included a petition with 4,761 signatures
- › Council agrees to lobby the Victorian Government to delay planned increases in landfill levies of more than 200 per cent for the 2010/11 financial year
- › A decade of fundraising and lobbying by the Birregurra community culminates with the official opening of the town's new skatepark. The Birregurra community contributed \$35,000 to the project, supported by \$8,200 from the Lions Club of Birregurra and District, \$40,000 from Council and \$60,000 from Sport and Recreation Victoria
- › Council confirms its commitment to Otways Tourism with the signing of a 12-month service agreement. Council commits \$160,000 to support Otways Tourism's activities while Tourism Victoria carries out a restructure of regional Victorian tourism
- › Contractors put the finishing touches on a revamped Eastern Reserve netball complex in preparation for the season opener. Improvements include six resurfaced netball courts and a warm-up court
- › More than 450 children attended a hands-on reptile show and environmental workshops as part of COPACC's World Environment Day celebrations
- › A total 66 community groups expected to share in \$117,500 of funding as part of Council's annual Community Funding Program
- › A record 23 community events share in \$60,000 of funding as part of Colac Otway Shire Council's Festival and Events Support Scheme
- › Colac Community Library and Learning Centre is the preferred name for Colac's new library, polling 207 of 454 in a community vote
- › Colac Power Company unveils plans to build a new \$6 million biogas plant which can convert organic waste from the dairy, meat and other agricultural industries to energy. The project received a \$1.5 million grant from the Victorian Government
- › Birregurra, Cressy, Forrest, Beech Forest, Gellibrand and Beeac will share in almost \$80,000 of funding as part of Colac Otway Shire Council's Small Town Improvement Program
- › An investigation into acid sulphate soil is planned for inland areas of the Corangamite region, which includes areas in Colac Otway Shire

Message from the mayor & ceo

It is our pleasure to present the 2009/10 annual report for the Colac Otway Shire Council. This is the first annual report against the 2009-2013 Council Plan.



LEFT: Cr Lyn Russell (left) and CEO Rob Small (right)

Forging partnerships

Colac Otway Shire Council strengthened our municipality's position during 2009/10 by forging strong partnerships with our regional neighbours. Our geographic position puts us on the edge of the G21, and the Great South Coast region, and we leverage this by working closely with both groups. We took an active role in helping develop a regional strategic plan for the Great South Coast region, while continuing our commitment to G21's strategic long-term focus for the region. Being part of a larger regional advocacy group puts us in a stronger position to lobby for government funding for essential projects that will benefit our communities.

At the time of writing this message, we are pleased to report that the Federal Labour and Liberal parties have committed to funding the duplication of the Princes Highway between Winchelsea and Colac, and to provide a trade training centre for Colac. These were our highest priority projects heading into the Federal election, which we put much energy and enthusiasm into lobbying for. We have also put a lot of energy into advocacy on behalf of our community to have the former Colac High School site handed back to the people of Colac Otway Shire for community use.

We also forged partnerships on a state and national scale. Our Mayor Lyn Russell took a lead role in helping form an Australian Rural Roads Group, a collective of rural shires across the country which generate more than \$100 million a year in agricultural produce. This group is fighting for a better funding model to support our local roads, which effectively feed Australia. Cr Frank Buchanan led the charge on a state level, joining a Victorian Farmers Federation campaign for better state support for rural municipalities.

Our lobbying also extended to other big issues including improved mobile coverage for the Otways, more timely and frequent train connections between Colac and Geelong, and more government support for bushfire prevention and preparation.

Our number one partnership was, of course, with our community and together we delivered some important projects in 2009/10. Projects which involved significant input from the community, in-kind and financial, that came to fruition included a major upgrade of Colac's Eastern Reserve netball complex, a redevelopment of Alvie Football Netball Club's social and netball rooms, a new skatepark for Birregurra, and the commencement of investigations into a new walking trail at the back of Apollo Bay.



Investing in our community

The 2009/10 year marked the biggest investment in capital works in the Council's history, \$15.67 million. The program included the development of a new transfer station for Apollo Bay and the near completion of Colac's new library.

We lent our support to a community-led campaign for a third pharmacy licence in Colac, one that was granted by the Health Minister in April 2010. We also worked closely with a Camperdown-based company and the Victorian Government to secure a biogas plant for Colac that will convert organic waste from our dairy, meat and other agricultural industries to clean, green energy.

With the renewal of our waste contract, we put plans in place for a new state-preferred three-bin system. This new system also delivered on opinions expressed by the community during our Best Value Review, which indicated people wanted to move away from the current two-bin system. The three-bin system offers many advantages including the fact that as a state-preferred system, it will be familiar to people visiting our shire.

Strength from adversity

The year was not without its challenges. We were pleased when the Local Government Inspectorate cleared Council's recruitment process for a new CEO of any wrongdoing, describing the process as "professional, exhaustive and fair". The investigation had the potential to distract us from our core business, but our staff and Council maintained a steadfast focus on their responsibilities to progress this great shire. For that, we offer our sincere thanks.

Council faced a \$690,000 fine in October for damage caused when a contractor established a materials stockpile site on the Cressy-Shelford roadside where significant grassland flora species grew. This incident had a significant impact on our budget, but we were determined to approach the situation proactively. We have revised our systems for managing projects, employed an environmental engineer, carried out extensive rehabilitation of the site and continue to invest significant resources into community and staff education to help our community understand and appreciate the rare and threatened flora and fauna of our municipality.

We were well prepared for an onslaught of fairy grass when Lake Colac dried out again during the 2009/10 summer, but due to different seasonal conditions the issues of 2008/09 did not repeat. Still, we worked tirelessly via a Dry Lake Working Group comprising agencies and community members, to establish test plots to trial fairy grass control methods. We also continued our efforts to rid the lake of carp with a fish trap designed to prevent any carp in Barongarook Creek re-entering the lake when its levels rose in winter.

Celebrating achievements

Our staff achievements were a source of immense pride during 2009/10. Colac Otway Performing Arts and Cultural Centre was a finalist in the national Drover Awards for best theatre presenter. While COPACC did not win the trophy, it was a huge achievement to be named as one of three finalists from a field of 150.

On the 30th anniversary of the Colac Livestock Selling Centre, the saleyards hosted the National Saleyards Convention. The convention brought more than 100 leaders from the Australian saleyards industry to our shire and was a fantastic showcase of our facility, and our region.

Our Council was the top performing organisation in the Customer Service Benchmarking Australia's annual complaints benchmarking report. When compared against other councils, as well as banks, insurance, telecommunications and utility companies, our customer service team came up trumps. The award was a testament to our commitment to providing quality customer service to our community, and also to the commitment and hard work of our frontline reception staff.

Working for a bright future

Colac Otway Shire is a dynamic and close-knit community which has so much to be proud of. One of our key aims is to build our sense of pride and place; to recognise and celebrate our strengths so that we may build on them. Climate change, sea level rise, bushfire threat, the ageing population and tackling our level of disadvantage are challenges we must overcome, but we believe a spirited community such as ours is well positioned to do so. Thank you to all those people who took an active role in community and civic life in 2009/10. It is your knowledge, experience, expertise and time that helped ensure the directions we took truly contributed to the betterment of our community.

Cr Lyn Russell
MAYOR
Colac Otway Shire

Rob Small
CHIEF EXECUTIVE OFFICER
Colac Otway Shire

Chief Financial Officer's report

During 2009/10 Council continued to move towards its long-term goal of a financially sustainable future whilst building the ability to respond responsibly to the needs of a vibrant community. Although hampered by the current economic environment, Council improved its viability, as evidenced by the viability ratios included within the financial statements, and continued its focus on developing tools to aid in the long-term financial planning so vital to the vision of our community.

While this report focuses on the 2009/10 financial results, it is important to see results in light of the long-term financial targets of Council, which are:

- > Ensure asset renewal gap capital commitments are met in real terms for each year of the Strategic Resource Plan
- > Achieve consistent operating surpluses
- > Achieve strong working capital and liquidity positions
- > Ensure cash balances are equal or above statutory and reserve levels
- > Ensure funding is available to meet the Shire's current and future environmental obligations
- > Ensure funding is available to meet the Shire's current and future accommodation obligations
- > Review user fees and charges on an annual basis for equity and fairness

These targets will:

- > Meet the strategic objectives proposed in the Council Plan
- > Continue to address the infrastructure funding gap issues of Council
- > Provide a reasonable degree of consistency and stability in the level of rates burden
- > Enhance the longer term financial sustainability of Council

Snapshot

- > \$39.1 million total revenue
- > \$12.9 million Capital Works program delivered
- > Rates and Charges comprised \$18.6 million (48.8 %) of the total operating revenue
- > Operating surplus of \$3.1 million
- > Cash holdings increased by \$0.1 million to \$9.8 million as a result of grants received in advance and works to be carried forward
- > Debt increased from \$2.5 million in 2008/09 to \$4.2 million this year

Net Operating Result

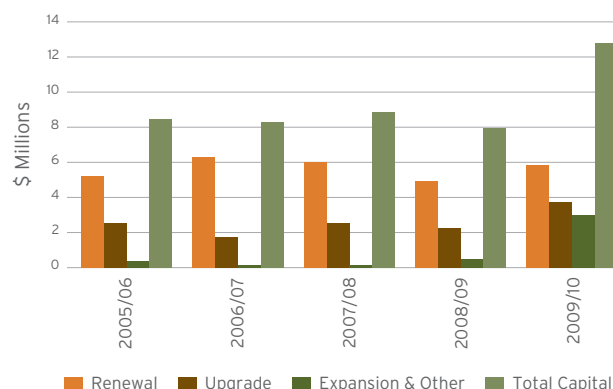
Council's profit for 2009/10 was \$2.6 million. This was \$0.1 million less than the budgeted surplus of \$2.7 million. The variance is due to a combination of factors.

For more information see Standard Statements page 105.

Sustainable Capital Expenditure

In 2009/10 the level of capital expenditure continued to deliver on the challenge of renewing the community's assets. The future sees capital expenditure being maintained at sustainable and realistic levels, assuring the Council's long-term commitment to the sustainable renewal of the Shire's assets.

SUSTAINABLE CAPITAL EXPENDITURE



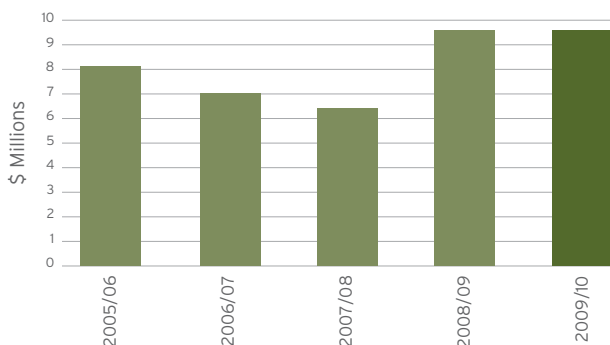
Cash Reserves

The significance of budgeting cash flows for Council is that it is one of the key factors in setting the level of rates each year.

In total, Council's cash holdings have increased during 2009/10 to \$9.8 million. However there are funds required for works carried forward from 2009/10 to 2010/11 and a significant amount is related to Grants received in advance, including \$1.37 million relating to Grants Commission and Local Road funding.

The aim is to continue to moderately build up cash holdings. This will allow Council the flexibility to respond to future unexpected events or opportunities such as the potential to strategically acquire an asset, for example property for open space or the impacts of natural disasters such as flooding events.

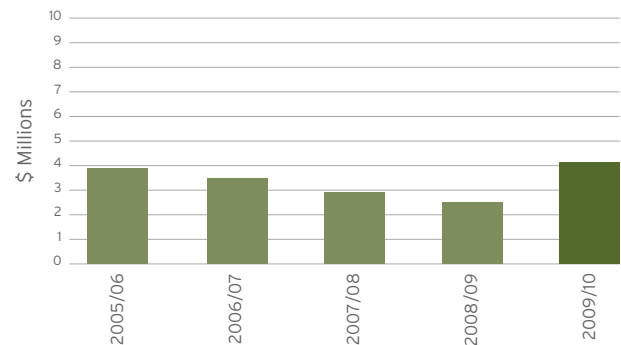
CASH RESERVES



Debt Levels

Since 2002, when Council's debt was \$5.46 million, Council has been in a phase of debt reduction. In 2009/10 Council moved into a new phase of long-term investment in intergenerational assets, which increased Council's debt to \$4.16 million. Due to the timing of the debt draw down, the impact on the 2009/10 year has been minimal, with debt servicing (interest) costs shrinking to \$0.14 million.

DEBT LEVELS



Financial Sustainability

The financial sustainability of Council improved in 2009/10, evidenced by the 'low' risk result in all of the Victorian Auditor General's Financial Sustainability ratios.

For more information on:

- > Underlying Result Ratio
- > Liquidity Ratio (or Working Capital Ratio)
- > Indebtedness Ratio
- > Self Financing Ratio
- > Investment Gap Ratio

See Victorian Auditor General - Financial Sustainability Indicators page 99.

Conclusion

The 2009/10 financial snapshot gives a brief overview of Council's progress in providing financial resources that enable the achievement of a number of long-term community service and asset management objectives through strong and prudent financial management.

Brett Exelby
MANAGER FINANCE AND CUSTOMER SERVICES

Our council



Cr Lyn Russell MAYOR

Telephone:

(03) 5231 5191 (AH)

Mobile:

0419 326 624 (BH)

Email:

lyn.russell@colacotway.vic.gov.au

Cr Lyn Russell is a trained nurse and midwife and over the last 28 years has delivered over 1,000 babies. Lyn also has a Post Grad in Community Nursing, specialising in Cancer Support, Palliative Care and Diabetes. Lyn has been very active in local sport, serving as President, Secretary and Treasurer of the Colac Youth and Recreation Centre for many years and is a life member for her contribution to management, junior football and cricket.

Lyn and her husband Merv have a son. Lyn's goal is to ensure the protection of our naturally beautiful coastline from over development, to maintain and improve our assets and to be part of a transparent, accountable, fair and honest local government.



Cr Stephen Hart DEPUTY MAYOR

Telephone:

(03) 5237 3196 (BH/AH)

Mobile:

0447 844 497

Email:

lavershill@skymesh.com.au

Cr Stephen Hart grew up in Blackburn South, in Melbourne's Eastern suburbs. After graduating in Economics at Monash University, Clayton, Stephen was employed in the Federal public service. Stephen and his partner Chris live near Lavers Hill in a property joining the Melba Gully Park. Their owner-built mudbrick house is of passive solar design, meaning it is warm in winter and cool in summer. Solar panels supply most of their electricity needs.

Since 1990 they have re-vegetated some of their land with over 4,000 indigenous trees. Stephen is committed to making Council more sustainable, both financially and environmentally.



Cr Frank Buchanan

Telephone:

(03) 5237 7800 (BH/AH)

Mobile:

0427 859 712

Email:

frankbuchanan@live.com.au

Cr Frank Buchanan and his wife Beb have a property at Apollo Bay where they run cattle and sheep and operate a cellar door and function centre.

Frank's goal is to advocate, on behalf of the community, for the need for stronger economic development and better services, including education, health and sport, while protecting and recognising the diverse business and environmental assets we have in our Shire.



Cr Brian Crook

Telephone:

(03) 5231 3885 (AH)

Mobile:

0448 352 583

Email:

brian.crook@colacotway.vic.gov.au

Cr Brian Crook is a teacher at Colac's Trinity College. He leads the school's Victorian Certificate of Applied Learning course, which helps students achieve in a setting that combines school with practical workplace experience. Cr Crook is a father of six children, grandfather of one, and takes particular interest in youth issues in the shire. He is very keen to see a trade training centre established in the municipality.

During the 1990s Cr Crook and his wife Lyn ran a mixed business and bus hire business in Colac. Brian's long-term vision is for Council and the community to work as a united front to grow the municipality to its full potential, which includes connecting to the wider region, while protecting the natural resources that make Colac Otway unique.



Cr Stuart Hart
Telephone:
 (03) 5235 8391 (BH/AH)
Mobile:
 0417 560 421
Email:
 hartstuarate@gmail.com

Cr Stuart Hart is a financial analyst and futures trader and occasionally teaches technical analysis to those wanting insight when independently managing their own financial portfolios. As a young adult Stuart settled in Melbourne but in 1990 moved away from his financial services brokerage to establish a family with his wife Karen in the Otways.

Personal interests include emerging international financial and political trends, caravanning with family, veggie gardening, and scuba diving. Stuart's goal for Colac Otway Shire is to build a strong council team to enhance ratepayers' democracy and living standards.



Cr Geoff Higgins
Telephone:
 (03) 5231 4864 (BH/AH)
Mobile:
 0418 524 874

Cr Geoff Higgins was born in Colac and has lived and run businesses in the area for about forty years. He has farmed beef cattle, run various dairy farms, transport and earth moving businesses. Geoff and his wife Patricia have four children and ten grandchildren.

Geoff's goal is to assist local business initiatives, improve the Shire's state wide survey ratings, reduce the time for obtaining building and planning permits and to give close attention to basic services i.e. roads, drains and footpaths etc.



Cr Chris Smith
Telephone:
 (03) 5235 1255 (BH/AH)
Mobile:
 0419 351 255

Cr Chris Smith is a dedicated family man, dairy farmer and Pastor of the South West Family Church in Colac. Chris and his wife Maree have four children. In his first term on Council Chris served as Mayor and is the youngest ever to serve in the role in Colac Otway Shire.

Chris has over thirty years experience working directly with the youth of our community and champions the role of volunteers throughout the Shire. Chris is committed to working with the community and business to achieve the best possible outcomes for the Shire in both the short and long-term.



Our organisation

Our Executive Management Team



Rob Small
CHIEF EXECUTIVE OFFICER
National Diploma Hort (Hons);
Dip Bus Studies; Associate of
Chartered Institute of Secretaries

MAJOR FUNCTIONS:

Council Governance; Councillor Support; Strategic Planning; Public Relations.

Rob returned to Colac Otway Shire as CEO on 12 May 2009. Rob led the shire for 16 months during 2003/04, leaving to serve as CEO of the horticultural giant, Fleming's Nurseries. He brings more than 30 years' experience in Local Government to the role and has spent the past three years managing his own private consultancy in executive coaching and strategic planning. Rob has had a distinguished career in international organisations, having been director and judge of the World's Most Liveable Cities for over a decade, and served as the World President of the International Federation of Parks and Recreation.

Rob is delighted to be returning to the Shire, "I believe Colac Otway Shire has incredible natural assets and a community spirit unlike any I've encountered in my long Local Government career. These are powerful attributes to drive a prosperous future for our communities and the basis for truly liveable communities".



Colin Hayman
GENERAL MANAGER CORPORATE &
COMMUNITY SERVICES
Bachelor of Business in Local
Government, Certificate of Business
Studies - Accounting

MAJOR FUNCTIONS:

Finance and Customer Services; Recreation Arts & Culture; Information Services; Organisational Support & Development; Health & Community Services.

Colin has been involved in Local Government for nearly 34 years and commenced with Colac Otway Shire on 31 January 2005. He has worked in a number of roles during his time in local government including Accountant, Finance Manager and Deputy Shire Secretary.

Colin's previous role was as Group Manager Corporate and Community Services for Corangamite Shire Council.



Jack Green
GENERAL MANAGER SUSTAINABLE
PLANNING & DEVELOPMENT

MAJOR FUNCTIONS:

Statutory Planning and Regulations; Strategic Land Use Planning; Economic Development; Environmental Management; Building Surveying; Fire Prevention; Local Laws.

Jack commenced with Colac Otway Shire on 16 October 2006 bringing with him 25 years experience in both Local and State Government.

His previous role was Director Shire Development with the Shire of Moorabool where he managed a similar portfolio. Jack's role as South West Regional Manager for the Department of Industry, Innovation and Regional Development helped develop a strong affinity for the Colac Otway region. Jack was also Acting CEO from November 2008 to May 2009 prior to the appointment of Rob Small.



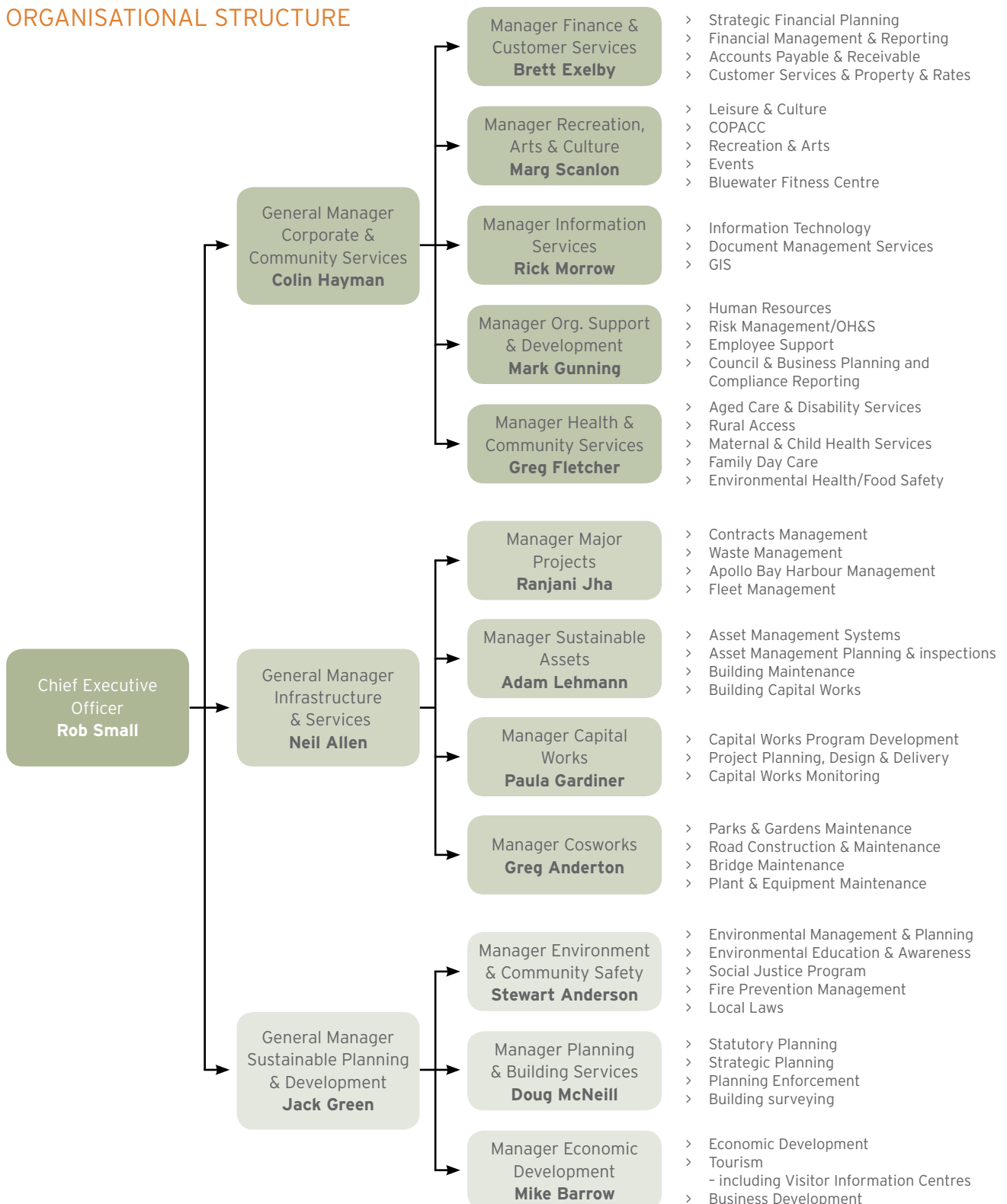
Neil Allen
GENERAL MANAGER
INFRASTRUCTURE & SERVICES
M.B.A. (Management); Member of the
College of Engineers; Grad. Dip.
Management; Certificate of Local
Government Engineer; Graduate
Certificate in Water Engineering;
Diploma of Municipal Engineering;
Diploma of Civil Engineering

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

Neil commenced with Colac Otway Shire on 3 November 2008. He has previously held the positions of Deputy City Engineer with the City of Seymour, Contracts Manager with the Mitchell Shire, General Manager Contracts and then General Manager Asset Management with Hume City Council before making a 'sea change' decision and returning to Warrnambool to undertake the position of Director City Infrastructure.



ORGANISATIONAL STRUCTURE



Leadership and governance



Objective

Council will fulfil its leadership, statutory and legal obligations to its community and staff in a way that is: fair, ethical, inclusive, sustainable, financially responsible and meets the needs and practical aspirations of current and future generations.

Leadership and Governance is supported by the continued delivery of a diverse range of services, projects and programs

- Audit Program
- Communications
- Corporate Governance
- Corporate Systems development and improvement
- Council & Business Planning
- Councillor Support
- Customer Services
- Document Management Services
- Domestic Animal Services
- Emergency Management/Readiness
- Executive
- Financial Management Systems and Services
- Fire Prevention
- Human Resources Management
- Information Communication and Technology Services
- Local Laws Enforcement
- Occupational Health and Safety
- Rating/Property Services
- Risk Management

Leadership and governance

Highlights

NEAR COMPLETION OF THE NEW COLAC COMMUNITY LIBRARY AND LEARNING CENTRE

This project brings together the library functions of the new Colac Secondary College and the Colac and district community into a single building. It provides for much more than a simple book based library as it will provide sophisticated electronic data access, meeting rooms, a toy library and a lecture room. It will provide a significant centre for community interaction and offer a significant lifelong learning facility for the Colac community.

DEVELOPMENT OF THE APOLLO BAY LIBRARY

The ongoing development of the Apollo Bay Library Service continues to highlight the positive aspects of partnerships with key community providers.

SIGNIFICANT PROGRESS IN THE DUAL HIGHWAY FROM GEELONG TO COLAC

The first stage of this project (Geelong to Winchelsea) was confirmed this year when State and Federal Governments both confirmed their financial commitments. The next stage (Winchelsea to Colac) had a commitment from both the Liberal Party and the Federal Labour Party pre-election.

A RENEWED COMMITMENT TO DISADVANTAGED COMMUNITIES WITHIN THE COLAC OTWAY SHIRE

During the year a task group, given the title "Towards Liveable Communities Coordinating Committee" or TLC3, was formed comprising members of Council, Department of Planning and Community Development and the Department of Human Services and allied community groups to address disadvantaged communities. The State Government's blueprint document released in June 2010 provides for significant funds of up to \$1 million to support initiatives for the disadvantaged in the Colac Otway Shire.

CONTRIBUTIONS TO G21 AND GREAT SOUTH COAST REGIONAL STRATEGIC PLANS

Many of Council's key projects have been supported in these documents and the added weight of collective positions of these clusters of Councils has reinforced our claims for funding.

EMERGENCY MANAGEMENT

A structural review was undertaken to integrate Council's Emergency Management functions. Enhanced resources were achieved to improve capacity. Township Protection Plans were adopted for eight high risk towns. No Neighbourhood Safer Places were able to be identified due to the extremely volatile nature of the local environment. Currently working with the Country Fire Authority on the next stage of this process in preparation for the 2010/11 fire season.

BUSHFIRES ROYAL COMMISSION

Senior Officers appeared before the Bushfires Royal Commission to give evidence in relation to Local Government obligations for vegetation clearance and to highlight the lack of resource capacity provided from the State Government to undertake this work on their behalf.

INTEGRATED FIRE MANAGEMENT PLANNING

Council is working with a range of other agencies to integrate a range of fire and emergency related plans into an Integrated Fire Management Plan. Although the plan is still being developed the process has led to the formation of a committee to look at all elements of fire management. The new committee has representatives from various government and statutory bodies to help ensure more integrated fire management practices in the future. Council has worked in partnership with the CFA and DSE to develop eight township protection plans for high risk towns in the Shire. The new plans identify key emergency management infrastructure and fire fighting agency response planning. In addition, the new plans provide the basis for identifying local solutions to local problems. The eight township protection plans were endorsed by Council in October 2009.

NEIGHBOURHOOD SAFER PLACES PLAN

Council has adopted a Neighbourhood Safer Places Plan (NSPP) for the purposes of the legislation, and contains guidelines which have been developed by the Municipal Association of Victoria (MAV). The NSPP identifies matters that should be taken into account in identifying, designating, establishing and maintaining Neighbourhood Safer Places (NSPs) within the municipality.

fast facts



INLAND ACID SULPHATE SOILS STEERING COMMITTEE ESTABLISHED

The Steering Committee has representation from Barwon Water, Southern Rural Water, Department of Sustainability and Environment, Department of Primary Industries, Environment Protection Authority, Corangamite Catchment Management Authority, working together to better understand the characteristics in the landscape that increase the likelihood of an event and the potential environmental consequences.

REVIEW OF COUNCIL'S LOCAL LAWS

Throughout the year a number of corporate documents and processes have been reviewed. These included Council's Local Law No 4 (Council Meeting Procedures and Common Seal), a number of Council Policies, Council's budget processes and the development of templates to assist officers in the preparation of project briefs.

'VIRTUAL' TECHNOLOGY INSTALLED

Council has embraced the new 'virtual' technology and is at the forefront of comparative Councils who have moved to this technology. The Council's underlying technical infrastructure is 'state of the art' and provides flexibility, efficiency and disaster recovery capabilities that were not possible 18 months ago. This technology delivers the ability to limit server down time, manage storage capacity growth and effectively meet the ever increasing server resource demands.

RECORDS MANAGEMENT STRATEGY

Council joined the enterprise content management STEP program involving more than 30 councils. The program is long-term and aimed at improving records management processes. In the first year of the program, all Information Management processes were reviewed and a 4-year action plan developed to guide the development of the councils' electronic document management systems. As part of the program an Information Management and Record Management Strategy was developed. It will assist the organisation to control the significant change management issues that have been identified.

NET EXPENDITURE

(\$20,175,603)

EQUIVALENT FULL-TIME POSITIONS

47.7

KEY FUNCTIONS

- > Engage with and advocate for our community
- > Monitor the efficiency and effectiveness of operations
- > Ensure effective community consultation
- > Support open and transparent decision-making processes
- > Ensure sound financial practices
- > Establish effective frameworks for planning
- > Ensure compliance with relevant legislation and regulations
- > Human Resources management
- > Occupational Health and Safety compliance, audit and reporting
- > Risk Management compliance, audit and reporting
- > Corporate and Business planning and reporting
- > Management of Council's IT infrastructure and systems
- > Management of controlled Council information, both hard copy and electronic
- > Fire prevention inspections and standpipe management
- > Local Law enforcement and issuing of permits

SERVICE STATISTICS

- > Coordinated recruitment and selection of 64 position vacancies
- > 459 Job applications processed
- > 94% Rates collected by year end
- > 14,405 Property and 534 non-rateable assessments
- > 1,911 Pension rebates and 251 drought relief concessions
- > 921 Land information certificates issued
- > 33,210 Debtor invoices issued
- > 7,303 Supplier payments processed
- > 53,931 Receipts issued
- > 6,274 Dogs and 1,573 Cats registered
- > 247 Dogs and 60 Cats returned to their owners
- > 44 Dogs and 89 Cats euthanised
- > 114 Schedule 13 Permits to Burn by an Individual issued during the Fire Danger Period
- > 150 new properties mapped
- > 119,789 items of both inwards and outwards correspondence processed

Leadership and governance

Disappointments

FAILURE TO GET FUNDING FOR THE BLUEWATER FITNESS STADIUM IMPROVEMENTS

Consideration for funding for this project was sought through the Federal Government's Regional and Local Community Infrastructure program. This application was not supported in either the first or second rounds of this funding program (funding promised as part of Federal Labour Party pre-election).

APOLLO BAY HARBOUR REVITALISATION

While good work in consulting with the community gave greater acceptance, Council is still attempting to gain funds from government to complete the planning studies required for rezoning this land. We are hopeful of support from RDV (Regional Development Victoria) on this matter in the near future.

POLICY REVIEW

Not all policies were reviewed due to the need to redraft a number based on changes in procedures and/or legislation.

DISASTER RECOVERY

Delay in the construction of the Colac Community Library and Learning Centre has meant that Council's disaster recovery capabilities have been limited, as Council will be sharing the data centre. When the new facility is completed, Council will be finalising the disaster recovery implementation.

CORPORATE SOFTWARE

The implementation of new corporate software has proven to be a difficult and resource hungry exercise for Council over 2009/10. The software is an organisation-wide approach to Council's business enabling full integration of all council systems. Due to the wide-spread impact and the need to continue to operate "as usual", our ability to respond diminished over the first half of the year.

There has been considerable improvement in the last half of the year as confidence was restored and our ability to perform tasks improved.

ANIMAL WELFARE

Despite the best efforts of Council's Local Laws Officers to re-house abandoned animals over 130 animals had to be euthanised during 2009/10, with the vast majority being cats. Although the numbers of animals being euthanised are not acceptable it is a national problem that is very hard to manage.

Challenges facing the Year Ahead

IMPROVING THE LIVES OF DISADVANTAGED MEMBERS OF OUR COMMUNITY

The initiation of the Towards Liveable Communities Coordinating Committee and the blueprint funding for disadvantaged communities of approximately \$1 million will give this project some resources and broad government and community commitment to making a difference.

MANAGING THE DEMAND FOR ASSET MAINTENANCE AND RENEWAL

Most rural shires struggle to fund the expectations of their communities and the maintenance of their assets because of low populations and significant infrastructure such as roads, bridges and buildings. While the Colac Otway Shire is performing well here, it is a significant challenge to keep rates at a realistic level for our community.

DETERMINING COLAC'S FUTURE ROAD HIERARCHY

It is now critical that we have a clearly endorsed proposal for an alternative heavy transport route and plan for a potential bypass ahead of predicted extensions of the dual highway from Winchelsea to Colac, and in the nearer future, the upgrading of Murray Street as part of the redesign of our urban area.

INCREASES IN LEGISLATION

The ever increasing legislative and operational responsibilities in delivery of services to the community is an ongoing challenge for Council. It continues to make local government's role more complex and demanding, and difficult to inform the community of Council's obligations. This is particularly relevant in the regulatory roles of Council, including Land Use Planning, Building, Local Laws and Emergency Management.

fast facts

REVIEW OF INTERNAL PROCESSES

While significant progress has been made we acknowledge that there are still substantial improvements to be made. Our community has the right to the best service that can be delivered and we are fully committed to continue to work toward that goal. Given the increasingly complex requirements /obligations Council has under many pieces of legislation, it remains a major and ongoing challenge for the organisation.

COMPLEX SUSTAINABILITY ISSUES

Managing and preparing for the growth of our community, including developing employment opportunities, education and more effective community engagement processes, while ensuring the environmental sustainability of our very sensitive and diverse environment.

FINANCIAL PRESSURES

There continues to be ongoing pressure on Council's finances with respect to demands for services. Colac Otway Shire is a Council with major facilities that require upgrading and renewal.

CONTINUOUS IMPROVEMENT

The need to continually review services with the aim of ensuring services are being undertaken in the most efficient and effective way with the funds that are currently available.

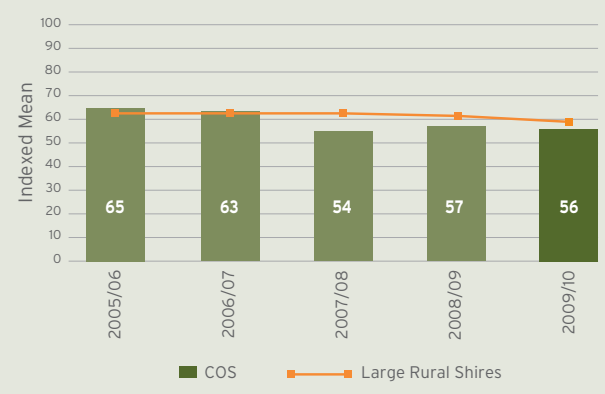
PROCUREMENT

Council provides a large range of services and has recently adopted a new Procurement Policy. There is an ongoing challenge to ensure that the provision of services complies with the new policy and meets the legislative requirements, while achieving the best value for money for the community.

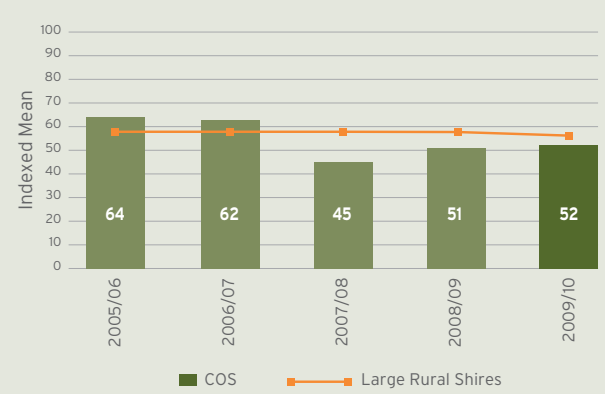
DISASTER RECOVERY

In the coming year a disaster recovery capability will be developed that will deliver the needs of Council as defined by the Business Impact Analysis report. It will provide Council with minimal down time and data loss in the event of a significant disaster event, such as the destruction of the Council's main Customer Service Centre in Colac. Developing the capability to meet the needs of Council will be a significant challenge.

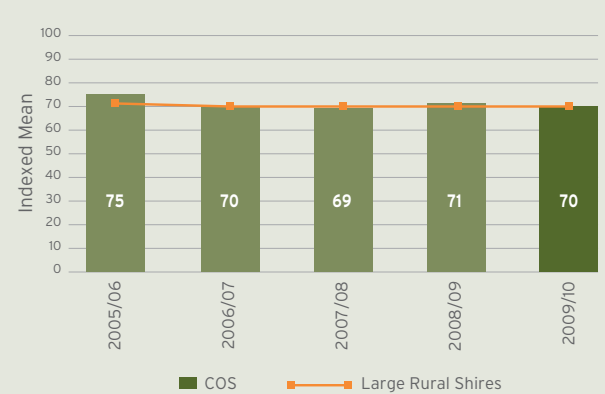
ADVOCACY



COMMUNITY ENGAGEMENT



CUSTOMER CONTACT



Data Source: Local Government Community Satisfaction Survey 2010, Department of Planning and Community Development

Leadership and governance

The Year Ahead

DESIGN OF COLAC'S CBD AND ENTRANCES

The initial work for an urban design for Colac is being prepared this year, which will also include the entrances to Colac. This will form the basis of lobbying for funding for the actual works which are predicted to cost approximately \$2 million. An attractive central precinct is pivotal to raising pride in our place and attracting visitors and settlers alike to an area.

MUNICIPAL FIRE MANAGEMENT PLAN VERSION 1

Council will be working with the members of the Municipal Fire Management Planning Committee on the development of Version 1 of a Municipal Fire Management Plan. It is envisioned that this plan will build on Council's current Municipal Fire Prevention Plan by covering a broader spectrum of actions required not only for prevention but also for preparedness, response and recovery.

ANIMAL EMERGENCY MANAGEMENT PLAN

The tragic events of 7 February 2009 have highlighted many areas where more work is required to effectively prepare for a major emergency. One area is the management of animals, particularly dogs, cats and horses. Accordingly, Council is committed to developing an Animal Emergency Management Plan that will build on the experiences of the 2009 fires to ensure animals are managed in the most effective way possible during an emergency.

DETERMINING FUTURE RURAL RESIDENTIAL ZONES

The consultant's work on preparing this work is almost complete and the second round of community consultation will be held in 2010/11. This issue has been, and will continue to be, a controversial one as unviable properties within farm zones are considered for housing. This is against a background of State policy which aims to preserve valuable farming land.

CHALLENGING FUNDING MODELS FOR RURAL SHIRES

Several initiatives are being pursued directly to put the case for a change in Federal grant funding to lower populated rural shires. The Shire is directly involved in an Australia-wide rural roads initiative aimed at recognising Shires with over \$100 million in primary production per year in arguing for road funding from the farm gate.

STRATEGIC PLANNING

The delivery of Council's extensive Strategic Planning Program within the Colac Otway Shire as well as working through the G21 Strategic Planning Pillar on the Regional Strategic Land Use Plan;

FINANCIAL PLANNING

Review the rating strategy in conjunction with Council; development of uniform financial management practices across the organisation and development of a comprehensive Long-term Financial Plan and Strategic Resource Plan.

EMERGENCY MANAGEMENT

Enhanced Emergency Management obligations (including the directions of the Bushfire Royal Commission when issued at the end of July 2010) and continuing the significant improvements and efficiencies that have been achieved to date.

COUNCIL POLICIES

Finalisation of the current review of Council's policies.

AUDIT RECOMMENDATIONS

Ongoing implementation of recommendations from various Audit Reports - from the Victorian Auditor General and Internal Auditor to ensure that the Council continues to improve its systems and practices and addresses any areas that have been identified as needing review.

INFORMATION TECHNOLOGY

18 specific projects are funded for delivery in the coming year. Much of the work relates to hardware and software upgrades with a focus on providing more effective and efficient systems. These include replacing the outdated electronic document library, finalising the disaster recovery implementation, providing a range of mobile capabilities and upgrading the server platform to the latest iteration.

IT DESKTOP PILOT

A pilot program will be undertaken looking at delivering PC desktop capabilities using virtual desktop technology. This pilot project will build on the investment in server virtualisation and provide a platform for the development of a Windows 7 and MS Office 2010 environment.

Re-Housing of Animals

Over 50 domestic animals that were collected by Local Laws Officers were re-housed in suitable new homes. This prevented the need to euthanise these animals so they can now live long lives and contribute to the overall wellbeing of the community. The welfare of any animals being held in the pound is of highest priority. Council's pound facility is considered to be a very high standard. Kevin Young holds two of the lucky kittens that found a new home.

Young Ambassador

Samantha Fennell was awarded our Young Ambassador for 2009. Samantha was school captain at Colac Secondary College and a passionate sportswoman. Samantha was among a field of a dozen candidates.

Customer Services the Top Performer

Colac Otway Shire Council was the top performing organisation in Customer Service Benchmarking Australia's annual complaints benchmarking report.

BELOW: Kevin Young CENTRE: Samantha Fennell, Young Ambassador for 2009
 RIGHT: Left to Right: Susan Johnson, Raelene Munro (Customer Service Coordinator), Sharyn Rayner and Simone Robertson



Leadership and governance

Our People

Our people, staff and volunteers, continued to deliver and drive successful service delivery in accordance with our Council Plan.

At 30 June 2010 there were 331 staff employed in a variety of permanent full-time, part-time and casual positions.

Appreciation of the fantastic contribution of all our people is ongoing, with monthly and annual recognition awards and functions.

Council's business performance is inextricably linked to the endeavour and performance of our people and Council continues to look at ways to acknowledge that effort and to develop our workforce to meet future challenges.

Supplementing Council's workforce are more than 20 Family Day Care contractors and work experience participants who assist in the delivery of council services. Our volunteers play a key role in tourism promotion, community transport and the delivery of major events.

ORGANISATIONAL TRAINING AND DEVELOPMENT

A fundamental principle of good governance is to ensure that we comply with the law. As well as staff receiving specific training on an ongoing basis related to their roles and legislative responsibilities, every second year a key aim of our annual organisation training and development program is the delivery of legislative compliance training. In 2009/10 Council staff participated in training covering Performance Management, Local Government Business Writing Training, Health & Safety Representative Training, CPR refresher training and Health & Safety Refresher Training. In addition, a range of other professional development training was undertaken, which included significant training initiated by Council installing new corporate software.

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.

OCCUPATIONAL HEALTH & SAFETY (OH&S)

We are committed to providing a safe and healthy workplace for our staff, contractors, volunteers and visitors. Our OH&S Consultative Committee meets bi-monthly, with all areas of our organisation represented on the committee through designated work groups.

Ongoing OH&S training is an essential element in continuously improving our health and safety performance. In 2009/10 staff participated in a number of training and activities including:

- > OH&S Representative 5 Day OH&S course & refresher training
- > First Aid training/CPR updates
- > Staff Health and Wellbeing activities

APPRECIATING OUR STAFF

Council has an ongoing Reward & Recognition Program to recognise key service milestones. This year special mentions were made of 12 employees with 20, 25 and 30 years of service to our community:

20 Years:

Sue Mulder, Peter McLeod, Greg Fletcher, Robin Peskett, Doreen Collins and Alan Collins

25 Years:

Ray Leak, George Ashworth and Gary Lucas

30 Years:

Graham Newcombe, Andrew Daffy and Edward Riches

Retirement

Graham 'Coke' Newcombe retired after 30 years of valued service at the Colac Livestock Selling Centre and a civic reception was held in his honour.



RIGHT: L to R: Rob Small (CEO),
Cr Lyn Russell (Mayor) and
Graham Newcombe

Equivalent Full Time Staff	EFT (Hrs)
Apollo Bay Harbour Operations	4.6
Capital Works	4.1
Corporate and Community Services	2.4
Cosworks	52.1
Economic Development	11.9
Environment and Community Safety	13.0
Executive	3.9
Finance and Customer Service	17.2
Health and Community Services	36.9
Information Services	9.5
Infrastructure and Services	2.1
Major Contracts	4.1
Organisation Support and Development	6.0
Planning and Building	12.4
Recreation, Arts and Culture	24.8
Sustainable Assets	4.5
Sustainable Planning and Development Management	2.2
TOTALS	211.8

Note: Increase in EFT hours from 2008/09 due to 27 pay periods this financial year and the inclusion of Apollo Bay Harbour staff previously not included

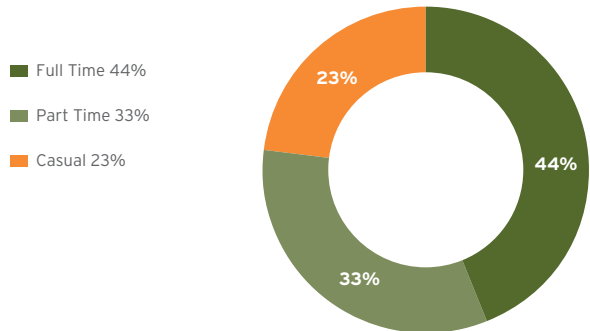
RECRUITMENT AND RETENTION

Council continues to experience some difficulties in attracting applications in areas of critical shortage across Local Government and in other industries in Australia, such as Engineering and Planning.

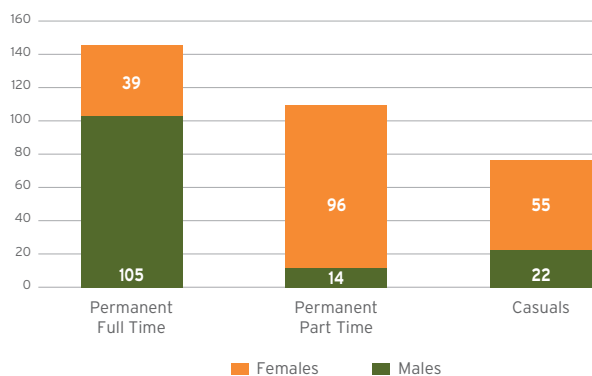
It is pleasing to note that our staff turnover has steadily decreased since 2005/06. We actively participate in the MAV Rural Council Workforce Planning Working Party, the LG Employment Branding Research Project and with six of the Greater South Coast Councils in an employment marketing campaign in local and national media. Issues around recruitment and retention continue to be addressed through our workforce planning strategies.

By being ideally situated within an hour's drive of major population centres and coastal areas, and by continuing to promote our commitment to staff development and training, we believe Colac Otway Shire is uniquely placed to offer an environment of challenge, growth, broad experiences and lifestyle options.

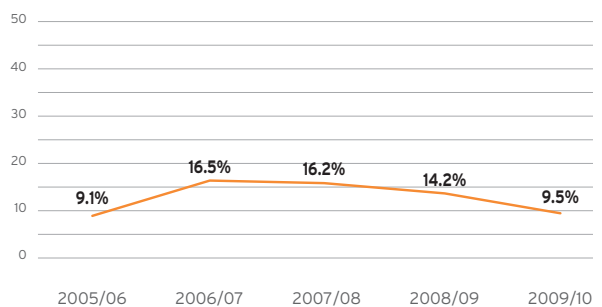
STAFF BY EMPLOYMENT STATUS



STAFF BY GENDER AND EMPLOYMENT CATEGORY



ANNUAL STAFF TURNOVER RATE



Leadership and governance

Progress on Council Plan Commitments

✓ 2009/10 Actions completed

▼ 2009/10 Actions behind schedule

◆ Deferred or delayed beyond 2009/10

STRATEGY 1: Lead the community in responding to the current and long-term sustainability challenges facing the municipality

Key Actions	Progress for 2009/10	Status
Pursue the development of a collaboratively developed Sustainable Population Strategy that takes into account the demographic, social, environment, economic, land use and leadership factors that make a great municipality	Colac Otway Shire has signed up to the G21 Regional Land Use Strategy project and will actively participate in the program. The Shire has also participated in the development of the Great South Coast regional strategic plan, which will be adopted by Council in July 2010.	✓
Review of Council's Local Laws	Council's "Local Law No 4 - Council Meeting Procedures and Common Seal" was adopted by Council in February 2010 after an extensive process.	✓
Review of Council's Policies	During the year 33 of Council's policies were reviewed and adopted by Council (refer page 80 for a detailed list).	✓

STRATEGY 2: Improve community engagement to ensure open, accessible, transparent planning and decision making

Key Actions	Progress for 2009/10	Status
Continuously improve and implement Council's Community Engagement Policy, Procedure and Toolkit	Council formally adopted the participation tool kit known as IAP2 in January 2010. Staff training took place in May, attended by 35 staff from various parts of the organisation. The IAP2 format is now being actively used by staff.	✓
Conduct community forums throughout the Shire	Six forums held based on a range of topics including rural residential living zones and reviews of structure plans for Birregurra and Forrest.	✓

STRATEGY 3: Provide responsible financial management

Key Actions	Progress for 2009/10	Status
Develop a ten year financial plan that is integrated with Council's Asset Management Strategy	Council is participating in the Local Government Sustainability Program. Council has commenced the process to review the Strategic Resource Plan and develop a 10-year long-term financial plan.	✓
Support the Audit Committee and maintain an internal audit program ensuring an Audit Plan is developed and implemented annually based on the outcomes of the Risk Profiling project	Council's audit committee has continued to actively monitor areas of potential risk. An internal audit program has been developed based upon a risk assessment conducted independently.	✓

STRATEGY 3: Provide responsible financial management (continued)

Key Actions	Progress for 2009/10	Status
Implement a new chart of accounts in line with integration of the Financial Management software	A new chart of accounts has been implemented for the organisation. Regular reviews of the chart will continue to ensure its effectiveness.	✓
Facilitate a strategic and integrated approach for grants applications which ensures alignment with the Council Plan and Budget	Staff resource allocated to managing the Grants Strategy including staff training and development, administration of the grants register and relationship building with external funding bodies.	✓
Secure multiple grants for major projects, where possible, to reduce Council's matching contribution from other than rate revenue	Multiple grants have been sourced whenever possible to reduce Council's matching contribution.	✓

STRATEGY 4: Continuously improve the services directly provided by Council

Key Actions	Progress for 2009/10	Status
Carry out best value reviews on Council operations and implement the prescribed actions	Best Value review completed for Parks and Gardens. An outcome of the review will result in establishing a new service level agreement that recognises increased expansion of parks and reserve areas and the growth in community expectations.	✓
Improve Council's Customer Service capability to increase customer satisfaction	The customer service team received national recognition through an independent benchmarking exercise undertaken during the year.	✓
Actively promote the delivery of responsive customer service across the organisation	Council continues to raise the awareness of customer service as an organisational activity (refer page 9 Celebrating Achievements).	✓

STRATEGY 5: Advocate for improved infrastructure, services and utilities provided to our community by other organisations or levels of Government and in relation to environmental issues

Key Actions	Progress for 2009/10	Status
Advocate and influence the development of water authorities' water supply demand policies and strategies	<p>Council has been a strong advocate for the Birregurra Sewerage Scheme and further sewerage schemes for Wye River and Separation Creek. Based on the significant advocacy work that Council has undertaken in the past, consultants, on behalf of Barwon Water, have undertaken a design of the Birregurra Sewerage Scheme, and this has been tendered out by Barwon Water in the 2009/10 Financial Year. Works have commenced on the implementation of this Scheme.</p> <p>Council has also been working with Barwon Water in relation to development of sewerage schemes for Wye River and Separation Creek and a presentation on progress was made to Council in December 2009 by Barwon Water regarding the status of this work. Further investigation is being undertaken into future options of proposed treatment effluent discharge to Wye River and Separation Creek and Council will continue to work with Barwon Water to advocate for suitable facilities in these areas.</p>	✓

Leadership and governance

Progress on Council Plan Commitments

✓ 2009/10 Actions completed

▼ 2009/10 Actions behind schedule

◆ Deferred or delayed beyond 2009/10

STRATEGY 5: Advocate for improved infrastructure, services and utilities provided to our community by other organisations or levels of Government and in relation to environmental issues (continued)

Key Actions	Progress for 2009/10	Status
Advocate for increased State Government recognition and funding as compensation for the Shire's larger than average area of non-rateable land	Development of funding cases has been made by the Australian Regional Roads Group led by Cr Lyn Russell and the rating plight of farming based Councils by Cr Frank Buchanan. Both business cases are being evaluated.	✓
Advocate for appropriate State and Federal Government funding for community priorities	Priority project lists have been prepared and lobbying has occurred at the state and federal level. Specific lobbying has occurred on the Princess highway, Apollo Bay Harbour, the trade training centre, television, broadband network and mobile phone coverage, connectivity to Geelong by improved rail services, the use of the former High School site, development of the indoor stadium and hydrotherapy pool at BWFC and enhancements to COPACC Civic Hall, the upgrade of Colac's CBD, disadvantaged communities in the shire and Central Reserve upgrades. Success has been noted in several of these projects.	✓
Participate in G21 and Great South Coast resource sharing forums and negotiations on regional strategic objectives	Staff and Councillors are actively involved in G21 pillars where many projects are lobbied in Colac Otway Shire's community interests. Council has been actively involved in the development of a Great South Coast Regional Strategic Plan (GSCRSP), which will be adopted in July 2010.	✓
Advocate for appropriate fire prevention activities in the Great Otway National park and other public land	Council has been working with other key fire agencies through the Regional Strategic Fire Management Planning Committee and the Municipal Fire Management Planning Committee to enable integrated fire management activities across the Colac Otway Region on both public and private land.	✓

STRATEGY 6: Attract and retain quality staff

Key Actions	Progress for 2009/10	Status
Negotiate the fifth Colac Otway Shire Enterprise Agreement	Negotiations formally commenced in May 2010, with Council's Staff Consultative Committee and relevant industrial bodies. Substantive progress has been achieved, with the new agreement expected to be completed by September 2010.	✓
Work in partnership with local and industry groups on employment branding initiatives that enhance the profile and appeal of local government as an "employer of choice"	Council participated in two career expos and continued to develop and improve employment materials that market the diverse range of career opportunities in Local Government and, in particular, those offered to the youth in Colac Otway Shire. Improved marketing has resulted in increased numbers and quality of applicants.	✓

STRATEGY 7: Provide a fair, safe and healthy work environment

Key Actions	Progress for 2009/10	Status
Enhance and implement the corporate occupational health and safety systems (SafetyMap) and ensure ongoing compliance with all relevant regulations	External auditing by SafetyMap confirmed Council's health and safety policy and procedures are being implemented to industry standards. Minor corrective actions identified through the audit have been addressed.	✓
Review Council Offices and Staff Accommodation to ensure appropriate space is provided to accommodate staff	A review of staff accommodation has been completed with funds allowed in the 2010/11 budget to relocate Sustainable Planning and Development staff to the former library site. This will allow the relocation of the Health and Community services section to the Rae Street building. Decisions on these matters are to be determined by Council in 2010/11.	✓

STRATEGY 8: Continuously improve operational systems, processes and minimise risk

Key Actions	Progress for 2009/10	Status
Implement the Risk profiling project (including a review of the Risk Management strategy and implementation of the Risk Register software) to effectively manage and minimise Council's liabilities and eliminate risk	Risk profiling project completed. Ongoing action has included the loading of the Risk Register into the corporate management software system, which is now available to all responsible council officers to monitor and manage any identified, emerging or new risks.	✓
Review and update Council's Risk Management Policy and Procedures Manual including compliance audits	Review of the Risk Management Policy has been completed. Compliance audit results improved and were well above State and regional averages. Observations from the audit have been used to review risk procedures across Council.	✓
Implement the Systems and Processes Review project to ensure that systems and processes are operating effectively and providing support to eliminate risk	A continuous improvement model was applied to the Systems and Processes Review, which resulted in a new and improved project and budget request process. Project management models and systems have been enhanced and improvements made to the reporting software. Risk management tools have been embedded into project and budget processes.	✓
Implement Council's Information Communication Technology strategic plan	The actions scheduled for implementation in 2009/10 that were funded in the budget were all implemented on time and within budget.	✓
Develop and implement Council's Information Services disaster recovery environment	Council's disaster recovery environment continues to be developed to meet the needs of the organisation. This year in addition to building the physical infrastructure, an array of supporting disaster recovery documentation was developed.	✓
Seek opportunities for sharing of resources and expertise across the region	Staff have participated in the Super 11 Benchmarking Group. A Best Value review has been completed for Parks and Gardens. An outcome of the review was to undertake a service level review, which is currently in progress. Investigations are being conducted into adopting the Business Excellence Framework, with a staff briefing held in June 2010.	✓

Leadership and governance

Progress on Council Plan Commitments

✓ 2009/10 Actions completed

▼ 2009/10 Actions behind schedule

◆ Deferred or delayed beyond 2009/10

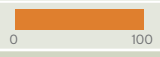
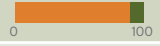






STRATEGY 9: Communicate regularly, effectively and honestly with the community

Key Actions	Progress for 2009/10	Status
Provide relevant, timely and accurate information to the community using print, radio and web media, as well as non-media channels such as newsletters and the Colac Otway Shire website	Council keeps our community informed through a variety of channels including media and non-media sources. Council issued 372 media releases during the year and published monthly Council Columns in The Colac Herald. Monitoring of key local media and newsletters showed there were more than 1,000 stories about Council published or aired during 2009/10. This monitoring is not exhaustive, and actual media coverage figures are likely to be higher than this. An assessment of these stories shows that 65 per cent were positive, 10 per cent were negative and 25 per cent were informative or neutral.	✓
Ensure Colac Otway Shire's website is accessible, easy to navigate, utilises appropriate web technologies and contains relevant and up-to-date information	Council's website is regularly updated, with staff members throughout the organisation trained and responsible for keeping their allocated sections of the website up to date. The Economic Development section of the website has been reviewed and updated, and an update of the building and planning sections of the website is underway.	✓

STRATEGY 10: Meet our statutory obligations for community safety, security and responses to emergency situations

Key Actions	Progress for 2009/10	Status
Implement the Domestic Animal Management Plan	The Domestic Animal Management Plan is being implemented effectively. A special rate for animal registrations that encourages desexing and microchipping has been introduced successfully. Further refinement of the schedule of fees is currently being examined to address the reluctance of owners to register their working dogs.	✓
Implement the Municipal Fire Prevention Plan	The Municipal Fire Prevention Plan is being implemented effectively. Council has reviewed and updated the plan in line with the recommendations from the Royal Commission into the 7 February bushfire tragedy. Council carried out its responsibilities to maintain strategic fire breaks identified in the plan. The inspection process that Council is responsible for undertaking during the fire season was carried out comprehensively.	✓
Establish integrated fire management practices	Council is working with a range of other agencies to integrate a range of fire and emergency related plans into an Integrated Fire Management Plan. Although the Municipal Fire Management Plan is still being developed the process has led to the formation of a Municipal Fire Management Planning Committee that looks at all elements of fire management.	✓
Undertake an annual review of the Emergency Management Plan (EMP) from a Shire perspective and implement awareness training and readiness programs for community and staff	Annual review of Emergency Management Plan undertaken and a new structure implemented for Emergency Management. Awareness training and readiness programs were undertaken and were trialled for the Emergency Coordination Centre and for a Relief Centre. Council continues to work closely with various agencies through the Emergency Management Planning Committee.	✓

Strategic Indicators for Leadership and Governance

Indicator	Target 2009/10	Result 2009/10	Result
Achievement of Council Commitments and Key Actions	100%	100%	
Community satisfaction with the Overall Performance of Council	62%	55%	
Community satisfaction with Council's Advocacy role	63%	56%	
Community satisfaction with Council's Community Engagement	62%	52%	
Community satisfaction with Council's Customer Contact	73%	70%	
Risk Liability Assessment	87%	89%	
Liquidity Ratio	1.50:1 (Est AIFRS Adj)	2.18:1	
Audit Opinion issued on Financial Statements	Compliance with all statutory requirements	Yes	

BELOW: Colac Youth Council

Back Row (L-R) Cr. Chris Smith, Lucy Vesey (Vice-Chair), Daisy Brettargh, Stephanie Brauer, Emma McMaster, Tim Smith (Treasurer), Terry Woodcroft (Leading Senior Constable for the program, Co-Pylit)

Front Row (L-R) Brittnee Colbourne (Chair); Mickayla Leak, Jessica Westlake (Minute Secretary), Katherine Attrill (Colac Otway Shire)

Absent Kerri Bauer (SWLLEN), and Jo Donkers (Colac Area Health)



Physical infrastructure and assets





Objective

Council will provide and maintain Council infrastructure and assets that meet community needs now and in the future.

Physical Infrastructure and Assets is supported by the continued delivery of a diverse range of services, projects and programs:

Apollo Bay Harbour Management

Asset Management

Building maintenance, development and upgrades

Colac Livestock Selling Centre

Contract Management

Engineering Design

Infrastructure Maintenance and upgrades

Road Safety

Physical infrastructure and assets

Highlights

ELLIMINYT NATURAL GAS SPECIAL CHARGE SCHEME

The Special Charge Scheme for the provision of Natural Gas infrastructure to the Elliminyt area was completed in January 2010 and was a key milestone of Council. This major project, managed through Council, involved 548 residents at a total cost of \$871,164. The project was largely funded by the community through the Scheme and has resulted in improved services to the residential properties of Elliminyt.

INFRASTRUCTURE ENVIRONMENTAL PLANNING

The appointment of an Infrastructure Environment Officer has enabled Council to manage the complex environmental and planning relationships in the carrying out of a range of works and services by Council in the field. The position assists with the smooth transition of planning permits and sign off by government agencies in relation to maintenance and vegetation controlled works on the Council's extensive road network. This ensures that Council is operating at Best Practice and is not in breach of any legislative requirements.

REHABILITATION OF CRESSY SHELFORD ROAD

Works have been progressing well since the appointment of an Infrastructure Environment Officer to oversee the management of the works to ensure that they comply with the relevant legislative requirements. A Cressy Shelford Road Steering Committee has been established to assist in the ongoing monitoring of environmental works in the area.

INTERNAL DEVELOPMENT OF A CAPITAL WORKS AND MAJOR PROJECTS MANAGEMENT SYSTEM

The system is based on a 10 year projection for capital works and major projects and has greatly assisted Council in both understanding and standardising priority works for future budgets. By October 2009, project reporting templates had been developed and were being used to report project progress and expenditure. Through the development of the project reporting tools, Council Officers now have a system in place to relay information to Executive in a consistent and uniform manner which clearly shows if projects are tracking on time and on budget.

KEY ROAD IMPROVEMENT PROJECTS

Road widening works on sections of Irrewillipe Road were completed to provide a full width sealed pavement to improve local road access for B-Double transport vehicles. It will also significantly improve road safety for all road users by reducing potential conflict between general road users and higher mass heavy vehicles.

Stage 2 of the rehabilitation works on Binns Road included gravel resheeting, drainage improvements, slip rehabilitation and reinstatement of sight lines along Binns Road. Stage 2 works extended from the Aire River through to the Great Ocean Road, and have resulted in rehabilitation of the entire length of the road. The road upgrade supports local industry, particularly the timber industry, as well as providing benefits to other road users through the safety improvements. This project was delivered through funding received from the Better Roads Program.

BUILDING RENEWAL PROGRAM

Council's commitment to the delivery of improved community facilities continues to be realised through the completion of the 2009/10 Building Renewal Program (\$250,000). Works under this program included a major refurbishment of the Colac Lawn Tennis Clubrooms, painting and repairs to the Loves Creek Public Toilets, painting and other repairs to the Lavers Hill Public Hall, and painting of the Beech Forest Public Toilets.

A number of other building projects were completed under Council's 2009/10 Capital Works Program. These included the upgrade of the existing water meter servicing the Botanic Gardens, and upgrades to the existing switchboards at the Irrewillipe Recreation Reserve and Council's Elliminyt Works Depot.

BRIDGES

Rehabilitation works on a number of bridges across the municipality were completed during the course of the year (\$120,000). Major works were completed to armour the abutments to the Murroon Bridge to preserve its long-term structural integrity. Major repairs were also undertaken to address a sinking abutment to a bridge located on Seven Bridges Road, Gerangamete.

fast facts



ASSET MANAGEMENT STRATEGY

A comprehensive review of Council's existing Strategic Asset Management Plan has been completed with the preparation of a new Asset Management Strategy. The emphasis of the strategy is to document the key actions necessary to improve Council's overall asset management capabilities.

ROAD MANAGEMENT PLAN

Council also continued to perform well in delivering on its road management commitments by meeting specific measures for Road Management Plan compliance. This relates to the proactive inspection and maintenance regimes established for our local road and footpath networks.

FOOTPATHS

As part of Council's overall program to renew and rehabilitate its ageing assets, key sections of footpath were replaced as part of the 2009/10 Annual Footpath Replacement Program (\$180,000). This included areas of concrete footpath located along Bromfield Street, Wilson Street, and Johnstone Crescent in Colac and also along Whelan Street in Apollo Bay.

LONG-TERM DREDGING OPTIONS AND SAND MANAGEMENT STUDY

This study was initiated to identify the effective solutions to manage the build up of sand at the harbour entrance. The study concluded that there is need to replace the current dredging vessel and workboat due to its old age and decreasing reliability and effectiveness. Meetings have been held with the Department of Sustainability and Environment and the Department of Transport to highlight the urgency of this significant asset replacement project, which will need to be Government funded. The excavation of the groyne has also been discussed in conjunction with dredge replacement to make the sand management measures more effective.

BREAKWATER RE-ARMOURING WORKS

Necessary investigation and design works were completed in 2009/10 and application lodged with Regional Infrastructure Development Funds (RIDF) for allocation of funds for completing all aspects of works comprising of increasing of height of approximately 100m of breakwater, re-armouring, pavement reinstatement and public access upgrade.

NET EXPENDITURE

\$10,686,637

EQUIVALENT FULL-TIME POSITIONS

69.3

INFRASTRUCTURE AND ASSETS

1,632 km of Roads

- > 558 km Sealed
- > 1,074 km Unsealed

134 Bridges maintained

120 km of Footpaths

144 Buildings

KEY FUNCTIONS

- > Development, management and monitoring of Council's Capital Works Programs and major operational projects
- > Project planning, design and delivery of infrastructure related projects within the Capital Works Program
- > Development and facilitation of Special Charge Scheme projects
- > Engineering advice for developments via the town planning process
- > Active participation in Colac RoadSafe
- > Implementation of Council's Road Safety Strategy
- > Provision of general engineering services to both internal and external customers
- > Provision of civil infrastructure including roads, drainage systems, footpaths, car parks, bridges, traffic facilities, buildings, recreation areas etc.
- > Capital improvement projects including the renewal of assets, upgrades and in some cases the provision of new assets
- > Prioritisation of capital works projects to ensure Council is able to allocate the available funds as each year the number of projects included for consideration is far in excess of the available budget
- > Managing of tendering and contracts
- > Management of the Colac Livestock Selling Centre, which provides facilities for weekly sales of livestock in the region

SERVICE STATISTICS

- > 1,500 m of Footpaths reconstructed
- > 47,399 animals through the Colac Livestock Selling Centre
- > 37 km of sealed roads resealed
- > 90 km of gravel roads resheeted

Physical infrastructure and assets

Disappointments

APOLLO BAY TRANSFER STATION

The Apollo Bay Transfer Station encountered significant foundation problems after work had commenced due to the poor ground conditions, wet weather and the nature of the soil in the area. This required general strengthening of the foundations over the majority of the site and added significant cost to this project which has otherwise gone exceptionally well.

CAPITAL WORKS PROJECT MANAGEMENT

The adoption of the Capital Works Management System and the associated Reporting Tool has not been as widely accepted internally as was hoped for. It is intended that this be further strengthened through internal consultation, training and assistance over the next 12 months.

PROJECT COMPLETION

The percentage of Capital Works and Major Projects completed within the 2009/10 financial year is slightly less than previous years. External circumstances outside Council's control influenced the ability for these projects to be completed including the implementation of a new Council software system, the need to obtain a range of approvals from external government agencies, compliance with statutory and legal processes such as land purchases, the need for developers to complete their works prior to Council undertaking its own work and delays due to weather. However, these projects are generally well under way, with completion expected early in the 2010/11 financial year.

ASSET MAINTENANCE MODEL

The organisational model for the planning and maintenance of Council buildings and facilities needs to be revised so that these important assets are managed effectively.

ASSET MANAGEMENT SYSTEMS

Council's existing asset management systems require review and consolidation. This needs to consider possible integration issues with Council's other corporate systems and processes.

ASSET MANAGEMENT PLANS

Protracted development of Asset Management Plans for the key asset areas of Buildings and Stormwater Drainage.

APOLLO BAY HARBOUR

Non-availability of funds for dredging vessel replacement. Also, some of the labour intensive works associated with the replacement of slipway rails, such as replacement of boat cradle wheels and galvanizing and sandblasting works, suffered delay due to non-availability of local contractors and the demand for use of the slipway by boat owners. These remaining works have been carried over to the 2010/11 financial year and are likely to be completed early in the next financial year.

Challenges Facing the Year Ahead

INFRASTRUCTURE MAINTENANCE

Council's biggest challenge into the future will be ensuring that the Council's road network is maintained at a sufficient level and, in particular, that Council's bridge network is maintained at a level that meets community expectations and demands. Council manages 134 bridges and major drainage culverts. A large proportion of the older timber bridges are nearing the end of their useful life and will require a significant capital injection to bring up to standard. Council is currently reviewing all bridges and trying to source additional funding to upgrade major strategic bridges to remove load limits and allow high value industries to continue to operate, such as logging and dairying.

ASSET MANAGEMENT

Ensuring that the 144 Council owned and managed buildings, with a current replacement cost of approximately \$53 million, are maintained and renewed at the level which meets affordable community expectations. Council's asset management planning has indicated a significant funding injection for the annual maintenance and renewal of buildings into the future which needs to be carefully managed. A process of prioritising works and services is currently being undertaken to address the funding requirements and detailed programs will be developed for consideration by Council.

PROJECT MANAGEMENT

Further development of project management practices across the organisation are still required to assist project managers with the skills and tools necessary to successfully deliver projects on time, on budget and to the required standard.

ACHIEVING TARGETS

Completing a minimum of 85% of the Capital Works and Major Projects Program for the next year will be a high priority.

ASSET MANAGEMENT STRATEGY

Implementation of the improvement initiatives included in Council's Asset Management Strategy to progressively improve Council's processes and practices across a number of key elements including; policy; asset planning; levels of service; governance arrangements; and data and systems.

APOLLO BAY HARBOUR

Continue dialogue with the Department of Transport for replacement of dredging vessel and accessories. Explore Government funding for upgrade of boat ramp facilities and pursue groyne clearance and sand management options.

BELOW: Early morning at the Apollo Bay harbour PHOTO: Cindy Schulz



Scholarship Win

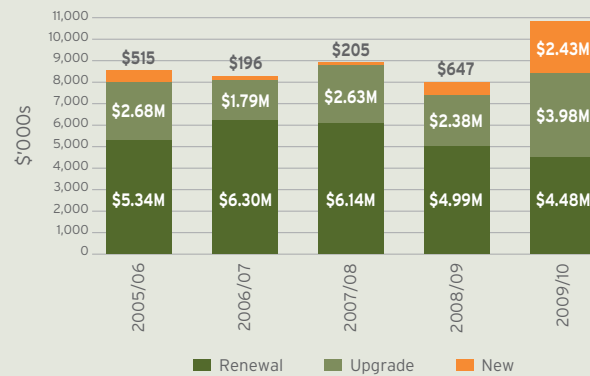
Capital Works Manager Paula Gardiner received a scholarship to attend the American Public Works Association (APWA) Congress in Boston USA.

BELOW: Capital Works Manager Paula Gardiner

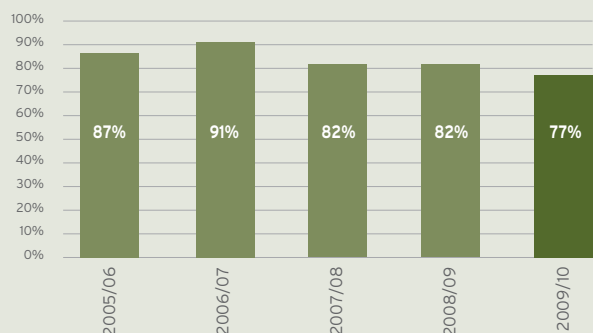


fast facts

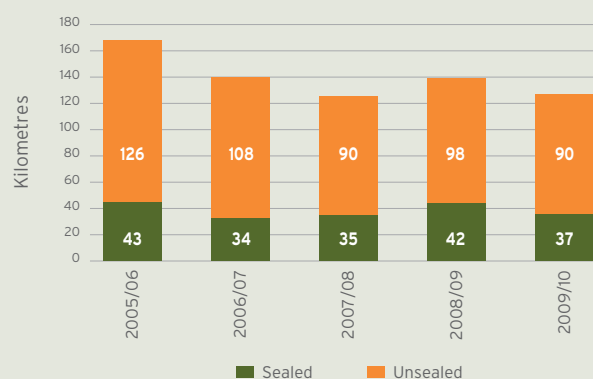
CAPITAL WORKS UNDERTAKEN



PERCENTAGE OF CAPITAL WORKS COMPLETED



ROAD NETWORK RENEWAL WORKS



Physical infrastructure and assets

Major Projects for the Year Ahead

SERVICE LEVELS

Council's major challenge is to ensure that the Assets that Council has will be maintained to an acceptable level for the community given the limited funds available. This will require a review of the current assets and service levels provided by Council to determine if changes are needed. Council is currently in the process of developing a Service Level Agreement for Parks and Gardens which will set the Standard required for Service Level Agreements across Council. A significant workload is required to ensure that the services carried are accurately known and documented.

LONG-TERM PLANNING

Further enhance the linkage of the 10 year Capital Works and Major Projects Program with the Long-term Financial Plan, and annual Budget preparation. This will include alignment of the budget preparation methodology and the Capital Works & Major Projects Program, which would result in an easier first cut of annual budgets.

PROJECT REPORTING

Improve project reporting to enable project managers to track the key milestones within each project. This will assist to identify project slippage from a very early stage so that decisions relating to resource need or budget review can be undertaken in order to try and bring the project back on track.

CAPITAL WORKS

Delivery of significant building projects included in Council's 2010/11 Capital Works Program. These projects will involve refurbishment and access upgrades to the Kanyana Senior Citizens Centre, upgrade to the toilet facilities provided in the Colac Youth Club Hall, and management of the annual Building Renewal Program.

ASSET MANAGEMENT

Continued involvement in the MAV's Regional Asset Management Services Project to share knowledge across the South West aimed at improving asset management practices across the region. Ongoing development of Council's Asset Management systems, plans, and processes to ensure effective decision making in infrastructure investment and service delivery.

TRUCK ROUTE

To determine the over-dimensional truck route for the Colac Township in consultation with VicRoads, Council and the community.

APOLLO BAY HARBOUR

Undertake upgrade of Main Breakwater utilising Regional Infrastructure Development Funds.

COLAC LIVESTOCK SELLING CENTRE

To determine the appropriate long-term development requirements for the Centre to address expectations into the future.

Management of Local Ports

The management of Local Ports has been transferred from the Department of Sustainability and Environment (DSE) to the Department of Transport (DOT) with effect from 1 July 2010. The transfer process commenced late in the 2009/10 financial year and was completed by 30 June 2010. DOT aims to manage the ports to a higher standard utilising their expertise in Business Planning and project management. Council has supported the 12 months Draft Management Agreement and signed the new agreement to come into effect from 1 July 2010. A long-term management agreement will be negotiated between the two parties during the 12-month term.

Parks and Gardens



ABOVE:
Daniel Roberts from our Cosworks team reseeded the Central Reserve oval.

Progress on Council Plan Commitments

✓ 2009/10 Actions completed

▼ 2009/10 Actions behind schedule

◆ Deferred or delayed beyond 2009/10

STRATEGY 1: Ensure infrastructure development, renewal and maintenance plans address current and forecast community needs

Key Actions	Progress for 2009/10	Status
Plan and implement infrastructure projects that transform townships and promote economic development and community strengthening	Council has planned a number of infrastructure projects as part of the development of the 10 year Capital Works and Major Projects forward planning program. This program looks at identifying the highest priority works in townships and the need to construct new works. Part of the forward planning involved the review of footpath programs for Apollo Bay and Colac. Council is in the process of developing strategic footpath networks in these towns which will assist with the transformation of the towns. Other works have included the upgrade of a number of small community halls through Council's Asset Maintenance Program and included Swan Marsh and Lavers Hill Community Halls.	✓
Review and implement Asset Management Plans to ensure that the level of funding for asset development, maintenance and upgrade meets the community's expectations	An Asset Management Strategy has been prepared to provide the foundation for the preparation and review of Council's Asset Management Plans. This will ensure the consistent preparation of future plans.	✓
Develop a 10 year capital works and major projects program according to adopted priorities	A 10 year capital works program methodology and system has been developed. The system needs to be finetuned which will occur on an ongoing basis. The project information will continue to be placed within the program.	✓
Review the 10 year capital works and major projects program annually	This is ongoing, and is done in conjunction with the Council Budget development.	✓

STRATEGY 2: Implement and manage Colac Otway Shire's Road Management Plan

Key Actions	Progress for 2009/10	Status
Continue active participation and involvement in the STEP Asset Management Program with the Municipal Association of Victoria	Council continues to be an active participant in the MAV's STEP Asset Management Program. Council is now involved with the South West Region of Councils as part of the Regional Asset Management Services Project which has been developed by the MAV in response to the Federal Government's National Frameworks for financial sustainability and asset planning.	✓
In line with the <i>Road Management Act 2004</i> requirements, review and update Colac Otway Shire's Road Management Plan	Council's revised Road Management Plan was adopted in June 2009 as required under the provisions of the <i>Road Management Act 2004</i> . Performance against the plan is monitored on a continuing basis.	✓

Physical infrastructure and assets

Progress on Council Plan Commitments

✓ 2009/10 Actions completed

▼ 2009/10 Actions behind schedule

◆ Deferred or delayed beyond 2009/10

Strategy 2: Implement and manage Colac Otway Shire's Road Management Plan (continued)

Key Actions	Progress for 2009/10	Status
Develop a Strategic Footpath Plan for Colac	A draft Strategic Footpath Plan has been developed, which will be forwarded to Council for consideration prior to displaying for public comment.	✓
Review and implement the Strategic Footpath Plan for Apollo Bay	The primary network identified in the current strategy has largely been constructed. As such this review will look to further consider community needs. It is anticipated that this review will be presented to Council by October 2010 prior to seeking public comment.	✓

STRATEGY 3: Manage Council's buildings and facilities in a responsible, safe and sustainable manner

Key Actions	Progress for 2009/10	Status
Develop Building Assets Management Plan and implement according to adopted priorities	The Draft Building Asset Management Plan will be reviewed in light of the outcomes of Council's Asset Management Strategy and the direction provided by the Federal Government's national asset planning framework.	▼
Develop a Land Rationalisation Program	The Land Rationalisation Program will be an outcome of the review of the Asset Management Strategy. A Draft Asset Management Strategy has now been completed and the Land Rationalisation Program is scheduled for completion in the 2013/14 financial year after extensive community consultation.	✓
Develop a Building Rationalisation Program	The Building Rationalisation Program will be an outcome of the review of the Asset Management Strategy. A Draft Asset Management Strategy has now been completed and the Building Rationalisation Program is scheduled for completion in the 2013/14 financial year after extensive community consultation.	✓

STRATEGY 4: Improve local and regional transport networks to ensure safety and accessibility

Key Actions	Progress for 2009/10	Status
Implement the Transport Linkages program	Council has continued to participate in G21 meetings and lobby for a regional transport upgrade, particularly rail services for Colac and the West of Victoria. Council has also continued to lobby for the continued duplication of the Princes Highway from Winchelsea to Colac and for an increase in the number of overtaking lanes and upgrades to the Princes Highway network from Colac to the South Australia border. Council has participated in the development of the Great South Coast Regional Strategic Plan which has identified the need to ensure that transport linkages between Colac and regional centres within the Great South Coast and beyond are enhanced and maintained.	✓

STRATEGY 4: Improve local and regional transport networks to ensure safety and accessibility (continued)

Key Actions	Progress for 2009/10	Status
Implement the parts of the G21 Transport Plan relevant to Colac Otway Shire	Council has continued to lobby through both the Geelong G21 Group and the Great South Coast Group under strategic planning processes for duplication of the Princes Highway from Winchelsea to Colac and this has been presented to the State Government Interdepartmental Committee for consideration. Council has also continued to strongly advocate for an upgrade to the rail infrastructure and increasing services for Colac and the West.	✓
In partnership with regional councils and VicRoads develop and implement a Road Safety Plan and Council approved road safety initiatives	Council adopted the Road Safety Plan in July 2009. Works have been progressively implemented throughout the year in accordance with the requirement of the Plan.	✓
Advocate for duplication of the Princes Highway from Winchelsea to Colac	Actively advocated through State and Federal politicians as a Council and through G21 and Great South Coast.	✓
Advocate for further improvements to the Princes Highway from Colac to the South Australian border	Actively advocated through State and Federal politicians as a Council and through G21 and Great South Coast. No firm commitments have been made.	✓
In partnership with VicRoads identify options and plan for alternative road access through or around Colac, particularly relating to freight movement	<p>The alternate road access for heavy and over-dimensional vehicles through or around Colac has been identified as a key project and will be undertaken in 2010/11.</p> <p>This project will investigate and identify the options available for alternate road access for Heavy and Over Dimensional Vehicles in Colac. Work will be carried out in conjunction with VicRoads and the intended completion of the duplication of the Princes Highway from Winchelsea to Colac. A key requirement of the project will be to review the road hierarchy system in and around Colac and its impact on the Colac Structure Plan and any key upgrades for alterations that will be required to the existing road networks.</p> <p>It is anticipated that this project will be completed by the end of the 2010/11 financial year after extensive community consultation.</p>	✓
Advocate for improved commuter Rail Services and safe Railway Crossings	<p>Council has undertaken extensive advocacy work with both V-Line and VicTrack. This matter has been listed on the G21 Transport Pillar as an issue for Colac Otway Shire. Meetings have taken place with various representatives from VicTrack to address both the need for an increased rail service and the need for increased rail crossing safety.</p> <p>Officers have also been working on a Rail/Road Safety Interface Agreement (SIA) and a progress report was presented to the 22 April 2009 Council meeting where Council resolved to develop the interface agreement. Work will continue with VicTrack to develop the Rail Safety Interface Agreement to ensure that Council complies with its statutory obligations.</p>	✓

Physical infrastructure and assets

Progress on Council Plan Commitments

✓ 2009/10 Actions completed

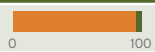
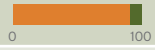


▼ 2009/10 Actions behind schedule

◆ Deferred or delayed beyond 2009/10

STRATEGY 5: Ensure environmental risks are adequately addressed for Council infrastructure works, including impacts of climate change

Key Actions	Progress for 2009/10	Status
Implement sound procedures to ensure that environmental constraints are adequately considered in the planning and implementation of Council's infrastructure maintenance activities	<p>Council has appointed an Environmental Officer in the Infrastructure and Services Department to ensure that Council complies with its legislative responsibilities. The officer's role is to review work flow and tasks for major projects and capital works which will impact on the environment and to ensure that Council complies with the necessary Legislative requirements. This will also include a review of maintenance activities in relation to Council's roadside and open space maintenance and construction practices.</p> <p>Works have been process mapped, and operating procedures have been developed to ensure that Council is operating under Best Practice Guidelines. In addition Council has developed an initial Memorandum of Understanding (MOU) with the Department of Sustainability and Environment (DSE) in relation to maintenance of vegetation along Council's roadsides. This is based on a vegetation maintenance envelope and reporting requirements.</p> <p>Officers will continue to work with DSE in development of a new MOU over the next 12 months which will clearly outline Council's maintenance responsibilities and to ensure that there is a consistent approach between maintenance activities carried out through Council, VicRoads, DSE and other State and Federal Government agencies.</p>	✓
Develop a proposed long-term management response to sea level rise for Council assets	<p>The Future Coasts project managed through DSE involves mapping of the coastline and identifying areas which will be impacted on by future sea level rises. Until that work is completed, Council will not be in a position to identify the individual assets that will be affected by sea level rise.</p> <p>This work will be ongoing over a number of years, however, the outcomes of the Future Coasts project will provide guidance for Council as to where to upgrade assets that can be potentially impacted on by future sea level rises.</p>	✓

Strategic Indicators for Physical Infrastructure and Assets

Indicator	Target 2009/10	Result 2009/10	Result
Achievement of Council Commitments and Key Actions	100%	95%	
Percentage of Capital Works expenditure projects completed	85%	77%	
Capital Works expenditure actual compared to budgeted expenditure	85%	80%	
Asset renewal sustainability index	80%	88%	

Land use and development



ABOVE: Central Colac from the air

Land use and development

Objective

Council will engage, plan and make decisions about land use and development that takes into account the regulatory role of Council, its diverse geography, social, community, economic and environmental impacts for current and future generations.

Land Use and Development is supported by the continued delivery of a diverse range of services, projects and programs and specific plans and documents:

- Building Control Services
- Statutory Planning
- Strategic Planning

Highlights

STRATEGIC PLANNING

Significant progress was made in delivering the Strategic Planning program. A draft Rural Living Strategy has been prepared which reviews the growth potential of the Shire's small towns, along with potential areas for rural residential development. Draft Structure Plans were produced for Forrest and Birregurra and an amendment updated flood mapping. Progress was also made in preparing a Car Parking Strategy for Colac and Apollo Bay.

PLANNING SCHEME

A four yearly review was undertaken of the effectiveness and performance of the Shire's Planning Scheme, resulting in a range of recommendations as to future strategic planning work that should be undertaken by Council and amendments which may be made to the Scheme that will more effectively deliver local policy directions within the state planning policy framework.

PLANNING AND BUILDING ENFORCEMENT

There has been a highly integrated approach to planning and building enforcement addressing issues such as illegal buildings, persons residing in sheds, unlawful advertising signs and removal of native vegetation without a permit. This has resulted in some prosecutions in the Magistrates Court and progress resolving long standing non-compliance in some cases.

POOLS AND SPAS

An audit of compliance with legislative requirements for fencing of outdoor swimming pools and spas was completed, resulting in significant follow-up compliance work from the Building Services Department. The outcome is that pools and spas in the community are now much safer.

ADMINISTRATION

The Statutory Planning unit has been able to reduce Council's reliance on contract staff by developing a stable and experienced team of planning staff, resulting in timely decisions and more consistent decision making/advice. There has been a high success rate of planning officer recommendations being supported by the Victorian Civil and Administrative Tribunal following appeals.

Disappointments

STRUCTURE PLANS

There was a delay in the preparation of the Rural Living Strategy and Birregurra/Forrest Structure Plans due to the complexity of wildfire and water catchment constraints and the need to ensure that they take into account any significant changes in policy direction arising from the Bushfire Royal Commission final report.

CAR PARKING STRATEGY

The delivery of the Colac and Apollo Bay Car Parking Strategy was delayed due to the need identified early in 2009 for additional work to be commissioned concerning future retail growth in the towns as an input to the Strategy, which delayed the consultant's work on the actual Strategy.

LANDSLIP RISK

There were difficulties including updated and more accurate landslip risk information into the Planning Scheme through changes to the Erosion Management Overlay due to practical problems associated with the fine grain nature of the maps. Further work has been commissioned to overcome this issue early in 2010/11. The delay is frustrating due to the potential for the overlay changes to reduce planning permit requirements in some areas.

Challenges Facing the Year Ahead

SEA LEVEL RISE

The State Government will release modelling from the Future Coasts project of the anticipated impacts of future sea level rise associated with climate change. This will lead to the introduction of new planning controls over affected areas of the coast. Council will work with State Government and other agencies to formulate appropriate policy responses.

BUSHFIRE ROYAL COMMISSION REPORT

The Bushfire Royal Commission final report contains several recommendations which will have long lasting impacts on planning policy for settlement in high fire threat areas. The potential impact on future development in towns and settlements in the Otways and coastal hinterland of the Shire is unknown and Council will need to work with the State Government in responding to these issues.

BUILDING ENFORCEMENT

Council may face a challenge attracting a Municipal Building Surveyor to the vacant position, which despite the use of contract Building Surveyors over the recruitment period, could reduce the Council's capacity to maintain the previous level of building enforcement activity.

Land use and development

Consultation Forms a Key Part of the Planning Process

Council planners consult closely with communities throughout the Shire in much of their work, whether it is discussing concerns with applicants and objectors over planning permit applications, or consulting over strategic plans being developed to guide policy development for future decision making.

Essential Safety Measure Requirements

Many commercial property owners are unaware of requirements for them to comply with Essential Safety Measure requirements under building legislation. Owners are required to establish maintenance schedules relating to smoke alarms, fire extinguishers, fire exit doors and the like and to have regular inspections by appropriately qualified professionals.

Council is in the process of auditing commercial properties within the Shire to ensure compliance with these requirements, and is focussing on high risk premises such as accommodation (i.e. hotels, bed and breakfasts and motels) and larger scale retail and industrial premises. This risk based approach aims to minimise potential risk to life in the event of a fire.

Council's Heritage Advisory Service

Following a Heritage Study undertaken for Council in 2003, controls were introduced in 2008 for individual buildings and precincts with heritage significance. There are now statutory controls that trigger the need for planning permits on many buildings in the Shire to ensure the appropriate consideration of heritage values.

It is often thought that a heritage control means no development can occur to a listed building; however this is not the case. A Heritage Overlay simply identifies the need for a planning permit, and quite often extensions or renovations to a building are permitted without significant change. In some cases, the issues may centre on the use of specific colours or materials, and in other cases demolition of a building is supported.

Council employs a consultant Heritage Adviser to assist in providing a heritage advisory service. Planning officers use the Heritage Adviser to provide advice/comment on heritage related permit applications when making decisions, and will sometimes involve the Adviser in pre-application meetings to ensure that relevant issues are identified early in the process.

Council encourages persons seeking free advice in relation to heritage listed buildings to contact the Planning Department on (03) 5232 9400.

*BELOW: Community Meeting at Forrest to discuss a Telstra mobile phone tower proposal
CENTRE: Council's planning staff reviewing a plan for a building in a heritage precinct of Colac.*



fast facts



Major Projects for the Year Ahead

IMPLEMENTATION OF SIGNIFICANT STRATEGIES

Several significant strategic planning projects will be considered for adoption by Council in 2010/11 including the Rural Living Strategy and Colac and Apollo Bay Car Parking Strategy, resulting in planning scheme amendments that will result in widespread changes to the Planning Scheme.

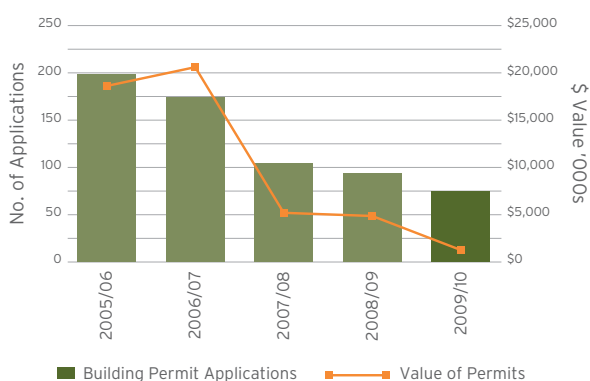
CONTINUED DEVELOPMENT OF THE WEBSITE

The Statutory Planning team will continue to build on the stability achieved in 2009/10 by completing improvements to the website and Planning information sheets, with the aim of improving the quality of planning permit applications, reducing the number of further information requests and further reducing time frames for processing applications.

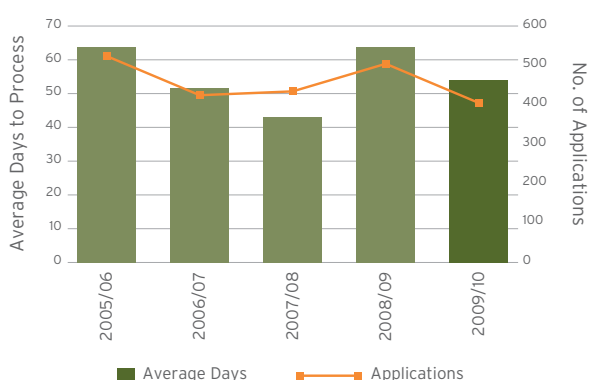
IMPROVEMENTS TO PLANNING PROCESSES

The Planning team will begin implementing process improvements identified through an internal audit of planning processes in 2010. The team will also participate in a newly launched MAV STEP program for Local Government Planning which is aimed at assisting Councils to reach best practice in their planning processes.

BUILDING APPLICATIONS



PROCESSING OF PLANNING APPLICATIONS



NET EXPENDITURE

\$1,206,557

EQUIVALENT FULL TIME POSITIONS

12.9

KEY ACTIVITIES

- > Administering the *Planning and Environment Act 1987* through the Colac Otway Planning Scheme, as well as other related legislation such as the *Subdivision Act 1988*
- > Provision of planning advice and property information
- > Processing subdivision plans, assessment and decisions on planning permit applications
- > Representation of Council at VCAT hearings
- > Enforcement of planning permit conditions and Planning Scheme provisions
- > Guidance on strategic projects that result in amendments to the Planning Scheme
- > Input into State and regional initiatives, and amendments undertaken to rezone land when required
- > Review of the Planning Scheme every four years to improve its performance
- > Ensure that buildings in the Colac Otway Shire are constructed and maintained to acceptable standards by enforcing compliance by land owners with building legislation and safety standards
- > General building advice
- > Determining 'report and consents' for variations to siting requirements
- > Processing of building permit applications
- > Mandatory inspections for approved building permits

SERVICE STATISTICS

- > 506 Planning applications received
- > 93 Building applications received (Council applications)
- > 18 appeals to VCAT: 10 found in favour of Council, 8 against
- > Average of 54 days to process planning applications

Land use and development

Progress on Council Plan Commitments

✓ 2009/10 Actions completed

▼ 2009/10 Actions behind schedule

◆ Deferred or delayed beyond 2009/10

STRATEGY 1: Ensure a partnership approach to land use planning that reflects the needs, values and aspirations of the community

Key Actions	Progress for 2009/10	Status
Prepare an updated residential and industrial land supply analysis for Colac, and seek to have Colac Otway Shire included in the State Government urban land monitoring program	Scoping of the project commenced and an application made to Regional Development Victoria for funding. Project will be undertaken as part of the Colac Commercial Strategy in 2010/11.	✓
Advocate for more detailed mapping of the Erosion Management Overlay by State Government	Improved landslip data prepared by DPI in 2010. Officers working with State Government to produce mapping suitable for inclusion in the Planning Scheme.	✓
Finalise a Rural Living Strategy and implement findings	Draft Rural Living Strategy completed and due to be presented to Council for consideration in 2010/11. Delay in finalising the draft due to timing of the Bushfire Royal Commission report in July.	▼
Finalise and implement a car parking study for Colac & Apollo Bay	Issues and Opportunities paper placed on exhibition early in 2010. Draft Car parking Strategy due to be completed in 2010/11.	▼
Finalise and implement Birregurra and Forrest Structure Plans	Draft Structure Plans completed and due to be presented to Council for consideration in 2010/11. Delay in finalising the draft due to timing of the Bushfire Royal Commission report in July.	▼
Prepare a precinct plan for Elliminyt	Project not funded by Council in 2009/10. Will be considered for funding in 2010/11.	N/A
Prepare a precinct plan for East Colac	Project not funded by Council in 2009/10. Will be considered for funding in 2010/11.	N/A
In conjunction with the State Government, and subject to external funding, exhibit a Planning Scheme amendment for the Apollo Bay Harbour Master Plan	Part funding received from Tourism Victoria. Council working with other agencies to source balance of funds required to commence the project.	✓

STRATEGY 2: Ensure that responsible planning mechanisms are used to control development in areas potentially affected by climate change

Key Actions	Progress for 2009/10	Status
Work with State Government to develop appropriate planning controls that respond to predicted sea level rise	Working effectively with the Future Coasts Program Group to ensure the Colac Otway Shire coastline is properly considered and that key networks are in place so that Council is kept current with all developments at the earliest possible time. Participated in key workshops, facilitated a presentation to a Council workshop and have introduced a process to properly consider the potential impacts of climate change on our coastal environment in relevant planning application assessments.	✓

STRATEGY 3: Ensure all Council land use plans and strategies are current and responsive

Key Actions	Progress for 2009/10	Status
Undertake a four year review of the Planning Scheme	Planning Scheme Review undertaken and due to be finalised late in 2010.	✓
Regularly update and improve the Colac Otway Planning Scheme through Planning Scheme amendments	Amendment C58 exhibited to implement the Kennett River, Wye River & Separation Creek Structure Plan. Amendment C12 updating flood mapping adopted by Council.	✓
Prepare a Commercial Strategy for Colac	Project not funded by Council in 2009/10. To be undertaken in 2010/11.	N/A

STRATEGY 4: Enforce planning and building regulations to meet legislative requirements

Key Actions	Progress for 2009/10	Status
Implement comprehensive monitoring of the Essential Safety legislative requirements	Inspections of all Council owned buildings completed and a maintenance program is in place to reach compliance. A program was initiated for inspections of high risk private buildings as an ongoing process.	✓
Review practices for monitoring swimming pool fencing	Comprehensive audit undertaken of compliance with swimming pool/spa fencing requirements through an inspection regime. Officers working with land owners to rectify non-compliance. An audit of aerial photography was undertaken to ensure that the database reflects all properties with pools.	✓
Implement mechanisms to improve knowledge of building and planning requirements/responsibilities	Workshops held during the year with stakeholders/regular permit applicants to advise of planning scheme changes and information requirements.	✓

Land use and development

Progress on Council Plan Commitments

✓ 2009/10 Actions completed

▼ 2009/10 Actions behind schedule

◆ Deferred or delayed beyond 2009/10



STRATEGY 5: Ensure consistent and timely decision making for building and planning applications that meet Council's policy framework

Key Actions	Progress for 2009/10	Status
Document and continuously improve processes and procedures for assessment and determination of building and planning permit applications	Progress was made through 2009/10 in documenting planning and building processes. Procedures in the permit assessment process refined on an on-going basis.	✓
Prepare and develop a more comprehensive Information Kit on building and planning application requirements	Planning and Building Information sheets are in the process of being reviewed, and will be finalised in conjunction with the updated web pages.	✓
Provide improved access to building and planning information on Council's website	Web content reviewed, and a revised web page for Planning and Building is close to being finalised.	✓

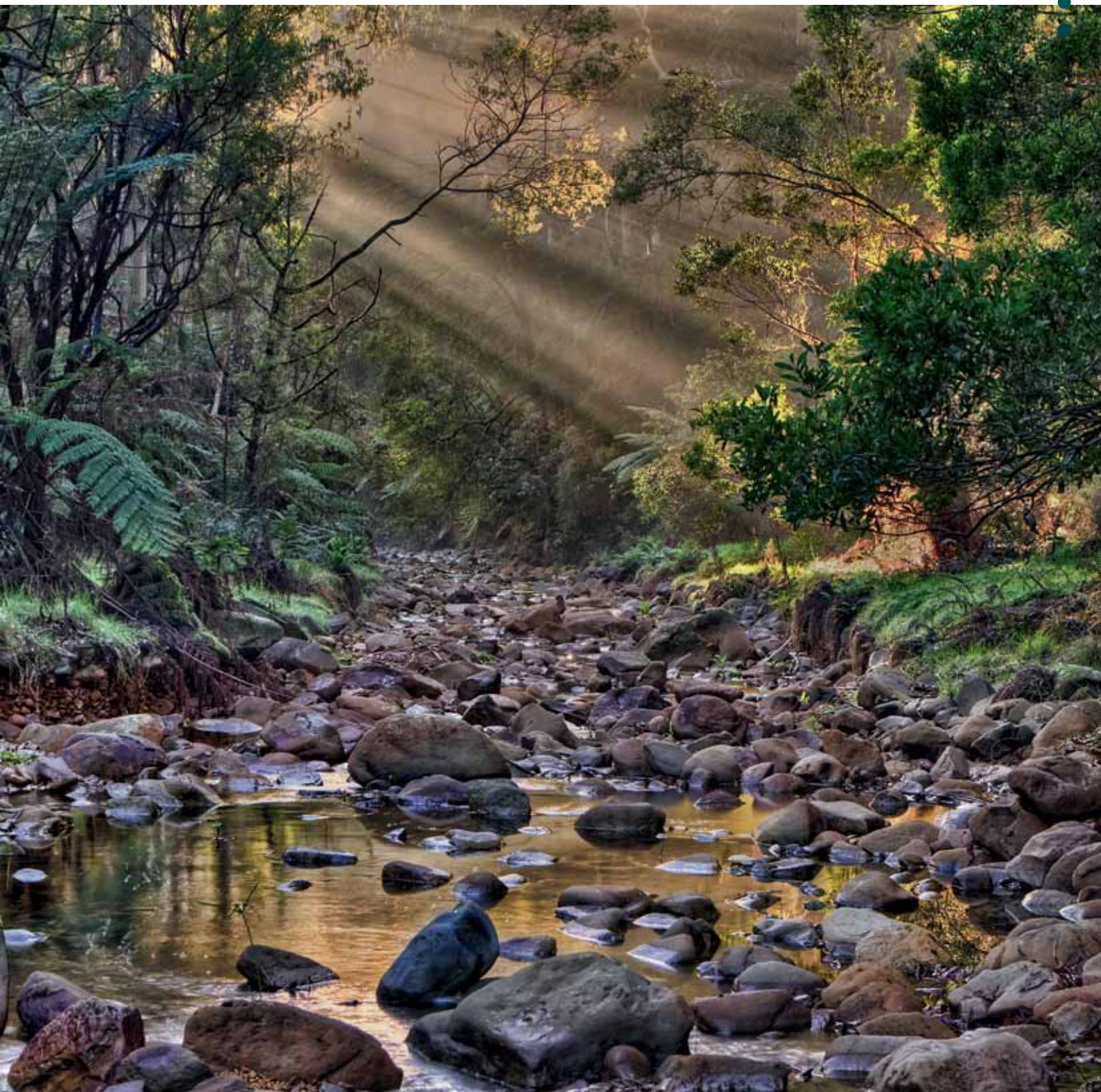
STRATEGY 6: Ensure that environmental risks are adequately addressed for new development and land use

Key Actions	Progress for 2009/10	Status
Work with State Government to develop and introduce planning controls that accurately reflect areas known to potentially have acid sulfate soils	Submissions have been made to State Government advocating that improved acid sulphate soils mapping be produced for coastal areas. Have coordinated a multi-agency project that is investigating mapping of inland acid sulphate soils.	✓
Appropriately respond to Salinity risks through the Planning Scheme, Building legislation or other mechanisms	Investigated in 2009 how to best respond to salinity risk, resulting in a Council resolution to introduce the Salinity Management Overlay. Awaiting revised mapping from the Corangamite Catchment Management Authority before proceeding further.	✓

Strategic Indicators for Land Use and Development

Indicator	Target 2009/10	Result 2009/10	Result
Achievement of Council Commitments and Key Actions	100%	82%	
Building permits processed within timeframes	70%	N/A	
Planning permits processed within statutory timeframes	70%	71%	

Environmental management



ABOVE: Sunrays shine on an Otways creek PHOTO: Alan Carmichael

Environmental management

Objective

Council will protect and enhance the environment entrusted to us, demonstrate efficient use of natural resources and minimise climate change impacts.

Environmental Management is supported by the continued delivery of a diverse range of services, projects and programs:

Environment Education/Promotion

Environment Planning

Natural Resource Management

Sustainability Management

Transfer Stations/Recycling

Waste Management

fast facts



Highlights

ENVIRONMENT STRATEGY

An Environment Strategy was approved at Council's February 2010 meeting. The approval culminates 12 months of extensive community consultation and input from the community, regional stakeholders, state government agencies and environmental organisations. Council's 2010-2018 Environment Strategy sets ambitious targets for Council's operations, as well as identifying major environmental issues the community wants Council to address on its behalf.

CONSTRUCTION OF THE APOLLO BAY TRANSFER STATION

This project will address the longer term recycling and waste requirements in the coastal areas and Otway region. The Transfer Station has been a key community asset that has been several years in the planning. This project will cost approximately \$2.2 million and involves the construction of an administration building, recycling and waste receive facility.

BARONGAROOK CREEK ELM REMOVAL

Colac Otway Shire Council has undertaken extensive revegetation work along Barongarook Creek following the removal of large stands of mature elm trees near Murray Street. The elm removal is part of an ongoing project to improve the health of the Barongarook Creek and the quality of water discharging into Lake Colac. The work completed this year included the rock beaching of stormwater outlets to reduce the velocity of water as it enters the creek, thus reducing erosion and sediment deposits. Council will carry out an ongoing weed management program to give the newly-planted trees the best opportunity to establish. In a few years the area will look much better and the benefits will be seen through the improved health of the creek and better quality water entering the lake.

NET EXPENDITURE

\$1,337,398

EQUIVALENT FULL TIME POSITIONS

7.2

KEY ACTIVITIES

- > Protection and enhancement of environmental assets in the Shire
- > Promotion of sustainable use of natural resources
- > Strengthening partnerships with key stakeholders
- > Building community capacity through environmental education and awareness raising programmes
- > Working closely with other business units to achieve multiple benefits from Council programmes
- > Organisational Greenhouse footprint tracking and reporting including vehicle fuel consumption, street lighting, energy use and waste
- > Waste minimisation programs
- > Auditing the water use of Council facilities
- > 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)
- > Waste education
- > Kerbside waste bin inspections
- > Organics processing facility (includes sorting and decontamination)

SERVICE STATISTICS

- > 2,875 Trees, Grasses and Shrubs planted
- > 2,008 tonnes of domestic waste recycled
- > Total annual council buildings greenhouse gas emissions reduced by 457 tonnes
- > Weed control conducted on 15 Council managed environmental assets and 113 high conservation roadsides
- > Various environmental education events held across the shire including, World Environment Day, Sustainable Homes Tour, Earth Hour, Catch a Carp, National Tree Day, School Tree day, Threatened Species Day and Clean up Australia

Disappointments

CARP GRANT APPLICATIONS

Council has been undertaking a number of measures to try to prevent carp re-infesting Lake Colac. When the lake dried out in 2008 there was a mass carp kill. With the lake still being low there is an opportunity to try to remove carp from the adjoining creeks so that when the lake fills up again the carp cannot re-establish their population. Council has installed a trap in Barongarook Creek to stop large carp getting into the lake but a more intensive program of removal is required. A grant application was submitted to the State Government for funding but unfortunately the application was not successful. Although this was disappointing the carp in the creek have not yet spawned so a real opportunity still exists to remove the carp if funds can be secured. Council will continue to work with other agencies to try to secure funding to manage the carp in the Lake Colac catchment.

ROADSIDE WEEDS

The issue of responsibility for roadside weeds is still under debate. A recently formed working party, comprising members from the State Government, Municipal Association of Victoria and Local Government, has been issued with the task of resolving the matter. Although difficulty has been experienced in establishing a logical, resourced and effective process we remain optimistic and committed to this important issue.

Challenges Facing the Year Ahead

EMERGENCY AND FIRE MANAGEMENT

The findings of the Bushfire Royal Commission are expected to be released on 30 July 2010. Council will face a significant challenge to firstly understand the implications of the recommendations for Council and secondly to effectively implement the required actions. This challenge relates primarily to fire management but it also has significant implications for the emergency management functions that Council has in a broader sense.

ROADSIDE ENVIRONMENTAL MANAGEMENT

With over 1,600km of roads that Council is responsible for, it is very challenging to try to effectively manage the environmental elements associated with roadsides. The linear form and the competing priorities of road user and fire safety make roadside vegetation management a very complex task. Council is currently reviewing its Roadside Vegetation Management Plan in order to ensure Council is demonstrating best practice in this area.

IMPLEMENTATION OF NEW WASTE BIN SYSTEM

Council is implementing a large scale project to move the current waste collection system to the State accepted best practice of a three-bin system. The use of bin lid colours consistent with the Australian Standard will make for easier use for residents and visitors to the Shire and will also assist with uniform public education across the region.

TRANSFER STATION RELOCATION AND REHABILITATION

Completion of the Apollo Bay Transfer station and relocation from Marengo to be followed up by the rehabilitation of the Marengo transfer station to meet with EPA Guidelines.

Environment Strategy

Council's new Environment Strategy sets targets for protecting and enhancing the environment on Council-managed land. The strategy also aims to improve the use of natural resources in Council operations. For example, a target has been set for Council to become carbon neutral by 2016. This demonstrates Council's commitment to tackling climate change and showing leadership to the community on this important issue. The Environment Strategy has an eight year life span, but it will be reviewed after four years to ensure the targets are still considered suitable. Decisions on what actions should be carried out to achieve the targets will be made every two years to ensure they are based on the latest information. The first two-year action plan will be completed in September 2010.



On the Development of the Environment Strategy:

"Don't be afraid to think big, small groups can achieve great things"

Simon Pockley, Apollo Bay Resident

fast facts

The Year Ahead

ENVIRONMENT ACTION PLAN

The first two-year action plan will be developed in accordance with the requirements of the recently adopted Environment Strategy. The action plan will set out what will be done to try to achieve the targets set in the strategy. For example, what actions Council commits to undertaking in order to be carbon neutral by 2016, how will Council meet water conservation targets and how council will plan, manage and implement environmentally responsible approaches consistent with the adopted Environment Strategy.

BARONGAROOK CREEK

Revegetation and weed control works will continue along Barongarook Creek to consolidate the elm removal that has been carried out over the last two years to help improve the health of the creek. Although it will take a few more years for the revegetation to get established it is believed that with ongoing maintenance the area will be in much better condition from both an amenity and environmental point of view.

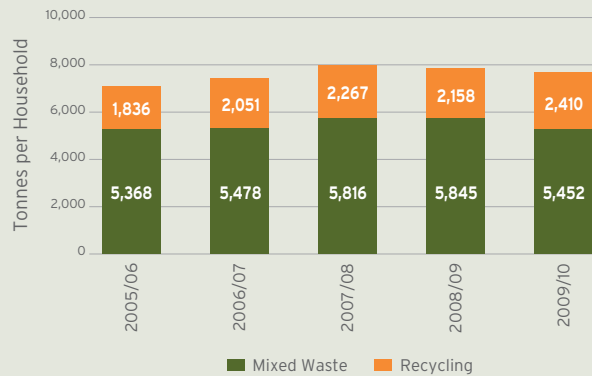
IMPLEMENTATION OF THE COUNCIL WASTE STRATEGY

A new three-bin system will be introduced to the community based on garbage, recycling and green waste collection and disposal. Rollout of over 18,000 thousand bins will be required and is to commence in September 2010. The new system will bring Colac Otway Shire's waste service up to "Industry Best Practice", in line with other Municipalities throughout Victoria.

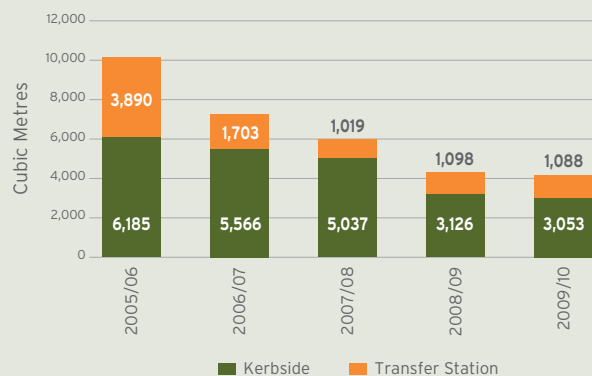
BELOW: Removal of Carp from Barongarook Creek



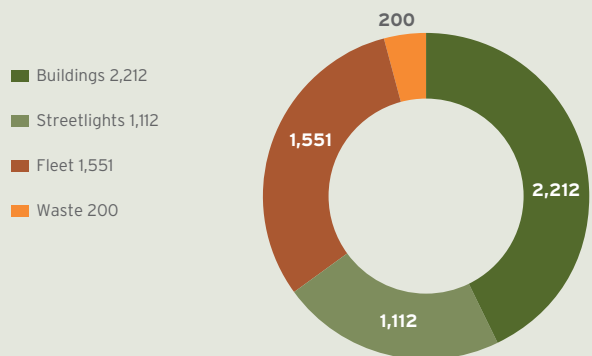
MIXED WASTE AND RECYCLING COLLECTION



GREEN WASTE COLLECTED



TOTAL GREENHOUSE GAS EMISSIONS



Colac Otway Shire's total emissions for 2009/10: 5,075 CO2-e tonnes (calculated by Planet Footprint, ICLEI CCP)

Water Consumption in Colac Otway Shire

Top Five water users in Colac Otway Shire:

1. Botanic Gardens
2. Colac Livestock Selling Centre (CLSC)
3. Hearn Street Sport and Recreation field (Central Reserve)
4. Memorial Square
5. Imperial football ground

Water consumption at the 3 major sites (kilolitres)

Location	2008/09	2009/10	% Change
Botanic Gardens	33,311	27,135	Down 19%
CLSC	18,433	14,606	Down 21%
Central Reserve	14,184	8,234	Down 41%

Power Generation

Council has installed two solar electricity systems on the Apollo Bay and Colac Visitor Information Centres (VIC). The total size of the generating system is 5.6kW.

The installation at Apollo Bay VIC was completed at the end of the 2009/10 financial year and is anticipated to meet approximately 10-15% of the building's power requirements.

Over 1 million watts of renewable energy was produced by the Colac VIC in 2009/10, providing approximately 10-15% of the building's power.

Recycling Efforts by our Community

Colac Otway Shire residents recycled almost 2,008 tonnes of waste last year, equating to a saving of 1,200 tonnes of carbon dioxide emissions and 5,400 cubic metres of landfill space.

These figures are based on a statement of average commingled recycling volumes for 2009, and a recycling calculator provided by the Department of Environment and Climate Change.

The recycling savings for 2009 were the equivalent of permanently removing 301 cars from the road, or saving 38,000 gigajoules of energy, which equates to 1,766 households' annual electricity requirements.

Council's Waste Management Officer Janet Forbes thanked residents for their commitment to recycling, but said there were always areas where we could improve.

"We want to remind residents that they can recycle a range of items including rinsed cans, tins, aluminium foil, glass bottles and jars including cosmetic jars, and all types of cardboard including cards, envelopes and books. Remember to put your items in loose, as plastic bags are not recyclable in the kerbside collection system."

BELOW: Council's Waste Management Officer Janet Forbes CENTRE: Wally the Water Skink with Prue Stewart, Lily Smith, Zeb Marwood and Matt Mulheron



Progress on Council Plan Commitments

✓ 2009/10 Actions completed ▼ 2009/10 Actions behind schedule ◆ Deferred or delayed beyond 2009/10

STRATEGY 1: Develop a coordinated approach to managing environmental issues across all Council activities

Key Actions	Progress for 2009/10	Status
Finalise the development of an Environment Strategy	Council endorsed the Colac Otway Shire Environment Strategy 2010-2018 at the February 2010 Council Meeting. The final version of the strategy has been placed on the Council website for the public to view and copies have been sent to key stakeholders who were involved in the development of the document.	✓
Implementation of the Environment Strategy	The development of the first two year Environment Action Plan that will guide the implementation of the Environment Strategy commenced in May 2010 and will be completed for adoption by Council in September 2010.	◆
Development of annual Action Plans for the Environment Program	When completed the two year Environment Action Plan will provide part of the detail of the annual action program for the Environment Unit in 2009/10.	◆

STRATEGY 2: Ensure the protection and enhancement of environmental values on Council owned and managed land

Key Actions	Progress for 2009/10	Status
Develop and implement action plans to manage the threats to environmental assets on Council managed land	Environmental works undertaken in accordance with management plans for Barongarook Creek, Barongarook Covenant Property, the Marengo Flora Reserve and a number of high conservation Roadsides. The works included strategic weed control and revegetation works.	✓
Continue to implement the Lake Colac Management Plan and the Re-vegetation and Weed Control Master Plan	Environmental works were undertaken along the Barongarook Creek with an additional 2,000 trees, shrubs and grasses being planted in line with the Lake Colac Management Plan. Strategic weed control works were undertaken along Barongarook Creek and along the foreshore of the Lake including Meredith Park. Test sites have been established to evaluate different control methods for Fairy Grass on Lake Colac.	✓

Environmental management

Progress on Council Plan Commitments

✓ 2009/10 Actions completed

▼ 2009/10 Actions behind schedule

◆ Deferred or delayed beyond 2009/10

STRATEGY 3: Facilitate the protection and enhancement of environmental values on private land

Key Actions	Progress for 2009/10	Status
Continue to carry out audits of forestry operations on private land	Council contracted external auditors to carry out regular audits on forestry operations on private land. Timber Harvesting Plans have also been assessed for compliance with the code of Practice for Timber Production. Compliance rates are very high. Council is reviewing the Forest Industry Prescriptions for Colac Otway Shire. New prescriptions will be submitted to Council for approval in October 2010.	✓
Continue to raise the awareness of private landholders on their responsibilities in relation to the environment	Council has been actively advising private landholders of their environmental responsibilities in relation to their own land, neighbouring properties and the adjoining roadsides. The responsibilities are related to local, state and federal regulations. Environment Officers have dealt with many landholders in relation to complex issues associated with vegetation removal and weed management which can be particularly complicated along road sides.	✓

STRATEGY 4: Minimise environmental impacts and the use of natural resources associated with Council operations

Key Actions	Progress for 2009/10	Status
Continue program of works and practices in the Greenhouse Action Plan to reduce Council's carbon footprint	Council's Sustainability Working Group identified a number of new Greenhouse Action Plan related actions for 2009/10. These included a Solar PV Power System for the Apollo Bay Visitor Information Centre, skylights for Meeting Room1 in COPACC, and an Earth Hour Event. Ongoing actions included maintaining the Sustainable Living Guide on Council's website and organisational greenhouse footprint tracking.	✓
Continue to implement agreed, viable water saving measures via Council's Sustainable Water Use Plan	The Sustainable Water Use Plan has identified actions for four major facilities. Federal funding has been obtained for water conservation at Bluewater Fitness Centre and Central Reserve for completion by December 2010.	◆
Implementation of the planning scheme and Council processes to manage environmental issues associated with Council works	Updated mapping of biodiversity values on roadsides through the Shire was completed. The mapping has been used to update the information used in assessing impacts of roadside activities such as maintenance and stock grazing by adjoining land owners.	✓

STRATEGY 5: Promote environmental values in the broader community and work with other stakeholders on managing large scale issues



Key Actions	Progress for 2009/10	Status
Coordinate a range of environmental events across the region	Environment Officers organised a number of environmental community events including: Earth Hour, National Tree Day, National Threatened Species Day, Catch a Carp Day and Sustainable Homes Tour on World Environment Day. Over 100 people attended the Earth Hour Event held at COPACC and 250 school students were involved in plantings on National Tree Day. Fifty people participated in the Sustainable Homes Tour. Over 600 people were involved in these events.	✓
Promote awareness of environmental issues through various media and forums	The Environment Unit regularly issued media releases that led to articles in local papers and radio broadcasts. The topics included weed control on Lake Colac; fairy grass management and carp trapping along Barongarook Creek. A monthly environment column has also been done in The Colac Herald that has covered many topics including vegetation management and the law, water saving, energy saving and threatened species legislation.	✓
Advocate where appropriate community views on environmental issues outside the direct responsibility of Council	Roadside Weeds - extensive dialogue with Department of Sustainability and Environment and Municipal Association of Victoria regarding onerous requirements on Local Government in the proposed reporting process. The Inland Acid Sulphate Soils issue has been raised with key agencies, which has led to a process being developed to investigate and review the matter at a regional level.	✓
Encourage energy efficiency including the use of renewable and alternative energy sources	Energy efficiency and renewable energy options are promoted to the community and staff through Council's Sustainable Living Guide which was recently upgraded (August 2009) with additional pages and resources relating to rebates and grants available. Solar Panels have been installed on the Colac Visitor Information Centre through funding from Council's Sustainability Action Fund.	✓

STRATEGY 6: Minimise, recycle and manage residential waste

Key Actions	Progress for 2009/10	Status
Implement the Landfill Rehabilitation Plan	The Plan was revised in line with EPA requirements. Designs being reviewed for both Forrest and Marengo. Ground works have commenced for the Gellibrand Landfill rehabilitation.	✓
Implementation of the Waste Water Management Strategy	Uptake of sewerage connections in Skenes Creek is nearly completed. A detailed sewerage design for Birregurra is being completed by Barwon Water. A sewerage design system for Wye River and Separation Creek has slowed due to issues regarding treated wastewater management.	◆

Strategic Indicators for Environmental Management

Indicator	Target 2009/10	Result 2009/10	Result
Achievement of Council Commitments and Key Actions	100%	75%	
Increased Environmental Sustainability	Milestone 5 (Cities for Climate Protection Program)	Milestones program now finalised and implementation of mitigation actions being progressively implemented	
	Eco Buy Accreditation	Accreditation Maintained, annual Ecobuy report submitted and finalist in annual Ecobuy awards	

Economic development



Objective

Council is committed to facilitating a healthy and resilient economy through effective leadership, advocacy, and partnership.

Economic Development is supported by the continued delivery of a diverse range of services, projects and programs:

Business Development

Economic Development

Small Town Improvement

Tourism

Economic development

Highlights

TOURISM SERVICE AGREEMENT

A formal evaluation of the Colac Otway Shire and Otways Tourism Service Agreement was completed. The Agreement provides the resources to enable Otways Tourism Inc. (OT) to independently manage internal marketing and industry development for the Colac Otway Shire. The evaluation found that both Colac Otway Shire and OT have worked consistently, and with purpose, to support and develop the tourism industry in Colac Otway Shire, with the major achievements of OT being:

- › Rebranding and reimagining of Otways Tourism
- › Partnership Agreement with the Shire's Local Tourism Associations
- › Brand Campaign with Surf Coast Tourism
- › Prime TV Commercials in partnership with Otway Business Inc.
- › Regional Tourism Conference
- › Otways in Focus - Photography Competition
- › Shire Tour of the Melbourne Cup
- › OT Industry Scholarship Program

COLAC VISITOR INFORMATION CENTRE

The internal refurbishment of the Colac Visitor Information Centre was completed. This has modernised the centre, enabling a higher level of visitor service and opened up the space to display more local tourism information, brochures and an increased tourism retail section.

VISITORS TO THE SHIRE

In an increasingly competitive tourism market, the Colac Otway Shire Visitor Information Centres serviced approximately 204,306 visitor enquiries at Colac and the Great Ocean Road Visitor Information Centre (GORVIC) at Apollo Bay. GORVIC has maintained its position as the 5th most visited VIC in Victoria.

COMMUNITY CONSULTATION

Engaged with local communities in Gellibrand, Cressy and Carlisle River Township to review township Master Plans and local priority projects.

SMALL TOWN IMPROVEMENT PROGRAM

Completed Small Town Improvements Program projects in:

- › Cressy - Township Entry sign installed on the Northern end of town to match the existing signage on the Western and Southern entrances
- › Birregurra - New playground installed at Birregurra Park to compliment the redevelopment of the park
- › Barwon Downs - Stage 2 the redevelopment of the Old School Ground park area. This included landscaping, connection of power supply to history centre and pathways
- › Lavers Hill - Commenced upgrade to Lavers Hill Hall kitchen and supper room
- › Skenes Creek - Engaged local community to commence township Master Planning
- › Coastal Townships - installed entrance signage at Wye River, Separation Creek and Kennett River

INDUSTRY ADVISORY WORKFORCE COMMITTEE

Initiated a Colac Otway Shire Industry Advisory Committee to advise:

- › Council on the changing skill needs nationally and within Colac Otway Shire
- › The Board of the Colac Otway Vocational Education Cluster (COVEC) on local training needs and on the development of a Trade Training Centre (TTC) proposal for funding
- › Regional Development Victoria on local and regional workforce development issues
- › The State Government in the longstanding need for local access to post compulsory skills training and tertiary education in Colac

GRANTS

Achieved \$2,914,799 in State and Federal Government grants. The grants support infrastructure development, community leadership, business development, strategic planning and recreation. This reduces the need to fund local infrastructure from Council rates.

NEW 'GREEN' INDUSTRY

Facilitated a \$1.5 million State Government grant to a Colac Power Company to establish a biogas plant in Colac that will process organic industrial waste to create a methane rich gas (Biogas) used in the production of electricity, heat and organic fertiliser (as a by-product).

fast facts



BUSINESS DEVELOPMENT

Implemented a Business Development Program including:

- > 'On the Front Foot for Business', a series of eight business development and networking events, and The Working Women's Network, a monthly informal gathering for professional development and networking
- > A range of State and Federal Government local events including the Small Business Victoria Mobile Van for one-on-one business mentoring sessions and the eZeOnline sessions to provide information on cost effective website development for business.

Disappointments

APOLLO BAY HARBOUR PRECINCT MASTER PLAN

The Plan has not progressed as Council has been unable to attract the balance of funding necessary to complete the Planning Scheme Amendment so that the Master Plan can be incorporated into the Colac Otway Shire Planning Scheme. Council has received \$160,000 from Tourism Victoria and is in discussion with the State Government on a further grant.

COLAC CENTRAL ACTIVITIES MASTER PLAN

The Plan has not progressed as Council has been unable to attract the State Government funding to match the \$75,000 Council has budgeted for the project. It is expected that the matching funds will be achieved in 2010/11.

CLIMATE CHANGE

Action on a coordinated local business response to climate change has been delayed by the lack of a definite Federal Government policy on the once proposed Carbon Pollution Reduction Scheme (CPRS) and the Emissions Trading Scheme (ETS).

BELOW: Council's Economic Development Unit works with business, community and government partners to help develop a sustainable local economy.



NET EXPENDITURE

\$920,852

EQUIVALENT FULL-TIME POSITIONS

12.5

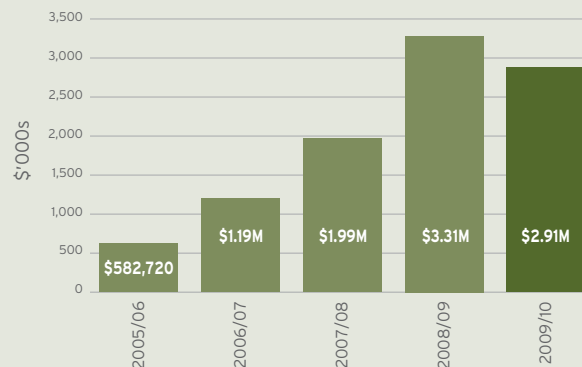
KEY FUNCTIONS

- > Work with business, government and community partners to help develop a sustainable local economy
- > Supporting local business development
- > Providing services for tourism to encourage them to stay longer in our region and spend more locally to support local business and the community
- > Delivering capital works projects that have a direct impact on economic development
- > Promoting investment in local communities
- > Developing and implementing local Township Master Plans and implementing local priorities through the Small Town Improvement Program

SERVICE STATISTICS

- > 204,306 walk-in visitor enquiries serviced and answered 26,061 phone enquiries at the Colac and Great Ocean Road Visitor Information Centres. Both Centres maintained Level 2 accreditation
- > 6 Small Town Improvement Program projects undertaken, valued at \$80,000
- > 222 people attended local business development forums

GRANTS RECEIVED FROM GOVERNMENT SOURCES



Economic development

Challenges Facing the Year Ahead

LOCAL INDUSTRY NEEDS

Responding to the regional skills and labour shortage to assist local industry and to build a stronger local community.

FACILITATING BUSINESS

Facilitation of business investment into Colac Otway Shire to provide jobs for the future and attract people to live in the Shire.

REGIONAL TOURISM ACTION PLAN

Participation in the implementation of the State Government Regional Tourism Action Plan that will restructure regional tourism.

Major Projects for the Year Ahead

ECONOMIC DEVELOPMENT ACTION AGENDA

Working with our business community and education providers to ensure the effective delivery of Council's Economic Development Action Agenda.

SHAPING THE FUTURE

Partnership with the State Government to deliver funding into the Shire through the 'Ready for Tomorrow' - Blueprint for regional and Rural Victoria.

COLAC MARKETING STRATEGY

Development of a Colac Marketing Strategy, focusing on attracting people to live in Colac Otway Shire.

EDUCATION AND TRAINING

Participation on the board of Colac Otway Vocational Education Cluster (COVEC) if funding granted, to establish a Colac Trade Training Centre.

BELOW: Ros Mainland and Abigail Upson on the Forrest Tiger Rail Trail CENTRE: Raquel Trotter from Ray Croft, Colac RIGHT: Colac Visitor Information Centre volunteers Stuart Currie, Brendon Stahl and Maureen Stahl PHOTOS: Jon Barter



Progress on Council Plan Commitments

✓ 2009/10 Actions completed

▼ 2009/10 Actions behind schedule

◆ Deferred or delayed beyond 2009/10

STRATEGY 1: Support the development of a diverse, skilled and capable workforce

Key Actions	Progress for 2009/10	Status
Work with industry sectors on strategic workforce planning initiatives, including training and education	Facilitated the employment of six cadets with three local businesses under the Regional Development Victoria Cadetship Program. Initiated the Colac Otway Shire Industry Advisory Committee. Conducted a local Skills and Labour Shortage Survey. Participated on the board of Colac Otway Vocational Education Cluster (COVEC) of Schools to apply for Trade Training Centre funding.	✓
Participate in local and regional task groups to improve access to vocational education and training and post compulsory education and training	Participated on the Steering Committee of the Great South Coast Workforce Development Strategy. Strategy completed. The key focus will be on improving the cooperative arrangements with local businesses to develop industry skills training.	✓

STRATEGY 2: Work with business to recognise growth potential from climate change and renewable energy initiatives

Key Actions	Progress for 2009/10	Status
Form a climate change business reference group and participate in regional networks and initiatives that promote sustainable economic development and growth in 'green collar employment' and 'green economy' workforce development	Deferred until the Federal government finalises its policy on carbon trading as a method of reducing green house gas emissions.	✓
Encourage and promote renewable and alternative energy opportunities for the Colac Otway Shire	Facilitated a regional Wind Farm Forum attended by regional Local governments, State government departments and industry representatives. Assisted a local power company to gain \$1.5 million grant from Regional Development Victoria to establish a local Biogas Plant.	N/A

STRATEGY 3: Support local business to develop and succeed

Key Actions	Progress for 2009/10	Status
Implement new business support and facilitation services that make it easy to do business in the Shire	Streamlined the Business Guide to better link it to web-based resources.	✓
Enhance Colac's regional service centre status through the development of a marketing strategy	Deferred until 2010/11 financial year as unable to attract necessary funding.	N/A
Develop a Master Plan to support the redevelopment of the Colac Central Business District streetscape including traffic management, parking and the Memorial Square	Deferred until 2010/11 financial year; awaiting matching funding from the State government.	N/A

Economic development

Progress on Council Plan Commitments

✓ 2009/10 Actions completed

▼ 2009/10 Actions behind schedule

◆ Deferred or delayed beyond 2009/10

STRATEGY 3: Support local business to develop and succeed (continued)

Key Actions	Progress for 2009/10	Status
Continue to provide world standard tourism support services	The Colac and Great Ocean Road Apollo Bay Visitor Information Centres recorded a combined total of over 200,000 visitors. Both centres achieved accreditation under the Australian Tourism Accreditation Program	✓
Implement Business Development training programs, networking events and Business Awards	Initiated the Women's Networking Group. Developed the 'On the Front Foot for Business' events. Sponsored the Otway Business Inc. Business Awards. Implemented the annual Business Breakfast.	✓
Provide on line information for customers and potential investors to access businesses in the Shire	Redeveloped the Economic Development pages on Council's website and the on-line business database.	✓

STRATEGY 4: Lead, support and/or participate in regional and local development networks and partnerships

Key Actions	Progress for 2009/10	Status
Promote and encourage the development of infrastructure to support nature based tourist development of Great Otway National Park/Otway Forest Park and Great Ocean Walk	Deferred until the 2010/11 financial year when discussions will take place with Parks Victoria on the Great Otway National Park/Otway Forest Park management plans.	◆
Promote and encourage the development of infrastructure to support Lake Colac tourism and community use	In partnership with Council's Environment Unit, completed the cleanup of the Lake Colac Barongarook Creek corridor link, which included the removal of noxious weeds and trees at the Colac Apex Park.	✓
Support local business associations such as Otway Business Inc, Apollo Bay Chamber of Commerce and Tourism	Participated in Otway Business Inc, Apollo Bay Chamber of Commerce and Tourism and Otways Tourism meetings. Developed supporting events and programs such as 'On the Front Foot for Business' mentioned above in Strategy 3.	✓

STRATEGY 5: Participate in regional and Shire based marketing and promotion initiatives designed to promote 'brand awareness' of Colac Otways and Great Ocean Road region

Key Actions	Progress for 2009/10	Status
Promote the Shire's strengths and competitive advantages to attract new investment	Discussions held with potential investors on development opportunities. Redeveloped the Economic Development pages on Council's website. Completed the plan to create a Colac marketing strategy.	✓
Identify the capacity, demand and rating of accommodation in Colac including the attraction of a high end quality star hotel	Undertook investigation of accommodation investment opportunities with major hotel chains.	✓

STRATEGY 5: Participate in regional and Shire based marketing and promotion initiatives designed to promote 'brand awareness' of Colac Otways and Great Ocean Road region (continued)

Key Actions	Progress for 2009/10	Status
Facilitate the development of services and a calendar of business events/ industry conferences designed to attract and engage external business and job opportunity for families and young people	Developed a calendar of business events. Actively pursued business investment opportunities in retail, accommodation and manufacturing. Investigated the hosting of industry forums that will be held in 2010/11.	✓
Continue to provide strategic support to tourism including operation of the Colac and Apollo Bay Visitor Information Centres and provision of funding to Otways Tourism	Completed the redevelopment of the Colac Visitor Information Centre. The modernisation of the building will facilitate a higher level of visitor services and display more local visitor brochures and retail products. Provided funding to Otways Tourism to employ an Executive Officer for marketing and industry development.	✓



STRATEGY 6: Facilitate the development of infrastructure for business investment, growth and liveability

Key Actions	Progress for 2009/10	Status
Support the Apollo Bay Harbor Precinct development	Discussions held with State government departments and part funds committed.	✓
Undertake streetscape planning for Apollo Bay to integrate with the proposed harbor development	Deferred until funding available.	N/A
Develop small town/community capability by providing infrastructure and resources, including continued support for the Small Town Improvement Program	\$80,000 allocated in 2009/10 Council Budget. Completed projects in Barwon Downs, Birregurra, Beeac and Forrest. Developed a new Master Plan for Skenes Creek.	✓
Develop a strategy to establish a mini technology/business facility in Apollo Bay to service local knowledge based and visitor requirements	Deferred until 2011/12 financial year due to the rapidly changing nature of consumer demand for on-line services, which may render this action obsolete.	N/A
Lobby for improved telecommunications in the Colac Otway Shire for broadband and mobile coverage	Successfully lobbied Telstra for improved coverage in the township of Gellibrand and its surrounds.	✓

STRATEGY 7: Work in partnership with business, industry groups, government and agencies on sustainable economic growth

Key Actions	Progress for 2009/10	Status
Develop improved educative material on Council policy and practices to assist business with development proposals	Initial research conducted. To be completed in the 2010/11 financial year.	✓
Review business attraction and local business development policies	Completed.	◆

Strategic Indicators for Economic Development

Indicator	Target 2009/10	Result 2009/10	Result
Achievement of Council Commitments and Key Actions	100%	89%	
Completion of Master Plan priorities for all small towns	80%	75%	

Community health and wellbeing



Objective

Council will promote community health and wellbeing in partnership with other health services. Through a partnership approach, Council will provide a broad range of customer focused health, recreational, cultural and community amenities, services and facilities.

Community Health and Wellbeing is supported by the continued delivery of a diverse range of services, projects and programs:

Aged & Disability Services

Bluewater Fitness Centre (BWFC)

Colac Otway Performing Arts and Cultural Centre (COPACC)

Community Transport

Economic Development (part)

Environmental Health Services

Family and Children's Services

Festivals and Events

Immunisation Services

Maternal & Child Health Services

Health & Wellbeing Alliances Public Health planning

Recreation, culture planning, services and centres

Rural Access

Transport Connections

Youth Services

Community health and wellbeing

Highlights

EMERGENCY RELIEF AND RECOVERY

Emergency Relief and Recovery planning and preparation has included staff training, relief centre exercises, preparation of plans, development of partnerships, working with the CFA on vulnerable community issues, working with the CFA on the tourism industry and their emergency preparedness and having conversations with some communities (led by DSE) in the Otways on understanding, planning and preparing for fire.

ACCESS, EQUITY AND INCLUSION

The program, IT 4 People with Disabilities, developed to foster opportunities for social participation and connections, was highly successful. Sessions were offered during the day, in the evening and at weekends and focussed on Internet Teaching, along with the use of email, YouTube and Facebook. An award celebration was held in June 2010 to recognise the 22 participants. 20 people developed competencies to teach, with six actively using these competencies in the project. The program (funded by Vicnet, a Division of the State Library of Victoria) was a Council lead partnership with Colac Otway Disability Accommodation, Otway Community College, Glastonbury Child and Family Services, Colac Neighbourhood House and Community Hub Inc.

TRANSPORT CONNECTIONS

The introduction of a low floor City Bus to provide easy access for passengers with wheelchairs, prams and shopping buggies was a result of the continuing success of the Transport Connections Project. Five service proposal trials were submitted to the Department of Transport and \$921,129 was expended to improve public transport in the Shire. The Transport Connections Project is a State government initiative to improve community connectedness.

BLUEWATER FITNESS CENTRE

Improvements to the Bluewater Fitness Centre Stadium were completed further to funding secured through the Federal Government stimulus package. Works included improvements to the roof to provide better management of rain water, new air handling systems, internal and external painting, updated change rooms and the development of a new dry program room.

CAPITAL WORKS PROJECTS

Capital works projects completed include the development of the Birregurra Skatepark, redevelopment of the Eastern Reserve Netball Facilities, Colac Lake Oval, Birregurra Town Park Playground and Open Space and conversion of the Birregurra Lawn Bowls to a synthetic surface. These projects were made possible with funding provided by State government, Council and the respective clubs and associations.

BEECHY PRECINCT JOINT USE LIBRARY

The construction of the Beechy Precinct Joint Use Library (Colac Community Library and Learning Centre) has progressed, with completion of construction expected late September 2010. The new library is a state-of-the-art facility that will incorporate a toy library, community meeting space, and computer and internet hub. A Joint Use Committee of the Library has been established and includes community representatives.

REGIONAL TRAILS MASTER PLAN

The Barwon South West Regional Trails Master Plan was completed. The master plan will continue to steer the future planning, development, management, maintenance and marketing of the trails throughout the region.

SENIOR CITIZENS

The partnership between Environment Victoria - Eco Wise and Colac Otway Shire was most successful with over 60 seniors across the Shire attending all eight information and training sessions on environmental sustainability within and around the home.

OLD BEECHY RAIL TRAIL

Significant funding was secured to undertake improvements and further development of the Old Beechy Rail Trail, which will remove the on-road sections to off-road, improve directional and heritage signage and improve amenities such as bike storage.

HEATWAVE PLANNING

The Heatwave Plan was adopted by Council. The plan provides information on the need to prepare for heatwave and actions that can be implemented to support the community in their planning to stay safe during a heatwave.

fast facts



Disappointments

CENTRAL RESERVE MAIN OVAL

Unsuccessful in securing funding for the proposed redevelopment of the Central Reserve Main Oval.

TENNIS FACILITIES PLAN

Competing priorities resulted in not all objectives being met, including strategic planning to update the Tennis Facilities Plan.

DELAYS TO SEWERAGE PROJECT

A sewerage design for Wye River and Separation Creek is yet to be completed due to limitations for the management of treated waste water. Discussions and approval from relevant authorities and the local communities will need to be completed before a final decision can be made.

COMMUNITY AGED CARE PACKAGES

Council was unsuccessful in an application for gaining further Community Aged Care Packages (CACP) for 2010.

Challenges Facing the Year Ahead

PROJECT DELIVERY

Meeting the delivery of projects on time and on budget.

PROPOSED SEWERAGE SYSTEM

A way forward needs to be found to continue work on the proposed Wye River and Separation Creek sewerage system.

EMERGENCY RELIEF

Planning for Emergency Relief and Recovery will continue at an elevated level over the next 12 months to further develop, implement and train staff for local, state and other needs identified in the Royal Commission recommendations.

TRANSPORT CONNECTIONS

Developing the local partnerships between health services, education and training providers, bus and taxi operators, local and State government and community members over the next three years of Transport Connections Phase 3.

NET EXPENDITURE

\$3,690,254

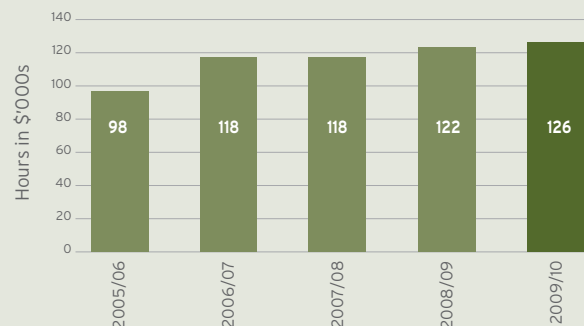
EQUIVALENT FULL TIME POSITIONS

62.3

KEY ACTIVITIES

- > Provision of services and facilities that promote and support a broad range of options for recreation, arts, events, health and fitness in partnership with the community and various key stakeholders
- > Provide assessment, care management, maintenance and support services for frail older people, younger people with moderate to severe disabilities, and their carers
- > Support for families with children aged from birth to 6 years of age
- > Home visiting to families in need
- > Developmental assessments of children
- > Appropriate referrals and the provision of information and parent education
- > Planning for current and future early years services
- > Assisting with the needs of migrant and refugee families
- > Coordinating quality care for children from birth to twelve years in the homes of Carers who contract their services to Council
- > Inspection of food premises
- > Investigation of health related issues such as septic tanks and water discharge
- > Enforcement of EPA guidelines
- > Immunisation services
- > Investigation of reports of infectious disease outbreaks for the origin of the disease
- > Emergency planning for a public health response
- > Public health promotion and education

FAMILY DAY CARE HOURS PROVIDED



Community health and wellbeing

The Year Ahead

STRATEGIC REVIEW

Establish formal reviews of the three key strategies within the Recreation, Arts & Culture Unit to determine their status and future planning approaches for community recreation, events, arts and culture.

FACILITY PLANS

Determine priority sport and recreation facility specific plans to be undertaken.

EVENT ATTRACTION

Review new event opportunities within the Shire to further attract new opportunities, participation and visitation.

CAPITAL WORKS

Completion of capital works as funded.

EMERGENCY RELIEF

Continue to develop Emergency Relief and Recovery planning and preparation.

MEETING PLACE REDEVELOPMENT

Finalise 'The Meeting Place' redevelopment and implement innovative and high quality respite services for residents and visitors to Colac Otway Shire.

KANYANA REDEVELOPMENT

Completion of the Kanyana redevelopment and a launch with all of its user groups.

TRANSPORT CONNECTIONS

Funding approved for Phase 3 Transport Connections Project, 1 January 2011 - 30 June 2013.

HOME AND COMMUNITY CARE

The Active Service Model for Home & Community Care Clients (HACC) to be developed and introduced to current and future consumers.

HACC RE-ACCREDITATION

Re-accreditation assessment for HACC services will be undertaken, with a focus on new assessment and privacy guidelines.

APOLLO BAY LIBRARY AND COMMUNITY FACILITY

Further discussions will be held with Otway Health and Community Services to further develop library services in Apollo Bay.

BELOW: Colac Tigers netballers at Central Reserve PHOTO: Ferne Millen CENTRE: Gayle Tierney MP launching the Apollo Bay to Colac bus service, a Transport Connections Project RIGHT: Fast tracking in the Otway Odyssey PHOTO: Rapid Ascent



fast facts



ABOVE: Jack Fletcher and Community Care Worker Kylie Carew

The Meeting Place

The Meeting Place respite program for people with disabilities is undergoing redevelopment. Conversations have been held with parents, carers, participants and service agencies to develop the best model for promoting increased community participation and social inclusion for participants. An exciting and responsive range of activities and support services are being developed for 2010/11.

The Meeting Place's Antz Pantz theatre group performed their original production Animal Complaints at the "Having a Say" Conference; a three-day event and Australia's biggest national disability conference. The play contained a call to action for the community to make a stand and speak up for animals.

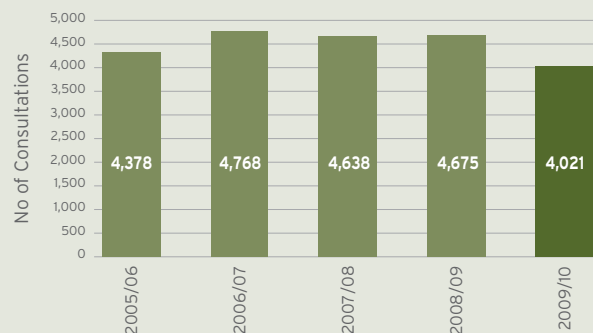
BELOW: Antz Pantz Theatre Group



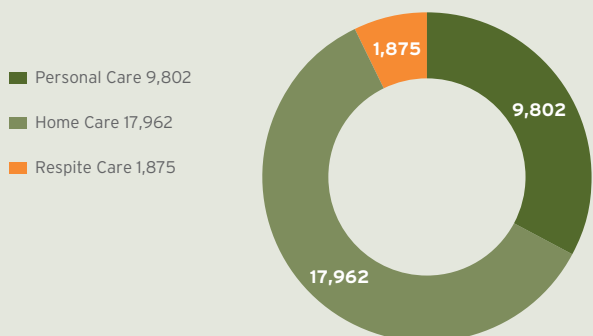
SERVICE STATISTICS

- > 36 community events delivered
- > 53,110 attendances at events
- > 5 FReeZA events delivered, with attendances of 1,930
- > 962 events were held at COPACC attracting in excess of 45,590 people
- > 19 exhibitions conducted in the COPACC foyer
- > 502 Bluewater Fitness Centre memberships sold, with 28,317 member visits
- > 1,213 attended the Learn to Swim program
- > 6,165 community transports provided for the aged and disabled
- > 1,368 hours of home maintenance provided
- > 412 children registered for Family Day Care
- > 255 birth notifications
- > 4,910 immunisations given
- > 379 premises and other outlets selling food
- > 1,043 food safety inspections undertaken

MATERNAL AND CHILD HEALTH CONSULTATIONS



HOURS OF AGED CARE SUPPORT



Community health and wellbeing

Progress on Council Plan Commitments

✓ 2009/10 Actions completed

▼ 2009/10 Actions behind schedule

◆ Deferred or delayed beyond 2009/10

STRATEGY 1: Provide, facilitate or advocate for a range of health, recreation, community services and facilities

Key Actions	Progress for 2009/10	Status
Develop a 10 year upgrade works program for Colac Otway Performing Arts and Cultural Centre	Contributed to the development of the Shire's Assets Strategy led by Council's Infrastructure Unit which will result in a 10 year upgrade and capital works program for the Centre.	◆
Develop a 10 year capital upgrade works program for Blue Water Fitness Centre	Contributed to the development of the Shire's Assets Strategy led by Council's Infrastructure Unit which will result in a 10 year upgrade and capital works program for the Bluewater Fitness Centre.	◆
Develop a 10 year capital upgrade works facility improvement program for all recreation facilities and investigate external funding options to assist with these works, with priority to Council owned facilities	Contributed to the development of the Shire's Assets Strategy led by Council's Infrastructure Unit which will result in a 10 year upgrade and capital works program for Council owned sport and recreation facilities.	◆
Continue in partnership with the Colac Community and project stakeholders to plan and develop the Beechy Precinct in accordance with Council approvals and review Council's continued involvement in the Beechy Precinct in respect of all elements that still require Council approvals	This year the construction of the joint use library commenced and is expected to be operational in October 2010. Redevelopment of the multi-purpose fields at Central Reserve was completed. Improvements to the Bluewater Fitness Centre Stadium were completed further to federal government funding secured.	✓
Review and reconsider the recommendations from the "Apollo Bay Library and Facility Development Project"	Council agreed that the preferred option for Apollo Bay is to develop a community facility at the Otway Health site that incorporates a library and the Neighbourhood House to provide improved community facilities.	✓
Review and implement the Council Community Grants Program guidelines	Completed a review of the 2009/10 program to ensure the program is broadly accessible to the community, with clear criteria and guidelines. The 2010/11 program was implemented.	✓
Implement Council's Recreation Strategy	Continued to implement the Recreation Strategy specifically the commencement of a ten year recreation facility capital works and maintenance program, and development of a draft fees and charges policy including user agreements.	✓
Develop an Open Space Strategy	A project brief was developed with input from various Council Units and external project partners. Funding has been secured from external project partners to undertake the Open Space Strategy.	✓
Develop a Bicycle Strategy	To be considered further to the completion of the Open Space Strategy and reviewed Recreation Strategy.	◆

fast facts



ABOVE: Reading at the Colac Library PHOTO: Ferne Millen

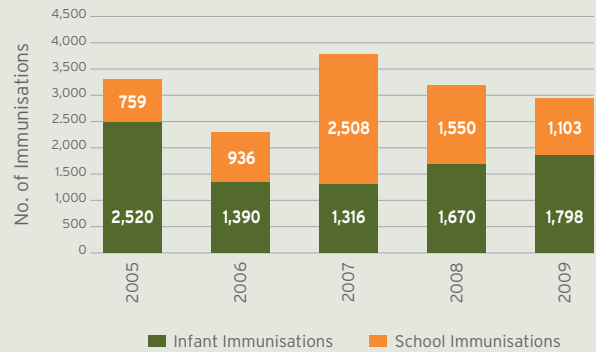


ABOVE: Busy morning at the Bluewater Fitness Centre PHOTO: Jon Barter



ABOVE: Apollo Bay Music Festival street parade PHOTO: Deanne Daffy

IMMUNISATION SERVICES PROVIDED

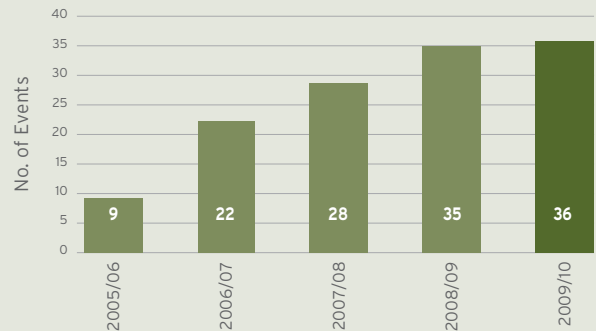


Figures are for the calendar year

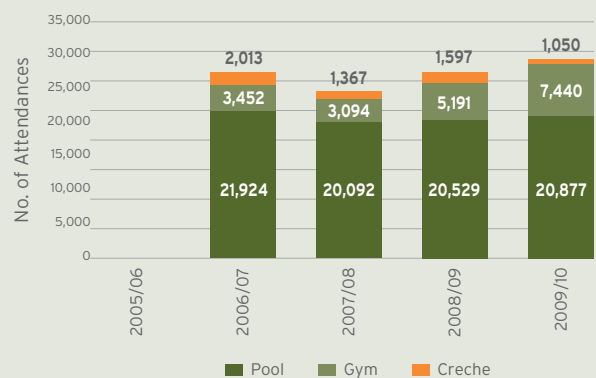
Increase in 2005 infant immunisations resulted from the introduction of the Rotavirus program.

Increase in 2007 & 2008 school immunisations influenced by the cervical cancer protection vaccine program for females in secondary schools. The program has now dropped back to year 7 girls only.

EVENTS UNDERGOING THE RISK MANAGEMENT PROCESS



ATTENDANCES AT BLUEWATER FITNESS CENTRE



Data unavailable in these categories prior to 2006/07

Community health and wellbeing

Progress on Council Plan Commitments

✓ 2009/10 Actions completed

▼ 2009/10 Actions behind schedule

◆ Deferred or delayed beyond 2009/10

STRATEGY 2: Promote and facilitate cultural and community events throughout the municipality

Key Actions	Progress for 2009/10	Status
Implement the Arts and Cultural Strategy	Contributed to the maintenance of the Apollo Bay foreshore sculptures.	✓
Implement the Festival and Events Strategy	Provided training opportunities for community members and event organisers, produced and distributed three calendar of events and participated in community consultation through local and regional tourism networks.	✓
Work with event organisers and community groups to develop a broad range of community festivals and events	Ongoing (refer above).	✓




STRATEGY 3: Adopt a partnership approach to addressing the current and future health and wellbeing needs of the community

Key Actions	Progress for 2009/10	Status
Implement and promote the Municipal Public Health Plan	The State Government has replaced the Municipal Public Health Plan with the Public Health & Wellbeing Plan. This new Plan is in preparation and will be presented to Council in September 2010.	▼
Implement the Positive Ageing Strategy	Ongoing actions include completion of climate change program. An agreed plan for the redevelopment of Kanyana.	✓
Develop and implement an Early Years Plan	Draft Plan has been developed in consultation with stakeholders.	✓
Develop and implement an Access and Inclusion Plan	Draft Plan has been developed in consultation with stakeholders.	◆

STRATEGY 4: Support local communities to develop, grow and be great places to live

Key Actions	Progress for 2009/10	Status
Implement the Transport Connections Strategy	Phase 2 of Transport Connections is on schedule. This will be completed in December 2010. Bus service trials now link 14 isolated communities to medical and retail services and summer beach or trail destinations.	✓
Liaise with local Real Estate Industry to monitor the local market and encourage diversity in housing choice	Quarterly meeting with local real estate companies.	✓
Participate in local and regional Affordable Housing task groups	Participated as required.	✓
Work with Developers to create liveable, affordable and sustainable housing	Planning and Economic Development staff have worked closely with a number of affordable housing providers concerning the provision of low cost housing on various development sites.	✓

Strategic Indicators for Community Health and Wellbeing

Indicator	Target 2009/10	Result 2009/10	Result
Achievement of Council Commitments and Key Actions	100%	65%	
Community satisfaction with Health and Human Services	77%	72%	
Community satisfaction with Recreational Facilities	66%	52%	

Corporate governance

Good governance requires Council to operate within the spirit and intent of the legislation outlining its powers, support open and transparent decision-making processes, establish effective frameworks for planning, monitor the efficiency and effectiveness of operations and engage with and advocate for our community as partners in the ongoing growth and development of Colac Otway Shire as the place of choice to live.

COUNCIL'S ROLE

As a statutory body Colac Otway Shire is one of 79 Victorian Councils that derives its role, powers and functions primarily from the *Local Government Act 1989*.

Under the *Act*:

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 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 on behalf of our community.

COUNCIL PLAN FRAMEWORK

The Council Plan is the key strategic document guiding the direction of the Council for its elected term. Colac Otway Shire's Council Plan 2009-2013 was produced after a comprehensive process that included extensive strategic research on the key drivers and trends impacting the current and future growth and welfare of our community, inputs from Councillors and Council staff, community consultation and consideration of statutory and contractual requirements. The new Council Plan came into effect on 1 July 2009 and can be viewed on Council's website at: www.colacotway.vic.gov.au/Page/page.asp?Page_Id=457&h=0

The 2009/10 Annual Report is reporting against the first year of the 2009-2013 Council Plan. The Council Plan has six Key Result Areas guiding the growth and development of our municipality and these are:

- > Leadership and Governance
- > Physical Infrastructure and Assets
- > Land Use and Development
- > Environmental Management
- > Economic Development
- > Community Health and Wellbeing

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. 3 Livestock Local Law	21 November 2007	22 November 2007
No. 4 Council Meeting Procedures and Common Seal	24 February 2010	1 March 2010
No. 5 Colac Livestock Selling Centre	24 August 2005	24 September 2005

A detailed review of Local Law No. 4 was undertaken during the year.

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.

CONFLICT OF INTEREST

Following the changes to the *Local Government Act* relating to Conflict of Interest and Assemblies of Council, information was provided to Councillors on the new provisions under the *Act*.

A copy of the publication *Conflict of Interest In Local Government*, published by Local Government Victoria, details all aspects of the legislation and was provided as a guide for Councillors and staff. Training sessions were also held with Councillors and staff on the Conflict of Interest provisions.

The list of staff required to complete Conflict of Interest returns was reviewed with a number of staff being added.

The Code of Conduct for Council and the Staff Code of Conduct were reviewed to ensure that they are consistent with the changes to the *Local Government Act*.

Corporate governance

POLICIES, STRATEGIES AND PLANS

The following policies, strategies and key plans were reviewed and or adopted by Council during 2009/10:

Document	Date Adopted
Corangamite and Colac Otway Road Safety Strategy	22 July 2009
Economic Development Action Agenda 2009 - 2013	22 July 2009
Gifts, Benefits and Hospitality Policy	28 October 2009
Confidential Information Policy	28 October 2009
Sale & Exchange of Council Land Policy	28 October 2009
Special Rate and Special Charges Policy	28 October 2009
Committees of Management of Drainage Systems Policy	28 October 2009
Section 86 Committees of Management Policy	28 October 2009
Internal Audit Policy	28 October 2009
Fraud Prevention/Control Policy	28 October 2009
Pre-election Caretaker Policy	28 October 2009
Council Committees Policy	28 October 2009
Municipal Building Control - Intervention Filter Criteria Guidelines Policy	28 October 2009
Procurement Policy (Interim)	28 October 2009
Barwon South West Regional Trails Master Plan	28 October 2009
Funding Advances to Community Organisations Policy	25 November 2009
Donations-Miscellaneous Policy	25 November 2009
Investment Attraction Policy	25 November 2009
Maternal and Child Health Services Policy	25 November 2009
Rates Assistance Community Groups Policy	25 November 2009
Assistance to Rates Debtors in Hardship Policy	25 November 2009
Residential Properties deemed to be Non-Rateable as used for Charitable Purposes Policy	25 November 2009
Information Privacy Policy	25 November 2009
Community Engagement Policy	27 January 2010
Environment Strategy 2010-2018	27 January 2010
Audio Recording of Council Meetings Policy	24 March 2010
Colac Otway Shire Heatwave Plan	24 March 2010
Customer Service Policy/Guidelines	28 April 2010
Hire of COPACC Policy	28 April 2010

POLICIES, STRATEGIES AND PLANS (CONTINUED)

The following policies, strategies and key plans were reviewed and or adopted by Council during 2009/10:

Document	Date Adopted
Community Bus Policy	28 April 2010
Risk Management Policy	28 April 2010
Closure of Unused Government Roads; Licensing of an Unused Road or Water Frontage Policy	28 April 2010
Display/Locate Sign/s and Goods on the Footpath/Road Reserve Policy	28 April 2010
Installation and Usage of Stock Underpasses Policy	28 April 2010
Asset Management Policy	28 April 2010
Heavy Vehicle Access Policy	28 April 2010
Event Road Closure Consultation and Communication Policy	28 April 2010
<i>Whistleblowers Protection Act 2001</i> Procedure	28 April 2010
Council Property Leasing Policy	23 June 2010
Procurement Policy	23 June 2010

Elected Representatives

CODE OF CONDUCT

Council has a Code of Conduct, which was reviewed and adopted on 23 September 2009. The Code aims to embrace the principles of good governance, guide Councillors' behaviour, accountability and dispute resolution between Councillors. The existing Code is available on Council's website at: www.colacotway.vic.gov.au/Page/page.asp?Page_Id=457&h=0

COUNCIL MEETINGS

Council conducts its business in open and publicly advertised meetings. Ordinary Council Meetings are usually held on the fourth Wednesday of each month, with Council meetings held in Apollo Bay in April and November.

The May 2010 Meeting was held in Birregurra and the August 2010 Meeting is to be held in Cressy.

On occasions, Special Council meetings are called to consider specific matters. Minutes of the Council Meetings are available on Council's website at: www.colacotway.vic.gov.au/Page/page.asp?Page_Id=265&h=0

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

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

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

Corporate governance

COUNCILLOR ATTENDANCE AT MEETINGS

The following table indicates meeting attendance of Councillors for the reporting period:

Councillor	Number of Council and Statutory Meetings		Number of Special Meetings	
	Eligible to Attend	Attended	Eligible to Attend	Attended
Cr Lyn Russell (Mayor)	13	13	4	4
Cr Stephen Hart	13	13	4	3
Cr Frank Buchanan	13	13	4	4
Cr Brian Crook	13	13	4	4
Cr Stuart Hart	13	13	4	4
Cr Geoff Higgins	13	13	4	4
Cr Chris Smith	13	13	4	4

The statutory meeting, including election of the Mayor, was held on Wednesday, 9 December 2009.

Ordinary Council Meeting Briefing Sessions - Councillor Attendance

Councillor	2009						2010					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Lyn Russell	•	•	•	•	•	•	•	•	•	•	•	•
Stephen Hart	•	•	•	•	•	•	•	•	•	•	•	•
Frank Buchanan	•	•	•	•	•	•	•	•	•	•	•	•
Brian Crook	•	•	•	•	•	•	•	•	•	•	•	•
Stuart Hart	•	•	•	•	•	•	•	•	•	•	•	•
Geoff Higgins	PT	A*	PT	A*	•	PT	•	•	•	•	•	•
Chris Smith	PT	A	PT	•	A	A	A	A	A	A	A	•

• = Present; A = Absent; A* = Absent with apology; PT = Attended part of the meeting

COUNCILLOR SUPPORT AND REMUNERATION

The Councillor Support Policy was revised in February 2009. The Policy provides a broad overview of how the Council provides assistance and support to the Mayor and Councillors in carrying out their roles and official duties. A copy of the policy is available for inspection, as required under Section 75B of the *Local Government Act*, and is also available on Council's website at: www.colacotway.vic.gov.au/Page/page.asp?Page_Id=1758&h=0

In line with the policy, support is provided to the Mayor in the form of a Council vehicle and computer equipment and telephones are available for all Councillors.

Councillor	Land Line Phone	Mobile Phone	Laptop Computer	Next G Internet Connection	Fax Machine
Cr L Russell (Mayor)	•	•	•	•	•
Cr F Buchanan		•			
Cr B Crook	•	•	•	•	•
Cr Stephen Hart			•	•	
Cr Stuart Hart	•	•	•		
Cr G Higgins	•	•			
Cr C Smith	•				

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. Therefore, the Councillor Support Policy also provides for reimbursement of expenses for training, registration fees for conferences and functions, travel and child care.

The following table sets out the costs for Council for the reporting period:

Councillor	Allowance (including superannuation)	Travel ²	Total
Cr Lyn Russell ¹	38,550	1,433	39,983
Cr Stephen Hart	16,541	9,068	25,609
Cr Frank Buchanan	16,541	6,369	22,910
Cr Brian Crook ¹	28,470	-	28,470
Cr Stuart Hart	16,541	18,171	34,712
Cr Geoff Higgins	16,541	5,144	21,685
Cr Chris Smith	16,541	8,680	25,221
Total	\$149,725	\$48,865	\$198,590

Notes:

1. Cr Russell elected as Mayor on 9 December 2009, taking over from Cr Crook. A Councillor vehicle is provided to the Mayor for business and private use.

2. Travel includes remote area travel allowance. The travel allowance represents the amounts paid to Councillors during the period 1 July 2009 to 30 June 2010.

Corporate governance

Committees of Council

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

Committee	Councillor	Meeting Frequency	Purpose/Comments
Audit Committee (Advisory Committee)	Cr Stephen Hart Cr Stuart Hart (includes two independent members)	Quarterly, or more frequently as determined	To review financial and risk management systems and assist Council to carry out its corporate governance responsibilities. It has an independent member as the chairperson. The Chief Executive Officer (CEO) is a non-voting member.
Australia Day Committee (Advisory Committee)	Cr Lyn Russell Cr Frank Buchanan Cr Brian Crook Cr Chris Smith	Once a year in December/January and other meetings as required	To review nominations, select Australia Day Award winners in the various categories and recommend to Council on the location of the Australia Day celebration.
Festival & Events Support Scheme (Advisory Committee) (includes Events Coordinator and 2 external members)	Cr Lyn Russell Cr Frank Buchanan Cr Brian Crook Cr Stuart Hart	Once a year in June, and other meetings as required	To consider the applications received for the Festival & Events Support Scheme and make any recommendations to Council on any strategic directions for specific events or the Support Scheme.
Grants/Community Funding Committee (Advisory Committee)	Cr Brian Crook Cr Stephen Hart Cr Stuart Hart Cr Chris Smith	Once a year in June/July	To consider the applications received for the Community Funding program and make recommendations on any strategic directions for the specific projects or funding programs.
Planning Committee (Special Committee)	All Councillors	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.
Small Town Improvement Program Advisory Committee	Cr Lyn Russell Cr Frank Buchanan Cr Stuart Hart Cr Geoff Higgins	Once a year in May	To consider the applications received for the Small Town Improvement Program.



COUNCIL REPRESENTATION ON OTHER COMMITTEES

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

Cr Lyn Russell, Mayor

Australian Local Government Association
Colac Affordable Housing Strategy
Colac Otway Network of Community Centres
Geelong Otway Tourism Board
G21 Board
G21 Health & Wellbeing Pillar
Great South Coast Municipalities Group
Otways Tourism Inc.
Rural Financial Counselling Service

Cr Stephen Hart, Deputy Mayor

Barwon Regional Waste Management Committee
Colac Otway Shire Environment Strategy Steering Committee
Corangamite Regional Library Corporation
G21 Environment Pillar
Lavers Hill Swimming Pool Committee of Management
Municipal Association of Victoria

Cr Frank Buchanan

Apollo Bay Harbour Redevelopment Community Reference Group
Apollo Bay Leisure Centre Liaison Group
G21 Economic Development Pillar
Port of Apollo Bay Consultative Group

Cr Brian Crook

Barnard Trust Committee
COPACC Trust
G21 Education & Training Pillar
Premier Recreation Reserve Committee
Rural Councils Network (Vic)

Cr Stuart Hart

G21 Transportation Pillar
Municipal Emergency Management Planning Committee
Municipal Fire Prevention Committee
Transport Connections Local Advisory Group

Cr Geoff Higgins

Colac Livestock Selling Centre Advisory Committee
Lake Colac Community Advisory Committee
Municipal Aerodrome Committee - Colac
Ondit Quarry Consultative Committee
Timber Towns Committee
Tirrengower Drainage Scheme Committee of Management
Weeds Consultative Committee

Cr Chris Smith

COPACC Trust
Dairy Industry Training Committee
Friends of the Botanic Gardens
Lake Colac Community Advisory Committee
Old Beechy Line Committee
Youth Council

Corporate governance

AUDIT COMMITTEE

This is an advisory committee of the Council and exists to:

- 1.1 Assist the Council in its oversight responsibilities by monitoring, reviewing and advising on:
- > The truth and fairness of the view given by the annual financial and performance statements of the Council
 - > The Council's accounting policies and practices in accordance with current and emerging, accounting standards
 - > The external auditor's performance
 - > The independence and performance of the internal audit function

- > Compliance with legal and regulatory requirements and policies
- > Compliance with Council policy framework
- > Internal controls, the control environment and the overall efficiency and effectiveness of financial operations
- > The Council's overall risk management policy and programs

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

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

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

Mr Mike Said was appointed Chairperson of the Committee in May 2007 and reappointed in June 2009.

Ms Linda MacRae was reappointed for a further three years commencing 1 June 2010.

Cr Stephen Hart and Cr Stuart Hart were reappointed at the Statutory Meeting held in December 2009.

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

OUTCOMES

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

- > Review and endorsement of the 2008/09 Financial Statements, Standard Statements, Performance Statement and Audit Management Letters
- > Review of various Victorian Auditor General's Reports to Parliament applicable to Local Government including the results of the 2008/09 Audits
- > Review of the 2009/10 External Audit Strategy and development of an Internal Audit program
- > Review of Audit Charter
- > Review of Risk Management Issues and monitoring of the Risk Register developments
- > Review of the Audits for SafetyMAP, JMAPP Property and Fidelity Insurance
- > Monitoring Excess Annual Leave of staff
- > Review of Cash Balances
- > Review Benchmarking/Performance Indicator Information
- > Monitoring of Road Management Plan compliance
- > Quarterly reporting of Fraud Control Program
- > Review of the Half Year Financial Report and Quarterly Performance Report to Council
- > Review of Council Plan and Budget processes
- > Reviewed the audit scopes, reports and recommendations of internal audit projects, including Records Management, Purchasing Review and Cash Receipting and Handling
- > Review of the Legislative Compliance Register including delegations and 'Best Value'
- > Review of Waste Management results
- > Review of Fraud Prevention/Control Policy
- > Review of updates on Tendering and Contracting in Local Government

Council's External Auditor is Coffey Hunt.

Risk Management

Colac Otway Shire is committed to managing risk responsibly by having in place appropriate procedures to reduce the possibility of adverse effects from future events. Mechanisms are in place for the key focus areas of assets, workers, liability and financial sustainability.

Council's Risk Management Policy was reviewed, and approved, in November 2009 in line with the new ISO 31000 Standard on Risk Management. The Risk Management Policy provides a systematic approach to identifying, analysing and mitigating risks. Ongoing reviews of policies, internal controls and standards against the Risk Management Strategy are reported to the Audit Committee on a quarterly basis.

All risks identified by Council have been populated in the risk register within interplan®, Council's electronic integrated management system, and allocated to appropriate responsible officers. Risk treatments are incorporated into business planning and reporting functions.

PUBLIC & PROFESSIONAL LIABILITY

Civic Mutual Plus (CMP) conducted its annual audit in March 2010, with Colac Otway Shire showing improved performance, contrary to the State trend. We are pleased to note that Colac Otway Shire was assessed as being in the top 20 per cent this year. A comprehensive audit of Colac Otway Shire's risk management processes were conducted across a range of Council services by the auditor:

- > Bluewater Fitness Centre
- > Road Management
- > Tree Management
- > Special Committees
- > Essential Safety Measures
- > Food Safety
- > Planning

The Year Ahead

Colac Otway Shire will be undergoing the bi-annual property and fidelity audit, JMAPP, conducted by Jardine Lloyd Thompson Australia (JLTA) in the coming financial year, along with additional audits from our insurer's underwriter, Affiliated FM.

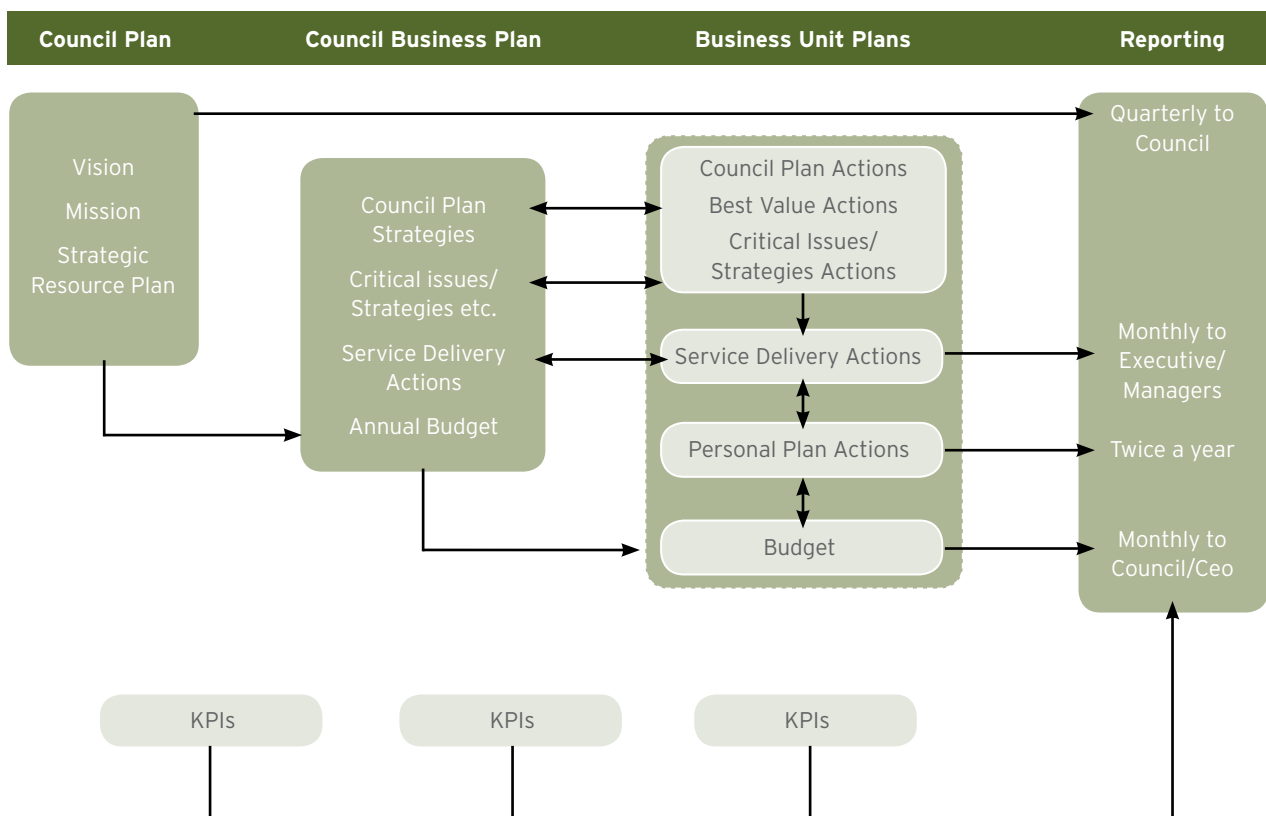
A review of Council's Risk Management policies and procedures will also be undertaken.

Corporate governance

Business Planning

Further strengthening of our integrated business planning framework was undertaken this year with the addition of the Task module to our interplan® reporting software. This has allowed further refinement to our planning and reporting processes and links with the pes® module (Personnel Evaluation System). Our key focus remains that of continuing to strengthen the linkages between the Council Plan, annual Business Unit plans and employees' personal plans.

INTERGRATED PLANNING MODEL



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	Annual 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

The Parks and Gardens service underwent a review during 2009/10. A key recommendation of the review was to create a new Service Level Agreement. This project is currently in progress and is expected to be completed in the first half of the 2010/11 financial year.

The Budget Request process for major projects and capital works being planned for the following financial year was also reviewed. Key outcomes included clarification of 'operational' and 'recurrent' projects and a complete redesign of the electronic forms used, creating clearer linkages with the 10 year financial plan. The Budget Request process forms part of a much larger project on the planning and management of projects, which will continue through the 2010/11 year. Training of the organisation in the use of the new Budget Request process will commence in September 2010.

Corporate governance

Legislative Compliance

INFORMATION PRIVACY ACT 2000

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. Council's Information Policy and Guidelines can be downloaded from our website at:

www.colacotway.vic.gov.au/Page/page.asp?Page_Id=1758&h=1.

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. No complaints were received during 2009/10.

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 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. For further information and access to the FOI Access Request Form, see Council's website at:

www.colacotway.vic.gov.au/Page/Page.asp?Page_Id=590&h=1

Appeals

Applicants may appeal against a decision made in response to requests for access to documents and amendment of records, or against the cost levied for allowing access to documents. Information about the appropriate process of appeal will be conveyed to the applicant in the initial decision letter. Applicants should consult Part IV of the Act for further information about appeal rights.

FOI Applications Recorded

Year	Applications Recorded
2009/10	9
2008/09	22
2007/08	15
2006/07	12
2005/06	9

ROAD MANAGEMENT ACT 2004

Council, as a road authority, is required under Section 22 of the Act to publish a copy or summary of any direction received from the Minister in its annual report. No directions were received from the Minister in 2009/10.

DOMESTIC (FERAL AND NUISANCE) ANIMALS ACT 1994

Under the Act Council is required to create a Domestic Animal Management Plan and to evaluate its implementation in its annual report. The plan was prepared in accordance with the requirements and responsibilities under the *Domestic (Feral & Nuisance) Animals Act 1994*, *Impounding of Livestock Act 1994*, the Colac Otway Shire Council's General Local Laws and relevant policies and was endorsed by Council on 25 November 2008.

The plan identifies strategies and actions to implement the vision, aims and objectives for animal management and contains recommendations for a wide range of actions to be undertaken by Council in a programmed approach. These actions will enable Council to maintain a balance between the competing interests of animal management and to accommodate new requirements.

The plan addresses topics including Authorised Officer training, promotion of responsible pet ownership including registration, minimisation of dog attacks, operation of the Pound facility and general service delivery throughout the municipality.

The Domestic Animal Management Plan is being implemented effectively:

- > A special rate for animal registrations that encourages desexing and microchipping has been introduced successfully
- > Further refinement of the schedule of fees is currently being examined to address the reluctance of owners to register their working dogs
- > Domestic animal registrations are progressing well with a larger than normal proportion being paid prior to the due date for the 2010/11 registration period
- > Higher rates of domestic animal registrations have been achieved by increasing efforts in the area of registration follow up
- > Re-housing of impounded animals is progressing well, however the number of unwanted kittens continues to be an area of concern. This is a nationwide issue that is receiving substantial attention in an effort to reduce the incidence of euthanasia on unwanted cats/kittens

The Domestic Animal Management Plan provides Council with a sound basis from which to plan, coordinate and make decisions to meet the present and future needs of the community.

COUNTRY FIRE AUTHORITY ACT 1958

Under the *Act* Council is required to create a Municipal Fire Prevention Plan and to evaluate its implementation in its annual report.

The Municipal Fire Prevention Plan is being implemented effectively:

- > Council has reviewed and updated the plan in line with the recommendations from the Royal Commission into the 7 February fire tragedy
- > Council carried out its responsibilities to maintain strategic fire breaks identified in the plan
- > The inspection process that Council is responsible to undertake during the fire season was carried out in a comprehensive fashion
- > Courtesy letters were sent to over 9,000 property owners in October 2009 highlighting the need for the community to prepare for the start of the fire season in November
- > A total of 766 Fire Prevention Notices were issued to property owners who did not effectively maintain their property to the required standards. Only 19 properties failed to comply with the requirements of a Fire Prevention Notice

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 2009/10.

EQUAL OPPORTUNITY

Colac Otway Shire is committed to the principles of Equal Opportunity. We believe that our staff, volunteers and clients are entitled to be treated on the basis of merit and are able to 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.

Corporate governance

National Competition Policy and Compliance - 2009/10

Certification by the Chief Executive Officer

Colac Otway Shire Council has complied with the requirements of the National Competition Policy (NCP) for the period 1 July 2009 to 30 June 2010, in accordance with the requirements outlined in *National Competition Policy and Local Government - A Revised Statement of Victorian Government Policy (January 2002)*; as set out below:

A. Trade Practices Compliance State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress.	Compliant
B. Local Laws Compliance State whether the Council is compliant or non-compliant. List any local laws made or remade during 2009-10 which impose a restriction on competition:	Compliant
C. Competitive Neutrality Compliance State whether the Council is compliant or non-compliant for all significant businesses. List any significant businesses that are non-compliant:	Compliant

I certify that:

- a) this statement has been prepared in accordance with the 2009/10 National Competition Policy reporting guidelines, which is pursuant to the *2008 Statement*; and
- b) this statement presents fairly the Council's implementation of the National Competition Policy.

Signed:



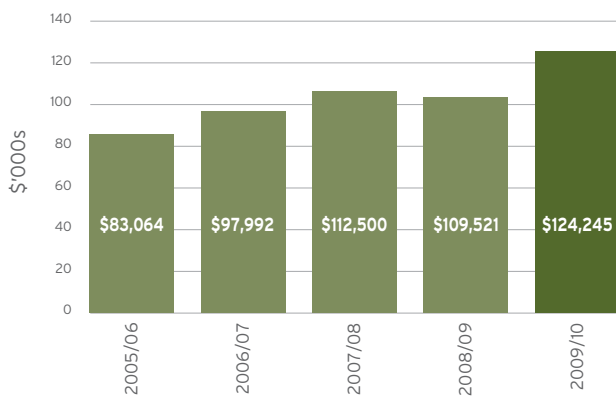
(Chief Executive Officer)

Date: 30 June 2010

Grants and Donations to the Community

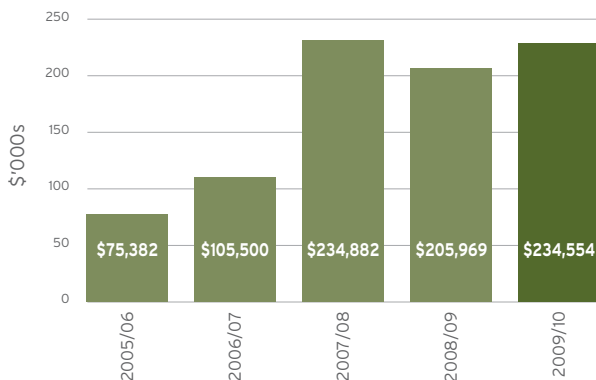
To assist the community undertake cultural, recreational, environmental and community support projects and activities, Council provides grants and donations to community groups under the Community Funding Program. In 2009/10 \$116,594 was allocated to organisations across the Shire under three categories: Recreation Facilities, Community Projects and COPACC (Colac Otway Performing Arts Centre).

COMMUNITY SUPPORT GRANTS AND DONATIONS



A five year view of the Community Support Grants and Donations indicates Council has provided a total of \$527,322 to support community groups, with a variety of projects, ranging from minor maintenance to sporting clubs and arts and theatre groups.

MAJOR GRANTS AND DONATIONS



Over the past five years Council has provided \$857,827 in Major Grants and Donations to support community events and organisations. Major Grants and Donations made during the 2009/10 year amounted to \$234,554 of the funds provided by Council to support the activities of our community.

Council Memberships

Council is a member of a number of groups/organisations including the following key memberships:

Organisation	Amount
Geelong Otway Tourism	\$79,413
G21 - Geelong Regional Alliance	\$40,700
Barwon Regional Waste Management Group	\$13,601
Livestock Saleyards Association of Victoria	\$2,839
Timber Towns Victoria	\$2,200
Local Government Professionals	\$1,650
National Sea Change Taskforce	\$1,250
Local Government ICT Committee	\$1,250
Victorian Association of Performing Arts Centres	\$990
Tourism Alliance Victoria	\$950
ICLEI	\$924
Local Government Finance Professionals	\$510
Parks and Leisure Australia	\$436
Australian Airports Association	\$424
Planning Institute of Australia	\$323
Rural Road Group	\$100
Cemeteries & Crematoria Association of Victoria	\$70
Total	\$147,630

Corporate governance

Public Access to Registers and Documents

Under the *Local Government Act 1989*, Council is required to have the following list of documents available for public inspection. These documents can be viewed at the Colac Otway Shire Offices at 2-6 Rae Street, Colac from 8.30am to 5.00pm Monday to Friday.

- Details of current allowances fixed for the Mayor and Councillors
- Details of senior officer's 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 1989*
- 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 such higher amount as is fixed from time to time) 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*

Council's website www.colacotway.vic.gov.au also offers extensive information ranging from Council meeting agendas and media releases to job vacancies and the minutes of Council meetings.

Victorian Local Government Indicators

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):

	2005/06	2006/07	2007/08	2008/09	2009/10
Affordability					
Average rates and charges per assessment	\$956	\$1,069	\$1,151	\$1,228	\$1,288
Average rates and charges per Residential assessment	\$878	\$950	\$1,090	\$1,000	\$1,031
Sustainability					
Average liabilities per assessment	\$818	\$698	\$619	\$695	\$887
Operating result per assessment - surplus/(deficit)	\$128	\$71	\$48	\$129	\$213
Services					
Average operating expenditure per assessment	\$2,142	\$2,069	\$2,246	\$2,437	\$2,528
Community Satisfaction Survey for overall performance generally of the Council	Index Mean 65	Index Mean 63	Index Mean 51	Index Mean 57	Index Mean 55
Infrastructure					
Average capital expenditure per assessment	\$626	\$601	\$630	\$564	\$895
Renewal					
Current spending on renewal to Asset base consumed during the year	55%	83%	97%	70%	71%
Renewal and Maintenance					
Current spending on renewal plus maintenance to Asset base consumed during the year, plus maintenance	72%	90%*	98%	105%	82%
Governance					
Community Satisfaction Survey for Council's advocacy and community representation on key local issues	Index Mean 65	Index Mean 63	Index Mean 54	Index Mean 57	Index Mean 56
Community Satisfaction Survey for Council's engagement in decision-making on key local issues	Index Mean 64	Index Mean 62	Index Mean 45	Index Mean 51	Index Mean 52

*The figure of 121% appearing in the 2006/07 report was found to be in error

Financial sustainability

Financial Performance

IN BRIEF

- > Achieved a \$2.575 million profit for the period
- > Ended the 2009/10 financial year with a cash balance of \$9.762 million
- > Increased Non-Current Assets by \$5.0 million

OPERATING RESULTS

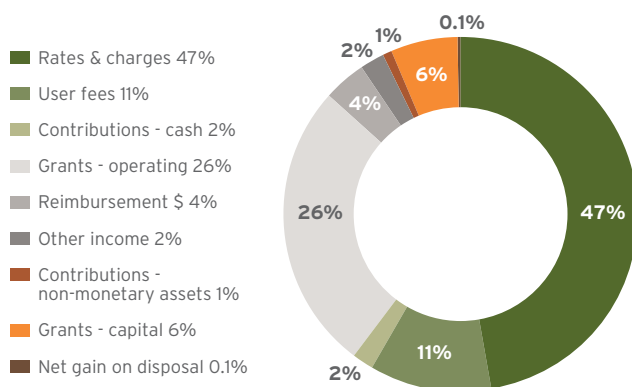
Council achieved a \$2.575 million profit for the 2009/10 financial year. This is the fourth successive year that we have achieved a surplus, which is a tremendous result given the increasing demands placed upon Council services and tightening of revenue opportunities during the year. One of the major challenges of Council will be to maintain ongoing surpluses to fund infrastructure renewal requirements.

REVENUE

Council's total revenue for the 2009/10 year was \$39.13 million as per the Comprehensive Income Statement.

A breakdown of Council's revenue sources highlights that 84% of Council's income comes from three income categories:

- > Rates and Charges 47%
- > Operating Grants 26%
- > User Charges, fees and fines 11%

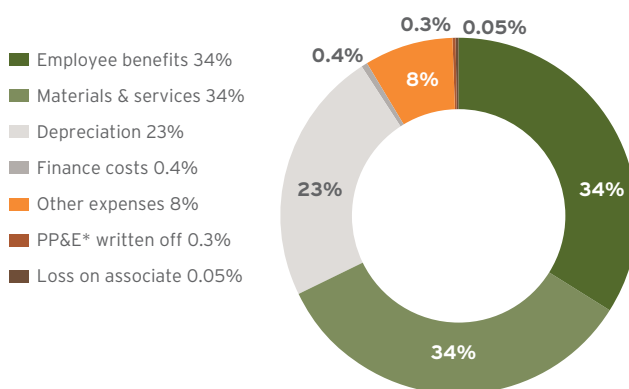


EXPENDITURE

Council's total expenses for the 2009/10 year were \$36.55 million as per the Comprehensive Income Statement.

A breakdown of Council's expenses highlights that 91% relates to three expenditure categories.

- > Employee Benefits 34%
- > Materials and Services 34%
- > Depreciation and Amortisation 23%



*Property, Plant and Equipment Infrastructure

CAPITAL WORKS

During the financial year, Council spent \$12.89 million on Capital Works projects. The amount spent on Capital Works in 2009/10 has increased significantly, with a major focus on addressing the infrastructure renewal gap.

ASSETS

Council's total assets are \$254 million, a \$6 million increase over the previous year. The major components of assets are:

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

Together these asset categories account for 99% 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 have increased during the year due to the new Colac Library and the Apollo Bay Waste Transfer Station. Current debt levels mean that we are still operating well within the Victorian State Government prudential ratio limits.

Financial Indicators

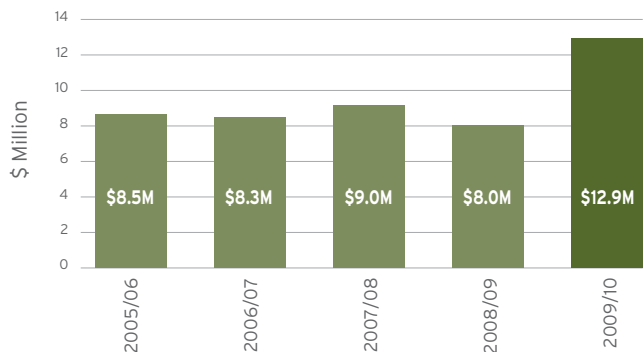
All of the following indicators show an improved financial position over the last five year period:

DEBT SERVICING RATIO

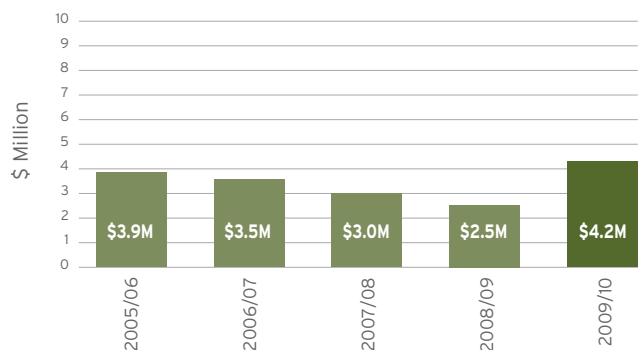
The Debt Servicing Ratio essentially shows how much Council spends on maintaining our outstanding debts compared with how much revenue Council earns. The lower the ratio, the better off Council is. These debt-servicing costs refer to the payment of interest on loan borrowings, finance lease interest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

The ratio has reduced significantly over the five year period, with Council's ratio of 0.4% being well under the prudential limit of 5% set by the Victorian State Government.

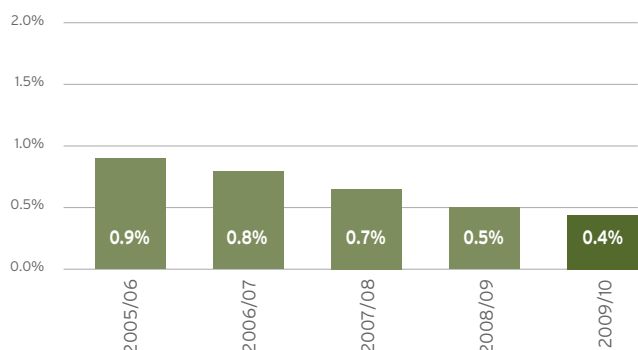
CAPITAL WORKS



LIABILITIES



DEBT SERVICING RATIO

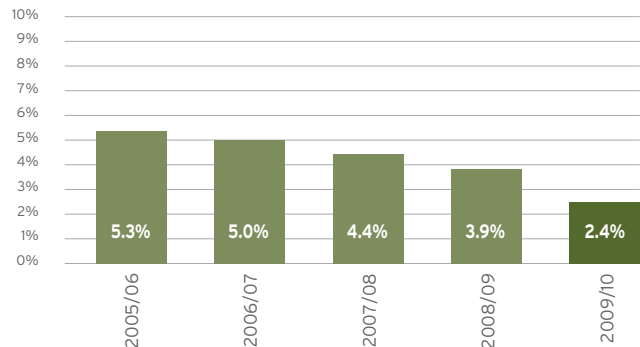


Financial sustainability

DEBT COMMITMENT RATIO

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

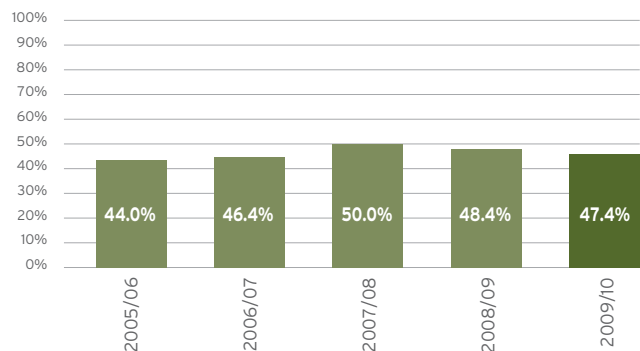
DEBT COMMITMENT RATIO



REVENUE RATIO

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

REVENUE RATIO

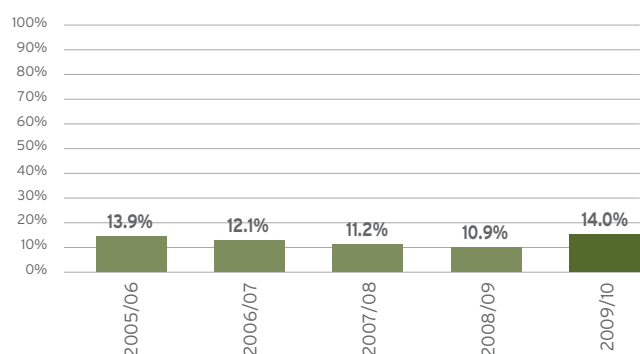


DEBT EXPOSURE RATIO

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

Overall, the ratio has reduced since 2002/03. The 2009/10 ratio of 13.99% is well under the limit of 50% set by the Victorian State Government.

DEBT EXPOSURE RATIO



Victorian Auditor General – Financial Sustainability Indicators

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

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

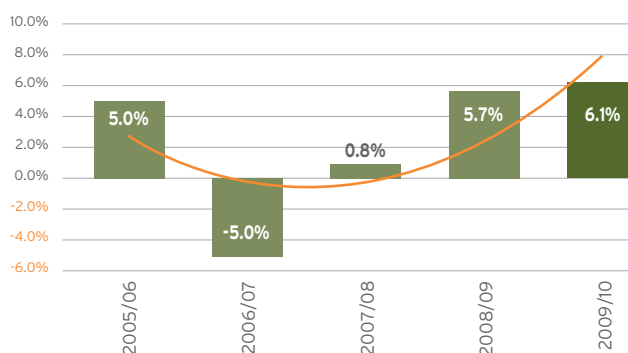
The indicators utilised by the Victorian Auditor General to assess the financial viability of councils are:

- > Operating Result - a measure of whether Council generates enough revenue from all sources to cover operating costs (including the cost of replacing assets, reflected in depreciation expense)
- > Liquidity - a measure of whether Council has sufficient working capital to meet short term commitments
- > Self-Financing - a measure of whether Council generates sufficient operating cash flows to invest in asset renewal and to repay any debt it may have incurred in the past
- > Indebtedness - a measure of whether Council is overly reliant on debt to fund capital programmes
- > Investment Gap - a measure of whether Council has been replacing assets at a rate consistent with the rate they are being consumed

The following information indicates positive movement in each of the indicators:

UNDERLYING RESULT RATIO

The overall trend indicates that the Shire is in positive territory and generating an underlying surplus which can be utilised for new assets or asset renewal. This is a positive result for Council and falls within the 'Low' risk category of the Victorian Auditor General Risk assessment for the financial sustainability of Council.



Indicators	Colac Otway Result	Risk Levels		
		High	Medium	Low
Underlying Result Ratio	6.1%	Negative 10% or less	Between negative 10% and zero	Greater than zero
Liquidity Ratio	218%	Equal to or less than 100%	Between 100% and 150%	Greater than 150%
Indebtedness Ratio	27.1%	Greater than 60%	Between 40% and 60%	Less than 40%
Self-Financing Ratio	31.9%	Less than 10%	Between 10% and 20%	Greater than 20%
Investment Gap Ratio	170%	Equal to or less than 100%	Between 100% and 150%	Greater than 150%

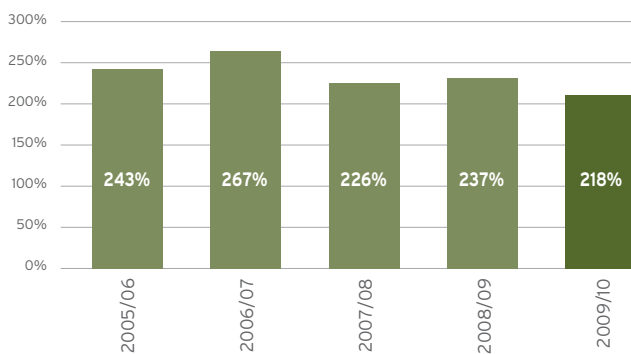
Risk assessment is prepared in accordance with the Victorian Auditor General's financial viability guidelines

Financial sustainability

LIQUIDITY RATIO (OR WORKING CAPITAL RATIO)

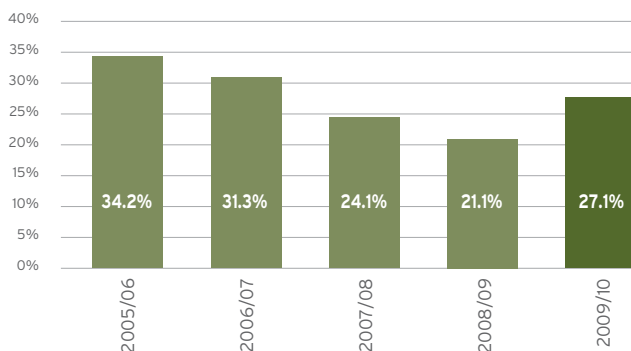
The Working Capital Ratio expresses the level of current assets, such as cash and investments, that Council has available to meet its current liabilities including outstanding creditors and employee entitlements.

The target in Council's Strategic Resource Plan is to maintain a ratio of at least 150%. Council's current ratio is well over the recommended limit of 150% indicated by the Auditor General. This indicates that the Shire has no immediate issue with repaying its liabilities when they fall due. This is a positive result for Council and falls within the 'Low' risk category of the Victorian Auditor General Risk assessment for financial sustainability of Council.



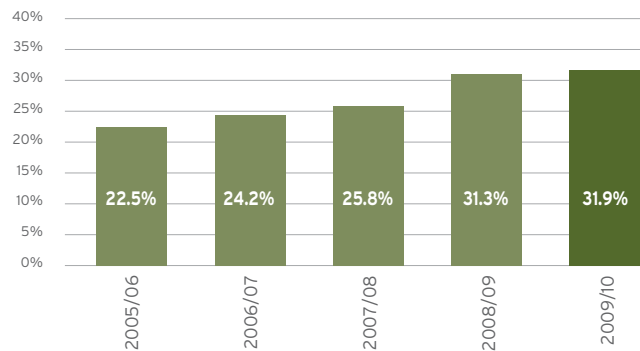
INDEBTEDNESS RATIO

The Shire has no concern over its ability to repay debt from its own sources of revenue (such as rates and charges). This is a positive result for Council and falls within the 'Low' risk category of the Victorian Auditor General Risk assessment for financial sustainability of Council.



SELF FINANCING RATIO

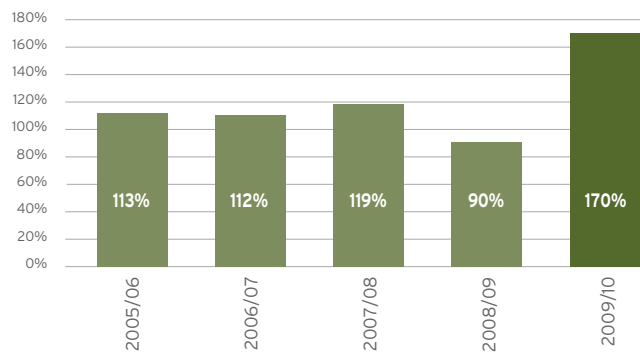
Results indicate that the Shire is generating enough cash from operations to fund the renewal of existing assets. This is also a positive result for Council and falls within the 'Low' risk category of the Victorian Auditor General Risk assessment for financial sustainability of Council.



INVESTMENT GAP RATIO

The graph shows that Council had made major improvements in the prior years in funding the renewal of the Shire's existing assets.

The current year saw a dramatic increase in the level of capital works and acquisitions recognised. This increase is in part due to the recognition of the Apollo Bay Waste Transfer Station and the Colac Library. The ratio now falls into the low risk category of the Victorian Auditor General's risk assessment.





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 2009/10 financial year and the overall position at the end of the financial year (30 June 2010).

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 forty notes. These are prepared by Council 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 Comprehensive 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. COMPREHENSIVE INCOME STATEMENT

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

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, in other words we measure how much of an asset we have consumed. Capital costs or new assets acquired 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 loss (deficit) situation, this means that Council is not creating sufficient profit (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 profit/(loss) for the year. A profit means that the revenue was greater than expenses.

Financial sustainability

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 2010. 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 below.

CURRENT AND NON-CURRENT ASSETS

- › Cash includes cash and cash equivalents i.e. cash held in the bank, petty cash and term deposits
- › Receivables are monies owed to Council by ratepayers and others
- › Investment in Associate is the investment in the Corangamite Regional Library Corporation
- › Other assets include inventory and accounts which have been prepaid
- › Property, Plant and Equipment, Infrastructure is the largest component of Council's worth and represents the value of all land, buildings, roads, vehicles, equipment, and other items 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 2010
- › 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 2010. 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. In other words, it is the value of assets in excess of what we paid for the assets.
- › Other Reserves are allocations of the Accumulated Surplus to specific projects or obligations.
- › 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 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 Comprehensive Income Statement as the profit/(loss) 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 FLOW STATEMENT

The Cash Flow 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 Comprehensive Income Statement because the Comprehensive 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 FLOW 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 FLOW FROM INVESTING ACTIVITIES

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

CASH FLOW FROM FINANCING ACTIVITIES

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

The bottom line of the Cash Flow 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 Comprehensive Income Statement, Balance Sheet,

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.

financial reporting



standard statements



contents

FINANCIAL REPORT	Page
Standard Financial Statements	
Notes to the Standard Statements	106
Standard Income Statement	107
Standard Balance Sheet	109
Standards Cash Flow Statement	111
Standard Statement of Capital works	113
Certification of the Standard Statements	115

NOTES TO THE *standard* statements

Note 1 Basis of preparation of Standard Statements

The Colac Otway Shire 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.

They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The Standard Statements compare the 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 Statements are those adopted by the Council on 22 July 2009.

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 the 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. 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 30 JUNE 2010

	Note	Actual \$'000	Budget \$'000	Variance \$'000	Variance %
Income					
Operating Income:					
Rates and charges		18,559	18,696	(137)	-1%
Grants - operating	1	8,953	7,467	1,486	20%
Grants - capital	1	3,323	4,666	(1,343)	-29%
Charges, fees and fines	2	4,267	3,720	547	15%
Reimbursements and contributions	3	3,081	389	2,692	692%
Interest revenue	4	447	325	122	100%
Other income	5	438	-	438	100%
Total income		39,068	35,263	3,805	11%
Expenses					
Employee benefits	6	(12,387)	(10,226)	(2,161)	21%
Materials and services		(11,560)	(12,122)	562	-5%
Depreciation and amortisation		(8,409)	(8,031)	(378)	5%
Borrowing costs	7	(140)	(323)	183	-57%
Other expenses	8	(2,178)	-	(2,178)	100%
Grants and donations	9	(709)	(415)	(294)	71%
Plant expenses	10	(1,029)	(1,307)	278	-21%
Total expenses		(36,412)	(32,424)	(3,988)	12%
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	11	58	38	20	53%
Property, plant, equipment and infrastructure written off	12	(121)	(150)	29	-19%
Share of net profits/(losses) of associates and joint ventures accounted for by the equity method	13	(18)	-	(18)	100%
Net Surplus/(Deficit)		2,575	2,727	(152)	-6%

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

Variance notes

Note	Item	Explanation
1	Grants - operating, Grants - capital	The distribution between the capital and operating grants is the primary difference between budget and actual grants break-up.
2	Charges, fees and fines	User fees include the Elliminyt gas special charge scheme for \$665k. This had been budgeted to occur in the 2008/09 year.
3	Reimbursements and contributions	Reimbursements have varied for a number of reasons: (a) Reimbursement for family day care fees from the Commonwealth were allocated to Grants in the budget of \$288k; (b) Council received a reimbursement from insurers for some of the costs associated with Cressy-Shelford road of \$165k; (c) no budget was developed to cater for Workcover reimbursements of \$58k; (d) Contributions received towards Alvie & Eastern Reserve of \$234k; (e) Contribution towards regional trails master plan; and (f) reimbursement of aged care packages \$194k; (g) As part of negotiations between Council, its insurers and legal advisors, a confidential contribution towards the settlement of an outstanding legal issue was recognised in the financial accounts. No budget was provided for the contribution of non-monetary assets to Council over the year. The assets contributed relate to control in the assets of new subdivisions being vested with Council. Higher level of contributions were received to provide aged and health care services.
4	Interest revenue	The variance relates to higher level of interest revenue for both investments and for interest charges on outstanding rates.
5	Other income	Miscellaneous income received including: Sundry project income \$210k; Vic Roads agency fees \$98k; Local Laws fees & charges \$42k; Private works charged out \$37k; Various sundry items \$51k. These items were not budgeted for.
6	Employee benefits	The variance relates to a higher level of activity in areas such as Blue Water Fitness Centre, COPACC and higher levels of maintenance by work crews. Increased maintenance has increased employee costs as an operational expense as compared to a capital expense.
7	Borrowing costs	Borrowings scheduled for the 2009/10 year were reduced and delayed until the end of the financial year, so reducing the costs associated with financing borrowings.
8	Other expenses	Council included other expenses as part of the materials and services category \$283k. The major item of expenditure relates to net cost resulting from negotiations with council's insurers and legal advisors.
9	Grants and donations	Various Council grants and donations to community groups were treated as materials and services in the budget but are being reported as donations in the annual report.
10	Plant expenses	Additional plant expenditure has been included in materials and services.
11	Net gain/(loss) on disposal of property, infrastructure, plant and equipment.	The written down value of assets disposed of was lower than budgeted for to assets being disposed of earlier in the year.
12	Property, plant, equipment and infrastructure written off	Review of fixed assets resulted in a lower level of write offs as compared to budget.
13	Share of net profits/(losses) of associates and joint ventures accounted for by the equity method	Council does not traditionally budget for their share of surplus/deficit from Associates.

STANDARD
balance
sheet
 AS AT 30 JUNE 2010



	Note	Actual \$'000	Budget \$'000	Variance \$'000	Variance %
Assets					
Current assets					
Cash	14	9,762	3,945	5,817	147%
Receivables	15	2,685	2,031	654	32%
Inventories		97	92	5	5%
Prepayments	16	186	84	102	121%
Accrued income or other assets	17	106	-	106	100%
Total current assets		12,836	6,152	6,684	109%
Non-current assets					
Investments in associates		406	433	(27)	-6%
Property, infrastructure, plant and equipment	18	240,610	235,545	5,065	2%
Total non-current assets		241,016	235,978	5,038	2%
Total assets		253,852	242,130	11,722	5%
Liabilities					
Current liabilities					
Payables	19	1,965	690	1,275	185%
Trust funds and deposits	20	295	-	295	100%
Employee entitlements	21	2,736	2,102	634	30%
Provision for landfill rehabilitation	22	478	235	243	103%
Interest-bearing loans and borrowings	23	412	369	43	12%
Total current liabilities		5,886	3,396	2,490	73%
Non-current liabilities					
Employee entitlements	21	284	117	167	143%
Provision for landfill rehabilitation	22	2,869	2,026	843	42%
Interest-bearing loans and borrowings	23	3,745	4,825	(1,080)	-22%
Total non-current liabilities		6,898	6,968	(70)	-1%
Total liabilities		12,784	10,364	2,420	23%
Net Assets		241,068	231,766	9,302	4%
Equity					
Accumulated surplus		93,666	95,715	2,049	2%
Asset revaluation reserve		142,000	133,730	(8,270)	-6%
Other reserves	24	5,402	2,321	(3,081)	-133%
Total Equity		241,068	231,766	(9,302)	-4%

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

Variance notes

Note	Item	Explanation
14	Cash	Higher cash balance due to lower capital spending, government grants received in advance and increasing cash reserve requirements.
15	Receivables	There has been an increase in the value of outstanding rates debtors, although this is generally consistent with the increase in overall rates income. There has also been an increase in the special charge scheme debtor values with the Elliminyt Gas special charge scheme being raised during the year.
16	Prepayments	General insurances were paid late in the financial year that cover the next financial year.
17	Accrued income or other assets	There has been an increase in accrued income for the year that was not budgeted for.
18	Property, infrastructure, plant and equipment	Asset values have increased in line with asset revaluation activities. Such increases are not traditionally budgeted for.
19	Payables	This reflects a higher level of outstanding creditors at year end as compared to budget. The budgeted trade and other payables were based on the actual levels which were considerably lower than recorded in the current year.
20	Trust funds and deposits	Trust deposits were not budgeted for.
21	Employee entitlements	There has been a general increase in employee entitlements and the associated provisions. Higher retention rates will tend to increase such provisions.
22	Provision for landfill rehabilitation	The landfill provisions have been recalculated during the course of the year, so increasing the level of the provisions.
23	Interest-bearing loans and borrowings	As the level of borrowings undertaken during the year was reduced the balance of outstanding borrowings is less than was budgeted for.
24	Other reserves	Additional reserves were created at the end of financial year that contributed to the variation to budget: Resource development reserve \$406k; Unfunded superannuation reserve \$166k.

STANDARD
cash flow
statement
 FOR THE YEAR ENDED 30 JUNE 2010

	Note	Actual \$'000	Budget \$'000	Variance \$'000	Variance %
Cash flows from operating activities					
Rates and charges		17,866	18,696	(830)	-4%
User charges and reimbursements (inclusive of GST)	25	4,271	4,109	162	4%
Grants - operating (inclusive of GST)	26	10,119	7,467	2,652	36%
Grants - capital (inclusive of GST)	26	2,990	4,666	(1,676)	-36%
Developer contributions (inclusive of GST)	27	888	-	888	100%
Reimbursements (inclusive of GST)	28	671	-	671	100%
Interest	29	447	325	122	38%
Other receipts(inclusive of GST)	30	482	-	482	100%
Net GST refund/payment		1,779	-	1,779	100%
Materials and services(inclusive of GST)	31	(14,183)	(12,122)	(2,061)	17%
Payments to employees	32	(11,798)	(10,226)	(1,572)	15%
Grants and donations(inclusive of GST)	33	(780)	(415)	(365)	88%
Other payments(inclusive of GST)	34	(464)	(1,307)	843	-64%
Net cash provided by (used in) operating activities		12,288	11,193	1,095	10%
Cash flows from investing activities					
Payments for asset acquisition (inclusive of GST)		(14,258)	(15,457)	1,199	-8%
Proceeds from disposal of assets(inclusive of GST)	35	473	1,300	(827)	-64%
Net cash provided by (used in) investing activities		(13,785)	(14,157)	372	-3%
Cash flows from financing activities					
Finance costs	36	(140)	(323)	183	-57%
Trust funds and deposits	37	53	-	53	100%
Proceeds from interest bearing loans and borrowings	38	2,000	3,100	(1,100)	-35%
Repayment of interest bearing loans and borrowings	39	(305)	(368)	63	-17%
Net cash provided by (used in) financing activities		1,608	2,409	(801)	-33%
Net increase (decrease) in cash and cash equivalents	40	111	(555)	666	-120%
Cash and cash equivalents at the beginning of the financial year	41	9,651	4,500	5,151	114%
Cash and cash equivalents at the end of the financial year		9,762	3,945	5,817	147%

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

Variance notes

Note	Item	Explanation
25	User charges and reimbursements (inclusive of GST)	Fees levied for the Scheme - Elliminyt Gas were levied in the current year but budgeted in the previous financial year of \$658k
26	Grants - operating, Grants - capital	The distribution between the capital and operating grants is the primary difference between budget and actual grants break-up.
27	Developer contributions (inclusive of GST)	No contributions from developers were expected in council's budget
28	Reimbursements (inclusive of GST)	Family day care reimbursement of costs were budgeted as grants of \$360k. Council received a reimbursement from insurers for some of the costs associated with Cressy-Shelford road of \$165k
29	Interest	Additional interest revenue earned in excess of budgeted amount due to improved investment strategies employed during the year.
30	Other receipts (inclusive of GST)	Miscellaneous income received including: Sundry project income \$210k; Vic Roads agency fees \$98k; Local Laws fees & charges \$42k; Private works charged out \$37k; Various sundry items \$51k. These items were not budgeted for.
31	Materials and services (inclusive of GST)	Additional Utility costs \$162k, additional printing costs \$100k. Council's budget does not include GST of \$1,289k
32	Payments to employees	The variance relates to a higher level of activity in areas such as Blue Water Fitness Centre, COPACC and higher levels of maintenance by work crews. Increased maintenance has increased employee costs as an operational expense as compared to a capital expense.
33	Grants and donations (inclusive of GST)	Council's actual cash flow include \$701k for grants and sponsorships to community groups. The budgeted amount is treated as Other payments.
34	Other payments (inclusive of GST)	Council's budget for other payments included budgeted grants and sponsorships to community groups \$677k. The actual expenditure is reported in Grants and donations.
35	Proceeds from disposal of assets (inclusive of GST)	Sale of Council offices in Murray Street originally budgeted for did not occur.
36	Finance costs	Due to the reduction in loan draw down amount and the late draw down of funds a lower level of finance costs has been reported.
37	Trust funds and deposits	Cash flows from Trust funds and deposits are not traditionally budgeted for.
38	Proceeds from interest bearing loans and borrowings	Amount borrowed during the financial year was varied from initial budget as per Council resolution.
39	Repayment of interest bearing loans and borrowings	Loan repayments were under budget due to the late draw down of additional borrowings as per Note 36.
40	Net increase (decrease) in cash and cash equivalents	The increase in net cash outflow over the budgeted amount was in part contributed to the completion of outstanding work in progress capital projects from 2008/09. Most of these projects would not have been known when Council's budget was being prepared.
41	Cash and cash equivalents at the beginning of the financial year	The budgeted opening balance was exceeded partly due to an additional instalment of the grants commission being received which was not budgeted.

STANDARD
statement of
capital works
 AS AT 30 JUNE 2010

	Note	Actual \$'000	Budget \$'000	Variance \$'000	Variance %
Capital Works Area					
Land	42	600	1,050	(450)	-43%
Parks and gardens	43	883	215	668	311%
Buildings	44	5,006	6,470	(1,464)	-23%
Plant and machinery		1,484	1,450	34	2%
Fixed plant, furniture and equipment	45	42	136	(94)	-69%
Roads and streets	46	4,161	5,339	(1,178)	-22%
Bridges	47	160	120	40	33%
Footpaths, kerb and channelling	48	534	237	297	125%
Drainage	49	22	441	(419)	-95%
Total capital works		12,892	15,458	(2,566)	-17%
Represented by:					
Renewal	50	5,954	7,742	(1,788)	-23%
Upgrade	50	3,875	1,759	2,116	120%
New	50	3,063	5,957	(2,894)	-49%
Total capital works		12,892	15,458	(2,566)	-17%

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

Variance notes

Note	Item	Explanation
42	Land	The expected purchase of land was delayed due to outstanding legal matters. A deposit of \$75k for the Apollo Bay transfer station was paid but not budgeted for. Land acquired was written down in value to reflect additional work outstanding rehabilitation works required on the property.
43	Parks and gardens	The following additional projects were undertaken following unbudgeted external funding: Alvie netball courts works \$374k; Colac Hockey Field carry over 2008/09 \$48k; Birregurra Park upgrade carry over project \$84k. The following projects exceeded Council's budget: Eastern Reserve netball courts project expenditure exceeded budget by \$150k (funded with external grants); Birregurra Skate Park Construction was over budget by \$17k.
44	Buildings	The following building constructions are outstanding: Colac Community Library Learning Centre \$421k; Apollo Bay Transfer station \$500k (this project was delayed due to weather and foundation issues and is expected to be completed by December 2010). Council's budget for the Beechy Precinct - Joint use Library includes expenditure to be incurred in 2008/09 \$400k and 2010/11 \$572k. These works do not relate to the current financial period.
45	Fixed plant, furniture and equipment	Council's capital budget was for the acquisition of computer equipment which, with the exception of \$2k, fell below council's asset value threshold and was treated as maintenance. Expenditure budgeted as maintenance but not treated as capital included: \$6k vaccine refrigerator; \$34k gymnasium equipment at Blue Water Fitness Centre.
46	Roads and streets	<p>The following projects achieved savings of \$710k: Colac Lorne Rd rehabilitation \$4k; Cressy-Shelford Rd rehabilitation \$28k; Irrewillipe Rd-Forans Rd rehabilitation \$21k; Land slips - coast \$45k; Larpent Rd final seal \$26k; Swan Marsh Irrewillipe Rd final seal \$15k; Swan Marsh Rd pavement rehabilitation \$38k; Unsealed roads capital program \$330k; Sealed roads rehabilitation \$74k; Reseal program \$86k; Guard rail installation \$20k; Rail crossing program \$23k (Additional road maintenance expenditure of \$718k offset these savings).</p> <p>The following projects were added to the program but not budgeted for \$99k: Projects carried forward from 2008/09 \$63k; Swan Marsh-Irrewillipe Rd rehabilitation \$26k; Carpendeit-Bungador Rd \$10k; Alexander St rehabilitation \$26k. Road projects exceeding budget of \$36k are road furniture and school bus route safety improvements \$25k and Pound Rd final seal \$11k.</p> <p>Road projects deferred or cancelled due to lack of external funding of \$398k: Old Beech Forrest Rd - timber roads \$317k; Richmond St rehabilitation \$81k. Pascoe Street Car Park \$319k was deferred due to the lack of agreement between the adjoining property owners.</p>
47	Bridges	Muroon Road Bridge required additional stream bed regrading \$40k.
48	Footpaths, kerb and channelling	The following footpath projects were not included in Council's budget: Old Beechy Rail Trail \$97k (Project carry over from 2008/09); Tiger Rail Trail \$124k funded from additional external sources; Additional footpath construction in Apollo Bay area due to asset deterioration \$93k. Morley Avenue (Wye River) project was fully budgeted as kerb and channel. Actual expenditure on kerb and channel only accounted for \$16K with the balance of expenditure allocated to roads.
49	Drainage	Council's drainage capital works budget included the following maintenance projects: Open table drains in the major drainage program \$350k; Three Towns drainage program of \$91k.
50	Renewal, Upgrade, New	Additional capital works of an upgrade nature were undertaken during the financial year with some projects with a renewal nature deferred or abandoned. Several projects of a new nature remain outstanding.

CERTIFICATION OF THE
standard
statements

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*, the *Local Government (Finance and Reporting) Regulations 2004*, Australian Accounting Standards and other mandatory professional reporting requirements..



Brett Exelby (CPA)
Principal Accounting Officer
Date: 29 September 2010

In our opinion the accompanying standard statements present fairly the financial transactions of the Colac Otway Shire Council for the year ended 30 June 2010 and the financial position of the Council as at that date.

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

We have been authorised by the Council on 22 September 2010 to certify the standard statements in their final form.



Stephen Hart
Councillor
Date: 29 September 2010



Stuart Hart
Councillor
Date: 29 September 2010



Rob Small
Chief Executive Officer
Date: 29 September 2010



financial statements

FOR THE YEAR ENDED 30 JUNE 2010

contents

FINANCIAL REPORT		Page	FINANCIAL REPORT		Page
Financial Statements					
Comprehensive Income Statement		117	Note 25 Reconciliation of cash and cash equivalents		148
Balance Sheet		118	Note 26 Financing arrangements		148
Statement of Changes in Equity		119	Note 27 Restricted assets		149
Cash Flow Statement		120	Note 28 Superannuation		149
Notes to Financial Statements			Note 29 Commitments		151
Introduction		121	Note 30 Operating leases		152
Note 1 Significant accounting policies		121	Note 31 Contingent liabilities and contingent assets		152
Note 2 Rates and charges		128	Note 32 Financial instruments		153
Note 3 User fees		128	Note 33 Auditors' remuneration		158
Note 4 Grants		129	Note 34 Events occurring after balance date		158
Note 5 Contributions		131	Note 35 Related party transactions		159
Note 6 Reimbursements		131	Note 36 Joint venture information		160
Note 7 Other income		132	Note 37 Revenue, expenses and assets by functions/activities		160
Note 8 Employee benefits		132	Note 38 Financial ratios (Performance indicators)		161
Note 9 Materials and services		132	Note 39 Capital expenditure		164
Note 10 Depreciation and amortisation		133	Note 40 Port of Apollo Bay		165
Note 11 Finance costs		133	Certification of the Financial Report		166
Note 12 Other expenses		133			
Note 13 Investments in associates		134			
Note 14 Cash and cash equivalents		134			
Note 15 Trade and other receivables		135			
Note 16 Inventories		135			
Note 17 Other assets		135			
Note 18 Property, infrastructure, plant and equipment		136			
Note 19 Trade and other payables		142			
Note 20 Trust funds and deposits		142			
Note 21 Provisions		142			
Note 22 Interest bearing loans and borrowings		144			
Note 23 Reserves		145			
Note 24 Reconciliation of cash flows from operating activities to surplus or deficit		148			

COMPREHENSIVE
income
statement
 FOR THE YEAR ENDED 30 JUNE 2010



	Note	2010 \$	2009 \$
Income			
Rates and charges	2	18,559	17,602
User fees	3	4,267	3,855
Contributions - cash	5(a)	807	397
Grants - operating	4	10,027	8,961
Reimbursements	6	1,710	102
Other income	7	885	517
		36,255	31,434
Capital income			
Contributions - non-monetary assets	5(b)	564	792
Grants - capital	4	2,249	4,105
Found Assets		-	1,414
Net gain/(loss) on disposal of property, infrastructure, plant and equipment		58	(210)
		2,871	6,101
Total income		39,126	37,535
Expenses			
Employee benefits	8	(12,387)	(11,250)
Materials and services	9	(12,589)	(13,994)
Depreciation and amortisation	10	(8,409)	(8,902)
Finance costs	11	(140)	(185)
Other expenses	12	(2,887)	(624)
Share of net loss of associates accounted for by the equity method	13	(18)	28
		(36,430)	(34,927)
Capital expense:			
Property, plant, equipment and infrastructure written off	18	(121)	(763)
		(121)	(763)
Total expenses		(36,551)	(35,690)
Profit/(loss)		2,575	1,845
Other comprehensive income			
Net asset revaluation increment (decrement)	18	554	7,778
Share of other comprehensive income of associates accounted for by the equity method	13	(62)	-
Comprehensive result		3,067	9,623

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

balance sheet

AS AT 30 JUNE 2010

	Note	2010 \$	2009 \$
Assets			
Current assets			
Cash and cash equivalents	14	9,762	9,651
Trade and other receivables	15	2,685	2,055
Inventories	16	97	94
Other assets	17	292	139
Total current assets		12,836	11,939
Non-current assets			
Investments in associates accounted for using the equity method	13	406	486
Property, infrastructure, plant and equipment	18	240,610	235,502
Total non-current assets		241,016	235,988
Total assets		253,852	247,927
Liabilities			
Current liabilities			
Trade and other payables	19	1,965	1,910
Trust funds and deposits	20	295	242
Provisions	21	3,214	2,807
Interest-bearing loans and borrowings	22	412	305
Total current liabilities		5,886	5,264
Non-current liabilities			
Provisions	21	3,153	2,505
Interest-bearing loans and borrowings	22	3,745	2,157
Total non-current liabilities		6,898	4,662
Total liabilities		12,784	9,926
Net Assets		241,068	238,001
Equity			
Accumulated surplus		93,666	92,218
Reserves	23	147,402	145,783
Total Equity		241,068	238,001

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

STATEMENT OF
changes in
equity FOR THE YEAR ENDED 30 JUNE 2010



	Note	Total 2010 \$'000	Accumulated Surplus 2010 \$'000	Asset Revaluation Reserve 2010 \$'000	Other Reserves 2010 \$'000
2010					
Balance at beginning of the financial year		238,001	92,218	141,508	4,275
Comprehensive result		2,575	2,575		-
Net asset revaluation increment		554		554	
Share of other comprehensive income of associates accounted for by the equity method		(62)		(62)	
Transfers to other reserves	23(b)	-	(2,051)	-	2,051
Transfers from other reserves	23(b)	-	924	-	(924)
Balance at end of the financial year		241,068	93,666	142,000	5,402

	Note	Total 2009 \$'000	Accumulated Surplus 2009 \$'000	Revaluation Reserve 2009 \$'000	Other Reserves 2009 \$'000
2009					
Balance at beginning of the financial year		228,378	91,896	133,730	2,752
Comprehensive result		1,845	1,845		-
Net asset revaluation increment		7,778		7,778	
Transfers to other reserves	23(b)	-	(2,067)	-	2,067
Transfers from other reserves	23(b)	-	544	-	(544)
Balance at end of the financial year		238,001	92,218	141,508	4,275

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

cash flow statement

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 Inflows/ (Outflows) \$'000	2009 Inflows/ (Outflows) \$'000
Cash flows from operating activities			
Rates		17,866	17,857
User charges and other fines (inclusive of GST)		4,271	3,590
Grants (inclusive of GST)		13,109	12,960
Developer contributions (inclusive of GST)		888	717
Reimbursements (inclusive of GST)		671	-
Interest		447	426
Other receipts (inclusive of GST)		482	-
Net GST refund/payment		1,779	(67)
Payments to suppliers (inclusive of GST)		(14,183)	(11,503)
Payments to employees (including redundancies)		(11,798)	(10,830)
Other payments		(1,244)	(1,841)
Net cash provided by (used in) operating activities	24	12,288	11,309
Cash flows from investing activities			
Payments for property, infrastructure, plant and equipment (inclusive of GST)	18	(14,258)	(8,027)
Proceeds from sale of property, infrastructure, plant and equipment		473	760
Net cash provided by (used in) investing activities		(13,785)	(7,267)
Cash flows from financing activities			
Finance costs		(140)	(211)
Trust funds and deposits		53	(74)
Proceeds from interest bearing loans and borrowings		2,000	-
Repayment of interest bearing loans and borrowings		(305)	(518)
Net cash provided by (used in) financing activities		1,608	(803)
Net increase (decrease) in cash and cash equivalents		111	3,239
Cash and cash equivalents at the beginning of the financial year		9,651	6,412
Cash and cash equivalents at the end of the financial year	25	9,762	9,651
Financing arrangements	26		
Restrictions on cash assets	27		

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

NOTES TO THE
financial
statements
FOR THE YEAR ENDED 30 JUNE 2010



Introduction

- (a) The Colac Otway Shire Council was established by an Order of the Governor in Council on 20 September 1994 and is a body corporate.

The Council's main office is located at 2-6 Rae Street Colac Victoria 3250.

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

This financial report is a general purpose financial report that consists of a Comprehensive 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 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(g), 1(j) and 1(r).

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, have been included in this financial report. All transactions between these entities and the Council have been eliminated in full. *Please see note 40 for further details.*

(b) Revenue recognition

Rates, grants and contributions

Rates, grants and contributions (including developer contributions) are recognised as revenues when the Council obtains control over the assets comprising these receipts.

Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates. A provision for doubtful debts on rates has not been established as unpaid rates represents a charge against the rateable property that will be recovered when the property is next sold.

Control over granted assets is normally obtained upon their receipt (or acquittal) or upon earlier notification that a grant has been secured, and are valued at their fair value at the date of transfer.

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

Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in *note 4*. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date.

Note 1 Significant accounting policies (continued)

(b) Revenue recognition (continued)

User fees and fines

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

A provision for doubtful debts is recognised when collection in full is no longer probable.

Sale of property, plant and equipment, infrastructure

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

Trade and other receivables

Receivables are carried at amortised cost using the effective interest rate method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred.

Interest and rents

Interest and rents are 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.

(c) Inventories

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

Other inventories are measured at the lower of cost and net realisable value.

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

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

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

Road earthworks are not depreciated.

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

Major depreciation periods used are listed below and are consistent with the prior year unless otherwise stated:

Property	Period
land improvements	10 - 100 years
Buildings	
buildings	50 - 100 years
building improvements	50 - 100 years
Plant and Equipment	
plant, machinery and equipment	3 - 10 years
fixtures, fittings and furniture	3 - 21 years
leased plant and equipment	5 - 10 years
Infrastructure	
Roads	
road pavements and seals	12 - 60 years
road substructure	12 - 60 years
road formation and earthworks	50 - 100 years
road kerb, channel and minor culverts	35 - 80 years
Bridges	
bridges deck	50 - 70 years
bridges substructure	50 - 70 years
footpaths and cycle ways	30 - 80 years
drainage	100 years
aerodromes	12 - 60 years
off street car parks	12 - 60 years



Note 1 Significant accounting policies (continued)

(e) 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.

(f) Borrowing costs

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

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

(g) 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.

(g) Recognition and measurement of assets (continued)

The following classes of assets have been recognised in *note 18*. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

	Threshold limit
	\$
Property	
Land	
land	1,000
land under roads	1,000
land improvements	5,000
Buildings	
buildings	5,000
Plant and Equipment	
plant, machinery and equipment	1,000
fixtures, fittings and furniture	1,000
leased plant and equipment	1,000
Infrastructure	
Roads	
road pavements and seals	10,000
road substructure	10,000
road formation and earthworks	10,000
road kerb, channel and minor culverts	10,000
Bridges	
bridges deck	10,000
bridges substructure	10,000
footpaths and cycle ways	10,000
drainage	10,000
aerodromes	10,000
off street car parks	10,000

Note 1 Significant accounting policies (continued)

(g) Recognition and measurement of assets (continued)

Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment and land under roads, are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable willing parties in an arms length transaction. At balance date, the Council reviewed the carrying value of the individual classes of assets measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

In addition, Council undertakes a formal revaluation of land, buildings, and infrastructure assets on a regular basis ranging from 3 to 5 years. The valuation is performed either by experienced council officers or independent experts.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation surplus except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised as revenue up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation surplus for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments. Within the same class of assets, revaluation increments and decrements within the year are offset.

Land under roads

Land under roads acquired after 30 June 2008 are brought to account using the cost basis. Council does not recognise land under roads that it controlled prior to that period in its financial report.

(h) Cash and cash equivalents

For the purposes of the cash flow 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.

(i) Investments

Investments, other than investments in associates, are measured at cost.

(j) 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 Comprehensive Income Statement.

(k) Tender deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (*refer to note 20*).

(l) Employee benefits

Wages and salaries

Liabilities for wages and salaries and rostered days off are recognised and measured as the amount unpaid at balance date and include appropriate oncosts such as workers compensation and payroll costs.

Annual leave

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date.

Annual leave expected to be paid within 12 months is measured at nominal value based on the amount, including appropriate oncosts, expected to be paid when settled.

Annual 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.

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.

Note 1 Significant accounting policies (continued)

(l) Employee benefits (continued)

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*.

(m) Leases

Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Leased assets are currently being amortised over a 5 to 10 year period.

Operating leases

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

(n) 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.

(o) Agreements equally proportionately unperformed

The Council does not recognise assets and liabilities arising from agreements that are equally proportionately unperformed in the balance sheet. Such agreements are recognised on an 'as incurred' basis.

(p) Website costs

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

(q) Goods and Services Tax (GST)

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

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

(r) 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 comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

(s) Rounding

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

Note 1 Significant accounting policies (continued)

(t) Pending Accounting Standards

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.

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project. [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	Some amendments will result in accounting changes for presentation, recognition or measurement purposes, while other amendments will relate to terminology and editorial changes.	Beginning 1 Jan 2010	Terminology and editorial changes. Impact minor.
AASB 2009-8 Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions. [AASB 2]	The amendments clarify the scope of AASB 2.	Beginning 1 Jan 2010	No impact. AASB 2 does not apply to Local Government; consequently this Standard does not apply.
AASB 2009-9 Amendments to Australian Accounting Standards - Additional Exemptions for First-time Adopters [AASB 1]	Applies to entities adopting Australian Accounting Standards for the first time, to ensure entities will not face undue cost or effort in the transition process in particular situations.	Beginning 1 Jan 2010	No impact. Relates only to first time adopters of Australian Accounting Standards.
AASB 2009-10 Amendments to Australian Accounting Standards - Classification of Rights Issues [AASB 132]	The Standard makes amendments to AASB 132, stating that rights issues must now be classed as equity rather than derivative liabilities.	Beginning 1 Feb 2010	No impact. Local Government do not issue rights, warrants and options, consequently the amendment does not impact on the statements.
AASB 9 Financial Instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> (AASB 139 <i>Financial Instruments: Recognition and Measurement</i>).	Beginning 1 Jan 2013	Detail of impact is still being assessed.

Note 1 Significant accounting policies (continued)

Standard / Interpretation	Summary	Applicable for annual reporting periods beginning or ending on	Impact on Local Government financial statements
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	This gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This Standard amends AASB 8 to require an entity to exercise judgement in assessing whether a government and entities know to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This Standard also makes numerous editorial amendments to other AASs.	Beginning 1 Jan 2011	AASB 8 does not apply to Local Government therefore no impact expected. Otherwise, only editorial changes arising from amendments to other standards, no major impact. Impacts of editorial amendments are not expected to be significant.
AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19. [AASB 1]	Consequential amendment to AASB 1 arising from publication of Interpretation 19	Beginning 1 Jul 2010	Local Governments do not extinguish financial liabilities with equity instruments, therefore requirements of Interpretation 17 and related amendments have no impact
AASB 2009-14 Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	Amendment to Interpretation 14 arising from the issuance of <i>Prepayments of a Minimum Funding Requirement</i>	Beginning 1 Jan 2011	Expected to have no significant impact

(u) Contingent assets and contingent liabilities and commitments

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

Commitments are not recognised in the Balance Sheet. Commitments are disclosed at their nominal value and inclusive of the GST payable.

NOTES TO THE
financial
statements
 FOR THE YEAR ENDED 30 JUNE 2010

Note 2 Rates and charges

Council uses Capital Improved Value as the basis of valuation of all properties within the municipal district. The Capital Improved Value of a property is its value as assessed by independent valuation undertaken every two (2) years.

The valuation base used to calculate general rates for 2009/10 was \$4,886 million (2008/09 \$4,864 million).

Council applied a differential rating regime to the capital improved value.

	2010	2009
	\$'000	\$'000
Residential	7,710	7,397
Farm	4,191	3,745
Commercial/Industrial	2,438	2,313
Garbage charge	2,213	2,142
Municipal charge	1,984	2,005
Special rates and charges	23	-
Total rates and charges	18,559	17,602

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2010, and the valuation will be first applied in the rating year commencing 1 July 2010.

The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2008, and the valuation first applied to the rating period commencing 1 July 2008.

Note 3 User fees

	2010	2009
	\$'000	\$'000
Special charge schemes	764	-
Bluewater fitness centre fees	687	784
Colac livestock selling centre fees	507	550
Colac Otway performing arts & cultural centre fees	396	417
Home care and delivered meals fees	360	412
Town planning and building fees	335	302
Visitor information centre fees	321	356
Parking, animal control and local laws fees	236	344
Waste disposal fees	171	162
Council properties fees and rental	137	116
Private works fees	-	59
Other fees and charges	353	353
Total user fees	4,267	3,855

Note 4 Grants

Grants were received in respect of the following:

	2010 \$'000	2009 \$'000
Summary of grants		
Operating grants		
Federally funded grants	5,309	6,257
State funded grants	4,513	2,704
Others	205	-
Total operating grants	10,027	8,961
Capital grants		
Federally funded grants	1,501	1,605
State funded grants	738	2,500
Others	10	-
Total capital grants	2,249	4,105
Total	12,276	13,066
Recurrent		
Victoria Grants Commission - untied base grant	3,068	3,638
Victoria Grants Commission - local roads grant	2,168	2,619
Aged and home care	1,210	998
Port of Apollo Bay operational subsidy	828	637
Transport infrastructure	445	-
Regional development	373	23
Maternal and child health	181	227
Rates concessions	180	-
Transport connections	131	128
Community transport	74	72
Rural access	64	62
Environment initiatives	37	-
Preventative services	18	29
SES operations	18	11
School crossing supervisors	17	34
Recreation	13	-
Family day care	-	403
Meeting place	-	45
Senior citizen centres	-	21
Other	128	14
Total recurrent	8,953	8,961

NOTES TO THE
financial
statements
 FOR THE YEAR ENDED 30 JUNE 2010

Note 4 Grants (continued)

	2010	2009
	\$'000	\$'000
Non-recurrent		
Commonwealth Government - R2R	1,386	1,202
Recreation	1,234	912
Roads	617	787
Transport	86	16
Commonwealth Government - RLICP	-	300
Economic development	-	50
Environment	-	149
Planning & community development	-	158
Health and children	-	80
Port of Apollo Bay	-	235
Waste management	-	40
Other	-	176
Total non-recurrent	3,323	4,105

Conditions on grants

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

	2010	2009
	\$'000	\$'000
Community health	42	110
Roads related	86	-
Economic development	-	43
Environment	70	23
Recreation	123	153
Other	-	118
Total	321	447

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

	2010	2009
Community health	110	69
Roads related	-	267
Economic Development	43	73
Environment	23	-
Recreation	153	125
Other	118	235
Total	447	769
Net increase (decrease) in restricted assets resulting from grant revenues for the year:	(126)	(322)

Note 5 Contributions

Grants were received in respect of the following:

	2010 \$'000	2009 \$'000
(a) Cash		
Roads	324	210
Community & health care	252	-
Recreational, leisure and community facilities	119	41
Parks, open space and streetscapes	-	38
Other	112	108
Total	807	397
(b) Non-monetary assets		
Roads	248	213
Drainage	155	208
Land under roads	86	89
Bridges	75	-
Footpaths and trails	-	200
Other	-	82
Total	564	792
Total contributions	1,371	1,189

Note 6 Reimbursements

	2010 \$'000	2009 \$'000
Family day care	288	-
Insurances	224	-
Legal recoveries	1,133	-
Administration fees	-	69
Other	65	33
Total	1,710	102

NOTES TO THE
financial
statements
 FOR THE YEAR ENDED 30 JUNE 2010

Note 7 Other income

	2010	2009
	\$'000	\$'000
Interest	278	293
Interest on rates	169	133
Vic Roads	98	91
Local laws	42	-
Private works	37	-
Other	261	-
Total other income	885	517

Note 8 Employee benefits

	2010	2009
	\$'000	\$'000
Wages and salaries	9,894	8,329
Workcover	300	299
Casual staff	238	644
Annual leave and long service leave	923	754
Superannuation	896	862
Fringe benefits tax	89	81
Other	47	281
Total employee benefits	12,387	11,250

Note 9 Materials and services

	2010	2009
	\$'000	\$'000
Contract and materials payments	10,605	12,879
Plant and equipment maintenance	1,029	396
Utilities	621	474
Insurances	334	245
Total materials and services	12,589	13,994

Note 10 Depreciation and amortisation

	2010 \$'000	2009 \$'000
Property		
Land		
Land improvements	244	235
Buildings		
Buildings	1,127	1,268
Other structures	-	-
Plant and Equipment		
Plant, and minor equipment	825	860
Fixed plant, furniture and equipment	202	198
Leased plant and equipment	-	23
Infrastructure		
Roads	4,874	5,237
Bridges	254	253
Footpaths and cycle ways	192	167
Drainage	243	240
Kerb and channel	448	421
Total depreciation and amortisation	8,409	8,902

Note 11 Finance costs

	2010 \$'000	2009 \$'000
Interest - Borrowings	140	184
Interest - Finance leases	-	1
Total finance costs	140	185

Note 12 Other expenses

	2010 \$'000	2009 \$'000
Auditors' remuneration	43	56
Bad debts written off	11	-
Councillors' allowances	220	233
Grants and donations paid	709	142
Legal settlement	1,675	-
Other	229	193
Total other expenses	2,887	624

NOTES TO THE
financial
statements
 FOR THE YEAR ENDED 30 JUNE 2010

Note 13 Investment in associates

Investments in associates accounted for by the equity method are:

	2010 \$'000	2009 \$'000
- Corangamite regional library corporation	406	486
Total	406	486

Corangamite regional library corporation

Background

The Corangamite Regional Library Corporation is a corporation owned by four (4) councils: Colac Otway Shire, Corangamite Shire, Moyne Shire and Warrnambool City. Colac Otway Shire currently has a 24.4% equity interest (2008/09 24.42%):

Council's share of accumulated surplus(deficit)

Council's share of accumulated surplus(deficit) at start of year	(35)	(63)
Reported surplus(deficit) for year	(18)	28
Transfers (to) from reserves	7	-
Distributions for the year	-	-
Council's share of accumulated surplus(deficit) at end of year	(46)	(35)

Council's share of reserves

Council's share of reserves at start of year	521	521
Transfers (to) from reserves	(7)	-
Council's share of asset revaluation reserve	(62)	-
Council's share of reserves at end of year	452	521

Movement in carrying value of specific investment

Carrying value of investment at start of year	486	458
Share of surplus(deficit) for year	(18)	28
Share of asset revaluation	(62)	-
Distributions received	-	-
Carrying value of investment at end of year	406	486

Note 14 Cash and cash equivalents

	2010 \$'000	2009 \$'000
Cash on hand	7	7
Cash at bank	8,455	8,317
Money market call account	1,300	1,327
Total cash and cash equivalents	9,762	9,651

Users of the financial report should refer to *Note 27* for details of restrictions on cash assets and *Note 29* for details of existing Council commitments.



Note 15 Trade and other receivables

	2010 \$'000	2009 \$'000
Current		
Rates debtors	1,086	393
Government grants	314	523
Special charge schemes	370	256
Loans and advances to community organisations	26	-
Other debtors	771	633
Net GST receivable	118	250
Total trade and other receivables	2,685	2,055

Note 16 Inventories

	2010 \$'000	2009 \$'000
Inventories held for distribution	28	35
Inventories held for sale	69	59
Total inventories	97	94

Note 17 Other assets

	2010 \$'000	2009 \$'000
Current		
Prepayments	186	139
Accrued income	106	-
Total	292	139

NOTES TO THE
financial
statements
 FOR THE YEAR ENDED 30 JUNE 2010

Note 18 Property, infrastructure, plant and equipment

	2010	2009
	\$'000	\$'000
Summary		
at cost	29,079	19,682
Less accumulated depreciation	7,601	5,626
	21,478	14,056
at fair value	91,906	82,884
Less accumulated depreciation	32,953	24,012
	58,953	58,872
at council valuation	225,646	222,127
Less accumulated depreciation	65,467	59,553
	160,179	162,574
Total	240,610	235,502
Property		
Land		
at cost	525	
at fair value as at 1 July 2008	-	29,571
at fair value as at 30 June 2010	31,545	-
	32,070	29,571
Land under roads		
at cost	175	89
	175	89
Land improvements		
at cost	2,709	1,873
Less accumulated depreciation	226	178
	2,483	1,695
at council valuation as at 30 June 2005	2,932	3,004
Less accumulated depreciation	2,422	2,236
	510	768
Total Land	35,238	32,123

Note 18 Property, infrastructure, plant and equipment (continued)

	2010 \$'000	2009 \$'000
Buildings		
at cost	-	624
Less accumulated depreciation	-	3
	-	621
at fair value as at 1 July 2008	-	53,313
Less accumulated depreciation	-	24,012
	-	29,301
at fair value as at 30 June 2010	60,361	-
Less Accumulated depreciation	32,953	-
	27,408	-
Total Buildings	27,408	29,922
Total Property	62,646	62,045

Valuation of land (excluding land under roads) and buildings were undertaken by the qualified independent valuers from the valuation firm Landlink Opteon. The valuation of buildings is at fair value based on current replacement cost less accumulated depreciation at the date of valuation. The valuation of land is at fair value, being market value based on highest and best use permitted by relevant land planning provisions as at 30 June 2010.

Land under roads is valued at deemed cost. Deemed cost is based on using site values adjusted for englobo (undeveloped and/or unserviced) characteristics, access rights and private interests of other parties and entitlements of infrastructure assets and services.

	2010 \$'000	2009 \$'000
Plant and Equipment		
Plant and minor equipment		
at cost	8,943	8,421
Less accumulated depreciation	4,889	4,675
	4,054	3,746
Fixed plant, furniture and equipment		
at cost	1,860	2,074
Less accumulated depreciation	719	666
	1,141	1,408
Total Plant and Equipment	5,195	5,154

Note 18 Property, infrastructure, plant and equipment (continued)

	2010	2009
	\$'000	\$'000
Infrastructure		
Roads		
at cost	9,295	4,968
Less accumulated depreciation	1,749	36
	7,546	4,932
at council valuation as at 30 June 2008	157,376	157,376
Less accumulated depreciation	39,387	36,225
	117,989	121,151
Bridges		
at cost	-	664
Less accumulated depreciation	-	60
	-	604
at council valuation as at 30 June 2006	-	15,223
Less accumulated depreciation	-	4,295
	-	10,928
at council valuation as at 30 June 2010	16,833	-
Less accumulated depreciation	5,557	-
	11,276	-
Footpaths and cycle ways		
at cost	510	-
Less accumulated depreciation	13	-
	497	-
at council valuation as at 30 June 2009	8,251	8,311
Less accumulated depreciation	3,140	2,998
	5,111	5,313

Note 18 Property, infrastructure, plant and equipment (continued)

	2010 \$'000	2009 \$'000
Drainage		
at cost	-	569
Less accumulated depreciation	-	8
	-	561
at council valuation as at 30 June 2007	-	18,527
Less accumulated depreciation	-	6,905
	-	11,622
at council valuation as at 30 June 2010	20,568	-
Less accumulated depreciation	7,625	-
	12,943	-
Kerb and channelling		
at cost	73	-
Less accumulated depreciation	5	-
	68	-
at council valuation as at 30 June 2009	19,686	19,686
Less accumulated depreciation	7,336	6,894
	12,350	12,792
Total Infrastructure	167,780	167,903

Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Adam Lehmann (BEng). The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.

Works in progress		
Buildings at cost	4,782	400
Land	75	-
Roads at cost	10	-
Footpaths	23	-
Land improvements	99	-
Total works in progress	4,989	400
Total property, infrastructure, plant and equipment	240,610	235,502

NOTES TO THE
financial
statements
FOR THE YEAR ENDED 30 JUNE 2010

Note 18 Property, infrastructure, plant and equipment (continued)

	Balance at beginning of financial year (a) \$'000	Acquisition of assets \$'000	Revaluation increments (decrements) (note 23) \$'000	Depreciation and amortisation (note 10) \$'000	Written down value of disposals \$'000	Assets written off recognised in profit or loss \$'000	Non-monetary assets contributed \$'000	Transfers \$'000	Balance at end of financial year \$'000
2010									
Property									
land	29,571	525	1,976	-	(2)	-	-	-	32,070
land under roads	89	-	-	-	-	-	86	-	175
land under roads	2,463	784	-	(244)	-	(10)	-	-	2,993
Total land	32,123	1,309	1,976	(244)	(2)	(10)	86	-	35,238
Buildings	29,922	624	(2,011)	(1,127)	-	-	-	-	27,408
Total Buildings	29,922	624	(2,011)	(1,127)	-	-	-	-	27,408
Total Property	62,045	1,933	(35)	(1,371)	(2)	(10)	86	-	62,646
Plant and Equipment									
Plant and minor equipment	3,746	1,484	-	(825)	(348)	(3)	-	-	4,054
Fixed plant, furniture and equipment	1,408	42	-	(202)	(22)	(85)	-	-	1,141
Total Plant and equipment	5,154	1,526	-	(1,027)	(370)	(88)	-	-	5,195
Infrastructure									
Roads	126,083	4,151	-	(4,874)	-	-	175	-	125,535
Bridges	11,532	160	(237)	(254)	-	-	75	-	11,276
Footpaths and cycle ways	5,313	494	-	(192)	-	(23)	16	-	5,608
Drainage	12,183	22	826	(243)	-	-	155	-	12,943
Kerb and channelling	12,792	17	-	(448)	-	-	57	-	12,418
Total Infrastructure	167,903	4,844	589	(6,011)	-	(23)	478	-	167,780
Works in progress (a)									
Buildings	400	4,382	-	-	-	-	-	-	4,782
Land	-	75	-	-	-	-	-	-	75
Roads	-	10	-	-	-	-	-	-	10
Footpaths	-	23	-	-	-	-	-	-	23
Land improvements	-	99	-	-	-	-	-	-	99
Total Works in progress	400	4,589	-	-	-	-	-	-	4,989
Total property, plant and equipment, infrastructure	235,502	12,892	554	(8,409)	(372)	(121)	564	-	240,610

(a) Work in progress

Opening balance of buildings work in progress has been isolated from building costs and was not yet capitalised at year end.

Note 18 Property, infrastructure, plant and equipment (continued)

	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (note 23)	Depreciation and amortisation (note 10)	Written down value of disposals	Impairment losses recognised in profit or loss (a)	Non-monetary assets contributed	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2009									
Property									
Land	29,784	-	182	-	(395)	-	-	-	29,571
Land under roads	-	-	-	-	-	-	89	-	89
Land improvements	2,602	96	-	(235)	-	-	-	-	2,463
Total land	32,386	96	182	(235)	(395)	-	89	-	32,123
Buildings	23,363	1,024	6,271	(1,268)	-	(482)	1,414	-	30,322
Other structures	-	-	-	-	-	-	-	-	-
Total Buildings	23,363	1,024	6,271	(1,268)	-	(482)	1,414	-	30,322
Total Property	55,749	1,120	6,453	(1,503)	(395)	(482)	1,503	-	62,445
Plant and Equipment									
Plant and minor equipment	3,980	1,183	-	(860)	(575)	-	-	18	3,746
Fixed plant, furniture and equipment	1,432	174	-	(198)	-	-	-	-	1,408
leased plant and equipment	41	-	-	(23)	-	-	-	(18)	-
Total Plant and equipment	5,453	1,357	-	(1,081)	(575)	-	-	-	5,154
Infrastructure									
Roads	126,479	4,755	-	(5,237)	-	(127)	213	-	126,083
Bridges	11,411	456	-	(253)	-	(82)	-	-	11,532
Footpaths and cycle ways	5,314	219	(181)	(167)	-	(72)	200	-	5,313
Drainage	12,104	111	-	(240)	-	-	208	-	12,183
Kerb and channelling	11,616	10	1,506	(421)	-	-	81	-	12,792
Total Infrastructure	166,924	5,551	1,325	(6,318)	-	(281)	702	-	167,903
Total property, plant and equipment, infrastructure	228,126	8,028	7,778	(8,902)	(970)	(763)	2,205	-	235,502

(a) Impairment losses

Impairment losses are recognised in the income statement under other expenses.

Reversals of impairment losses are recognised in the income statement under other revenue.

NOTES TO THE
financial
statements
 FOR THE YEAR ENDED 30 JUNE 2010

Note 19 Trade and other payables

	2010	2009
	\$'000	\$'000
Trade payables	774	328
Accrued expenses	1,191	1,582
Total trade and other payables	1,965	1,910

Note 20 Trust funds and deposits

	2010	2009
	\$'000	\$'000
Refundable landscaping bond deposits	136	67
Refundable contract deposits	44	26
Refundable planning deposits	60	58
Refundable builders footpath deposits	27	49
Refundable re-erection of dwellings deposits	28	33
Other refundable deposits	-	9
Total trust funds and deposits	295	242

Trust funds are refundable deposits held as guarantee for compliance with Council regulations.

Note 21 Provisions

	Annual leave	Long service leave	Landfill restoration	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2010					
Balance at beginning of the financial year	840	1,471	2,711	290	5,312
Additional provisions	852	725	655	-	2,232
Amounts used	(720)	(148)	(19)	(290)	(1,177)
Balance at the end of the financial year	972	2,048	3,347	-	6,367

	Annual leave	Long service leave	Landfill restoration	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
2009					
Balance at beginning of the financial year	794	1,237	2,736	23	4,790
Additional provisions	662	325	-	267	1,254
Amounts used	(616)	(91)	(25)	-	(732)
Balance at the end of the financial year	840	1,471	2,711	290	5,312

Note 21 Provisions (continued)

	2010 \$'000	2009 \$'000
(a) Employee benefits		
Current (i)		
Annual leave	972	840
Long service leave	1,764	1,224
Other	-	40
	2,736	2,104
Non-current (ii)		
Long service leave	284	247
	284	247
Aggregate carrying amount of employee benefits:		
Current	2,736	2,104
Non-current	284	247
Total employment benefits	3,020	2,351
The following assumptions were adopted in measuring the present value of employee benefits:		
	2010 \$'000	2009 \$'000
Weighted average increase in employee costs	4.00%	4.50%
Weighted average discount rates	4.97%	5.23%
Weighted average settlement period	12	12
(i) Current		
All annual leave and the long service leave entitlements representing 10 or more years of continuous service		
- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	1,972	1,880
- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	764	224
	2,736	2,104
(ii) Non-current		
Long service leave representing less than 10 years of continuous service measured at present value	284	247

Note 21 Provisions (continued)

(b) Land fill restoration

Under agreement Council is obligated to restore the Alvie Landfill site to a particular standard. Current projections indicate that the site will cease operation in 2023 and restoration work is expected to commence shortly thereafter. The forecast life of the landfill site is based on current estimates of remaining capacity and the forecast rate of infill. The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard and budgeted costs for that work. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

Council does not expect to receive reimbursement from a third party.

	2010 \$'000	2009 \$'000
(c) Provision for Landfill restoration		
Current	478	453
Non-current	2,869	2,258
Total	3,347	2,711
(d) Provision for Roadside rehabilitation		
Current	-	290
Total	-	290

Note 22 Interest-bearing loans and borrowings

	2010 \$'000	2009 \$'000
Current		
Borrowings - secured	412	305
Total	412	305
Non-current		
Borrowings - secured	3,745	2,157
Total	4,157	2,462
The maturity profile for Council's borrowings is:		
Not later than one year	412	305
Later than one year and not later than five years	1,587	1,185
Later than five years	2,158	972
Total	4,157	2,462

Note 23 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Share of increment (decrement) on revaluation of by associate	Balance at end of reporting period
(a) Asset revaluation reserves	\$ '000	\$ '000	\$ '000	\$ '000
2010				
Property				
Land	22,411	1,976	-	24,387
Land improvements	552	-	-	552
Fixed plant, furniture and equipment	293	-	-	293
Buildings	15,148	(2,011)	-	13,137
Share of CRLC asset revaluation reserve	512	-	(62)	450
	38,916	(35)	(62)	38,819
Infrastructure				
Roads	83,905	-	-	83,905
Bridges	8,019	(237)	-	7,782
Footpaths and cycle ways	969	-	-	969
Drainage	3,004	826	-	3,830
Kerb and channelling	6,695	-	-	6,695
	102,592	589	-	103,181
Total asset revaluation surplus	141,508	554	(62)	142,000
2009				
Property				
Land	22,229	182	-	22,411
Land improvements	552	-	-	552
Fixed plant, furniture and equipment	293	-	-	293
Buildings	8,877	6,271	-	15,148
Share of CRLC asset revaluation reserve	512	-	-	512
	32,463	6,453	-	38,916
Infrastructure				
Roads	83,905	-	-	83,905
Bridges	8,019	-	-	8,019
Footpaths and cycle ways	1,150	(181)	-	969
Drainage	3,004	-	-	3,004
Kerb and channelling	5,189	1,506	-	6,695
	101,267	1,325	-	102,592
Total asset revaluation surplus	133,730	7,778	-	141,508

The asset revaluation reserves have been established to disclose revaluation movements.

NOTES TO THE
financial
statements
 FOR THE YEAR ENDED 30 JUNE 2010

Note 23 Reserves (continued)

	Balance at beginning of reporting period	Transfer from accumulated surplus	Transfer to accumulated surplus	Balance at end of reporting period
	\$ '000	\$ '000	\$ '000	\$ '000
(b) Other reserves				
2010				
Port of Apollo Bay	940	281	-	1,221
Waste management	535	257	-	792
Lakeside estate	744	-	-	744
Plant replacement	725	672	(699)	698
Recreational lands	432	87	-	519
Landfill rehabilitation (Alvie)	360	50	-	410
Resource development reserve	-	406	-	406
Car parking	210	-	-	210
Colac livestock selling centre	96	102	-	198
Unfunded superannuation reserve	-	166	-	166
Rehabilitation reserve	-	30	-	30
Share of CRLC plant replacement	8	-	-	8
Apollo Bay transfer station	225	-	(225)	-
Total Other reserves	4,275	2,051	(924)	5,402
	\$ '000	\$ '000	\$ '000	\$ '000
2009				
Port of Apollo Bay	-	940	-	940
Lakeside estate	855	-	(111)	744
Plant replacement	504	618	(397)	725
Waste management	170	365	-	535
Recreational lands	358	74	-	432
Landfill rehabilitation (Alvie)	300	60	-	360
Apollo Bay transfer station	225	-	-	225
Car parking	246	-	(36)	210
Colac livestock selling centre	86	10	-	96
Share of CRLC plant replacement	8	-	-	8
Total Other reserves	2,752	2,067	(544)	4,275

Other reserves record funds allocated for various purposes including the future acquisition or replacement of non-current assets.



Note 23 Reserves (continued)

Port of Apollo Bay

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

Waste management

This reserve was set up as a source of funding waste collection and management projects and is entirely funded by any surplus funds from the waste collection programme in any given year.

Lakeside estate

These funds were placed into reserve when the Bruce Street site was sold and is for future capital acquisition.

Plant replacement

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

Recreational lands

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

Landfill rehabilitation (Alvie)

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

Resource development reserve

The purpose of this reserve is to fund future capital acquisitions or works.

Car parking

Statutory reserve to be used for the development of car parking.

Colac livestock selling centre

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

Unfunded superannuation reserve

The purpose of this reserve is to fund the expected call by Vision Super for Council to contribute funds for Defined Benefits Superannuation.

Rehabilitation reserve

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

Share of CRLC plant replacement

Colac Otway Shire's share of the Corangamite Regional Library Corporation plant replacement reserve.

Apollo Bay transfer station

These funds have remained in reserve until required for the construction of the Apollo Bay Waste Transfer Station.

Note 24 Reconciliation of cash flows from operating activities to profit/(loss)

	2010	2009
	\$'000	\$'000
Profit/(loss)	2,593	1,817
Depreciation/amortisation	8,409	8,902
(Profit)/loss on disposal of property, plant and equipment, infrastructure	(58)	210
Contributions - Non-monetary assets	(564)	(792)
Share of result of associate	18	(28)
Finance costs	140	185
Found assets	-	(1,414)
Property, plant and equipment, infrastructure written off	121	763
Net GST receipts and payments	1,323	-
Change in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(630)	(33)
(Increase)/decrease in prepayments	(153)	(61)
(Increase)/decrease in inventories	(3)	(4)
(Decrease)/increase in trade and other payables	55	1,214
(Decrease)/increase in other liabilities	-	-
(Decrease)/increase in provisions	1,055	522
Net cash provided by/(used in) operating activities	12,306	11,281

Note 25 Reconciliation of cash and cash equivalents

	2010	2009
	\$'000	\$'000
Cash and cash equivalents (see note 14)	9,762	9,651
Total reconciliation of cash and cash equivalents	9,762	9,651

Note 26 Financing arrangements

	2010	2009
	\$'000	\$'000
Bank overdraft	1,000	1,000
Used facilities	-	-
Unused facilities	1,000	1,000

Note 27 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).

	2010 \$'000	2009 \$'000
Long service leave (note 21)	1,745	1,471
Trust deposits (note 20)	295	242
Reserve funds (note 23b)	5,402	4,275
Total restricted assets	7,147	5,746

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

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, accumulation and defined benefit, each of which is funded differently.

The Fund's accumulation category, Vision Super Saver, receives both employer and employee contributions on a progressive basis. Council 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.

Defined Benefit Plan

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Plan's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable to reliably 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 2008, 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, plus contribution tax (same as previous year);

The Fund surplus or deficit (ie the difference between fund assets and liabilities) is calculated differently for funding purposes (ie calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in the Council's financial statements. AAS 25 requires that the present value of the defined benefit liability to be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue. The actuarial investigation concluded that although the Net Market Value of Assets was in excess of Accrued Benefits at 31 December 2008, based on the assumptions adopted, there was a shortfall of \$71 million when the funding of future benefits was also considered. However, Council was advised that no additional contributions are required for 30 June 2010. The Actuary has commenced undertaking the next actuarial investigation to ascertain if additional contributions would be required. The Actuarial review will be as at 30 June 2010.

The result of the actuarial review is expected to be finalised during October 2010. Should the review identify a funding shortfall requiring additional contributions, the Council will be notified of any amount payable by November 2010 for payment on 1 July 2011. A further actuarial review will be undertaken as at 30 June 2011. Based on the result of this further review, a detailed funding plan will be developed and implemented to achieve the target of fully funding the Fund by 31 December 2013.

NOTES TO THE
financial
statements
 FOR THE YEAR ENDED 30 JUNE 2010

Note 28 Superannuation (continued)

Accounting Standard Disclosure

The Fund's liability for accrued benefits was determined by the Actuary at 31 December 2008 pursuant to the requirements of Australian Accounting Standard AAS25 follows:

	31/12/2008 \$'000
Net Market Value of Assets	3,630,432
Accrued Benefits (per accounting standards)	3,616,422
Difference between Assets and Accrued Benefits	14,010
Vested Benefits	3,561,588

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

Net Investment Return	8.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

Fund	2010 \$'000	2009 \$'000
Defined benefits fund		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	202	170
	202	170
Accumulation funds		
Employer contributions to Local Authorities Superannuation Fund (Vision Super)	694	692
	694	692

Contingent Liability

Due to fluctuations in the value of assets underlying the fund and movements in the liabilities of the fund Council may be required to make an additional contribution to the fund. At this point in time the amount, and the likelihood of payment is not certain. Further detail of this matter is disclosed at *Note 31 - Contingencies*.

Note 29 Commitments

The Council has entered into the following commitments:

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
2010	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Operating					
Waste management	2,821	1,716	5,516	-	10,053
Landfill rehabilitation	227	-	-	-	227
Cleaning contracts for council buildings	188	216	703	-	1,107
Property valuation services	-	287	-	-	287
Meals for delivery	215	215	143	-	573
Information systems & technology	90	94	97	-	281
Gross pollutant trap maintenance	13	-	-	-	13
Total	3,554	2,528	6,459	-	12,541
Capital					
Joint use library facility	421	-	-	-	421
Plant and equipment	195	-	-	-	195
Building and other structures	703	-	-	-	703
Total	1,319	-	-	-	1,319
Total	4,873	2,528	6,459	-	13,860

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 5 years	Later than 5 years	Total
2009	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Operating					
Waste management	1,677	-	-	-	1,677
Cleaning contracts for council buildings	190	-	-	-	190
Property valuation services	78	-	-	-	78
Planning consultants	68	-	-	-	68
Total	2,013	-	-	-	2,013
Capital					
Road construction	139	-	-	-	139
Plant and equipment	310	-	-	-	310
Joint use library facility	2,520	-	-	-	2,520
Other infrastructure	86	-	-	-	86
Total	3,055	-	-	-	3,055
Total	5,068	-	-	-	5,068

Note 30 Operating leases

(a) Operating lease commitments

At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):

	2010 \$'000	2009 \$'000
Not later than one year	90	89
Later than one year and not later than five years	267	356
Later than five years	-	-
	357	445

Note 31 Contingent liabilities and contingent assets

Contingent liabilities

Council has obligations under a defined benefit superannuation scheme that may result in the need to make additional contributions to the scheme to ensure that the liabilities of the fund are covered by the assets of the fund. As a result of the increased volatility in financial markets the likelihood of making such contributions in future periods has increased. At this point in time it is not known if additional contributions will be required, their timing or potential amount

Council operates a landfill at Alvie. Council will have to carry out site rehabilitation works in the future. At balance date Council is unable to accurately assess the financial implications of such works.

Note 32 Financial Instruments

(a) Accounting Policy, terms and conditions			
Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	14	Cash on hand and at bank and money market call account are valued at face value.	On call deposits returned a floating interest rate of 3.37% (4.61% in 2008/09). The interest rate at balance date was 4.0% (2.90% in 2008/2009).
		Interest is recognised as it accrues.	Funds returned fixed interest rate of between 2.90% (2.90% in 2008/09), and 5.50% (7.15% in 2008/09) net of fees.
		Investments and bills are valued at cost.	
		Investments are held to maximise interest returns of surplus cash.	
		Managed funds are measured at market value.	
Trade and other payables			
Other debtors	15	Receivables are carried at amortised cost using the effective interest method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Collectability of overdue accounts is assessed on an ongoing basis.	General debtors are unsecured and arrears attract a nil interest rate (nil in 2008/09). Credit terms are based on 30 days.
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.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 6.81% (6.70% in 2008/09).
		Finance leases are accounted for at their principal amount with the lease payments discounted to present value using the interest rates implicit in the leases.	As at balance date, the Council had no finance leases.
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 and is 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
statements
 FOR THE YEAR ENDED 30 JUNE 2010

Note 32 Financial Instruments (continued)

(b) Interest Rate Risk

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

	Fixed interest maturing in:					Total \$ '000
	Floating interest rate \$ '000	1 year or less \$ '000	Over 1 to 5 years \$ '000	More than 5 years \$ '000	Non-interest bearing \$ '000	
2010						
Financial assets						
Cash and cash equivalents	9,755	-	-	-	7	9,762
Trade and other receivables	-	-	-	-	2,685	2,685
Total financial assets	9,755	-	-	-	2,692	12,447
Weighted average interest rate	3.37%					
Financial liabilities						
Trade and other payables	-	-	-	-	1,965	1,965
Trust funds and deposits	-	-	-	-	295	295
Interest-bearing loans and borrowings	-	412	1,587	2,158	-	4,157
Total financial liabilities	-	412	1,587	2,158	2,260	6,417
Weighted average interest rate		6.81%	6.89%	7.15%		
Net financial assets (liabilities)	9,755	(412)	(1,587)	(2,158)	432	6,030

	Fixed interest maturing in:					Total \$ '000
	Floating interest rate \$ '000	1 year or less \$ '000	Over 1 to 5 years \$ '000	More than 5 years \$ '000	Non-interest bearing \$ '000	
2009						
Financial assets						
Cash and cash equivalents	9,643	-	-	-	7	9,651
Trade and other receivables	-	-	-	-	2,055	2,055
Total financial assets	9,643	-	-	-	2,062	11,706
Weighted average interest rate	6.69%	5.65%				
Financial liabilities						
Trade and other payables	-	-	-	-	1,910	1,910
Trust funds and deposits	-	-	-	-	242	242
Interest-bearing loans and borrowings	-	305	1,185	972	-	2,462
Total financial liabilities	-	305	1,185	972	2,152	4,614
Weighted average interest rate		6.41%	6.20%	6.42%		
Net financial assets (liabilities)	9,643	(305)	(1,185)	(972)	(90)	7,092

Note 32 Financial Instruments (continued)

(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:

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
2010				
Financial assets				
Cash and cash equivalents	9,762	9,651	9,762	9,651
Trade and other receivables	2,685	2,055	2,685	2,055
Total financial assets	12,447	11,706	12,447	11,706
Financial liabilities				
Trade and other payables	1,965	1,910	1,965	1,910
Trust funds and deposits	295	242	295	242
Interest-bearing loans and borrowings	4,157	2,462	3,468	2,101
Total financial liabilities	6,417	4,614	5,728	4,253

(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.

(e) Risks and mitigation

The risks associated with our main financial instruments and our policies for minimising these risks are detailed below.

Market risk

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

Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that we use. Non derivative interest bearing assets are predominantly short term liquid assets. Our interest rate liability risk arises primarily from long-term loans and borrowings at fixed rates which exposes us to fair value interest rate risk.

Our loan borrowings are sourced from major Australian banks by a tender process. Finance leases are sourced from major Australian financial institutions. Overdrafts are arranged with major Australian banks. We manage interest rate risk on our net debt portfolio by:

- ensuring access to diverse sources of funding;
- reducing risks of refinancing by managing in accordance with target maturity profiles; and
- setting prudential limits on interest repayments as a percentage of rate revenue.

We manage the interest rate exposure on our debt portfolio by appropriate budgeting strategies and obtaining approval for borrowings from the Department of Planning and Community Development each year.

Note 32 Financial Instruments (continued)

(e) Risks and mitigation (continued)

Interest rate risk (continued)

Investment of surplus funds is made with approved financial institutions under the *Local Government Act 1989*. We manage interest rate risk by adopting an investment policy that ensures:

- conformity with State and Federal regulations and standards,
- capital protection,
- appropriate liquidity,
- diversification by credit rating, financial institution and investment product,
- monitoring of return on investment,
- benchmarking of returns and comparison with budget.

Maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

Credit risk

Credit risk is the risk that a contracting entity will not complete its obligations under a financial instrument and cause us to make a financial loss. We have exposure to credit risk on some financial assets included in our balance sheet. To help manage this risk:

- we have a policy for establishing credit limits for the entities we deal with;
- we may require collateral where appropriate; and
- we only invest surplus funds with financial institutions which have a recognised credit rating specified in our investment policy.

Trade and other receivables consist of a large number of customers, spread across the consumer, business and government sectors. Credit risk associated with the Council's financial assets is minimal because the main debtor is the Victorian Government. Apart from the Victorian Government we do not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of our customers and, where appropriate, an allowance for doubtful debts is raised.

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in *Note 31*.

Ageing of Trade and Other Receivables

At balance date other debtors representing financial assets were past due but not impaired. These amounts relate to a number of independent customers for whom there is no recent history of default. The ageing of the Council's Trade & Other Receivables was:

	2010 \$'000	2009 \$'000
Current (not yet due)	2,575	1,905
Past due by up to 30 days	53	29
Past due between 31 and 180 days	57	121
Total Trade & Other Receivables	2,685	2,055

Liquidity risk

Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- we will not have sufficient funds to settle a transaction on the date;
- we will be forced to sell financial assets at a value which is less than what they are worth; or
- we may be unable to settle or recover a financial assets at all.

To help reduce these risks we:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and
- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

The Councils exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

Note 32 Financial Instruments (continued)

(f) Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Council believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from Reserve Bank of Australia):

- A parallel shift of +1% and -2% in market interest rates (AUD) from year-end rates of 4.0%.

The table below discloses the impact on net operating result and equity for each category of financial instruments held by the Council at year-end, if the above movements were to occur.

		Interest rate risk			
		-2		+1	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
		\$ '000	\$ '000	\$ '000	\$ '000
2010	\$ '000				
Financial assets					
Cash and cash equivalents	9,762	(195)	(195)	98	98
Trade and other receivables	2,685	(54)	(54)	27	27
Financial liabilities:					
Interest-bearing loans and borrowings	4,157	83	83	(42)	(42)

		Interest rate risk			
		-2		+1	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
		\$ '000	\$ '000	\$ '000	\$ '000
2009	\$ '000				
Financial assets					
Cash and cash equivalents	9,651	(193)	(193)	97	97
Trade and other receivables	2,055	-	-	-	-
Financial liabilities:					
Interest-bearing loans and borrowings	2,157	43	43	(22)	(22)

NOTES TO THE
financial
statements
 FOR THE YEAR ENDED 30 JUNE 2010

Note 33 Auditors' remuneration

	2010 \$'000	2009 \$'000
Audit fee to conduct external audit		
- Victorian Auditor-General	32	27
Internal audit fees		
- WHK Howarth	26	29
	58	56

Note 34 Events occurring after balance date

In the period commencing 9th August 2010, the municipality of Colac Otway experienced substantial damage from heavy rainfall, high winds and flood waters. It is anticipated that the cost of repairs to Council's infrastructure will be \$1.4 million. It is also anticipated that all or part of this expenditure will be recouped from the Victorian State Government.

Note 35 Related party transactions

(i) Responsible Persons

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

Councillors	Councillor Lyn Russell (Mayor 09/12/09 to current)		
	Councillor Brian Crook (Mayor from 05/12/08 to 09/12/09)		
	Councillor Stephen Hart	Councillor Chris Smith	Councillor Frank Buchanan
	Councillor Geoff Higgins	Councillor Stuart Hart	
Chief Executive Officer	Rob Small		

(ii) Remuneration of Responsible Persons

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

			2010	2009
			No	No
\$1	-	\$ 9,999	-	5
\$10,000	-	\$19,999	-	4
\$20,000	-	\$29,999	5	3
\$30,000	-	\$39,999	2	1
\$40,000	-	\$49,999	-	1
\$60,000	-	\$69,1000	-	1
\$100,000	-	\$109,999	-	1
\$170,000	-	\$179,999	1	-
			8	16
			\$'000	\$'000
Total Remuneration for the reporting year for Responsible Persons included above amounted to:			375	417

(iii) No retirement benefits have been made by the Council to a Responsible Person. (2009/10, nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2009/10, 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 (2008/09 \$82,694).

(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 \$120,000.

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

			2010	2009
			No	No
Income Range:				
<\$120,000			-	6
\$130,000 - \$139,999			1	-
\$140,000 - \$149,999			-	1
\$150,000 - \$159,999			1	-
\$160,000 - \$169,999			2	-
			4	7
			\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to:			616	651

Note 36 Joint venture information

Colac Otway Shire has engaged in a joint venture arrangement with the Victorian Department of Education and Early Childhood Development and the Colac Secondary College to construct and operate a joint use library facility. The value of Colac Otway Shire's overall contribution to the construction of the library facility is \$2.921 million with an additional provision of up to \$151,000 making a total of \$3.072 million.

As at the 30th June 2010, Colac Otway Shire has contributed \$2.5 million (2008/09 \$400,000) to the construction of the facility, with the remainder of the funds to be paid during the 2010/11 financial year.

Note 37 Income, expenses and assets by function/activities

	Infrastructure and Services Department		Corporate and Executive Departments		Sustainable Planning and Development Department		Total	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Income	7,427	8,205	30,195	26,152	1,504	3,416	39,126	36,329
Expenses	(18,796)	(14,616)	(13,265)	(13,735)	(4,490)	(7,577)	(36,551)	(34,484)
Profit / (Loss) for the year	(11,369)	(6,411)	16,930	12,417	(2,986)	(4,161)	2,575	1,845

Infrastructure and Services Department

The Infrastructure and Services Department is responsible for protecting and enhancing and developing the Council's social and physical environment. The broad objective will be achieved primarily through planning, coordination and delivery of a diverse range of high quality, cost-efficient community and environmental services which are responsive to the needs of residents and other service users.

The Department includes the following branches:

Sustainable assets	Capital works	Port of Apollo Bay
Major projects	Cosworks	

Corporate and Executive Departments

The Corporate and Executive Departments are responsible for providing a range of governance, strategic and operational financial services to business units and to the Council as a whole.

The Departments includes the following branches:

Executive	Organisational support and development	Recreation, arts and culture
Servicing Council	Health and community services	Finance and customer service
Public relations	Information services	

Sustainable Planning and Development Department

The Sustainable Planning and Development Department promotes and enhances community wellbeing through funding programs, advocacy, service provision, community partnerships and regulatory activity.

The Department includes the following branches:

Environment and community safety	Economic development	Planning and building
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Note 38 Financial ratios (Performance indicators)

(a) Debt servicing ratio

(to identify the capacity of Council to service its outstanding debt)

	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<u>Debt servicing costs</u>	140		185		220	
<u>Total revenue</u>	39,126		37,535		32,950	
	= 0.36%		= 0.49%		= 0.67%	

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)

	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<u>Debt servicing & redemption costs</u>	445		703		728	
<u>Rate revenue</u>	18,559		17,602		16,384	
	= 2.40%		= 3.99%		= 4.44%	

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)

	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<u>Rate revenue</u>	18,559		17,602		16,384	
<u>Total revenue</u>	39,126		37,535		32,950	
	= 47.43%		= 46.89%		= 49.72%	

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

(d) Debt exposure ratio

(to identify Council's exposure to debt)

	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
<u>Total indebtedness</u>	11,039		8,455		7,255	
<u>Total realisable assets</u>	78,925		74,728		65,004	
	= 13.99%		= 11.38%		= 11.16%	

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 27*) is excluded from total indebtedness.

The following assets are excluded from total assets when calculating Council's realisable assets:

land and buildings on Crown land; restricted assets; heritage assets; total infrastructure assets; and Council's investment in associate.

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.

Note 38 Financial ratios (Performance indicators) (continued)

(e) Working capital ratio

(to assess Council's ability to meet current commitments)

	2010 \$'000	2009 \$'000		2010 \$'000	2009 \$'000		2010 \$'000	2009 \$'000
<u>Current assets</u>	12,836		=	11,939		=	8,602	
Current liabilities	5,886			5,264			3,806	
								= 226.01%

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)

	2010 \$'000	2009 \$'000		2010 \$'000	2009 \$'000		2010 \$'000	2009 \$'000
<u>Current assets</u>	12,836		=	11,939		=	8,602	
Current liabilities	5,122			5,040			2,677	
								= 321.33%

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.

Note 38 Financial ratios (Performance indicators) (continued)

Additional KPI ratios

The following five ratios are based upon those used by the Victorian Auditor General to assess Council's financial sustainability level.

(g) Underlying Result

(removes non-cash developer contributions and other one-off items from the Operating Result)

	2010 \$'000		2009	2010		2009	2010		2009
	\$'000		\$'000	\$'000		\$'000	\$'000		\$'000
Adjusted Net Operating Result	2,150	=	6.09%	402	=	1.1%	254	=	0.8%
Total Underlying Revenue	<u>38,562</u>			<u>35,329</u>			<u>33,085</u>		

(h) Liquidity Ratio

(to assess Council's ability to pay its liabilities in the next 12 months)

	2010 \$'000		2009	2010		2009	2010		2009
	\$'000		\$'000	\$'000		\$'000	\$'000		\$'000
Current assets	12,836	=	218.1%	11,939	=	226.8%	8,602	=	226.0%
Current liabilities	<u>5,886</u>			<u>5,264</u>			<u>3,806</u>		

(i) Indebtedness Ratio

(to assess Council's ability to cover longer term liabilities from its own sourced revenue)

	2010 \$'000		2009	2010		2009	2010		2009
	\$'000		\$'000	\$'000		\$'000	\$'000		\$'000
Non-current liabilities	6,898	=	27.1%	4,662	=	21.1%	5,002	=	24.1%
Own-sourced revenue	<u>25,421</u>			<u>22,076</u>			<u>20,746</u>		

(j) Self-Financing Ratio

(to assess Council's ability to replace assets from cash generated by operations)

	2010 \$'000		2009	2010		2009	2010		2009
	\$'000		\$'000	\$'000		\$'000	\$'000		\$'000
Net operating cash flows	12,288	=	31.9%	11,309	=	32.0%	8,524	=	25.8%
Underlying revenue	<u>38,562</u>			<u>35,329</u>			<u>33,085</u>		

(k) Investment Gap Ratio

(measures whether Council is spending on infrastructure at a faster rate than infrastructure is depreciating)

	2010 \$'000		2009	2010		2009	2010		2009
	\$'000		\$'000	\$'000		\$'000	\$'000		\$'000
Capital Spend	14,258	=	169.6%	8,027	=	90.2%	8,968	=	119.4%
Depreciation	<u>8,409</u>			<u>8,902</u>			<u>7,508</u>		

NOTES TO THE
financial
statements
 FOR THE YEAR ENDED 30 JUNE 2010

Note 39 Capital expenditure

Capital expenditure areas	Note	2010 \$'000	2009 \$'000
Land		600	-
Land improvements		883	96
Buildings		5,006	1,024
Plant and minor equipment		1,484	1,184
Fixed plant, furniture and equipment		42	174
Roads		4,161	4,755
Bridges		160	456
Footpaths and cycle ways		517	219
Drainage		22	111
Kerb and channelling		17	10
Total capital works		12,892	8,029
Represented by:			
Renewal of property and buildings	(a)	876	-
Renewal of plant and equipment		1,484	1,184
Renewal of infrastructure		3,594	3,812
Upgrade of property and buildings	(b)	2,724	298
Upgrade of infrastructure		1,151	2,088
New property and buildings		2,889	601
New plant and equipment		42	-
New infrastructure		132	46
Total capital works		12,892	8,029
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		12,892	8,029
Contributions - non-monetary assets	5(b)	564	792
Asset revaluation movement	23(a)	554	7,778
Depreciation/amortisation	10	(8,409)	(8,902)
Written down value of assets sold	18	(372)	(970)
Found assets	18	-	1,414
Assets written off	18	(121)	(763)
Net movement in property, plant and equipment, infrastructure	18	5,108	7,378

Note 39 Capital expenditure (continued)

(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.

Note 40 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 the council's financial statements and are summarised below:

	2010 \$'000	2009 \$'000
Assets		
Current assets		
Trade and other receivables	1,272	973
Total current assets	1,272	973
Total assets	1,272	973
Liabilities		
Current liabilities		
Provisions	40	19
Total current liabilities	40	19
Non-current liabilities		
Provisions	11	14
Total non-current liabilities	11	14
Total liabilities	51	33
Net Assets	1,221	940
Equity		
Accumulated surplus	1,221	940
Total Equity	1,221	940

CERTIFICATION OF THE
financial
report

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.



Brett Exelby (CPA)
Principal Accounting Officer
Date: 29 September 2010

In our opinion the accompanying financial statements present fairly the financial transactions of Colac Otway Shire Council for the year ended 30 June 2010 and the financial position of the Council as at that date.

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

We have been authorised by the Council on 22 September 2010 to certify the financial statements in their final form.



Stephen Hart
Councillor
Date: 29 September 2010



Stuart Hart
Councillor
Date: 29 September 2010



Rob Small
Chief Executive Officer
Date: 29 September 2010

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Colac-Otway Shire Council

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2010 of Colac Otway Shire Council which comprises of comprehensive 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 2010 of the 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 the Standard Statements have been audited.

The Councillors' Responsibility 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.

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 the internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of the accounting estimates made by the Councillors, as well as evaluating the overall presentation of the financial report and standard statements.

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

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

This auditor's report relates to the financial report and standard statements published in both the annual report and on the website of Colac Otway Shire Council for the year ended 30 June 2010. The Councillors of Colac Otway Shire Council are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. 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 Colac Otway Shire Council website.

Independence

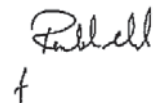
The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with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

Auditor's Opinion

In my opinion:

- a) the financial report presents fairly, in all material respects, the financial position of Colac Otway Shire Council as at 30 June 2010 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*.
- b) 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
29 September 2010



D.D.R. Pearson
Auditor-General

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Auditing in the Public Interest

performance statement

TO FINANCIAL STATEMENTS AND STANDARD STATEMENTS



Objectives	Strategic Indicators	Target 2009/10	Result 2009/10	Outcome
Leadership and Governance				
Council will fulfil its statutory and legal obligations to its community and staff in a way that is: fair, ethical, inclusive, sustainable, financially responsible and meets the needs and practical aspirations of current and future generations	Achievement of Council Commitments and Key Actions	100%	100%	Achieved
	Community satisfaction with the Overall Performance of Council	62%	55%	Not Achieved
	Community satisfaction with Council's Advocacy role	63%	56%	Not Achieved
	Community satisfaction with Council's Community Engagement	62%	52%	Not Achieved
	Community satisfaction with Council's Customer Contact	73%	70%	Not Achieved
	Risk Liability Assessment	87%	89%	Achieved
	Liquidity Ratio	1.50:1(Est AIFRS Adj)	2.71:1	Achieved
	Audit Opinion issued on Financial Statements	Compliance with all statutory requirements	Unqualified Audit Opinion Issued	Achieved
Physical Infrastructure and Assets				
Council will provide and maintain Council infrastructure and assets that meet community needs now and in the future	Achievement of Council Commitments and Key Actions	100%	95%	Not Achieved
	Percentage of Capital Works expenditure projects completed	85%	77%	Not Achieved
	Capital Works expenditure actual compared to budgeted expenditure	85%	80%	Not Achieved
	Asset renewal sustainability index	80%	88%	Achieved

performance statement

TO FINANCIAL STATEMENTS AND STANDARD STATEMENTS

Objectives	Strategic Indicators	Target 2009/10	Result 2009/10	Outcome
Land Use and Development				
Council will engage, plan and make decisions about land use and development that takes into account the regulatory role of Council, its diverse geography, social, community, economic and environmental impacts for current and future generations.	Achievement of Council Commitments and Key Actions	100%	82%	Not Achieved
	Building permits processed within statutory timeframes	70%	N/A	Not Achieved
	Planning permits processed within statutory timeframes	70%	71%	Achieved
Environmental Management				
Council will protect and enhance the environment entrusted to us, demonstrate efficient use of natural resources and minimise climate change impacts.	Achievement of Council Commitments and Key Actions	100%	75%	Not Achieved
	Increased Environmental Sustainability	> Milestone 5 (Cities for Climate Protection Program)	100%	Achieved
		> Eco Buy Accreditation	100%	Achieved
Economic Development				
Council is committed to facilitating a healthy and resilient economy through effective leadership, advocacy, and partnership.	Achievement of Council Commitments and Key Actions	100%	89%	Not Achieved
	Completion of Master Plan priorities for all small towns	80%	75%	Not Achieved
Community Health and Wellbeing				
Council will promote community health and wellbeing in partnership with other health services. Through a partnership approach, Council will provide a broad range of customer focused health, recreational, cultural and community amenities, services and facilities	Achievement of Council Commitments and Key Actions	100%	65%	Not Achieved
	Community satisfaction with Health and Human Services	77%	72%	Not Achieved
	Community satisfaction with Recreational Facilities	66%	52%	Not Achieved



Introduction to the performance Statement

Section 127 of the *Local Government Act 1989* included the requirement for a budget to contain “separately identified Key Strategic Activities to be undertaken during the financial year and performance targets and measures in relation to each Key Strategic Activity”.

Sections 131(1)(d) and 132(2) of the *Act* also require the performance Statement component of the annual Report to include the actual results achieved for the relevant Key Strategic Activities, having regard to the stated performance targets and measures.

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 Council.

Short explanation of a “different” term used is listed below:

Customer Satisfaction Ratings

Indexed means 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

In my opinion, the accompanying Performance Statement of the Colac Otway Shire council in respect of 2009/10 financial year has been prepared in accordance with the *Local Government Act 1989*.



Brett Exelby (CPA)
Principal Accounting Officer
Date: 29 September 2010

In our opinion, the accompanying Performance Statement of the Colac Otway Shire Council in respect of the 2009-/10 financial year is presented fairly in accordance with Section 132 of the *Local Government Act 1989*.

The statement outlines the separately identified Key Strategic Activities contained in the budget under section 127 of the *Local Government Act 1989* and describes the actual results achieved in the financial year.

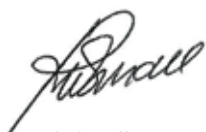
As at the time of signing, we are not aware of any circumstances which would render any particulars in the statement to be misleading or inaccurate.



Stephen Hart
Councillor
Date: 29 September 2010



Stuart Hart
Councillor
Date: 29 September 2010



Rob Small
Chief Executive Officer
Date: 29 September 2010

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Councillors, Colac-Otway Shire Council

The Performance Statement

The accompanying performance statement for the year ended 30 June 2010 of the Colac-Otway Shire Council which comprises the statement, the related notes and the Certification of Performance Statement has been audited.

The Councillors' Responsibility for the Performance Statement

The Councillors of Colac Otway Shire Council are responsible for the preparation and 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 the internal control relevant to the entity's 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 entity's internal control. An audit also includes evaluating the overall presentation of the performance statement.

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

Matters Relating to the Electronic Presentation of the Audited Performance Statement

This auditor's report relates to the performance statement published in both the annual report and on the website of Colac Otway Shire Council for the year ended 30 June 2010. The Councillors are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. 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 Colac Otway Shire website.

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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. In conducting the audit the Auditor-General, his staff and delegates complied 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 2010 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

Melbourne
29 September 2010


f. **D.D.R. Pearson**
Auditor-General

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acronyms AND definitions

APWA	American Public Works Association	ISO	International Organisation for Standardisation
BWFC	Bluewater Fitness Centre	Interplan®	Council's Corporate Performance Management software system
CACP	Community Aged Care Packages	JLTA	Jardine Lloyd Thompson Australia
CBD	Central Business District	JMAPP	Jardine Municipal Asset Protection Package
CCP	Cities for Climate Protection	LG	Local Government
CEO	Chief Executive Officer	MAV	Municipal Association of Victoria
CFA	Country Fire Authority	MOU	Memorandum of Understanding
CLSC	Colac Otway Livestock Selling Centre	NSPP	Neighbourhood Safer Places Plan
CMP	Civic Mutual Plus	OH&S	Occupational Health and Safety
COPACC	Colac Otway Performing Arts and Cultural Centre	OT	Otways Tourism Inc
COSWORKS	Colac Otway Shire Works Unit	PC	Personal Computer
COVEC	Colac Otway Vocational Education Cluster	PES®	Council's Corporate Personnel Evaluation software system
CPR	Cardio Pulmonary Resuscitation	PP&E	Property, Plant and Equipment Infrastructure
CPRS	Carbon Pollution Reduction Scheme	RDV	Regional Development Victoria
DOT	Department of Transport	RIDF	Regional Infrastructure Development Funds
DSE	Department of Sustainability and Environment	SafetyMAP	Accreditation through the Victorian WorkCover Authority
ED	Economic Development	SAI	Safety Interface Agreement
EFT	Equivalent Full Time employees	TLC3	Towards Liveable Communities Coordinating Committee
EMP	Emergency Management Plan	TTC	Trade Training Centre
EPA	Environment Protection Authority	VCAT	Victorian Civil and Administrative Tribunal
ETS	Emissions Trading Scheme	VIC	Visitor Information Centre
FOI	Freedom of Information		
G21	Geelong Regional Alliance		
GORVIC	Great Ocean Road Visitor Information Centre		
GSCRSP	Great South Coast Regional Strategic Plan		
HACC	Home and Community Care		
IAP2	International Association for Public Participation		
ICLEI	International Council for Local Environmental Initiatives		

index

A		L	
About this Annual Report	2	Land Use and Development	43
Appreciating our staff	24	Leadership and Governance	16
Audit Committee	86	Legislative Compliance	90
Auditor General's Financial Indicators	99	Local Laws	79
Auditor General's Report	168	M	
B		Mayor and CEO message	8
Business planning	88	Municipal Fire Prevention Plan Report	91
C		O	
Calendar of Events	6	Occupational Health and Safety	24
Chief Financial Officer's Report	10	Organisation Structure	15
Committees of Council	84	Our People	24
Community Health and Wellbeing	68	P	
Conflict of interest	79	Performance Statement	170
Continuous Service Improvement	89	Physical Infrastructure and Assets	32
Council	12	Policies, Strategies and Plans	80
Council Meetings	81	Public Access to Registers and Documents	94
Council Memberships	93	R	
Council Plan framework	79	Risk Management	87
Council Representation on Other Committees	85	S	
Council's Role	78	Strategic Indicators	
Councillor Attendance at Meetings	82	Community Health and Wellbeing	77
Councillor Code of Conduct	81	Economic Development	67
Councillor Support and Remuneration	83	Environmental Management	59
D		Land Use and Development	50
Decision making	79	Leadership and Governance	31
Domestic Animal Management Plan Report	90	Physical Infrastructure and Assets	42
E		Standard Statements	105
Economic Development	60	T	
Environmental Management	51	The Year in Review	4
Executive Management Team	14	Transport Connections	70
F		U	
Financial Indicators	97	Understanding the Financial Statements	101
Financial Performance	96	V	
Financial Statements	116	Victorian Local Government Indicators	95
Freedom of Information	90	Vision, Mission and Values	3
G			
Governance	78		
Grants and Donations	93		

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Cr Chris Smith	1330 Bungador Road Swan Marsh Vic 3249	Phone BH/AH: 5235 1255 Mobile: 0419 351 255 Fax: 5235 1451
Colac Service Centre	2-6 Rae Street Colac Vic 3250	Phone: (03) 5232 9400 Fax: (03) 5232 1046 Hours: 8.30am - 5.00pm Monday to Friday
Apollo Bay Service Centre	69 Nelson Street Apollo Bay Vic 3233	Phone: (03) 5237 6504 Fax: (03) 5237 6734 Hours: 8.30am - 1.00pm Monday to Friday
Colac Otway Shire	Postal Address: PO Box 283 Colac Vic 3250	Email Address: inq@colacotway.vic.gov.au Website: www.colacotway.vic.gov.au



Colac Otway
SHIRE

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