

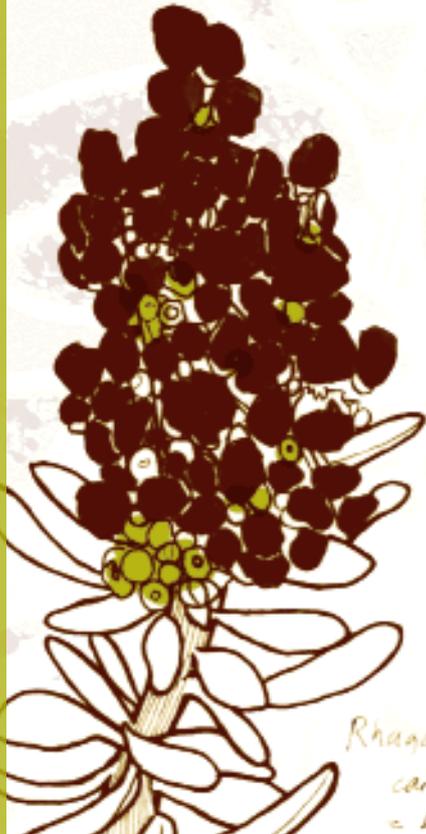


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COLAC OTWAY SHIRE

# ANNUAL REPORT

2010-2011



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*Dianella Tasmanica*



Colac Otway  
SHIRE

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## 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

*Graphic images used on the cover and throughout the report are of the Otway Ranges native flora by artist Imogen Hall*

*Disphyma crassifolium*

## Highlights

- › New state-of-the-art Apollo Bay Recycling Centre introduces Colac Otway Shire to a new era in waste management (p 34)
- › Positive survey results reveal a confident business community (p 56)
- › Achieved \$4.6 million in government grants to ease the burden on the community of providing key services (p 58)
- › Opening of the new Colac Community Library and Learning Centre attracts increased patronage, particularly from young families (p 64)
- › Positive changes to community based respite care will increase opportunities for people of all abilities to participate in community activities and to develop community capacity (p 66)

## Disappointments

- › No Neighbourhood Safer Places (places of last resort when major fires occur) designated in the region due to the high fire danger of the Otway Ranges (p 26)
- › Damage to 80 km of shire roads as a result of major storm events (p 37)

*BELOW: The Aire River in the southern end of Colac Otway Shire is listed in the Heritage Rivers Act for its environmental significance  
PHOTO: Alison Pouliot*

## About this Annual Report

*This report documents Colac Otway Shire Council's performance during 2010/11 against the Council Plan and the 2010/11 Budget and is the second report against the Council Plan 2009-2013.*

This report highlights achievements and challenges in key operational areas and 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](http://www.colacotway.vic.gov.au)**

### FEEDBACK

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

Your feedback is invited via  
email: [inq@colacotway.vic.gov.au](mailto:inq@colacotway.vic.gov.au)  
or by letter to:

**Chief Executive Officer**  
PO Box 283  
Colac Vic 3250

## Our Shire Profile

### OUR LOCATION

*We are situated within a two hour drive of Melbourne; approximately an hour to the large regional cities of Geelong to the east and Warrnambool to the west.*

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

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

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

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

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





## OUR PEOPLE

Our estimated population is 22,097. There has been a gradual increase in the population of the shire since 2005, approximately 4%, in comparison with the previous years, 2001-2005, when the population remained fairly static.

We expect a larger increase in our population once the Princes Highway becomes a dual highway (the Geelong to Winchelsea section is well along in construction) as it will open up the region, making commuting an attractive option for both the local population and for those seeking a lifestyle change. With the attraction of affordable housing and great lifestyle, we are ideally located for those looking for a rural idyll within a comfortable commuting distance of major centres.

Our four key industry categories are Agriculture; Forestry and Fishing; Manufacturing; Retail Trade; and Health and Community Services and these employ approximately 51% of our labour force.

## OUR HISTORY

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

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



ABOVE: Beachside and pastoral opportunities are abundant in our shire  
PHOTO: Stuart Milligan

## OUR NAME

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

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



Area:	3,427 sq kilometres
Length of Local Roads:	1,632 kilometres
Population born overseas:	6.9%
Population growth rate:	1.2%
Employment rate:	95.4% (full time, 57.9%)
Rateable properties:	14,405
Coastline:	95 kilometres
Forest and National Park:	110,000 hectares

Estimated Population:	22,097
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%

Sources: Australian Bureau of Statistics Census 2006  
.id Consulting, Melbourne 2010

# Year in Review

Key Result Area	Achievements	Disappointments
 <p><b>LEADERSHIP AND GOVERNANCE</b> For more information see page 24</p>	<p>Successful negotiation of the new staff Enterprise Agreement</p> <p>Renewed commitment to disadvantaged communities within the Shire</p> <p>Successful implementation of the new waste management contract</p> <p>Improvements to key organisational systems</p>	<p>No Neighbourhood Safer Places (places of last resort when major fires occur) designated in the region due to the high fire danger of the Otway Ranges</p>
 <p><b>PHYSICAL INFRASTRUCTURE AND ASSETS</b> For more information see page 34</p>	<p>Opening of the new Apollo Bay Transfer Station</p> <p>Major upgrade to the Apollo Bay breakwater wall</p> <p>Key road improvement projects completed</p> <p>Completion of the building renewal program</p>	<p>Damage to 80km of shire roads as a result of major storm events</p> <p>Weather patterns during the spring and summer months resulted in large scale natural disasters, which placed significant pressure on capital works projects</p>
 <p><b>LAND USE AND DEVELOPMENT</b> For more information see page 42</p>	<p>Completion of the draft Rural Living Strategy is a key milestone. The strategy recommends changes to zoning and identifies areas of growth for a number of small towns</p> <p>Improvements in processing Planning Permits applications speeds up completion</p> <p>Completion of the 4-year Planning Scheme review</p>	<p>Delays to implementation of the Apollo Bay Harbour Master Plan due to the emergence of community concerns</p> <p>Birregurra Structure Plan placed on hold due to concerns by the community of the impact of future development on the town's character</p>
 <p><b>ENVIRONMENTAL MANAGEMENT</b> For more information see pages 16, 48</p>	<p>Several water tanks installed at 2 of council's top 5 water using facilities</p> <p>New 3-bin kerbside waste management bins instituted across the shire</p> <p>Solar power (PV) systems installed at council's Visitor Information Centres in Colac and Apollo Bay generated 5,090kWh of onsite renewable energy</p>	<p>The Environmental Protection Agency (EPA) has increased the auditing and monitoring requirement of disused landfills. This has meant that council is taking longer than anticipated to work its way through the audit process of its disused landfills</p>
 <p><b>ECONOMIC DEVELOPMENT</b> For more information see pages 15, 56</p>	<p>Small Town Improvements Program (STIP) for 2010/11 was successfully implemented</p> <p>Initial draft planning process for the redevelopment of the Colac Central Business District and town entrances completed</p> <p>Positive survey results reveal a confident business community</p>	<p>The implementation of the Tourism Victoria Regional Tourism Action Plan was delayed due to lack of agreement by stakeholders on the proposed new regional structure for the development and marketing of tourism</p>
 <p><b>COMMUNITY HEALTH AND WELLBEING</b> For more information see page 64</p>	<p>Completion of the new Colac Community Library and Learning Centre</p> <p>Positive changes to community based respite care will increase opportunities for people of all abilities to participate in community activities</p> <p>The Federal Government committed \$3.78 million to the redevelopment of the Bluewater Fitness Centre Stadium</p>	<p>The current method of recording Maternal and Child Health consultations has not truly reflected the increasing number of complex cases with vulnerable families that require Enhanced Services. A review needs to be undertaken to better capture and highlight this increasing demand</p>



Challenges	The Year Ahead	Community Satisfaction Results														
<p>Increased legal challenges due to the 'No Win/No Fee' offers by legal firms</p> <p>Becoming carbon neutral by 2016. Council needs to identify an approach that is the most effective from a cost and feasibility standpoint to achieve this ambitious target</p>	<p>Implementation and consolidation of the Business Excellence Framework and the Prince2® project management methodology across council's business units</p> <p>Implementation of the 2009 Victorian Bushfire Royal Commission recommendations</p>	<p><b>OVERALL PERFORMANCE</b></p> <table border="1"> <tr><th>Year</th><td>2006/07</td><td>2007/08</td><td>2008/09</td><td>2009/10</td><td>2010/11</td></tr> <tr><th>Indexed Mean</th><td>63</td><td>51</td><td>57</td><td>55</td><td>58</td></tr> </table>	Year	2006/07	2007/08	2008/09	2009/10	2010/11	Indexed Mean	63	51	57	55	58		
Year	2006/07	2007/08	2008/09	2009/10	2010/11											
Indexed Mean	63	51	57	55	58											
<p>Adequately funding the future asset gap for road and bridges</p> <p>Emerging weather patterns impacting the programming of road maintenance works</p> <p>Further improvements to Project Management required to successfully deliver projects on time</p>	<p>Completion of a condition audit of council buildings to drive the development of a long term renewal and capital improvement program</p> <p>Develop improved linkages between forward planning for asset maintenance, renewal and upgrades and council's long term financial plan</p>	<p><b>LOCAL ROADS AND FOOTPATHS</b></p> <table border="1"> <tr><th>Year</th><td>2005/06</td><td>2006/07</td><td>2007/08</td><td>2008/09</td><td>2009/10</td><td>2010/11</td></tr> <tr><th>Indexed Mean</th><td>52</td><td>50</td><td>44</td><td>47</td><td>48</td><td>47</td></tr> </table>	Year	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	Indexed Mean	52	50	44	47	48	47
Year	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11										
Indexed Mean	52	50	44	47	48	47										
<p>Changes to state planning provisions and building regulations relating to bushfire will be introduced towards the end of 2011 by the State Government. These changes are expected to result in a difficult transition period for planning staff, land owners and professionals</p>	<p>Develop a local policy that complements the State Government's new state-wide bushfire planning provisions using a government grant</p> <p>Finalise the Rural Living Strategy and commence an amendment to the planning scheme that implements its findings</p>	<p><b>TOWN PLANNING POLICY AND APPROVALS</b></p> <table border="1"> <tr><th>Year</th><td>2006/07</td><td>2007/08</td><td>2008/09</td><td>2009/10</td><td>2010/11</td></tr> <tr><th>Indexed Mean</th><td>54</td><td>48</td><td>48</td><td>52</td><td>51</td></tr> </table>	Year	2006/07	2007/08	2008/09	2009/10	2010/11	Indexed Mean	54	48	48	52	51		
Year	2006/07	2007/08	2008/09	2009/10	2010/11											
Indexed Mean	54	48	48	52	51											
<p>Council has worked with the MAV and the State Government to develop new guidelines for managing roadside weeds in a strategic manner. If the new guidelines are approved then council will need to develop an approach that is agreed to by the State Government in order to access funding</p>	<p>Undertake Alvie Landfill audit to comply with EPA's landfill licence reform requirements</p> <p>Develop Roadside Environmental Management Plan to minimise environmental impacts associated with road works and maximise the protection of roadside vegetation that is outside of the road maintenance area</p>	<p><b>WASTE MANAGEMENT</b></p> <table border="1"> <tr><th>Year</th><td>2005/06</td><td>2006/07</td><td>2007/08</td><td>2008/09</td><td>2009/10</td><td>2010/11</td></tr> <tr><th>Indexed Mean</th><td>72</td><td>71</td><td>67</td><td>69</td><td>68</td><td>71</td></tr> </table>	Year	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	Indexed Mean	72	71	67	69	68	71
Year	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11										
Indexed Mean	72	71	67	69	68	71										
<p>Developing a new program of industry training and development and networking forums that are relevant to current industry needs. This will include a sustainability event that will provide information and ideas on responding to the 'Carbon Tax'</p>	<p>Completion of the Colac Marketing Strategy and initial implementation of recommended initiatives</p> <p>Completion of the Colac Central Business District and Entrances Project</p> <p>Commencement of the Apollo Bay Harbour Precinct Planning Scheme Amendment</p>	<p><b>ECONOMIC DEVELOPMENT</b></p> <table border="1"> <tr><th>Year</th><td>2006/07</td><td>2007/08</td><td>2008/09</td><td>2009/10</td><td>2010/11</td></tr> <tr><th>Indexed Mean</th><td>64</td><td>59</td><td>57</td><td>57</td><td>59</td></tr> </table>	Year	2006/07	2007/08	2008/09	2009/10	2010/11	Indexed Mean	64	59	57	57	59		
Year	2006/07	2007/08	2008/09	2009/10	2010/11											
Indexed Mean	64	59	57	57	59											
<p>The increasing number of events being held in the shire presents a challenge of maintaining a thorough event application and authorisation process to ensure compliance regulations are applied and event organisers are receiving adequate support</p>	<p>Commence the \$5 million redevelopment of the Bluewater Fitness Centre Stadium</p> <p>Complete and commence implementation of the Public Open Space Strategy</p> <p>Review of Enhanced Services for Maternal and Child Health</p> <p>Implementation of the Active Service Model for people receiving Home and Community Services</p>	<p><b>HEALTH AND HUMAN SERVICES</b></p> <table border="1"> <tr><th>Year</th><td>2006/07</td><td>2007/08</td><td>2008/09</td><td>2009/10</td><td>2010/11</td></tr> <tr><th>Indexed Mean</th><td>78</td><td>73</td><td>74</td><td>72</td><td>75</td></tr> </table>	Year	2006/07	2007/08	2008/09	2009/10	2010/11	Indexed Mean	78	73	74	72	75		
Year	2006/07	2007/08	2008/09	2009/10	2010/11											
Indexed Mean	78	73	74	72	75											

Source: Local Government Community Satisfaction Survey 2011, Department of Planning and Community Development, prepared by Wallis Consulting

## Calendar of Events

### JULY, AUGUST, SEPTEMBER

- > A publicity campaign to encourage residents to register their dogs and cats yielded 445 new dog and cat registrations - four times the yearly average for new registrations (p 26).
- > Council threw its support behind a strategic plan for the Great South Coast region of Victoria, which presents a regionally-agreed position on economic, environmental and social issues.
- > Council welcomed Optus' announcement that it would consider alternative sites for its proposed telecommunications tower in Forrest, after strong community opposition to the plan.
- > Bluewater Fitness Centre introduced an inflatable on-water "jungle gym" to its suite of programs to provide fun and fitness opportunities to the shire's youngsters.
- > The federal Labour and Liberal parties pledged the duplication of the Princes Highway from Geelong to Colac leading up to the 2010 election - a result influenced by ongoing lobbying from council.
- > Council commenced the rollout of 18,000 new bins as part of a change to a new 3-bin waste management system.
- > Member for Western Victoria Gayle Tierney officially opened the Eastern Reserve's newly-upgraded netball complex.
- > Council named a road in Beech Forest Cliff Young Drive and land west of the town's public hall Cliff Young Park to honour the local ultramarathon legend.
- > Community members Carolyn Phillips, Helen Paatsch and Rachel Wood joined council, library and Colac Secondary College representatives on the joint-use committee of the new Colac Community Library and Learning Centre.
- > Council adopted 85 actions for the next two years to help achieve the targets of the 2010-2018 Environment Strategy.



### OCTOBER, NOVEMBER, DECEMBER

- > Council bolstered its green credentials with the purchase of a new bike fleet for staff to use when travelling to meetings around Colac.
- > Over 300 people attended the launch of the new Colac Community Library and Learning Centre (p 10, 64).
- > The Victorian Civil and Administrative Tribunal ordered the owners of the historic Balnagowan homestead to carry out 10 actions drawn up by council to protect the building from weather and vandal damage.
- > Council is better prepared for an influenza outbreak with the adoption of an Influenza Pandemic Plan, which maps out ways agencies can plan, prepare, respond to and recover from the effects of an influenza pandemic.
- > Boat owners enjoy a \$130,000 upgrade of the slipway at Apollo Bay harbour (p 34).
- > During the free e-waste recycling days Colac residents handed in over 100 cubic metres of electronic waste. Apollo Bay residents handed in 35 cubic metres (p 48).
- > Council writes to the Victorian Government requesting a review of policies governing native timber harvesting on private land, highlighting the impact current policies have on people's capacity to carry out private timber harvesting in the Otways.
- > Transport Connections, which delivered \$1 million worth of public transport services to Colac Otway Shire and linked 14 towns to public transport, entered phase three (p 66).
- > The Heritage Council of Victoria bestowed a state heritage listing on the Colac Botanic Gardens, recognising their cultural, historical and botanic significance (p 38).
- > Birregurra green thumb Katie Cockayne won Colac Otway Shire's 2010 Home and Garden Awards Gardener of the Year.
- > Andrew Knight, Christopher Worden, Tim Hunt, Catherine Farrell, Steven Nelson, John Preston and Robyn McPhee shared honours for individual achievements as part of council's Disability Awards.

LEFT: Council's Local Laws team works with The Colac Herald and The Echo to find new families for homeless animals

## JANUARY, FEBRUARY, MARCH

- > Australia Day was celebrated in style by our community. We welcomed new citizens and gave out awards (p 28).
- > Council tabled a draft Rural Living Strategy, which will provide a blueprint for managing the growing demand for rural living opportunities in the municipality (p 42).
- > Council urged people to de-sex their pets in the wake of a skyrocketing euthanasia rate for cats and kittens. By February, Local Laws had to euthanase 127 cats and kittens after being unable to find new homes for them. In comparison, the 2009/10 euthanasia rate was 89 (p 26).
- > Council continued to investigate potential Neighbourhood Safer Places for the municipality as the region entered its highest-risk period for fire (p 26).
- > Council appointed 11 people to a community reference group to help shape a structure plan and neighbourhood character study for Birregurra (p 44).
- > Council appointed 12 residents to a community reference group to represent the community's views on a project to redevelop Colac's central business district (p 56).
- > Council adopted an Early Years Plan to assist council and other service providers to better cater for the development of young children (p 66, 67).
- > Council supported an application for a basalt rock quarry at 320 Mooleric Road Birregurra, subject to a range of conditions designed to minimise any potential impact the quarry might have on neighbours, road infrastructure and the environment.
- > Council called for descendants of soldiers featured in the Eurack Avenue of Honour to get involved in the replacement of three dead elms in the avenue. The Avenue of Honour is believed to be the first of its kind in Victoria.
- > Beeac's historic Cundare-Ondit Cemetery received a facelift thanks to a collaborative partnership between Beeac Progress Association, Council and Corrections Victoria.

## APRIL, MAY, JUNE

- > Colac skaters are able to hone their tricks on a redeveloped Colac Skatepark, which offers new features to challenge skaters.
- > Council closed under-utilised maternal child health centres in Beech Forest, Cressy and Gellibrand so that it can focus resources on busier centres. A service review found that Beech Forest, Cressy and Gellibrand centres had not been utilised by parents for up to a year.
- > Council accelerated its replacement program for elms in Memorial Square to guard public safety and ensure tree health.
- > Investigations found that Barwon Downs, Carlisle River and Forrest might get Neighbourhood Safer Places (NSP) subject to funding availability. Council sought advice from the Fire Services Commissioner about whether funding might be available for NSPs at Kawarren and Barongarook.
- > Council wrote to Tourism Victoria requesting greater local government representation on proposed Regional Tourism Boards.
- > Council reiterated its commitment to building a case to attract funding for a major upgrade of the Central Reserve playing surface. Meanwhile, council also poured additional resources into maintaining the playing surface.
- > The community's opinion was sought on plans to sell the former Shire of Colac offices at 6 Murray Street, Colac, an historic building established in the 1890s.
- > Council distributed \$117,476 to 64 community groups as part of the annual Community Funding Program, and \$60,000 to another 23 community events as part of the annual Festival and Events Support Scheme (p 92).
- > Council appointed 10 community members and three transport operators to a community reference group charged with helping determine an alternative heavy vehicle transport route around Colac.



ABOVE: Richard Gill from Opera Australia conducted a Masterclass for local students at Colac Otway Performing Arts and Cultural Centre



## Mayor and CEO's Message

*It is our pleasure to present the 2010/11 annual report for the Colac Otway Shire Council. This is the second annual report against the 2009-2013 Council Plan.*

### ADVOCACY DELIVERS

Strategic advocacy paid dividends for Colac Otway Shire Council in 2010/11, with this region attracting its biggest funding windfall in history from the federal election, and similarly strong support from our state counterparts. Aware of the advantages a marginal seat offers, our lobbying federally helped secure funding for the duplication of the Princes Highway between Winchelsea and Colac, a new trade training centre for Colac, and a major upgrade to the Bluewater Fitness Centre stadium. In total, the amount promised to this region during the federal election was almost \$300 million. The state election brought a joint commitment to the duplication of the Princes Highway between Winchelsea and Colac as well as additional passing lanes from Colac to the South Australian border, funding for stage three of the new Colac Secondary College, a redeveloped school at Apollo Bay, a passing loop for trains at Weerite, and funding for upgrades to several local rural tennis courts. The 2010 elections delivered unprecedented investment in our community, which will benefit generations to come, and this council has played no small part in ensuring our priorities were at the forefront of our local members' and candidates' considerations.

We are working closely with the Victorian Government to have the former Colac High School site returned to the community. We have received a \$30,000 commitment from the Department of Planning and Community Development to carry out a masterplanning process for the site, to be matched with \$15,000 each from the Department of Education and Early Childhood Development and council. This community asset presents an amazing array of opportunities if we can put a compelling, innovative and exciting proposal to government.

We take an active role in both the G21 and Great South Coast region of councils, with whom we share geographic boundaries. The collective influence of councils has shown to be a strong model for garnering government attention and support for important regional priorities. The finalisation of a regional strategic plan for the Great South Coast group during 2010/11 has provided an important blueprint for the future of south-west Victoria's economic, environmental and social wellbeing.

We believe advocacy is most effective when it is planned and sustained, and as such our lobbying role continues on behalf of our community. In 2011/12 we will continue to press our state and federal colleagues for fairer funding for the roads that carry our agricultural produce to market under the Australian Rural Roads Lobby Group banner (p 24).

### GIVING THE COMMUNITY A VOICE

Council set the framework for a closer working relationship with our community in 2010/11 with the establishment of several community reference groups. More than 40 members of the public will share their knowledge and skills with council on key projects including the Birregurra Structure Plan and Neighbourhood Character Study; the Colac Road Hierarchy and Heavy Vehicle Truck Route; the Colac Central Business District Masterplan and City Entrances Project; and the Apollo Bay Harbour Masterplan. We are also seeking community interest in an industry advisory group, which will advise council and the board of the new trade training centre on the needs of local business and industry. These community reference groups are a relatively new approach for us, and we hope the increased community input will prompt more robust discussions on key projects for our shire, and result in stronger decisions by council.

### WE DELIVERED

The launch of the new Colac Community Library and Learning Centre in October attracted over 300 people and set a positive tone for a project that in its planning and development stages had attracted strong opposition from a segment of our community. Member and borrowing numbers have shown our new library to be an outstanding success and a positive example of how joint-use facilities can benefit communities (p 64).

18,000 new waste bins were rolled out in August as part our shire's new 3-bin system. Our community quickly embraced the new approach and in the final quarter of 2010, green waste collection volumes had almost tripled from 2009; from 233 tonnes to 614 tonnes, and contamination levels had reduced from 23 per cent to about 5 per cent for the same period (p 48). Another waste management milestone was the opening of the new Apollo Bay Transfer Station in March. Designed to serve the Apollo Bay and surrounding communities for at least the next 50 years, the facility will operate as a collection point for recycling, general waste, metal and green waste (p 24, 34).

During the year, council adopted a Public Health and Wellbeing Plan, an Early Years Plan, an Influenza Pandemic Plan and an Access, Equity and Inclusion Plan. All of these plans provide a basis for a strategic approach for responding to important health and community services issues (p 66, 67).

The shire's financial performance for the year is broadly consistent with the targets set in the annual budget for 2010/11. The operating result for the year is \$18.9 million, which requires some explanation. Colac Otway Shire's operations include the Port of Apollo Bay. In this year, all of the assets that form part of the Port of Apollo Bay were recognised for the first time, which has had a 'one-off' impact on the position of the shire. Further, the critical asset renewal target of \$8.28 million has been exceeded by \$0.18 million. The value of total assets has grown to \$253.96 million. Total income has grown by 44.7% to \$56.6 million (due to the Port of Apollo Bay) and total expenses have grown by 2.0% to \$37.7 million. This is a solid result given the growing demands for the diverse range of services provided by council (p 12, 26).

### OUR WORK CONTINUES

We have set the foundations this year for several long-range projects of vital importance to our shire. Our draft Rural Living Strategy seeks to manage the growing demand for rural living opportunities in our municipality, while identifying important agricultural land to protect from development. When complete, this document will guide our planning decisions on rural applications and we are doing our utmost to ensure the community has ample opportunity to have a say in the strategy's outcomes (p 42).

We continue to work with the Country Fire Authority to investigate potential sites for Neighbourhood Safer Places (NSP) in the municipality. Our investigations have been thorough and detailed, and the fact that no NSPs have been established provides a strong indication of the level of fire risk we face in this shire - particularly in the Otways. We are closer to establishing NSPs in Barwon Downs, Carlisle River and Forrest, and we have asked the Fire Services Commissioner whether funding might be available for NSPs at Kawarren and Barongarook. The most crucial message is that even if we are successful in establishing NSPs in our shire, they cannot guarantee people's safety and are places of last resort if their original fire plan fails.

A Victorian Government grant of \$95,000, to be combined with \$160,000 from Tourism Victoria, provided funding to carry out technical investigations which will support the incorporation of the Apollo Bay Harbour Precinct masterplan into the planning scheme. Due to the time lapse between our highly-successful Enquiry by Design community consultation process and the funding being available for a planning scheme amendment, council has reinvigorated the community reference group for this project, and extended its engagement with the community. In 2011/12 we are planning a survey to gain further insight into the community's understanding and views of the masterplan, and what it means for Apollo Bay.

### WE HAVE A POSITIVE OUTLOOK

Colac Otway Shire boasts a unique mix of city, country and coastal living, all within close proximity to larger regional centres, and to Melbourne. Our community is as dynamic as our places and spaces. We believe that impending upgrades to the Princes Highway, and improvements to public transport connections to Geelong and Melbourne are going to make our shire even more liveable, particularly for professionals wanting to balance a city career with a relaxed rural lifestyle. Our job is to put structures in place for the sustainable growth of our community, and in 2010/11 we made significant inroads on this task.

Thank you to all the people who took an active role in community and civic life in 2010/11. We value your contributions to Colac Otway Shire and look forward to working with you in 2011/12.



Rob Small  
CHIEF EXECUTIVE OFFICER  
Colac Otway Shire

Cr Brian Crook  
MAYOR  
Colac Otway Shire

## Chief Financial Officer's Report

*In 2010/11 council worked to balance the pressing need to assure the long term viability of the community's assets and services with the ever-changing desires and needs of our community.*

The balance, although challenging to achieve, has been aided in 2010/11 by the development of a Long Term Financial Plan, which is considered a critical tool in maintaining a long-term focus on council activities. This long-term view, coupled with a commitment to cost restraint and provision of value-for-money services to our community, remains imperative to this council and drives financial decisions.

While this report focuses on the 2010/11 financial results, it is important to see this result in light of the long-term financial objectives developed by council during the year.

### These are to:

- › Maintain the existing range and level of service provision and develop the capacity to grow and add new services
- › Maintain a strong cash position, ensuring council remains financially sustainable in the long-term
- › Achieve operating statement surpluses (underlying surplus) with the exclusion of all non-operational items such as granted assets and capital income
- › Maintain debt levels below prudential guidelines
- › Continue to pursue recurrent grant funding for strategic capital funds from the state and federal government
- › Ensure adequate rate increases to maintain a sustainable level of funding
- › Ensure critical renewal is funded annually over the timeframe of the Long Term Financial Plan.

### The following is a snapshot of the 2010/11 financial position:

- › \$56.6 million revenue
- › \$11.4 million Capital Works program delivered
- › Rates and Charges comprised \$20.5 million (50%) of the total operating revenue
- › Operating surplus of \$18.9 million
- › Cash holdings increased by \$1 million to \$10.8 million as a result of grants received in advance and works to be carried forward
- › Debt increased from \$4.2 million in 2009/10 to \$4.8 million in 2010/11.

### OPERATING RESULT

Council has achieved a positive result for the 2010/11 year with an operating surplus of \$18.9 million. This appears to be a tremendous result, when compared with the 2009/10 overall operating result of \$2.6 million, however it must be tempered by the fact that this is a reflection of assets being recognised for the first time for the Port of Apollo Bay (p 108, note 5). The result, excluding the Port of Apollo Bay, is a surplus of \$2.8 million as opposed to \$2.3 million in the 2009/10 year. This encouraging result continues to support council's financial sustainability and importantly, council's ability to deliver the services that our community requires (p 11, 26).

A key measure of financial sustainability is the Underlying Result. This identifies whether council is generating enough revenue to cover operating expenses, which also includes the cost of replacing our assets. Sustaining an underlying surplus result is a critical financial strategy and should remain relatively consistent from year to year. It best represents council's ability to remain sustainable and to continue with normal day-to-day operations.

Council's underlying deficit for 2010/11 was \$1.36 million. This was a \$0.18 million favourable variance from the budgeted underlying deficit of \$1.54 million. The favourable variance is due to a combination of factors.

### SUSTAINABLE CAPITAL EXPENDITURE

Council aims to ensure that it is able to maintain its assets at the expected levels, while at the same time continuing to deliver the services needed by the community.

During 2010/11, council spent a total of \$11.4 million on capital works (capital expenditure/investment) across the shire. This included a total of \$8.49 million (74.5%) on renewal works/activities and \$2.91 million (25.5%) on new and upgrade works/activities. The majority, \$5.65 million (49.1%) of the capital works/activities were undertaken on council's infrastructure assets (p 34, 36).

In 2010/11 the level of capital expenditure continued to deliver on the challenge of renewing the community's assets. It is anticipated that future capital expenditure will be maintained at sustainable and realistic levels, assuring the council's long term commitment to the sustainable renewal of the shire's assets.

### CASH HOLDINGS

In total, council's cash holdings have increased during 2010/11 to \$10.8 million. However, included in this amount are funds required for works carried forward from 2010/11 to 2011/12 and a significant amount, \$1.46 million, received in advance from the Grants Commission.

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

### FINANCIAL SUSTAINABILITY

Council has many current and future demands on funding, highlighting the need for strong, long-term planning and the targeted allocation of resources. This is achieved through the preparation and review process of the Council Plan and is supported by the Strategic Resource Plan. Ultimately, both of these documents are guided by longer-term visions and plans including the Long Term Financial Plan, which projects council's financial commitments for the next ten years. This enables council to identify and analyse trends of significance and provide for sound financial planning and decision-making.

The development of the Long Term Financial Plan during the year began the development of longer term conversations with our community that enable long-term goals that assist in creating engaged and vibrant communities.

The financial snapshot as at 2010/11 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.

For further information on council's financial performance see page 95.



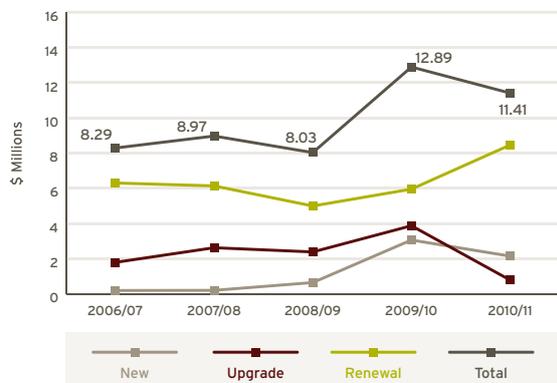
Brett Exelby  
MANAGER FINANCE AND CUSTOMER SERVICES  
Colac Otway Shire

### UNDERLYING RESULT



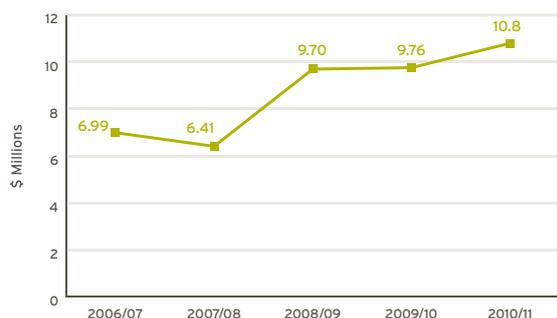
The Underlying Result reflects council's capacity to replace our existing assets and to provide our existing services without a reliance on capital grants. Improving this position is a significant long-term issue (p 99).

### SUSTAINABLE CAPITAL EXPENDITURE



Significant new projects were undertaken during 2009/10 and 2010/11. This, together with council's increased commitment to renewal in 2010/11, was offset by the reduction in upgrade expenditure.

### CASH HOLDINGS



# Sustainability Report

*This is Colac Otway Shire's first sustainability report and addresses the three key areas internationally deemed crucial to responsible, sustainable development in our rapidly changing world: social (human needs), economic development and the environment. Our aim in commencing reporting on sustainability is to provide a concise overview of the way council addresses these three key areas in the management of its responsibilities.*

## Social Strategies

### POLICY COMMITMENT

Council has a range of policies in place governing Occupational Health and Safety; Human Rights; Equal Employment Opportunity (EEO); and Information Privacy (IP). In 2010/11 all staff undertook compulsory refresher training in EEO, provided by the Victorian Equal Opportunity and Human Rights Commission, and IP training by Privacy Victoria (p 88, 89).

Our Staff Code of Conduct defines acceptable behaviour for the organisation and our Enterprise Agreement provides for conditions that allow staff to integrate their personal and professional lives, including carer's leave, flexible work arrangements, parental leave, an Employee Assistance Program and a Health and Wellbeing program (p 72).

### HUMAN RESOURCES

We have a relatively stable workforce, with a staff turnover of 12.4% for 2010/11; however we also have an ageing workforce, with 37% over 51 years of age. Our new Enterprise Agreement has provided for even greater flexible work arrangements; nevertheless more work needs to be done on workforce planning (p 73).

### OCCUPATIONAL HEALTH AND SAFETY (OH&S)

Providing a safe and healthy workplace for our staff, contractors, volunteers and visitors is a prime concern. Our OH&S Consultative Committee meets quarterly, with all areas of our organisation represented on the committee through designated work groups. Safety training is a vital component of the program and staff participated in a range of training and activities during 2010/11 (p 72).

### LEARNING AND DEVELOPMENT

Through the staff performance management process, training and development needs are identified and planned for over the following year/s. In addition to attending shorter courses, seminars and conferences to enhance their knowledge and skills, our staff are encouraged to participate in further education through the provision of a tertiary study assistance program. We currently have five staff accessing tertiary assistance (p 72).

## Society Strategies

### PLANNING AND SUPPORT FOR OUR COMMUNITY

A range of strategies and plans have been developed, or are in progress, to support our community now and into the future. Along with master plans for our two major townships of Colac and Apollo Bay, Public Health and Wellbeing, Access, Equity and Inclusion and Early Years plans have been developed. In progress is the development of the Public Open Space Strategy and the redevelopment of key recreational facilities (p 64, 66).

### CONSULTATION AND ENGAGEMENT

A new initiative for council has been the setting up of several community reference groups to provide input on a range of key planning and development projects. We are also seeking community interest in an industry advisory group, which will advise council and the board of the new trade training centre on the needs of local business and industry (p 10).

### COMMUNITY GRANTS

To assist our community undertake cultural, recreational, environmental and community support projects and activities, council provides grants and donations to community groups and organisations. In 2011 we gifted a total of \$418,028 to our community. Aggregated over the last 5 years this is a \$1.64 million investment in the social fabric of our community (p 92).

## Economic Strategies

Council is committed to facilitating a healthy and resilient economy through effective leadership, advocacy, and partnership initiatives across economic, social and environmental strategies. We focus on seven key themes:

- > Workforce Development
- > Climate Change
- > Business Development
- > Regional Development Planning
- > Marketing and Promotion
- > Infrastructure
- > Economic Development Leadership.

### SUSTAINABLE GROWTH

One of the key challenges for Colac Otway Shire is low population growth and the impact this will have on sustaining the economy and local community. We have an ageing population and to combat this trend we have developed two linked strategies that are anticipated to encourage more people to move and settle in Colac:

- > The Colac Central Business District and Entrances project is designed to help guide streetscape and amenity improvements in central Colac and provide an inviting sense of arrival at the town's entry points. It will integrate the visual, natural and built landscape of the city and create a sense of arrival and a sense of pride in Colac (p 56).
- > The Colac Marketing Strategy articulates the strengths of Colac as a place to live. Drawing on local industry, employment, recreation, health, education, housing, arts and culture, research and the anticipated local passion and energy generated through the community engagement, the strategy will express the vibrancy of the local community. Drawing on State Government research into metropolitan attitudes to rural living, relocation, 'sea change/tree change', expectations of rural work/life balance and liveability, the strategy will identify Colac's comparative advantage.

### BUSINESS DEVELOPMENT

The annual Powercor, Otway Business Inc. Colac Otway Shire Business Awards encourage local business excellence, with the application process providing a sound method for business operators to review their business operations and to see where success is occurring and improvements can be made.

Business sustainability and growth is also encouraged through professional development and networking opportunities. During 2010/11 a series of events called 'On the Front Foot for Business' were completed (p 57).

In 2010 a sustainability requirement was included in each category of the local business awards to ensure that local business considers waste, energy and water. The criteria were based on the principle of 'reduce, reuse, and recycle'.

### SUSTAINABLE LABOUR FORCE

As one of the major employers in the shire, council contributes to the local economy through drawing the majority of its employees from the local community or region (p 56, 73, 74), creating a relatively stable workforce with a focus on equal opportunity (p 89).

Aware that a skilled workforce is one of the key elements of local economic sustainability, we have joined the Colac Otway Vocational Education Cluster (COVEC) that includes the six secondary colleges in the local area. COVEC was successful in being granted funding to develop a Trade Training Centre in Colac that will meet the vocational education needs of Colac secondary School students and the skills development needs of local business. This will in turn reduce the amount of travel by local employees required for vocational and skills training in centres outside Colac (p 58).

To further assist with workforce development, we also initiated the Colac Otway Industry Advisory Group, to provide advice to council on skills, labour, education and training issues and to the Board of the Colac Trade Training Centre on the training needs of local industry. We are also a participant of the steering committee of the Great South Coast Industry Workforce Development Committee.



ABOVE: Apollo Bay Visitor Information Centre solar power system

## Sustainability Report - continued

### PROCUREMENT

A Procurement Policy and Operational Procedures were adopted in 2010 that set out a 'green' approach to the purchase of products and services. Within the context of value for money, council prefers to purchase products that have good environmentally sustainable credentials and to select suppliers who adopt good environmental practices.

Council recognises the need to support local industry and is committed to buying from local businesses where purchases may be justified on a value for money basis. All other factors being equal, council may give preference to local economic benefit when sourcing products:

- > Retention of local employment
- > Increased local employment
- > Increased activity and spend in the local economy with identifiable benefits
- > The application of local content shall have consideration of both: Best Value Principles of the *Local Government Act 1989*; and *National Competition Policy (Trade Practices Act)*.

### LONG TERM FINANCIAL PLAN

In June 2011 council adopted its first ever Long Term Financial Plan (LTFP). The LTFP provides the current and future councils a long-term focus on the prospects and ambitions of the Colac Otway Shire and its community.

This long term strategic planning tool is a continuous planning journey aimed at focussing attention on the shire's future needs. It is expected that future councils will build upon the plan and that Strategic Resource Plans and the annual budgets will have the LTFP as their keystone document. The purpose of the LTFP is to:

- > Establish a financial framework for the next 10 years to ensure council's strategic objectives are met
- > Provide an assessment of the resources required to accomplish these objectives and strategies
- > Provide a basis for consecutive councils to establish and monitor long-term visions
- > Establish a basis to measure council's adherence to its policies and strategies
- > Assist council to comply with sound financial management principles and to plan for the long-term financial sustainability of the municipality.

## Environmental Strategies

### SUSTAINABILITY POLICY DEVELOPMENT

In February 2010, council adopted the Environment Strategy designed to promote sustainability and environmental best practice across all areas of council operations, and to promote advocacy with regional stakeholders and the broader community. An Environmental Action Plan was completed in September 2010 to detail and monitor our progress against targets. [www.colacotway.vic.gov.au/Page/page.asp?Page\\_id=458&h=0](http://www.colacotway.vic.gov.au/Page/page.asp?Page_id=458&h=0)

Recognising the need for policy development, a draft Environmental Sustainability Policy was developed by council's Sustainability Working Group. Endorsement of the policy will occur in 2011/12. This policy will formally adopt a way of thinking and a process that will help us work towards implementing the environment strategy. It will establish a common understanding of sustainability within council and will help us to focus on actions leading to enhanced environmental outcomes.

### MONITORING AND EVALUATING PROGRESS

In the latter part of 2010/11 energy audits were carried out at our top three energy consumption facilities: council offices, the Colac Otway Performing Arts and Cultural Centre and Bluewater Fitness Centre. These energy audits are a repeat of audits carried out in 2006, which identified a suite of actions to improve council's energy efficiency and reduce energy use related costs and associated greenhouse emissions. Over the last five years the majority of the recommended actions have been implemented successfully. During this same period organisational changes have occurred, including an 11% extension of office space for council staff; however our overall consumption of energy has reduced (p 49).

The 2011 audit allows council to take stock of our energy efficiency journey over the last five years and outlines new recommendations and actions to reduce council's energy consumption at these three major facilities in line with the targets set in the Environment Strategy 2010.

### SOLAR ENERGY MAKING A CONTRIBUTION

The solar power (photovoltaic) systems installed at council's Visitor Information Centres in Colac and Apollo Bay generated 5,090kW hours of onsite renewable energy, representing approximately 10.5% of the facilities' annual electricity consumption. This reduced council's carbon footprint, while promoting renewable energy technologies to the local community and to visitors to our municipality. The success of these installations led to the approval of the purchase and installation of a 5kW solar power system (our largest council owned photovoltaic system to date) on council's old library building, which will be retrofitted as additional office space for council staff during 2011/12.

## WATER HARVESTING AND CONSERVATION

The installation of several water tanks and associated equipment at the Bluewater Fitness Centre and the Central Reserve, two of the top five water users among council facilities, allows for the recycling and retention of pool backwash and the harvesting of rainwater, reducing council's potable water demand at these sites and saving approximately 2.7 million litres of potable water a year, the equivalent of filling the Bluewater pool four times. This successful water saving project was jointly funded by the federal government and council. The rainwater harvesting project helps reduce rising water costs and demonstrates council's commitment to sustainable resource use now and into the future (p 48, 49).

## TALKING TO STAFF ABOUT COUNCIL'S 'MISSION' TOWARD SUSTAINABILITY

To facilitate greater council-wide understanding and collaboration in proactively addressing environmental challenges flowing from climate change, council initiated an electronic newsletter called *eMission* (p 51). It is an internal marketing and communications approach to sharing information about environmental initiatives, programs and suggestions. It is also a way for council's sustainability working group to share information and outcomes and to encourage staff to provide feedback and suggestions to implement the environment action plan.

## HELPING COUNCIL STAFF TO LIVE AND WORK MORE SUSTAINABLY

Three staff initiatives were launched this year to help staff work and live more sustainably:

1. Established a staff kitchen garden to promote the concept of 'food miles', the costs associated with transporting food, and to improve staff health and wellbeing by providing some vegetables grown on-site
2. Replaced five chilled bottled water units with under-sink filters to reduce the waste produced by the plastic bottles, transport miles and energy use
3. Launched a staff/corporate bicycle pool to provide alternative options for travel around Colac, especially between council facilities, to reduce vehicle use, improve staff wellbeing and reduce council's carbon footprint (p 51).

## THE ECO-LIVING PROJECT

With funding received from the Department of Planning and Community Development (DPCD), Colac Otway Shire and Surf Coast Shire councils, a cluster of five Community Houses in both shires collaborated to become "Eco Living Centres" and embed sustainability into Community House day-to-day operations. Each house implemented a Sustainability Accord model in line with the State Government's Environmental Sustainability Action Statement. Each house was audited on their existing resource use to establish a point of reference in achieving and setting a target of increasing their environmental sustainability.

The clusters of Eco-Living Neighbourhood Houses are located in:

Colac Otway Shire - Gellibrand, Colac, Apollo Bay, Forrest and Cressy.

Surf Coast Shire - Deans Marsh, Anglesea, Winchelsea, Lorne, and Torquay.

The Eco-Living Neighbourhood house model was exemplary in providing the community with achievable sustainable practices that are simple to implement and will contribute to behaviour change. Neighbourhood Houses are predominately run by the community for the community and as such are likely to be more successful in this kind of behavioural change, by taking a bottom up approach and empowering each individual community in being resourceful and drawing on local expertise and resources.

## COLAC-OTWAY COMMUNITY SOLAR PV BULK BUY

The recently formed Colac Otway Sustainability Group (community) successfully implemented a solar photovoltaic system bulk buy program for Colac Otway residents. The first round of the bulk buy program, which closed on 30 June 2011, resulted in a \$1.4 million project and achieved the fitting of over 300kW of solar power generation capacity when installed. The success of the first round has led to a second round of the program, which will commence in July 2011. Council supports the group and the bulk buy program by assisting with advice, administrative requirements and advertising and promotion.

## COMMUNITY EVENTS TO PROMOTE SUSTAINABLE LIVING AND COMMUNITY ACTION

Council funded and ran community events/activities to promote Earth Hour 2011 and World Environment Day 2011, which were both full to capacity and provided great inspiration to the local community to live more sustainably (p 48).

## Our Council



**Cr Brian Crook**  
MAYOR  
(from December 2010)

First elected 2002  
Re-elected 2004-07, 2008

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 Shire unique.



**Cr Stephen Hart**  
DEPUTY MAYOR

First elected 2002-04  
Re-elected 2008

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**  
First elected 2008

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 Stuart Hart**  
First elected 2002  
Re-elected 2004-07, 2008

Cr Stuart Hart is a financial analyst and futures trader. The son of a logger, Stuart attended Lavers Hill Consolidated (now P - 12 College). As a young adult he settled in Melbourne but later in 1990 moved away from his financial services brokerage in the eastern suburbs to establish a family in the Otways. Stuart has a son, Mark. Stuart's personal interests include emerging international financial and political trends; and his hobbies include veggie gardening and scuba diving. His immediate goals and visions for Colac Otway Shire are to build a strong council team, to strengthen democracy in the shire and to enhance our ratepayers' living standards.



Cr Geoff Higgins

First elected 2004-07

Re-elected 2008

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 Lyn Russell

First elected 2008

Mayor: (to Dec) 2010

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 Chris Smith

First elected 2004

Re-elected 2008

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 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 2003-2004, 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. Prior to returning Rob spent 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.



**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 26 years experience in both local and state government.

His previous role was Director Shire Development with the Moorabool Shire Council where he managed a similar portfolio.

Prior to Moorabool Jack was employed as South West Regional Manager for the Department of Industry, Innovation and Regional Development, which helped him develop a strong affinity for the Colac Otway region.



**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 35 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.



**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

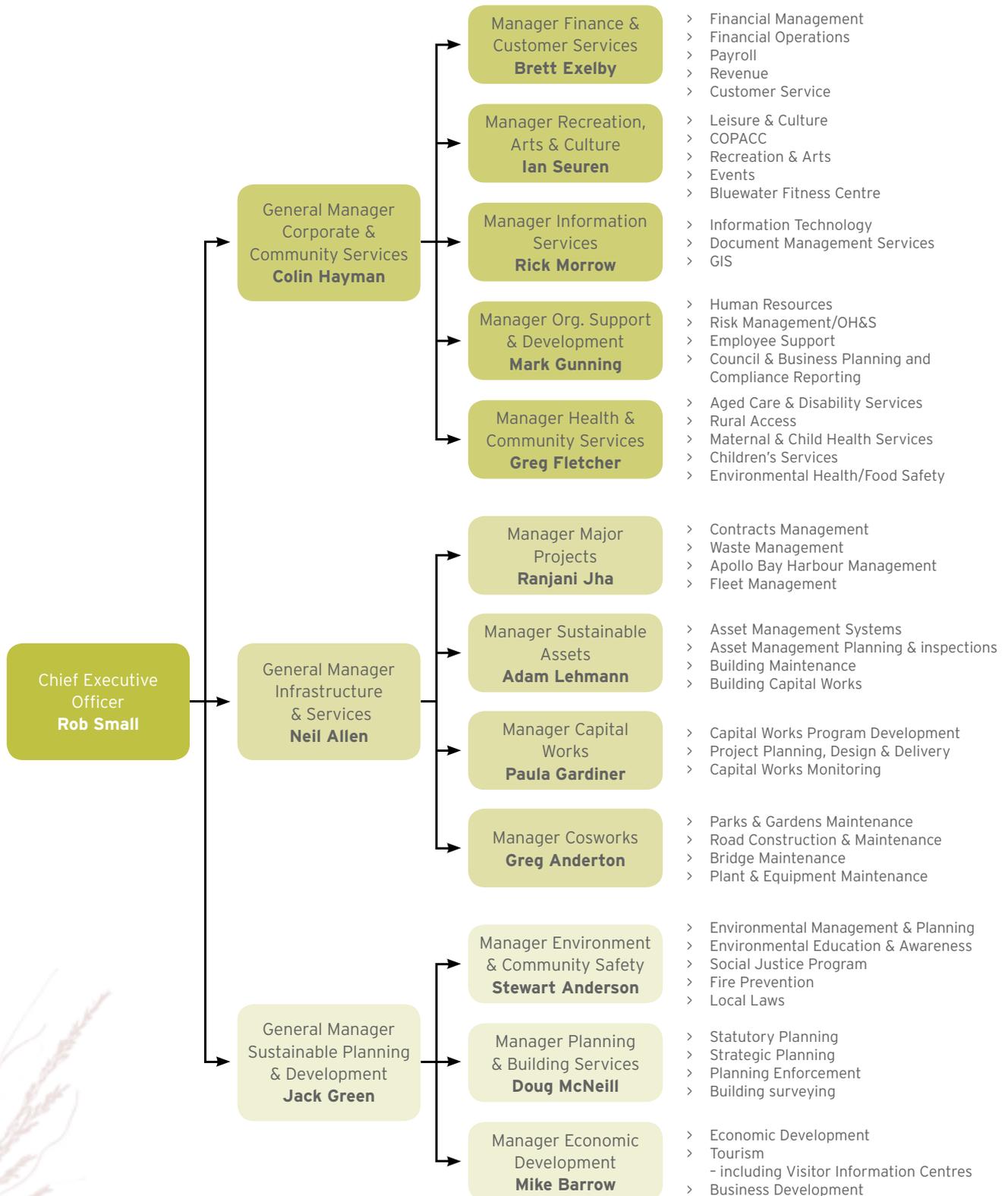
### MAJOR FUNCTIONS:

*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.*

Services, projects and programs supporting this key result area

Audit Program

Executive

Communications

Financial Management Systems and Services

Corporate Governance

Fire Prevention

Corporate Systems development and improvement

Human Resources Management

Council and Business Planning

Information Communication and Technology

Councillor Support

Services

Customer Services

Local Laws Enforcement

Document Management Services

Occupational Health and Safety

Domestic Animal Services

Rating/Property Services

Emergency Management/Readiness

Risk Management

# Leadership and Governance

## Highlights

### ADVOCACY THROUGH THE AUSTRALIA RURAL ROADS GROUP

Council's participation in the Australian Rural Roads Group has raised the profile of Colac Otway Shire and highlighted the funding issues facing council into the future. In particular the challenges ahead to upgrade the council's 134 ageing bridges to meet current industry and community demands have been raised at a state and federal level, including Infrastructure Australia who have agreed to include bridges as a part of their investigations into the state of assets.

The group was initiated by Colac Otway Shire's Cr Lyn Russell and held its inaugural meeting in Horsham on 6 May 2011. A presentation was given on the funding and logistic issues facing council into the future regarding timber bridges. Issues for rate-payers, tourism and the timber industry have been the focus of ongoing presentations and information sharing with politicians and government departments (p 10).

### DISADVANTAGE IN THE COMMUNITY

We need to demonstrate clear leadership to our community through strategic and practical approaches to key community issues. The key issues for our council include improving the liveability and wellbeing of disadvantaged community members and responding to growth of the region in a positive way. These two key strategic issues have received considerable focus in 2010/11. The development of the Towards Liveable Communities Coordinating Committee and participating in the Advancing Country Towns projects are key activities that council has embarked upon to progress these two matters.

### SUCCESSFUL IMPLEMENTATION OF THE WASTE MANAGEMENT CONTRACT

Successful implementation of the waste management contract has involved the installation of the new 3-bin system, the kerbside collection of organic waste, recycling and garbage, and the management and operation of the transfer stations. The contract commenced on 6 September 2010 for a five year period, with an option to extend at the discretion of council for a further five years at a minimum of one year extension periods. The estimated annual value of the awarded contract is \$1.9 million (excluding GST) (p 34, 48, 52).

### MANAGEMENT OF THE PORT OF APOLLO BAY

Council has a 12 month interim contract with the Department of Transport (DOT) for management of the Port of Apollo Bay, with a decision still to be made by the department on whether this will be a long term arrangement. We continue to manage the port in consultation with DOT and in accordance with the new management agreement (p 34, 50).

### FOCUS ON ORGANISATIONAL SYSTEMS

During 2010/11 our major focus has been on improvements to some of the larger key systems and processes that impact the functioning of the organisation. These include the work to replace our electronic records management system and to introduce Prince2® project management methodology and the Business Excellence Framework. All of these systems will become operational in September 2011. The improvements resulting from this work will better place the organisation going forward and will enable improvements in the quality and cost of the services we provide (p 88).

### ENTERPRISE AGREEMENT NEGOTIATED

The successful completion of the 5th Colac Otway Shire Enterprise Agreement went smoothly, consolidating a strong relationship between staff and council and enjoying good support from industrial organisations representing key staff groups. The agreement sets a solid framework for development of staff and the services they deliver to our community.

### STAFF HAVE THEIR SAY

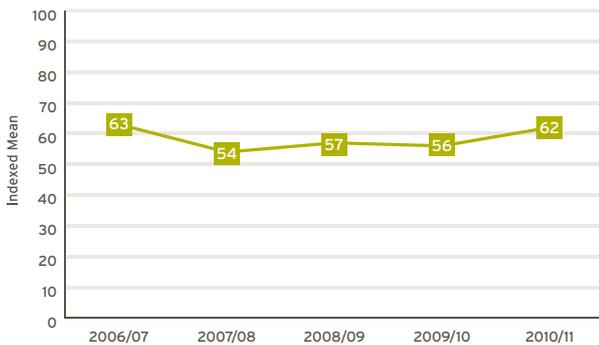
Staff from across all business areas of council participated in our biennial Employee Opinion Survey. Results were improved in many areas in comparison with previous surveys and revealed that the vast majority of our employees are strongly engaged with council's direction and the provision of services to the community.

### GOOD WORKCOVER MANAGEMENT DELIVERS RESULTS

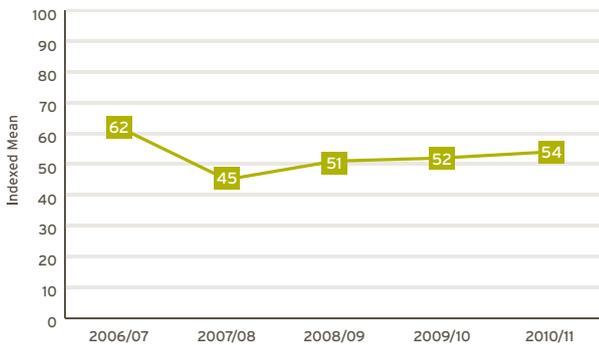
Careful management of worker safety and of WorkCover during 2010/11 resulted in another reduction in the costs of worker injuries to council. This strong performance is against the industry trend and has resulted in council receiving a reduced premium cost for WorkCover insurances for the second consecutive year (p 73, 86).

# Fast facts

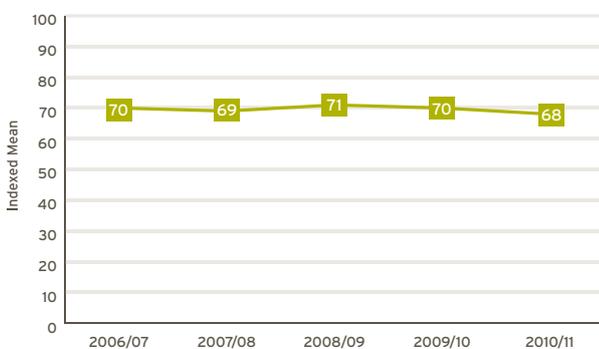
## ADVOCATING FOR OUR COMMUNITY



## ENGAGING WITH OUR COMMUNITY



## CUSTOMER CONTACT WITH OUR COMMUNITY



SOURCE: Local Government Community Satisfaction Survey 2011, Department of Planning and Community Development, prepared by Wallis Consulting

## NET EXPENDITURE

(\$19,714,671)

## 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
- > Disaster Recovery
- > Management of controlled council information, both hard copy and electronic
- > Fire prevention inspections and standpipe management
- > Local Law

## SERVICE STATISTICS

- > 95.5% rates collected by year end
- > 14,516 property and 2,320 non-rateable assessments
- > 282 pension rebates
- > 938 land information certificates issued
- > 35,980 debtor invoices issued
- > 10,757 supplier payments processed
- > 68,968 receipts issued
- > 4,821 dogs and 1,485 cats registered
- > 235 dogs and 10 cats returned to their owners
- > 819 permits (various) issued
- > 118 new properties mapped
- > 74,025 items of both inwards and outwards correspondence processed

# Leadership and Governance



## Highlights (continued)

### ANNUAL REPORT WIN

We were very proud to again receive recognition for the quality of our annual reporting; winning best annual report in the "low resources" category of the Municipal Association of Victoria's annual reporting awards for our 2009/10 annual report. Within the report, wins were recorded for the sections on best financial overview and best reporting on corporate governance. The award is an acknowledgement of our commitment to communicate our business practices and obligations in a clear and informative way.

### MOST LOST DOGS ARE FINDING A NEW HOME

A publicity campaign to encourage residents to register their dogs and cats yielded 445 new dog and cat registrations - four times the yearly average for new registrations. The number of dogs euthanased (21) reduced by almost 50%, partly due to the considerable efforts made to re-house any suitable animals. However, the number of cats and kittens unable to be rehoused increased dramatically resulting in 147 euthanased, which initiated a publicity campaign for owners to de-sex their animals (p 90).

### FINANCIAL PERFORMANCE

The shire's financial performance for the year is broadly consistent with the targets set in the annual budget for 2010/11. One of the significant initiatives undertaken this year has been to include the assets of the Port of Apollo Bay. This has presented Council with the problem of recognising these assets as income in the current year. This 'one-off' contribution provides for stability in longer term management of the Port of Apollo Bay assets as well as those of the shire at large.

The operating result for the year is \$18.9 million, of which \$2.8 million relates exclusively to the Colac Otway Shire. Further, the critical asset renewal target of \$8.28 million has been exceeded by \$0.21 million. Total income has grown by 44.7% to \$56.6 million (due to the Port of Apollo Bay) and total expenses have grown by 2.0% to \$37.7 million (p 108 note 5). This is a solid result given the growing demands for the diverse range of services provided by council (p 11, 12).



ABOVE: 2011 Australia Day Award winners, from Left: Hillary Woodcroft, John Humphrey, Edward Cole, Jonathon Graham and Brittnee Colbourne



LEFT: Maggie McKenzie, our 2010 Young Ambassador RIGHT: Our 2011 Youth Council

## Disappointments

### NO NEIGHBOURHOOD SAFER PLACES (PLACES OF LAST RESORT) DESIGNATED IN THE REGION

Although council continues to work hard with relevant agencies to try to establish Neighbourhood Safer Places (NSP) in suitable areas this has proven to be very difficult due to the high fire danger of the Otways. Clear guidelines exist for where NSPs can be established. Major works will be required to have them established in the high risk towns (p 11).

## Challenges

### INCREASED LEGAL CHALLENGES

Despite amendments to the *Victorian Wrongs Act 1958* protecting councils from liability where adequate risk mitigation actions are undertaken within the limited resources of a council, the increase in 'No Win/No Fee' offers by legal firms means that council is responding to more claims than in recent years. Despite the actions against council being unsuccessful, resource and cost implications of responding to these claims continues to be a challenge.

### HOW DO WE BECOME CARBON NEUTRAL BY 2016?

Council's Environment Strategy states that we will be carbon neutral by 2016. To achieve this ambitious target council needs to identify an approach that is the most effective from a cost and feasibility standpoint. In the interim we continue to reduce emissions through the installation of various energy saving devices on council buildings, such as solar panels and energy efficient hot water systems.

## The Year Ahead

- > Prepare organisational action plans to respond to the 2011 staff employee opinion survey.
- > Implementation and consolidation of the Business Excellence Framework and the Prince2® project management methodology across council's business units.
- > Review organisational policies and procedures for human resources, risk management, corporate development and reporting functions of council.
- > Review of Council's General Local Laws No's 1,2,3 and 5.
- > Continued application of Domestic Animal Management Plan to further increase the numbers of animals being re-housed and reduce the numbers that are euthanased.
- > Finalisation of an Animal Emergency Management Plan to assist the community with their animals in the event of a major emergency.
- > Implementation of the 2009 Victorian Bushfire Royal Commission recommendations.
- > Finalisation and implementation of emergency management Plans.



# Leadership and Governance



## Civic Events

### AUSTRALIA DAY AWARDS

Colac octogenarian Ed Cole, whose volunteering spans service clubs, music and church groups, motorcycling, scouts, pastoral and agricultural pursuits, was Colac Otway Shire's 2011 Australia Day Citizen of the Year. Other winners include Hillary Woodcroft and Brittnee Colbourne, joint winners of Young Citizen of the Year. John Humphrey, Sporting Service Award and Jonathon Graham, Community Service Award.

### YOUNG AMBASSADOR OF THE YEAR

Colac Secondary College school captain Maggie McKenzie was the 2010 winner of the Colac Otway Shire's Young Ambassador Award for 2010. The young ambassador award acknowledges young people's community involvement and levels of achievement, and provides a \$1,000 award to assist winners continue to study or to develop other areas of interest.

### INAUGURAL "COOL" AWARDS

The Colac Otway Outstanding Leadership (COOL) Awards were staged for the first time, recognising the positive achievements of young people within the shire. The awards are a peer-to-peer recognition program funded through a Youth Week grant and open to people aged between 12 and 25 years. The major award for the night was the 'Great Mate' award, given to the most outstanding nominee in the Community Involvement category. This year recipients of the 'Great Mate' award were Ben Cardinal and Joel Craddock.

### YOUTH COUNCIL

Council inducted its 2011 Youth Council, which for the first time includes a non school-based member, Lucy Vesey, to represent youth outside the secondary school system. The other members are: Tim Smith, Emma McMaster, Brittnee Colbourne, Josh Smith, Kayla Shields, Darcy Evans, Nara Langdon, Kye Doenson, Taylah Walters and Josh Morrissy. Kerri Bauer from South West Local Learning and Employment Network, Terry Woodcroft from CoPylit and Cr Chris Smith. The youth council program is designed to develop public participation skills, to encourage active involvement in the broader life of the community and to take on leadership roles.

## A Window on Information and Communication Technology (ICT)

### WHERE WE CAME FROM

In 2008 the first Information Communications and Technology Strategic Plan was enacted, setting a roadmap for the development of ICT services. Initially the plan focused on technical infrastructure and transition to the latest state-of-the-art 'virtual' technologies. Virtual technology provides flexibility, efficiency and disaster recovery capabilities that were not previously possible. It also enables us to limit server down time, manage storage capacity growth and effectively meet the ever increasing server resource demands. Additionally, the new technology is very important in providing a base infrastructure for new applications and software enhancements.

### WHERE WE ARE NOW

Council officers have access to Geographic Information System (GIS) mapping and geographic capabilities that lead the way in our region. Mapping technologies assist with a range of management requirements including animals, roads and other infrastructure assets, and fire and emergency management.

In one application of GIS mapping, hand held devices provide satellite navigation overlaid with detailed property mapping information for the shire, allowing officers to drive down a road, note any issues directly into the device and, once back in the office, download all information and automatically print letters to the relevant landowners. Previously around 500 properties were inspected in a year, in 2010/11 it was 9,000. The change to the core system has provided council with the capability, in some cases, to meet reporting, audit and compliance requirements that would have been impossible with the old software suite.

Council has also provided some GIS capabilities to the community through a shared service arrangement with the University of Ballarat. Real time data is available with maps that include the choice of multiple features such as the location of groundwater, landslide and erosion and aerial photography. General council information, such as waste collection days is also available.

## WHERE WE ARE GOING

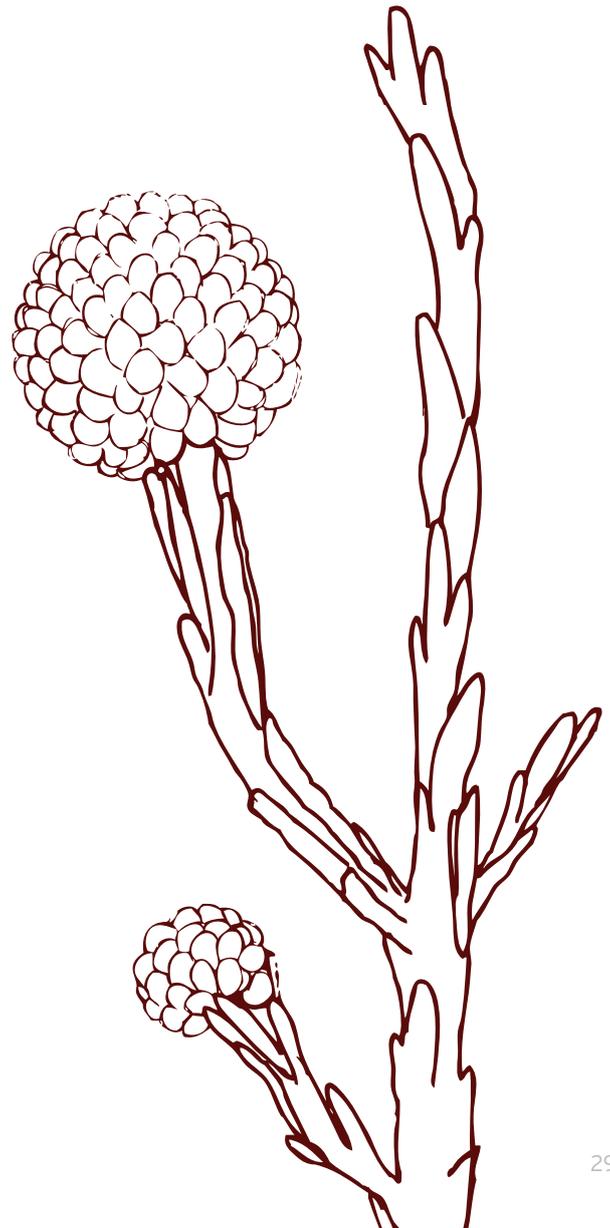
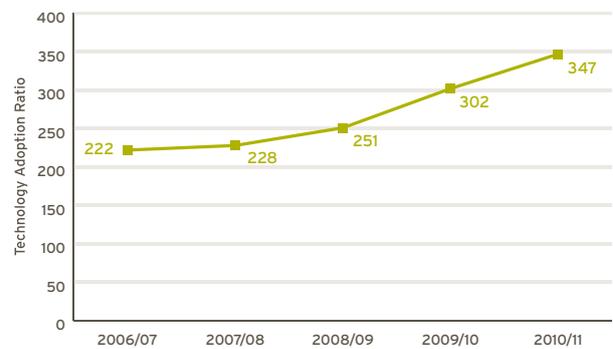
During the next two years three key systems will be replaced. These include:

1. A new electronic document management system that is compliant with the requirements of the State Government. The new system will be operational in September 2011
2. A new asset management system that provides for full asset life cycle planning and maintenance scheduling
3. A new Voice Over Internet Protocol (VOIP) will replace our very old telephone system. It will provide a significant change in the capabilities officers will have access to and has the potential to change the way the public will communicate with council. A significant increase in the efficiency of council officers is expected to enable better service provision to the community

Council's internet presence is also being considered for a significant upgrade, which will enable the community to communicate with council through a range of e-service provisions, such as permits for planning applications and subdivisions.

The delivery of the long-term vision to develop ICT systems that support council's service delivery goals in the most effective way is on track and has already transformed the way council provides its services, both internally and to the community.

## TECHNOLOGY UPTAKE INDICATOR





## Progress on Council Plan Commitments

✓ Completed

+ Completed in 2010/2011/repeated annually

> In progress, continuing in 2011/2012

← On hold, for review

Council Plan Strategies	Actions	Status
Attract and retain quality staff	Negotiate the fifth Colac Otway Shire Enterprise Agreement	✓
	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”	+
Provide a fair, safe and healthy work environment	Enhance and implement the corporate occupational health and safety systems (SafetyMap) and ensure ongoing compliance with all relevant regulations	+
	Review Council Offices and Staff Accommodation to ensure appropriate space is provided to accommodate staff	>
Continuously improve operational systems, processes and minimise risk	Review and update Council’s Risk Management Policy and Procedures Manual including compliance audits	✓
	Implement the Systems and Processes Review project to ensure that systems and processes are operating effectively and providing support to eliminate risk	✓
	Implement Council’s Information Communication Technology strategic plan	+
	Develop and implement Council’s Information Services disaster recovery environment	+
	Seek opportunities for sharing of resources and expertise across the region	+
Communicate regularly, effectively and honestly with the community	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	+
	Ensure Colac Otway Shire’s website is accessible, easy to navigate, utilises appropriate web technologies and contains relevant and up-to-date information	←
Meet our statutory obligations for community safety, security and responses to emergency situations	Implement the Domestic Animal Management Plan	+
	Implement the Municipal Fire Prevention Plan	+
	Establish integrated fire management practices and endorse Township Protection Plans and neighbourhood Safer Places where appropriate	>
	Undertake an annual review of the Municipal Emergency Management Plan (MEMP) from a Shire perspective and implement awareness training and readiness programs for community and staff	+



*Physical Infrastructure and*  
**Assets**



## *Objective*

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

Services, projects and programs supporting this key result area

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

### OPENING OF THE APOLLO BAY TRANSFER STATION

The construction of the state-of-the-art Apollo Bay Transfer Station is an outcome of a project that has been 10 years in the making. It introduces Colac Otway Shire to a new era in waste management and including all costs, was in excess of \$3.0 million. The facility will service the community needs in the Apollo Bay area for waste and recycling for generations to come. This project is an outcome of the Best Value review on waste management.

It is estimated that the transfer station will receive 500 tonnes of recycling material, 2,000 tonnes of putrescible waste, 5,500 cubic metres of inert waste, 500 cubic metres of mulch and 250 mattresses per year (p 48, 52).

### APOLLO BAY HARBOUR REMEDIAL WORKS

The upgrade of approximately 100m of the southern section of the main breakwater will increase the structural integrity of the harbour, safeguard the harbour assets from strong wind and tides and minimise sand movement. The breakwater remediation works contract was awarded in January 2011 and works were completed on 29 June 2011. The cost of construction of the breakwater project was \$792,224 (ex GST). Council acknowledges the State Government's funding assistance through Regional Development Victoria for undertaking this significant project in time.

### SLIPWAY RAIL REPLACEMENT AND ASSOCIATED UPGRADE WORKS

The replacement of approximately 300m of old corroded rail with new steel rails, galvanizing of boat cradles, fabrication of new cradle wheels and reinstallation works slipway rails and associated works were completed in September 2010 utilising Risk Mitigation funds received from the Department of Sustainability and Environment.

### STRATEGIC ROAD IMPROVEMENT PROGRAMME

As part of council's strategic road improvement program, significant road improvement and reconstruction works were carried out on our road network. With a budget of approximately \$1.52 million, necessary improvements including road widening, pavement strengthening and drainage works, were completed. The programme included a number of important strategic transport link roads, with road users including heavy transport vehicles, school buses, local residents and tourists.

The widening of Queen Street, Colac, which provides a critical link from the Elliminyt area to local schools, community facilities and the central business area of Colac, has transformed a narrow one lane sealed road to a full width two lane sealed road, significantly improving road user safety.

### GRAVEL ROAD RESHEETING AND GRADING

During 2010/11 we spent \$1.74 million on gravel road resheeting of 108km, 10.2% of the 1,058 km gravel road network, and \$0.46 million on routine gravel road regrading works. This figure included \$0.18 million of works required to address flood and storm damage. High levels of rainfall throughout the year had a major impact on the condition of gravel roads, making it a difficult year to maintain the gravel road network.

### ROAD MANAGEMENT PLAN IMPLEMENTATION

Council continued to deliver 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. An overall result of 97% was achieved for road and footpath maintenance responsiveness.

### FOOTPATHS

During 2010/11 key sections of our footpath network were replaced as part of the annual program. Approximately 1,350 metres of concrete footpath were renewed and included areas along Queen, Hart and Dennis Streets in Colac and also along Outlook Road, Ramsden Avenue and McLachlan Street in Apollo Bay.

### REPAIR OF LAND SLIPS AFTER STORM EVENTS

10 major landslips were repaired throughout the Otway Ranges to ensure the safety of the travelling public. Repairs included building retaining walls, driving piles, reducing the load on the roads and carting away excess material. We also repaired a number of minor landslips which involved clearing of debris from the road.

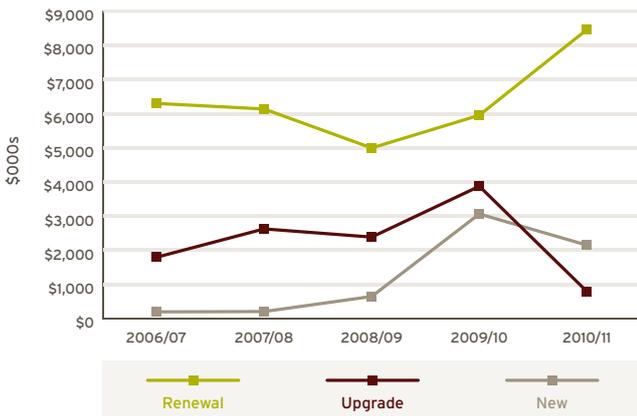


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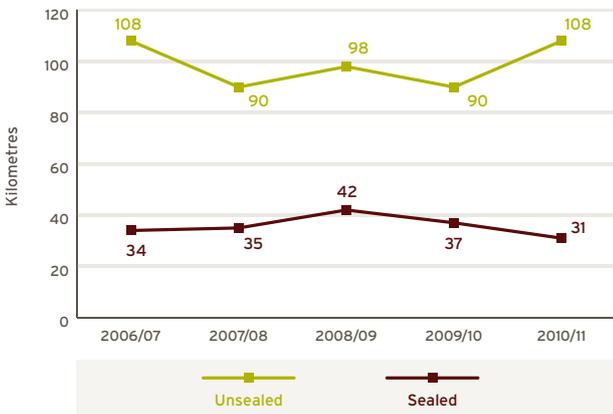
## CAPITAL WORKS

In '000s				
	Renewal	Upgrade	New	Total
2006/07	\$6,301	\$1,795	\$196	\$8,292
2007/08	\$6,137	\$2,626	\$205	\$8,968
2008/09	\$4,996	\$2,386	\$647	\$8,029
2009/10	\$5,954	\$3,875	\$3,063	\$12,892
2010/11	\$8,464	\$792	\$2,150	\$11,406

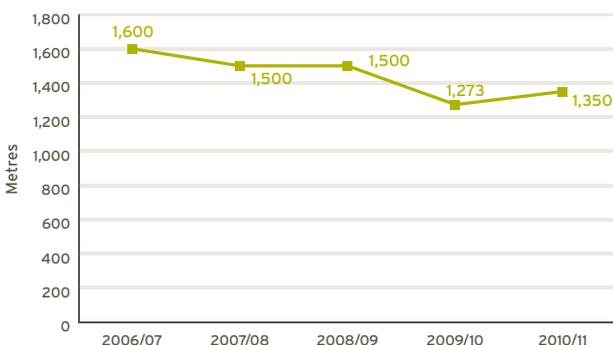


Significant new projects were undertaken during 2009/10 and 2010/11. This, together with council's increased commitment to renewal in 2010/11, was offset by the reduction in upgrade expenditure.

## ROAD NETWORK RENEWAL



## FOOTPATH REPAIRS



# Fast facts

3

## NET EXPENDITURE

\$9,463,806

## EQUIVALENT FULL TIME POSITIONS

66.4

## INFRASTRUCTURE AND ASSETS

1,632km of Roads

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

134 Bridges maintained

120km 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 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

- > 1,350m of Footpaths reconstructed
- > 49,308 animals through the Colac Livestock Selling Centre
- > 31km of sealed roads resealed
- > 108km of gravel roads resheeted
- > 82% capital works completed

# Physical Infrastructure and Assets



## Highlights (continued)

### LONG TERM ASSET RENEWAL PROGRAMMES

We have made steady improvements in our asset management capabilities in recent years. A key achievement in 2010/11 was the consolidation of systems and processes to determine future asset renewal funding demands and to integrate this with financial forecasts and capital works planning.

### ASSET MANAGEMENT STRATEGY AND STEERING GROUP

Our Asset Management Strategy provides an Action Plan to progressively move our current processes and practices towards best practice. The strategy aims to improve our performance relating to four key areas: processes; data; systems; and commercial and organisational Issues.

One of the key outcomes of the Asset Management Strategy has been the formation of an Asset Management Steering Group. The group provides a corporate approach to asset management problem solving, resource sharing, understanding of financial asset management philosophies and overall ownership of asset management plan outputs.

### HEAVY FLEET UPGRADE

Council upgraded its heavy vehicle fleet with a new \$358,270 grader and a new \$77,430 9m truck, in line with the plant replacement program. Our heavy fleet replacement program aims to upgrade major plant on a 10 year cycle to ensure its most efficient use and operation and to ensure best value for money is achieved for the community.



ABOVE: Stock agent Terry Dove at the Colac Livestock Selling Centre  
PHOTO: Jon Barter

### BUILDINGS

The improvement of important community buildings remains a high priority. A number of projects have been completed or commenced during 2010/11 to update existing facilities to promote greater use. Projects include refurbishment of the Stonyford Hall, upgrades to the Cororooke Hall toilets and access improvements to the Irrewillipe Public Hall. Some of these projects have been enabled with state and federal government funding. Major renovations have also commenced at the Beech Forest Public Hall and the Colac Youth and Recreation Centre.

The former Colac library building has been remodelled to accommodate a library annexe and future additional office space for council operations. Design plans for the new office area were developed during the second half of 2010/11 in preparation for construction in 2011/12.

### INFRASTRUCTURE DESIGN MANUAL

The introduction of the Infrastructure Design Manual has been an important milestone, providing clear and consistent infrastructure requirements for developers and council works. The manual was originally developed by three councils, Campaspe Shire, City of Greater Bendigo and Greater Shepparton City Council. It has since been adopted by approximately 20 councils across Victoria, allowing for consistent standards for developers to follow. The introduction and adoption of the manual ensures infrastructure provision is of a high standard that will meet the needs of the users and wider community.

tetragonia tetragonoides





LEFT: Remediation works on the Apollo Bay harbour breakwater wall RIGHT: Lucy Marotta, Chloe Wilson and teacher Renita Murnane from Trinity College helped Council with drain stencilling around their school

## Disappointments

### DAMAGE TO ROADS

Council received damage to approximately 80km of road during major storm events requiring expenditure of \$132,000 to bring the roads back to pre-storm condition. This cost did not include additional expenditure required to clear trees, manage and repair landslips and clear drainage, which placed significant stress on the organisation to address the day to day operations in conjunction with rectifying storm events.

### CAPITAL WORKS

The percentage of capital works projects completed within the 2010/11 year is still slightly below the target of 85%. Council achieved 82% completion of capital works projects, which is on par with previous years' results, excluding 2009/10. Weather patterns during the spring and summer months resulted in large scale natural disasters both locally and nationally, which placed significant pressure on projects. Contractor availability and delayed starting times resulted in project completion dates being pushed past June 2011.

## Challenges

### MANAGING ASSET UPGRADES

The major challenge facing council will be to adequately fund the future asset gap for roads, and bridges in particular. Council is facing increasing pressure to up-grade road assets to meet community and industry expectations, which have changed significantly since the original infrastructure was constructed, particularly for higher mass vehicles. Significant funding will be required to upgrade these assets over the next five years.

### PROGRAMMING ROAD MAINTENANCE WORKS

Programming of road and drainage maintenance works in conjunction with the weather and key users such as the timber and dairy industries will present a challenge for council to maintain the roads in a safe condition after periods of heavy rainfall. The emerging impact of extreme weather and climate events are placing considerable pressure on staff and equipment to respond to these challenges. If the trend of high rainfall continues over the next 12 months, the available budget will not be sufficient to carry out the works required.

### IMPROVEMENTS TO 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. Completing a minimum of 85% of the capital works program for the next year will be a high priority.



# Physical Infrastructure and Assets

## The Year Ahead

- > Completion of a condition audit of council buildings to drive the development of a long term renewal and capital improvement program.
- > Development of first generation asset management plans for remaining major asset groups.
- > Continued implementation of the action plan extending from the Asset Management Strategy.
- > Prepare specification and tender document for replacement of dredge at Port of Apollo Bay.
- > Work with Local Ports Division, Department of Transport to negotiate a long term management agreement for the Apollo Bay harbour.
- > Further improve and refine project reporting to enable project managers to track the key milestones within each project to identify project slippage from a very early stage to try and bring the project back on track.
- > Develop improved linkages between forward planning for asset maintenance, renewal and upgrades and council's long term financial plan.
- > Further enhance the linkage of the 10 year capital works and major projects program with the long term financial plan, and annual budget preparation methodology, which would result in an easier first cut of annual budgets.



ABOVE: Colac Botanic Gardens in the early 1900s

## Botanic Gardens Heritage Listed

The Colac Botanic Gardens was listed on the Victorian Heritage Register in December 2010. The gardens were established in the late 1800s in response to the increased wealth of Victoria generated by the gold rush. The gardens reflected a desire to provide a place for recreation and education in keeping with European trends and are an important example of a regional botanic garden.

Daniel Bunce and William Guilfoyle, two pioneers of botanic gardens in Victoria, both had a hand in designing the 16 hectare gardens. The gardens boast many rare plant species only found in historic gardens including four Tecate Cypress, a large Pagoda Tree, Kohuhu, Bunya Bunya Pine and an "outstanding" Huntington Elm.

The heritage listing applies to the entire gardens precinct including the lake foreshore, the former curator's residence which now operates as the café, the Bilson Gates at the Gellibrand Street entrance, the lily pond, and cannon. As part of the heritage listing a permit is now required from Heritage Victoria to carry out works in the precinct other than general maintenance and management. This will ensure protection of this significant garden into the future, for generations to come to enjoy.



ABOVE: The rose walk in today's Botanic Gardens

## Progress on Council Plan Actions

✓ Completed

+ Completed in 2010/2011/repeated annually

> In progress, continuing in 2011/2012

← On hold, for review

Council Plan Strategies	Actions	Status
Ensure infrastructure development, renewal and maintenance plans address current and forecast community needs	Plan and implement infrastructure projects that transform townships and promote economic development and community strengthening	+
	Review and implement Asset Management Plans to ensure that the level of funding for asset development, maintenance and upgrade meets the community's expectations	+
	Develop a 10 year capital works and major projects program according to adopted priorities	✓
	Review the 10 year capital works and major projects program annually	+
Implement and manage Colac Otway Shire's Road Management Plan	Continue active participation and involvement in the STEP Asset Management Program with the Municipal Association of Victoria	+
	In line with the <i>Road Management Act 2004</i> requirements, review and update Colac Otway Shire's Road Management Plan	>
	Review and implement the Strategic Footpath Plan for Apollo Bay	>
Manage Council's buildings and facilities in a responsible, safe and sustainable manner	Develop Building Assets Management Plan and implement according to adopted priorities	>
	Develop a Land Rationalisation Program	>
Improve local and regional transport networks to ensure safety and accessibility	Advocate for strategic transport initiatives	+
	Implement the parts of the G21 Transport Plan relevant to Colac Otway Shire	+
	Advocate for duplication of the Princes Highway from Winchelsea to Colac	✓
	Advocate for further improvements to the Princes Highway from Colac to the South Australian border	✓
	In partnership with VicRoads identify options and plan for alternative road access through or around Colac, particularly relating to freight movement	>
	Advocate for improved commuter Rail Services and safe Railway Crossings	+
Ensure environmental risks are adequately addressed for Council infrastructure works, including impacts of climate change	Develop a proposed long term management response to sea level rise for Council assets	+
	Implement sound procedures to ensure that environmental constraints are adequately considered in the planning and implementation of Council's infrastructure maintenance activities	✓



*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.*

Services, projects and programs supporting this key result area

Building Control Services

Statutory Planning

Strategic Planning

# Land Use and Development

## Highlights

### DRAFT RURAL LIVING STRATEGY A MILESTONE

The draft Rural Living Strategy was completed and placed on public exhibition in January for two months. Our community has taken a strong interest in this strategy and given the complexity of planning considerations to be taken into account, the exhibition of the draft has been an important milestone. The strategy makes a number of recommended changes to zoning of land to recognise past rural residential development in the shire, and identifies areas for growth of a few small towns outside Colac and Apollo Bay, including Birregurra, Beeac and Forrest, and to a lesser degree, Coragulac. The strategy will be finalised late in 2011, leading to a planning scheme amendment to implement its recommendations.

### IMPROVEMENT IN PROCESSING PLANNING PERMITS

We recognise the need for continuous improvement in the way our service is delivered and have achieved a positive outcome in processing times for planning permit applications over the year. These have been maintained at a consistently high level, with 92% of applications completed within the statutory 60 day period. We plan to build on this in 2011/12 by introducing a series of new information sheets and checklists to assist in conveying planning processes and requirements, with the aim of reducing the instances where further information is required with new applications. Our strong performance in processing times is a result of the experienced and stable planning team that has been established, along with the series of process improvements that have been implemented over the past few years.

### IMPROVEMENTS TO COLAC'S CENTRAL BUSINESS DISTRICT (CBD) AND TOWN ENTRANCES

The Colac CBD and Entrances Project proceeded quickly over the course of 2011 following appointment of the successful consultant in December. The project aims to enhance Colac's attractiveness and liveability and is funded in part by Regional Development Victoria. A Discussion Paper and detailed schematic concepts (in advance of a draft report), indicate opportunities for interventions that would result in significant improvement to the public realm of Colac's CBD and eastern/western entrance areas. The project will be finalised early in 2012, followed by efforts to attract state and federal government grants to fund the infrastructure improvements.

### PLANNING SCHEME REVIEW COMPLETED

The Four Year Planning Scheme Review, required by legislation, was completed and adopted by council in October 2010. The review audits the performance of the planning scheme, identifies any gaps in our planning policy and provides recommendations for future work to be undertaken.

The 2010 review confirmed that our planning policies are generally sound, but identified some concerns with state planning provisions relating to tourism accommodation in rural areas, lack of policy direction for development in low lying areas vulnerable to future sea level rise, and complexity of planning controls applying to residential development in council's smaller towns. It further affirmed the need to complete and implement current local projects such as the Rural Living Strategy and Colac and Apollo Bay Car Parking Study, and to undertake strategies for Colac's commercial and residential areas as well as a Neighbourhood Character Study for Birregurra.

Council commenced a neighbourhood character study for Birregurra early in 2011 and placed the draft rural living strategy and car parking strategy reports on public exhibition. Budget requests have been developed for other projects identified in the review for consideration in the 2012/13 budget.



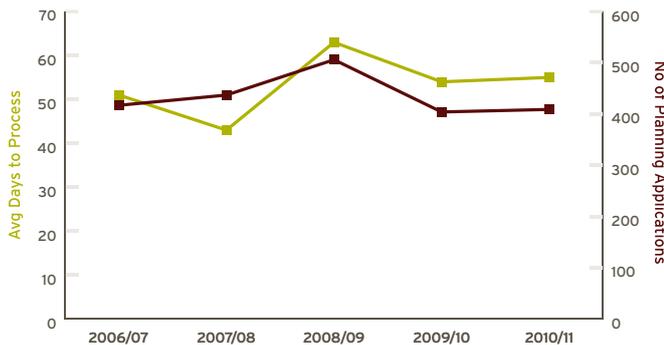
ABOVE: The former Parliamentary Secretary for Planning Jenny Mikakos announced a \$95,000 grant to assist with the incorporation of the Apollo Bay Harbour Masterplan into Colac Otway Shire's planning scheme. This makes the major redevelopment of the harbour into a seaside recreation precinct one step closer.



# Fast facts

## PLANNING APPLICATIONS

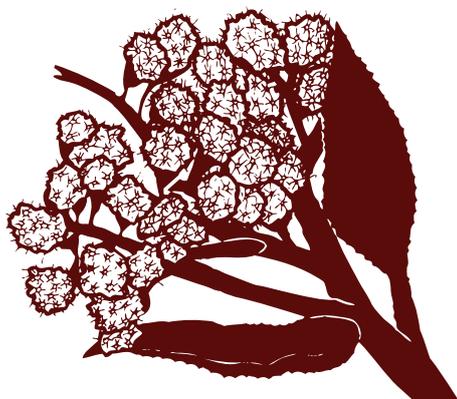
	Number of Applications	Average Days to Process
2006/07	417	51
2007/08	437	43
2008/09	506	63
2009/10	404	54
2010/11	409	55



## PLANNING APPLICATIONS COMPLETED WITHIN THE 60-DAY STATUTORY TIMEFRAME

	Colac Otway Shire (COS)	Rural Councils
2007/08	89%	71%
2008/09	60%	67%
2009/10	90%	71%
2010/11	*92%	*Unavailable

\*Based on information available at the time of this report as PPAR data (State Government Planning Permit Activity Report) not available until October 2011.



## NET EXPENDITURE

\$1,717,521

## EQUIVALENT FULL TIME POSITIONS

12.5

## 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 Victorian Civil and Administrative Tribunal (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 approval

## SERVICE STATISTICS

- > 409 planning applications received
- > 123 building applications received (council applications)
- > 12 appeals to VCAT; 5 council decisions upheld, 7 overturned
- > Average of 55 days to process planning applications

# Land Use and Development

## Disappointments

### DELAYS TO IMPLEMENTATION OF THE APOLLO BAY HARBOUR MASTER PLAN

We received government grants in 2010 to fund the preparation of a planning scheme amendment to implement the Apollo Bay Harbour Master Plan into the planning scheme. This has been delayed due to the emergence of some concerns in the community about aspects of the 2008 master plan and evidence of widespread misinformation in the community.

Prior to proceeding with the amendment, we have provided additional information sessions on the plan to the community, and have conducted an independent survey to gauge public opinion on the harbour redevelopment. The delay has required two extensions to a State Government grant, and is disappointing given the hard work that has gone into securing the funds required to take this next step in the master plan process.

### BIRREGURRA STRUCTURE PLAN PLACED ON HOLD

The draft Birregurra Structure Plan was placed on hold in December 2010 after we received a number of submissions expressing concern at the potential impacts of future development on the town character, due in part to misinformation in the community about the project. Council resolved to defer the project until the preparation of a Neighbourhood Character Study for the town. This plan will determine what planning controls should be introduced to appropriately manage future growth. A Community Reference Group has been established to help guide the finalisation of the plan. Whilst the delay in finalising the structure plan is disappointing, the Neighbourhood Character Study should positively address the concerns of many in the community and will provide a more thorough structure plan outcome when the project is completed in 2012.



ABOVE: The Colac CBD and Entrances project will greatly enhance Colac's attractiveness and liveability

## Challenges

### IMPACT OF BUSHFIRE REGULATIONS

The State Government is finalising a series of changes to state planning provisions and building regulations relating to bushfire and will be introducing these toward the end of 2011. There is likely to be significant changes to statutory provisions, mapping of bushfire prone areas, and state policy approaches, which is expected to result in a difficult transition period for planning staff, land owners and professionals. The challenge will be to ensure that staff are appropriately trained in the new provisions and that the implications are communicated effectively to permit applicants.

A further challenge will be to manage the resource impact on the planning service of providing staff input into a range of related State Government led projects implementing the Bushfire Royal Commission findings, such as the new planning provisions, the Regional Bushfire Mapping and identification and planning for new neighbourhood safer places. The development of local planning policy, using the recent \$120,000 State Government grant, will also impact on the shire's strategic planning program, as this is a new project which had not been contemplated until the Minister's announcement of the funding in May.

## The Year Ahead

- > Develop a local policy that complements the State Government's new state-wide bushfire planning provisions using a government grant.
- > Finalise the Rural Living Strategy and commence an amendment to the planning scheme that implements its findings.
- > Finalise the Colac CBD and Entrances Project report and begin to seek external grants for implementation of the project.
- > Prepare and exhibit a planning scheme amendment to implement the Apollo Bay Harbour Master Plan.
- > Adopt a policy for management of council's Essential Safety Measures responsibilities, and make further progress monitoring compliance in private buildings.

## Progress on Council Plan Actions

✓ Completed

> In progress, continuing in 2011/2012

+ Completed in 2010/2011/repeated annually

← On hold, for review

Council Plan Strategies	Actions	Status
Ensure a partnership approach to land use planning that reflects the needs, values and aspirations of the community	Advocate to have Colac Otway Shire included in the State Government urban land monitoring program	✓
	Advocate for more detailed mapping of the Erosion Management Overlay by State Government	+
	Finalise a Rural Living Strategy and implement findings	>
	Finalise and implement a car parking study for Colac & Apollo Bay	>
	Finalise and implement the Birregurra and Forrest Structure Plans	>
	Prepare a Colac Residential Strategy that includes a review of long term growth options at Elliminyt	←
	Prepare a precinct plan for East Colac	←
	In conjunction with the State Government, and subject to external funding, exhibit a Planning Scheme amendment for the Apollo Bay Harbour Master Plan	>
Ensure that responsible planning mechanisms are used to control development in areas potentially affected by climate change	Work with State Government to develop appropriate planning controls that respond to predicted sea level rise	>
Ensure all Council land use plans and strategies are current and responsive	Undertake a four year review of the Planning Scheme	✓
	Regularly update and improve the Colac Otway Planning Scheme through Planning Scheme amendments	+
	Prepare a Commercial Strategy for Colac	←
	Undertake a review of future growth options for Apollo Bay	>
Enforce planning and building regulations to meet legislative requirements	Implement comprehensive monitoring of the Essential Safety legislative requirements	+
	Review practices for monitoring swimming pool fencing	✓
	Implement mechanisms to improve knowledge of building and planning requirements/responsibilities	>
Ensure consistent and timely decision making for building and planning applications that meet Council's policy framework	Document and continuously improve processes and procedures for assessment and determination of building and planning permit applications	>
	Prepare and develop a more comprehensive Information Kit on building and planning application requirements	>
	Provide improved access to building and planning information on Council's website	>
Ensure that environmental risks are adequately addressed for new development and land use	Work with State Government to develop and introduce planning controls that accurately reflect areas known to potentially have acid sulfate soils	+
	Introduce a Salinity Management Overlay to affected areas	←
	Work with State Government to review policies and provisions in fire risk areas as appropriate following the conclusion of the Bushfire Royal Commission	>

# *Environmental* **Management**



## Objective

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

Services, projects and programs supporting this key result area

Environment Education/Promotion

Environment Planning

Natural Resource Management

Sustainability Management

Transfer Stations/Recycling

Waste Management

5

# Environmental Management

## Highlights

### SAVING OUR WATER

Several water tanks have been installed at the Bluewater Fitness Centre and Central Reserve, two of council's top five water using facilities. The tanks allow for the recycling and retention of pool backwash and the harvesting of rainwater, reducing our potable water demand at these sites. The harvested water is currently being used for landscape irrigation and the flushing of toilets at both facilities, but future plans are in place to allow the use of the harvested water for pool top-ups, showers and potentially to water the sporting fields in dry years. The five tanks installed have a combined retention capacity of 160,000 litres at any one time and will result in an annual saving of 2.7 million litres of potable water (p 17, 49).

### HELPING STAFF TO LIVE AND WORK MORE SUSTAINABLY

In 2010/11 several sustainability programs were successfully introduced to help council staff take action to be more sustainable at work and at home. Recycled paper replaced all other forms of copy paper in the main council offices, a staff kitchen garden and bike pool were established to improve staff wellbeing and health and to provide hands-on opportunities to take action to reduce both our personal and organisational carbon footprint (p 17).

### IMPROVING THE HEALTH OF LAKE COLAC

We continued to carry out weed control and revegetation works around Lake Colac and along Barongarook Creek. Many exotic trees have been removed and over 15,630 indigenous plants were planted to improve the health of the creek and the lake. Weed control has also been undertaken in areas that were revegetated in 2009/10 to increase the survival rate of native plants.

### GETTING THE COMMUNITY INVOLVED IN ENVIRONMENTAL PROGRAMMES

The community helped council undertake many environmental activities spread across the year. Over 1,000 people took place in the various events during Clean Up Australia Day, Earth Hour, World Environment Day and National Tree Day. We worked closely with schools to get children involved and with community groups such as Rotary. Rotary entered into an MOU (Memorandum of Understanding) with council to revegetate and maintain a difficult area of land adjoining Lake Colac.

### NEW 3-BIN KERBSIDE WASTE COLLECTION SYSTEM BENEFITS THE ENVIRONMENT

Our shire moved to the state preferred 3-bin system for waste collection in September 2010. Australian Standard bin colours were chosen to provide residents and visitors with consistency in bin systems across other regions and to help in community education. Our aim is to maximise recycling and minimise waste to landfill. 3,790 tonnes were diverted from landfill in 2010/11.

We have already seen an improvement in the quality and quantity of organic waste, with contamination levels decreasing as a result of introducing a separate organics bin (p 24, 52).

### RECYCLING AT COLAC OTWAY SHIRE

Council held successful e-waste and small electrical waste collection days in both Colac and Apollo Bay in December 2010. More than 130 cubic metres of electrical waste was collected and disposed of for recycling over two days.

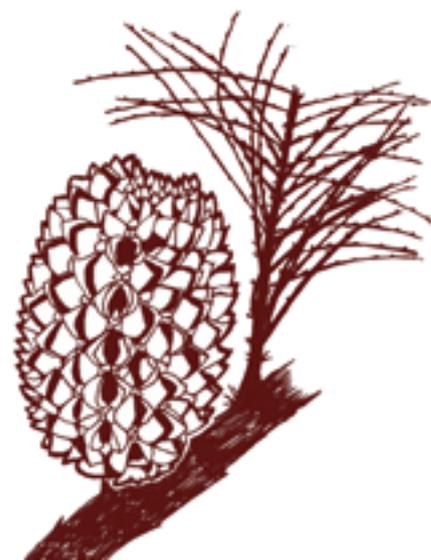
A new recycling agreement with Battery World, means residents can now drop batteries at council customer service centres (household only) and car and household batteries at council transfer stations at no cost.

Other programs that council is involved in to promote resource recovery include Tapex Silage Wrap, DrumMuster, Waste Oil Recycling, MobileMuster, Dreamsafe Mattress recycling and Planet Ark Cartridge recycling (p 34, 52).

### REHABILITATION OF BRUCE STREET LANDFILL

Council has appointed consultants to undertake environmental monitoring as part of the formal landfill rehabilitation requirements recommended in the auditor's report of February 2010. The main actions involved the monitoring of ground water, landfill gases, leachate and groundwater level, and proposing an ongoing test program for the future.

*Allocasuarina Verticillata*



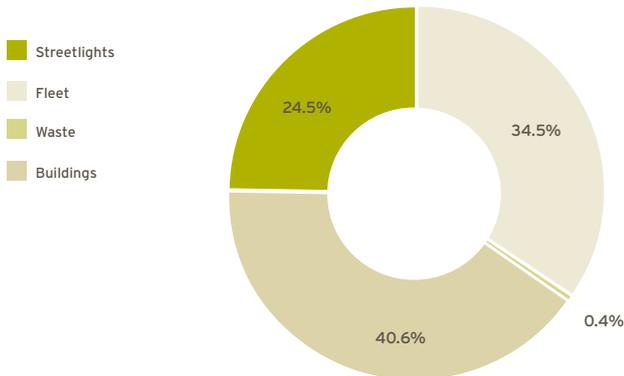


# Fast facts

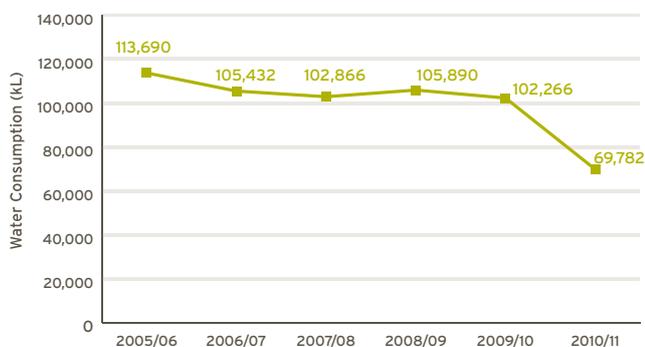
## TOTAL COS GREENHOUSE EMISSIONS (CO<sub>2</sub>-E TONNES)

	2006/07	2007/08	2008/09	2009/10	2010/11
Buildings	1,955	1,939	1,957	1,975	1,941
Streetlights	1,138	1,166	1,172	1,172	1,172
Fleet	1,647	1,652	1,653	1,642	1,647
Waste	17	17	17	17	17
<b>Total</b>	<b>4,757</b>	<b>4,774</b>	<b>4,799</b>	<b>4,806</b>	<b>4,777</b>

\*During the 5 year period shown, organisational changes include an 11% extension of office space for council staff; however our overall consumption of energy has reduced.



## TOTAL WATER USAGE FOR COUNCIL FACILITIES



Over the last five years council's total water usage has dropped from 113,690kL to 69,782kL, a 39% reduction.

Source: 2011 Planet Footprint Report.

## NET EXPENDITURE

\$2,336,383

## EQUIVALENT FULL TIME POSITIONS

8.1

## 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

- > 17,079 trees, grasses and shrubs planted
- > 3,790 tonnes of domestic waste diverted from landfill
- > Weed control conducted on 20 council managed environmental assets and 150 high conservation roadsides
- > Various environmental education events held across the shire including, World Environment Day, Sustainable Homes Tour, Earth Hour, National Tree Day, School Tree day, Threatened Species Day and Clean up Australia

# Environmental Management



## Highlights (continued)

### VOLUNTEER UNDARIA WEED REMOVAL DAY - APOLLO BAY HARBOUR

A volunteer Undaria removal day was organised by Parks Victoria on 13 November 2010 for the Apollo Bay harbour. *Undaria Pinnatifida* is a marine pest, commonly known as Japanese kelp, that was first detected at the Apollo Bay harbour in mid 2009. In 2009 the efforts of the Department of Sustainability and Environment (DSE) to remove Undaria from the harbour waters using contracted divers was not successful and the current focus is on containment rather than eradication.

Parks Victoria intends continuing with manual removal subject to further studies on areas that were not targeted in the first round, such as the seagrass areas, and will utilise the public media to provide necessary information to the community and stakeholders. Some of the future recommendations include the setting up of monitoring sites on heavily infested areas and control of vessel movements to prevent the risk of spread to other areas.

## Disappointments

### AUDITING OF LANDFILLS

The problems associated with the Cranbourne Landfill being constructed adjacent to residential areas has meant the Environmental Protection Agency (EPA) has increased the auditing and monitoring requirement of disused landfills. This has impacted on council through the imposition of tighter and more extensive auditing requirements where peer review is required of audits. This has meant that council is taking longer than anticipated to work its way through the audit process of its disused landfills. The expectations are that more stringent requirements will be placed on councils, significantly increasing the compliance costs for former landfill sites in the years ahead.



ABOVE: Council's Andrew Barber and Simon Howland lead the way at Clean up Australia Day on the Lake Colac foreshore

*Allocasuarina Verticillata*



ABOVE: Council's management team of Jack Green, CEO Rob Small, Neil Allen and Colin Hayman launch Council's new bike fleet

## Challenges

### ROADSIDE WEEDS

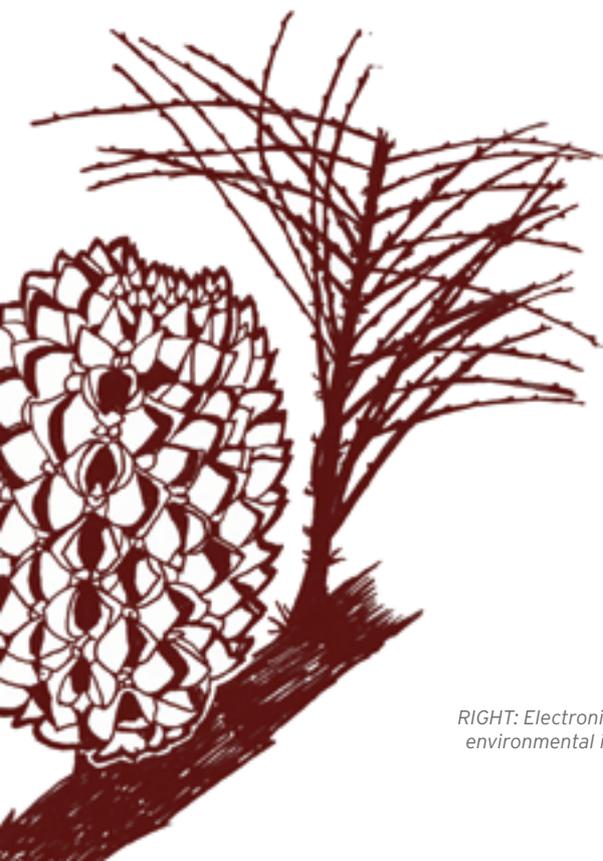
The management of weeds along roadsides remains a very challenging issue. Council has worked with the Municipal Association of Victoria (MAV) and the State Government to develop new guidelines for managing roadside weeds in a strategic manner. The guidelines also identify suitable funding mechanisms to enable councils across the state to carry out the costly works. If the guidelines are approved then council will need to develop a strategic approach to managing weeds on roadsides that is agreed to by the state in order to access funding.

### SUSTAINABILITY TRAINING FOR STAFF

While sustainability principles and practices are relatively well known it is increasingly evident from sustainability project case studies across private and government sectors that without whole-of-organisation training, commitment and embedded practices the long-term success of any sustainability initiative is limited. We need to develop a cross-organisation training and awareness raising programme to keep people aware of what they can do to encourage the organisation to further reduce waste, along with our water and energy consumption.

## The Year Ahead

- > A 'green' redevelopment/refit of the old council library to office space to ensure occupancy comfort and functionality with minimum environmental impact during construction and ongoing operations.
- > Development of a Roadside Environmental Management Plan to replace the existing Roadside Vegetation Management Plan to minimise environmental impacts associated with necessary road works and maximise the protection of roadside vegetation that is outside of the road maintenance area.
- > Continue to work with the community on improving the health of Lake Colac and Barongarook Creek by carrying out more weed control and revegetation works. The foreshore path, Lions Park and Bird Reserve areas will again be the focus of our efforts to ensure the work carried out in previous years is consolidated.
- > Undertake an Alvie Landfill audit to comply with the EPA landfill license reform requirements.
- > Undertake rehabilitation works at the Marengo Landfill site in accordance to EPA's landfill post closure requirements.
- > Work with DSE for Undaria control at the Apollo Bay harbour.



RIGHT: Electronic newsletters share environmental initiatives with staff



# Environmental Management

## The Year Ahead (continued)

### ORGANIC WASTE DIVERTED FROM LANDFILL (CUBIC METRES)

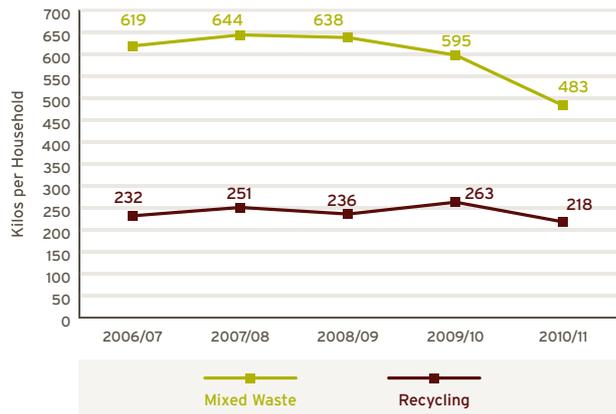
The increase in organic waste reflects increased seasonal growth following a return to average rainfall after a number of dry years, and the introduction of the 3-bin system which has resulted in less organic material being sent to landfill as a result of contamination.



### MIXED WASTE (LANDFILL) AND RECYCLING KERBSIDE COLLECTION (TONNES)

The 3-bin system has made it easier for households to sort their waste, resulting in less organic material going to landfill as a result of contamination.

	2006/07	2007/08	2008/09	2009/10	2010/11
Mixed Waste	5,478	5,816	5,845	5,452	4,463
Recycling	2,051	2,267	2,158	2,410	2,013



*Albocaulium Verticillata*





## Progress on Council Plan Actions

- ✓ Completed
- > In progress, continuing in 2011/2012
- + Completed in 2010/2011/repeated annually
- ← On hold, for review

Council Plan Strategies	Actions	Status
Develop a coordinated approach to managing environmental issues across all Council activities	Implementation of the Environment Strategy	>
	Development of annual Action Plans for the Environment Program	+
Ensure the protection and enhancement of environmental values on Council owned and managed land	Develop and implement action plans to manage the threats to environmental assets on Council managed land in accordance with the Environment Strategy 2010-2018	>
	Continue to implement the Lake Colac Management Plan and the Re-vegetation and Weed Control Master Plan	>
Facilitate the protection and enhancement of environmental values on private land	Continue to carry out audits of forestry operations on private land	+
	Continue to raise the awareness of private landholders on their responsibilities in relation to the environment	+
	Update the environmental overlays in the Planning Scheme to introduce the latest biodiversity mapping prepared by State Government	>
Minimise environmental impacts and the use of natural resources associated with Council operations in accordance with Council's Environment Strategy 2010-2018	Continue program of works and practices in the Greenhouse Action Plan to reduce Council's carbon footprint	>
	Continue to implement agreed, viable water saving measures via Council's Sustainable Water Use Plan	>
	Implementation of the planning scheme and Council processes to manage environmental issues associated with Council works	+
Promote environmental values in the broader community and work with other stakeholders on managing large scale issues in accordance with the process identified in the Environment Strategy 2010-2018	Coordinate a range of environmental events across the region	+
	Promote awareness of environmental issues through various media and forums	+
	Advocate where appropriate community views on environmental issues outside the direct responsibility of Council	+
	Encourage energy efficiency including the use of renewable and alternative energy sources	>
Minimise, recycle and manage residential waste	Implement the Landfill Rehabilitation Plan	>
	Implement the Waste Management Plan and new contractual arrangements	✓
	Implementation of the Waste Water Management Strategy	>



*Economic*

# Development



## Objective

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

Services, projects and programs supporting this key result area

Business Development

Economic Development

Small Town Improvement

Tourism

# Economic Development

## Highlights

### INFRASTRUCTURE PROJECTS DIRECTLY IMPACTING ECONOMIC DEVELOPMENT

The Small Town Improvements Program (STIP) for 2010/11 was successfully implemented. This program is designed to facilitate a healthy and resilient economy through the development of infrastructure for business investment, growth and liveability and through these additional resources, develop small town/community capability. STIP priority projects are based on Township Community Infrastructure Plans, to which Council commits \$80,000 each year. The following township projects were completed:

- › **Forrest Tiger Rail Trail** - providing a safe, off-road route for people of all abilities.
- › **Lavers Hill Hall** - installation of a commercial kitchen and upgrade to the meeting room, allowing broader use of the facility.
- › **Beeac Windmill Park** - development of a tourist and local heritage attraction, including production of a History Walk brochure for the town.
- › **Gellibrand pathway** - construction of a 500m all access walking track loop connecting the Old Beechy Rail Trail and the Rex Norman Park, enhancing social and recreational activities.
- › **Birregurra Park** - construction of a new shelter and installation of new barbeques, picnic tables and seating, new pathways, landscaping, and installation of a new 3 phase power connection. To complete the upgrade new playground equipment was funded from the Recreation budget. The refurbished park provides better access for the community and more effective use for events such as the Birregurra Festival and monthly markets.

In addition, Township Community Infrastructure Plans were reviewed for Beeac and Cressy and a new plan developed for Skenes Creek.



### PLANNING FOR CBD REDEVELOPMENT

The initial draft planning process for the redevelopment of the Colac Central Business District and town entrances has been completed. The planning process has identified streetscape improvements that will increase the visual appeal and liveability of the town, attracting new investment, new residents and tourists (p 15).

### CONFIDENT BUSINESS COMMUNITY

A business confidence survey revealed a positive result, with 83% of businesses expecting their net income to be almost the same or higher than for 2009/10. 63% of businesses have also indicated that they think the local economy will improve this year and 85% of businesses are looking to employ more staff within the next 1-2 years. Another positive outcome of the survey was that 58% of businesses are planning on investing money into their business within the next 1-2 years (p 15).

LEFT: Representing the 12 person Colac CBD Development Reference Group, L - R: Cr Brian Crook, Frank DeLorenzo, Michael Swanson, Business Development Officer, and Alisha Bergman

# Fast facts

## SUPPORTING LOCAL BUSINESS DEVELOPMENT

The 'On the Front Foot for Business' program was successfully completed and well attended. This program of events supports business training and development and business networking. The series included:

- > Succession Planning - David Haymes, Haymes Paints
- > Business Services, End of Financial Year - WHK
- > ANZ Business Breakfast - Michelle Gamble, Marketing Angels
- > Business mentoring sessions - Small Business Mentoring Service
- > 2011 Business Awards Launch event - past winners discuss how it has positively affected their business
- > Social Media marketing - Sam Mutimer, Thinktank Media (p 15).

## GRANTS RECEIVED FROM GOVERNMENT SOURCES



## NET EXPENDITURE

\$1,044,706

## EQUIVALENT FULL TIME POSITIONS

13.2

## KEY ACTIVITIES

- > 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, with council contributing \$80,000
- > 222 people attended local business development forums

# Economic Development



## Highlights (continued)

### SUPPORTING OUR COMMUNITY

A focus of the Economic Development program is to assist/facilitate other organisations and groups to achieve outcomes influencing economic development that they would find very difficult to achieve alone. Therefore we:

- > Assisted the Colac Otway Vocational Education Cluster (COVEC) (includes the six secondary colleges in the Shire; Colac Secondary College, Trinity College, Colac Specialist School, and Lorne, Apollo Bay and Lavers Hill P - 12 schools) in making a successful application for funding to establish a Trade Training Centre. This vocational education and training facility will enhance local skills training to support a growing workforce and local economy.
- > Facilitated an intergovernmental and community forum in Forrest to discuss the future strategic direction of mountain biking and the impacts on tourism and the local community.
- > Continued to support the Business Women's Network, which meets monthly to engage professional women in business development and networking (p 15).

### SUCCESS IN GRANT APPLICATIONS

We were successful in achieving a number of grants from both the state and federal governments totalling \$4,574,067. Grants are vital in assisting council to support and develop our community and help to reduce the cost to ratepayers of delivering local infrastructure development, community leadership, business development, strategic planning and recreation facilities. Two significant projects are able to proceed as a result of grant monies:

- > Commencement of the Apollo Bay Harbour Precinct planning scheme amendment to progress plans to redevelop the precinct to provide enhanced community access and facilities, attract more tourists to Apollo Bay, support local business, create jobs and support the local economy. \$255,000 was received from the State Government for this project.
- > Development of a plan to redevelop the Colac Central Business District and city entrances. \$75,000 was received from the state government to match council funds for this project.

### CAREERS EXPO A SUCCESS

The Colac Otway Careers Expo was well supported, with over 30 exhibitors and attendances by over 400 students. This annual event assists young people in making career choices and demonstrates the range of career options available to them locally (p 74).



ABOVE: Council has taken over the Colac Careers Expo from the South West LLEN L - R: Mike Barrow, Manager Economic Development; Cr Lyn Russell and Kerri Bauer, South West LLEN



LEFT: Jill Sharp and Brian Maher at the Colac Visitor Information Centre PHOTO: Jon Barter RIGHT: Michael Swanson and Hannah White shopping in Murray Street, Colac PHOTO: Jon Barter

## Disappointments

### REGIONAL TOURISM ACTION PLAN DELAYED

The implementation of the Tourism Victoria Regional Tourism Action Plan (RTAP) was expected to be completed by 30 June 2011 with the introduction of a new regional structure for the development and marketing of the tourism industry in the region. The process was marred by the inability of stakeholders to agree on the structure. The RTAP implementation is important as it will provide a new Great Ocean Road regional structure that can develop and promote a world standard tourism experience in the Colac Otway Shire and the region.

### CANCELLATION OF SUSTAINABILITY FORUM

A planned environmental sustainability business training and development forum had to be cancelled due to lack of interest. This was prior to the introduction of the 'Carbon Tax' and the council's business confidence survey indicated that at the time business was not interested in making any commitment to this area until the Federal Government had resolved this issue. Further efforts in 2011/12 will be made to engage business on the impacts of the carbon economy and the profit enhancing benefits sustainability initiatives.

## Challenges

### DEVELOPMENT OF INDUSTRY TRAINING AND DEVELOPMENT PROGRAM

Developing a new program of industry training and development and networking forums that are relevant to current industry needs. This will include a sustainability event that will provide information and ideas on responding to the 'Carbon Tax.'

## The Year Ahead

- > Completion of the Colac Marketing Strategy and initial implementation of recommended initiatives.
- > Managing the transition of the tourism industry into the new regional structure and defining the new relationship between Colac Otway Shire, Otways Tourism and the local tourism association throughout the shire.
- > Completion of the Colac Central Business District and Entrances Project.
- > Commencement of the Apollo Bay Harbour Precinct Planning Scheme Amendment.
- > Creation of an intergovernmental and community steering group to develop a strategic plan for the development of the Forrest mountain bike trails and its impact on tourism, the local township and community.



## Progress on Council Plan Actions

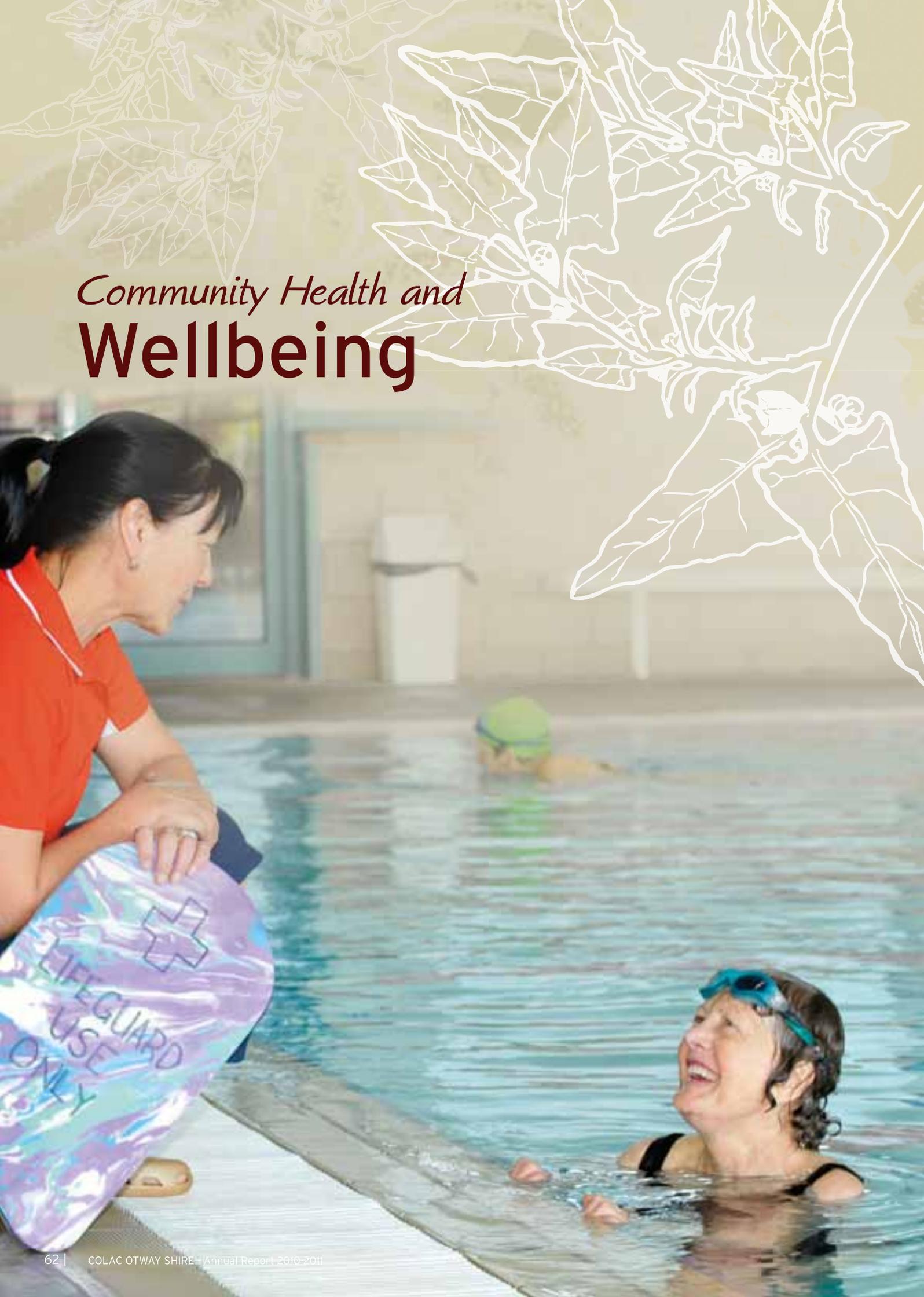
✓ Completed

+ Completed in 2010/2011/repeated annually

> In progress, continuing in 2011/2012

← On hold, for review

Council Plan Strategies	Actions	Status
Participate in regional and Shire based marketing and promotion initiatives designed to promote 'brand awareness' of Colac Otways and Great Ocean Road region	Promote the Shire's strengths and competitive advantages to attract new investment	>
	Identify the capacity, demand and rating of accommodation in Colac including the attraction of a high end quality star hotel	✓
	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	✓
	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	>
Facilitate the development of infrastructure for business investment, growth and liveability	Support the Apollo Bay Harbour Precinct development	>
	Develop small town / community capability by providing infrastructure and resources, including continued support for the Small Town Improvement Program	+
	Develop a strategy to establish a mini technology/ business facility in Apollo Bay to service local knowledge based and visitor requirements	←
	Lobby for improved telecommunications in the Colac Otway Shire for broadband and mobile coverage	✓
Work in partnership with business, industry groups, government and agencies on sustainable economic growth	Develop improved educative material on Council policy and practices to assist business with development proposals	✓
	Review business attraction and local business development policies	✓



# *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.*

Services, projects and programs supporting this key result area

Aged & Disability Services

Bluewater Fitness Centre (BWFC)

Colac Otway Performing Arts and Cultural Centre

Community Transport

Economic Development (part)

Environmental Health Services

Family and Children's Services

Immunisation Services

Maternal and Child Health Services

Health and Wellbeing Alliances Public Health planning

Recreation, culture planning, services and centres

Rural Access

Transport Connections

Youth Services Festivals and Events

# Community Health and Wellbeing

## Highlights

### COMPLETION OF THE COLAC COMMUNITY LIBRARY AND LEARNING CENTRE

The new Colac Community Library and Learning Centre opened its doors to the public in October, celebrated by a gala launch attended by more than 300 people. The Corangamite Regional Library Corporation, Colac Secondary College and the Colac Toy Library moved into the new state-of-the-art facility at this time and have thoroughly enjoyed their new home. The facility has attracted increased patronage particularly from young families (p 10).

### RECREATION STRATEGY DEVELOPMENT

We commenced development of the Tennis Facility Audit and Development Plan, which will guide future improvements to our tennis facilities. A significant amount of work has been done on preparing the Public Open Space Strategy and the Apollo Bay Trails Feasibility Study. These projects will be completed in 2011/12.

### WORKS COMPLETED ON KEY FACILITIES

Capital works projects completed included the \$600,000 redevelopment of the Colac Otway Performing Arts and Cultural Centre (COPACC) Civic Hall, the upgrade of the Colac Skate Park and the Eastern Reserve Netball Court redevelopment. The \$750,000 Old Beechy Rail Trail redevelopment project also commenced and will be completed in 2012. These projects were made possible through financial contributions from Council, the State Government and community organisations. In particular, the two netball associations that use the Eastern Reserve Netball Courts contributed significant funds towards the project ensuring the project was able to be completed.



ABOVE: The launch of the new Colac Community Library and Learning Centre

### COMMUNITY GRANTS PROGRAM AND FESTIVAL AND EVENTS SUPPORT SCHEME

This year council contributed \$177,476 to 87 organisations through the Community Grants Program and Festival and Events Support Scheme. The Community Grants program allows groups to undertake important projects leveraging significant contributions from community organisations. The Festival and Events Support Scheme enables a suite of events, from international through to local community events, providing significant social and economic benefits. The number of events held in the Colac Otway Shire continues to grow, enhancing the shire's reputation as the state's event capital (p 9, 92).

### FUNDING COMMITMENT FOR BLUEWATER FITNESS CENTRE STADIUM REDEVELOPMENT

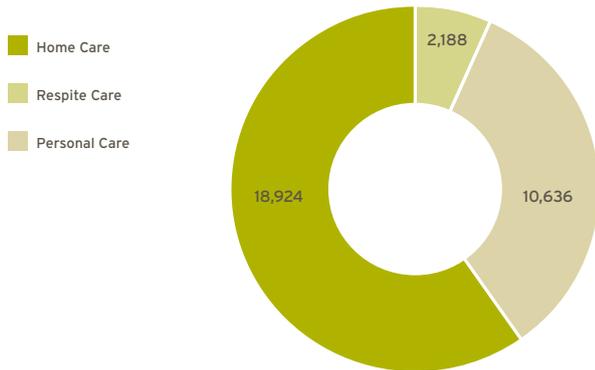
The Federal Government committed \$3.78 million to the redevelopment of the Bluewater Fitness Centre Stadium. The welcomed news brought us one step closer to achieving significant improvements to the 30 year old facility. The redevelopment will include a third court, extension of the existing two courts to meet compliance standards, spectator seating, new amenities and dry programming space. In addition, the State Government has committed funds to the Colac Secondary College Stage 3, which includes an allocation to the Bluewater Fitness Centre stadium.

*"The library floor space is enormous, and offers spaces for groups as well as comfortable niches for people to sit down and have a quiet read. The lecture theatre is fantastic, as are the meeting rooms, which can be sectioned off or opened up to form a larger space. There is a dedicated children's area, gallery space as well as an outdoor area. We are incredibly fortunate to have a library of this standard in our municipality."*

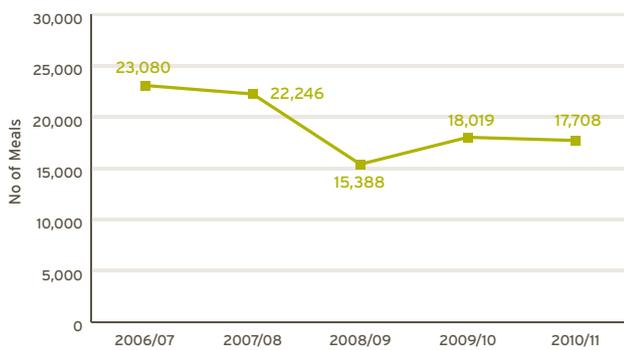
Cr Lyn Russell

# Fast facts

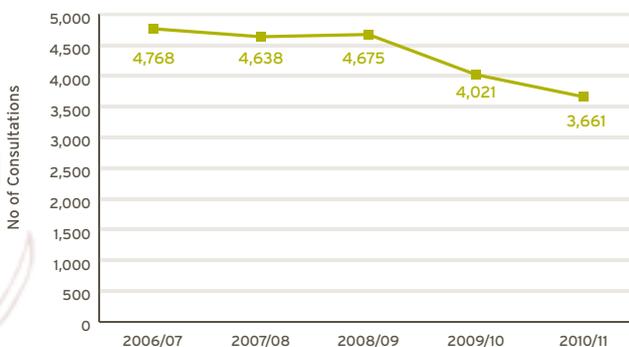
## HOURS OF AGED CARE SUPPORT



## MEALS ON WHEEL DELIVERED



## MATERNAL AND CHILD HEALTH CONSULTATIONS



## NET EXPENDITURE

\$2,113,538

## EQUIVALENT FULL TIME POSITIONS

65.4

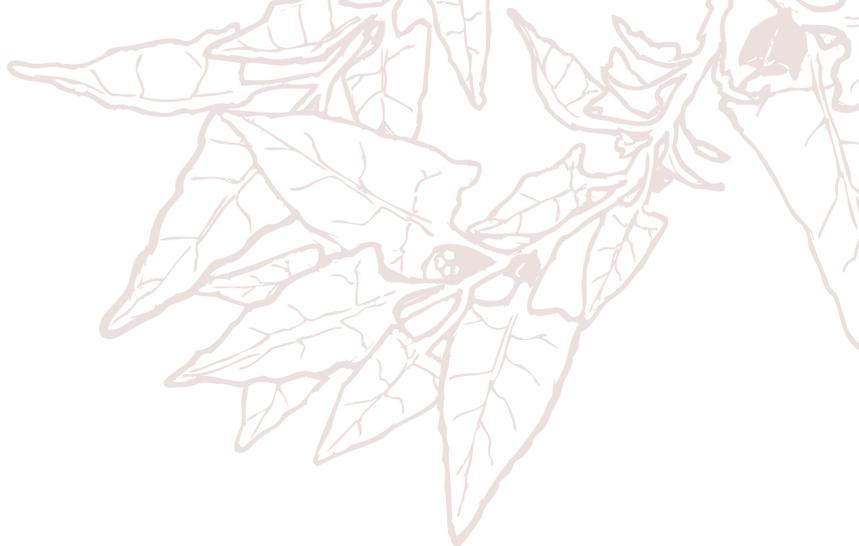
## KEY ACTIVITIES

- > 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 educators 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

## SERVICE STATISTICS

- > 39 community events delivered
- > 55,350 attendances at events
- > 8 FReeZA events delivered, with attendances of 1,700
- > 944 events were held at COPACC attracting in excess of 45,425 people
- > 15 exhibitions conducted in the COPACC foyer
- > 476 multi-passes were sold at Bluewater Fitness Centre, an increase of 38% on 2009/10
- > 1,001 attended the Learn to Swim program, with another 1,000 from the schools' swimming program
- > 6,451 community transports provided for older people and people with a disability
- > 1,098 hours of property maintenance provided
- > 354 children registered for Family Day Care
- > 261 birth notifications
- > 4,550 immunisations given
- > 367 premises and other outlets selling food
- > 788 food safety inspections undertaken

# Community Health and Wellbeing



## Highlights (continued)

### DEVELOPMENT OF KEY HEALTH AND WELLBEING PLANS

This has been a significant year in developing plans for Health and Community Services. These plans include: Public Health and Wellbeing; Access, Equity and Inclusion, and Early Years and reflect the increasing importance of health and wellbeing within our communities. A key emphasis during the next two years will be to embed and enable health and wellbeing principles and implement actions.

### NEW INITIATIVES FOR MATERNAL AND CHILD HEALTH SERVICES

During the 2010/11 year Maternal and Child Health nurses implemented the Key Ages and Stages framework for consultations with parents. This involved a number of new initiatives which provide more information to, and support confidence building within, parents. It also allows for longer consultations with parents who have more complex issues with their infant/child. This explains the reduction in consultations for 2010/11 (p 65).

### NEW RATING SYSTEM FOR FOOD PREMISES

Our Environmental Health Unit has successfully implemented the Victoria-wide new class rating system for food premises, which alters the requirement and type of food safety plans and registration for each premises. This new rating system allows for uniform reporting of inspections and food samples by all councils to the State Government data bank.



ABOVE: Bluewater Fitness Centre's Russell Whiteford with Norm Sutherland who is an active member of the Seniors Program

### TRANSPORT CONNECTIONS PROJECT - CONNECTING OUR COMMUNITIES

The very successful Wednesday bus service from Apollo Bay to Colac and return continued through Phase 2 of Transport Connections. The summer seasonal Colac/Lorne bus service again attracted a high number of users. The low-floor bus for Colac has been very successful in increasing usage rates, but these could still improve. A review of the Colac routes is currently being conducted by the Department of Transport.

Transport Connections undertook a review of access to the Colac Community Library and Learning Centre. This report made a number of recommendations to improve access. These are being considered in a number of strategies being developed in 2011/12.

### MEALS ON WHEELS USAGE DECLINES

Demand for "Meals on Wheels" continues to decrease. Many clients continue requesting meals, but not at the same frequency. Alternative meal choices include individual portion serves available from supermarkets, which now offer a wide range of choice. This is encouraged by our service as it fits with our Active Service Model approach, being developed during 2011/12 (p 65).

### POSITIVE CHANGES TO COMMUNITY BASED RESPITE CARE

Community Based Respite, provided through 'The Meeting Place' program, is undergoing significant changes designed to increase opportunities for people of all abilities to participate in community activities and to develop community capacity and confidence building for attendees. Features include trips together, regular meetings at Straight Shooters as a community based venue, Saturday activities, transport for rural members, and providing an opportunity for independent living skills and social participation at Kanyana for residents from Colanda.





LEFT: Meals on Wheels volunteers Lorraine Sherry and Rohan Anderson RIGHT: Georgina Wheeler getting into character for the play Robin Hood at the Colac Otway Performing Arts and Cultural Centre PHOTO: Brad Wilson

## Disappointments

### BLUEWATER FITNESS CENTRE STADIUM REDEVELOPMENT

Council's application to Sport and Recreation Victoria's Community Facilities Funding Program was unsuccessful. The application will be resubmitted in 2011/12.

### MATERNAL AND CHILD HEALTH CONSULTATION DATA NOT CAPTURING INCREASED DEMAND

The current method of recording consultations has not truly reflected the increasing number of complex cases with vulnerable families that require Enhanced Services. A review of Enhanced Services needs to be undertaken in 2011/12 to better capture and highlight this increasing demand.

## Challenges

### INCREASED FUNDING FOR RECREATION

Attracting state and federal government support for major recreation infrastructure projects such as the Bluewater Fitness Centre Stadium Redevelopment and the Central Reserve Master Plan Implementation is vital for the delivery of the upgrades to these facilities.

### GROWTH OF EVENTS HELD IN THE SHIRE

The increasing number of events being held in the shire presents a challenge of maintaining a thorough event application and authorisation process to ensure compliance regulations are applied and event organisers are receiving adequate support.

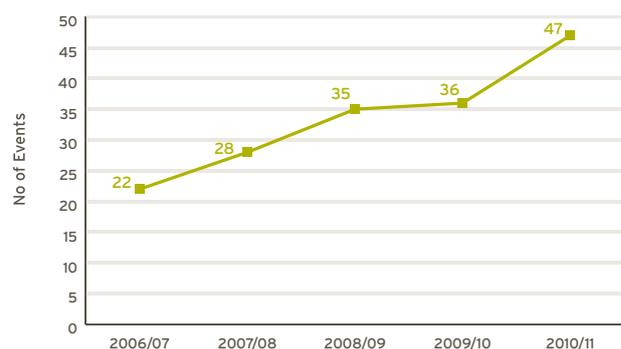
### CHANGES TO EARLY YEARS SERVICES

The federal and state governments require significant changes to be implemented in Early Years services during the next two years. These include the new Early Years Learning Framework; Universal Access, which allows for 15 hours of kindergarten for every child prior to entering school; and Cluster Management for kindergartens. Plans need to be developed to implement these changes.

## The Year Ahead

- > Commence the \$5 million redevelopment of the Bluewater Fitness Centre stadium.
- > Complete and commence implementation of the Public Open Space Strategy.
- > Progress implementation of the Central Reserve Master Plan thorough successful funding submissions.
- > Continue the \$750,000 redevelopment of the Old Beechy Rail Trail.
- > Complete the Apollo Bay Trails Feasibility Study.
- > Strategy Development and review - complete the Apollo Bay Trails Feasibility Study, develop a Playground Strategy and Active Transport Strategy and review the Recreation, Arts and Culture Unit's three key strategies for recreation, events and arts and culture.
- > Review of Enhanced Services for Maternal and Child Health.
- > Implementation of the Active Service Model for people receiving Home and Community Services.

### EVENTS UNDERGOING RISK MANAGEMENT





## Progress on Council Plan Actions

✓ Completed

+ Completed in 2010/2011/repeated annually

> In progress, continuing in 2011/2012

← On hold, for review

Council Plan Strategies	Actions	Status
Support local communities to develop, grow and be great places to live	Implement the Transport Connections Strategy	>
	Liaise with local Real Estate Industry to monitor the local market and encourage diversity in housing choice	✓
	Participate in local and regional Affordable Housing task groups	✓
	Work with Developers to create liveable, affordable and sustainable housing	+

7

*Artriplex cinerea*



# *Our* **People**



*Our people play a vital role in ensuring we deliver our services and meet our business objectives. Colac Otway Shire is committed to providing our employees with a safe and healthy workplace and professional and personal development opportunities to enhance their skills and knowledge, improving both their future and ours.*

LEFT: Colac Otway Shire and Otway Community Health Services staff completed Certificate IV in Home and Community Care Services.  
L - R: Back Row: John Whitwell, Lorraine Simmonds, Pollyanna Day, Kate Sculley, Marj Pitthouse, Kylie Carew, Judy Forssman;  
Middle Row: Dianne Quigley, Sharon McNamara, Simone Conway, Karen Jordan; Front Row, Linda Bonnet

# Our People



## HEALTH AND WELLBEING

The aim of our Health and Wellbeing Program is to promote a safe and productive workplace and lifestyle. This contributes to a healthy, positive workplace culture and is an important part of our staff retention strategy.

Throughout the year, a number of initiatives gave employees information and skills in basic health and wellbeing management, both for the workplace and home, including participating in confidential health checks (approximately 90 staff), eye examinations, financial planning consultations, depression awareness information sessions, flu vaccinations, MAV Local Government Employees Health Plan consultations and subsidised membership to Council's Bluewater Fitness Centre.

Staff were also given the opportunity to participate in well recognised health fundraisers including 'Movember', Australia's Biggest Morning Tea, Jeans for Genes Day (fundraiser for Children's Medical Research Institute), Daffodil Day, Sids and Kids Red Nose Day, RSPCA Cupcake Day and Footy Colours Day (Fight Cancer Foundation).

## EMPLOYEE SUPPORT

Our Employee Assistance Program offers staff a range of emotional, physical and social support services to ensure the ongoing well being of our staff with either personal or work related issues that impact on their general well being and work performance.

## LEARNING AND DEVELOPMENT

Professional development programs were a focus in 2010/11 with training provided on performance management and leadership, report and business writing, as well as programs designed to support confident workplace interactions (p 14).

Training	Attendees
Assertiveness in the Workplace	20
Conflict Resolution	15
Emotional Intelligence and Leadership	16
Minute Taking	14
Project Management	15
Report/Business Writing	15
Time Management	16
Microsoft Excel	20
Microsoft PowerPoint	8

A fundamental principle of good governance is to ensure that we comply with the law. As well as staff receiving specific training 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 2010/11 staff participated in training covering privacy, equal opportunity, risk management and fraud prevention (p 88, 89).

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

## TERTIARY STUDY SUPPORT

Our employees are encouraged to participate in further education. Our Tertiary Study Assistance Program provides financial assistance toward the cost of tertiary study in recognised courses that will benefit their role, career progression and our organisation. We currently have five staff accessing tertiary assistance.

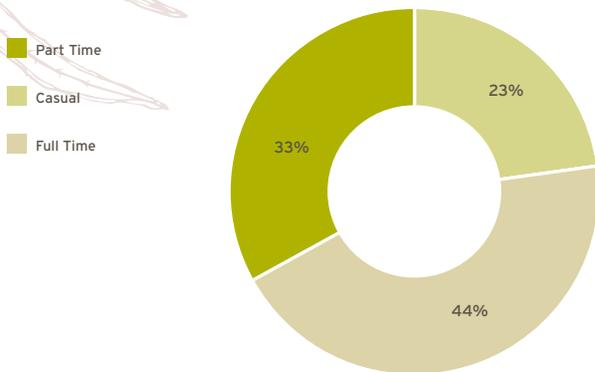
## OCCUPATIONAL HEALTH AND SAFETY (OH&S)

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

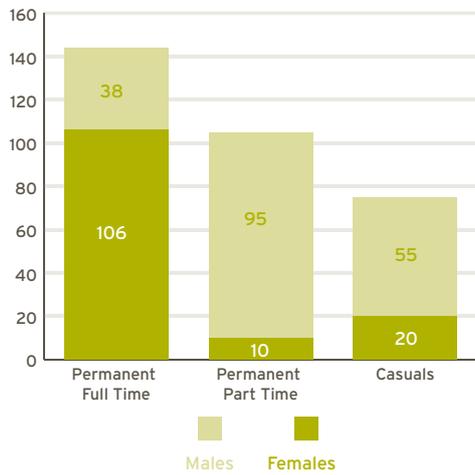
Ongoing OH&S training is an essential element in continuously improving our health and safety performance. In 2010/11 staff participated in a number of training and activities including:

- > OH&S Representative refresher training
- > Cardio Pulmonary Resuscitation (CPR) updates
- > Defensive Driving Training
- > Staff Health and Wellbeing activities
- > Home Care and Personal Care Training (delivered utilising WorkCover Agent Risk Management funding)
- > OH&S/Risk Management/Fraud compliance Training (p 14).

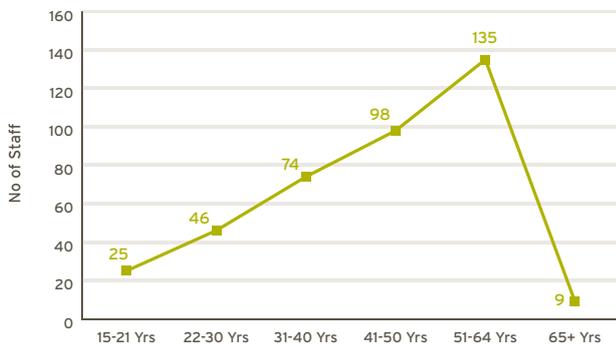
### STAFF BY EMPLOYMENT STATUS



### STAFF BY GENDER AND EMPLOYMENT CATEGORY



### WORKFORCE AGE SPREAD



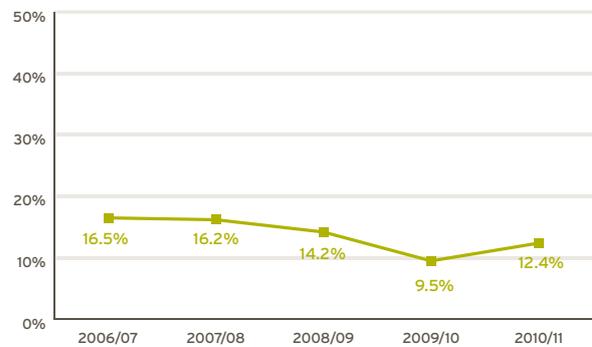
37% of Colac Otway Shire's workforce is 51+ years old. This means that workforce planning initiatives are urgent.

### EQUIVALENT FULL TIME STAFF (EFT)

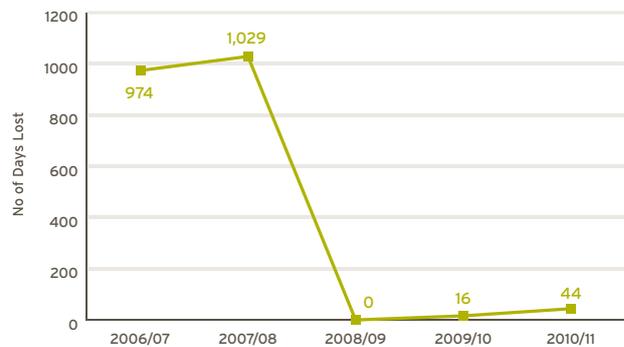
Business Unit	EFT
Apollo Bay Harbour Operations	4.8
Capital Works	5.2
Corporate and Community Services	2.0
Cosworks	47.3
Economic Development	12.7
Environment and Community Safety	14.0
Executive	4.1
Finance	18.2
Health and Community Services	37.8
Information Services	8.7
Infrastructure and Services	2.0
Major Contracts	4.4
Organisation Support and Development	5.1
Planning and Building	12.0
Recreation, Arts and Culture	27.2
Sustainable Assets	4.8
Sustainable Planning and Development	2.0
<b>TOTAL</b>	<b>212.3</b>

Note: EFT is based on annual hours worked in each business unit

### ANNUAL STAFF TURNOVER RATE



### DAYS LOST DUE TO INJURY



The nature of the injuries in 2006/07 and 2007/08 made return to work programs extremely difficult to achieve.

# Our People

## DEVELOPING OPPORTUNITIES IN LOCAL GOVERNMENT EMPLOYMENT

Colac Otway Shire participated in the Colac Expo 'It's Your Career', which provided young people with the opportunity to explore and consider their role in the future of this community. This was a great opportunity to expose students and their families to the range of job opportunities and career pathways that exist in Local Government. Approximately 160 students attended our stall and participated in an activity specifically designed to highlight careers available to them at Colac Otway Shire (p 15, 58).

## STUDENT WORK PLACEMENTS

Our secondary school work placement program provides students with opportunities to get an insight into the workplace and helps students gain valuable industry experience. Students from local schools participated in placements in Information Technology, Engineering, Horticulture and Administration.

Colac Otway Shire also provided opportunities for university students looking to enhance their discipline specific skills and employability skills. Students were placed in Maternal and Child Health and Engineering where they were involved in particular projects, given opportunities to observe management and were integrated into workplace teams.

## RECRUITMENT SUCCESS

Recruitment during 2010/11 has resulted in almost all positions filled as they became vacant, with council attracting multiple applicants to positions that have traditionally been hard to fill. Our continued emphasis on promoting council's career opportunities to local, regional, national and international candidates has reaped rewards. 52 positions were advertised, attracting 530 applications.



ABOVE: John Neal on his "beloved Cat grader"



LEFT: Getting into Movember, Ian Williams, Stewart Anderson and Travis Riches RIGHT: Barbara Tucker and Jo Garner receiving their Recognition Awards for 5 years of service

## APPRECIATING OUR STAFF

Colac Otway Shire continues to build on a culture that recognises, encourages and celebrates successes in the workplace, with monthly and annual recognition awards and functions. This year 29 employees were recognised for key service milestones:

### *30 Years:*

Norm Dowie, Lillian Caspar, Betty Monahan, Mark Robinson and Gary McDougall

### *25 Years:*

Lorraine Black, Andrew Corp and Lorraine Brown

### *20 Years:*

Jan Gurrie

### *15 Years:*

Brian Edwards, Rob Harrowfield, Noel Symons, Leanne Robinson and Ann-Maree Convery

### *10 Years:*

Adam Lehmann, Kevin Young, Janice Dowie, Andrew Barber, Arthur Watson, Terry Maisey, Merinden Trebilcock and Ben DeBruyn

### *5 Years:*

Wendy Palmer, Emily Haslem, Jo Garner, Matthew Craddock, Barbara Tucker, Cheryl Goodwin and Carolyn Betts

### *Retirement*

John Neal retired after 42 years of valued service at council's works and services arm, CosWorks, and a civic reception was held in his honour.



*Allocasuarina Paludosa*



*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.*

# Corporate Governance



## 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 affecting 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 Council Plan can be viewed on council's website at [www.colacotway.vic.gov.au/Page/page.asp?Page\\_Id=457&h=0](http://www.colacotway.vic.gov.au/Page/page.asp?Page_Id=457&h=0)

The 2010/11 Annual Report is reporting against the second year of the 2009-2013 Council Plan. The Council Plan has six Key Result Areas guiding the growth and development of our municipality.

These are:

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

## 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

In September 2010, amendments were made to the *Local Government Act 1989* which included some changes to the information that has to be disclosed in primary and ordinary returns. As a result of the changes copies of guidance information was provided to all councillors and nominated staff to assist them in the completion of their returns.

Copies of the following publications were provided to councillors for information:

- > Conflict of Interest In Local Government, A provisional Guide with amendments to 1 October 2010 published by Local Government Victoria; and
- > Conflict of Interest A Guide for Councillors (Draft) March 2011 published by Local Government Victoria.



## 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

## LOCAL GOVERNMENT INVESTIGATIONS AND COMPLIANCE INSPECTORATE (INSPECTORATE)

The Local Government Investigations and Compliance Inspectorate undertook an audit from 14 to 17 December 2010. The audit was part of their scheduled rolling audit program.

The purpose of the audit was to assess Colac Otway Shire Council's level of compliance with the *Local Government Act 1989* and provide feedback in relation to other governance practices.

The audit included 26 topics which were each given a performance rating.

An action plan has been noted for each of the items that were classified as Close to Compliant and Not Compliant:

### Close to Compliant:

- > Budget (submitted to the Minister outside the statutory timeframe)
- > Primary and Ordinary Returns - Nominated Officers (returns submitted outside the prescribed period)
- > Primary and Ordinary Returns - Councillors (returns submitted outside the prescribed period)

### Not Compliant:

- > Special Committees (minutes of all Special Committees not submitted within statutory requirements)
- > Senior Officer Contracts (3 contracts did not include performance criteria)

A plan of action has been developed to address these items.

## POLICIES, STRATEGIES AND PLANS

The following policies, strategies and key plans were reviewed and or adopted by council during 2010/2011:

Document	Date Endorsed/Adopted
Great South Coast Regional Strategic Plan	28 July 2010
Bluewater Fitness Centre Stadium Feasibility Study Final Report	28 July 2010
Landscaping Sponsorship Policy	25 August 2010
Off Loading of Livestock at the Colac Livestock Selling Centre Policy	25 August 2010
Skate Park Events and Hire Policy	25 August 2010
Playground and Skate Park Maintenance and Improvement Policy	25 August 2010
Plaques and Memorials in Colac Botanic Gardens Policy	25 August 2010
Councillor Support Policy	25 August 2010
Environment Action Plan 2010-2012	22 September 2010
Influenza Pandemic Plan	27 October 2010
Early Years Plan	23 February 2011
Risk Management Policy	30 March 2011
Internal Audit Policy	30 March 2011
Fraud Prevention Policy	30 March 2011
Public Health & Wellbeing Plan 2010-2013	27 April 2011
Access, Equity and Inclusion Plan 2010-2013	25 May 2011
Colac Community Library & Learning Centre - Access Report	29 June 2011
Long Term Financial Plan	29 June 2011



## *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 web site at [www.colacotway.vic.gov.au/Page/page.asp?Page\\_Id=457&h=0](http://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 at Council Chambers in Colac. During the year, ordinary council meetings were also held around the shire in the following towns:

Cressy: August 2010  
 Apollo Bay: November 2010 and February 2011  
 Birregurra: June 2011

On occasions, Special Council meetings are called to consider specific matters. Minutes of the council meetings are available on council's web site at [www.colacotway.vic.gov.au/Page/page.asp?Page\\_Id=265&h=0](http://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 No 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.

### COUNCILLOR ATTENDANCE AT MEETINGS

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

	Number of Council and Statutory Meetings		Date Endorsed/Adopted	
	Eligible to Attend	Attended	Eligible to Attend	Attended
Cr Brian Crook (Mayor)	13	13	3	3
Cr Stephen Hart	13	13	3	3
Cr Frank Buchanan	13	13	3	3
Cr Stuart Hart	13	11	3	2
Cr Geoff Higgins	13	12	3	3
Cr Lyn Russell	13	13	3	3
Cr Chris Smith	13	13	3	1

The statutory meeting, including election of the mayor, was held on Wednesday 8 December 2010.



LEFT: ABC announcer Kathy Bedford, Cr Lyn Russell and CEO Rob Small RIGHT: Colac Otway Shire Mayor Brian Crook, Member for Corangamite Darren Cheeseman and Surf Coast Shire Mayor Dean Webster in Canberra

## ORDINARY COUNCIL MEETING BRIEFING SESSIONS - COUNCILLOR ATTENDANCE

Councillor	2010						2011					
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Brian Crook	✓	✓	✓	✓	PT	✓	✓	✓	✓	✓	✓	✓
Stephen Hart	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Frank Buchanan	✓	✓	✓	✓	✓	PT	✓	✓	✓	✓	✓	✓
Stuart Hart	✓	✓	✓	✓	✓	✓	✓	x*	PT	✓	✓	PT
Geoff Higgins	PT	✓	PT	x	x*	x*	PT	✓	PT	PT	x*	✓
Lyn Russell	✓	✓	✓	✓	✓	✓	✓	✓	✓	PT	PT	✓
Chris Smith	x*	x	x	x	x	x	x	x	PT	x	x	x

✓ = Present; x = Absent; x\* = 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](http://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. The following table indicates the equipment currently provided to each councillor:

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

# Corporate Governance

## Elected Representatives (continued)

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 allowances paid to councillors for the reporting period:

Councillor	Allowance (including superannuation)	Travel <sup>2</sup>	Total
Cr Brian Crook <sup>1</sup>	45,010	-	45,010
Cr Stephen Hart	22,341	10,234	32,575
Cr Frank Buchanan	22,341	15,869	38,209
Cr Stuart Hart	22,341	4,380	26,720
Cr Geoff Higgins	22,341	-	22,341
Cr Lyn Russell <sup>1</sup>	44,350	970	45,320
Cr Chris Smith	22,341	10,108	32,448
<b>Total</b>	<b>\$201,064</b>	<b>\$41,560</b>	<b>\$242,624</b>

### Notes:

1. Cr Crook elected as Mayor on 8 December 2010, taking over from Cr Russell. A councillor vehicle, currently a Toyota Corolla, 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 2010 to 30 June 2011.

## 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 as follows:

Committee	Councillor	Meeting Frequency	Purpose/Comments
Audit Committee (Advisory Committee)	Cr Stephen Hart Cr Stuart Hart (includes 2 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 Advisory Committee	Cr Brian Crook Cr Frank Buchanan Cr Lyn Russell 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 Brian Crook Cr Frank Buchanan Cr Stuart Hart Cr Lyn Russell	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.



Committee	Councillor	Meeting Frequency	Purpose/Comments
Grants/Community Funding 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 Frank Buchanan Cr Lyn Russell Cr Stuart Hart Cr Geoff Higgins	Once a year in May, and other meetings as required	To consider the applications received for the Small Town Improvement Program.
Central Reserve Advisory Committee	Cr Brian Crook	Bi-monthly	To facilitate communication between council, park user. And local residents about matters concerning planning, development, maintenance and operation of the reserve.
Colac Livestock Selling Centre Advisory Committee	Cr Geoff Higgins	Annual Budget meeting and other meetings as required	To provide advice on the operations of the centre and make recommendations to council
Friends of the Colac Botanic Gardens Committee (Advisory Committee)	Cr Chris Smith	Monthly	To undertake projects and advise council on the care and protection of the gardens
Lake Colac Coordinating Committee (Advisory Committee)	Cr Geoff Higgins Cr Chris Smith		To be a forum to implement the Lake Colac Management Plan and the Lake Colac Master Plan
Municipal Emergency Management Planning Committee (MEMPC)	Cr Stuart Hart	Quarterly	To ensure the prevention of, the response to, and the recovery from emergencies that could occur within the shire



# Corporate Governance

## Elected Representatives (continued)

### COUNCIL REPRESENTATION ON OTHER COMMITTEES

In addition to the previously listed committees, councillors represented the council on the following other committees and groups:

#### *Cr Brian Crook, Mayor*

- > Australian Local Government Association
- > Barnard Trust Committee
- > Colac Central Activities Area Master Plan Steering Committee
- > Community Hub
- > COPACC Trust
- > G21 Board
- > G21 Education & Training Pillar
- > G21 Transport Pillar
- > G21 Recreation Pillar
- > Great South Coast Municipalities Group
- > Rural Councils Network (Vic)

#### *Cr Stephen Hart, Deputy Mayor*

- > Australian Local Government Association
- > Barwon Regional Waste Management Committee
- > Colac Community Library & Learning Centre Joint Use Advisory Committee
- > Community Hub
- > 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
- > Colac Road Hierarchy & Heavy Vehicle Truck Route for Colac Township Community Reference Group
- > G21 Economic Development Pillar
- > Port of Apollo Bay Consultative Group
- > Public Open Space Strategy Steering Committee

#### *Cr Stuart Hart*

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

#### *Cr Geoff Higgins*

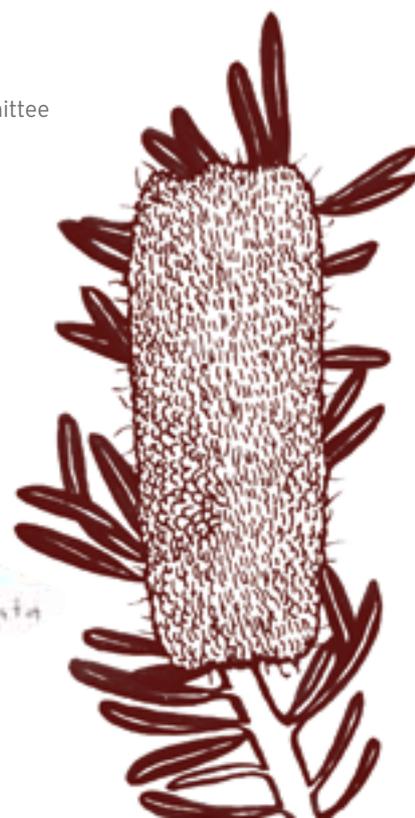
- > Colac Road Hierarchy & Heavy Vehicle Truck Route for Colac Township Community Reference Group
- > Lake Colac Community Advisory Committee
- > Municipal Aerodrome Committee - Colac
- > Ondit Quarry Consultative Committee
- > Timber Towns Committee
- > Tirrengower Drainage Scheme Committee of Management
- > Weeds Consultative Committee

#### *Cr Lyn Russell*

- > Colac Affordable Housing Strategy
- > Colac Otway Network of Community Centres
- > Geelong Otway Tourism Board
- > G21 Health & Wellbeing Pillar
- > Otways Tourism Inc.
- > Rural Financial Counselling Service

#### *Cr Chris Smith*

- > COPACC Trust
- > Dairy Industry Training Committee
- > Old Beechy Line Committee
- > Youth Council





## 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.

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

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

Mr Mike Said was reappointed Chairperson of the committee in March 2011.

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 2010.

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.

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

Compliance with Laws & Reporting	Internal Control
External Audit	Risk Management
Financial Reporting	Other Issues
Internal Audit	

### Outcomes

- > Developed an Audit Committee Plan for the year
- > Review and endorsement of the 2009/10 Financial Statements, Standard Statements, Performance Statement and Audit Management Letters
- > Review End of Year Management Report 2009/10
- > Review of various Victorian Auditor General's Reports to Parliament applicable to Local Government including Business Continuity Management in Local Government
- > Review of the 2010/11 External Audit Strategy and development of an Internal Audit program
- > Review of Audit Committee Charter, Fraud Prevention Policy and Risk Management Policy
- > 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 Benchmarking/Performance Indicator Information
- > Monitoring of Road Management Plan compliance
- > Quarterly reporting of Fraud Control Program
- > Review of Quarterly Performance Reports to Council
- > Review of Council Plan, Budget and Long Term Financial Plan processes
- > Reviewed the audit scopes, reports and recommendations of internal audit projects, including Local Laws, Debtor Management (non rates) and COSworks including the Colac Livestock Selling Centre and Prior Year recommendations
- > Review of Local Government Investigations and Compliance Inspectorate Audit Report
- > Review of Waste Management results
- > Review of Fraud Prevention/Control Policy
- > Review of updates on Tendering and Contracting

Council's External Auditor is Coffey Hunt.

Council's Internal Auditor is Crowe Horwarth.

# Corporate Governance

## 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. Risk treatments are incorporated into business planning and reporting functions of council officers as they are identified.

### STRATEGIC RISK MANAGEMENT

In 2010/11 council's Risk Management Policy was reviewed to ensure compliance with ISO 31000 and to ensure our Risk Management Strategy is meeting the needs of council's activities. The policy was endorsed by council's Audit and Risk Management Committees and adopted by council in March 2011.

Use of the Interplan® Risk Management tool ensures key risks are linked to business unit plans and performance plans, with managers receiving greater training in 2011.

Key risks continue to be reported to council's Audit Committee with detailed quarterly Risk Adherence reports supplied by council officers.

### RISK MANAGEMENT COMMITTEE

Council's Risk Management Committee met in accordance with its terms of reference and, amongst standing agenda items, considered the following key issues:

- > Safety Map Action Plans resulting from our 2010 Audit
- > Asset and Insurance Register Review
- > Motor Vehicle claims reduction
- > Essential Safety Measures for Buildings.

### EXTERNAL RISK ASSESSMENT

In February 2011 council had its regular JMAPP (JLT Municipal Asset Protection Plan) Audit. The audit identified an improved performance in our areas of fidelity and identified areas for improvement in our asset risk management. The improvement areas identified from the JMAPP audit followed on from an internal review of our asset base and its value during 2010/11, which we believe will strongly position council to maintain insurances at a more realistic level for protection of the assets and those council or community groups the assets serve.

SafetyMap re-certification was achieved in August 2010 following a successful 4 day audit. There were only five Corrective Actions Required (CAR's) required of Council following the audit:

- > Review of the OH&S Management Plan
- > Testing and tagging of electrical items to be completed at all locations
- > Hearing tests to be conducted for all at risk employees within 3 months of commencement

- > Missing and out of date Material Safety Data Sheets (MSDS) to be updated
- > Evacuation drills not conducted within past 12 months.

All of these issues were rectified prior to the September deadline, enabling council to be deemed compliant with the criteria and to maintain our SafetyMap certification.

### INSURANCES

Council's assets were revalued in 2009/10 resulting in a substantial increase in the insurable value of our assets. This increased our insurance premiums in 2010/11.

Council was pleased with its performance in receiving a substantial reduction in our WorkCover insurance premium and in having another strong performance in injury management, which will assist us with our premium in 2011/12.

In addition to our major insurances council also has insurances for Motor Vehicle, Airport Operators Liability, Contract Works, Personal Accident, Statutory and Business Practice Liability, Councillor and Officers Liability, General and Products Liability. The diversity of this premium portfolio supports delivery of council's range of services whilst managing the associated risks at an acceptable level.

#### *Public & Professional Liability*

Civic Mutual Plus (CMP) conduct their audits over a two year cycle, with a targeted risk assessment being offered in the year when council is not being audited. Our audit score for this two-year cycle was 89%, which placed us equal second for our region and ranked us 20th for the state. This year council chose to have our targeted risk assessment conducted on Special Committees. Targeted risk assessments are not scored, but the recommendations that have been made will be incorporated into reviews of our processes around the operation of special committees.

#### *Asset Insurance/Fidelity Insurance*

JLT Municipal Asset Protection Plan Discretionary Trust (JMAPP) provide council's asset insurance and also conduct their audits over a two year cycle with the audit year being offset from that of the Liability Mutual Insurance audit. Municipal Officers Fidelity Guarantee Fund (Fidelity) audit is conducted concurrently with the JMAPP Audit. Disappointingly, our JMAPP audit result dropped this year with a result of 76%. This result is attributed to a lack of resources to conduct the necessary pro-active inspections on council's assets, partly due to the emphasis put on the review of our assets register in 2010/11 to ensure our asset base was correctly valued to protect against loss in our insurances. However, on a positive note, our fidelity score in this audit improved by 8% to 65%.



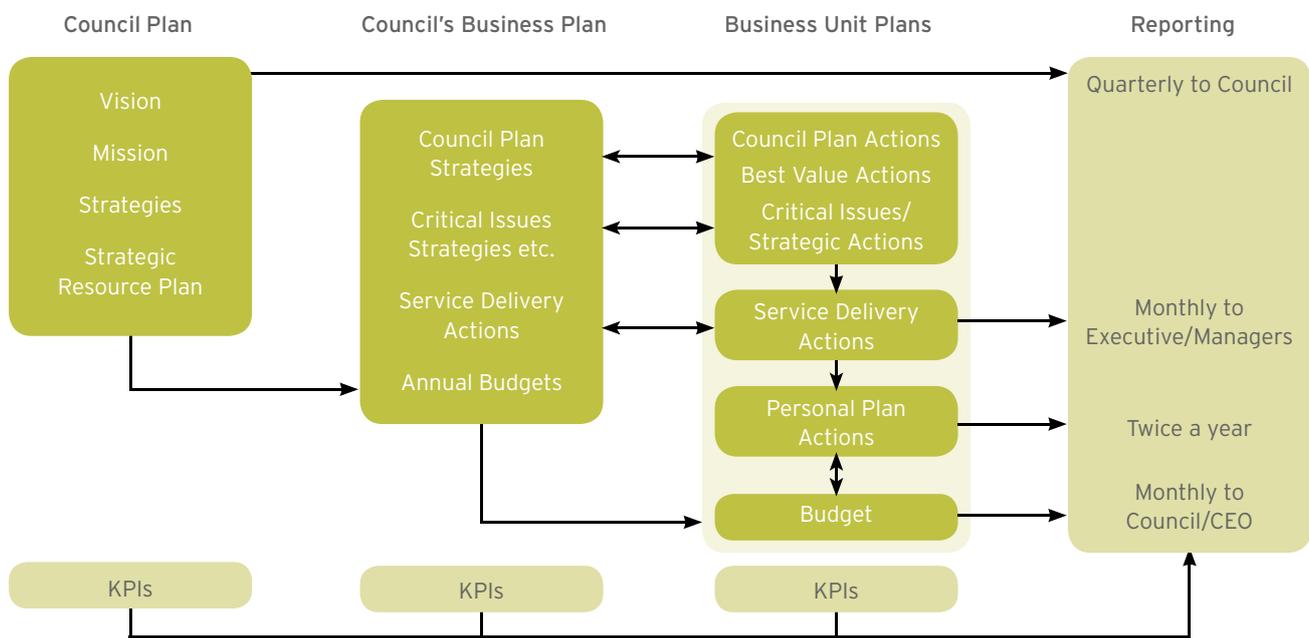
## Business Planning

Our integrated business planning framework was augmented this year with the purchase of an additional module (Shuttle Plans), which integrates specialist plans with our council planning and performance management framework.

This will create a consistent approach to the development of specialist plans across the organisation and will locate all

organisational plans and commitments in one area, allowing integrated reporting and monitoring of key plans and strategies. Our key focus remains that of continuing to strengthen the linkages between the Council Plan, annual business unit plans and employees' personal plans.

### INTEGRATED 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

# Corporate Governance

## Continuous Service Improvement

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

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

During 2010/11 our major focus has been on improvements to some of the larger key systems and processes that impact the functioning of the organisation. The improvements resulting from this work will better place the organisation going forward and will enable improvements in the quality and cost of the services we provide.

A large undertaking has been the replacement of our outdated electronic records management system. The new system, which comes on line in September 2011, will vastly improve both the effectiveness of capturing and managing data and will produce efficiencies in timeliness to both store and retrieve information.

The second major system improvement is to project management methodology. Key staff have completed the intensive, certificated course in the Prince2® methodology and, in partnership with consultants, are tailoring a framework that will result in well considered and viable projects, close up the weakness in evaluation of completed projects and improve future planning.

A review of service levels across the organisation is a large project that commenced in 2010/11 and will continue through the 2011/12 financial year. The planning work for the introduction of the Business Excellence Framework (BEF) has been undertaken and will become operational in September 2011. BEF will apply rigour to the service levels process and to the progressive examination of our services through the application of BEF principles and of those contained in the Best Value legislation.

## 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](http://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. In 2010/11 all staff undertook Privacy Refresher Training conducted by Privacy Victoria. No complaints were received during 2010/11.

### 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 [www.colacotway.vic.gov.au/Page/Page.asp?Page\\_Id=590&h=1](http://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

2010-11	17
2009-10	9
2008-09	22
2007-08	15
2006-07	12

### 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](http://www.colacotway.vic.gov.au/Page/page.asp?Page_Id=1758&h=1) or obtained from the Colac shire offices.

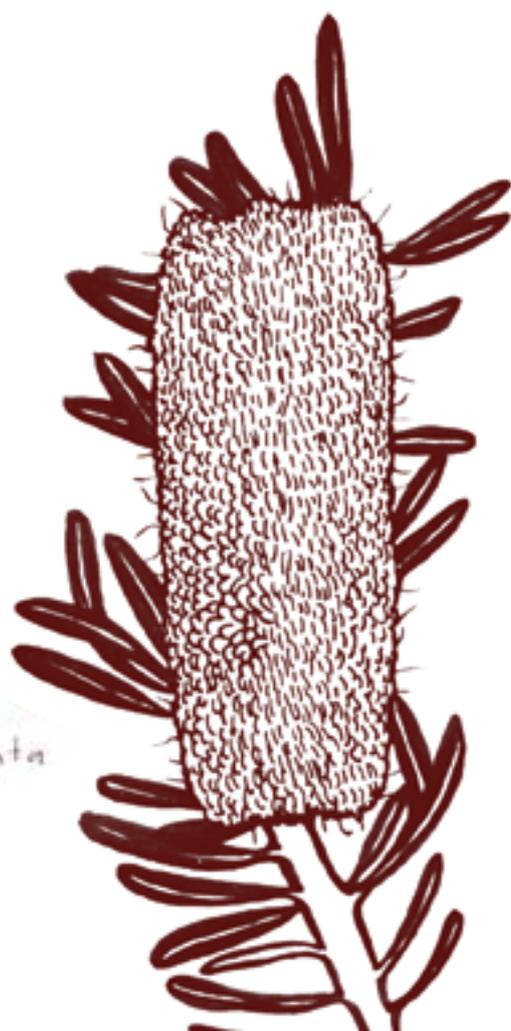
Disclosures may be made either to the council or directly to the Ombudsman. Disclosures may be made by members of the public, other organisations or council employees. No disclosures were received in 2010/11.

### 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. In 2010/11 all staff undertook Equal Opportunity Refresher Training conducted by the Victorian Equal Opportunity and Human Rights Commission.

### 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 2010/11.



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# Corporate Governance

## Legislative Compliance (continued)

### 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 Pound is run in strict accordance with the code of practice for Pounds and Shelters.

Council is effectively implementing the actions in the Domestic Animal Management Plan. The 2010/11 Animal Registrations process resulted in a significant increase in the number of animals registered in the shire. Outstanding animal registrations were followed up with inspections and by implementing a process to issue infringement notices for non-compliance and this is helping to increase responsible animal ownership in the region. As at 30 June 2011 there were 6,306 domestic animals registered with council; 4,821 dogs and 1,485 cats.

- > Of the 304 dogs impounded, 245 were returned to their owner, 38 were rehoused and 21 were euthanased
- > Of the 175 cats impounded, 10 were returned to their owner, 18 were rehoused and 147 were euthanased. Whilst the number of cats humanely destroyed appears to be disproportionately high, this is due to the majority of these being feral animals.

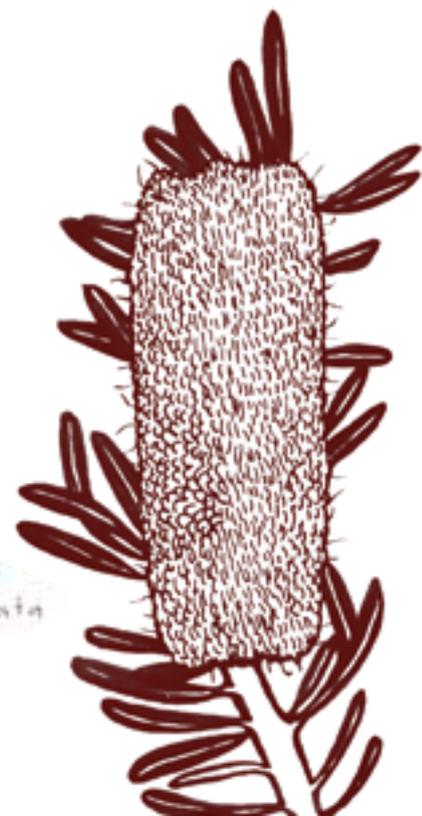
Overall, of the 479 animals impounded, 72 percent were returned to their owner or re-housed. However, this only represents the animals that were physically brought to the pound and does not include the many animals that were able to be taken straight home.

The Domestic Animal Management Plan provides council with a sound basis from which to can 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 2009 Victorian Bushfire Royal Commission Recommendations. We have also carried out our responsibilities to maintain strategic fire breaks identified in the plan and undertaken the fire prevention inspection process during the fire danger period. Courtesy letters were sent to over 9,500 property owners in October 2010 highlighting the need for the community to prepare for the start of the fire season in November. A total of 839 Fire Prevention Notices were issued to property owners who did not effectively maintain their property to the required standards. Only 27 properties failed to comply with the requirements of a fire prevention notice.





## National Competition Policy and Compliance 2010-2011

### 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 2010 to 30 June 2011, in accordance with the requirements outlined in National Competition Policy and Local Government (Revised 2011) as set out below:

<b>A. Trade Practices Compliance</b> State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress.	Compliant
<b>B. Local Laws Compliance</b> State whether the Council is compliant or non-compliant. List any local laws made or remade during 2010-11 which impose a restriction on competition:	Compliant
<b>C. Competitive Neutrality Compliance</b> 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 2010-2011 National Competition Policy reporting guidelines, and
- b) this statement presents fairly the Council's implementation of the National Competition Policy.

Signed:

(Chief Executive Officer)

Date: 26 July 2011

# Corporate Governance



## Grants and Donations to the Community

To assist our community undertake cultural, recreational, environmental and community support projects and activities, council provides grants and donations to community groups and organisations. In 2011 we gifted a total of \$417,993 to our community; \$125,801 (a combination of \$117,476 plus \$8,325 remaining from the 2009/10 allocation) was granted as a result of applications for funding by community groups and organisations for a variety of projects ranging from minor maintenance to sporting clubs and arts and theatre groups, and \$292,192 was allocated by council to provide support for community events and organisations. Aggregated over the last 5 years this is a \$1.64 million investment in the social fabric of our community (p 9, 14, 64).

### COMMUNITY SUPPORT GRANTS AND DONATIONS

A five year view of the Community Support Grants and Donations reveals council has provided a total of \$570,059 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 \$1,074,132 in Major Grants and Donations to support community events and organisations.



## Council Memberships

Organisation	Amount
Geelong Otway Tourism	\$81,081
G21 - Geelong Regional Alliance	\$42,900
Barwon Regional Waste Management Group	\$13,192
Livestock Saleyards Association of Victoria	\$2,951
Timber Towns Victoria	\$2,200
Local Government Professionals	\$1,650
TaxEd	\$1,295
Eco Buy	\$1,265
National Sea Change Taskforce	\$1,250
Victorian Association of Performing Arts Centres	\$990
Tourism Alliance Victoria	\$950
ICLEI	\$781
Local Government Finance Professionals	\$575
Parks and Leisure Australia	\$575
Australian Airports Association	\$550
Australian Performing Arts Centres Association	\$510
Victorian Community Transport Association	\$242
Community Transport Organisation	\$165
Cemeteries and Crematoria Association of Victoria	\$70
<b>Total</b>	<b>\$153,192</b>

## Public Access to Registers and Documents

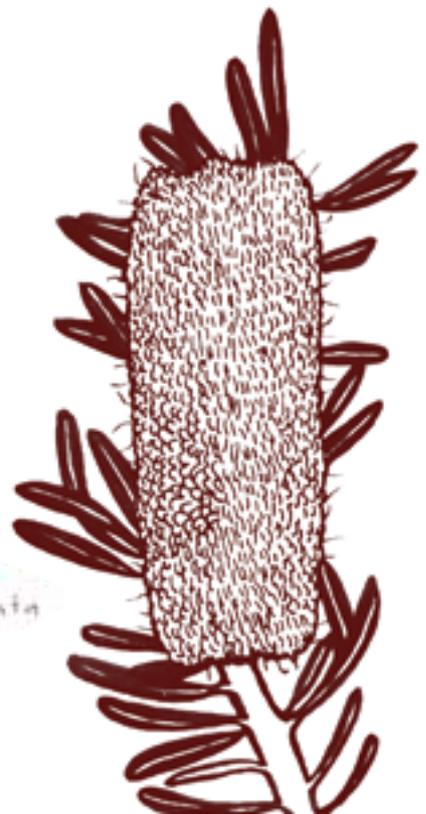
Council is a member of a number of groups/organisations including the following key memberships:

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*
- > 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](http://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.

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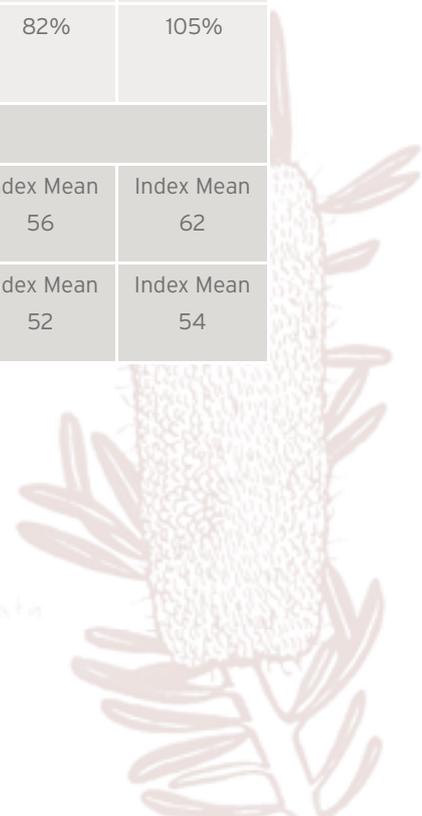
# Corporate Governance

## 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):

	2006/07	2007/08	2008/09	2009/10	2010/11
<b>Affordability</b>					
Average rates and charges per assessment	\$1,069	\$1,151	\$1,228	\$1,288	\$1,400
Average rates and charges per Residential assessment	\$950	\$1,090	\$1,000	\$1,031	\$1,151
<b>Sustainability</b>					
Average liabilities per assessment	\$698	\$619	\$695	\$887	\$977
Operating result per assessment - surplus/ (deficit)	\$71	\$48	\$129	\$213	\$222
<b>Services</b>					
Average operating expenditure per assessment	\$2,069	\$2,246	\$2,437	\$2,528	\$2,580
Community Satisfaction Survey for overall performance generally of the Council	Index Mean 63	Index Mean 51	Index Mean 57	Index Mean 55	Index Mean 58
<b>Infrastructure</b>					
Average capital expenditure per assessment	\$601	\$630	\$564	\$895	\$780
<b>Renewal</b>					
Current spending on renewal to Asset base consumed during the year	83%	97%	70%	71%	109%
<b>Renewal and Maintenance</b>					
Current spending on renewal plus maintenance to Asset base consumed during the year, plus maintenance	90%*	98%	105%	82%	105%
<b>Governance</b>					
Community Satisfaction Survey for Council's advocacy and community representation on key local issues	Index Mean 63	Index Mean 54	Index Mean 57	Index Mean 56	Index Mean 62
Community Satisfaction Survey for Council's engagement in decision-making on key local issues	Index Mean 62	Index Mean 45	Index Mean 51	Index Mean 52	Index Mean 54

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



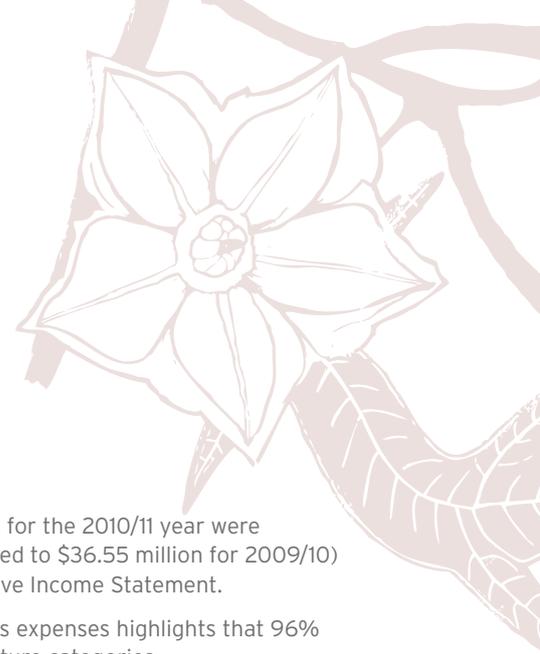


## *Financial* **Performance**

*Financial Reporting provides essential information for understanding the financial position of Colac Otway Shire and assessing our performance over the past year. It also enables our community and all stakeholders to consider the ability of Council to continue to deliver current services and maintain existing facilities in the longer term.*

ABOVE: Californian Redwoods planted in the 1930s, Aire River PHOTO: Margaret Metcalfe

# Financial Performance



## Financial Performance

### IN BRIEF

- > Achieved an \$18.9 million surplus for the period, which was \$16.9 million above budget expectations due to initial asset recognition.
- > Achieved an underlying deficit of \$1.36 million which was \$0.18 million above expectations. This continues the long term trend towards an underlying surplus.
- > Ended the 2010/11 financial year with a cash balance of \$10.77 million.
- > Decrease in Non-Current Assets by \$0.8 million as a result of a revaluation of road assets.

### OPERATING RESULTS

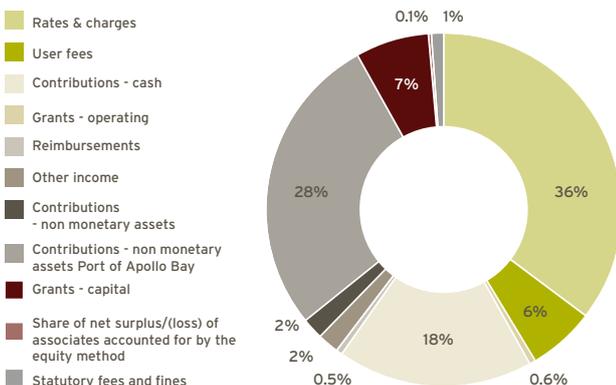
Council achieved an \$18.9 million surplus for the 2010/11 financial year. This is the fifth successive year that we have achieved a surplus, which is a tremendous result given the increasing demands placed upon council services and the tightening of revenue opportunities during the year. One of the major challenges of council will be to maintain ongoing surpluses to fund infrastructure renewal requirements.

### REVENUE

Council's total revenue for the 2010/11 year was \$56.60 million (as opposed to \$39.13 million for 2009/10) as per the Comprehensive Income Statement. The major contributor to the increase in income as compared to the previous year was the initial recognition of the Port of Apollo Bay assets as 'contributed assets - Port of Apollo Bay'.

A breakdown of council's revenue sources highlights that 82% of council's income is derived from three income categories:

- > Rates and charges 36%
- > Operating grants - non-monetary assets - Port of Apollo Bay 28%
- > Capital grants 18%

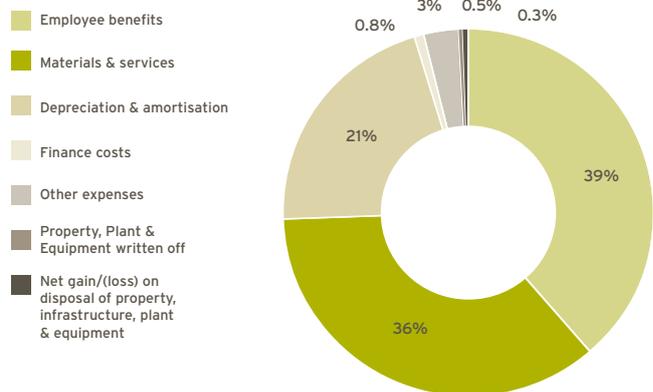


### EXPENDITURE

Council's total expenses for the 2010/11 year were \$37.70 million (as opposed to \$36.55 million for 2009/10) as per the Comprehensive Income Statement.

A breakdown of council's expenses highlights that 96% relates to three expenditure categories.

- > Employee Benefits 39%
- > Materials and Services 36%
- > Depreciation and Amortisation 21%



## CAPITAL WORKS

During the financial year, council invested \$11.4 million on Capital Works projects. The investment on capital works continues to focus on addressing the considerable issue of maintaining or renewing the community's existing assets.

Some of the many projects undertaken during the year include:

- > Completion of the Apollo Bay Waste Transfer Station
- > Civic hall upgrade
- > Continued development of the Old Beechy Rail Trail
- > Horden Vale Road rehabilitation
- > Completion of the Colac Community Library and Learning Centre
- > Queen Street road widening.



## ASSETS

Council's total assets are \$254 million, a \$0.1 million increase over the previous year. The major components of assets are:

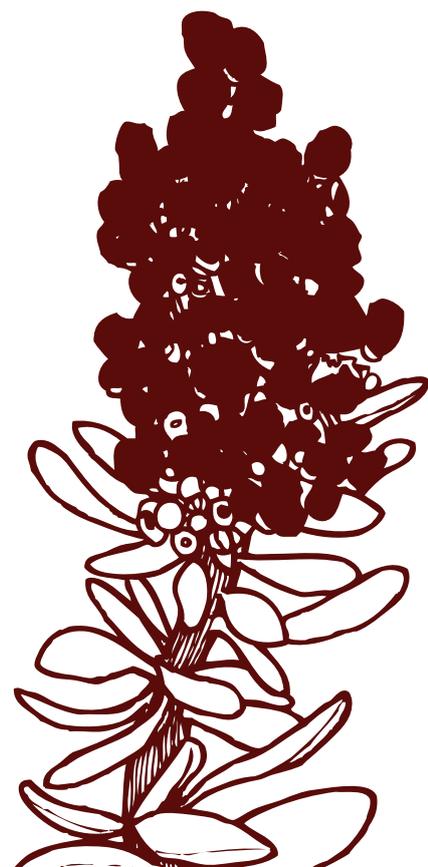
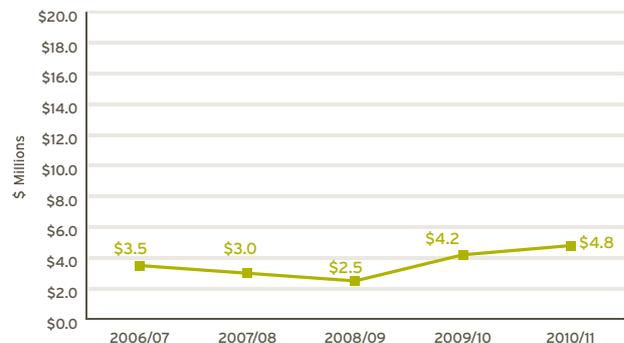
- > Property, plant, equipment and infrastructure (land, buildings, roads, bridges etc)
- > Cash assets (mainly short term investments).

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 total liabilities are \$14.29 million as at 30 June 2011.

Council's loan liability levels have increased during the year to \$4.85 million due to finalisation of the new Colac Community Library and Learning Centre and the Apollo Bay Waste Transfer Station. Current debt levels mean that we are operating well within the Victorian State Government prudential ratio limits.



# Financial Performance

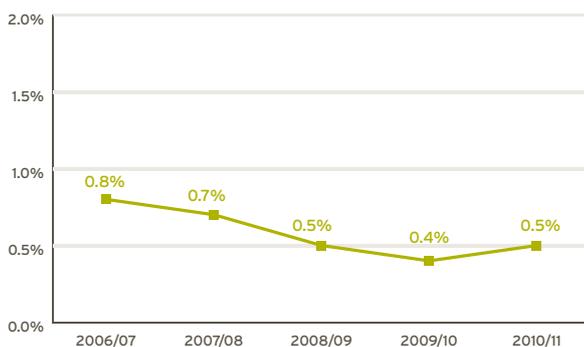
## Financial Indicators

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

### DEBT SERVICING RATIO

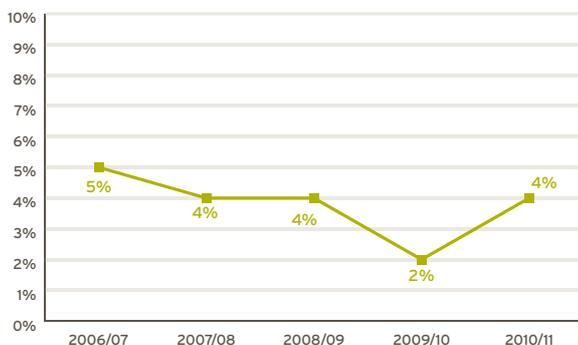
The Debt Servicing Ratio essentially shows how much council spends on maintaining our outstanding debts compared with how much revenue council earns. The lower the ratio, the better off council is. These debt-servicing costs refer to the payment of interest on loan borrowings, finance lease interest 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 0.54% being well under the prudential limit of 5% set by the Victorian State Government.



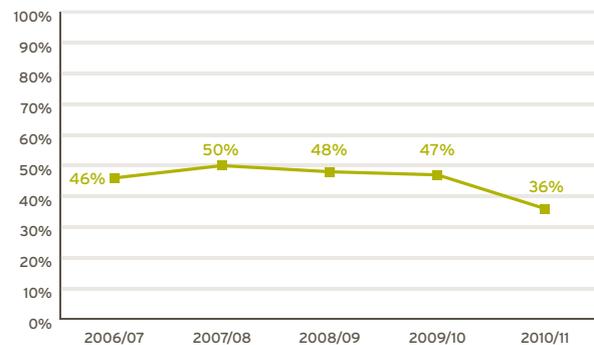
### DEBT COMMITMENT RATIO

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.



### REVENUE RATIO

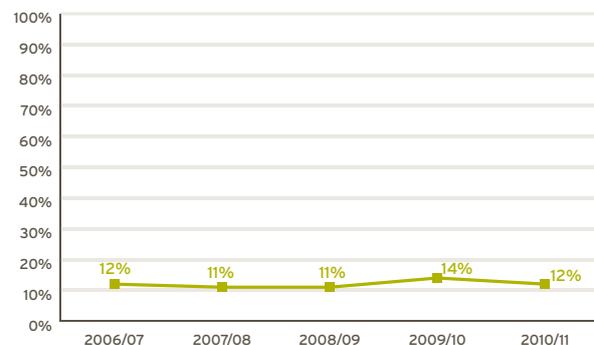
The Revenue Ratio shows the level of council's reliance on rate revenue. It is an indication of how much of council's total revenue comes from rates and charges. It is influenced by other revenue sources such as government grants, contributions, special charges, user fees and charges. Rate income is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



### 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 ratio is well under the limit of 50% set by the Victorian State Government.



## 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.

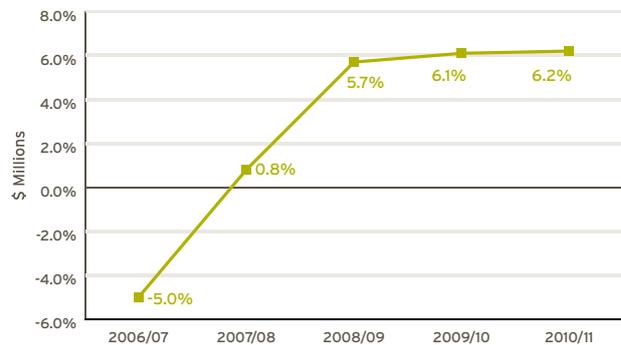
## FINANCIAL SUSTAINABILITY RISK MATRIX

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

Indicators	Colac Otway Result	Risk Levels		
		High	Medium	Low
Underlying Result Ratio	6.2%	Negative 10% or less	Between negative 10% and zero	Greater than zero
Liquidity Ratio	241%	Equal to or less than 100%	Between 100% and 150%	Greater than 150%
Indebtedness Ratio	33.8%	Greater than 60%	Between 40% and 60%	Less than 40%
Self-Financing Ratio	30.8%	Less than 10%	Between 10% and 20%	Greater than 20%
Investment Gap Ratio	158%	Equal to or less than 100%	Between 100% and 150%	Greater than 150%

## UNDERLYING RESULT RATIO

This ratio includes capital grants, which aid in generating an underlying surplus that can be utilised for new assets or asset renewal. This result places council within the 'Low' risk category of the Victorian Auditor General Risk assessment for the financial sustainability of council (p 13).



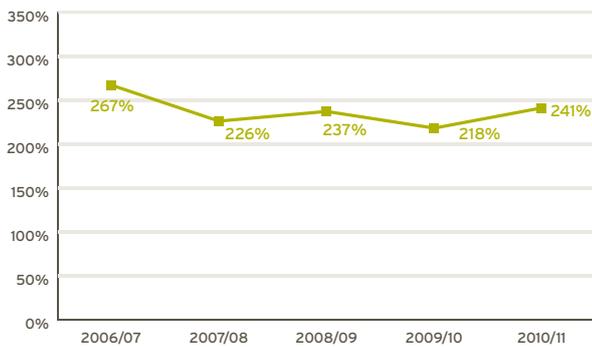
# Financial Performance

## Financial Indicators (continued)

### LIQUIDITY RATIO (OR WORKING CAPITAL RATIO)

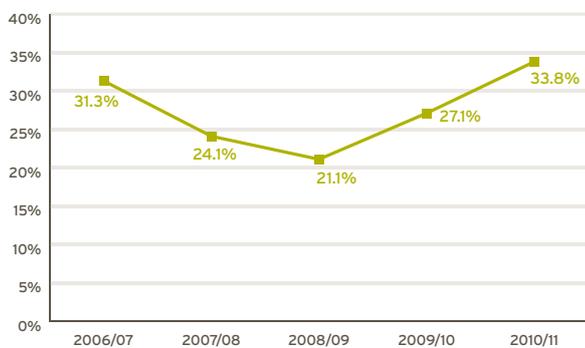
The Working Capital Ratio expresses the level of current assets, such as cash and investments, that council has available to meet its current liabilities including outstanding creditors and employee entitlements.

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.



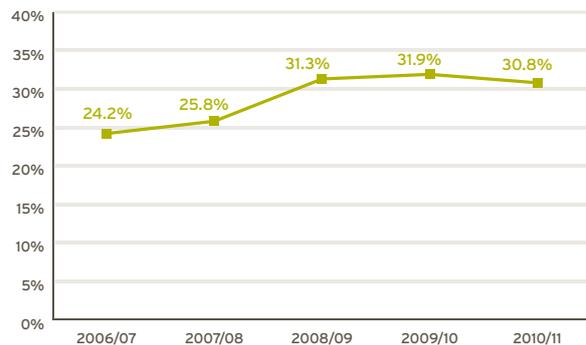
### INDEBTEDNESS RATIO

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 shows an ongoing commitment to maintaining a positive ratio of capital expenditure compared with depreciation of infrastructure assets. 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 2010/11 financial year and the overall position at the end of the financial year (30 June 2011).

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.

Council's financial report has three sets of statements, all of which will be explained in this guide:

- > Standard Statements (p 105)
- > Financial Statements (p 115)
- > Performance Statement (p 170).

## WHAT ARE THE STANDARD STATEMENTS?

The Standard Statements provide council with the opportunity to disclose information in a different format to that presented in the Financial Statements and will differ from council to council. The Standard Statements are designed to provide information in a way more relevant to the readers and our community. There are four different statements provided for in this area:

- > The Standard Income Statement
- > The Standard Balance Sheet
- > The Standard Cash Flow Statement
- > The Standard Statement of Capital Works.

The Standard Statements provide a comparison between the actual results for the year and the original budget that was set by council at the beginning of the year. All major differences greater than 10% are explained in the accompanying notes.

The figures disclosed in the standard statements are prepared on a basis consistent with the council budget format, and therefore, individual line items in the standard statements may differ to those disclosed in the Financial Statements.

## THE STANDARD INCOME STATEMENT

The Standard Income Statement is sometimes referred to as a Profit and Loss Statement and shows:

- > The sources of council's income under various income headings
- > The expenditure incurred in running the council during the year. These expenses relate only to the 'operations' and do not include the costs associated with the purchase or the building of assets.

The key figure to look at is the surplus or (deficit) for the year which is the equivalent to the profit or (loss) of council for the year.

## THE STANDARD BALANCE SHEET

The Standard Balance Sheet is a one page summary that shows what council owns as assets and what it owes as liabilities. The bottom line of this statement is called 'net assets' which is the net worth of council which has been built up over many years.

## THE STANDARD CASH FLOW STATEMENT

The Standard Cash Flow Statement summarises council's cash payments and cash receipts for the year. The values may differ from those shown in the Standard Income Statement because that statement is prepared on an accrual accounting basis. In addition, the amounts disclosed in the standard cash flow statement are at gross value including Goods and Services Tax (GST) where applicable.

## THE STANDARD STATEMENT OF CAPITAL WORKS

The Statement of Capital Works set out the expenditure on creating or buying property, infrastructure, plant and equipment, investment property and intangible assets by each broad type of asset. It also shows how much has been spent (invested) on renewing, upgrading or creating new assets.

## WHAT IS CONTAINED IN THE ANNUAL FINANCIAL REPORT?

Council's financial report has two main sections, the Report and the Notes. There are four Statements and 42 notes. These are prepared by council staff, examined by council and council's Audit Committee 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.

# Financial Performance

## Understanding the Financial Statements (continued)

### COMPREHENSIVE INCOME STATEMENT

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

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

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

### 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 2011. 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.
- > Trade and other receivables are monies owed to council by ratepayers and others.
- > Inventories include the stock held for sale or consumption in council services.
- > Other assets represent prepayments, which are expenses which have been paid in advance of the service delivery.
- > Investment in associate is the investment in the Corangamite Regional Library Corporation.
- > 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

- > Trade and other payables are those to whom council owes money as at 30 June 2010.
- > Trust funds and deposits represent money held in trust or deposits received and held by council.
- > 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 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 2011. The net value of the council is also synonymous with total equity.

## TOTAL EQUITY

Total equity always equals the net assets. It is made up of the following components:

- › 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.

## 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 surplus/(deficit) for the year.
- › The use of monies from council's reserves and transfers to 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.

## 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 this statement is prepared on an accrual accounting basis. In addition, the amounts disclosed in the Cash Flow Statement are at gross value including Goods and Services Tax (GST) where applicable.

Cash in this 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, as well as any movement in trust funds and deposits held by council.

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.

# Financial Performance

## *Understanding the Financial Statements (continued)*

### 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, Statement of Changes in Equity and the Cash Flow Statement.

Where council wishes to disclose other information, which cannot be incorporated into the statements, then this is shown in the notes. Other notes include:

- > The cost of the various functions of council
- > The breakdown of expenses, revenues, reserves and other assets
- > Transactions with persons related to council
- > Comparisons of budget to actual results
- > Financial performance indicators.

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

### WHAT IS THE PERFORMANCE STATEMENT?

The Performance Statement reports on the performance of council for the financial year against the key strategic activities that were adopted as part of the annual budget process.

The performance statement includes the linkage of the activities to the Council Plan (objective), the strategic indicators (what we will do), our target for the year (a measurable target), the result (our actual result against the indicators), the outcome (did we achieve our target or not) and any comments relating to the various indicators.

Each result is reviewed by the external auditors, with supporting evidence and data scrutinised to ensure accuracy of performance reporting.

### 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.

# *Standard* Statements

## *Contents:*

### Standard Statements

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# Notes to the Standard Statements

## *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 28 July 2010.

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 2011*

	Note	Actual \$'000	Budget \$'000	Variance \$'000	Variance %
<b>Income</b>					
<b>Operating Income:</b>					
Rates and charges		20,465	20,428	37	0%
Charges, fees and fines	1	3,728	3,389	339	10%
Contributions - Operating	2	336	121	215	178%
Grants - operating	3	10,439	8,480	1,959	23%
Other income		1,200	1,105	95	9%
<b>Total operating revenues</b>		<b>36,168</b>	<b>33,523</b>	<b>2,645</b>	<b>8%</b>
<b>Capital revenue</b>					
Contributions - Capital	4	994	458	536	117%
Contributions transfer - Capital	5	15,658	-	15,658	100%
Grants - Capital	6	3,883	3,181	702	22%
<b>Total capital revenue</b>		<b>20,535</b>	<b>3,639</b>	<b>16,896</b>	<b>464%</b>
<b>Total revenue</b>		<b>56,703</b>	<b>37,162</b>	<b>19,541</b>	<b>53%</b>
<b>Expenses</b>					
Employee benefits	7	(14,880)	(13,087)	(1,793)	14%
Materials and services		(13,634)	(12,538)	(1,096)	9%
Depreciation and amortisation		(7,783)	(8,277)	494	-6%
Finance expenses	8	(308)	(389)	81	-21%
Other expenses	9	(966)	(768)	(198)	26%
Share of net surplus/(loss) of associates accounted for by the equity method	10	46	-	46	100%
<b>Total operating expenses</b>		<b>(37,525)</b>	<b>(35,059)</b>	<b>(2,466)</b>	<b>7%</b>
<b>Capital expenses</b>					
Net loss on disposal of Property, plant, equipment and infrastructure		(104)	(105)	1	-1%
Property, plant, equipment and infrastructure written off	11	(174)	-	(174)	100%
<b>Total capital expenses</b>		<b>(278)</b>	<b>(105)</b>	<b>1</b>	<b>-1%</b>
<b>Total expense</b>		<b>(37,803)</b>	<b>(35,164)</b>	<b>(2,465)</b>	<b>7%</b>
<b>Surplus (deficit) income</b>		<b>18,900</b>	<b>1,998</b>	<b>17,076</b>	<b>855%</b>

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

# Standard Income Statement *for the year ended 30 June 2011*

## Variance notes

Note	Item	Explanation
1	Charges, fees and fines	User fees for home care \$368k was classified as a grants in Council's budget as they were subsidised by contracted suppliers; User fees Apollo Bay Harbour's budget does not form part of Council's budget program\$36k; Council received lower than expected fees in local laws \$(33)k; Great Ocean Road Visitor information Office \$(12)k; Waste disposal fees \$(16)k.
2	Contributions - Operating	Additional home care contributions were received that were not budgeted for \$158k.
3	Grants - operating	Variations were caused primarily by Apollo Bay Harbour operations grant budgeted separately from Council's budget process \$779k; Grant commission additional funding \$100k; Diesel fuel taxation credits were higher than anticipated \$182k; additional home care funding was received \$128k; Additional grant income of \$208k was received for aged services; Grants not budgeted for were received during the year Disaster relief grant for flood repairs; \$232k. Statutory planning grants \$120k; Economic Development Grants \$109k.
4	Contributions - Capital	A higher level of developer assets were granted to Council than was anticipated.
5	Contributions transfer - Capital	\$15.658 million of assets related to the Port of Apollo Bay have been recognised for the first time as assets of the Port for which Council is the custodian and have been deemed a non-monetary contribution.
6	Grants - Capital	Two funding installment for the upgrade of the Apollo Bay Harbour breakwater \$540k budgeted separately from Council's budget. Grant funding was received for the Joint Use Library and the finalisation of federal stimulus package funding for upgrade to Colac Youth & Recreation Centre. Budget for these items was allocated in the 2009/10 year.
7	Employee benefits	The defined benefits superannuation scheme had a call of \$568k that was paid early. In addition, higher activity level across Council sites and higher levels of maintenance by work crews has resulted in an increase in operational employee costs.
8	Finance expenses	Delay on timing of borrowings has led to a lower financial cost than expected.
9	Other expenses	Variances include increased level of donations made to the community; higher amount of bad debts than anticipated; cost of tickets for sale at GORVIC not budgeted for; and minor purchases for COPACC not budgeted for.
10	Share of net surplus/(loss) of associates accounted for by the equity method	The operating result of the library was not budgeted for.
11	Property, plant, equipment and infrastructure written off	Minor asset balances on property, plant, equipment and infrastructure written off that are not traditionally budgeted for.

# Standard Balance Sheet *as at 30 June 2011*

	Note	Actual \$'000	Budget \$'000	Variance \$'000	Variance %
<b>Assets</b>					
<b>Current assets</b>					
Cash	12	10,775	5,754	5,021	87%
Receivables		2,779	2,716	63	2%
Inventories	13	135	94	41	44%
Other assets	14	53	139	(86)	-62%
<b>Total current assets</b>		<b>13,742</b>	<b>8,703</b>	<b>5,039</b>	<b>58%</b>
<b>Non-current assets</b>					
Investment in associates	15	452	542	(90)	-17%
Property, infrastructure, plant and equipment		239,762	246,880	(7,118)	-3%
<b>Total non-current assets</b>		<b>240,214</b>	<b>247,422</b>	<b>(7,208)</b>	<b>-3%</b>
<b>Total assets</b>		<b>253,956</b>	<b>256,125</b>	<b>(2,169)</b>	<b>-1%</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Payables	16	2,107	1,166	941	81%
Interest-bearing loans and borrowings		465	464	1	0%
Provisions		3,133	3,249	(116)	-4%
<b>Total current liabilities</b>		<b>5,705</b>	<b>4,879</b>	<b>826</b>	<b>17%</b>
<b>Non-current liabilities</b>					
Interest-bearing loans and borrowings		4,380	4,398	(18)	0%
Provisions	17	4,200	2,505	1,695	68%
<b>Total non-current liabilities</b>		<b>8,580</b>	<b>6,903</b>	<b>1,677</b>	<b>24%</b>
<b>Total liabilities</b>		<b>14,285</b>	<b>11,782</b>	<b>2,503</b>	<b>21%</b>
<b>Net Assets</b>		<b>239,671</b>	<b>244,343</b>	<b>(4,672)</b>	<b>-2%</b>
<b>Equity</b>					
Accumulated surplus	18	113,159	96,429	(16,730)	-17%
Asset revaluation reserve	19	121,703	144,508	22,805	16%
Other reserves	20	4,809	3,406	(1,403)	-41%
<b>Total Equity</b>		<b>239,671</b>	<b>244,343</b>	<b>4,672</b>	<b>2%</b>

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

# Standard Balance Sheet *for the year ended 30 June 2011*

## Variance notes

Note	Item	Explanation
12	Cash	Higher cash balance due to government grants received in advance, increasing cash reserve requirements and funds for carryover projects.
13	Inventories	Higher level of stock was held for sale as compared to the prior year, at the Visitor Information Centres and garbage bin held at Council's depots.
14	Other assets	Level of accrued income and prepayments at balance date was lower than estimated.
15	Investment in associates	Lower than expected share of surplus in associate due to a revaluation of book stock in 2009/10 resulted in a reduction in book stock value but was budgeted for an increase.
16	Payables	A higher level of creditors remained outstanding at balance date than was budgeted for. The budgeted trade and other payables were based on actual levels which were considerably lower than recorded in 2010/11.
17	Provisions	A general increase in employee benefits caused a subsequent increase in the associated non-current long service leave provision. The value of landfill provision requirement has increased as a result of a review of the future costs of works to remediate the Council's landfill sites and as a result was under budgeted.
18	Accumulated surplus	The surplus has been impacted by \$15.658 million of assets relating to the Port of Apollo Bay that have been recognised for the first time as assets of the Port for which Council is the custodian and have been deemed a non-monetary contribution.
19	Asset revaluation reserve	The reserve has reduced due to a revaluation of the road assets that was conducted during the year. This reduction is a reflection of the current state of the road assets that has been impacted by extreme weather conditions. This has resulted in a general deterioration of the road assets.
20	Other reserves	Reserves for Open Space, Plant Renewal, Port of Apollo Bay, Landfill Rehabilitation, Colac Livestock Selling Centre and Resource Development were significantly higher at balance date than budgeted for. The Tirrengower Drainage Scheme Reserve was an additional reserve created at year end that contributed to budget variation.

# Standard Cash Flow Statement *for the year ended 30 June 2011*

	Note	Actual \$'000	Budget \$'000	Variance \$'000	Variance %
<b>Cash flows from operating activities</b>					
General rates and charges		20,500	20,061	439	2%
Operating Grants and contributions	21	10,164	8,872	1,292	15%
Interest received		447	453	(6)	-1%
User charges	22	4,399	3,289	1,110	34%
Other revenue	23	1,135	620	515	83%
Net GST refund/payment	24	1,496	-	1,496	100%
Employees costs	25	(14,742)	(12,988)	(1,754)	14%
Materials and services	26	(14,175)	(12,538)	(1,637)	13%
Other expenses	27	(1,011)	(768)	(243)	32%
<b>Net cash provided by (used in) operating activities</b>		<b>8,213</b>	<b>7,001</b>	<b>1,212</b>	<b>17%</b>
<b>Cash flows from investing activities</b>					
Proceeds from property, plant and equipment	28	588	520	68	13%
Capital grants and contributions	29	4,076	3,042	1,034	34%
Payments for property, plant and equipment	30	(12,262)	(10,909)	(1,353)	12%
<b>Net cash provided by (used in) investing activities</b>		<b>(7,598)</b>	<b>(7,347)</b>	<b>(251)</b>	<b>3%</b>
<b>Cash flows from financing activities</b>					
Finance costs	31	(282)	(388)	106	-27%
Trust funds and deposits	32	(8)	-	(8)	100%
Proceeds from interest bearing loans and borrowings		1,100	1,100	-	0%
Repayment of interest bearing loans and borrowings		(412)	(431)	19	-4%
<b>Net cash provided by (used in) financing activities</b>		<b>398</b>	<b>281</b>	<b>117</b>	<b>42%</b>
Net increase (decrease) in cash and cash equivalents	33	1,013	(65)	1,078	-1,658%
Cash and cash equivalents at the beginning of the financial year	34	9,762	5,819	3,943	68%
<b>Cash and cash equivalents at the end of the financial year</b>		<b>10,775</b>	<b>5,754</b>	<b>5,021</b>	<b>87%</b>

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

# Standard Cash Flow Statement *for the year ended 30 June 2011*

## Variance notes

Note	Item	Explanation
21	Operating Grants and contributions	Variations were caused primarily by Apollo Bay Harbour operations grant budgeted separately from Council's budget process \$779k; Grant commission additional funding \$100k; Diesel fuel taxation credits were higher than anticipated \$182k; additional home care funding was received \$128k. Council's budgeted Cash Flow Statement does not include GST component of \$170k.
22	User charges	User fees for home care \$368k was classified as a grants in Council's budget as they were subsidised by contracted suppliers; User fees Apollo Bay Harbour's budget does not form part of Council's budget program \$36k; Council's budgeted Cash Flow Statement does not include GST component of \$271k. A larger increase in budgeted debt levels were allowed for than had occurred. \$436k.
23	Other revenue	Council's budgeted Cash Flow Statement does not include GST component of \$23k. Changes to budgeted accounts receivable attributed to other receipts were not as high as allowed for in Council's budget.
24	Net GST refund/payment	Council's Budgeted Cash Flow Statement does not include GST movements.
25	Employees costs	The defined benefits superannuation scheme had a call of \$568k that was paid early. In addition, higher activity level across Council sites and higher levels of maintenance by work crews has resulted in an increase in operational employee costs. Council's budgeted Cash Flow Statement does not include GST component of \$29k.
26	Materials and services	Council's budgeted Cash Flow Statement does not include GST component of \$1,286k.
27	Other expenses	Variances include increased level of donations made to the community; higher amount of bad debts than anticipated; cost of tickets for sale at GORVIC not budgeted for; and minor purchases for COPACC not budgeted for. Council's Budgeted Cash Flow Statement does not include GST movements \$45k.
28	Proceeds from property, plant and equipment	Council's Budgeted Cash Flow Statement does not include GST movements \$46k.
29	Capital grants and contributions	Two funding installment for the upgrade of the Apollo Bay Harbour breakwater \$540k budgeted separately from Council's budget. Grant funding was received for the Joint Use Library and the finalisation of federal stimulus package funding for upgrade to Colac Youth & Recreation Centre. Budget for these items was allocated in the 2009/10 year. Council's Budgeted Cash Flow Statement does not include GST movements \$193k.
30	Payments for property, plant and equipment	Apollo Bay Harbour breakwater \$540k budgeted separately from Council's budget \$871k. Council's Budgeted Cash Flow Statement does not include GST movements \$862k.
31	Finance costs	Delay on timing of borrowings has led to a lower financial cost than expected.
32	Trust funds and deposits	Council does not budget for movements in trust funds and deposits. This reflects the return of deposits for works completed.
33	Net increase (decrease) in cash and cash equivalents	The increase in net cash outflow over the budgeted amount is in part contributed to outstanding projects in 2010/11 with net expenditure of \$1.4m.
34	Cash and cash equivalents at the beginning of the financial year	The variation is accounted by Apollo Bay Harbour accumulated surplus of 1.2m, which does not form part of Council's budget process. Capital projects budgeted income recognised in 2009/10 were not completed till 2010/11.

# Standard Statement of Capital Works *as at 30 June 2011*

	Note	Actual \$'000	Budget \$'000	Variance \$'000	Variance %
<b>Capital Works Area</b>					
Land	35	625	0	625	100%
Parks, Open space and streetscapes		161	159	2	1%
Buildings	36	3,114	1,727	1,387	80%
Plant, equipment & other	37	1,651	1,904	(253)	-13%
Roads, car parks & traffic network	38	5,518	6,744	(1,226)	-18%
Drainage	39	131	375	(244)	-65%
Intangibles	40	200	0	200	100%
<b>Total capital works</b>		<b>11,400</b>	<b>10,909</b>	<b>491</b>	<b>5%</b>
<b>Represented by:</b>					
Renewal		8,491	8,041	450	6%
Upgrade		759	2,508	(1,749)	-70%
New		2,150	360	1,790	497%
<b>Total capital works</b>		<b>11,400</b>	<b>10,909</b>	<b>491</b>	<b>5%</b>

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

## Variance notes

Note	Item	Explanation
35	Land	Completion of the land acquisition for the Apollo Bay Waste transfer Station. This was budgeted for in the prior financial year as a building acquisition.
36	Buildings	Completion of the construction for the Apollo Bay Waste transfer Station with a budgeted net cost of \$214k. Total building asset value of \$952k accounts for a discrepancy of \$697k. Completion of Colac Community Library and Learning Centre budgeted net cost of \$200k. Total building asset value of \$427k accounts for a discrepancy of \$227k. These projects were budgeted for completion in the prior financial year. Council budget did not include expenditure on the Apollo Bay Harbour break water construction of \$872k.
37	Plant, equipment & other	\$200k for software purchases was budgeted as furniture and equipment. This expenditure is reported as intangible assets.
38	Roads, car parks & traffic network	Pascoe Street Carpark budgeted for \$330k was delayed awaiting negotiations. Timber Roads programme \$485k was dependant on matching funding being allocated. Council's application was not successful. \$178k bridge projects are to be carried forward to 2011/12 financial year. \$75k of footpath projects were not completed due to inclement weather. \$130k savings were identified in Council's reseal program. \$264k of budgeted drainage projects were capitalised as road construction being a core task in Council's rehabilitation on unsealed roads.
39	Drainage	\$264k budgeted drainage works formed part of Council' unsealed road program.
40	Intangibles	\$200k for software purchases was budgeted as furniture and equipment.

# *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.

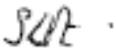


**Brett Exelby CPA**  
Principal Accounting Officer  
22 September 2011

In our opinion the accompanying standard statements present fairly the financial transactions of the Colac Otway Shire Council for the year ended 30 June 2011 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 14 September 2011 to certify the standard statements in their final form.



**Stephen Hart**  
Councillor  
22 September 2011



**Stuart Hart**  
Councillor  
22 September 2011



**Rob Small**  
Chief Executive Officer  
22 September 2011

# Financial Statements

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# Comprehensive Income Statement *for the year ended 30 June 2011*

	Note	2011 \$	2010 \$
<b>Income</b>			
Rates and charges	2	20,465	18,559
Statutory fees and fines	3	540	1,286
User fees	4	3,188	2,981
Contributions - cash	6(a)	336	807
Grants - operating	5	10,439	10,027
Reimbursements	8	311	1,710
Other income	9	889	885
		<b>36,168</b>	<b>36,255</b>
<b>Capital income</b>			
Contributions - non-monetary assets (other)	6(b)	994	564
Contributions - non-monetary assets (Port of Apollo Bay)	6(c)	15,658	-
Grants - capital	5	3,883	2,249
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	7	(104)	58
		<b>20,431</b>	<b>2,871</b>
<b>Total income</b>		<b>56,599</b>	<b>39,126</b>
<b>Expenses</b>			
Employee benefits	10	(14,880)	(12,387)
Materials and services	11	(13,634)	(12,589)
Depreciation and amortisation	12	(7,783)	(8,409)
Finance costs	13	(308)	(140)
Other expenses	14	(966)	(2,887)
Share of net surplus/(loss) of associates accounted for by the equity method	15	46	(18)
		<b>(37,525)</b>	<b>(36,430)</b>
<b>Capital Expense</b>			
Property, plant, equipment and infrastructure written off	20	(174)	(121)
		<b>(174)</b>	<b>(121)</b>
<b>Total expenses</b>		<b>(37,699)</b>	<b>(36,551)</b>
<b>Surplus / (Deficit)</b>		<b>18,900</b>	<b>2,575</b>
<b>Other comprehensive income</b>			
Net asset revaluation increment(decrement)	20	(20,297)	554
Share of other comprehensive income of associates accounted for by the equity method	15	-	(62)
<b>Comprehensive result</b>		<b>(1,397)</b>	<b>3,067</b>

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

# Balance Sheet *as at 30 June 2011*

	Note	2011 \$	2010 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalent	16	10,775	9,762
Trade and other receivables	17	2,779	2,685
Inventories	18	135	97
Other assets	19	53	292
<b>Total current assets</b>		<b>13,742</b>	<b>12,836</b>
<b>Non-current assets</b>			
Investments in associates accounted for using the equity method	15	452	406
Property, infrastructure, plant and equipment	20	239,762	240,610
<b>Total non-current assets</b>		<b>240,214</b>	<b>241,016</b>
<b>Total assets</b>		<b>253,956</b>	<b>253,852</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	21	1,820	1,965
Trust funds and deposits	22	287	295
Provisions	23	3,133	3,214
Interest-bearing loans and borrowings	24	465	412
<b>Total current liabilities</b>		<b>5,705</b>	<b>5,886</b>
<b>Non-current liabilities</b>			
Provisions	23	4,200	3,153
Interest-bearing loans and borrowings	24	4,380	3,745
<b>Total non-current liabilities</b>		<b>8,580</b>	<b>6,898</b>
<b>Total liabilities</b>		<b>14,285</b>	<b>12,784</b>
<b>Net Assets</b>		<b>239,671</b>	<b>241,068</b>
<b>Equity</b>			
Accumulated surplus		113,159	93,666
Reserves	25	126,512	147,402
<b>Total Equity</b>		<b>239,671</b>	<b>241,068</b>

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

# Statement of Changes in Equity *for the year ended 30 June 2011*

	Note	Total 2011 \$'000	Accumulated Surplus 2011 \$'000	Asset Revaluation Reserve 2011 \$'000	Other Reserves 2011 \$'000
<b>2011</b>					
Balance at beginning of the financial year		241,068	93,666	142,000	5,402
Surplus / (Deficit)		18,900	18,900	-	-
Transfers to other reserves	25(b)	-	(4,408)	-	4,408
Transfers from other reserves	25(b)	-	5,001	-	(5,001)
Net asset revaluation increment		(20,297)	-	(20,297)	
<b>Balance at end of the financial year</b>		<b>239,671</b>	<b>113,159</b>	<b>121,703</b>	<b>4,809</b>

	Note	Total 2010 \$'000	Accumulated Surplus 2010 \$'000	Asset Revaluation Reserve 2010 \$'000	Other Reserves 2010 \$'000
<b>2010</b>					
Balance at beginning of the financial year		238,001	92,218	141,508	4,275
Surplus / (Deficit)		2,575	2,575	-	-
Transfers to other reserves	25(b)	-	(2,051)	-	2,051
Transfers from other reserves	25(b)	-	924	-	(924)
Net asset revaluation increment		554	-	554	-
Share of other comprehensive income of associates accounted for by the equity method		(62)	-	(62)	-
<b>Balance at end of the financial year</b>		<b>241,068</b>	<b>93,666</b>	<b>142,000</b>	<b>5,402</b>

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

# Cash Flow Statement *for the year ended 30 June 2011*

	Note	2011 Inflows/ (Outflows) \$'000	2010 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates		20,500	17,866
User charges and other fines (inclusive of GST)		4,399	4,271
Grants (inclusive of GST)		14,240	13,109
Developer contributions (inclusive of GST)		340	888
Reimbursements (inclusive of GST)		330	671
Interest		447	447
Other receipts (inclusive of GST)		465	482
Net GST refund/payment		1,496	1,779
Payments to suppliers (inclusive of GST)		(14,175)	(14,183)
Payments to employees (including redundancies)		(14,742)	(11,798)
Other payments		(1,011)	(1,244)
<b>Net cash provided by (used in) operating activities</b>	<b>26</b>	<b>12,289</b>	<b>12,288</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	20	(12,262)	(14,258)
Proceeds from sale of property, infrastructure, plant and equipment		588	473
<b>Net cash provided by (used in) investing activities</b>		<b>(11,674)</b>	<b>(13,785)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(282)	(140)
Trust funds and deposits		(8)	53
Proceeds from interest bearing loans and borrowings		1,100	2,000
Repayment of interest bearing loans and borrowings		(412)	(305)
<b>Net cash provided by (used in) financing activities</b>		<b>398</b>	<b>1,608</b>
Net increase (decrease) in cash and cash equivalents		1,013	111
Cash and cash equivalents at the beginning of the financial year		9,762	9,651
<b>Cash and cash equivalents at the end of the financial year</b>	<b>27</b>	<b>10,775</b>	<b>9,762</b>
Financing arrangements	28		
Restrictions on cash assets	29		

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

# Notes to the Financial Statements *for the year ended 30 June 2011*

## 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(q).

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 42 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 5. 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.

# Notes to the Financial Statements *for the year ended 30 June 2011*

## 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.

#### *Rental*

Rents are recognised when the payment is due, or the payment is received, whichever first occurs.

#### *Interest*

Interest is recognised progressively as it is earned.

### (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.

A residual value has been applied to the pavement category of assets. This category reflects the portion of the road asset that lies under the wearing course of a road. The result of this recognition is a reduction in the depreciation charged on roads in the current financial year.

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
<b>Land</b>	
land improvements	10 - 100 years
<b>Buildings</b>	
buildings	50 - 100 years
building improvements	50 - 100 years
<b>Plant and Equipment</b>	
plant, machinery and equipment	2 - 10 years
fixtures, fittings and furniture	3 - 21 years
computers and telecommunications	5 - 10 years
<b>Infrastructure</b>	
<b>Roads</b>	
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
<b>Bridges</b>	
bridges deck	50 - 70 years
bridges substructure	50 - 70 years
<b>Footpaths &amp; cycle ways</b>	
footpaths and cycle ways	30 - 80 years
<b>Drainage</b>	
drainage	100 years
Aerodromes	12 - 60 years
Off street car parks	12 - 60 years
<b>Intangibles</b>	
Software	5 years

# Notes to the Financial Statements *for the year ended 30 June 2011*

## 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.

Borrowing costs include interest on borrowings.

### (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, transportation, design and supervision incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

From 1 July 2010 Council is recognised as the custodian of Apollo Bay Harbour infrastructure on behalf of the Department of Transport. The value of these assets are held a fair value based on a valuation provided by the Department of Transport as at 30 June 2008.

The following classes of assets have been recognised in note 20 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:

Property	Threshold Limit \$
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
Intangibles	
Software	1,000

# Notes to the Financial Statements *for the year ended 30 June 2011*

## 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 is brought to account using the cost basis. Council does not recognise land under roads that it controlled prior to 30 June 2008 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 22).

### (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.

# Notes to the Financial Statements *for the year ended 30 June 2011*

## 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*

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 30.

### (m) Leases

#### *Operating leases*

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

### (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) 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.

### (q) Impairment of assets

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

### (r) 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.

### (s) Financial guarantees

Financial guarantee contracts are recognised as a liability at the time the guarantee is issued. The liability is initially measured at fair value, and if there is material increase in the likelihood that the guarantee may have to be exercised, at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate. In the determination of fair value, consideration is given to factors including the probability of default by the guaranteed party and the likely loss to Council in the event of default.

# Notes to the Financial Statements *for the year ended 30 June 2011*

## 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 9: Financial Instruments and 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]	<p>These standards are applicable retrospectively and amend the classification and measurement of financial assets. Council has not yet determined the potential impact on the financial statements. Specific changes include:</p> <ul style="list-style-type: none"> <li>&gt; simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;</li> <li>&gt; removing the tainting rules associated with held-to-maturity assets;</li> <li>&gt; simplifying the requirements for embedded derivatives;</li> <li>&gt; removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;</li> <li>&gt; allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and</li> <li>&gt; reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:               <ol style="list-style-type: none"> <li>a. the objective of the entity's business model for managing the financial assets; and</li> <li>b. the characteristics of the contractual cash flows.</li> </ol> </li> </ul>	Applicable for annual reporting periods commencing on or after 1 January 2013.	These changes are expected to provide some simplification in the accounting for and disclosure of financial instruments.
AASB 124: Related Party Disclosures	This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard.	Applicable for annual reporting periods commencing on or after 1 January 2011.	Although this standard does not strictly apply to Local Government it is often used as guidance, as such there will be greater clarity on the disclosure of inter government transactions.

# Notes to the Financial Statements *for the year ended 30 June 2011*

## 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 2009-12: 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 makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council
AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]	This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.	Applicable for annual reporting periods commencing on or after 1 January 2011.	These amendments are not expected to impact Council

### (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 2011*

## 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 2010/11 was \$5,110 million (2009/10 \$4,886 million). Council applied a differential rating regime to the capital improved value.

	<b>2011 \$'000</b>	2010 \$'000
Residential	8,707	7,710
Commercial/Industrial	2,806	2,438
Farm	4,675	4,191
Municipal charge	2,003	1,984
Garbage charge	2,251	2,213
Special rates and charges	23	23
<b>Total rates and charges</b>	<b>20,465</b>	<b>18,559</b>

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 STATUTORY FEES AND FINES

	<b>2011 \$'000</b>	2010 \$'000
Town planning fees	191	180
Health regulations	104	116
Building Permits	102	126
Infringements and costs	68	82
Land information certificates	65	17
Special Charge schemes	9	764
Freedom of information	1	1
	<b>540</b>	<b>1,286</b>

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 4 USER FEES

	2011 \$'000	2010 \$'000
<b>(a)</b>		
Bluewater fitness centre fees	697	687
Colac livestock selling centre fees	558	507
Home care and delivered meals fees	385	360
Colac Otway performing arts & cultural centre fees	342	396
Council properties fees and rental	302	137
Visitor information centre fees	285	321
Waste disposal fees	220	171
Other fees and charges	171	160
Parking, animal control and local laws fees	139	154
Apollo Bay Harbour fees	58	59
Town planning and building fees	31	29
<b>Total user fees</b>	<b>3,188</b>	<b>2,981</b>

## (b) Ageing analysis of contractual receivables

Please refer to note 34(e) for the ageing analysis of contractual receivables.

## NOTE 5 GRANTS

Grants were received in respect of the following:

	2011 \$'000	2010 \$'000
<b>Summary of grants</b>		
<b>Operating grants</b>		
Victoria Grants Commission - Untied Base Grant	3,413	3,068
Victoria Grants Commission - Local Roads Grant	2,326	2,168
Recreation & Culture	1,507	2,238
Aged & Disabled Services	1,245	1,339
Family & Community Services	792	338
Business & Economic Services	409	378
Local Roads & Bridges	330	-
Administration	208	304
Environment Protection & Services	147	54
Traffic & Street Management	36	20
Governance	26	-
Waste Management	-	120
<b>Total operating grants</b>	<b>10,439</b>	<b>10,027</b>

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 5 GRANTS (continued)

	2011 \$'000	2010 \$'000
<b>Capital grants</b>		
Local Roads & Bridges	1,599	1,805
Recreation & Culture	1,045	220
Environment Protection & Services	540	-
Family & Community Services	368	-
Traffic & Street Management	179	144
Business & Economic Services	80	80
Natural Disaster*	72	-
<b>Total capital grants</b>	<b>3,883</b>	<b>2,249</b>
<b>Total</b>	<b>14,322</b>	<b>12,276</b>

\* Further claims are expected to be lodged in the 2011/12 financial year.

### Summary of grants

Recurrent grants	10,232	8,953
Non-Recurrent grants	4,090	3,323
<b>Total</b>	<b>14,322</b>	<b>12,276</b>

### 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:

	2011 \$'000	2010 \$'000
Family & Community Services	323	42
Recreation & Culture	236	123
Business & Economic Services	217	-
Traffic & Street Management	88	-
Aged & Disabled Services	52	-
Environmental Protection & Services	-	70
Local Roads & Bridges	-	86
<b>Total</b>	<b>916</b>	<b>321</b>

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 5 GRANTS (continued)

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

	2011 \$'000	2010 \$'000
Recreation & Culture	123	153
Local Roads & Bridges	86	-
Environmental Protection & Services	70	23
Family & Community Services	42	110
Business & Economic Services	-	43
Other	-	118
<b>Total</b>	<b>321</b>	<b>447</b>
<b>Net increase (decrease) in restricted assets resulting from grant revenues for the year:</b>	<b>595</b>	<b>(126)</b>

## NOTE 6 CONTRIBUTIONS

Operating	95	482
Capital	16,893	889
	<b>16,988</b>	<b>1,371</b>
<b>(a) Cash</b>		
Community & health care	215	252
Parks, open space and streetscapes	47	-
Roads	15	324
Recreational, leisure and community facilities	11	119
Other	48	112
<b>Total</b>	<b>336</b>	<b>807</b>
<b>(b) Non-monetary assets (other)</b>		
Land	125	-
Land under roads	19	86
Roads	368	248
Bridges	-	75
Footpaths and trails	23	-
Drainage	323	155
Kerb and channel	136	-
<b>Total</b>	<b>994</b>	<b>564</b>

# Notes to the Financial Statements *for the year ended 30 June*

## NOTE 6 CONTRIBUTIONS (continued)

	2011 \$'000	2010 \$'000
<b>(c) Non-monetary assets (Port of Apollo Bay)*</b>		
Buildings	13,793	-
Roads	1,669	-
Plant, and minor equipment	196	-
<b>Total</b>	<b>15,658</b>	<b>-</b>
* Refer to note 1(g) and note 42 for further information.		
<b>Total contributions</b>	<b>16,988</b>	<b>1,371</b>

## NOTE 7 NET GAIN/(LOSS) ON DISPOSAL OF PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

	Asset value \$'000	Accumulated Depreciation \$'000	Written down value of disposals \$'000	Value of Consideration \$'000	Profit on sale of asset \$'000
<b>2011</b>					
<b>Plant and Equipment</b>					
Plant and minor equipment	1,155	(509)	646	542	(104)
Total Plant and equipment	1,155	(509)	646	542	(104)
<b>Total property, plant and equipment, infrastructure</b>	<b>1,155</b>	<b>(509)</b>	<b>646</b>	<b>542</b>	<b>(104)</b>

	Asset value \$'000	Accumulated Depreciation \$'000	Written down value of disposals \$'000	Value of Consideration \$'000	Profit on sale of asset \$'000
<b>2010</b>					
<b>Property</b>					
Land	2	-	2	4	2
<b>Total Property</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>4</b>	<b>2</b>
<b>Plant and Equipment</b>					
Plant and minor equipment	949	(601)	348	424	76
Fixed plant, furniture and equipment	44	(22)	22	2	(20)
Total Plant and equipment	993	(623)	370	426	56
<b>Total property, plant and equipment, infrastructure</b>	<b>995</b>	<b>(623)</b>	<b>372</b>	<b>430</b>	<b>58</b>

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 8 REIMBURSEMENTS

	2011 \$'000	2010 \$'000
Insurances	69	224
Otway Tourism	60	-
Legal recoveries	51	1,133
Regional development	45	-
Long service leave transferred	43	-
Utilities	34	-
Family day care	-	288
Other	9	65
<b>Total reimbursements</b>	<b>311</b>	<b>1,710</b>

## NOTE 9 OTHER INCOME

	2011 \$'000	2010 \$'000
Interest	436	278
Interest on rates	118	169
State revenue office	104	-
Vic Roads	47	98
Private works	41	37
Local laws	16	42
Other	127	261
<b>Total other income</b>	<b>889</b>	<b>885</b>

## NOTE 10 EMPLOYEE BENEFITS

	2011 \$'000	2010 \$'000
Wages and salaries	10,681	9,675
Annual leave and long service leave	1,264	923
Superannuation	1,148	896
Superannuation - additional call*	569	-
Sick leave	359	219
Workcover	279	300
Casual staff	239	238
Fringe benefits tax	133	89
Other	208	47
<b>Total employee benefits</b>	<b>14,880</b>	<b>12,387</b>

\* During the period Council was required to make an additional contribution to Vision Super to meet our obligations in relation to members of the defined benefit plan

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 11 MATERIALS AND SERVICES

	2011 \$'000	2010 \$'000
Contract and materials payments	11,222	10,605
Plant and equipment maintenance	1,187	1,029
Utilities	801	621
Insurances	424	334
<b>Total materials and services</b>	<b>13,634</b>	<b>12,589</b>

## NOTE 12 DEPRECIATION AND AMORTISATION

	2011 \$'000	2010 \$'000
<b>Property</b>		
<b>Land</b>		
Land improvements	455	244
<b>Buildings</b>		
Buildings <sup>^</sup>	1,591	1,127
<b>Plant and Equipment</b>		
Plant, and minor equipment	638	825
Fixed plant, furniture and equipment	258	202
<b>Infrastructure</b>		
Roads*	3,688	4,874
Bridges	265	254
Footpaths and cycle ways	176	192
Drainage	257	243
Kerb and channel	447	448
<b>Intangibles</b>		
Software	8	-
<b>Total depreciation and amortisation</b>	<b>7,783</b>	<b>8,409</b>

<sup>^</sup> The buildings category includes significant assets related to the Port of Apollo Bay - refer to note 42.

\* Refer to note 1 (d) for further information.

## NOTE 13 FINANCE COSTS

	2011 \$'000	2010 \$'000
Interest - Borrowings	308	140
<b>Total finance costs</b>	<b>308</b>	<b>140</b>

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 14 OTHER EXPENSES

	2011 \$'000	2010 \$'000
Grants and donations paid	432	709
Councillors' allowances	196	220
Auditors' remuneration	56	43
Royalties and commissions	41	-
Bad debts written off	15	11
Legal settlement	-	1,675
Other	226	229
<b>Total other expenses</b>	<b>966</b>	<b>2,887</b>

## NOTE 15 INVESTMENT IN ASSOCIATES

Investments in associates accounted for by the equity method are:

	2011 \$'000	2010 \$'000
- Corangamite regional library corporation	452	406
<b>Total</b>	<b>452</b>	<b>406</b>

### 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 has a 24.4% equity interest in 2010/11 (2009/10 24.4%)

#### Council's share of accumulated surplus(deficit)

Council's share of accumulated surplus(deficit) at start of year	(46)	(35)
Reported surplus(deficit) for year	46	(18)
Transfers (to) from reserves	-	7
<b>Council's share of accumulated surplus(deficit) at end of year</b>	<b>-</b>	<b>(46)</b>

#### Council's share of reserves

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

#### Movement in carrying value of specific investment

Carrying value of investment at start of year	406	486
Share of surplus(deficit) for year	46	(18)
Share of asset revaluation	-	(62)
<b>Carrying value of investment at end of year</b>	<b>452</b>	<b>406</b>

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 16 CASH AND CASH EQUIVALENTS

	2011 \$'000	2010 \$'000
Cash on hand	7	7
Cash at bank	8,874	8,455
Money market call account	1,894	1,300
<b>Total cash and cash equivalents</b>	<b>10,775</b>	<b>9,762</b>

Users of the financial report should refer to note 29 for details of restrictions on cash assets and note 31 for details of existing Council commitments.

## NOTE 17 TRADE AND OTHER RECEIVABLES

	2011 \$'000	2010 \$'000
Rates debtors	1,051	1,086
Government grants	759	314
Special charge schemes	261	370
Net GST receivable	231	118
Loans and advances to community organisations	31	26
Other debtors	446	771
<b>Total trade and other receivables</b>	<b>2,779</b>	<b>2,685</b>

## NOTE 18 INVENTORIES

	2011 \$'000	2010 \$'000
Inventories held for sale	108	69
Inventories held for distribution	27	28
<b>Total inventories</b>	<b>135</b>	<b>97</b>

## NOTE 19 OTHER ASSETS

	2011 \$'000	2010 \$'000
Prepayments	31	186
Accrued income	22	106
<b>Total other assets</b>	<b>53</b>	<b>292</b>

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 20 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

	2011 \$'000	2010 \$'000
<b>Summary</b>		
at cost	25,401	29,079
Less accumulated depreciation	6,083	7,601
	<b>19,318</b>	<b>21,478</b>
at fair value	117,023	91,906
Less accumulated depreciation	44,171	32,953
	<b>72,852</b>	<b>58,953</b>
at council valuation	245,710	225,646
Less accumulated depreciation	98,118	65,467
	<b>147,592</b>	<b>160,179</b>
<b>Total</b>	<b>239,762</b>	<b>240,610</b>
<b>Property</b>		
<b>Land</b>		
at cost	1,353	525
at fair value as at 30 June 2010	31,545	31,545
	<b>32,898</b>	<b>32,070</b>
<b>Land under roads</b>		
at cost	194	175
	<b>194</b>	<b>175</b>
<b>Land improvements</b>		
at cost	3,009	2,709
Less accumulated depreciation	231	226
	<b>2,778</b>	<b>2,483</b>
at council valuation as at 30 June 2005	2,932	2,932
Less accumulated depreciation	2,856	2,422
	<b>76</b>	<b>510</b>
<b>Total Land</b>	<b>35,946</b>	<b>35,238</b>

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 20 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (continued)

	2011 \$'000	2010 \$'000
<b>Buildings</b>		
at cost	7,901	-
Less accumulated depreciation	229	-
	<b>7,672</b>	<b>-</b>
at fair value as at 1 July 2008	20,682	-
Less accumulated depreciation	7,149	-
	<b>13,533</b>	<b>-</b>
at fair value as at 30 June 2010	60,349	60,361
Less Accumulated depreciation	34,119	32,953
	<b>26,230</b>	<b>27,408</b>
<b>Total Buildings and structures</b>	<b>47,435</b>	<b>27,408</b>
<b>Total Property</b>	<b>83,381</b>	<b>62,646</b>

Valuation of land (excluding land under roads) and buildings were undertaken by the qualified independent valuer Mr Robert Tot, (Diploma Property Operations, Graduate Diploma of property) of 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.

	2011 \$'000	2010 \$'000
<b>Plant and Equipment</b>		
<b>Plant and minor equipment</b>		
at cost	8,797	8,943
Less accumulated depreciation	4,693	4,889
	<b>4,104</b>	<b>4,054</b>
<b>Fixed plant, furniture and equipment</b>		
at cost	1,895	1,860
Less accumulated depreciation	803	719
	<b>1,092</b>	<b>1,141</b>
<b>Total Plant and Equipment</b>	<b>5,196</b>	<b>5,195</b>

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 20 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (continued)

	2011 \$'000	2010 \$'000
<b>Infrastructure</b>		
<b>Roads</b>		
at cost	-	9,295
Less accumulated depreciation	-	1,749
	<b>-</b>	<b>7,546</b>
at council valuation as at 30 June 2008	-	157,376
Less accumulated depreciation	-	39,387
	<b>-</b>	<b>117,989</b>
at fair value as at 30 June 2008	4,447	-
Less Accumulated depreciation	2,903	-
	<b>1,544</b>	<b>-</b>
at council valuation as at 30 June 2011	177,591	-
Less accumulated depreciation	70,557	-
	<b>107,034</b>	<b>-</b>
<b>Bridges</b>		
at council valuation as at 30 June 2010	16,833	16,833
Less accumulated depreciation	5,822	5,557
	<b>11,011</b>	<b>11,276</b>
<b>Footpaths and cycle ways</b>		
at cost	789	510
Less accumulated depreciation	15	13
	<b>774</b>	<b>497</b>
at council valuation as at 30 June 2009	8,102	8,251
Less accumulated depreciation	3,220	3,140
	<b>4,882</b>	<b>5,111</b>
<b>Drainage</b>		
at cost	400	-
	<b>400</b>	<b>-</b>
at council valuation as at 30 June 2010	20,568	20,568
Less accumulated depreciation	7,882	7,625
	<b>12,686</b>	<b>12,943</b>

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 20 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (continued)

	2011 \$'000	2010 \$'000
<b>Kerb and channelling</b>		
at cost	209	73
Less accumulated depreciation	2	5
	<b>207</b>	<b>68</b>
at council valuation as at 30 June 2009	19,684	19,686
Less accumulated depreciation	7,781	7,336
	<b>11,903</b>	<b>12,350</b>
<b>Total Infrastructure</b>	<b>150,441</b>	<b>167,780</b>
<b>Intangibles</b>		
at cost	406	-
Less accumulated depreciation	110	-
<b>Total intangibles</b>	<b>296</b>	<b>-</b>
<b>Works in progress</b>		
Buildings at cost	169	4,782
Land	-	75
Roads at cost	14	10
Footpaths	146	23
Land improvements	11	99
Bridges	54	-
Drainage	54	-
<b>Total works in progress</b>	<b>448</b>	<b>4,989</b>
<b>Total property, infrastructure, plant and equipment</b>	<b>239,762</b>	<b>240,610</b>

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.

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 20 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (continued)

	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (Note 25)	Depreciation and amortisation (Note 12)	Written down value of disposals	Assets written off	Non-monetary assets contributed	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2011</b>									
<b>Property</b>									
Land	32,070	625	-	-	-	-	125	78	32,898
Land under roads	175	-	-	-	-	-	19	-	194
Land improvements	2,993	150	-	(455)	-	66	-	100	2,854
<b>Total land</b>	<b>35,238</b>	<b>775</b>	<b>-</b>	<b>(455)</b>	<b>-</b>	<b>66</b>	<b>144</b>	<b>178</b>	<b>35,946</b>
Buildings	27,408	2,945	-	(1,591)	-	(8)	13,793	4,888	47,435
<b>Total Buildings</b>	<b>27,408</b>	<b>2,945</b>	<b>-</b>	<b>(1,591)</b>	<b>-</b>	<b>(8)</b>	<b>13,793</b>	<b>4,888</b>	<b>47,435</b>
<b>Total Property</b>	<b>62,646</b>	<b>3,720</b>	<b>-</b>	<b>(2,046)</b>	<b>-</b>	<b>58</b>	<b>13,937</b>	<b>5,066</b>	<b>83,381</b>
<b>Plant and Equipment</b>									
Plant and minor equipment	4,054	1,228	-	(638)	(646)	(90)	196	-	4,104
Fixed plant, furniture and equipment	1,141	423	-	(258)	-	(2)	-	(212)	1,092
<b>Total Plant and equipment</b>	<b>5,195</b>	<b>1,651</b>	<b>-</b>	<b>(896)</b>	<b>(646)</b>	<b>(92)</b>	<b>196</b>	<b>(212)</b>	<b>5,196</b>
<b>Infrastructure</b>									
Roads	125,535	5,071	(20,297)	(3,688)	-	(88)	2,037	9	108,579
Bridges	11,276	-	-	(265)	-	-	-	-	11,011
Footpaths and cycle ways	5,608	233	-	(176)	-	(56)	23	23	5,655
Drainage	12,943	77	-	(257)	-	-	323	-	13,086
Kerb and channelling	12,418	-	-	(447)	-	4	136	(1)	12,110
<b>Total Infrastructure</b>	<b>167,780</b>	<b>5,381</b>	<b>(20,297)</b>	<b>(4,833)</b>	<b>-</b>	<b>(140)</b>	<b>2,519</b>	<b>31</b>	<b>150,441</b>
<b>Intangibles</b>									
Software	-	200	-	(8)	-	-	-	104	296
<b>Total Intangibles</b>	<b>-</b>	<b>200</b>	<b>-</b>	<b>(8)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>104</b>	<b>296</b>
<b>Works in progress</b>									
Buildings	4,782	169	-	-	-	-	-	(4,782)	169
Land	75	-	-	-	-	-	-	(75)	-
Roads	10	14	-	-	-	-	-	(10)	14
Footpaths	23	146	-	-	-	-	-	(23)	146
Land improvements	99	11	-	-	-	-	-	(99)	11
Bridges	-	54	-	-	-	-	-	-	54
Drainage	-	54	-	-	-	-	-	-	54
<b>Total Works in progress</b>	<b>4,989</b>	<b>448</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,989)</b>	<b>448</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>240,610</b>	<b>11,400</b>	<b>(20,297)</b>	<b>(7,783)</b>	<b>(646)</b>	<b>(174)</b>	<b>16,652</b>	<b>-</b>	<b>239,762</b>

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 20 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (continued)

	Balance at beginning of financial year (a)	Acquisition of assets	Revaluation increments (decrements) (Note 23)	Depreciation and amortisation (Note 10)	Written down value of disposals	Assets written off recognised in profit or loss	Non-monetary assets contributed	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2010</b>									
<b>Property</b>									
Land	29,571	525	1,976	-	(2)	-	-	-	32,070
Land under roads	89	-	-	-	-	-	86	-	175
Land improvements	2,463	784	-	(244)	-	(10)	-	-	2,993
<b>Total land</b>	<b>32,123</b>	<b>1,309</b>	<b>1,976</b>	<b>(244)</b>	<b>(2)</b>	<b>(10)</b>	<b>86</b>		<b>35,238</b>
Buildings	29,922	624	(2,011)	(1,127)	-	-	-	-	27,408
<b>Total Buildings</b>	<b>29,922</b>	<b>624</b>	<b>(2,011)</b>	<b>(1,127)</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>27,408</b>
<b>Total Property</b>	<b>62,045</b>	<b>1,933</b>	<b>(35)</b>	<b>(1,371)</b>	<b>(2)</b>	<b>(10)</b>	<b>86</b>		<b>62,646</b>
<b>Plant and Equipment</b>									
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
<b>Total Plant and equipment</b>	<b>5,154</b>	<b>1,526</b>	<b>-</b>	<b>(1,027)</b>	<b>(370)</b>	<b>(88)</b>	<b>-</b>		<b>5,195</b>
<b>Infrastructure</b>									
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
<b>Total Infrastructure</b>	<b>167,903</b>	<b>4,844</b>	<b>589</b>	<b>(6,011)</b>	<b>-</b>	<b>(23)</b>	<b>478</b>		<b>167,780</b>
<b>Works in progress (a)</b>									
Buildings	400	4,382	-	-	-	-	-	-	4,782
Land	-	75	-	-	-	-	-	-	75
Roads	-	10	-	-	-	-	-	-	10
Footpaths	-	23	-	-	-	-	-	-	23
Land improvements	-	99	-	-	-	-	-	-	99
<b>Total Works in progress</b>	<b>400</b>	<b>4,589</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>4,989</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>235,502</b>	<b>12,892</b>	<b>554</b>	<b>(8,409)</b>	<b>(372)</b>	<b>(121)</b>	<b>564</b>		<b>240,610</b>

### (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.

### (b) Impairment losses

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

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 21 TRADE AND OTHER PAYABLES

	2011 \$'000	2010 \$'000
Trade payables	1,598	774
Accrued expenses	222	1,191
<b>Total trade and other payables</b>	<b>1,820</b>	<b>1,965</b>

## NOTE 22 TRUST FUNDS AND DEPOSITS

	2011 \$'000	2010 \$'000
Refundable landscaping bond deposits	57	136
Refundable contract deposits	23	44
Refundable planning deposits	161	60
Refundable builders footpath deposits	26	27
Refundable re-erection of dwellings deposits	18	28
Other refundable deposits	2	-
<b>Total trust funds and deposits</b>	<b>287</b>	<b>295</b>

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

## NOTE 23 PROVISIONS

	Annual leave \$'000	Long service leave \$'000	Landfill restoration \$'000	Other \$'000	Total \$'000
<b>2011</b>					
Balance at beginning of the financial year	972	2,048	3,347	-	6,367
Additional provisions	1,028	372	822	-	2,222
Amounts used	(995)	(238)	(23)	-	(1,256)
<b>Balance at the end of the financial year</b>	<b>1,005</b>	<b>2,182</b>	<b>4,146</b>	<b>-</b>	<b>7,333</b>

	Annual leave \$'000	Long service leave \$'000	Landfill restoration \$'000	Other \$'000	Total \$'000
<b>2010</b>					
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)
<b>Balance at the end of the financial year</b>	<b>972</b>	<b>2,048</b>	<b>3,347</b>	<b>-</b>	<b>6,367</b>

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 23 PROVISIONS (continued)

	2011 \$'000	2010 \$'000
<b>(a) Employee benefits</b>		
<b>Current (i)</b>		
Annual leave	1,005	972
Long service leave	1,675	1,764
	<b>2,680</b>	<b>2,736</b>
<b>Non-current (ii)</b>		
Long service leave	507	284
	<b>507</b>	<b>284</b>
Aggregate carrying amount of employee benefits:		
Current	2,680	2,736
Non-current	507	284
<b>Total employee benefits</b>	<b>3,187</b>	<b>3,020</b>
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	4.19%	4.00%
Weighted average discount rates	4.99%	4.97%
Weighted average settlement period	12	12
<b>(i) Current</b>		
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	2,005	1,972
- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	675	764
	<b>2,680</b>	<b>2,736</b>
<b>(ii) Non-current</b>		
Long service leave representing less than 10 years of continuous service measured at present value	477	284
	<b>477</b>	<b>284</b>

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 23 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.

	2011 \$'000	2010 \$'000
<b>(c) Provision for landfill restoration</b>		
Provision for landfill restoration		
Current	453	478
Non-current	3,693	2,869
<b>Total</b>	<b>4,146</b>	<b>3,347</b>

## NOTE 24 INTEREST-BEARING LOANS AND BORROWINGS

	2011 \$'000	2010 \$'000
<i>Current</i>		
Borrowings - secured	465	412
	<b>465</b>	<b>412</b>
<i>Non-current</i>		
Borrowings - secured	4,380	3,745
<b>Total</b>	<b>4,845</b>	<b>4,157</b>

The maturity profile for Council's borrowings is:

Not later than one year	446	412
Later than one year and not later than five years	1,944	1,587
Later than five years	2,455	2,158
<b>Total</b>	<b>4,845</b>	<b>4,157</b>

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 25 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
<b>2011</b>				
<b>Property</b>				
Land	24,387	-	-	24,387
Land improvements	552	-	-	552
Fixed plant, furniture and equipment	293	-	-	293
Buildings	13,137	-	-	13,137
Share of CRLC asset revaluation reserve	450	-	-	450
	<b>38,819</b>	<b>-</b>	<b>-</b>	<b>38,819</b>
<b>Infrastructure</b>				
Roads	83,905	(20,297)	-	63,608
Bridges	7,782	-	-	7,782
Footpaths and cycle ways	969	-	-	969
Drainage	3,830	-	-	3,830
Kerb and channelling	6,695	-	-	6,695
	<b>103,181</b>	<b>(20,297)</b>	<b>-</b>	<b>82,884</b>
<b>Total asset revaluation surplus</b>	<b>142,000</b>	<b>(20,297)</b>	<b>-</b>	<b>121,703</b>
<b>2010</b>				
<b>Property</b>				
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
	<b>38,916</b>	<b>(35)</b>	<b>(62)</b>	<b>38,819</b>
<b>Infrastructure</b>				
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
	<b>102,592</b>	<b>589</b>	<b>-</b>	<b>103,181</b>
<b>Total asset revaluation surplus</b>	<b>141,508</b>	<b>554</b>	<b>(62)</b>	<b>142,000</b>

The asset revaluation reserves have been established to capture the movements in asset valuations upon the periodic revaluation of council's assets.

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 25 RESERVES (continued)

	Balance at beginning of reporting period \$ '000	Transfer from accumulated surplus \$ '000	Transfer to accumulated surplus \$ '000	Balance at end of reporting period \$ '000
<b>(b) Other reserves</b>				
<b>2011</b>				
Plant replacement	698	3,411	(2,848)	1,261
Port of Apollo Bay	1,221	-	(70)	1,151
Recreational lands	519	45	-	564
Landfill rehabilitation (Alvie)	410	57	-	467
Resource development reserve	406	268	(290)	384
Colac livestock selling centre	198	146	-	344
Kerbside bin replacement	-	205	-	205
Rehabilitation reserve	30	130	-	160
Car parking	210	10	(83)	137
Unfunded superannuation reserve	166	100	(166)	100
Tirrengower Drainage Scheme	-	36	-	36
Waste management	792	-	(792)	-
Lakeside estate	744	-	(744)	-
Share of CRLC plant replacement	8	-	(8)	-
<b>Total Other reserves</b>	<b>5,402</b>	<b>4,408</b>	<b>(5,001)</b>	<b>4,809</b>
	\$ '000	\$ '000	\$ '000	\$ '000
<b>2010</b>				
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)	-
<b>Total Other reserves</b>	<b>4,275</b>	<b>2,051</b>	<b>(924)</b>	<b>5,402</b>

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 25 RESERVES (continued)

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

### *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.

### *Kerbside bin replacement*

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

### *Lakeside estate*

These funds were placed into reserve when the Bruce Street site was sold and was intended 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 and special projects.

### *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 of 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

### *Tirrengower Drainage Scheme*

These funds are collected via a special rate and must be expended against the purpose of the drainage scheme at Tirrengower.

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 26 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO PROFIT/(LOSS)

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Surplus / (Deficit)	18,900	2,593
Depreciation/amortisation	7,783	8,409
(Profit)/loss on disposal of property, plant and equipment, infrastructure	104	(58)
Contributions - Non-monetary assets (other)	(994)	(564)
Share of result of associate	(46)	18
Finance costs	282	140
Contributions - Non-monetary assets (Port of Apollo Bay)	(15,658)	-
Property, plant and equipment, infrastructure written off	174	121
Net GST receipts and payments	816	1,323
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(94)	(630)
(Increase)/decrease in prepayments	239	(153)
(Increase)/decrease in inventories	(38)	(3)
(Decrease)/increase in trade and other payables	(145)	55
(Decrease)/increase in provisions	966	1,055
<b>Net cash provided by/(used in) operating activities</b>	<b>12,289</b>	<b>12,306</b>

## NOTE 27 RECONCILIATION OF CASH AND CASH EQUIVALENTS

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Cash and cash equivalents (see note 16)	10,775	9,762
<b>Total reconciliation of cash and cash equivalents</b>	<b>10,775</b>	<b>9,762</b>

## NOTE 28 FINANCING ARRANGEMENTS

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Bank overdraft	1,000	1,000
<b>Unused facilities</b>	<b>1,000</b>	<b>1,000</b>

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 29 RESTRICTED ASSETS

Council has cash and cash equivalents (Note 16) 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).

	2011 \$'000	2010 \$'000
Long service leave (note 23(a))	2,182	1,745
Trust deposits (note 22)	287	295
Reserve funds (note 25(b))	4,809	5,402
<b>Total restricted assets</b>	<b>6,991</b>	<b>7,147</b>

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 30 SUPERANNUATION

Colac Otway Shire 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. Employer contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

### Defined Benefit Plan

The Fund's Defined Benefit Plan is a multi-employer sponsored plan. The Fund was closed to new members from 31 December 1993. 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, Corporation 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.

Assessing the financial position of the Defined Benefit plan involves the calculation of various indices of benefits compared to assets. These include 'Vested Benefits Index' (VBI) and the 'Discounted Accrued Benefits Index' (DABI). An actuarial investigation, conducted in 2009, concluded that although the net market value of assets was in excess of accrued benefits at 31 December 2008, based on the assumptions adopted, that there was a shortfall of \$71 million when the funding of future benefits was also considered. A five year funding plan was developed by Vision Super to achieve full funding, however, Council was advised that no additional contributions were required for 30 June 2010.

Following a further planned actuarial review, finalised in late 2010, the funding shortfall of \$71 million for the whole fund still existed. Council's contribution due 1 July 2011 was \$580,316 as our share of the shortfall. Council took advantage of a lower cost option by making its contribution of \$568,647 earlier on 31 March 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 2011*

## NOTE 30 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:

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

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.

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
<b>Fund</b>		
<b>Defined benefits fund</b>		
Employer contributions paid to Local Authorities Superannuation Fund (Vision Super)	861	202
	<b>861</b>	<b>202</b>
<b>Accumulation funds</b>		
Employer contributions paid to Local Authorities Superannuation Fund (Vision Super)	899	694
	<b>899</b>	<b>694</b>

Reconciliation of Notes 10 to 30: note 30 reports superannuation paid to Local Authorities Superannuation Fund (Vision Super). Note 10 reports amounts owed for superannuation in total.

### 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 33 - Contingent liabilities and contingent assets.

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 31 COMMITMENTS

The Council has entered into the following commitments

	Not later than 1 year \$ '000	Later than 1 year and not later than 2 years \$ '000	Later than 2 years and not later than 5 years \$ '000	Later than 5 years \$ '000	Total \$ '000
<b>2011</b>					
<b>Operating</b>					
Waste management	2,315	1,951	4,209	-	8,475
Cleaning contracts for council buildings	203	211	-	-	414
Property valuation services	-	201	-	-	201
Meals for delivery	120	-	-	-	120
Consultancies	280	-	-	-	280
Information systems & technology	93	97	101	-	291
Street Lighting	73	83	95	-	251
Other	45	14	-	-	59
<b>Total</b>	<b>3,129</b>	<b>2,557</b>	<b>4,405</b>	<b>-</b>	<b>10,091</b>
<b>Capital</b>					
Plant and equipment	602	-	-	-	602
Building and other structures	286	-	-	-	286
<b>Total</b>	<b>888</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>888</b>
<b>Total commitments</b>	<b>4,017</b>	<b>2,557</b>	<b>4,405</b>	<b>-</b>	<b>10,979</b>

	Not later than 1 year \$ '000	Later than 1 year and not later than 2 years \$ '000	Later than 2 years and not later than 5 years \$ '000	Later than 5 years \$ '000	Total \$ '000
<b>2010</b>					
<b>Operating</b>					
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
<b>Total</b>	<b>3,554</b>	<b>2,528</b>	<b>6,459</b>	<b>-</b>	<b>12,541</b>
<b>Capital</b>					
Joint use library facility	421	-	-	-	421
Plant and equipment	195	-	-	-	195
Building and other structures	703	-	-	-	703
<b>Total</b>	<b>1,319</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,319</b>
<b>Total commitments</b>	<b>4,873</b>	<b>2,528</b>	<b>6,459</b>	<b>-</b>	<b>13,860</b>

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 32 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):

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Not later than one year	128	90
Later than one year and not later than five years	213	267
<b>Total</b>	<b>341</b>	<b>357</b>

## NOTE 33 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### (a) 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.

### (b) Guarantees for loans to other entities

The following Bank guarantees have been provided by Council:

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
Otway Community College	125	-
<b>Total</b>	<b>125</b>	<b>-</b>

The guarantee is held by the National Australia Bank dated 17 May 2011 for a period of four (4) years. The maximum value guaranteed by Council is for \$125,000.

The amount disclosed for the financial guarantee is the nominal amount of the underlying loan that is guaranteed by the Council, not the fair value of the financial guarantee.

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 34 FINANCIAL INSTRUMENTS

(a) Accounting Policy, terms and conditions			
Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
<b>Financial assets</b>			
Cash and cash equivalents	16	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 4.56% (3.37% in 2009/10). The interest rate at balance date was 4.65% (4.0% in 2009/10).
		Interest is recognised as it accrues.	Funds returned fixed interest rate of between 5.35% (2.90% in 2009/10), and 5.8% (5.50% in 2009/10) net of fees.
		Investments and bills are valued at cost.	
		Investments are held to maximise interest returns of surplus cash.	
		Interest revenues are recognised as they accrue.	
<b>Trade and other payables</b>			
Other debtors	17	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 2009/10). Credit terms are based on 30 days.
<b>Financial Liabilities</b>			
Trade and other payables	21	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	24	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 6.86% (6.81% in 2009/10).
		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	28	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 2011*

## NOTE 34 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:					
	Floating interest rate \$ '000	1 year or less \$ '000	Over 1 to 5 years \$ '000	More than 5 years \$ '000	Non-interest bearing \$ '000	Total \$ '000
<b>2011</b>						
<b>Financial assets</b>						
Cash and cash equivalents	8,874	1,894	-	-	7	10,775
Trade and other receivables	-	-	-	-	2,779	2,779
<b>Total financial assets</b>	<b>8,874</b>	<b>1,894</b>	<b>-</b>	<b>-</b>	<b>2,786</b>	<b>13,554</b>
Weighted average interest rate	4.56%	5.57%				
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	-	1,820	1,820
Trust funds and deposits	-	-	-	-	287	287
Interest-bearing loans and borrowings	-	446	1,944	2,455	-	4,845
<b>Total financial liabilities</b>	<b>-</b>	<b>446</b>	<b>1,944</b>	<b>2,455</b>	<b>2,107</b>	<b>6,952</b>
Weighted average interest rate		6.86%	6.89%	6.89%		
<b>Net financial assets (liabilities)</b>	<b>8,874</b>	<b>1,448</b>	<b>(1,944)</b>	<b>(2,455)</b>	<b>679</b>	<b>6,602</b>

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

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 34 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:

	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2011 \$'000	2010 \$'000	2011 \$'000	2010 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	10,775	9,762	10,775	9,762
Trade and other receivables	2,779	2,685	2,779	2,685
<b>Total financial assets</b>	<b>13,554</b>	<b>12,447</b>	<b>13,554</b>	<b>12,447</b>
<b>Financial liabilities</b>				
Trade and other payables	1,820	1,965	1,820	1,965
Trust funds and deposits	287	295	287	295
Interest-bearing loans and borrowings	4,845	4,157	4,502	3,468
<b>Total financial liabilities</b>	<b>6,952</b>	<b>6,417</b>	<b>6,609</b>	<b>5,728</b>

### (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. 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.

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 34 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 33 - Contingent liabilities and contingent assets.

#### 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:

	2011 \$'000	2010 \$'000
Current (not yet due)	1,254	2,575
Past due by up to 30 days	83	53
Past due after 31 days	391	57
<b>Total Trade &amp; Other Receivables</b>	<b>1,728</b>	<b>2,685</b>

#### 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.

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 34 FINANCIAL INSTRUMENTS (continued)

### Liquidity risk (continued)

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

The table below lists the contractual maturities for Financial Liabilities.

These amounts represent undiscounted gross payments including both principal and interest amounts shown as Contracted Cash Flow. Carrying amount discloses amount owed at 30 June.

	6mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash flow	Carrying Amount
<b>2011</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>
Trade and other payables	1,820	-	-	-	-	1,820	1,820
Trust funds and deposits	287	-	-	-	-	287	287
Interest-bearing loans and borrowings	405	368	809	2,168	2,882	6,632	4,845
<b>Total financial liabilities</b>	<b>2,512</b>	<b>368</b>	<b>809</b>	<b>2,168</b>	<b>2,882</b>	<b>8,739</b>	<b>6,952</b>

	6mths or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash flow	Carrying Amount
<b>2010</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>	<b>\$ '000</b>
Trade and other payables	1,965	-	-	-	-	1,965	1,965
Trust funds and deposits	87	54	94	60	-	295	295
Interest-bearing loans and borrowings	377	326	627	1,810	2,614	5,754	4,157
<b>Total financial liabilities</b>	<b>2,429</b>	<b>380</b>	<b>721</b>	<b>1,870</b>	<b>2,614</b>	<b>8,014</b>	<b>6,417</b>

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 34 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
<b>2011</b>	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Financial assets</b>					
Cash and cash equivalents	10,775	(216)	(216)	108	108
Trade and other receivables	2,779	(21)	(21)	11	11
<b>Financial liabilities:</b>					
Trade and Other payables	2,107	0	0	0	0
Interest-bearing loans and borrowings	4,845	97	97	(48)	(48)

		Interest rate risk			
		-2%		+1%	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
<b>2010</b>	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>Financial assets</b>					
Cash and cash equivalents	9,762	(195)	(195)	98	98
Trade and other receivables	2,685	(54)	(54)	27	27
<b>Financial liabilities:</b>					
Trade and Other payables	2,260	0	0	0	0
Interest-bearing loans and borrowings	4,157	83	83	(42)	(42)

## NOTE 35 AUDITORS' REMUNERATION

	2011 \$'000	2010 \$'000
Audit fee to conduct external audit - Victorian Auditor-General	37	32
Internal audit fees - Crowe Horwath (WHK )	49	26
<b>Total</b>	<b>86</b>	<b>58</b>

## NOTE 36 EVENTS OCCURRING AFTER BALANCE DATE

No matters have occurred after the balance date that warrant disclosure in this report

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 37 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:

<b>Councillors</b>	Councillor Brian Crook (Mayor 08/12/10 to current) Councillor Lyn Russell (Mayor from 09/12/09 to 08/12/10) Councillor Stephen Hart Councillor Chris Smith Councillor Frank Buchanan Councillor Geoff Higgins Councillor Stuart Hart
<b>Chief Executive</b>	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:

	<b>2011 No.</b>	2010 No.
\$20,000 - \$29,999	2	5
\$30,000 - \$39,999	3	2
\$40,000 - \$49,999	2	-
\$170,000 - \$179,999	-	1
\$190,000 - \$199,999	1	-
	<b>8</b>	<b>8</b>

	<b>\$'000</b>	\$'000
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	441	375

(iii) No retirement benefits have been made by the Council to a Responsible Person (2009/10, \$0).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2009/10, \$0).

### (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 (2009/10 \$0).

### (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 \$124,000.

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

Income Range:	<b>2011 No.</b>	2010 No.
\$124,000 - \$129,999	1	-
\$130,000 - \$139,999	-	1
\$150,000 - \$159,999	-	1
\$160,000 - \$169,999	3	2
	<b>4</b>	<b>4</b>

	<b>\$'000</b>	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	615	616

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 38 INTEREST IN JOINT VENTURE

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 \$3,300,000. This represents a 50% share of the asset.

	<b>2011</b>	2010
	<b>\$'000</b>	\$'000
<b>Council's share of assets employed in the joint venture arrangement</b>		
Buildings	3,103	2,271
Furniture and equipment	120	-
Intangible assets	41	-
	<b>3,264</b>	<b>2,271</b>

## NOTE 39 INCOME AND EXPENSES BY FUNCTION

	Infrastructure and Services Department		Corporate and Executive Departments		Sustainable Planning and Development Department		Total	
	<b>2011</b>	2010	<b>2011</b>	2010	<b>2011</b>	2010	<b>2011</b>	2010
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
Income	24,841	7,427	30,121	30,195	1,641	1,504	56,603	39,126
Expenses	(11,240)	(18,796)	(21,539)	(13,265)	(4,924)	(4,490)	(37,703)	(36,551)
<b>Profit / (Loss) for the year</b>	<b>13,601</b>	<b>(11,369)</b>	<b>8,582</b>	<b>16,930</b>	<b>(3,283)</b>	<b>(2,986)</b>	<b>18,900</b>	<b>2,575</b>

### 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

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 40 FINANCIAL RATIOS (PERFORMANCE INDICATORS)

### (a) Debt servicing ratio

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

	<b>2011</b> \$'000	2011 %	<b>2010</b> \$'000	2010 %	<b>2009</b> \$'000	2009 %
<u>Debt servicing costs</u>	308		140		185	
<u>Total revenue</u>	56,599	= 0.54%	39,126	= 0.36%	37,535	= 0.49%

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)

	<b>2011</b> \$'000	2011 %	<b>2010</b> \$'000	2010 %	<b>2009</b> \$'000	2009 %
<u>Debt servicing &amp; redemption costs</u>	720		445		703	
<u>Rate revenue</u>	20,465	= 3.52%	18,559	= 2.40%	17,602	= 3.99%

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)

	<b>2011</b> \$'000	2011 %	<b>2010</b> \$'000	2010 %	<b>2009</b> \$'000	2009 %
<u>Rate revenue</u>	20,465		18,559		17,602	
<u>Total revenue</u>	56,599	= 36.16%	39,126	= 47.43%	37,535	= 46.89%

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)

	<b>2011</b> \$'000	2011 %	<b>2010</b> \$'000	2010 %	<b>2009</b> \$'000	2009 %
<u>Total indebtedness</u>	11,816		11,039		8,455	
<u>Total realisable assets</u>	95,780	= 12.34%	78,925	= 13.99%	74,278	= 11.38%

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 29) 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.

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 40 FINANCIAL RATIOS (PERFORMANCE INDICATORS) (continued)

### (e) Working capital ratio

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

	<b>2011</b> <b>\$'000</b>	2011 %	<b>2010</b> <b>\$'000</b>	2010 %	<b>2009</b> <b>\$'000</b>	2009 %
<u>Current assets</u>	13,742		12,836		11,939	
Current liabilities	5,705	= 240.88%	5,886	= 218.08%	5,264	= 226.80%

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)

	<b>2011</b> <b>\$'000</b>	2011 %	<b>2010</b> <b>\$'000</b>	2010 %	<b>2009</b> <b>\$'000</b>	2009 %
<u>Current assets</u>	13,742		12,836		11,939	
Current liabilities	5,030	= 273.20%	5,122	= 250.61%	5,040	= 236.88%

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

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

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 40 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)

	<b>2011</b> <b>\$'000</b>		2011 %	<b>2010</b> <b>\$'000</b>		2010 %	<b>2009</b> <b>\$'000</b>		2009 %
Adjusted Net Operating Result	<u>2,376</u>	=	6.16%	<u>2,150</u>	=	5.6%	<u>402</u>	=	1.1%
Total Underlying Revenue	39,947			38,562			35,329		

#### (h) Liquidity Ratio

(to assess Council's ability to pay its liabilities in the next 12 months)

	<b>2011</b> <b>\$'000</b>		2011 %	<b>2010</b> <b>\$'000</b>		2010 %	<b>2009</b> <b>\$'000</b>		2009 %
Current assets	<u>13,742</u>	=	240.9%	<u>12,836</u>	=	218.1%	<u>11,939</u>	=	226.8%
Current liabilities	5,705			5,886			5,264		

#### (i) Indebtedness Ratio

(to assess Council's ability to cover longer term liabilities from its own sourced revenue)

	<b>2011</b> <b>\$'000</b>		2011 %	<b>2010</b> <b>\$'000</b>		2010 %	<b>2009</b> <b>\$'000</b>		2009 %
Non-current liabilities	<u>8,580</u>	=	33.8%	<u>6,898</u>	=	27.1%	<u>4,662</u>	=	21.1%
Own-sourced revenue	25,393			25,421			2,2076		

#### (j) Self-Financing Ratio

(to assess Council's ability to replace assets from cash generated by operations)

	<b>2011</b> <b>\$'000</b>		2011 %	<b>2010</b> <b>\$'000</b>		2010 %	<b>2009</b> <b>\$'000</b>		2009 %
Net operating cash flows	<u>12,289</u>	=	30.8%	<u>12,288</u>	=	31.9%	<u>11,309</u>	=	32.0%
Underlying revenue	39,947			38,562			35,329		

#### (k) Investment Gap Ratio

(measures whether Council is spending on infrastructure at a faster rate than infrastructure is depreciating)

	<b>2011</b> <b>\$'000</b>		2011 %	<b>2010</b> <b>\$'000</b>		2010 %	<b>2009</b> <b>\$'000</b>		2009 %
Capital Spend	<u>12,262</u>	=	157.5%	<u>14,258</u>	=	169.6%	<u>8,027</u>	=	90.2%
Depreciation	7,783			8,409			8,902		

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 41 CAPITAL EXPENDITURE

Capital expenditure areas	Note	2011 \$'000	2010 \$'000
Land		625	600
Land improvements		161	883
Buildings		3,114	5,006
Plant and minor equipment		1,228	1,484
Fixed plant, furniture and equipment		423	42
Roads		5,085	4,161
Bridges		54	160
Footpaths and cycle ways		379	517
Drainage		131	22
Intangibles		200	-
Kerb and channelling		-	17
<b>Total capital works</b>		<b>11,400</b>	<b>12,892</b>
Represented by:			
Renewal of property and buildings	(a)	2,731	876
Renewal of plant and equipment		699	1,484
Renewal of infrastructure		5,061	3,594
Upgrade of property and buildings	(b)	378	2,724
Upgrade of plant and equipment		4	-
Upgrade of infrastructure		377	1,151
New property and buildings	(c)	1,468	2,889
New plant and equipment		526	42
New infrastructure		156	132
<b>Total capital works</b>		<b>11,400</b>	<b>12,892</b>
<b>Property, plant and equipment, infrastructure movement</b>			
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		11,400	12,892
Contributions - non-monetary assets (other)	6(b)	994	564
Asset revaluation movement	23(a)	(20,297)	554
Depreciation/amortisation	10	(7,783)	(8,409)
Written down value of assets sold	18	(646)	(372)
Contributions - non-monetary assets (Port of Apollo Bay)	6(c)	15,658	-
Transfers	18	-	-
Assets written off	18	(174)	(121)
<b>Net movement in property, plant and equipment, infrastructure</b>	<b>18</b>	<b>(848)</b>	<b>5,108</b>

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 41 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.

### (c) New/Expansion

Expenditure which extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. It is discretionary expenditure which increases future operating and maintenance costs, because it increases council's asset base, but may be associated with additional revenue from the new user group.

# Notes to the Financial Statements *for the year ended 30 June 2011*

## NOTE 42 SPECIAL COMMITTEES AND OTHER ACTIVITIES - PORT OF APOLLO BAY

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

	2011 \$'000	2010 \$'000
<b>Income Statement</b>		
<b>Income</b>		
Grants and subsidies	1,320	827
User fees and charges	84	82
Reimbursements	-	4
Contributions - non-monetary assets	15,658	-
Other income	58	1
<b>Total income</b>	<b>17,120</b>	<b>914</b>
<b>Expenses</b>		
Employee benefits	(393)	(322)
Depreciation and amortisation	(433)	-
Materials and services	(184)	(317)
Other expenses	(1)	-
<b>Total expenses</b>	<b>(1,011)</b>	<b>(639)</b>
<b>Surplus/(Deficit)</b>	<b>16,109</b>	<b>275</b>
<b>Balance Sheet</b>		
<b>Assets</b>		
<i>Current assets</i>		
Trade and other receivables	1,250	1,272
<b>Total current assets</b>	<b>1,250</b>	<b>1,272</b>
<i>Non-current assets</i>		
Property, infrastructure, plant and equipment	16,136	-
<b>Total non-current assets</b>	<b>16,136</b>	<b>-</b>
<b>Total assets</b>	<b>17,386</b>	<b>1,272</b>
<b>Liabilities</b>		
<i>Current liabilities</i>		
Provisions	47	44
<b>Total current liabilities</b>	<b>47</b>	<b>44</b>
<i>Non-current liabilities</i>		
Provisions	15	13
<b>Total non-current liabilities</b>	<b>15</b>	<b>13</b>
<b>Total liabilities</b>	<b>62</b>	<b>57</b>
<b>Net Assets</b>	<b>17,324</b>	<b>1,215</b>
<b>Equity</b>		
Accumulated surplus	1,215	940
Current year surplus	16,109	275
Reserves	-	-
<b>Total Equity</b>	<b>17,324</b>	<b>1,215</b>

# Certification of the Financial Statements

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

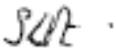


**Brett Exelby CPA**  
Principal Accounting Officer  
22 September 2011

In our opinion the accompanying financial statements present fairly the financial transactions of Colac Otway Shire for the year ended 30 June 2011 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 14 September 2011 to certify the financial statements in their final form.



**Stephen Hart**  
Councillor  
22 September 2011



**Stuart Hart**  
Councillor  
22 September 2011



**Rob Small**  
Chief Executive Officer  
22 September 2011

# VAGO

Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

### To the Councillors, Colac-Otway Shire Council

#### *The Standard Statements and Financial Report*

The accompanying standard statements for the year ended 30 June 2011 of the Council which comprises of the 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 accompanying financial report for the year ended 30 June 2011 of the Colac-Otway Shire Council which comprises of the 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.

#### *The Councillors' Responsibility for the Standard Statements and Financial Report*

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

- the standard statements in accordance with the basis of preparation as described in basis of preparation as described in basis of preparation of standard statements of the statements and the requirements of the *Local Government Act 1989*
- 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 responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the standard statements and financial report 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 standard statements and financial report 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 standard statements and financial report are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standard statements and financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the standard statements and financial report, 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 standard statements and financial report 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 accounting estimates made by the Councillors, as well as evaluating the overall presentation of the standard statements and financial report.

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Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT (continued)

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

### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. 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 standard statements present fairly, in all material respects, the financial position of the Colac-Otway Shire Council as at 30 June 2011 and its financial performance and cash flows or 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 financial report presents fairly, in all material respects, the financial position of the Colac-Otway Shire Council as at 30 June 2011 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*.

### *Basis of Accounting for Standard Statements*

Without modifying my opinion, I draw attention to basis of preparation of standard statements to the standard statements, which describes the basis of accounting. The standard statements are prepared to meet the requirements of the *Local Government Act 1989*. As a result, the standard statements may not be suitable for another purpose.

### *Matters Relating to the Electronic Publication of the Audited Standard Statements and Financial Report*

This auditor's report relates to the standard statements and financial report of the Colac-Otway Shire Council for the year ended 30 June 2011 included both in the Colac-Otway Shire Council's annual report and on the website. The councillors of the Colac-Otway Shire council are responsible for the integrity of the Colac-Otway Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the standard statements and financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited standard statements and financial report to confirm the information contained in the website version of the standard statements and financial report.

Melbourne  
28 September 2011

  
D.D.R. Pearson  
Auditor-General

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# Performance Statement

Objectives	Strategic Indicators	Target 2010/11	Result 2010/11	Outcome	Comments
<b>Leadership and Governance</b>					
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% requirements	Not available	Not Achieved	The evidentiary trail supporting this strategic indicator has not been developed.
	Community satisfaction with the Overall Performance of Council	62%	58%	Not Achieved	Have not met community expectations; however the difference is not significant given the margin of error in the survey methodology.
	Community satisfaction with Council's Advocacy role	63%	62%	Not Achieved	Have not met community expectations; however the difference is not significant given the margin of error in the survey methodology.
	Community satisfaction with Council's Community Engagement	62%	54%	Not Achieved	Have not met community expectations.
	Community satisfaction with Council's Customer Contact	73%	68%	Not Achieved	Have not met community expectations.
	Risk Liability Assessment	89%	89%	Achieved	Council audited every 2 years. Result remains unchanged from 2010.
	Liquidity Ratio	1.50:1(Est AIFRS Adj)	2.42:1	Achieved	
	Audit Opinion issued on Financial Statements	Compliance with all statutory	Yes	Achieved	
<b>Physical Infrastructure and Assets</b>					
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%	Not available	Not Achieved	The evidentiary trail supporting this strategic indicator has not been developed.
	Percentage of Capital Works expenditure projects completed	85%	82%	Not Achieved	Several projects were deferred due to factors outside Council control.
	Capital Works expenditure actual compared to budgeted expenditure	85%	105%	Achieved	
	Asset renewal sustainability index	90%	110%	Achieved	

# Performance Statement

Objectives	Strategic Indicators	Target 2010/11	Result 2010/11	Outcome	Comments
<b>Land Use and Development</b>					
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%	Not available	Not Achieved	The evidentiary trail supporting this strategic indicator has not been developed.
	Building permits processed within statutory timeframes	70%	Not available	Not Achieved	A statutory timeframe does not exist for building permits and the Planning Dept does not track these stats. Deleted as part of the 2011 Council Plan review.
	Planning permits processed within statutory timeframes	70%	Not available	Not Achieved	Considered not achieved as insufficient evidence provided to support the outcome. Evidentiary changes have been put in place for future years.
<b>Environmental Management</b>					
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%	Not available	Not Achieved	The evidentiary trail supporting this strategic indicator has not been developed.
	Increased Environmental Sustainability	> Milestone 5 (Cities for Climate Protection Program)	Not available	Not Achieved	Program ceased by the State government so no longer able to measure this indicator. Has been deleted as part of the 2011 Council Plan review.
		> Eco Buy Accreditation	100%	Achieved	

# Performance Statement

Objectives	Strategic Indicators	Target 2010/11	Result 2010/11	Outcome	Comments
<b>Economic Development</b>					
Council is committed to facilitating a healthy and resilient economy through effective leadership, advocacy, and partnership.	Achievement of Council Commitments and Key Actions	100%	Not available	Not Achieved	The evidentiary trail supporting this strategic indicator has not been developed.
	Completion of Master Plan priorities for all small towns	80%	Not available	Not Achieved	Considered not achieved as the wording of the indicator is for all small town master plans, whereas in practice, each year specific projects within master plans are funded. Wording change recommended in the 2012 Council Plan review.
<b>Community Health and Wellbeing</b>					
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%	Not available	Not Achieved	The evidentiary trail supporting this strategic indicator has not been developed.
	Community satisfaction with Health and Human Services	77%	75%	Not Achieved	Have not met community expectations; however the difference is not significant given the margin of error in the survey methodology.
	Community satisfaction with Recreational Facilities	66%	61%	Not Achieved	Have not met community expectations.

# Certification of the Performance Statement

In my opinion the accompanying Performance Statement of the Colac Otway Shire Council in respect of the 2010/11 financial year has been prepared in accordance with the *Local Government Act 1989*.



**Brett Exelby CPA**  
Principal Accounting Officer  
22 September 2011

In our opinion, the accompanying Performance Statement of the Colac Otway Shire Council in respect of the 2010/11 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 date of signing, we are not aware of any circumstance which would render any particulars in the statement to be misleading or inaccurate.

We have been authorised by the Council on 14 September 2011 to certify the Performance Statement in its final form.



**Stephen Hart**  
Councillor  
22 September 2011



**Stuart Hart**  
Councillor  
22 September 2011



**Rob Small**  
Chief Executive Officer  
22 September 2011

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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 2011 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.

#### *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.

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Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT (continued)

### *Auditor's Opinion*

In my opinion, the performance statement of Colac Otway Shire Council in respect of the 30 June 2011 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

### *Matters Relating to the Electronic Publication of the Audited Performance Statement*

This auditor's report relates to the performance statement of the Colac-Otway Shire Council for the year ended 30 June 2011 included both in the Colac-Otway Shire Council's annual report and on the website. The Councillors of the Colac-Otway Shire council are responsible for the integrity of the Colac-Otway Shire Council's website. I have not been engaged to report on the integrity of the Colac-Otway Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited performance statement to confirm the information contained in the website version of the performance statement.

**Melbourne**  
29 September 2011

  
f **D.D.R. Pearson**  
Auditor-General

# Acronyms and Definitions

BWFC	Bluewater Fitness Centre	JLTA	Jardine Lloyd Thompson Australia
CBD	Central Business District	JMAPP	Jardine Municipal Asset Protection Package
CEO	Chief Executive Officer	LG	Local Government
CFA	Country Fire Authority	MAV	Municipal Association of Victoria
CMP	Civic Mutual Plus	MOU	Memorandum of Understanding
COPACC Centre	Colac Otway Performing Arts and Cultural Centre	NSP	Neighbourhood Safer Places
COSWORKS	Colac Otway Shire Works Unit	OH&S	Occupational Health and Safety
COVEC	Colac Otway Vocational Education Cluster	PES@ software system	Council's Corporate Personnel Evaluation
DOT	Department of Transport	RDV	Regional Development Victoria
DSE	Department of Sustainability and Environment	RTAP	Regional Tourism Action Plan
EFT	Equivalent Full Time employees	SafetyMAP Authority	Accreditation through the Victorian WorkCover Authority
EMP	Emergency Management Plan	STIP	Small Town Improvement Program
EPA	Environment Protection Authority	TLC3 Committee	Towards Liveable Communities Coordinating Committee
ETS	Emissions Trading Scheme	TTC	Trade Training Centre
FOI	Freedom of Information	VCAT	Victorian Civil and Administrative Tribunal
G21	Geelong Regional Alliance	VIC	Visitor Information Centre
HACC	Home and Community Care	WHK	Accounting and financial advisors
Interplan@ software system	Council's Corporate Performance Management software system		

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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	PO Box 283 Colac Vic 3250	Email Address: <a href="mailto:inq@colacotway.vic.gov.au">inq@colacotway.vic.gov.au</a> Website Address: <a href="http://www.colacotway.vic.gov.au">www.colacotway.vic.gov.au</a>



**Colac Service Centre**

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SHIRE

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