

# Colac Otway Shire

ANNUAL REPORT  
2011-2012



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*

COVER: The image is from the series 'Up Close' showing swarming termites from our region caught on water. PHOTO: Alison Pouliot

# Highlights

- ✓ *New electronic document management system provides long-term management capability and ease of use (p 32).*
- ✓ *Major upgrade to the telecommunications network will support new capabilities (p 32).*
- ✓ *Sustainability features included in new Council offices (p 58).*
- ✓ *Community support for the business development program (p 66).*
- ✓ *Achieved \$6.89 million in government grants to ease the burden on the community of providing key services (p 66).*
- ✓ *'Lungs in Action' program at the Bluewater Fitness Centre assists people with respiratory diseases to live fuller lives (p 75).*

## Disappointments

- ✗ *\$3.18 million unfunded superannuation liability far greater than expected (p 34).*
- ✗ *Environmental contaminant affects disposal of organic waste (p 59).*



# About Our Annual Report

*Our report documents Colac Otway Shire Council's performance during 2011/12 against the Council Plan and the 2011/12 Budget and is the third report against the Council Plan 2009-2013. Our Council Plan has six Key Result Areas guiding the growth and development of our municipality:*

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

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

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

## READERSHIP

Our 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 our report, please contact Council's Customer Service Centre on **(03) 5232 9400** at 2-6 Rae Street, Colac or view a copy online at: [www.colacotway.vic.gov.au](http://www.colacotway.vic.gov.au)

## FEEDBACK

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

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

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

# Our Shire Profile

## OUR LOCATION

As the gateway to the Great South Coast region we are situated within a two hour drive of Melbourne, and 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 20,578; remaining fairly steady over the past decade. We expect an increase in our population once the Princes Highway becomes a dual highway (the Geelong to Winchelsea section is progressing well) as it will open up the region, making commuting an attractive option for both the local population and for those seeking a lifestyle change. With the attraction of affordable housing and great lifestyle, we are ideally located for those looking for a rural idyll within a comfortable commuting distance to major centres.

Our five key industry categories are Agriculture; Forestry and Fishing; Manufacturing; Retail Trade; and Health Care and Social Assistance and these employ 46.6% 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. The Apollo Bay township was established in the 1860s, with other coastal villages being settled by the 1880s.

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

## 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. The origin of Otway is revealed in the logbooks of The Lady Nelson, 1800, captained by Lieutenant James Grant:

*'December 7th. At daylight we saw the land making a cape ahead ... I named it Cape Albany Otway (now Cape Otway) in honour of William Albany Otway, Esquire, Captain in the Royal Navy. I never saw a finer country, the valleys appeared to have plenty of fresh water meandering through them.'*



**Area:** 3,427 sq kilometres

**Length of Local Roads:** 1,632 kilometres

**Estimated Population:** 20,578

**Population born overseas:** 5.7%

**Population growth rate:** 0.2%

**Employment rate:** 97% (full-time, 61%)

**Rateable properties:** 14,685

**Coastline:** 95 kilometres

**Forest and National Park:** 110,000 hectares

Estimated Population:	20,578
0 - 4 years	6.0%
5 - 14 years	12.9%
15 - 24 years	11.5%
25 - 34 years	9.8%
35 - 59 years	34.0%
over 60 years	25.7%

Sources: Australian Bureau of Statistics Census 2011  
 .id Consulting, Melbourne 2012

Left: The Lady Nelson, 1800, Rare/Special Collections, Morris Miller Library, University of Tasmania, <http://eprints.utas.edu.au/6395/>

# The Year in Review

Key Result Area	Achievements	Disappointments
 <p><b>LEADERSHIP AND GOVERNANCE</b> For more information see page 30</p>	<ul style="list-style-type: none"> <li>&gt; Advancing Country Towns plan completed.</li> <li>&gt; New electronic document management system implemented.</li> <li>&gt; Major upgrade to telecommunications.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; \$3.18 million unfunded superannuation liability.</li> </ul>
 <p><b>PHYSICAL INFRASTRUCTURE AND ASSETS</b> For more information see page 40</p>	<ul style="list-style-type: none"> <li>&gt; Completion of Capital Works.</li> <li>&gt; New bridge constructed.</li> <li>&gt; 100% increase in footpath replacement.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Completion of off-road trail postponed due to difficulty in finalising trail alignment.</li> <li>&gt; Delays to tennis court project due to unforeseen pavement problems.</li> </ul>
 <p><b>LAND USE AND DEVELOPMENT</b> For more information see page 48</p>	<ul style="list-style-type: none"> <li>&gt; Adoption of Rural Living Strategy.</li> <li>&gt; Completion of Colac CBD and Entrances Project Plan.</li> <li>&gt; Completion of Colac and Apollo Bay Car Parking Strategy.</li> <li>&gt; Completion of the Birregurra Neighbourhood Character Study.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Delays to implementation of the Apollo Bay Harbour Master Plan due to the emergence of community concerns.</li> </ul>
 <p><b>ENVIRONMENTAL MANAGEMENT</b> For more information see page 15 and 56</p>	<ul style="list-style-type: none"> <li>&gt; New Environmental Sustainability Policy.</li> <li>&gt; Sustainability features included in new Council offices.</li> <li>&gt; Land management plans developed for eight of Council's high conservation value reserves.</li> <li>&gt; Landfill environmental risk assessment and development of management plan.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Roadside Environmental Management Plan not completed due to unexpected complications with all activities on roadsides.</li> <li>&gt; Environmental contaminant affects waste disposal.</li> <li>&gt; Marine pest continues to spread in Apollo Bay Harbour.</li> </ul>
 <p><b>ECONOMIC DEVELOPMENT</b> For more information see page 18 and 64</p>	<ul style="list-style-type: none"> <li>&gt; Completion of Community Infrastructure Plans.</li> <li>&gt; Community Support for the Business Development Program.</li> <li>&gt; Redevelopment of historic Lions Park.</li> <li>&gt; Significant Increase in Grant Funding.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; New brand for Colac still to be finalised.</li> <li>&gt; Further delays on the regional tourism action plan.</li> </ul>
 <p><b>COMMUNITY HEALTH AND WELLBEING</b> For more information see page 17 and 72</p>	<ul style="list-style-type: none"> <li>&gt; Completion of significant strategic plans.</li> <li>&gt; Upgrades to community facilities.</li> <li>&gt; Smooth transition to the National and Victorian Early Years Framework.</li> <li>&gt; Celebrating arts and culture.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Tennis court upgrades unable to be completed.</li> <li>&gt; Failure of ongoing State funding for the Active Service Model for older people and people of all abilities.</li> </ul>

Source: Local government Community Satisfaction Survey 2012, Department of Planning and Community Development, prepared by JWS Research.

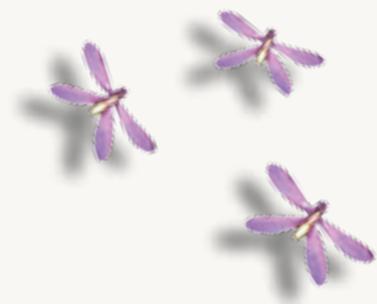
NOTE: New methodology and format makes comparisons with previous years' data invalid.

Challenges	The Year Ahead	Community Satisfaction Results						
<ul style="list-style-type: none"> <li>&gt; Bushfire Royal Commission recommendation requiring removal of vegetation in the new Bushfire Management Overlay conflicts with vegetation protection required in the existing Significant Landscape Overlays.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Develop the 2013-2017 Council Plan.</li> <li>&gt; Review General Local Laws No's 1, 2 and 3.</li> <li>&gt; Complete the Municipal Fire Management Plan.</li> <li>&gt; Finalise and implement Business Continuity Plans.</li> </ul>	<p><b>Overall Performance</b></p> <table border="1"> <tr> <td>Large Rural Shires</td> <td>56</td> </tr> <tr> <td>Colac Otway Shire</td> <td>54</td> </tr> <tr> <td>Indexed Mean</td> <td></td> </tr> </table>	Large Rural Shires	56	Colac Otway Shire	54	Indexed Mean	
Large Rural Shires	56							
Colac Otway Shire	54							
Indexed Mean								
<ul style="list-style-type: none"> <li>&gt; Managing the replacement of our ageing bridge infrastructure while keeping the public safe.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Colac Livestock selling Centre roof construction.</li> <li>&gt; Redevelopment works at Colac Central Reserve Oval.</li> <li>&gt; Rehabilitation of Gellibrand Landfill.</li> <li>&gt; Library redevelopment at Apollo Bay.</li> </ul>	<p><b>Local Streets &amp; Footpaths</b></p> <table border="1"> <tr> <td>Large Rural Shires</td> <td>51</td> </tr> <tr> <td>Colac Otway Shire</td> <td>48</td> </tr> <tr> <td>Indexed Mean</td> <td></td> </tr> </table>	Large Rural Shires	51	Colac Otway Shire	48	Indexed Mean	
Large Rural Shires	51							
Colac Otway Shire	48							
Indexed Mean								
<ul style="list-style-type: none"> <li>&gt; Difficulties in the proactive monitoring of Essential Safety Measures requirements under the <i>Building Act</i>, due to a lack of suitably qualified surveyors in the region available for recruitment.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Finalising planning scheme amendments that implement key projects such as the Rural Living Strategy, Colac and Apollo Bay Car Parking Strategy and Colac CBD and Entrances Project.</li> <li>&gt; Preparation and exhibition of the Apollo Bay Harbour Master Plan Planning Scheme Amendment.</li> </ul>	<p><b>Town Planning Policy and Approval</b></p> <table border="1"> <tr> <td>Large Rural Shires</td> <td>50</td> </tr> <tr> <td>Colac Otway Shire</td> <td>48</td> </tr> <tr> <td>Indexed Mean</td> <td></td> </tr> </table>	Large Rural Shires	50	Colac Otway Shire	48	Indexed Mean	
Large Rural Shires	50							
Colac Otway Shire	48							
Indexed Mean								
<ul style="list-style-type: none"> <li>&gt; Upgrading street lighting to reduce our carbon footprint.</li> <li>&gt; Managing the legal removal of native vegetation.</li> <li>&gt; Disposal of recyclable materials in an environmentally friendly manner.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Coordinate the planning and scoping phase of the \$600,000 grant funded project, Climate Resilient Communities of the Barwon South West.</li> <li>&gt; Develop the Achieving Carbon Neutrality in Colac Otway Shire Operations plan.</li> </ul>	<p><b>Waste Management</b></p> <table border="1"> <tr> <td>Large Rural Shires</td> <td>69</td> </tr> <tr> <td>Colac Otway Shire</td> <td>69</td> </tr> <tr> <td>Indexed Mean</td> <td></td> </tr> </table>	Large Rural Shires	69	Colac Otway Shire	69	Indexed Mean	
Large Rural Shires	69							
Colac Otway Shire	69							
Indexed Mean								
<ul style="list-style-type: none"> <li>&gt; Facilitating the transition to a new tourism committee for the Otways.</li> <li>&gt; Great Ocean Road strategic plan and funding model to be completed.</li> <li>&gt; Attracting young professionals and families.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Facilitate the development of the Colac High School Master Plan.</li> <li>&gt; Delivery of new HTML newsletter to key stakeholders.</li> <li>&gt; Seek funding to implement the Colac CBD and Entrances Project.</li> </ul>	<p><b>Economic Development</b></p> <table border="1"> <tr> <td>Large Rural Shires</td> <td>61</td> </tr> <tr> <td>Colac Otway Shire</td> <td>61</td> </tr> <tr> <td>Indexed Mean</td> <td></td> </tr> </table>	Large Rural Shires	61	Colac Otway Shire	61	Indexed Mean	
Large Rural Shires	61							
Colac Otway Shire	61							
Indexed Mean								
<ul style="list-style-type: none"> <li>&gt; Family Day Care placement shortage.</li> <li>&gt; Increasing patronage at recreation and arts programs during uncertain economic times.</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Complete detailed design for the Bluewater Fitness Centre Redevelopment Project and commence construction.</li> <li>&gt; Develop an accessible children's playground at Elliminyt.</li> <li>&gt; Finalise the Gellibrand, Forrest and Wye River/Separation Creek community plans.</li> </ul>	<p><b>Health and Human Services</b></p> <table border="1"> <tr> <td>Large Rural Shires</td> <td>66</td> </tr> <tr> <td>Colac Otway Shire</td> <td>65</td> </tr> <tr> <td>Indexed Mean</td> <td></td> </tr> </table>	Large Rural Shires	66	Colac Otway Shire	65	Indexed Mean	
Large Rural Shires	66							
Colac Otway Shire	65							
Indexed Mean								

## Mayor and CEO's Message



*It is our pleasure to present the 2011/12 annual report for the Colac Otway Shire Council. This is the third year of reporting against the Council Plan 2009-2013.*



*Above: Mayor Cr Stephen Hart (left) and CEO Rob Small (right)*

## GOVERNMENT PARTNERSHIPS

Council's effectiveness in lobbying for major projects in our shire achieved significant funding commitments in 2011/12. Colac's education and recreation hub, the Beechy Precinct, attracted more than \$8.4 million in funding commitments, which is a testament to the success of this innovative shared-use precinct.

The Federal Government pledged \$2.8 million for a hydrotherapy pool which will provide a much-needed warm water environment for recovery, rehabilitation and post-operative therapies. The State Government pledged about \$1.58 million to a major upgrade of the Bluewater Fitness Centre stadium, which matched with a pre-election Federal Government commitment of \$3.78 million, \$100,000 from the Colac Basketball Association and \$200,000 from Council, will deliver a show court, new spectator seating, gymnasium extension and improved player, official and spectator amenities (p 67).

The State Government also contributed \$350,000 towards an upgrade of the Central Reserve's playing surface which, matched with \$400,000 from Council, will deliver a premier surface capable of hosting AFL practice matches, VFL games and TAC Cup matches, as well as a host of local sports.

## WE MADE STRATEGIC DECISIONS

Council decided to proceed with a planning scheme amendment for the Apollo Bay Harbour that did not include provisions for a hotel on the harbour edge, in response to community opposition to large commercial development in the harbour precinct. Tourism Victoria and the Department of Planning and Community Development have allowed Council to retain \$255,000 of funding to carry out a planning scheme amendment process that pursues a lower-profile vision for the long-term upgrade of the harbour precinct (p 51).

During the financial year we sold the former Shire of Colac building in Murray Street and purchased the former Civic Home Hardware site, across the road from Council's Rae Street headquarters. While we are yet to prepare detailed designs for the building, our ultimate aim is to deliver all of Council's Colac services from the one campus and create a lively civic and arts precinct in the area.

Council supported Otways Tourism's decision to wind up its operations ahead of a planned restructure of the region's tourism industry, and made strong representations to Tourism Victoria to ensure that the final model for regional tourism considered the needs of local tourism. There is still some way to go on this restructure, but we are working proactively with an interim tourism board while the government finalises the model for our region (p 68).

We unveiled a vision for Colac to build its reputation as a Botanic Garden City as part of the Colac Central Business District and City Entrances Project. This new plan to reinvigorate our city has received strong community support and we look forward to delivering on its recommendations over the next 20 to 30 years (p 50).

This financial year Council completed a range of strategic plans. They include a Rural Living Strategy, which will help Council manage growing demand for rural living opportunities in the municipality, as well as important agricultural land to be protected from development; the Colac Marketing Strategy, which aims to attract young working professionals and families to our shire; the Open Space Strategy, which will protect and enhance public open space in the municipality; the Birregurra Neighbourhood Character Study, which outlines design guidelines and planning controls to manage future development in Birregurra; and the Apollo Bay Settlement Boundary and Urban Design Review, which fulfilled Council's responsibilities to ensure there is adequate land available for future development in Apollo Bay.

## WE TACKLED BIG ISSUES

At its final meeting of the 2011/12 financial year, Council narrowed options for a heavy vehicle bypass around Colac down to three - a route north of Lake Colac, across Lake Colac, and an outer southern route. Importantly, none of these routes will effect residential streets or pass schools. The issue of identifying a bypass route is possibly the most difficult, and certainly one of the most important strategic issues facing our community. Investigations into each route will take place between now and Council elections, with community consultation to take place later in 2012. Council wants to be in a position to start lobbying state and federal governments for the funding for a bypass, so that construction can start as soon as possible after the highway duplication to Colac is complete in 2016/17.

When a mining company announced plans to search for coal in the Forrest, Gellibrand and Barongarook area in September 2011, Council joined the chorus of community members opposing the move. At the time of writing, Colac Otway was one of five Victorian councils calling for a moratorium on coal-seam gas exploration until the Victorian Government fully investigates the social, environmental and economic impact of this form of mining on local communities.

### **WE CELEBRATED WITH OUR COMMUNITY**

The Colac Otway Performing Arts and Cultural Centre officially celebrated its 10th birthday with a photographic exhibition. COPACC has proudly established itself as the heart of the arts in Colac Otway Shire, and supports a growing network of creative talent throughout the shire (p 74).

The replanting of three elms in the Eurack Avenue of Honour - the first avenue of its kind in Victoria - attracted people from across Victoria and interstate. The special community ceremony took place on the anniversary of the avenue's establishment in 1916. It was a poignant event for locals and descendants of soldiers honoured in the avenue and was a strong reminder of the sacrifices our servicemen and women made for the liberties we enjoy today.

### **WE DELIVERED MAJOR PROJECTS**

As part of our increased focus on renewing bridge infrastructure, Council replaced J Barry's Road Bridge, at a cost of \$366,000, with funding from the Victorian Government's Country Roads and Bridges program. Council has allocated a further \$1.37 million towards upgrades for four bridges in the southern part of our shire for the 2012/13 financial year (p 42).

Council installed a white picket fence around Colac's Lake Oval, putting the finishing touches on a \$100,000 resurfacing project. The 900mm high fence protects the upgraded surface and complements the heritage architecture in the area (p 74).

The completion of a shared-use pathway from Ross' Point to the Stodart Street playground created a 3 kilometre path extending from the bird sanctuary on Colac's Esplanade to Stodart Street. The pathway, funded under the Neighbourhood Renewal Project, creates an extended loop and enables residents from the west area of Colac to access the lake foreshore (p 42).

### **FINANCIAL PERFORMANCE**

Council's financial performance for the year is broadly consistent with the targets set in the annual budget for 2011/12 in that we have again achieved an operating surplus.

- The operating result for the year is \$1.2 million.
- The value of total assets has grown by \$33.3 million to \$287.3 million.
- Total income has diminished by 23% to \$43.6 million as a result of the once off recognition of the Port of Apollo Bay assets in 2010/11.
- Total expenses have grown by 12% to \$42.4 million.

This is a solid result, given the growing demands for the diverse range of services provided by Council (p 12).

### **EXCITING TIMES AHEAD**

Local government elections in October will result in a new council with new perspectives on our shire's future direction. Deciding on the ultimate Colac bypass route, and lobbying for government funding for the project will be the next Council's single-biggest challenge.

G21's Regional Growth Plan tells us there will be more people living, working and visiting our region during the next 40 years, and we believe Colac Otway's unique mix of city, country and coast, as well as its proximity to larger regional centres, will make us an attractive proposition for people wanting to make a sea or tree change. Our task is to strategically plan to ensure our community is well positioned to accommodate this growth.

The year ahead will be a time of intense capital works activity, with scheduled projects including the roofing of Colac's saleyards, the major upgrade of the Bluewater Fitness Centre stadium and construction of a new hydrotherapy pool, the resurfacing of the Central Reserve, upgrades to Beeac's tennis courts, and the renewal of four bridges in the south of our shire.

Thank you to all the people who contributed to civic life during 2011/12 and during this Council's term. We value your contribution to Colac Otway Shire and look forward to working with you in 2012/13.



**Cr Stephen Hart**  
Mayor



**Rob Small**  
Chief Executive Officer

# Our Council



## CR STEPHEN HART MAYOR

From Dec 2011  
First elected 2002-04  
Re-elected 2008  
Deputy Mayor:  
Dec 2009-Dec 2010  
Dec 2010-Dec 2011



## CR LYN RUSSELL DEPUTY MAYOR

From Dec 2011  
First elected 2008  
Mayor: Dec 2009-Dec 2010  
Deputy Mayor:  
Dec 2008-Dec 2009  
Dec 2010-Dec 2011



## CR FRANK BUCHANAN

First elected 2008



## CR BRIAN CROOK MAYOR

Dec 2010-Dec 2011  
First elected 2002  
Re-elected 2004-07, 2008  
Mayor:  
Dec 2008-Dec 2009



## CR STUART HART

First elected 2002  
Re-elected 2004-07, 2008



## CR GEOFF HIGGINS

First elected 2004-07  
Re-elected 2008



## CR CHRIS SMITH

First elected 2004  
Re-elected 2008  
Mayor:  
Dec 2007-Dec 2008

# Chief Financial Officer's Report

*In 2011/12 we continued to manage the balance of the expectations and desires of our community with the need to assure that the foundations of our services to the community and care of their assets remain strong and capable.*

This balance, although challenging to achieve, has been aided in 2011/12 with improved financial systems that better deliver information for decision making, improved internal controls and the application of consistent financial practices that have helped reduce the potential for waste and fraud. The continued development of the Long Term Financial Plan, coupled with a commitment to cost restraint and provision of value-for-money services to our community, remains imperative and continues to drive financial decisions.

While this report focuses on the 2011/12 financial results, it is important to see this result in light of the long-term financial objectives developed by Council. 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 governments.
- Ensure adequate rate increases to maintain a sustainable level of funding.
- Ensure critical infrastructure renewal is funded annually over the timeframe of the Long Term Financial Plan.

The following is a snapshot of the 2011/12 financial position:

- \$43.6 million revenue.
- \$11.46 million Capital Works program delivered.
- Rates and Charges comprised \$21.8 million (50%) of the total operating revenue.
- Operating surplus of \$1.2 million.
- Cash holdings increased by \$2.9 million to \$13.6 million as a result of grants received in advance and works to be carried forward.
- Debt decreased from \$4.8 million in 2010/11 to \$4.2 million in 2011/12.

## OPERATING RESULT

We achieved an operating surplus of \$1.2 million for 2011/12. Compared with an \$18.9 million surplus for 2010/11, this appears to be a very significant decrease; however the 2010/11 result included a once off recognition of assets for the Port of Apollo Bay. By excluding the effect of the Port, a more comparable result for 2010/11 is a \$2.8 million surplus, which is \$1.6 million greater than the result for 2011/12.

There were several large contributing one-off occurrences during 2011/12. Of these, Council was advised during the year by Vision Super that we will be required to contribute \$3.18 million towards the Local Government Defined Benefits Superannuation Plan. We are currently investigating ways to reduce the impact of this call as it will have a significant effect on our ability to maintain the balance between community need and maintenance of assets. In addition, we have received \$3.01 million in Grants Commission funding a year in advance. Although having a positive impact on our cash flow in the interim, this will have a significant negative impact at some future date when, as has been indicated by the Federal Government, the decision is made not to maintain forward payments.

Although challenged by one-off items, we have maintained a surplus position for 2011/12. This surplus maintains our longer-term trend towards increasing financial sustainability.

A key measure of financial sustainability is the Underlying Result. This identifies whether we are 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 our ability to remain sustainable and to continue with normal day to day operations.

Our underlying deficit for 2011/12 was \$1.49 million. This is \$0.06 million greater than the budgeted underlying deficit of \$1.43 million.

### SUSTAINABLE CAPITAL EXPENDITURE

We aim to ensure that our assets can be maintained at the expected levels, while at the same time continue to deliver services needed by our community.

During 2011/12, we spent a total of \$11.46 million on capital works (capital expenditure/investment) across the shire. This included a total of \$7.27 million (63.44%) on renewal works/activities and \$4.19 million (36.56%) on new and upgrade works/activities. The majority, \$6.36 million (55.47%), of the capital works/activities were undertaken on our infrastructure assets.

In 2011/12 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 realistic levels, albeit challenged by one-off occurrences.

### CASH HOLDINGS

In total, our cash holdings have increased to \$13.6 million during 2011/12; however, included in this amount are funds required for works carried forward from 2011/12 to 2012/13 and significant amounts received in advance from the Federal Government Grants Commission, of \$3.01 million, and the State Government Country Roads and Bridges Program, of \$1 million.

Our aim is to continue to moderately build up cash holdings. This will allow Council the flexibility to respond to future opportunities or unexpected events. This may include the potential to strategically acquire an asset or to respond to natural disasters such as flooding events.

### FINANCIAL SUSTAINABILITY

We have 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 our financial commitments for the next 10 years. This enables Council to identify and analyse trends of significance and provide for sound financial planning and decision-making.

The continued development of the Long Term Financial Plan enables longer-term conversations with our community and this makes possible long-term goals that assist in creating engaged and vibrant communities.

The financial snapshot as at 2011/12 gives a brief overview of our financial performance and the significant factors that impacted on our financial resources used to support the achievement of long-term community service and asset management objectives.

For further information on Council's financial performance see page 100.



**Brett Exelby**

Manager Finance and Customer Services

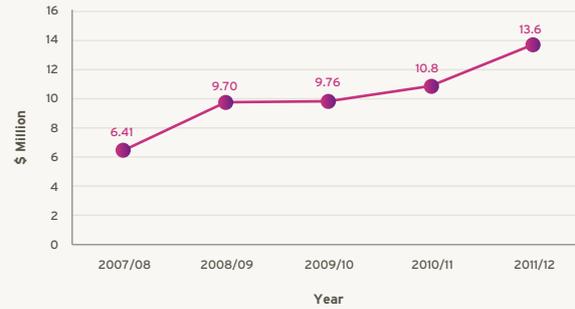


## UNDERLYING RESULT

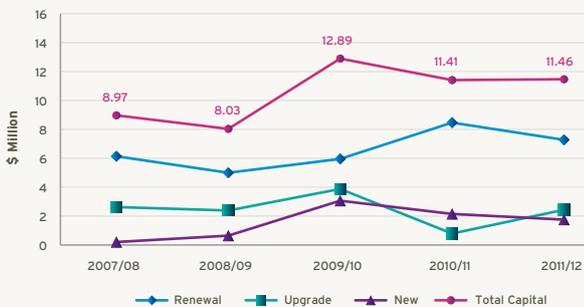


The underlying result reflects our capacity to replace existing assets and to provide existing services without a reliance on capital grants. Improving this position is a significant long-term issue (p 104).

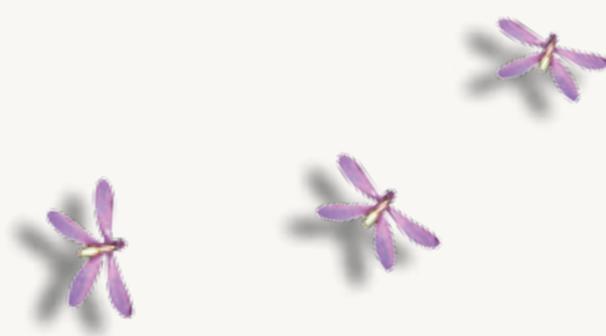
## CASH HOLDINGS



## SUSTAINABLE CAPITAL EXPENDITURE



Ongoing commitment to renewal of our assets, which includes buildings and the road network, remained strong in 2011/12. This was complimented by an increase in spending towards improving our assets.



# Sustainability Report

*Our sustainability report addresses the three key areas internationally deemed crucial to responsible, sustainable development in our rapidly changing world: the environment, social (human needs) and economic development. By reporting on sustainability our intention is to provide a concise overview of the way we address these three key areas in the management of our responsibilities.*

## Environmental Strategies

### NEW ENVIRONMENTAL SUSTAINABILITY POLICY

Council endorsed an Environmental Sustainability Policy in June 2012. It documents an organisational commitment to addressing sustainability in all council operations and services. It is a 'Statement of Intent' that can be used to communicate to staff and the community a commitment to continually improving environmental sustainability over time. [http://www.colacotway.vic.gov.au/Files/Environmental\\_Sustainability\\_Policy\\_2012.pdf](http://www.colacotway.vic.gov.au/Files/Environmental_Sustainability_Policy_2012.pdf)

### TOWARDS CLIMATE RESILIENCE AND CARBON NEUTRALITY

In a landmark partnership agreement to build better relationships between the local government sector and the State Government to progress local sustainability, we received two grants from the State Government's Victorian Local Sustainability Accord.

The first was a \$600,000 regional grant received on behalf of 10 municipalities, with partner organisations committing \$275,000 in matching contributions. The aim of the three year project is to assist 10 South West Victorian municipalities and partners to:

- build capacity to manage risks
- to build community resilience to extreme climate events, and
- embrace any opportunities from future climate variability.

The second grant, of \$45,000, was for Colac Otway Shire to develop and adopt a carbon management plan. The aim is to achieve carbon neutrality by 2016, as set out in our Environment Strategy 2010-2018 [http://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)

A carbon neutral approach is an ambitious goal. It can only be achieved through understanding our current carbon footprint and by outlining costed options for development of an implementation response.

These two Sustainability Accord funded projects will assist us develop a long-term, strategic response to mitigate the impacts of climate change. It will also ensure that our services and operations are adaptive and sustainable in an increasingly carbon constrained economy and environment.

### LIGHTING THE WAY WITH ENERGY EFFICIENT STREET LIGHTS

The project to improve the energy efficiency of street lights in residential streets has the potential to be one of the largest regional infrastructure projects and will be one of the first to be delivered through the Great South Coast Group.

In the latter part of 2011/12 we, along with the shires of Corangamite, Moyne, Southern Grampians, Glenelg and Warrnambool City Council, were successful in a bid for \$1.4 million to improve the energy efficiency of street lights in residential streets.

Financial and environmental savings from a bulk change are significant. In total, the project is expected to cost \$3.04 million before potential subsidies. The net cost savings to 2030 (after project costs) are projected to be approximately \$9.8 million. Changing street lights to energy efficient alternatives will reduce our shire's electricity costs by up to \$70,000 a year.

This example of regional collaboration by local government sustainability officers demonstrates the power of bulk procurement of energy efficient technologies and infrastructure. The project is funded through the Federal Government's Community Energy Efficiency Program.

In addition to offering lower costs, energy consumption and greenhouse emissions, the new lights provide better lighting outcomes for the community, including:

- greater uniformity of light across and along the street,
- better colour rendering and visibility,
- less depreciation of the light output over time, and
- lowering glare.

## SOLAR HOT WATER UPGRADES AT COUNCIL FACILITIES

Seven council facilities were upgraded in 2011/12 to solar hot water to reduce energy consumption and greenhouse emissions. The upgrades will also assist local sporting clubs to reduce their energy bills. Facilities upgraded include Central Reserve, Lake Oval, Western Oval and South Colac Football Grounds. These projects were funded using \$50,000 received from the Regional and Local Community Infrastructure Program.

A commercial sized system, costing \$17,000, was installed at Central Reserve in February 2012. In 2010/11 the cost of gas for February to June was \$622.33. Following the installation of the solar hot water system, the cost of gas for the same period in 2012 was \$240.81, a 61.2% decrease.

A variety of solar hot water systems with instantaneous gas boosters, LPG and natural gas systems, were installed at the other sites. Where possible, existing components of the hot water supply systems were reused or adapted to fit the new systems. The upgrades provide a valuable demonstration to the community of the improved reliability and adaptability of solar hot water technologies.

## COLAC-OTWAY COMMUNITY SOLAR HOT WATER BULK BUY

In 2011 the Colac Otway Sustainability Group (community) successfully implemented a \$1.4 million photovoltaic (PV) bulk buy project for Colac Otway residents. As a result, 300kW of local solar power generation capacity was installed.

Spurred by the success of the solar PV bulk buy, the group has commenced a bulk buy program for solar hot water and heat pump systems. This will support Colac Otway residents to improve energy efficiency and reduce their bills and greenhouse gas emissions.

We support the group 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 and activities to promote Earth Hour 2012 and World Environment Day 2012. Both programs were full to capacity and provided great inspiration to the local community to live more sustainably (p 74).

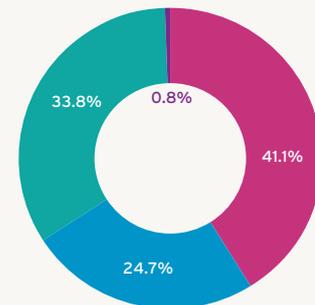
## TOTAL COS GREENHOUSE EMISSIONS (CO<sub>2</sub>-e TONNES)

	07/08	08/09	09/10	10/11	11/12
Buildings	2,056	2,076	2,091	2,057	2,010
Streetlights	1,166	1,172	1,172	1,172	1,208
Fleet	1,652	1,653	1,642	1,647	1,652
Waste	17	17	17	17	17
Total	4,891	4,918	4,922	4,893	4,887

All figures for Buildings have been increased by between 5 - 5.7% by Planet Footprint due to improved data collection; however proportionally, our overall consumption of energy has still reduced, given that during the 5 year period shown, organisational changes include an 11% extension of office space for Council staff.

### Proportion of CO<sub>2</sub> Emissions for 2011/12

- Buildings 41.1%
- Streetlights 24.7%
- Fleet 33.8%
- Waste 0.8%



## TOTAL WATER USAGE FOR COUNCIL FACILITIES



The significant reduction in water use in 2010/11 was due to a particularly wet summer, which reduced our need for irrigation. However, this also generated a growth in 'fuel' across the shire, which necessitated additional water use for back burning controls in 2011/12 to reduce the risk of fire. Nevertheless, our consumption continues to trend downwards as we implement water saving measures.

Source: 2011 Planet Footprint Report

## 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. In May 2011/12 we commenced a comprehensive review of our EEO, antidiscrimination and unacceptable workforce behaviour framework including policies, guidelines and support training. Our objective is to ensure that we are at best practice.

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 24).

### HUMAN RESOURCES

We have a stable workforce, with a staff turnover of 11.7%, down from 12.4% in 2010/11. We continue to have an ageing workforce and while the figure for staff over 51 years of age remains at 37%, the number of staff aged over 65 has increased, from 2% to 4%. However, we have also had an increase in staff less than 21 years of age, from 6% to 11% (p 28).

The flexible work arrangements in our Enterprise Agreement have been highly successful in enabling staff to take up options to support their work/life balance, with 15% taking up flexible working arrangements. This is more than double for all other councils in the South West region of Victoria.

### OCCUPATIONAL HEALTH AND SAFETY

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 2011/12 (p 25).

### LEARNING AND DEVELOPMENT

We have a strong performance review framework, a component of which is the identification of training needs to support employees in their current roles and takes into consideration future career aspirations. In 2011/12 we spent \$271,498, including oncosts, in growing the capability of our workforce through a structured training program. In addition to in-house training, attending shorter courses, seminars and conferences, our staff are encouraged to participate in further education through the provision of a tertiary study assistance program. We currently have seven staff accessing tertiary assistance (p 24).

### 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 & Inclusion and Early Years plans have been developed. Added to these in 2011/12 is the adoption by Council of the Public Open Space Strategy. [http://www.colacotway.vic.gov.au/Files/ColacOtwayPublicOpenSpaceFinalReport\\_.pdf](http://www.colacotway.vic.gov.au/Files/ColacOtwayPublicOpenSpaceFinalReport_.pdf)

Redevelopment also continues on key recreational facilities (p 74).

*A number of projects commenced in 2011/12 to support communities to increase their capacity to participate in and collectively influence issues and activities that are important to them.*

## COMMUNITY GRANTS

In 2012 we gifted a total of \$504,156 to our community groups and organisations to undertake cultural, recreational, environmental and community support projects and activities. Aggregated over the last 5 years this is a \$1.94 million investment in the social fabric of our community (p 96).

## COMMUNITY DEVELOPMENT

A number of projects commenced in 2011/12 to support communities to increase their capacity to participate in and collectively influence issues and activities that are important to them.

Funding from the Department of Planning and Community Development enabled us to commence the following projects:

- Develop a Community Plan for our small communities of Gellibrand, Forrest and Wye River/Separation Creek, which will be used to develop community capacity and resilience in the face of adversity.
- Support organisations and the community to access the Colac page of the Volunteering Portal.
- Develop a range of communication and marketing strategies to promote the theme 'Access, Connect Belong' as part of the Transport Connection Phase Three project.

We have also commenced a major project to work with organisations and the community to improve liveability for older people within small communities (p 76).

## 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 live in Colac:

- The Colac Marketing Strategy articulates the strengths of Colac as a place to live. It expresses the vibrancy of the local community by drawing on local industry, employment, recreation, health, education, housing, arts and culture, research and the anticipated local passion and energy generated through community engagement. 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. The strategy will be placed on our website in late 2012 when branding has been finalised.
- 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. [http://www.colacotway.vic.gov.au/Page/page.asp?Page\\_Id=3797&h=0](http://www.colacotway.vic.gov.au/Page/page.asp?Page_Id=3797&h=0)

## BUSINESS DEVELOPMENT

The annual Powercor 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 where improvements can be made.

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'. This has been strengthened with a proposal to introduce a special sustainability category in 2013.





Business sustainability and growth is also encouraged through professional development and networking opportunities. The Annual ANZ Business Breakfast brings high profile business speakers to inform and inspire local business. Other events include information on topical issues such as the impending carbon economy and business and farm succession planning. We also provide updates on government changes such as taxation and business charges.

A successful business initiative is the Working Women's Network, which encourages women throughout the local workforce to be involved in professional development activities (p 66).

**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, creating a relatively stable workforce with a focus on equal opportunity (p 25, 95).

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), which 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. An additional benefit of the project will be a reduction in the amount of travel required by local employees for vocational and skills training in centres outside Colac.

To further assist with workforce development we 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 also participate on the steering committee of the Great South Coast Industry Workforce Development Committee.

Another critical factor in supporting local business sustainability is the annual Colac Otway Shire Careers Expo, which provides the opportunity for young people to explore education and career options and to see that many of the careers they aspire to are available in Colac (p 26, 67).

**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.

[http://www.colacotway.vic.gov.au/Files/Procurement\\_Policy\\_Review\\_SEP\\_2011\\_-\\_Final.pdf](http://www.colacotway.vic.gov.au/Files/Procurement_Policy_Review_SEP_2011_-_Final.pdf)

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. Benefits of buying local include:

- 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 in the *Local Government Act 1989* and the *National Competition Policy (Competition and Consumer Act 2010)*.

**LONG TERM FINANCIAL PLAN**

The Long Term Financial Plan (LTFP), first developed in 2011, provides a long-term focus on the prospects and ambitions of the Colac Otway Shire Council and our 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 over 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.

# Calendar of Events

## JULY/AUG/SEPT 2011

- > New interpretive signs encouraged children to discover the sensory delights of the playground area and a bush tucker garden at the Colac Botanic Gardens.



- > People from across Victoria and interstate converged on Eurack for the replanting of three elms in the Avenue of Honour - the first of its kind in Victoria. The elms replaced honoured Trooper AW Fyffe, Gunner W Adams and Private J. Inman.
- > COPACC celebrated its 10th birthday with the launch of a photographic exhibition *A Year in the Life of COPACC* (p 74).
- > The purchase of the former Civic Home Hardware building in Railway Street, Colac will allow for the future development of Colac's civic and cultural precinct.
- > Talented young netballers benefit from a partnership between Bluewater Fitness Centre and Barwon Sports Academy. The tailored strength and conditioning training program reduces the need to travel to Geelong.
- > Council launched Volunteering Central Colac, an online resource that connects community groups who need volunteers with people wanting to volunteer.
- > Ten townships shared in \$80,000 funding as part of Council's 2011-12 Small Towns Improvement Program (STIP).

## OCT/NOV/DEC 2011

- > A vision for Colac to build its reputation as a Botanic Garden City was unveiled as part of the Colac Central Business District and City Entrances Project (p 50).
- > Council provides services to the local tourism industry in the wake of the announcement by Otways Tourism that it would cease operation on 31 December 2011 (p 68).
- > Public visits to Colac's new library increased almost 20 per cent in the first nine months of the centre opening. Popular demand led to the Colac Community Library and Learning Centre doubling the number of children's programs.



- > Colac hosted the regional final of the FReeZA Battle of the Bands, with four bands competing for a place at the FReeZA state showcase. Colac band Erepato came second.

*Left: The Last Post is played at the Eurack Avenue of Honour replanting ceremony.*

*Above: The band, Testified, competing in the Battle of the Bands.*

*Right: Colac Specialist School students with Brian Brady, CFA, (centre), teacher Ken Morgan (centre kneeling) and Council's Andrew Barber (right).*



- > Pupils from Colac Specialist School helped Council rejuvenate fire post markers, sanding, painting them and adding new reflectors. The post markers help authorities identify water hydrants throughout the shire.
- > Council takes the lead in announcing the development of a strategic plan for the Forrest mountain bike trails. More than 22,000 riders use the 66 kilometre network of trails annually.
- > Colac's FReeZA committee hosted a tribute concert to celebrate the life of Trinity College student Patrick Tibbits. Patrick, who died in August after celebrating with students at the Trinity senior ball, was passionate about music and was a guitarist in Colac band Jumping Rooftops.
- > In response to a user survey, Colac library annexe is to be kept open. Operations will be reviewed in 12 months by a newly elected council.

## JAN/FEB/MAR 2012

- > Council confirmed its membership of regional alliances G21 and the Great South Coast for the next four years. The alliances lobby the state and federal governments on major regional issues.
- > Birregurra residents and Council worked together to tackle an elm leaf beetle outbreak in the town.
- > In response to public opposition, Council proceeded with a planning scheme amendment for the Apollo Bay Harbour that did not include provisions for a hotel (p 52).



- > A new spa hoist for people with mobility issues promotes easy access to the therapeutic benefits of Bluewater Fitness Centre spa thanks to funding by Colanda Residential Services.



- > Colac Visitor Information Centre volunteer Marg Facey retired after 29 years of dedicated service welcoming visitors to the region.
- > Six new signs unveiled to help raise awareness of threatened species in the district.
- > New footpath strategy for Colac and Elliminyt maps out a five year plan for the 130 kilometre footpath network (p 42).
- > Apollo Bay library will almost double in size. The new library will feature a separate children's area and program space, as well as a multimedia and study area. This results from an agreement between Council and Otway Health and Community Services.

*Left: Colanda resident Craig Bates uses Bluewater's new spa hoist, helped by Wayne Phillips and Lucy Vesey.*

*Above: Robyn Trotter, Marg Facey our retiring volunteer, Deb Frizon and Mayuree Bouchier.*

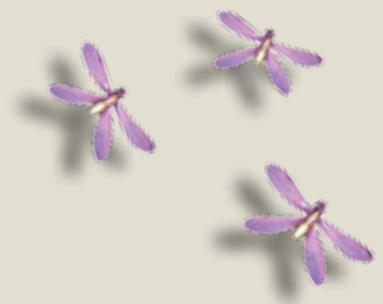
*Right: New shared use pathway, Colac Esplanade.*

## APR/MAY/JUN 2012

- > \$8.4 million redevelopment announced for the Bluewater Fitness Centre sports complex. It will include a show court and hydrotherapy pool.
- > 6 Murray Street, Colac sold. Council's health and community services staff will move to the main Rae Street building in late 2012.
- > A \$750,000 major upgrade to Colac's Central Reserve was finalised, which will provide a premier surface, enabling AFL practice matches, VFL games and TAC Cup matches.
- > Hard waste collections commenced in the shire's rural townships. Rural residents outside these small towns received a hard waste voucher (p 58).
- > The new \$370,000 J Barry's Road Bridge was unveiled by Member for Polwarth, Terry Mulder (p 42).
- > A draft masterplan for the Colac Botanic Gardens recommends that vehicle access is restricted to vehicles with disability permits.
- > A new \$150,000 children's play space will be built in Elliminyt.



- > Lake Colac's new shared-use pathway extended more than three kilometres from the bird sanctuary on Colac's Esplanade to Stodart Street.
- > The Colac Central Business District and Entrances Plan endorsed by Council. About \$50 million of improvement projects will occur during the next 20 years (p 50).



# Our Organisation

## Our Executive Management Team

### **ROB SMALL** CHIEF EXECUTIVE OFFICER

National Diploma Hort (Hons); Dip Bus Studies; Associate of Chartered Institute of Secretaries

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

Rob returned to Colac Otway Shire as CEO on 12 May 2009. Rob led the shire for 16 months during 2003-2004, 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 25 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 36 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

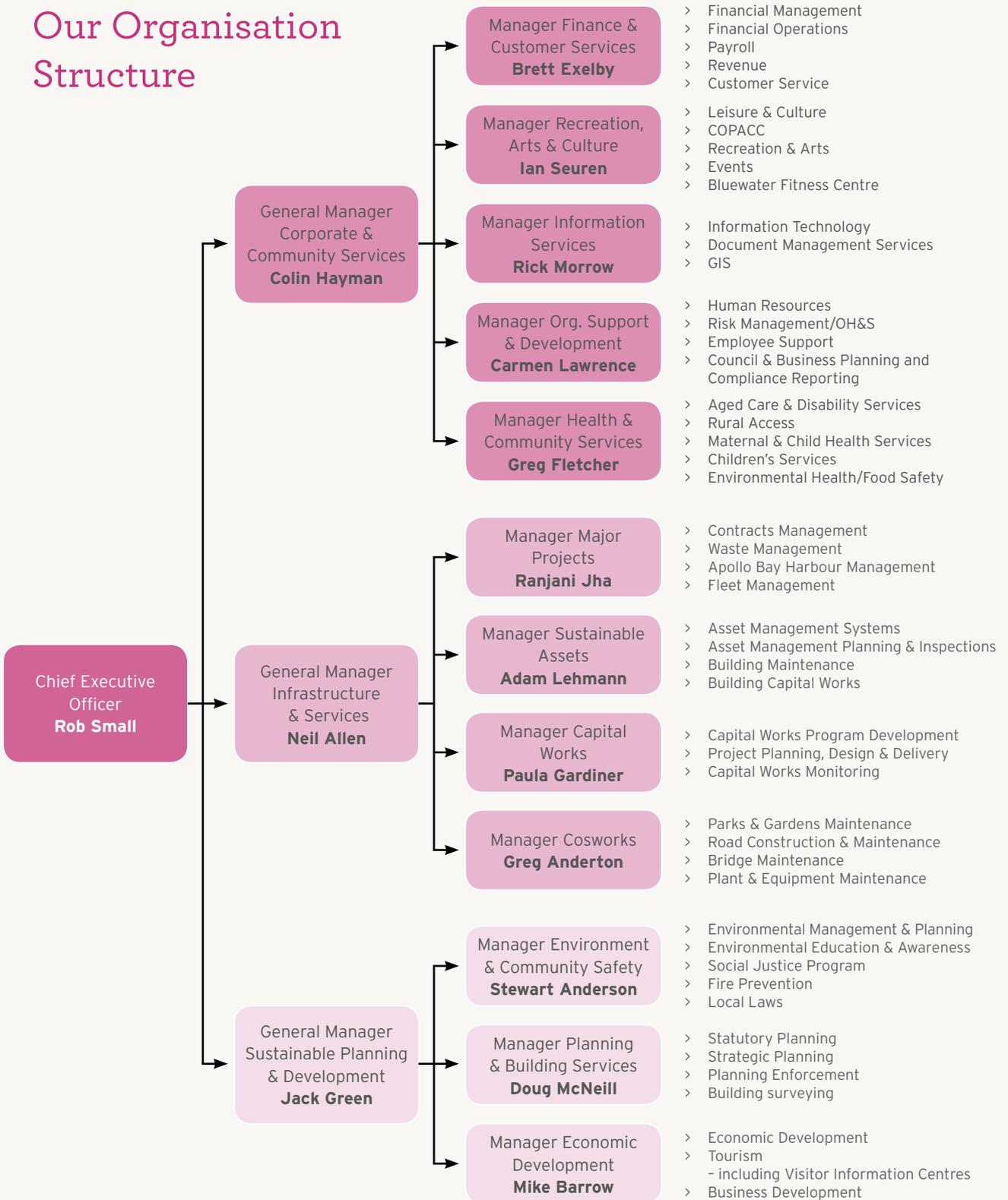
*Major Functions:* Infrastructure and Asset Development; Major Contracts; Waste Management; Cosworks; Colac Livestock Selling Centre; Apollo Bay Harbour.

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 undertaking the position of Director City Infrastructure at Warrnambool City Council.

*Below: L to R - Rob Small, Jack Green, Colin Hayman and Neil Allen.*



# Our Organisation Structure



## Our people are our greatest asset

### LEARNING AND DEVELOPMENT

Our employees play a vital role in ensuring we meet our business objectives. We ensure employees have access to targeted professional and personal development opportunities aimed at enhancing their skills, knowledge and effectiveness in their current and future roles.

Whilst professional development programs were a focus in 2011/12, we also ensured the delivery of required compliance training. Honing managers' skills in leadership, interpersonal skills, report and business writing were key objectives.

The suite of development programs are listed below:

Training	Attendees
Assertiveness in the Workplace	10
Emotional Intelligence	6
First Aid/CPR	39
Health and Safety Representative Refresher	11
Leadership	12
Manual Handling	6
Microsoft Excel	27
Microsoft PowerPoint	10
Microsoft Word	12
OH&S Supervisor Awareness	67
Report/Business Writing	9
Time and Workload Management	6

A fundamental principle of good governance is to ensure that we comply with the law. In 2011/12 staff participated in compliance training covering customer service and trade practices. Our target was 100% attendance. We achieved an excellent participation rate of 98%.

We invested significant time and resources ensuring all new staff completed a comprehensive induction program. The extensive program provides an overview of the role and objectives of Council, key human resources policies and procedures, training in internal systems and processes, risk management and workplace safety.

### TERTIARY STUDY SUPPORT

We encourage and support employees to participate in further education. Our Tertiary Study Assistance Program provides financial assistance towards the cost of tertiary study in recognised courses that will benefit employees in their current role and future career aspirations within our organisation. In 2011/12 seven staff received tertiary study assistance of \$18,563, excluding travel and oncosts.

### HEALTH AND WELLBEING

The objective of our Health and Wellbeing Program is to promote a safe and productive workplace and encourage healthy lifestyle choices. This program contributes to a healthy, positive workplace culture and contributes to staff engagement and retention.

Programs conducted this year included:

- Skills in basic health and wellbeing management.
- Financial planning consultations.
- Depression awareness information sessions.
- Flu vaccinations.
- Subsidised membership to Council's Bluewater Fitness Centre.
- MAV Local Government Employees Health Plan consultations.

Staff also participated in a number of health awareness 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, Footy Colours Day (Fight Cancer Foundation), raising over \$2,000 for these well recognised health organisations.





Above: Our valued team of people with disabilities assisted our parks and gardens crew.

## OCCUPATIONAL HEALTH AND SAFETY

Colac Otway Shire is totally committed to providing a safe and healthy workplace for our staff, contractors, volunteers and visitors. Our OH&S Consultative Committee meets quarterly, with representation from all areas of our organisation. Ongoing OH&S training is a key element in our continuous improvement approach to health and safety performance. In 2011/12 staff participated in:

- OH&S representative refresher training
- CPR updates and First Aid refreshers
- Home Care and Personal Care training
- Targeted refreshers on occupational health and safety responsibilities for supervising staff.

The 'Training' table on page 24 shows attendance figures for these sessions.

## SUPPORTING OUR EMPLOYEES

In 2012 we partnered with one of the world's largest employee assistance providers, PPC Worldwide. Our new program offers an extensive range of emotional, physical and social support services to our staff and their immediate families including:

- 24/7 face-to-face and telephone counselling
- manager hotline
- health and wellbeing services
- extensive online resources
  - mortgage assist
  - health risk assessment
  - finance assist
  - legal assist

At the launch of the program the PPC representative commented, "It was the largest turn out of staff and managers that I have ever seen."

## DISABILITY EMPLOYMENT INITIATIVE

Colac Otway Shire and Western District Employment Access partnered to provide job and work experience opportunities to people with disabilities. The highly successful program provided 'real work' for 26 participants of all ages who worked with our parks and gardens team maintaining local parks, gardens and reserves. Participants learned new skills, gained valuable experience and, importantly, had the opportunity to obtain a Certificate 2 in Conservation and Land Management, which will significantly improve their chances of securing future employment. The first intake of 10 participants completed the program with all 10 gaining their formal qualification. The second group of 16 participants is due to complete the program in September 2012.

Program participants were highly motivated and enjoyed the opportunity to connect with our city's open spaces, proud of their contribution towards maintaining community assets.

*Colac Otway Shire and Western District Employment Access partnered to provide job and work experience opportunities to people with disabilities. The highly successful program provided 'real work' for 26 participants of all ages who worked with our parks and gardens team maintaining local parks, gardens and reserves.*

### RECRUITMENT SUCCESS

In 2011/12, 62 positions were advertised (10 more than in 2010/11), attracting 498 applications. Vacancies ranged across Statutory and Strategic Planning, Information Technology, Tourism, Family & Children Services, Finance, Customer Service, Administration and Recreation and Arts. Initiatives promoting Colac Otway Shire as an 'employer of choice' to the local, regional, national and international employment market paid dividends, with Council attracting multiple applicants for positions that have traditionally been hard to fill.

### PROMOTING LOCAL GOVERNMENT EMPLOYMENT OPPORTUNITIES

#### Careers in Local Government

We participated in the Colac 'It's Your Career' expo, which provided young people with the opportunity to explore and consider their future role in the community. It was a fantastic opportunity to expose students and their families to the range of job opportunities and career pathways that exist at Council and local government generally. More than 220 students attended our stall and participated in activities specifically designed to highlight careers available to them at Colac Otway Shire (p 67).

#### Student Work Placements

The objective of the secondary school work placement program is to provide students with opportunities to get workplace experience and knowledge. Students gain valuable industry experience in a friendly and supportive environment. Nine students from local schools participated in placements in Information Technology, Engineering & Planning, Tourism, Recreation and Horticulture.

We also provided opportunities to university students to enhance their discipline specific skills and "employability". A total of seven students were placed in Maternal & Child Health, Finance and Engineering, where they were integrated into the workplace teams and engaged in specific projects and given opportunities to "shadow" management.

*Our staff are critical to our success. We strive to continually strengthen a culture that recognises, encourages and celebrates our employees' achievements.*

### APPRECIATING OUR STAFF

Our staff are critical to our success. We strive to continually strengthen a culture that recognises, encourages and celebrates our employees' achievements. We do this through our monthly and annual recognition awards and functions. This year 25 employees were recognised for key service milestones:

#### 35 Years:

Brian Dyson

#### 30 Years:

Kevin O'Gorman and Wayne Roberts

#### 25 Years:

Marjorie Lucas

#### 20 Years:

Janet Melville

#### 15 Years:

Ann Gray

#### 10 Years:

Melissa Garner, Garry O'Connor and Charlie Tucker

#### 5 Years:

Anne Coles, Dora Novak, Elijah Harrowfield, Irene Kenneady, Jack Green, Janole Cass, John Postma, Julie Schapendonk, Lisa Loughnane, Margaret Giudice, Melinda Allen, Mike Barrow, Ranjani Jha, Robyn Edwards, Sandra Piera and Susan Austin.

*Below: Wayne Roberts celebrates his 30th anniversary of working at Colac Otway Shire.*





*Above: Lorraine Brown and client, Dawn Snowden.*

## Our Return to Work Hero

*Lorraine is one of our Community Care Workers and is a highly dedicated, long-term employee.*

On the day that Lorraine was due to be presented with an award recognising 25 years of service, she suffered a serious workplace injury. Lorraine required surgery and many weeks of recovery before she could attempt to return to any form of modified or alternative duties.

After two months recuperating, Lorraine was absolutely determined to return to work and came back on reduced hours and modified duties that were very different to her regular role of providing personal and home care to our shire's older residents and people with disabilities.

Lorraine initially worked providing administrative support to our Aged and Disability Services unit. After a few months Lorraine was able to resume some of the personal care components of her role, including limited duties working with clients, which is a part of her role she loves.

Lorraine has now recovered from a second surgery and is well on the way to a full recovery and resuming her pre-injury duties.

*"I never wanted to be on WorkCover, but the support I have received has been second to none," said Lorraine.*

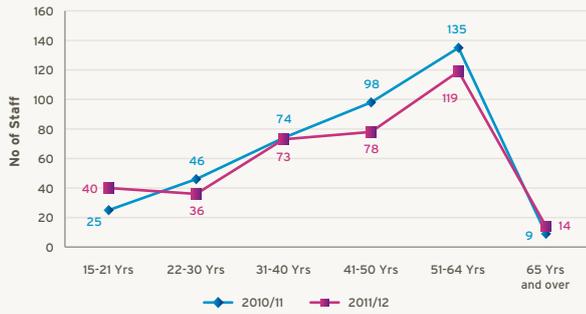
This is testament to Lorraine's tenacity and total commitment to returning to her pre-injury role.

We have worked with Lorraine on every step of her journey to support and encourage her at every stage of the return to work process.

Speaking of her experience Lorraine said, "I never wanted to be on WorkCover, but the support I have received has been second to none."

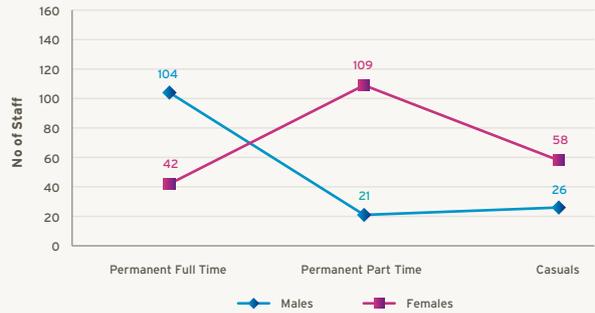
# Our Organisation continued

## WORKFORCE AGE SPREAD



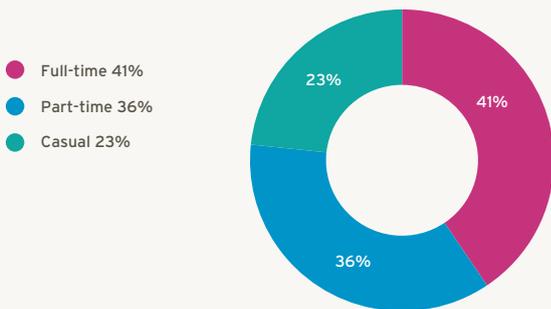
Our workplace has a multigenerational profile. 37% of Colac Otway Shire's workforce is 51+ years old, with our staff over 65 years increasing from 2% to 4% in 2011/12. We also had a significant increase in our staff less than 21 years, from 6% to 11%, bringing our workplace the benefits of both youth and experience.

## STAFF BY GENDER AND EMPLOYMENT CATEGORY



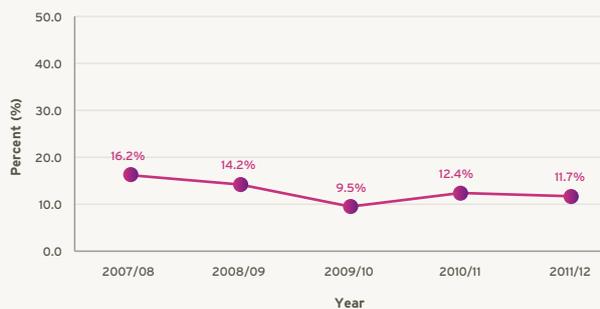
The pattern represented is typical of the contemporary workforce, where permanent full-time work is predominantly male and part-time work is predominantly female. Our anecdotal evidence supports the findings of formal studies that the main reason women form the greater number of the part-time workforce is that it fits better with balancing work and other responsibilities.

## STAFF BY EMPLOYMENT STATUS

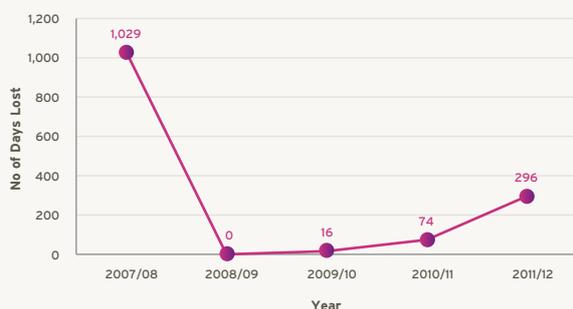




### ANNUAL STAFF TURNOVER RATE



### DAYS LOST DUE TO INJURY



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

N.B. Any day involving a partial loss of hours is calculated as a full day by the Victorian WorkCover Authority.

### EQUIVALENT FULL-TIME STAFF (EFT)

Business Unit	EFT
Apollo Bay Harbour Operations	5.2
Capital Works	5.0
Corporate and Community Services	2.0
Cosworks	53.1
Economic Development	11.8
Environment and Community Safety	15.3
Executive	4.1
Finance	18.8
Health and Community Services	38.8
Information Services	8.5
Infrastructure and Services	2.2
Major Contracts	4.0
Organisational Support and Development	5.5
Planning and Building	11.8
Recreation, Arts and Culture	27.0
Sustainable Assets	4.2
Sustainable Planning and Development	2.0
<b>TOTAL</b>	<b>219.2</b>

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

*Section 2*

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

### Key achievements

- Advancing Country Towns plan completed.
- New electronic document management system implemented.
- Major upgrade to telecommunications.

*Opposite: Jim Goodlet and Maurie Brown at the Apollo Bay ANZAC Day.*

## Highlights

### LEARNING AND DEVELOPMENT

The work of the 'Towards Liveable Communities Coordinating Committee' has led to a multi-disciplinary approach to working with the State Government on the plight of the disadvantaged in our community. We have successfully gained funding for a State Government project called 'Advancing Country Towns'. This project has provided \$800,000 towards a four year program aimed at a comprehensive approach. The overall plan is complete and work will focus on three key areas:

- early years cognitive development and health,
- keeping young adults engaged in education that is relevant to their needs while supporting business occupational needs training, and
- providing a more comprehensible approach to gaining access to public services.

For the disadvantaged this means understanding their problems more clearly and removing barriers so that they can access these opportunities. Projects will be rolled out over the next three years. This is an exciting and refreshing new approach to providing whole of government and community based solutions.

### MUNICIPAL EMERGENCY MANAGEMENT PLANNING

An updated Municipal Emergency Management Plan and a new Municipal Relief and Recovery Plan were endorsed by Council in June 2012. In addition, a draft Municipal Fire Management Plan was developed. The finalisation of these plans is critical for effective implementation of our statutory responsibilities in the event of an emergency.

### NEW ELECTRONIC DOCUMENT MANAGEMENT SYSTEM

We completed the implementation of a new electronic document management system in September 2011. The new system provides for long-term management and control of our electronic documentation and is compliant with State Government requirements. It has also been well received by our organisation for both its capabilities and ease of use.

### MAJOR UPGRADE TO TELECOMMUNICATIONS NETWORK

The information system infrastructure (network) was upgraded in preparation for the replacement of our very old digital telephone systems. The network design, implementation and management of the upgrade was completed by our technical staff. The network infrastructure now supports a range of technical capabilities that meet the requirements to pass both data and voice information simultaneously. The implementation and scheduled activation of the new telephone system, in August 2012, has been made possible as a result of the network upgrade.

### FINANCIAL PERFORMANCE

Our financial performance for the year is broadly consistent with the targets set in the annual budget for 2011/12 in that we have again achieved an operating surplus.

- Operating result for the year is \$1.2 million.
- Value of total assets has grown by \$33.3 million to \$287.3 million.
- Total income has diminished by 23% to \$43.6 million, as a result of the once off recognition of the Port of Apollo Bay assets in the prior year.
- Total expenses have grown by 12% to \$42.4 million.

Excluding the abnormal items that have encroached upon the 2011/12 underlying result, we have maintained a minor surplus from operating activities. However, there remains an ongoing challenge to raise sufficient funds from the community and other sources to deliver the services increasing demanded by our community.

The next decade will be challenging as the Local Government Defined Benefits Superannuation shortfall is addressed and as the Federal and State Governments manipulate funding of Local Government to address their own needs (p 161, Note 31).

*\$335,472 invested in a new electronic document management system*

## GLOWING REPORT FOR CUSTOMER SERVICE

The customer service and display areas at Colac's Visitor Information Centre shone in a review performed by a mystery shopper, who said the Colac centre "far exceeded others" in the areas of friendliness and customer service, and items on display and for sale.

## MANAGEMENT OF THE PORT OF APOLLO BAY

A new draft Port Management Agreement was received from the Department of Transport for continued management of the Port of Apollo Bay, with Colac Otway Shire acting as the Committee of Management. The current Port Agreement expired on 30 June 2012 and a new draft agreement has been proposed for five years from 1 July 2012 to 30 June 2017. It has been given 'in principle' support by Council. Ongoing management of the Port of Apollo Bay will result in the following benefits:

- Greater ownership in local Port Operation.
- Integration of future Port development and town planning issues.
- Assist with implementation of the Apollo Bay Harbour Masterplan.
- Maintain the Port of Apollo Bay as a working harbour.
- Boost tourism and the local economy.

## NEW DREDGE AND WORK BOAT AT THE HARBOUR

We have been successful in securing a State Government grant for a dredging vessel and work boat at Apollo Bay Harbour to replace the ageing dredge that has been in operation for more than 50 years. We have commenced the procurement process and anticipate that the new dredge and work boat will be commissioned by Christmas 2013 at an estimated cost of approximately \$2.9 million.



# Fast facts

## NET EXPENDITURE

(\$17,882,152)

## EQUIVALENT FULL-TIME POSITIONS

48.6

## 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 enforcement and issuing of permits.

## SERVICE STATISTICS (Compared with 2010/11)

- = 95.5% Rates collected by year end.
- ↑ 14,672 Property assessments.
- ↓ 1,363 Non-rateable property assessments.
- ↑ 2,326 Pension rebates.
- ↓ 858 Land information certificates issued.
- ↓ 33,835 Debtor invoices issued.
- ↑ 10,956 Supplier payments processed.
- ↑ 71,076 Receipts issued.
- ↑ 4,821 Dogs and 1,521 cats registered.
- ↓ 229 Dogs returned to their owners.
- ↑ 20 cats returned to their owners.
- ↑ 848 Permits (various) issued.
- ↑ 135 new properties mapped.
- ↓ 73,918 items of both inwards and outwards correspondence processed.

## Awards

### EXCELLENCE IN INFORMATION, COMMUNICATION AND TECHNOLOGY

Our Information Services team won a State award from the Local Government Information, Communications and Technology (ICT) committee representing the Municipal Association of Victoria. The Local Government Excellence in ICT award for Project Management recognises that projects are the main way we implement positive change and that the people in project teams are often the unsung heroes, demonstrating dedication, commitment, teamwork and leadership qualities whilst remaining focused on a successful implementation outcome. Included in the award criteria are the benefits of a project being realised and the use of best practice methodologies in the management of the project.

### ANNUAL REPORT WINS

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 2010/11 annual report. Within the report, wins were recorded for best reporting on the following sections: summary, sustainability, performance and financial overview. We were also proud winners of a Silver Award from the Australasian Reporting Awards. The awards are an acknowledgement of our commitment to communicate our business practices and obligations in a clear and informative way.

## Disappointments

### UNFUNDED SUPERANNUATION LIABILITY

An account for \$3.18 million has been received from Vision Super, which is far greater than expected and will have significant financial implications in the future. Payment of the account will be considered in the preparation of the 2013/14 budget.

## Challenges

### IMPLEMENTING THE RECOMMENDATIONS OF BUSHFIRE ROYAL COMMISSION

The introduction of the new Bushfire Management Overlay, part of the recommendations from the Bushfire Royal Commission, introduces stronger requirements for planning permit applicants to undertake vegetation removal to protect their new dwellings. This approach comes into conflict with the existing Significant Landscape Overlay, which requires applicants to promote environmental values through revegetation actions identified in landscape plans. We will continue to work with external authorities to ensure that an appropriate balance can be reached for managing this issue.

*Below: Winners and nominees for the 2012 COOL Awards.*





*Above: Brittnee Colbourne, our 2011 Young Ambassador. PHOTO Courtesy Colac Herald.*



*Above: St Mary's Primary School pupil Meg Nelson asks questions of councillors.*

## The Year Ahead

- Develop the 2013-2017 Council Plan.
- Review General Local Laws No's 1, 2 and 3.
- Complete the Municipal Fire Management Plan.
- Finalise and implement Business Continuity Plans.
- Replace the Storage Area Network (SAN) hardware, to cater for the growing demand for electronic storage capacity and increase the capacity to deal with disaster events caused by computer system failures.
- Replace the very old digital telephone system with a new Voice Over Internet Protocol (VOIP).
- Review the Safety and Environment Management Plan in readiness for an external audit mid 2013.

*Below: Norm Sell, Colac Otway Shire's 2012 Australia Day Citizen of the Year.*



*Trinity College student Grace McBride won the top prize in the Colac Otway Outstanding Leadership Awards - otherwise known as the COOL Awards.*

## Civic Events

### AUSTRALIA DAY AWARDS

Colac's Norm Sell, whose attitude to volunteering is "do what you can, while you can", was Colac Otway Shire's Australia Day Citizen of the Year for 2012. Mr Sell, 85, has an impressive volunteering portfolio which spans more than 10 community groups.

### YOUNG AMBASSADOR OF THE YEAR

Colac Secondary College student, Brittnee Colbourne was the winner of the Colac Otway Shire's Young Ambassador Award for 2011. Brittnee was the College's school captain, a year 12 leader, a house captain, and chairperson of Colac Otway Shire Council's Youth Council in 2011. Brittnee hopes to study nursing and midwifery. The Young Ambassador Award acknowledges young people's community involvement and levels of achievement, and provides an award of \$1,000 to assist winners to continue to study or to develop other areas of interest.

### "COOL" AWARDS

Trinity College student Grace McBride won the top prize in the Colac Otway Outstanding Leadership Awards - otherwise known as the COOL Awards. Grace won the Great Mate award for her leadership in the school community, and passion for social justice.

## Youth Council

The aim of the Youth Council is to:

- Provide a forum for the Colac Otway Shire Council to consult with and receive advice from youth in order to ensure the provision of a high quality, affordable and flexible youth program.
- Promote and encourage the involvement of youth in the planning, development and implementation of matters associated directly with young people in the community.
- Ensure that the views of youth are canvassed and conveyed to Council.
- Provide advice to Council on appropriate youth programs.

The Youth Council meets twice each month during school terms.

### 2012 Youth Council

- Lucy Vesey
- Rebecca Whittaker
- Nara Langdon
- Tim Smith
- Tegan McNamara
- Jessi Kerri
- Shane Richardson
- Audrey McQuillon
- Josh Smith
- Amy Brauer
- Darcy Evans
- Tegan Braid

Additional members of the Youth Council in 2012 include:

- Councillor Chris Smith, appointed Council representative and is a mentor to the group.
- Cayley Robinson, Colac Otway Shire, administrative support.

Three additional adult mentors provide support and guidance to the youth councillors:

- Kerri Bauer, Otway Business Inc.
- Terry Woodcroft, Co-PYLIT (Colac Otway Police Youth Liaison Team).
- Emma Warton, Colac Area Health.

### Major achievements in 2012

- Participated in ANZAC Day ceremonies in Colac.
- Participated in marketing research activities with Colac Otway Shire to help develop new branding to promote the region.

Two major events are planned for the remainder of the 2012 Youth Council term:

- July: the Youth Council will host the Youth Expo "Linking Life and Leisure", highlighting the various leisure activities, clubs and groups on offer in the shire. More than 1,000 students from Grade 5 to Year 8 are expected to attend the expo at Bluewater Fitness Centre in Colac.
- August: the Youth Council will visit Government House in Melbourne where they will view parliamentary sittings and tour the building.

*Below: Our 2012 Youth Council.*



## ADVOCATING FOR OUR COMMUNITY



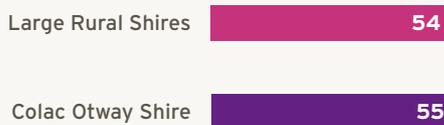
Indexed Mean

## CUSTOMER CONTACT WITH OUR COMMUNITY



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## ENGAGING WITH OUR COMMUNITY



Indexed Mean

Source: Local government Community Satisfaction Survey 2012 Department of Planning and Community Development, prepared by JWS Research.

Note: The Community Satisfaction Survey, under the auspices of the Department of Planning and Community Development, was revised resulting in significant changes to content and methodology for 2012. Councils have been advised that the data is not directly comparable to previous years. As current targets were arrived at based on trending data from the previous survey's content and methodology, these need to be revisited so that targets and results have some genuine comparability.



## PROGRESS ON COUNCIL PLAN ACTIONS CONTINUED

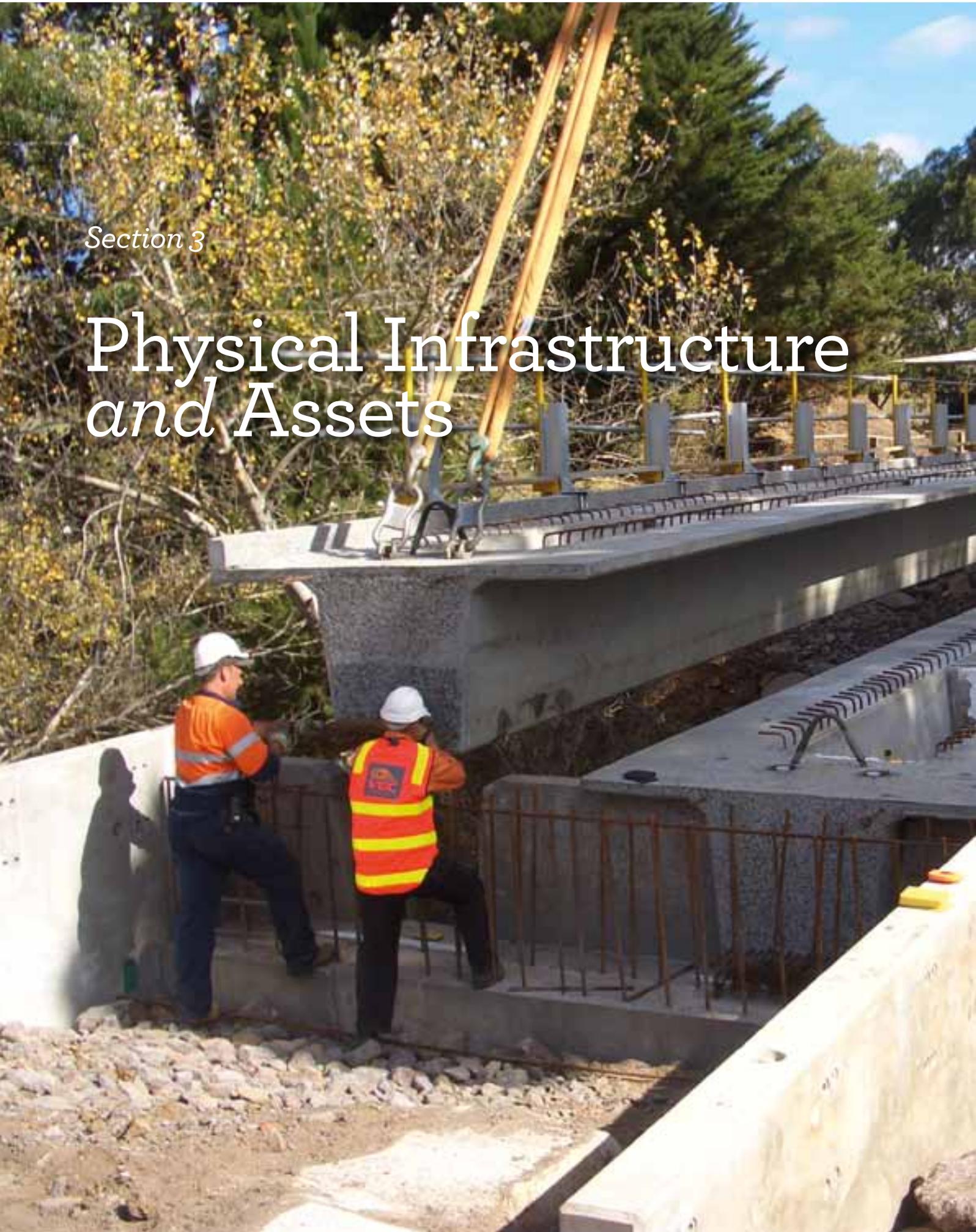
- ✓ Completed + Completed in 2011/2012/repeated annually  
> In progress, continuing in 2012/2013 ← On hold, for review

Council Plan Strategies	Actions	Status
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.	✓



*Section 3*

# 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

### Key achievements

- Completion of Capital Works.
- New bridge constructed.
- 100% increase in footpath replacement.



*Opposite: J Barrys Road Bridge under construction.*

## Highlights

### COMPLETION OF CAPITAL WORKS

With the completion of 86% of the 2011/12 Capital Works Program, we met our key performance indicator of 85%. This is a major improvement as we have not reached this target since 2008/09. Achievement of the target is due to significant improvements in project management and reporting across the organisation, including:

- development of the 10 Year Capital Works and Major Projects Program,
- implementation of monthly project reporting to our Executive Management Team, and
- improvements to the project management system.

### INCREASED INVESTMENT IN BRIDGE MAINTENANCE AND REPLACEMENT

J Barrys Road bridge was replaced at a cost of \$370,000 in 2011/12, with a further \$148,000 spent on the maintenance of our ageing bridges. As part of our commitment to improving our bridge network we have allocated \$1.37 million in our 2012/13 budget for upgrades to the Barham River Road bridge at Apollo Bay, the Carlisle Valley Road bridge at Carlisle River, the Upper Gellibrand Road at Barramunga and Gane's Access bridge at Carlisle River.

### MAINTAINING OUR EXTENSIVE GRAVEL ROADS

We spent \$2.03 million on maintaining our unsealed roads during 2011/12:

- \$1.57 million went into resheeting the shire's unsealed roads. This translates to a length of 94 kilometres, or 9% of the 1,074 kilometres of gravel road network for which we are responsible.
- \$455,000 was spent on our routine grading program. The impacts of prolonged rainfall, heavy vehicles and the costs of transporting quality gravel materials, which generally involves large haulage distances, are some of the challenges we faced in maintaining the extensive length of our unsealed roads.

### SIGNIFICANT INCREASE IN FOOTPATH REPLACEMENT

A significant increase, to \$325,000, in the 2011/12 budget for the annual footpath replacement program meant we were able to double the replacement of key sections of our concrete footpath network to 2,513 metres. Works included replacement of areas of pathway along Stodart Street, Robertson Street, and Cants Road in Colac. This programme also extended to replacing sections of footpath in the townships of Apollo bay and Birregurra (p 10).

*Below: Transferring a main bridge beam during the construction of J Barrys Road Bridge.*



*Our commitment to including \$1.5 million in the 2012/13 Capital Works budget provides the first step in developing the Colac Livestock Selling Centre as a high profile facility. Weather proofing the saleyards will transform it into one of the premier selling facilities in the region.*

### ELECTRONIC TENDERING A SUCCESS

The electronic contract tendering system introduced in 2010/11 has been successful in reaching a wider supplier market, with a marked increase in tenders received, especially for consultancy services. The new system aids Council in achieving best practice in tendering.

### COMMITMENT TO ROOFING THE COLAC LIVESTOCK SELLING CENTRE

Our commitment to including \$1.5 million in the 2012/13 Capital Works budget provides the first step in developing the Colac Livestock Selling Centre as a high profile facility. Weather proofing the saleyards will transform it into one of the premier selling facilities in the region. The viability of the Livestock Selling Centre is important in maintaining a vibrant community and local economy. A new roof will mean that the Centre remains competitive in the region.

## Fast facts

### NET EXPENDITURE

\$11,847,462

### EQUIVALENT FULL-TIME POSITIONS

71.6

### INFRASTRUCTURE AND ASSETS

1,632 km of Roads

- 558 km Sealed
- 1,074 km Unsealed

134 Bridges maintained

130 km of Footpaths

144 Buildings

### KEY FUNCTIONS

- Development, management and monitoring of Council's Capital Works Programs and major operational projects.
- Project planning, design and delivery of infrastructure related projects within the Capital Works Program.
- Development and facilitation of Special Charge Scheme projects.
- Engineering advice for developments via the town planning process.
- Active participation in Colac RoadSafe.
- Implementation of Council's Road Safety Strategy.
- Provision of general engineering services to both internal and external customers.
- Provision of civil infrastructure including roads, drainage systems, footpaths, car parks, bridges, traffic facilities, buildings, recreation areas etc.
- Capital improvement projects including the renewal of assets, upgrades and in some cases the provision of new assets.
- Prioritisation of capital works projects to ensure Council has the available resources to complete projects.
- 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 (Compared with 2010/11)

- ↑ 2,513 metres of Footpaths reconstructed.
- ↓ 42,000 animals through the Colac Livestock Selling Centre.
- ↑ 33 km of sealed roads resealed.
- ↓ 94 km of gravel roads resheeted.
- ↑ 86% capital works completed.

## Disappointments

### COMPLETION OF OFF-ROAD TRAIL POSTPONED

Construction of three kilometres of an off-road trail section of the old Beechy Rail Trail, between the Dinmont Station and Ditchley Station (near Beech Forest), had to be postponed until the summer construction period in 2012/13. A key reason for this was difficulty in finalising the trail alignment through an existing gully containing endangered vegetation. Alignment has been modified to ensure that no removal of endangered vegetation is necessary.

### DELAYS TO TENNIS COURT PROJECT

Unforeseen pavement problems on the Barwon Downs tennis court overlay project have delayed completion of works until 2012/13.



## Challenges

### AGEING BRIDGE INFRASTRUCTURE

Maintaining ageing road and bridge infrastructure is a challenge facing many rural councils. We have been required to impose load limits on 14 of our ageing timber bridges. This is aimed at both protecting the safety of the public and extending the useful life of these structures until such time as major repairs or replacement can be undertaken. We are committed to addressing this problem and have allocated significant funding to the annual bridge replacement program.

### MAJOR DRAINAGE INFRASTRUCTURE

Providing major drainage infrastructure to support demands for future growth in Colac, Birregurra and a number of smaller townships including the coastal areas is a key challenge. In response we are undertaking a strategic review of drainage infrastructure needs.

The study of Apollo Bay has identified that required drainage works are estimated to cost \$3.8 million. The challenge confronting Council is to determine a funding methodology.

*Below: One of the massed planted garden beds in our historic Colac Botanic Gardens receives loving care and attention by head gardener, Laurence Towers.*





Above: Tree trimming by our Parks and Gardens team.



Above: Asphaltting the road on the Apollo Bay breakwater wall.

## The Year Ahead

- Continue preparation for the implementation of Prince2™ project management methodology in readiness for broad roll out to the organisation in 2013/14.
- Completion of the Old Beechy Rail Trail improvements including the construction of 8km of off-road trail.
- Colac Livestock selling Centre roof construction.
- Replacement of four rural bridges.
- Redevelopment works at Colac Central Reserve Oval.
- Rehabilitation of Gellibrand Landfill.
- Library redevelopment at Apollo Bay.
- Review of Safety and Environment Management Plan in readiness for an external audit mid 2013.

*Maintaining ageing road and bridge infrastructure is a challenge facing many rural councils. We have been required to impose load limits on 14 of our ageing timber bridges. This is aimed at both protecting the safety of the public and extending the useful life of these structures.*

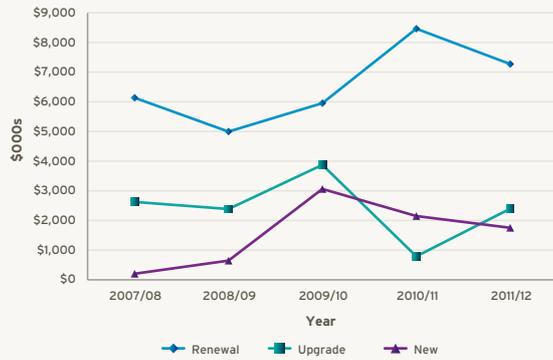


# Physical Infrastructure and Assets continued

## CAPITAL WORKS

In '000s

	Renewal	Upgrade	New	Total
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
2011/12	\$7,273	\$2,397	\$1,754	\$11,424

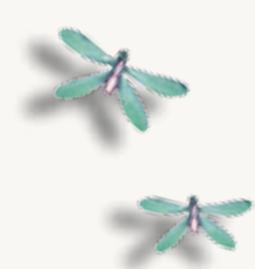


Ongoing commitment to renewal of our assets, which includes buildings and the road network, remained strong in 2011/12. This was complimented by an increase in spending towards improving our assets.

## ROAD NETWORK RENEWAL



## FOOTPATH REPAIRS



## PROGRESS ON COUNCIL PLAN ACTIONS

- ✓ Completed + Completed in 2011/2012/repeated annually  
 > In progress, continuing in 2012/2013 - 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.	>
	Develop a Strategic Footpath Plan for Colac.	✓
	Review and implement the Strategic Footpath Plan for Apollo Bay.	>
Manage Council's buildings and facilities in a responsible, safe and sustainable manner.	Develop a Building Assets Management Plan and implement according to adopted priorities.	>
	Develop a Building Rationalisation Program for buildings surplus to Council needs.	>
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.	✓
	In partnership with regional councils and VicRoads develop and implement a Road Safety Plan and Council approved road safety initiatives.	✓
	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.	Implement sound procedures to ensure that environmental constraints are adequately considered in the planning and implementation of Council's infrastructure maintenance activities.	✓
	Develop a proposed long-term management response to sea level rise for Council assets.	>

Section 4

# 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

### Key achievements

- Adoption of Rural Living Strategy.
- Completion of Colac CBD and Entrances Project Plan.
- Completion of Colac and Apollo Bay Car Parking Strategy.
- Completion of the Birregurra Neighbourhood Character Study.

*Opposite: Future development plans for Apollo Bay.*

## Highlights

### NEW RURAL LIVING STRATEGY

Council adopted a Rural Living Strategy late in 2011 which recommended areas suitable for rural living development and potential expansion of small towns. We are now implementing the strategy by a planning scheme amendment (Amendment C69), which was placed on public exhibition in April 2012. The amendment proposes to update the Municipal Strategic Statement and rezone a number of properties identified in the strategy. The strategy and subsequent amendment provide certainty for many rural land owners about potential development of their land, and ensures the protection of valuable agricultural land whilst avoiding intensification of development in areas with environmental risks, such as bushfire and water quality. [http://www.colacotway.vic.gov.au/Page/page.asp?Page\\_Id=3841&h=0](http://www.colacotway.vic.gov.au/Page/page.asp?Page_Id=3841&h=0)

### COMPLETION OF COLAC CBD AND ENTRANCES PROJECT PLAN

Council adopted the Colac CBD and Entrances Project Plan report in May 2012 following an extensive period of consultation with the local community. The plan establishes a strong vision for the future appearance and liveability of Colac, which is to be developed as a 'Botanic Gardens City'. The plan identifies a series of streetscape improvements for priority areas of the Colac CBD and entrance corridors into Colac from the east and west along the Princes Highway. This will significantly enhance the visual attractiveness of the town as well as improve public safety. The plan also contains guidelines for incorporation into the Planning Scheme in relation to development on private land. The plan provides a strong basis for Council to seek funds for infrastructure improvements over time, particularly in the form of grants from state and federal governments. [http://www.colacotway.vic.gov.au/Page/page.asp?Page\\_Id=3797&h=0](http://www.colacotway.vic.gov.au/Page/page.asp?Page_Id=3797&h=0)

*Council adopts a strong vision for the future liveability and appearance of Colac.*

### COMPLETION OF COLAC AND APOLLO BAY CAR PARKING STRATEGY

Council adopted a Car Parking Strategy for Colac and Apollo Bay late in 2011 which establishes clear policies for consideration of car parking requirements at the planning permit stage in each of these towns. The strategy recommends parking rates for a range of land uses that are lower than State standard rates, reflecting local circumstances, and in the case of Apollo Bay, recommends the collection of cash-in-lieu contributions for car spaces that cannot be provided on-site, for use in funding public car parking provision. The strategy will be implemented into the Planning Scheme and provide greater direction for making decisions on future planning applications. [http://www.colacotway.vic.gov.au/Page/page.asp?Page\\_Id=3842&h=0](http://www.colacotway.vic.gov.au/Page/page.asp?Page_Id=3842&h=0)

### COMPLETION OF THE G21 REGIONAL GROWTH PLAN

We played a key role in developing and finalising the G21 Regional Growth Plan in conjunction with other municipalities in the G21 region. The plan nominates the appropriate locations for growth across the region over a 40 year time frame, and identifies supporting infrastructure required to achieve that growth. The plan targets higher than planned growth for Colac, lifting its potential population to 20,000. This project gives firm direction to Council when we review the Colac Structure Plan over the next few years. <http://g21regionalgrowthplan.com.au/g21-regional-growth-plan>

### COMPLETION OF THE BIRREGURRA NEIGHBOURHOOD CHARACTER STUDY

Council adopted a Neighbourhood Character Study for Birregurra in June 2012. The study identifies differences in character across Birregurra and establishes controls to be applied to new housing development to ensure that it is sympathetic to the preferred character sought by residents. This study was undertaken in response to residents' concerns about the draft Birregurra Structure Plan in 2010 and will now form an important input to our finalisation of the structure plan in 2012/13. It will ultimately form part of a planning scheme amendment that introduces the development guidelines into statutory controls. [http://www.colacotway.vic.gov.au/Page/page.asp?Page\\_Id=4010&h=0](http://www.colacotway.vic.gov.au/Page/page.asp?Page_Id=4010&h=0)



*Above:* The Rural Living Strategy will give certainty to rural land owners about potential development of their land and will protect valuable agricultural land.

## COMPLETION OF APOLLO BAY SETTLEMENT BOUNDARY AND URBAN DESIGN REVIEW

Council adopted the final report for the Apollo Bay Settlement Boundary and Urban Design Review in June 2012. The study reviewed five potential sites for expansion of the settlement boundary of Apollo Bay. Whilst ruling out four of these sites, a site to the north-east of the town has been identified for future growth, providing certainty about future growth potential of the town. The project also identified a range of opportunities for urban improvements around the central part of Apollo Bay. The project will be reflected in an amendment to the planning scheme.

[http://www.colacotway.vic.gov.au/Page/page.asp?Page\\_Id=4008&h=0](http://www.colacotway.vic.gov.au/Page/page.asp?Page_Id=4008&h=0)

## NEW PLANNING INFORMATION SHEETS/BROCHURES

A range of new themed information sheets/brochures has been developed to assist customers with information requirements for planning permit applications. The brochures provide much greater guidance on what needs to be submitted with an application, which planning officers hope will improve the standard of applications being lodged and reduce the need for Council to request further information. [http://www.colacotway.vic.gov.au/Page/Page.asp?Page\\_Id=44&h=1&p=1](http://www.colacotway.vic.gov.au/Page/Page.asp?Page_Id=44&h=1&p=1)

# Fast facts

## NET EXPENDITURE

\$1,115,871

## EQUIVALENT FULL-TIME POSITIONS

12.3

## 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 and building advice and property information.
- Processing subdivision plans under the *Subdivision Act 1988*.
- Assessment and decisions on planning permit applications and related matters under the *Planning and Environment Act 1987*.
- Representation of Council at Victorian Civil and Administrative Tribunal (VCAT) hearings.
- Enforcement of planning permit conditions and planning scheme provisions.
- 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 to acceptable standards by enforcing compliance with building legislation and safety standards.
- Determining 'report and consents' for variations to siting requirements.
- Approval of applications for Places of Public Entertainment (POPEs).
- Processing of building permit applications.
- Mandatory inspections during building construction.

## SERVICE STATISTICS (Compared with 2010/11)

### Planning Appeals to VCAT (11)

- ↑ 7 Council decisions upheld
- ↓ 3 Overturned
- 1 Pending

### Buildings

- ↓ 70 Report and Consent applications
- ↑ 115 Notices and Orders
- ↑ 27 Resolution of Work Applications

## Disappointments

### DELAY TO IMPLEMENTING THE APOLLO BAY HARBOUR MASTER PLAN

We have experienced some delay in commencing the planning scheme amendment process to implement the Apollo Bay Harbour Master Plan. Having received \$255,000 from State Government and Tourism Victoria in 2010 to undertake the amendment, concerns had been expressed in the community about the private hotel element. Council undertook additional community engagement to increase awareness of the proposal, including an independent telephone survey of residents. Council later resolved to remove the hotel component from the plan, which required officers to check that the external funding would still be available. These processes have delayed the project by eighteen months, but we are now in a position to commence the amendment late in 2012.

<http://www.colacotway.vic.gov.au/Files/ApolloBayEBDOutcomesFinalAnnotatedPPT.ppt.pdf>

## Challenges

### AUDITING ESSENTIAL SAFETY MEASURES

We have experienced difficulties in the proactive monitoring of Essential Safety Measures requirements under the *Building Act*, due to a lack of suitably qualified surveyors in the region available for recruitment since 2010. We have relied upon a part-time contract surveyor and inspector over that period; however this has meant our service has been reactive rather than proactive, focusing more on complaints rather than a program of audits of commercial premises. Our challenge over the next twelve months will be to find a creative solution so that proactive audits can occur.



Below: Proposed development on Apollo Bay Foreshore.





Above: Planning staff, Ronan Corcoran (left) and Travis Riches (right) viewing land proposed for development.

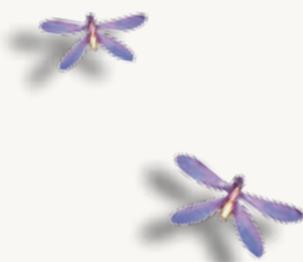


Above: The Birregurra neighbourhood character study establishes controls for future development. PHOTO courtesy of Geelong Otway Tourism.

## The Year Ahead

- Finalising planning scheme amendments that implement key projects such as the Rural Living Strategy, the Colac and Apollo Bay Car Parking Strategy and the Colac CBD and Entrances Project.
- Preparation and exhibition of the Apollo Bay Harbour Master Plan Planning Scheme Amendment.
- Developing local planning policy relating to bushfire risk using a State Government grant which will determine the growth potential of Forrest, Gellibrand, Beech Forest and Lavers Hill, and potentially lead to standardised bushfire provisions for land in Wye River, Kennett River and Separation Creek.
- Development of a Heritage Strategy that identifies past achievements and maps out actions and strategies for Council to undertake in the future concerning the preservation of the Shire's heritage assets.

*Our service has been reactive rather than proactive, focusing more on complaints rather than a program of audits of commercial premises. Our challenge over the next twelve months will be to find a creative solution so that proactive audits can occur.*



## PLANNING APPLICATIONS

Year	Number of Applications	Average days to process	Planning Application Appeals to VCAT *
2007/08	422	43	7
2008/09	506	63	12
2009/10	404	54	19
2010/11	409	55	12
2011/12	382	57	11

\* Victorian Civil and Administrative Tribunal.

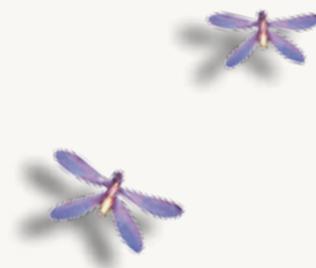
## BUILDING APPLICATIONS

Year	Number of Applications	Average Days to Assess Applications	Average Days to Issue Permit
2007/08	111	Unavailable	52
2008/09	105	20	60
2009/10	75	17	47
2010/11	126	17	45
2011/12	95	18	36

## PLANNING APPLICATIONS COMPLETED WITHIN THE 60-DAY STATUTORY TIME FRAME

Year	Colac Otway Shire	Rural Councils
2007/08	89%	71%
2008/09	60%	67%
2009/10	90%	71%
2010/11	92%	71%
2011/12	*71%	*Unavailable

\* Based on information available at the time of this report as PPAR data (State government Planning Permit Activity Report) not available until October 2012.





## PROGRESS ON COUNCIL PLAN ACTIONS

- ✓ Completed
- + Completed in 2011/2012/repeated annually
- > In progress, continuing in 2012/2013
- 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.	-
	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.	>
	Advocate for State Government funding to undertake more detailed local area mapping of low lying areas along the coast to assist with climate change initiatives.	✓
Ensure all Council land use plans and strategies are current and responsive.	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.	✓
	Undertake a Neighbourhood Character Study for Birregurra.	✓
Enforce planning and building regulations to meet legislative requirements.	Implement comprehensive monitoring of the Essential Safety legislative requirements.	>
	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.	>



*Section 5*

# 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  
Environmental Planning  
Natural Resource Management  
Sustainability Management  
Transfer Stations/Recycling  
Waste Management

### Key achievements

- New Environmental Sustainability Policy (p 15).
- Sustainability features included in new Council offices.
- Land management plans developed for eight of Council's high conservation value reserves.
- Landfill environmental risk assessment and development of management plan.



## Highlights

### NEW COUNCIL OFFICE INCORPORATES SUSTAINABILITY FEATURES

We successfully incorporated a range of Ecologically Sustainable Design principles into the refurbishment of the new Sustainable Planning and Development office. With an objective to economise the building's energy and water consumption we were able to include a number of efficiency measures including:

- double glazed windows
- occupancy sensors
- zoned lighting
- skylights
- water tank
- four star water fittings
- a 6.08kW photo voltaic solar panel system, and
- a solar hot water system.

These measures are expected to reduce the electricity and water consumption of the new office by between 20-30%.

*Ecologically Sustainable Design principles incorporated into new office refurbishment.*



### MANAGEMENT PLANS DEVELOPED FOR OUR RESERVES

Land Management Plans were developed for eight of our high conservation value reserves. These reserves are spread throughout the shire, from the Beeac Grassland in the north through to the Heathfield Estate in the south. An assessment of the environmental values and threats was undertaken to develop the plans that include site specific management recommendations to help improve their condition. [http://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)

### ALVIE LANDFILL ENVIRONMENTAL MONITORING

An environmental risk assessment for Alvie landfill site was carried out and risk and environmental management plans were prepared incorporating the requirements of the Environmental Protection Authority landfill licensing reform, which included the plans being approved by an independent auditor. An environmental monitoring program was required to be included in the risk assessment. We are currently working towards implementation of the recommendations, which include installation and monitoring of gas, leachate and ground water bores.

### HARD WASTE COLLECTION

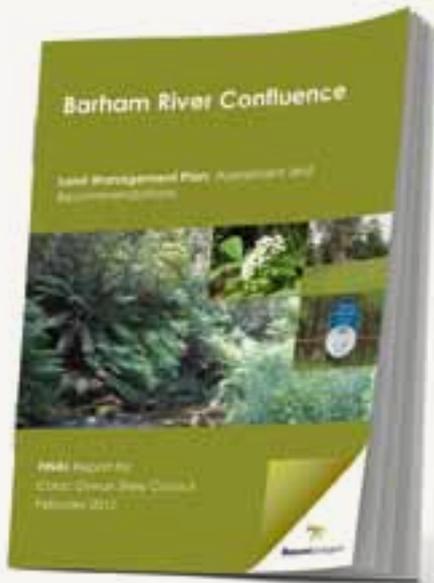
Between March and June 2012 a hard waste collection was carried out for our rural and coastal townships. A hard waste drop off service was organised for the townships of Kennet River, Wye River and Separation Creek. Rural residents outside these towns were given vouchers to enable them to take hard waste to a Council transfer station at no cost.

### RECYCLING WEEK EDUCATION PROGRAM

315 students from five primary schools attended an education program on 8 November 2011 during Recycling Week. The program, held at the Colac Otway Performing Arts and Cultural Centre, featured a performance by the Green Crusaders highlighting the importance of recycling (p 76).

### EXPANSION OF RECYCLABLE ITEMS

The kerbside recycling collection has been expanded to include items such as pots and pans, rigid plastics including containers and plastic toys, which has resulted in increased recycling and less waste going to landfills. This has been an initiative of the Barwon Region Waste Management Group in consultation with SKM regional recyclers.



*Above:* One of the land management plans developed for eight of our high conservation value reserves.

## Disappointments

### ROADSIDE ENVIRONMENTAL MANAGEMENT PLAN

The development of the Roadside Environmental Management Plan, which will replace the existing Roadside Vegetation Management Plan with more robust strategies to protect environmental values, was not completed in the 2011/12 financial year due to unexpected complexities associated with its implementation across all Council activities on roadsides. This project has been rescheduled for completion in the 2012/13 financial year.

### ENVIRONMENTAL CONTAMINANT AFFECTS WASTE DISPOSAL

Fungi Myrtle Rust has been found in several locations within Victoria, affecting disposal of organic waste product. From 2006 the shire's green waste had been transported via backload to Mount Gambier, South Australia, where it had been converted into compost. Since discovery of the rust, transport of all green waste has ceased. Until an alternative solution can be found, green waste has been diverted to landfill.

### MARINE PEST CONTINUES TO SPREAD IN APOLLO BAY HARBOUR

The marine pest, commonly known as Japanese Kelp (*Undaria Pinnatifida*), continues to spread in local Port waters due to a lack of effective State Government policy and action for tackling this serious marine pest.

## Fast facts

### NET EXPENDITURE

\$948,371

### EQUIVALENT FULL-TIME POSITIONS

8.3

### 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 environmental 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 (Compared with 2010/11)

- ↓ 11,030 trees, grasses and shrubs planted.
- ↓ 3,767 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, Earth Hour, National Tree Day, School Tree day, Threatened Species Day and Recreational Fishing Workshops.

## Challenges

### STREET LIGHTING UPGRADE

Our bold target to be carbon neutral by 2016 will become more attainable if we can improve the efficiency of our street lights. We were successful in securing funding from the Federal Government to improve street light efficiency. The implementation of this project will reduce our street light bills by approximately 70% and reduce carbon output by approximately 20%. Our intention had been to combine the Federal Government funding with funds committed by the State Government for their parallel program, the Green Light Plan, to deliver this major project. Unfortunately, the State Government recently decided not to fund the plan, leaving Council with a \$280,000 shortfall. We are now exploring opportunities to obtain the funds required to implement this important project in full.

### MANAGING THE LEGAL REMOVAL OF NATIVE VEGETATION

We will be taking a closer look at opportunities to develop a local vegetation 'offset' register, to assist planning permit applicants and to track vegetation losses within the shire. When vegetation removal is required to allow development (e.g. construction of a dwelling), the vegetation needs to be offset either through revegetation or the protection of existing vegetation. Finding appropriate local sites to fulfil this requirement is difficult and access to a local register of identified sites would help to resolve this issue. This would also assist Council in tracking what losses and gains are happening across the shire.

### DISPOSAL OF MATERIALS DIVERTED FROM LANDFILL

There is a glut of recyclable materials on the market and the challenge is to find an environmentally friendly recycling processor. We are currently exploring this issue through our regional waste management group, Sustainability Victoria and industry contacts.



*Below: External sustainability features of the new council department offices include a water tank, solar hot water and a bank of photovoltaic panels.*





Above: A 'wetland' was created for the education of primary school children as part of World Environment Day activities.



Above: Environmental based workshops designed for children where they created three-dimensional sculptures using barks, grasses, leaves, gumnuts and twigs.

## WASTE MANAGEMENT IN THE COASTAL TOWNSHIPS

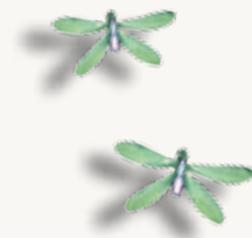
The risk management of kerbside collection along the coastal areas presents an ongoing challenge for Council to manage due to the steepness of the terrain and limited opportunities for the waste vehicle to turn around. Council has commissioned a study reviewing collection in these areas and will need to work with the community to ensure that both the needs of the community and Council's responsibilities are effectively managed.

An implementation plan has been developed and will need to be progressively monitored and reviewed.

*There is a glut of recyclable materials on the market and the challenge is to find an environmentally friendly recycling processor.*

## The Year Ahead

- Coordinate the planning and scoping phase of the \$600,000 grant funded project, Climate Resilient Communities of the Barwon South West.
- Develop a Carbon Neutral Plan for Colac Otway Shire operations.
- Continue the Weed Control Programme on our high conservation reserves and roadsides.
- Deliver community education events, including World Environment Day and School Fishing Days.
- Find a solution to Council's green waste disposal.
- Risk assessment of certain waste collection routes.
- Work with regional waste group for waste to energy projects.
- Continue with closed landfill rehabilitation works.



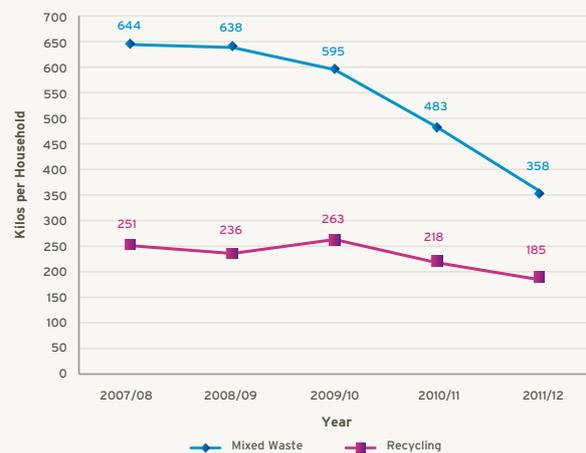
## ORGANIC WASTE DIVERTED FROM LANDFILL (TONNES)



The introduction of the three bin system in September 2010/11 has resulted in a large increase in the kerbside collection of green waste for composting. It is unknown at this stage whether this is solely an effect of a return to the average rainfall pattern increasing seasonal growth or whether the capacity of the 240 litre bin is more suited to green waste collection.

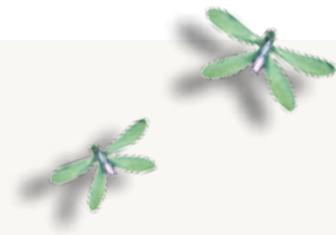
## MIXED WASTE (LANDFILL) AND RECYCLING KERBSIDE COLLECTION (TONNES)

Year	Mixed Waste	Recycling
2007/08	5,816	2,267
2008/09	5,845	2,158
2009/10	5,452	2,410
2010/11	4,463	2,013
2011/12	3,320	1,711



The reduction in mixed waste since the introduction of the 3-bin system is significant. It has made it easier for households to sort their waste, resulting in less organic material going to landfill as a result of contamination.





## PROGRESS ON COUNCIL PLAN ACTIONS

- ✓ Completed + Completed in 2011/2012/repeated annually  
 > In progress, continuing in 2012/2013 - 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.	>
	Develop and implement an Environmental Sustainability Policy.	✓
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.	>
	Implementation of the Waste Water Management Strategy.	>

*Section 6*

# 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

### Key achievements

- Completion of Community Infrastructure Plans.
- Community Support for the Business Development Program.
- Redevelopment of historic Lions Park.
- Significant Increase in Grant Funding.

*Opposite: The Cape Otway Lighthouse is a popular tourist attraction in our shire. Photo courtesy of Otways Tourism.*

## Highlights

### COMPLETED COMMUNITY INFRASTRUCTURE PLANS WILL GUIDE FUTURE DEVELOPMENT

Completion of the Birregurra and Forrest Community Infrastructure Plans will help guide our investment in new and existing facilities in the two townships. Both of these townships are growing in importance for our community and as centres for tourism development. Community infrastructure plans develop a social landscape map and match community expectations with key infrastructure investment to support local community and tourism growth. [http://www.colacotway.vic.gov.au/Files/Report\\_Birregurra\\_and\\_Forrest\\_CIP\\_Capire\\_FINAL\\_20120419.pdf](http://www.colacotway.vic.gov.au/Files/Report_Birregurra_and_Forrest_CIP_Capire_FINAL_20120419.pdf)

*More than 550 local business people, farmers and members of our community attended the annual series of business development events.*

### COMMUNITY SUPPORT FOR THE BUSINESS DEVELOPMENT PROGRAM

More than 550 local business people, farmers and members of our community attended the annual series of business development events. These events provide knowledge, inspiration and ideas to our local businesses, promote business excellence, and provide opportunity for business and community. The events included:

- The ANZ Business Breakfast.
- Powercor Colac Otway Shire Business Awards Launch and Awards Event.
- Otway Business Inc. Website Optimisation Event.
- WHK Carbon Tax Seminar.
- Small Business Victoria Mentoring.
- Working Women's Network events.
- Young Business Leaders breakfast events (p 17).

### REDEVELOPMENT OF HISTORIC PARK

Redevelopment of the historic Lions Park on the banks of the Barongarook Creek has enhanced the eastern entrance to Colac. The redevelopment, costing \$105,080, included new barbeque and shelter facilities, landscaping, plantings, pathway extension, resurfacing of the car park as well as an upgrade to the toilet facility. The enhanced and beautified park provides a welcoming arrival for newcomers and tourists to the area and is an asset to our community.

*Below: The viewing platform and stairs leading from the Colac Botanic Gardens down to the walking track at Lake Colac is a combined project of the Friends of the Botanic Gardens and the Economic Development Unit.*



## Fast facts

### NET EXPENDITURE

\$1,194,746

### EQUIVALENT FULL-TIME POSITIONS

12.3

### KEY FUNCTIONS

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

### SERVICE STATISTICS (Compared with 2010/11)

- ↓ 190,501 walk-in visitor enquiries serviced and answered 13,662 phone enquiries at the Colac and Great Ocean Road Visitor Information Centres.
- ↑ Maintained Level 2 accreditation at Colac and Great Ocean Road Visitor Information Centres.
- = 6 Small Town Improvement Program projects undertaken, with Council contributing \$80,000.
- ↑ 550 people attended local business development forums.

### PROMOTING THE REGION

900 information packs on the Colac region were distributed at the Regional Living Expo, held in Melbourne during 27-29 April 2012. Future plans include developing a montage of employment opportunities and identifying pathways for people to move out of Melbourne to this area.

### SIGNIFICANT INCREASE IN GRANT FUNDING

\$6.89 million was received by Colac Otway Shire during 2011/12 through external grants from the State and Federal governments, a \$2.2 million increase from 2010/11. These grants enable us to deliver community infrastructure and services without increasing rates. Two significant projects at the Bluewater Fitness Centre are able to proceed as a result of the grant monies:

- \$2.8 million was received from the Federal Government to develop a warm water pool.
- \$1.58 million was received from the State Government to contribute to the redevelopment of the stadium. This funding will be combined with the \$3.78 million received from the Federal Government in 2010/11 for this project (p 9).

### SUCCESSFUL CAREERS EXPO

More than 550 students from local secondary schools benefited from the Colac Otway Shire Careers Expo. There were 20 businesses exhibiting and 12 forums to give young people an understanding of careers available in all kinds of local industry. The Expo aims to assist students with career choice but also to remind young people that there are great careers available in our shire (p 26).

### MANAGING TOURISM GROWTH IN FORREST TOWNSHIP

The growth in tourism in Forrest over the past five years has been stimulated by the growing popularity of mountain biking on the adventure trails built on local Crown Land by the Department of Sustainability Environment. We facilitated the creation of an interdepartmental and community steering group to develop a strategic plan for the development of the Forrest mountain bike trails. This will help manage the growth and impact of tourism on the environment and local township, as well as maximising tourism development opportunities.



## Disappointments

### NEW BRAND FOR COLAC STILL TO BE FINALISED

The Colac Marketing Strategy was developed to attract young professionals and families to settle and live in Colac and local small townships. The strategy was competed but without agreement on a new Colac brand. Further work is being done on this and a new brand should be able to be launched by the end of 2012.

### FURTHER DELAYS ON THE REGIONAL TOURISM ACTION PLAN

The restructure of regional tourism is still not complete, however regional councils have agreed on an Interim Great Ocean Road Tourism Board that will complete a strategic plan and sustainable funding model by 30 June 2013.



*Below: Matilda and Amelia Brown with Kev the Koala at the Great Ocean Road Visitor Information Centre.*



## Challenges

### FACILITATING THE TRANSITION TO A NEW TOURISM COMMITTEE FOR THE OTWAYS

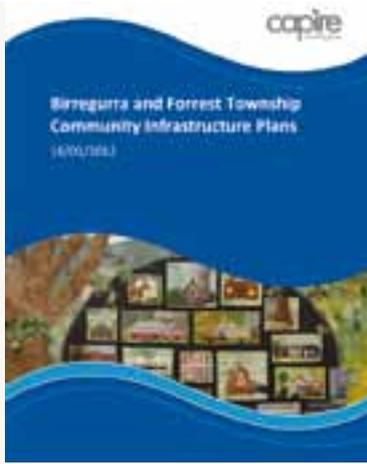
Otways Tourism Inc. folded in December 2011. We have invested significant resources into assisting with the wind down and the forming and supporting of a new local tourism representative group, to be called Otways Tourism Advisory Committee. A key challenge will be to provide support and encouragement and to facilitate outcomes for tourism operators and the local industry though this group during 2012/13.

### TOURISM STRATEGIC PLAN TO BE DEVELOPED

Although the Interim Great Ocean Road Tourism Board has been formed there is a major challenge still to complete a strategic plan and funding model on which we and the following councils can agree: City of Greater Geelong, Borough of Queenscliff, City of Warrnambool, and the Shires of Surf Coast, Corangamite, Golden Plains, Moyne and Glenelg.

*Below: 2012 ANZ Business Breakfast Invitation.*





Above: Community Infrastructure Plans will guide future investment in the townships of Birregurra and Forrest.



Above: Enthusiastic students attending the Careers Expo.

## ATTRACTING YOUNG PROFESSIONALS AND FAMILIES

All rural municipalities aim to attract young professionals and families to settle and live in their towns. A key challenge will be for Council to develop a distinctive brand that will enable effective implementation of the Marketing Strategy.

## The Year Ahead

- Facilitate development of the Colac High School Master Plan. This plan will help the State Government and Council to plan for the future of the former high school site.
- New on-line HTML newsletter providing information on new and emerging issues and trends to be delivered by email to the business data base and other key stakeholders.
- Support for the tourism industry is more vital than ever and Council will commit significant resources to this industry through the Otways Tourism Advisory Committee, the Interim Great Ocean Road Tourism Board and Geelong Otway Tourism.
- Attract funding from state and federal governments to implement the Colac CBD and Entrances Project and other key planning projects for infrastructure delivery.

*Community infrastructure plans to guide future investment in township facilities.*

## GRANTS RECEIVED FROM GOVERNMENT SOURCES





## PROGRESS ON COUNCIL PLAN ACTIONS CONTINUED

- ✓ Completed + Completed in 2011/2012/repeated annually  
 > In progress, continuing in 2012/2013 ← On hold, for review

Council Plan Strategies	Actions	Status
Participate in regional and Shire based marketing and promotion initiatives designed to promote.	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 Harbor Precinct development.	>
	Undertake streetscape planning for Apollo Bay to integrate with the proposed harbour development.	←
	Develop small town/community capability by providing infrastructure and resources, including continued support for the Small Town Improvement Program.	+
	Lobby for improved telecommunications in the Colac Otway Shire in consideration of Federal Government and telecommunication owners' initiatives.	✓
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.	✓



*Section 7*

# 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  
Colac Otway Performing Arts and Cultural Centre  
Community Transport  
Economic Development (part)  
Environmental Health Services  
Family and Children's Services  
Festivals and Events  
Immunisation Services  
Maternal and Child Health Services  
Older Persons and Ability Support Services Public Health and Wellbeing planning  
Recreation, Arts and Culture  
Rural Access  
Transport Connections  
Youth Services

### Key achievements

- Celebrating arts and culture.
- Completion of significant strategic plans.
- Upgrades to community facilities.
- Smooth transition to the National and Victorian Early Years Framework.

*Opposite: Jamie and the Giraffe a puppet, dance and animation show held in the COPACC theatre. Photo courtesy of Spare Parts Puppet Theatre.*

## Highlights

### STRATEGIC PLANNING ACHIEVEMENTS

We completed a number of significant strategic planning works including:

- Public Open Space Strategy
- Apollo Bay Trails Feasibility Study
- Tennis Facility Audit and Development Plan
- G21 Regional Football (Soccer) Strategy

These documents will guide both current and future planning and development to ensure strong networks of open space and recreational facilities for our community.

### IMPROVING OUR FACILITIES

A total of \$765,000 went into improving these socially important community facilities:

- *Colac Youth and Recreation Centre*: the \$550,000 redevelopment project included replacing the asbestos roof, new toilets, showers and change rooms, new timber flooring in the main hall, plastering, painting and improved access.
- *Lighting up the Eagles Nest*: the \$120,000 redevelopment of the netball facilities at the Irrewillipe Recreation Reserve included two new netball courts, lighting and fencing. We partnered with the Western Eagles Football Netball Club and the State Government to achieve this project.
- *Forrest and Barwon Downs Tennis Courts*: court upgrades were completed on the two tennis facilities as a result of receiving \$60,000 from the State Government.
- *Lake Oval Fence*: a \$35,000 picket fence was installed around the perimeter of the Lake Oval Cricket Ground to protect the recently redeveloped oval. While practically safeguarding against vandalism, the attractive fence has further enhanced the facility as a high quality and extremely picturesque country cricket ground.

*\$765,000 spent on improving community facilities.*

### ENGAGING OUR COMMUNITY IN ARTS AND CULTURAL EVENTS

- *COPACC Celebrates 10th Birthday*: COPACC (Colac Otway Performing Arts and Cultural Centre) celebrated its 10th birthday with the launch of a photographic exhibition 'A Year in the Life of COPACC'. The exhibition spanned 10 great years of COPACC and included many locals from hundreds of events held at Colac Otway's cultural hub. COPACC Trust Chairman Jim Ryan said the centre had fulfilled the community's aspirations by establishing itself as the home of performing arts and culture for the Shire.
- *Saturdays at COPACC*: The introduction of the "Saturdays at COPACC" programme has been an outstanding success. The seven week workshops provide opportunities for people to learn to sing, play ukulele, and participate in drama workshops and visual art lessons. Up to 60 people, predominantly children, access these classes on a weekly basis. Families have reported strong outcomes for children, particularly for drama students who have used new-found skills to develop friendships, overcome bullying and better respond to challenges.
- *Children celebrate World Environment Day at COPACC*: up to 400 children were given the chance to participate in a day-long range of educational based workshops, performance and visual arts activities. More than 140 children participated in designing a 3D eco-cubby using recyclables. An environmental artist was commissioned to create a wetland in the COPACC foyer. The programme of 72 workshops was fully subscribed by Colac Otway Shire primary schools. The event was organised in partnership with Corangamite Catchment Management Authority (p 16).

## RECREATION ACTIVITIES A SUCCESS

- *The Hunt for the Golden Gumboot:* This exciting new month-long event encouraged hundreds of locals and visitors to walk and cycle the Old Beechy Rail Trail. The search was on for “Golden Gumboots”, with discoverers redeeming their find for a prize. Over one hundred people attended the celebratory BBQ at Gellibrand to announce the major prize winners.
- *Amy’s Gran Fondo:* The inaugural Amy’s Gran Fondo attracted 3,000 bike riders to compete on a route along the Great Ocean Road and through the Otways. Given the success of the event, it is expected that the cap for the 2012 event will be increased to 5,000 riders. Local and interstate promotion profiled the region as a tourist destination. The Amy Gillett Foundation promotes a safe, competitive, mass participation event that provides a challenge for both recreational and competitive riders.
- *Lungs in Action:* People with respiratory diseases say the new Lungs in Action program at Bluewater Fitness Centre is life changing. Weekly exercise classes are held for people who have finished a pulmonary rehabilitation course at Colac Area Health. The Lungs in Action classes help people with breathing difficulties stay active and healthy. Member Mrs Judy Tann said, “There’s been a big difference in how we’re all feeling. It helps with day-to-day things, like vacuuming or walking to the car or socialising with family, it means we don’t have to stop and rest as often because we can breathe easier.”

Member Mrs Kay Daniels said “It’s not just how we’re improving physically, but you also feel better – I feel better than I have in a long time.”

*“I feel better than I have in a long time.” Mrs Kay Daniels, Lungs in Action program.*

## Fast facts

### NET EXPENDITURE

\$2,553,763

### EQUIVALENT FULL-TIME POSITIONS

66.2

### KEY ACTIVITIES

- Provision of services and facilities that promote and support a broad range of options for recreation, arts, events, health and fitness.
- 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.
- Immunisation services.
- Inspection of food premises.
- Investigation of health related issues such as septic tanks and water discharge.
- Enforcement of EPA guidelines.
- Investigation of reports of infectious disease outbreaks for the origin of the disease and to reduce their impact.
- Emergency planning for a public health response.
- Public health promotion and education.

### SERVICE STATISTICS (Compared with 2010/11)

- ↓ 5,595 community transports provided for older people and people with a disability.
- ↑ 1,263 hours of property maintenance provided.
- ↓ 354 children registered for Family Day Care.
- ↑ 2,692 immunisations given.
- ↑ 39 community events delivered, 55,350 attended.
- ↓ 5 FReeZA events delivered.
- ↑ 1,700 attended FReeZA events.
- ↓ 816 events were held at COPACC.
- ↑ 51,217 attended events at COPACC.
- ↑ 16 exhibitions conducted in the COPACC foyer.
- ↓ 323 multi-passes were sold at Bluewater Fitness Centre.
- ↑ 1,067 attended the Learn to Swim program.
- ↑ 813 food safety inspections undertaken.

## Highlights continued

### **FAMILY DAY CARE EARLY YEARS FRAMEWORK**

We achieved a smooth transition to the National and Victorian Early Years Framework in January 2012, which completes a substantive body of work. We are now preparing for an external assessment of our Quality Improvement Plan. Continuing assessments of our plan will ensure best practice and continuous improvements in our service delivery.

### **IMPROVING LIVABILITY FOR OLDER PERSONS**

As a result of grants totalling \$100,000 received from the Department of Health, a major focus has been the commencement of a project to work with organisations and the community to improve liveability for older people within small communities. We are working with 12 Community Ambassadors to identify local needs and how to support and address these.

### **CELEBRATING PEOPLE OF ALL ABILITIES**

The 2011 'International Day of People with Disability', included community awareness activities such as Auslan (Australian sign language) a celebration dance and story time for parents and children at the Colac Community Library and Learning Centre. The event organised by people of all abilities was a huge success.

### **FUTURE OF PLANNED ACTIVITIES FOR OUR OLDER COMMUNITY MEMBERS**

Wellbeing activities, including gentle exercise, weight bearing, falls prevention and healthy eating will be provided as a result of achieving social support funding through the Plan Activity Group. Key results will be an increase in lung capacity, muscle strengthening, better balance control and potential slowing of the process of memory loss and/or dementia.

## Disappointments

### **TENNIS COURT UPGRADES UNABLE TO BE COMPLETED**

Upgrades to Cororooke and Swan Marsh tennis courts were unable to be completed as further investigations revealed they required complete reconstruction. Funds committed to the project were insufficient to complete the unexpected additional works. We will continue to work with the clubs and the State Government to determine other avenues of funding to complete the court improvements.

### **FAILURE OF ONGOING STATE FUNDING FOR THE ACTIVE SERVICE MODEL**

Funding cessation for the model will result in slowing our introduction of the processes to support older people and people of all abilities with the inclusion of more physical and social activities within their care plans.

### **WYE RIVER AND SEPARATION CREEK SEWERAGE SCHEMES**

We have been unsuccessful in resolving the ongoing issues relating to the lack of a dedicated sewerage system in Wye River and Separation Creek. We will continue to work with The Department of Sustainability and Environment and other State Government Agencies to resolve the issues.





Above: The petting zoo at the Birregurra Weekend Festival. Photo: Nick Jenkin



Above: Walkers enjoy the Old Beechy Rail Trail.

## Challenges

### FAMILY DAY CARE PLACEMENT SHORTAGE

This service requires more home based educators to work within our family Day Care service as we are not meeting the needs of the community for full day placements. Our Family Day Care Quality Improvement Plan will be assessed in early 2012/13.

### RISING COST OF LIVING

Uncertain economic times and the rising cost of living pose a real challenge to continue to increase patronage at the Bluewater Fitness Centre and COPACC. We regularly engage with our community to ensure that the programs we offer meet their needs and to promote the quality of life benefits of participation in recreation and the arts.

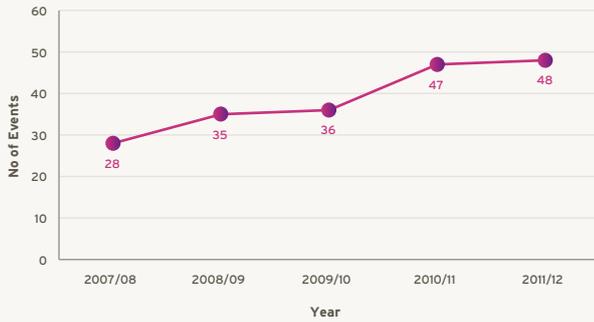


*Uncertain economic times and the rising cost of living pose a real challenge to continue to increase patronage at the Bluewater Fitness Centre and COPACC.*

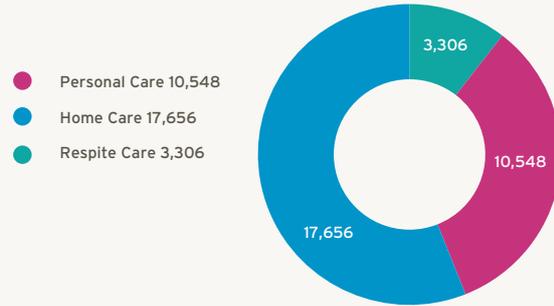
## The Year Ahead

- Complete detailed design for the Bluewater Fitness Centre Redevelopment Project and commence construction.
- Complete the Central Reserve Oval Redevelopment project.
- Commence an Active Transport Strategy and Action Plan.
- Develop new Business Plans for COPACC and the Bluewater Fitness Centre.
- Preparation of the Public Health and Wellbeing Plan for 2013-2017.
- Finalise the Gellibrand, Forrest and Wye River/ Separation Creek community plans.
- Continue development of the Improving Liveability for Older People project.
- Develop an accessible children's playground at Elliminyt.

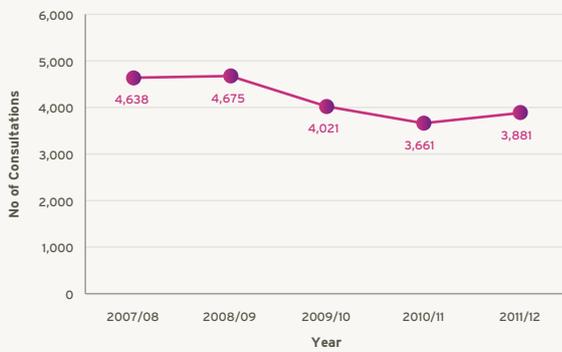
## EVENTS UNDERGOING RISK MANAGEMENT



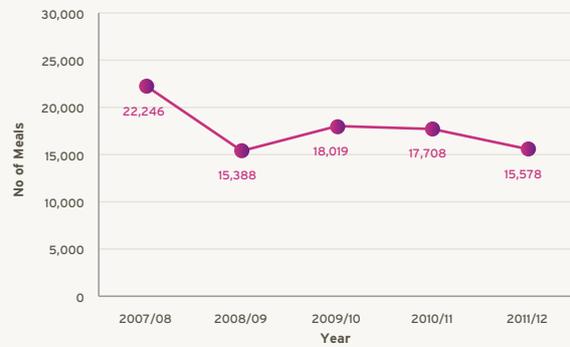
## HOURS OF SUPPORT FOR OLDER PEOPLE



## MATERNAL AND CHILD HEALTH CONSULTATIONS



## MEALS ON WHEELS DELIVERED



## PROGRESS ON COUNCIL PLAN ACTIONS

- ✓ Completed
- > In progress, continuing in 2012/2013
- + Completed in 2011/2012/repeated annually
- On hold, for review

Council Plan Strategies	Actions	Status
Provide, facilitate or advocate for a range of health, recreation, community services and facilities.	Develop a 10 year upgrade works program for Colac Otway Performing Arts and Cultural Centre.	>
	Develop a 10 year capital upgrade works program for Blue Water Fitness Centre.	>
	Develop a 10 year capital upgrade works facility improvement program for all recreation facilities and investigate external funding options to assist with these works, with priority to Council owned facilities.	>
	Continue in partnership with the Colac Community and project stakeholders to plan and develop the Beechy Precinct in accordance with Council approvals and review Council's continued involvement in the Beechy Precinct in respect of all elements that still require Council approvals.	>
	Review and reconsider the recommendations from the "Apollo Bay Library and Facility Development Project".	✓
	Review and implement the Council Community Grants Program guidelines.	+
	Implement Council's Recreation Strategy.	>
	Develop an Open Space Strategy.	✓
	Develop a Bicycle Strategy.	>
	Implement strategies in the Drug Action Plan.	-
Promote and facilitate cultural and community events throughout the municipality.	Develop a Civic and Cultural Precinct Plan for Colac.	✓
	Implement the Arts and Cultural Strategy.	>
	Implement the Festival and Events Strategy.	>
Adopt a partnership approach to addressing the current and future health and wellbeing needs of the community.	Work with event organisers and community groups to develop a broad range of community festivals and events.	>
	Implement and promote the Municipal Public Health Plan.	✓
	Implement the Positive Ageing Strategy.	✓
	Develop and implement an Early Years Plan.	✓
	Develop and implement an Access, Equity and Inclusion Plan.	✓
Support local communities to develop, grow and be great places to live.	Review the provision of Youth Services in the Shire.	+
	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.	>



*Section 8*

# Corporate Governance



## THE VALUE OF GOOD GOVERNANCE

Good governance is vital in ensuring accountability, fairness and transparency for all of our stakeholders: management, employees, state and federal governments and their authorised bodies, and our community.

It encompasses making clear the legislation and regulations under which we operate, along with those local laws we are authorised to make, our decision-making processes, delegations of authority, effective risk management systems and processes, establishing effective frameworks for planning, monitoring operational effectiveness, and performance management.

## WHAT IS THE ROLE OF A COUNCIL?

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 s3D of 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.

## HOW ARE DECISIONS MADE?

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.

## DEALING WITH CONFLICT OF INTEREST

During the course of dealing with matters that come before Council for decision, individual councillors and members of staff may find that they, or their immediate family, have either a financial or some other advantage that could be interpreted as having undue influence on the outcome.

To ensure transparency in the decision-making processes of Council, both councillors and staff are required to declare and document their interest in a matter. Where councillors have declared an interest they take no part in the decision-making process. During 2011/12 six conflicts of interest were registered by councillors.

Copies of the following publications, published by the Department of Planning and Community Development Victoria, have been provided to councillors and staff for information:

- *Conflict of Interest: A Guide for Councillors*, June 2011.
- *Conflict of Interest: A Guide for Council Staff*, October 2011.

*Good governance is vital in ensuring accountability, fairness and transparency for all of our stakeholders.*

## LOCAL LAWS AND THEIR PURPOSE

Council has adopted a series of local laws that aim to protect and enhance the community's general way of life and wellbeing. They provide for peace, order and good government. We have the following local laws in place:

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

Date Adopted by Council: 24 August 2005

Date Operational: 24 September 2005

#### Purpose:

- To regulate and control the public consumption of alcohol other than in sealed containers.
- Prevent behaviour that may be considered as nuisance, detrimental to health or safety, or affects other members of the community's enjoyment of public and other places.

### No. 2 General Local Law

Date Adopted by Council: 23 September 2005

Date Operational: 24 September 2005

#### Purpose:

- Promotion of a safe and healthy physical and social environment in our municipality so that our community can enjoy quality of life.
- Regulating and controlling dangerous and unsafe behaviours that are detrimental to the quality of people's lives or to the environment.

### No. 3 Livestock Local Law

Date Adopted by Council: 21 November 2007

Date Operational: 22 November 2007

#### Purpose:

- To regulate the movement, driving and grazing of livestock in the municipality to ensure the welfare of the animals and the public.
- Minimise any damage to roads, pavements, drainage and vegetation when livestock are being moved.
- Prevent the spread of livestock disease and noxious weeds in the municipality.

### No. 4 Council Meeting Procedures and Common Seal

Date Adopted by Council: 24 February 2010

Date Operational: 1 March 2010

#### Purpose:

- Provide a procedure for the election of the Mayor, Deputy Mayor and the chair of any special committees.
- Govern the conduct of Council meetings and special committee meetings.
- Regulate and control the use of the common seal.
- Prohibit unauthorised use of the common seal or any device resembling the common seal.

### No. 5 Colac Livestock Selling Centre

Date Adopted by Council: 24 August 2005

Date Operational: 24 September 2005

#### Purpose:

- Provide for efficient operation and management of the facility.
- Minimise stress in all livestock by encouraging considerate treatment and handling.
- Regulate and control the selling of livestock from premises other than the Colac Livestock selling Centre.

We have commenced a process of reviewing Local Laws No. 1, 2 and 3, with the intent to complete the reviews by early 2013, including gazettal and implementation.

## 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)

## POLICIES, STRATEGIES AND PLANS

The following policies, strategies and key plans were reviewed and or adopted by Council during 2011/2012:

Document	Date Endorsed/Adopted
Fencing for Events Policy	27 July 2011
Community Reference Group Membership Policy	27 July 2011
Investment Policy	27 July 2011
Forrest Structure Plan	24 August 2011
Procurement Policy	28 September 2011
Colac Otway Public Open Space Strategy	23 November 2011
Rural Living Strategy	21 December 2011
Colac and Apollo Bay Car Parking Strategy	21 December 2011
Council Support to Neighbourhood Houses Policy	25 January 2012
Pre-Election Caretaker Policy	28 March 2012
Apollo Bay Trails Feasibility Study	28 March 2012
Colac-Elliminyt Commuter Footpath Strategy	28 March 2012
Colac Marketing Strategy	28 March 2012
Long Term Financial Plan	18 April 2012
Colac CBD and Entrances Project	23 May 2012
Risk Management Policy	27 June 2012
Internal Audit Policy	27 June 2012
Revised Council Plan 2009/2013	27 June 2012
Apollo Bay Settlement Boundary & Urban Design Review	27 June 2012
Birregurra Neighbourhood Character Study	27 June 2012
Colac Otway Shire Environmental Sustainability Policy 2012	27 June 2012
Colac Otway Municipal Relief and Recovery Plan	27 June 2012
Colac Otway Shire Municipal Emergency Management Plan	27 June 2012

## Elected Representatives

### PREPARATION FOR COUNCILLOR ELECTIONS

All Victorian Local Government councils will hold councillor elections on Saturday, 27 October 2012. Development of an induction program for the new Council is in progress. To facilitate the subsequent creation of a new 4-year Council Plan, background research is being undertaken on a broad range of factors currently affecting our municipality and to identify emerging trends. Discussion has commenced on the proposed consultation program to be conducted with staff and the community in developing the new Council Plan.

### 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)

### COUNCILLOR ATTENDANCE AT MEETINGS

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

Councillor	Number of Council and Statutory Meetings		Number of Special Meetings	
	Eligible to Attend	Attended	Eligible to Attend	Attended
Cr Stephen Hart (Mayor)	13	13	8	8
Cr Lyn Russell (Deputy Mayor)	13	13	8	8
Cr Frank Buchanan	13	13	8	5
Cr Brian Crook	13	13	8	8
Cr Stuart Hart	13	13	8	8
Cr Geoff Higgins	13	12	8	7
Cr Chris Smith	13	13	8	8

The statutory meeting, including election of the mayor, was held on Wednesday, 14 December 2011.

### 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:

*Apollo Bay:* November 2011 and February 2012

*Birregurra:* June 2012

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 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 SUPPORT AND REMUNERATION

The Councillor Support Policy provides a broad overview of how the Council provides assistance and support to the Mayor and councillors in carrying out their roles and official duties. A copy of the policy is available for inspection, as required under Section 75B of the *Local Government Act*, 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 Stephen Hart (Mayor)		✓	✓	✓	
Cr L Russell (Deputy Mayor)	✓	✓	✓	✓	✓
Cr F Buchanan		✓*			
Cr B Crook	✓	✓	✓	✓	✓
Cr Stuart Hart	✓	✓			
Cr G Higgins		✓			
Cr C Smith	✓				✓

\* Mobile phone returned to Council in February 2012. Council contributed to Council business related calls on Cr Buchanan's personal mobile and for wireless internet connection to Cr Buchanan's personal laptop computer.

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 Stephen Hart	\$44,513	\$6,131	\$50,644
Cr Brian Crook	\$47,302	-	\$47,302
Cr Frank Buchanan	\$22,954	\$7,033	\$29,987
Cr Stuart Hart	\$22,954	\$19,605	\$42,559
Cr Geoff Higgins	\$22,954	-	\$22,954
Cr Lyn Russell	\$22,954	\$2,641	\$25,595
Cr Chris Smith	\$22,954	\$6,618	\$29,572
<b>Total</b>	<b>\$206,585</b>	<b>\$42,028</b>	<b>\$248,613</b>

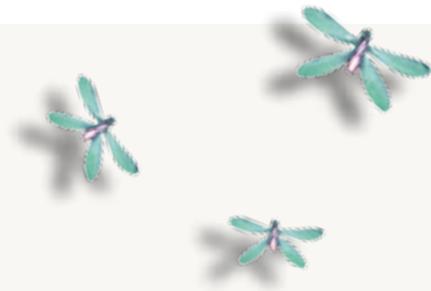
### Notes:

1. Cr Stephen Hart was elected as Mayor on 14 December 2011, taking over from Cr Crook. A councillor vehicle, currently a Ford Focus Diesel, 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 2011 to 30 June 2012.

## COMMITTEES OF COUNCIL

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

Committee	Councillor	Meeting Frequency	Purpose/Comments
Audit Committee (Advisory Committee)	Cr Stephen Hart Cr Stuart Hart (includes two independent members)	Quarterly, or more frequently as determined	To review financial and risk management systems and assist Council to carry out its corporate governance responsibilities. It has an independent member as the chairperson. The Chief Executive Officer (CEO) is a non-voting member.
Australia Day Advisory Committee	Cr Frank Buchanan Cr Brian Crook 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 Frank Buchanan Cr Brian Crook Cr Stuart Hart Cr Lyn Russell	Once a year in May/June, and other meetings as required	To consider the applications received for the Festival & Events Support Scheme and make any recommendations to Council on any strategic directions for specific events or the Support Scheme.
Grants/Community Funding Advisory Committee	Cr Stephen Hart Cr Brian Crook Cr Stuart Hart Cr Chris Smith	Once a year in June/July	To consider the applications received for the Community Funding programs 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.



Committee	Councillor	Meeting Frequency	Purpose/Comments
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 voluntary projects and to act as an advisory committee for Council.
Lake Colac Coordinating Committee (Advisory Committee)	Cr Geoff Higgins Cr Chris Smith	Quarterly	To be a forum to assist Council in the implementation of the Lake Colac Management Plan and the Lake Colac Master Plan and to advise Council on the revitalisation and development of Lake Colac.
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.

## COUNCIL REPRESENTATION ON OTHER COMMITTEES

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

### Cr Stephen Hart, Mayor

Apollo Bay Indoor Pool Business Development Plan Project Committee  
Barwon Regional Waste Management Committee  
Colac Community Library & Learning Centre Joint Use Advisory Committee  
Community Hub  
Corangamite Regional Library Corporation  
G21 Board  
G21 Environment Pillar  
G21 Planning & Services Pillar  
Great South Coast Municipalities Group  
GSC Sustain Our Natural Assets Group  
Heathfield Estate Reserve Community Reference Group  
Lavers Hill Swimming Pool Committee of Management  
Local Laws Review Steering Committee  
Municipal Association of Victoria

### Cr Lyn Russell, Deputy Mayor

Australian Local Government Association  
Australian Rural Roads Group  
Colac Affordable Housing Strategy  
Colac Otway Network of Community Centres  
Geelong Otway Tourism Board  
G21 Health & Wellbeing Pillar  
GSC Strengthen Our Communities Group  
Otways Tourism Inc.  
Rural Financial Counselling Service

### Cr Brian Crook

Barnard Trust Committee  
Colac CBD and City Entrances Community Reference Group  
Colac Road Hierarchy & Heavy Vehicle Truck Route for Colac Township Community Reference Group  
Birregurra Structure Plan and Neighbourhood Character Study Community Reference Group  
Community Hub  
COPACC Trust  
G21 Education & Training Pillar  
Industry Advisory Group  
Great South Coast Municipalities Group  
Rural Councils Network (Vic)

### Cr Frank Buchanan

Apollo Bay Harbour Redevelopment Community Reference Group  
Apollo Bay Indoor Pool Business Development Plan Project Committee  
Apollo Bay Leisure Centre Liaison Group  
Colac Road Hierarchy & Heavy Vehicle Truck Route for Colac Township Community Reference Group  
G21 Economic Development Pillar  
GSC Economic Growth Group  
Heathfield Estate Reserve Community Reference Group  
Port of Apollo Bay Consultative Group  
Public Open Space Strategy Steering Committee

### Cr Stuart Hart

Australian Local Government Association  
Forrest Mountain Bike Trails Strategy Steering Group  
G21 Transportation Pillar  
GSC Improve Our Connections Group  
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  
Municipal Aerodrome Committee - Colac  
Ondit Quarry Consultative Committee  
Timber Towns Committee  
Tirrengower Drainage Scheme Committee of Management  
Weeds Consultative Committee

### Cr Chris Smith

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

## AUDIT COMMITTEE

This is an advisory committee of the Council and its main function is to provide an internal control framework to:

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

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

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

Mr Mike Said was reappointed Chairperson of the committee in March 2012.

Cr Stephen Hart and Cr Stuart Hart were reappointed at the Statutory Meeting held in December 2011.

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

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

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



## Outcomes

- Developed an Audit Committee Plan for the year
- Review and endorsement of the 2010/11 Financial Statements, Standard Statements, Performance Statement and Audit Management Letters
- Review End of Year Management Report 2010/11
- Review of various Victorian Auditor General's Reports to Parliament applicable to Local Government including Performance Reporting by Local Government
- Review of the 2011/12 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 Debtor Management (rates), Maternal & Child Health, Tendering Review and Accounting for Non Infrastructure Assets
- Review of Waste Management results
- Review of Fraud Prevention/Control Policy
- Review of updates on Tendering and Contracting

Council's External Auditor is the Victorian Auditor General (agent Coffey Hunt).

Council's Internal Auditor is Crowe Horwarth.

## RISK MANAGEMENT

We actively manage risk through targeted strategies and procedures to reduce the possibility of adverse effects from future anticipated events, such as climate change impacts and property development complications. Mitigation mechanisms are in place for the key focus areas of assets, workers, liability and financial sustainability.

### Strategic Risk Management

In May 2012 Council endorsed a revised Risk Management Policy. The Policy articulates a systematic approach to identifying, analysing and mitigating risks.

Reviews of policies, internal controls and standards supporting the Risk Management Strategy are monitored by the Risk Audit Committee. Identified risks have been added to our risk register within Interplan®, Council's electronic integrated management system, and allocated to appropriate officers for action. Risk mitigation strategies are integrated with business planning and reporting functions.

### Occupational Health and Safety

Our annual SafetyMap surveillance audit was conducted in October 2011. There were two Corrective Actions Required (CARs) following the audit, these were:

- In-service electrical inspections not conducted at all locations
- Workplace inspections were not conducted at all locations within the past 12 months.

We took immediate action to address these issues and they were rectified prior to the deadline. Council was deemed compliant with the criteria and we maintained our SafetyMap certification.

### Insuring our Risks

#### Public & Professional Liability

The biennial Liability Mutual Insurance (LMI), formerly Civic Mutual Plus/CMP, audit was conducted in December 2011. The audit covered:

- Town Planning & Building
- Risk Management
- Food Safety
- Road & Footpath management
- Tree Management
- Written Agreements and Recreation.

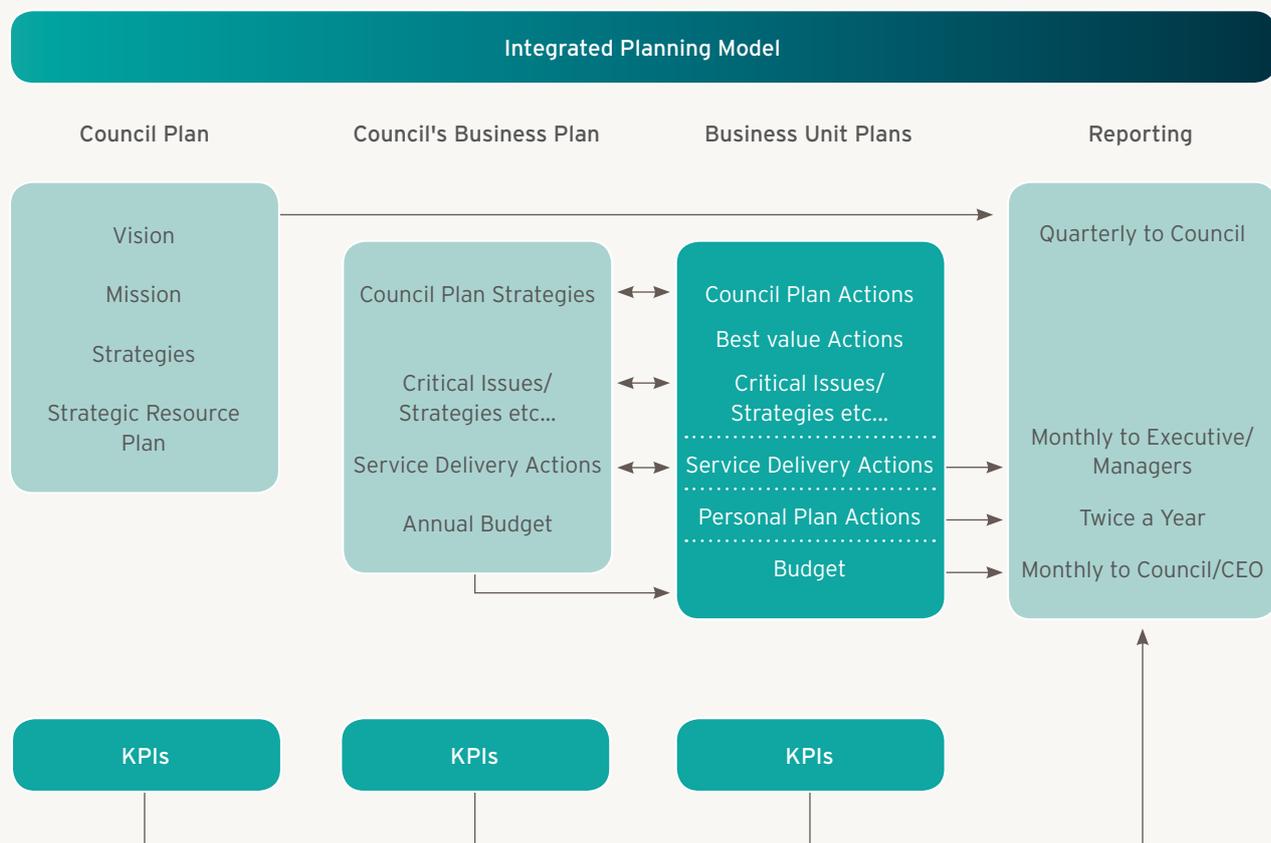
A new, more comprehensive questionnaire placed emphasis on Council having undertaken a more comprehensive range of actions to satisfy each criterion, as opposed to previous 'yes' or 'no' responses. The preliminary score was 67%, down from the previous year's result of 89% with a final score of 68% following the provision of additional information. This score positioned Council at 10th (out of 14) in the South West Rural Councils, whose average score was 73%. This result was disappointing and we have swiftly responded by developing a comprehensive action plan to address the low performance areas and ensure we have a significant performance improvement in the 2013/14 audit.

*Asset Insurance/Fidelity Insurance*

JLT Municipal Asset Protection Plan Discretionary Trust (JMAPP) provide Council's asset insurance and conduct audits every second year, alternating with the Liability Mutual Insurance audit. The Municipal Officers Fidelity Guarantee Fund (Fidelity) audit is conducted concurrently with the JMAPP Audit. Disappointingly, our JMAPP audit result dropped this year from 84.8% to 76%. A lack of resources to conduct the necessary proactive inspections on Council's assets was a major contributing factor. Council has engaged an additional resource in the Sustainable Assets Unit to respond to this requirement. Council's Fidelity audit score improved from 57% to 65%.

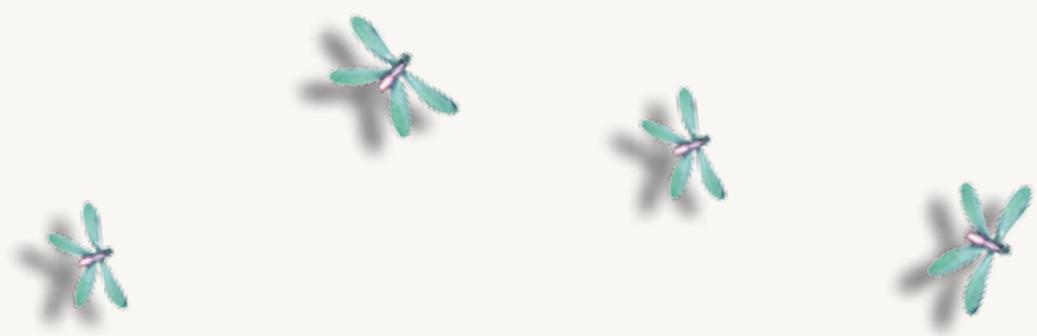
**BUSINESS PLANNING**

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.



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

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



## CONTINUOUS SERVICE IMPROVEMENT

The Best Value provisions outlined in the *Local Government Act* require Council to review 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 2011/12 our major focus continued on improvements to some of the larger key systems and processes that impact the functioning of the organisation.

A large undertaking has been the replacement of our outdated electronic records management system. Early in the financial year a comprehensive training program was undertaken to skill the organisation in the use of the new system, with intensive support provided during the first three months of operation. This has proven to be a highly successful strategy as the organisation has experienced a very smooth transition, with regular audits showing effective use of the new system. Benefits of the new system also include more efficient and effective organisation and management of Council's data.

Progress continues on the second major system improvement, implementation of the Prince2 project management methodology, with Stage 1 nearing completion as scheduled. In partnership with consultants, the Prince2 framework is being tailored to fit our organisation. It will result in a process that delivers well considered and viable projects, close up the weakness in evaluation of completed projects and improve future planning.

The planning of the third major system improvement, a significant upgrade to our telecommunication systems, has been completed, with training and implementation to occur in mid August 2012.

The following service improvements have also been implemented during 2011/12:

- A detailed work program has been developed for Strategic Planning that assists the planning and tracking of progress for individual projects over time.
- Themed planning information sheets/brochures have been developed and introduced to assist customers in understanding information requirements for planning applications, and to reduce the need for further information requests.
- New application assessment and reporting templates have been developed to ensure a more thorough and consistent preliminary assessment of planning permit applications.
- Our Economic Development Unit has implemented two new initiatives to better engage the business community:
  - A series of Young Leaders business breakfasts has commenced to provide a development and networking opportunity for the next generation of business leaders.
  - A HTML online newsletter has been developed to replace the quarterly economic development bulletins in the print media.
- The Community Grants Program guidelines and application forms have been revised to make the program more accessible and user-friendly for our community groups. This included a new, much simplified version of the Small Equipment application form, which has been very well received by our community.
- Accessibility has been improved for people who are hard of hearing by providing our customer service staff with awareness training and with the installation of a hearing loop within Council's Rae Street Customer Service Centre.

## 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. No complaints were received during 2011/12.

### *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

*At Colac Otway Shire we believe the responsible handling of personal information is a key aspect of democratic governance.*

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*

2011-12	2010-11	2009-10	2008-09	2007-08
6	17	9	22	15

### *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 2011/12.



### Equal Opportunity

Colac Otway Shire is committed to the principles of Equal Opportunity and anti-discrimination legislation. Our staff, volunteers and clients are entitled to work in an environment free from unacceptable workplace behaviour. Access to employment, promotion, training and other work related opportunities are underpinned by the principles of merit and equity. In 2011/12 our Higher Duties policy was reviewed to enshrine the principles of merit and equity, acknowledging that Higher Duties represented a major development opportunity. All higher duties assignments of greater than one week must be advertised across the organisation.

### 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 2011/12.

### 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 the annual report. The plan was prepared in accordance with the requirements and responsibilities under the *Domestic (Feral & Nuisance) Animals Act 1994*, the *Impounding of Livestock Act 1994*, the Colac Otway Shire Council's General Local Laws and relevant policies. The plan 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 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 Municipal Pound facility and general service delivery throughout the municipality.

The Domestic Animal Management Plan has been followed since adoption in 2009. All Officers are trained to the required standard with Certificate IV in Statutory Compliance and Certificate IV in Animal Management. The plan is due for review and will be completed by 30 June 2013.

Commitment to animal welfare is showing results, with the numbers of animals registered continuing to increase. A contributing factor is the continued effort by Local Laws Officers to deliver a professional and efficient service where animal welfare is the focus.

As at 30 June 2012 there were 6,431 domestic animals registered; 4,910 dogs and 1,521 cats.

- Of the 337 dogs impounded, 230 were returned to their owners, 63 were rehoused, six were awaiting final decision and 38 were euthanased. The increase in the dog euthanasia rate is disappointing (up from 21 in 2010/11). Despite our best efforts to rehouse animals there was little demand, along with an increase in the number of dogs not suitable for rehousing.
- Of the 193 cats impounded, 20 were returned to their owner, 97 were rehoused (up from 18 in 2010/11) and 76 were euthanased. Of the 97 cats rehoused, 27 found new homes directly from the Pound. The remaining 70 were rehoused through a local vet who is running a cat adoption program.

Overall, of the 530 animals impounded, 77% were returned to their owners or re-housed, up from 65% in 2010/11. 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 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.

Council's 2011/12 Annual Fire Prevention Inspection Program has been undertaken, in line with the 2009 Victorian Bushfire Royal Commission Recommendations. Strategic fire breaks identified in the plan have been maintained and fire prevention inspections undertaken during the fire danger period. In total 763 properties were issued with a Schedule 15 Fire Prevention Notice (FPN), with 58 properties failing to comply. Although this is disappointing, it is a small fraction of the 9,000 properties that were inspected and shows that the vast majority of the community is committed to undertaking fire prevention activities.

## 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 2012 we gifted a total of \$504,156 to our community; \$127,686 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 \$376,470 was allocated by Council to provide support for community events and organisations. Aggregated over the last 5 years this is a \$1.94 million investment in the social fabric of our community.

*In 2012 we gifted a total of \$504,156 to our community; \$127,686 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 \$376,470 was allocated by Council to provide support for community events and organisations.*

## Community support grants and donations

A five year view of the Community Support Grants and Donations reveals Council has provided a total of \$599,687 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 \$1,345,162 in Major Grants and Donations to support community events and organisations.



### Council Memberships

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

Organisation	Amount
Geelong Otway Tourism	\$89,902
G21 - Geelong Regional Alliance	\$45,650
Barwon Regional Waste Management Group	\$13,277
Municipal Association of Victoria	\$10,874
Livestock Saleyards Association of Victoria	\$3,052
Timber Towns Victoria	\$2,750
Local Government Professionals	\$2,349
Eco Buy	\$1,485
National Sea Change Taskforce	\$1,250
TaxEd	\$995
Victorian Association of Performing Arts Centres	\$990
ICLEI	\$660
Local Government Finance Professionals	\$575
Australian Performing Arts Centres Association	\$540
Family Day Care Victoria Incorporated	\$288
Victorian Community Transport Association	\$242
National Family Day Care Council (Aus)	\$201
Cemeteries and Crematoria Association of Victoria	\$150
<b>Total</b>	<b>\$175,230</b>

## Public Access to Registers and Documents

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

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

Council's website [www.colacotway.vic.gov.au](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.



## 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):

	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Affordability</b>					
Average rates and charges per assessment	\$1,151	\$1,228	\$1,288	\$1,400	\$1,474
Average rates and charges per Residential assessment	\$1,090	\$1,000	\$1,031	\$1,151	\$1,222
<b>Sustainability</b>					
Average liabilities per assessment	\$619	\$695	\$887	\$977	\$1,169
Operating result per assessment - surplus/(deficit)	\$48	\$129	\$213	\$222	\$64
<b>Services</b>					
Average operating expenditure per assessment	\$2,246	\$2,437	\$2,528	\$2,580	\$2,794
Community Satisfaction Survey for overall performance generally of the Council	Index Mean 51	Index Mean 57	Index Mean 55	Index Mean 58	Index Mean N/A*
<b>Infrastructure</b>					
Average capital expenditure per assessment	\$630	\$564	\$895	\$780	\$774
<i>Renewal</i>					
Current spending on renewal to Asset base consumed during the year	97%	70%	71%	109%	84%
<i>Renewal and Maintenance</i>					
Current spending on renewal plus maintenance to Asset base consumed during the year, plus maintenance	98%	105%	82%	105%	94%
<b>Governance</b>					
Community Satisfaction Survey for Council's advocacy and community representation on key local issues	Index Mean 54	Index Mean 57	Index Mean 56	Index Mean 62	Index Mean N/A*
Community Satisfaction Survey for Council's engagement in decision-making on key local issues	Index Mean 45	Index Mean 51	Index Mean 52	Index Mean 54	Index Mean N/A*

\* To improve the quality and representativeness of the Community Satisfaction Survey (CSS) the State Government revised the survey in 2012, with methodological and content changes including:

- an improved index calculation system,
- sample size changes,
- change to a population representative survey rather than a household head survey, and
- reframing of many of the questions.

Scores cannot be compared to previous years due to the above changes; however future results will gradually build a comparative picture.

*Section 9*

# Our Finances



# 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 our stakeholders to consider the ability of Council to continue to deliver current services and maintain existing facilities in the longer-term.*

## IN BRIEF

- Achieved a \$1.23 million surplus for the period, which was \$2.6 million below budget expectations due to lower than expected user charges and the recognition of increased long service and annual leave provisions.
- Achieved an underlying deficit of \$1.49 million, which was \$0.04 million below expectations.
- Ended the 2011/12 financial year with a cash balance of \$13.61 million.
- Increased Non-Current Assets by \$29.8 million as a result of a revaluation of road and land assets.

## Operating Results

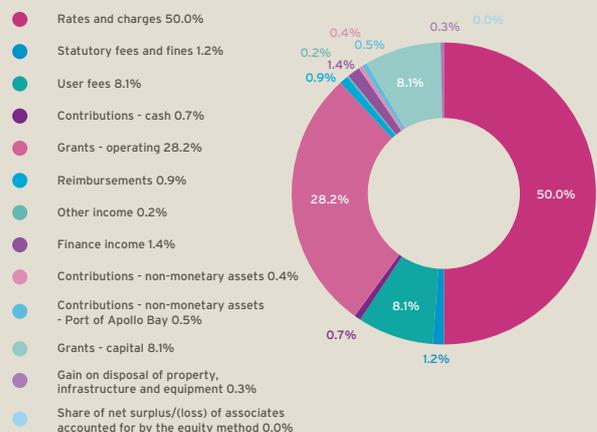
We achieved a \$1.23 million surplus for the 2011/12 financial year. This is the sixth successive year that we have achieved a surplus, which is a tremendous result given the increasing demands placed upon council services and the tightening of revenue opportunities during the year. One of the major challenges of Council will be to maintain ongoing surpluses to fund infrastructure renewal requirements.

## Revenue

Our total revenue for the 2011/12 year was \$43.6 million (as opposed to \$56.7 million for 2010/11) as per the Comprehensive Income Statement. The major contributor to the change in income as compared to the previous year was the 2010/11 recognition of the Port of Apollo Bay assets as 'contributed assets - Port of Apollo Bay'.

A breakdown of Council's revenue sources highlights that 86% of our income is derived from three income categories:

• Rates and charges	50%
• Operating grants	28%
• Capital grants	8%



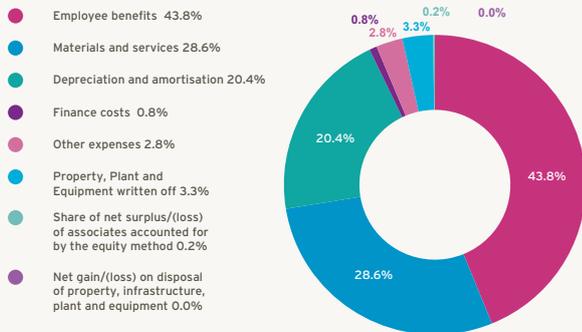
# Our Finances continued

## Expenditure

Council's total expenses for the 2011/12 year were \$42.37 million (as opposed to \$37.85 million for 2010/11) as per the Comprehensive Income Statement.

A breakdown of our expenses highlights that 93% related to three expenditure categories.

• Employee Benefits	44%
• Materials and Services	29%
• Depreciation and Amortisation	20%



## Capital Works

During the financial year, we invested \$11.46 million in Capital Works projects. The investment in 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 included the:

- Purchase of the Railway Street site.
- Construction of Sinclair Street South.
- Continued development of the Old Beechy Rail Trail.
- Construction of the Forrest Car Park.
- Fencing of the Lake Colac Oval.



## Assets

Our total assets are \$287 million, a \$33 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. Our total liabilities are \$17.01 million as at 30 June 2012.

The overall level of liabilities has increased from 2010/11 due to the call of \$3.18 million made by the trustee for the Local Government defined benefits superannuation scheme. Offsetting this, our loan liability levels have decreased during the 2011/12 to \$4.19 million due to active reduction of debt levels. Current debt levels mean that we are operating well within the Victorian State Government prudential ratio limits.

## Loan Liability





## FINANCIAL INDICATORS

The financial indicators included in this report provide information on the trends developing over time in our performance. The following indicators show that while we have had some negative movement in 2011/12, Council continues to be in a strong financial position.

### Debt Servicing Ratio

The Debt Servicing Ratio essentially shows how much we spend on maintaining our outstanding debts compared with how much revenue we earn. The lower the ratio, the better 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 our total revenue.

The ratio shows an upward trend over the last two years as the borrowings for the Colac Community Library and Learning Centre and the Apollo Bay Waste Transfer Station have taken effect. The ratio of 0.8%, although increasing, is 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 our revenue is used to fund our 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 our debt redemption strategy. The debt commitment ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal. Our ratio of 5% is well under the limit of 10% set by the Victorian State Government.



### Revenue Ratio

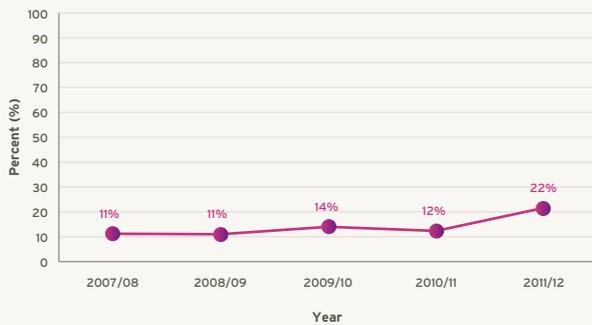
The Revenue Ratio shows the level of our reliance on rate revenue. It is an indication of how much of our total revenue comes from rates and charges. It is influenced by other revenue sources such as government grants, contributions, special charges, user fees and charges. Rate income is a secure and predictable source of revenue. A low ratio can warn of undue reliance on other forms of revenue, which may or may not be sustainable e.g. government grants. The preferred position is 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 our solvency and exposure to debt. A low ratio means that our 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; however, there has been an upward spike in 2011/12 as the Local Government Defined Benefits Superannuation call has been recognised. Although the ratio has spiked it is still well under the limit of 50% set by the Victorian State Government.



## 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:

- Underlying Result - whether enough revenue is generated to cover operating costs (including the cost of replacing assets, reflected in depreciation expense).
- Liquidity - whether sufficient working capital exists to meet short-term commitments.
- Self-Financing - whether sufficient operating cash flows are generated to invest in asset renewal and to repay any debt incurred in the past.
- Indebtedness - whether there is an over reliance on debt to fund capital programmes.
- Capital Replacement - whether assets have been replaced at a rate consistent with the rate of their consumption.
- Renewal Gap - whether existing assets have been maintained at a consistent rate.

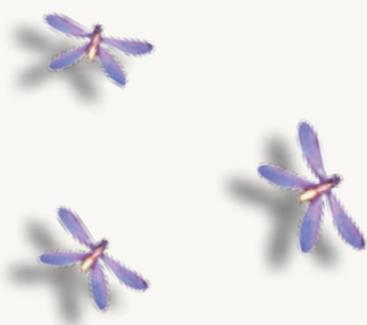
In the following graphs, the figures for the financial years 2007/08 to 2010/11 are taken from the Victorian Auditor-General's (VAG) report. [http://www.audit.vic.gov.au/reports\\_and\\_publications/latest\\_reports/2011-12/20111123-local-govt.aspx](http://www.audit.vic.gov.au/reports_and_publications/latest_reports/2011-12/20111123-local-govt.aspx)

The 2011/12 figures in the graphs are our calculations of the ratios, as the final VAG figures are not due until late 2012.

### Financial Sustainability Risk Matrix

The matrix shows a mixed result for 2011/12, with the indicators for Indebtedness Ratio and Capital Replacement moving from a Low to a Medium risk level:

Indicators	Colac Otway Result	Risk Levels		
		High	Medium	Low
Underlying Results Ratio	1.9%	Negative 10% of less	Between negative 10% and zero	Greater than zero
Liquidity Ratio	273%	Equal to or less than 10%	Between 100% and 150%	Greater than 150%
Indebtedness Ratio	40.6%	Greater than 60%	Between 40% and 60%	Less than 40%
Self-financing Ratio	34.1%	Less than 10%	Between 10% and 20%	Greater than 20%
Capital Replacement	143%	Equal to or less than 100%	Between 100% and 150%	Greater than 150%
Renewed Group	112%	Equal to or less than 50%	Between 50% and 100%	Greater than 100%



# Our Finances continued

## 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 for financial sustainability (p 14).



## Liquidity Ratio (or Working Capital Ratio)

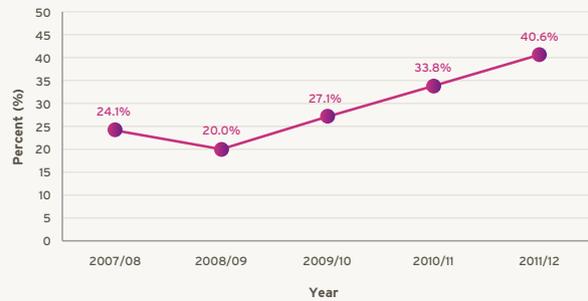
The Working Capital Ratio expresses the level of current assets, such as cash and investments, that Council has available to meet our current liabilities, including outstanding creditors and employee entitlements.

The target in Council's Strategic Resource Plan is to maintain a ratio of at least 150%. Our current ratio is well over the recommended limit of 150% indicated by the Auditor General. This is a positive result as it places Council in the 'Low' risk category, indicating that we have no immediate issue with repaying our liabilities when they fall due.



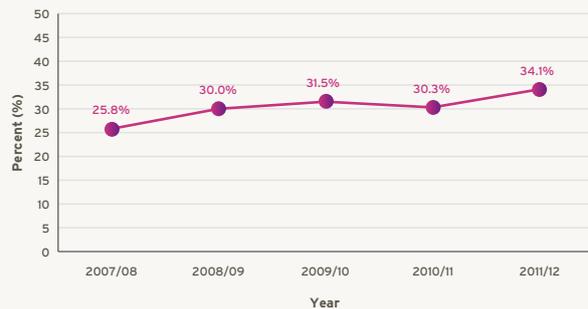
## Indebtedness Ratio

This ratio indicates our ability to repay debt from our own sources of revenue, such as rates and charges. The ratio has moved from 'Low' to 'Medium' risk as a result of the \$3.18 million Local Government Defined Benefit Superannuation call made during the year. The impact of this will need careful management as Council determines the most appropriate method to pay the call amount and the impact of future borrowings.



## Self-financing Ratio

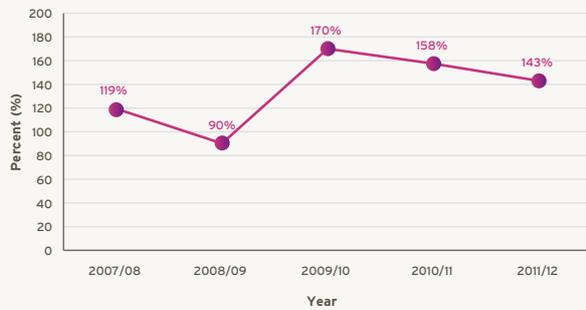
Results indicate that we are generating enough cash from operations to fund the renewal of existing assets. This is also a positive result, falling within the 'Low' risk category assessment for financial sustainability of Council.



### Capital Replacement

This ratio is concerned with the renewal and upgrade of our existing assets. The graph shows that we made major improvements in the previous two financial years in funding the replacement of our existing assets.

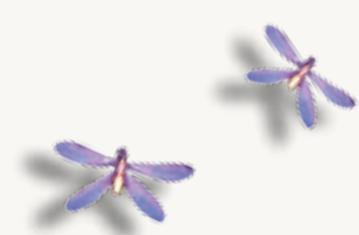
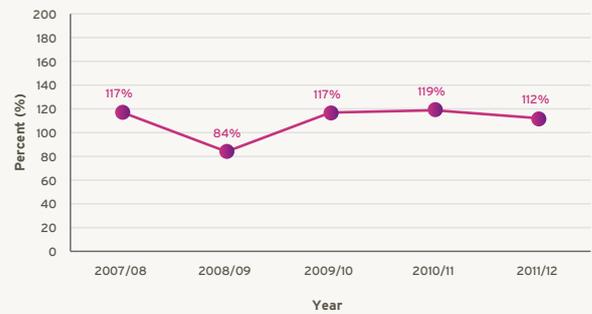
2011/12 shows an ongoing commitment to maintaining a positive ratio of capital expenditure compared with depreciation of infrastructure assets. As the ratio has fallen below 150%, the ratio now falls into the 'Medium' risk category of the Financial Sustainability Risk assessment.



### Renewal Gap

This ratio is concerned with the renewal of our existing assets (i.e. replacing an asset with another that will do the same job). The graph shows that we have been relatively consistent in funding the replacement of our existing assets.

Council has again ensured that the community's assets are being renewed in a responsible manner, with the ratio falling into the 'Low' risk category of the Financial Sustainability Risk assessment.



## UNDERSTANDING THE FINANCIAL STATEMENTS

### Introduction

Financial viability or sustainability is reviewed and assessed using many different tools. The most important tool in understanding Council's financial performance for the period is the financial report or financial statements.

Financial statements together tell the reader a story. One statement in isolation is like reading one chapter of a book. Unless you read all the chapters, you miss out on understanding what the story is trying to tell you.

The financial statements show how Council performed financially during the 2011-2012 financial year and the overall position at the end of the financial year (30 June 2012).

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 112)
- General Purpose Financial Statements (p 122)
- Performance Statement (p 183)

One of the critical differences concerns what is included and excluded between the two sets of financial statements.

The General Purpose Financial Statements and the data throughout this annual report include all entities controlled by Council, this is in essence a consolidated position. This consolidated position includes the functions of the Colac Otway Shire Council and those of the Port of Apollo Bay. The Standard Statements include only the activities of Council and not those of the Port of Apollo Bay. This enables the community to understand the activities of Council only.

### 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 General Purpose 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 that 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 43 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.

### 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 consumption, of the value of buildings, roads, footpaths, drains and all other 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 2012. It shows what the Council controls 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 2012.
- 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 2012. 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 in a staggered fashion every three years for each category of assets. 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 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:

### 1. 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.

### 2. Cash Flow from Investing Activities

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

### 3. Cash Flow from Financing Activities

This is where the receipt and repayment of borrowed funds are recorded, as well as any movement in trust funds and deposits held by Council.

The bottom line of the Cash Flow Statement is the cash at end of financial year. This shows the capacity of Council to meet its debts and other liabilities.

### Notes to the Accounts

The Notes are a very important and informative section of the report. The Australian Accounting Standards are not prescriptive on 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, it 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

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### *Standard Statements continued*

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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 29 June 2011.

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 based on the Consolidated General Purpose Financial Report after removing actual results associated with the Apollo Bay Harbour. Council's adopted budget excludes the activities of the Port of Apollo Bay. Details of the Port of Apollo Bay activities can be found in Note 43. Council's 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 2012

	Note	Actual \$'000	Budget \$'000	Variance \$'000	Variance %
<b>Income</b>					
<b>Operating Income:</b>					
Rates and charges		21,789	21,370	419	2%
Statutory fees and charges	1	514	874	(360)	(41%)
User fees and charges	2	3,445	4,245	(800)	(19%)
Contributions - Cash	3	304	84	220	262%
Grants - operating	4	11,493	7,835	3,658	47%
Reimbursements	5	406	284	122	43%
Finance Revenue	6	590	464	126	27%
Other Revenue		83	54	29	54%
<b>Total operating revenues</b>		<b>38,625</b>	<b>35,210</b>	<b>3,415</b>	<b>10%</b>
<b>Expenses</b>					
Employee benefits		(14,965)	(13,969)	(996)	(7%)
Employee benefits - additional superannuation call	7	(3,182)	-	(3,182)	(100%)
Materials and services	8	(6,122)	(5,147)	(975)	(19%)
Contracts	9	(5,838)	(7,295)	1,457	20%
Depreciation and amortisation		(8,227)	(8,809)	582	7%
Finance expenses		(378)	(346)	(32)	(9%)
Other expenses	10	(1,280)	(1,079)	(201)	(19%)
<b>Total operating expenses</b>		<b>(39,993)</b>	<b>(36,645)</b>	<b>(3,348)</b>	<b>(9%)</b>
<b>Operating Surplus (deficit)</b>		<b>(1,368)</b>	<b>(1,435)</b>	<b>67</b>	<b>5%</b>
<b>Capital revenue</b>					
Contributions - Capital	11	178	-	178	100%
Net Gain on disposal of Property, plant, equipment and infrastructure	12	150	605	(455)	(75%)
Grants - Capital	13	3,551	4,654	(1,103)	(24%)
<b>Total capital revenue</b>		<b>3,880</b>	<b>5,259</b>	<b>(1,379)</b>	<b>(26%)</b>
<b>Capital expenses</b>					
Property, plant, equipment and infrastructure written off	14	(1,396)	-	(1,396)	(100%)
<b>Total capital expenses</b>		<b>(1,396)</b>	<b>-</b>	<b>(1,396)</b>	<b>(100%)</b>
<b>Surplus (deficit) for the year</b>		<b>1,116</b>	<b>3,824</b>	<b>(2,708)</b>	<b>(71%)</b>

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

# Standard Income Statement

for the year ended 30 June 2012

## Variance Notes

Note	Item	Explanation
1	Statutory fees and charges	The special charge scheme for Sinclair Street South for \$180K was not charged during the year and animal registration fees of \$167K was allocated to user fees and charges.
2	User fees and charges	The significant variations that occurred include the treatment of home care services as operating grants instead of user fees and charges (\$886K); lower than expected takings from the Colac Livestock Selling Centre (\$63K); animal registrations being treated as user charges and not statutory charges as per Note 1 (\$167K); and tourism revenue from the visitor information centres being down (\$41K).
3	Contributions - Cash	Additional contributions were recognised towards a recreation reserve project (\$41K); contribution for distribution of the Barnard Trust (\$51K); and contributions from other shires towards the Climate Resilient Communities project (\$118K).
4	Grants - operating	There were both unexpected project grants and grants paid in advance for the year. These included the Commonwealth Grants Commission (\$3.012 million); Advancing Country Towns Project (\$382K); Neighbourhood Safer Places (\$162K); various environment and community safety projects (\$139K); and the misalignment of home care user fees (\$886K).
5	Reimbursements	The variation arises due to reimbursement of Assisted Work Placement activities undertaken by Council.
6	Finance Revenue	Generated additional interest income on investments due to higher levels of cash held across the year in conjunction with implementing the new Council investment policy.
7	Employee benefits - additional superannuation call	No provision was made in the budget for the additional \$3.18 million call being made by Vision Super for the Defined Benefits Superannuation Fund as result of the 31 December 2011 actuarial assessment.
8	Materials and services	There are no significant variations, overall as the variation arises from the distribution between contracts and materials and services.
9	Contracts	There are no significant variations overall as the variation arises from the distribution between contracts and materials and services.
10	Other expenses	The most significant variation was as a result of a requirement to repay an unspent grant received in prior years for local roads (\$157K).
11	Contributions - Capital	Council does not traditionally budget to receive capital asset contributions.
12	Net Gain on disposal of Property, plant, equipment and infrastructure	The variation arises due to the budget including the full value of motor vehicle sales rather than only the profit (or loss) on sale of those assets. The profit arose due to the sale of a Council property.
13	Grants - Capital	At the time of preparing the budget, grant funding for \$2 million was expected for the Blue Water Fitness Centre redevelopment. This project has been deferred to the 2012-2013 year, along with the associated income. This has been partially offset by the advance claim of \$1 million for the Country Roads and Bridges Programme.
14	Property, plant, equipment and infrastructure written off	The variation reflects the value of road pavement and seal that was not able to be reused in the renewal of Council's roads. Council has not traditionally budgeted for items of this nature.

# Standard Balance Sheet

as at 30 June 2012

	Note	Actual \$'000	Budget \$'000	Variance \$'000	Variance %
<b>Assets</b>					
<b>Current assets</b>					
Cash	15	13,613	7,487	6,126	82%
Receivables	16	3,455	2,313	1,142	49%
Inventories	17	178	102	76	75%
Other assets	18	12	292	(280)	(96%)
<b>Total current assets</b>		<b>17,258</b>	<b>10,194</b>	<b>7,064</b>	<b>69%</b>
<b>Non-current assets</b>					
Investment in associates		377	410	(33)	(8%)
Property, infrastructure, plant and equipment		248,402	250,078	(1,676)	(1%)
<b>Total non-current assets</b>		<b>248,779</b>	<b>250,488</b>	<b>(1,709)</b>	<b>(1%)</b>
<b>Total assets</b>		<b>266,036</b>	<b>260,682</b>	<b>5,354</b>	<b>2%</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Payables	19	3,578	2,697	881	33%
Interest-bearing loans and borrowings	20	392	547	(155)	(28%)
Trust	21	253	301	(48)	(16%)
Provisions	22	3,563	3,250	313	10%
<b>Total current liabilities</b>		<b>7,786</b>	<b>6,795</b>	<b>991</b>	<b>15%</b>
<b>Non-current liabilities</b>					
Payables (defined benefits superannuation call)	23	3,182	-	3,182	100%
Interest-bearing loans and borrowings	24	3,796	4,739	(943)	(20%)
Provisions	25	3,706	3,148	558	18%
<b>Total non-current liabilities</b>		<b>10,684</b>	<b>7,887</b>	<b>2,797</b>	<b>35%</b>
<b>Total liabilities</b>		<b>18,470</b>	<b>14,682</b>	<b>3,788</b>	<b>26%</b>
<b>Net Assets</b>		<b>247,566</b>	<b>246,000</b>	<b>1,566</b>	<b>1%</b>
<b>Equity</b>					
Accumulated surplus		90,811	98,046	(7,235)	(7%)
Asset revaluation reserve		145,811	143,834	1,977	1%
Other reserves	26	10,944	4,120	6,824	166%
<b>Total Equity</b>		<b>247,566</b>	<b>246,000</b>	<b>1,566</b>	<b>1%</b>

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

# Standard Balance Sheet

as at 30 June 2012

## Variance Notes

Note	Item	Explanation
15	Cash	Variation is due to the significant value of grants received in advance. \$3.012 million from the Commonwealth Grants Commission and approximately \$3.01 million from funding received in advance for projects that have either commenced in 2011-2012 or will commence in 2012-2013.
16	Receivables	The receivables variation is mainly the \$1 million from Country Roads and Bridges Programme.
17	Inventories	The higher inventory value arises substantially from the higher level of waste collection bins held in stock.
18	Other assets	Prepayments expected for the year did not occur.
19	Current Payables	This includes the cash and assets owed to the Port of Apollo Bay of \$1.53 million which has increased by \$371K over the year whilst budget expectation was for a slight reduction in the Port of Apollo Bay holdings over the same period. In addition the budget expectations were that current payables would be lower than the same period in the prior year.
20	Interest-bearing loans and borrowings	The reduced current value arises from the early payment of one loan during the 2011-2012 year. This early payment was funded from the sale of a Council property.
21	Trust	The trust value varies predominately as a result of project retention funds being repaid on the completion of projects or developments having met planning conditions. During 2011-2012 the value of repayments of retentions increased above the original budget estimates.
22	Provisions	The most significant variation has been the value of long service leave obligations and annual leave obligations recognised within the provision. This is reflection of staff remaining with Council for longer periods than has occurred previously.
23	Non-current Payables (defined benefits superannuation call)	This includes the recognition of the Defined Benefits Superannuation Call made on Council for the year ending December 2011 to the value of \$3.18 million.
24	Interest-bearing loans and borrowings	The budget included borrowings for approximately \$760,000 in 2011-2012 which was not required.
25	Provisions	The most significant variation has been the value of long service leave obligations recognised within the provision. This is reflection of staff remaining with Council for longer periods than has occurred previously.
26	Other reserves	The value of other reserves has significantly increased as a result of including the cash backing of Council's nominal long service leave obligations and the inclusion of cash backing the projects and grants received in advance carried forward into the 2012-2013 year.

# Standard Cash Flow Statement

for the year ended 30 June 2012

	Note	Actual \$'000	Budget \$'000	Variance \$'000	Variance %
<b>Cash flows from operating activities</b>					
General rates and charges		21,660	21,370	290	1%
Operating Grants and contributions	27	11,270	8,001	3,269	41%
Interest received	28	581	464	117	25%
User charges	29	4,347	5,845	(1,498)	(26%)
Other revenue	30	832	59	773	1310%
Net GST refund/payment	31	1,421	1,294	127	10%
Employees costs		(14,536)	(14,011)	(525)	(4%)
Materials and services		(12,406)	(12,996)	590	5%
Other expenses	32	(1,254)	(1,079)	(175)	(16%)
<b>Net cash provided by (used in) operating activities</b>		<b>11,916</b>	<b>8,947</b>	<b>2,969</b>	<b>33%</b>
<b>Cash flows from investing activities</b>					
Proceeds from property, plant and equipment	33	1,530	666	864	130%
Capital grants and contributions	34	2,778	4,747	(1,969)	(41%)
Payments for property, plant and equipment	35	(12,341)	(13,661)	1,320	10%
<b>Net cash provided by (used in) investing activities</b>		<b>(8,033)</b>	<b>(8,248)</b>	<b>215</b>	<b>3%</b>
<b>Cash flows from financing activities</b>					
Finance costs		(315)	(346)	31	9%
Trust funds and deposits	36	(34)	-	(34)	(100%)
Proceeds from interest bearing loans and borrowings	37	-	760	(760)	(100%)
Repayment of interest bearing loans and borrowings	38	(657)	(438)	(219)	(50%)
<b>Net cash provided by (used in) financing activities</b>		<b>(1,006)</b>	<b>(24)</b>	<b>(982)</b>	<b>(4,092%)</b>
Net increase (decrease) in cash and cash equivalents	39	2,877	675	2,202	326%
Cash and cash equivalents at the beginning of the financial year	40	10,775	6,812	3,963	58%
<b>Cash and cash equivalents at the end of the financial year</b>		<b>13,652</b>	<b>7,487</b>	<b>6,165</b>	<b>82%</b>

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

# Standard Cash Flow Statement

for the year ended 30 June 2012

## Variance Notes

Note	Item	Explanation
27	Operating Grants and contributions	There were both unexpected project grants and grants paid in advance for the year. These included the Commonwealth Grants Commission (\$3.012 million); Advancing Country Towns Project (\$382K); Neighbourhood Safer Places (\$162K); various environment and community safety projects (\$139K); and the misalignment of home care user fees (\$886K).
28	Interest received	Generated additional interest income on investments due to higher levels of cash held across the year in conjunction with implementing the new Council investment policy.
29	User charges	The significant variations that occurred include the treatment home care services as operating grants instead of user fees and charges (\$886K); lower than expected takings from the Colac Livestock Selling Centre (\$63K); special charge scheme for Sinclair Street South was not charged during the year (\$180K); and tourism revenue from the visitor information centres being down (\$41K).
30	Other revenue	The variation arises due to a number of unbudgeted activities such as the reimbursement of Assisted Work Placement activities undertaken by Council; additional contributions from a Football-Netball club towards a recreation reserve project; contributions for distribution of the Barnard Trust; and contributions from other shires towards the Climate Resilient Communities project.
31	Net GST refund/payment	The variance between budget and actual is due to the manner in which the net GST position for Council was calculated in developing the budget.
32	Other expenses	The most significant variation was as a result of a requirement to repay an unspent grant received in prior years for local roads (\$157K).
33	Proceeds from property, plant and equipment	The additional proceeds are from the sale of a Council land and building that was not foreshadowed in the original budget.
34	Capital grants and contributions	Capital grants are lower as a result of not commencing the Blue Water Fitness Centre redevelopment during the year. This large project included approximately \$2 million in associated grant funding and will now occur in 2012-2013.
35	Payments for property, plant and equipment	The actual result as compared to budget is lower as a result of not commencing the Blue Water Fitness Centre redevelopment during the year.
36	Trust funds and deposits	Council does not budget for movements in trust funds and deposits. This value represents the value of deposits returned for works completed.
37	Proceeds from interest bearing loans and borrowings	Council did not undertake any new borrowings in 2011-2012. Council had foreshadowed that borrowings would be required to fund the purchase of land and buildings in the civic precinct. The purchase was instead funded by the sale of another of Council's property holdings.
38	Repayment of interest bearing loans and borrowings	Council utilised surplus funds from the sale of Council property to retire borrowings earlier than expected.
39	Net increase (decrease) in cash and cash equivalents	The increase in cash when compared to budget arises from the additional grants received in advance, or more specifically, the early payment of the 2012-2013 Commonwealth Grants Commission payment.
40	Cash and cash equivalents at the beginning of the financial year	The opening balance for 2011-2012 was at a higher level than was originally budgeted for. This reflected the early payment of the Commonwealth Grants Commission funding and the level of projects carried forward from the 2010-2011 financial year.

# Standard Statement of Capital Works

as at 30 June 2012

	Note	Actual \$000	Budget \$000	Variance \$000	Variance %
<b>Capital Works Area</b>					
Bridges and culverts	41	365	500	(135)	(27%)
Buildings	42	2,301	2,836	(535)	(19%)
Outdoor furniture	43	99	90	9	10%
Drainage	44	231	665	(434)	(65%)
Footpaths	45	480	300	180	60%
Intangibles	46	215	-	215	100%
Kerb and channelling	47	33	75	(42)	(55%)
Land	48	371	845	(474)	(56%)
Other structures	49	468	160	308	193%
Off-street car parking	50	-	50	(50)	(100%)
Plant, equipment & other		2,246	2,257	(11)	(0%)
Roads & traffic network		4,567	4,794	(227)	(5%)
<b>Total capital works</b>		<b>11,375</b>	<b>12,572</b>	<b>(1,197)</b>	<b>(10%)</b>
<b>Represented by:</b>					
Renewal	51	7,228	8,914	(1,686)	(19%)
Upgrade	52	2,392	2,803	(411)	(15%)
New	53	1,754	855	899	105%
<b>Total capital works</b>		<b>11,375</b>	<b>12,572</b>	<b>(1,197)</b>	<b>(10%)</b>

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



# Standard Statement of Capital Works

as at 30 June 2012

## Variance Notes

Note	Item	Explanation
41	Bridges and culverts	The expanded bridge programme through Country Roads and Bridges was unable to be completed during the year. The programme has been carried forward to the 2012-2013 period.
42	Buildings	The variation arises from a number of additional items such as the refurbishment of the old library building (\$715K); acquisition of Home Hardware site budgeted as land purchase (\$429K); completion of Youth Club works carried forward from the 2010-2011 period (\$461K); and this was offset by the decision not to proceed with the Blue Water Fitness Centre redevelopment in the 2011-2012 period (\$2 million).
43	Outdoor furniture	The minor variation arises from additional cost of completing the playground renewal programme.
44	Drainage	Urban drainage works were completed. However, roadside drainage works were not undertaken during the period.
45	Footpaths	The variation is due to footpaths works around Lake Colac and the Colac Botanic Gardens being completed during the period. These works were funded from prior year activities.
46	Intangibles	The expenditure relates to the purchase and installation of corporate software. At the time of budget adoption this project was not deemed a capital acquisition.
47	Kerb and channelling	The kerb and channel replacement programme for 2011-2012 was incomplete at year end and the remaining works have been carried forward to the 2012-2013 period.
48	Land	The budget was a full acquisition price for land and building. The actual expenditure is for land only.
49	Other structures	The variation arises from Council funding being leveraged to source additional funds for various projects. These additional project activities include refurbishment of Western Reserve; various small town improvement programme initiatives; and various minor recreation reserve works.
50	Off-street car parking	The Pascoe Street car park project has been delayed and will now commence in 2012-2013.
51	Renewal	Bridge projects carried forward to the 2012-2013 period (\$135K); no Timber Roads projects were undertaken (\$518K); refurbishment of Civic Office carried forward to the 2012-2013 period (\$234K); and various minor sealed roads works carried forward to the 2012-2013 period (\$200K).
52	Upgrade	The variation arises from a number of additional items such as the refurbishment of the old library building (\$715K); acquisition of Home Hardware site budgeted as land purchase (\$429K); completion of Youth Club works carried forward from the 2010-2011 period (\$461K); and this was offset by the decision not to proceed with the Blue Water Fitness Centre redevelopment in the 2011-2012 period (\$2 million).
53	New	There were a number of carried forward projects completed within the period which are above those adopted for the 2011-2012 period. These projects include small town improvement projects (\$47K); Lake Colac Cricket Oval fence (\$35K); completion of works at the Apollo Bay Waste Transfer Station (\$130K); and other furniture and equipment purchases for refurbished facilities (\$237K).

# 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 professional reporting requirements.



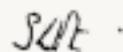
**Brett Exelby CPA**  
Principal Accounting Officer

19 September 2012

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

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

We have been authorised by the Council on 19 September 2012 to certify the standard statements in their final form.



**Stephen Hart**  
Councillor

19 September 2012



**Stuart Hart**  
Councillor

19 September 2012



**Rob Small**  
Chief Executive Officer

19 September 2012

# Financial Statements

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# Comprehensive Income Statement

for the year ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
<b>Income</b>			
Rates and charges	2	21,789	20,465
Statutory fees and fines	3	514	540
User fees	4	3,532	3,188
Contributions - cash	6(a)	304	336
Grants - operating	5	12,273	10,439
Reimbursements	8	406	311
Finance income	9	590	554
Other income	10	83	335
Share of net surplus of associates accounted for by the equity method	16	-	46
		<b>39,492</b>	<b>36,214</b>
<b>Capital Income:</b>			
Contributions - non-monetary assets (other)	6(b)	178	994
Contributions - non-monetary assets (Port of Apollo Bay)	6(c)	228	15,658
Grants - capital	5	3,551	3,883
Net gain on disposal of property, infrastructure, plant and equipment	7	150	-
		<b>4,108</b>	<b>20,535</b>
<b>Total income</b>		<b>43,600</b>	<b>56,749</b>
<b>Expenses</b>			
Employee benefits	11(a)	(15,390)	(14,311)
Employee benefits - additional superannuation call	11(b)	(3,182)	(569)
Materials and services	12	(12,119)	(13,634)
Depreciation and amortisation	13	(8,665)	(7,783)
Finance costs	14	(341)	(308)
Other expenses	15	(1,206)	(966)
Share of net loss of associates accounted for by the equity method	16	(74)	-
		<b>(40,978)</b>	<b>(37,571)</b>
<b>Capital Expense:</b>			
Net loss on disposal of property, infrastructure, plant and equipment	7	-	(104)
Property, plant, equipment and infrastructure written off	21	(1,396)	(174)
		<b>(1,396)</b>	<b>(278)</b>
<b>Total expenses</b>		<b>(42,374)</b>	<b>(37,849)</b>
<b>Surplus/(Deficit)</b>		<b>1,226</b>	<b>18,900</b>
<b>Other comprehensive income</b>			
Net asset revaluation increment (decrement)	21	29,369	(20,297)
<b>Comprehensive result</b>		<b>30,595</b>	<b>(1,397)</b>

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

# Balance Sheet

as at 30 June 2012

	Note	2012 \$'000	2011 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	13,613	10,775
Trade and other receivables	18	3,455	2,779
Inventories	19	178	135
Other assets	20	12	53
<b>Total current assets</b>		<b>17,258</b>	<b>13,742</b>
<b>Non-current assets</b>			
Investments in associates accounted for using the equity method	16	377	452
Property, infrastructure, plant and equipment	21	269,639	239,762
<b>Total non-current assets</b>		<b>270,016</b>	<b>240,214</b>
<b>Total assets</b>		<b>287,274</b>	<b>253,956</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	22(a)	2,054	1,820
Trust funds and deposits	23	253	287
Provisions	24	3,622	3,133
Interest-bearing loans and borrowings	25	392	465
<b>Total current liabilities</b>		<b>6,321</b>	<b>5,705</b>
<b>Non-current liabilities</b>			
Trade and other payables	22(b)	3,182	-
Provisions	24	3,713	4,200
Interest-bearing loans and borrowings	25	3,796	4,380
<b>Total non-current liabilities</b>		<b>10,691</b>	<b>8,580</b>
<b>Total liabilities</b>		<b>17,012</b>	<b>14,285</b>
<b>Net Assets</b>		<b>270,262</b>	<b>239,671</b>
<b>Equity</b>			
Accumulated surplus		108,245	113,158
Reserves	26	162,017	126,513
<b>Total Equity</b>		<b>270,262</b>	<b>239,671</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 2012



	Note	Total \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000
<b>2012</b>					
Balance at beginning of the financial year		239,667	113,153	121,705	4,810
Surplus/(Deficit)		1,226	1,226	-	-
Net asset revaluation increment/(decrement)		29,369	-	29,369	-
Transfers to other reserves	26(b)	-	(10,101)	-	10,101
Transfers from other reserves	26(b)	-	3,966	-	(3,966)
<b>Balance at end of the financial year</b>		<b>270,262</b>	<b>108,245</b>	<b>151,073</b>	<b>10,944</b>

	Note	Total \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'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	-	-
Net asset revaluation increment/(decrement)		(20,297)	-	(20,297)	-
Transfers to other reserves	26(b)	-	(4,408)	-	4,408
Transfers from other reserves	26(b)	-	5,001	-	(5,001)
<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>

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

# Cash Flow Statement

for the year ended 30 June 2012

	Note	2012 Inflows/ (Outflows) \$'000	2011 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
Rates		21,660	20,500
User charges and other fines (inclusive of GST)		4,443	4,399
Grants (inclusive of GST)		14,588	14,240
Developer contributions (inclusive of GST)		319	340
Reimbursements (inclusive of GST)		423	330
Interest		581	447
Other receipts (inclusive of GST)		90	465
Net GST refund/payment		1,435	1,496
Payments to suppliers (inclusive of GST)		(12,583)	(14,175)
Payments to employees (including redundancies)		(14,954)	(14,742)
Other payments		(1,254)	(1,011)
<b>Net cash provided by (used in) operating activities</b>	<b>27</b>	<b>14,748</b>	<b>12,289</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	21	(12,394)	(12,262)
Proceeds from sale of property, infrastructure, plant and equipment		1,530	588
<b>Net cash provided by (used in) investing activities</b>		<b>(10,864)</b>	<b>(11,674)</b>
<b>Cash flows from financing activities</b>			
Finance costs		(315)	(282)
Trust funds and deposits		(34)	(8)
Proceeds from interest bearing loans and borrowings		-	1,100
Repayment of interest bearing loans and borrowings		(657)	(412)
<b>Net cash provided by (used in) financing activities</b>		<b>(1,006)</b>	<b>398</b>
Net increase (decrease) in cash and cash equivalents		2,878	1,013
Cash and cash equivalents at the beginning of the financial year		10,775	9,762
<b>Cash and cash equivalents at the end of the financial year</b>	<b>28</b>	<b>13,653</b>	<b>10,775</b>
Financing arrangements	29		
Restrictions on cash assets	30		

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

# Notes to the Financial Report

for the year ended 30 June 2012

## 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.

**External Auditor:** Auditor-General of Victoria

**Internal Auditor:** Crowe Horwath

**Solicitors:** Maddocks Lawyers  
Harwood Andrews Pty Ltd

**Bankers:** Commonwealth Bank

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

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) Port of Apollo Bay

The Council is the appointed Port Manager for the Port of Apollo Bay entity. All transactions between the Port of Apollo Bay and Council have been eliminated in full.

*Please see Note 43 for further details.*

### (b) 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(h), 1(k) and 1(r).

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.

### (c) 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.

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES *continued*

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.

### *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.

### **(d) 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.

### **(e) 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 on the basis that they are assessed as not having a limited useful life.

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

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES *continued*

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

	Period
<b>Property</b>	
<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 and 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
Marine Infrastructure	30 - 160 years
<b>Intangibles</b>	
Software	5 years

### (f) 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.

### (g) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing costs include interest on borrowings.

### (h) 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 Port of Apollo Bay entity and the associated 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 2012.

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES *continued*

The following classes of assets have been recognised in Note 21. In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year:

	Threshold Limit \$
<b>Property</b>	
<b>Land</b>	
land	1
land under roads	1
land improvements	5,000
<b>Buildings</b>	
buildings	5,000
<b>Plant and Equipment</b>	
plant, machinery and equipment	1,000
fixtures, fittings and furniture	1,000
leased plant and equipment	1,000
<b>Infrastructure</b>	
<b>Roads</b>	
road pavements and seals	10,000
road substructure	10,000
road formation and earthworks	10,000
road kerb, channel and minor culverts	10,000
<b>Bridges</b>	
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
Marine Infrastructure	10,000
<b>Intangibles</b>	
Software	1,000

### 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.

### (i) 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.

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES *continued*

### (j) Investments

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

### (k) 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.

### (l) 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 23*).

### (m) 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.

#### *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 31.

### (n) 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.

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 1 SIGNIFICANT ACCOUNTING POLICIES *continued*

### (o) 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 12 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.

### (p) 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.

### (q) Goods and Services Tax (GST)

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

Cash flows are presented in the cash flow statement on a gross basis.

### (r) Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the comprehensive income statement, unless the asset is carried at the revalued amount in which case, the impairment loss is recognised directly against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same class of asset.

### (s) Rounding

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

### (t) 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.

### (u) 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.



# Notes to the Financial Report

for the year ended 30 June 2012

## 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 9: Financial Instruments and AASB 20010-11: 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>• simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;</li> <li>• removing the tainting rules associated with held-to-maturity assets;</li> <li>• simplifying the requirements for embedded derivatives;</li> <li>• removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;</li> <li>• 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>• 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.

### (v) 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 Report

for the year ended 30 June 2012

## 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 2011/2012 was \$5,366 million (2010/2011 \$4,926 million). Council applied a differential rating regime to the capital improved value.

	2012 No. of assessments	2011 No. of assessments	2012 \$'000	2011 \$'000
Residential	11,175	11,087	9,286	8,707
Commercial/Industrial	959	952	2,974	2,806
Farm	2,632	2,628	4,934	4,675
Municipal charge	13,825	13,727	2,021	2,003
Garbage charge	9,890	9,773	2,551	2,251
Special rates and charges	185	188	23	23
<b>Total rates and charges</b>			<b>21,789</b>	<b>20,465</b>

The date of the latest general revaluation of land for rating purposes within the municipal district was 1 January 2012, and the valuation will be first applied in the rating year commencing 1 July 2012.

The date of the previous general revaluation of land for rating purposes within the municipal district was 1 January 2010, and the valuation first applied to the rating period commencing 1 July 2010.

## NOTE 3 STATUTORY FEES AND FINES

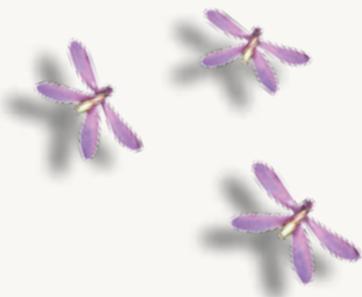
	2012 \$'000	2011 \$'000
Town planning fees	168	191
Health regulations	99	104
Building Permits	79	102
Infringements and costs	107	68
Land information certificates	61	65
Special Charge schemes	-	9
Freedom of information	-	1
	<b>514</b>	<b>540</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 4 USER FEES

	2012 \$'000	2011 \$'000
<b>User fees</b>		
Bluewater Fitness Centre fees	709	697
Colac Livestock Selling Centre fees	610	558
Home care and delivered meals fees	577	385
Colac Otway Performing Arts & Cultural Centre fees	326	342
Council properties fees and rental	235	302
Visitor Information Centre fees	344	285
Waste disposal fees	254	220
Other fees and charges	185	171
Parking, animal control and local laws fees	160	139
Apollo Bay Harbour fees	87	58
Town planning and building fees	45	31
<b>Total user fees</b>	<b>3,532</b>	<b>3,188</b>



# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 5 GRANTS

Grants were received in respect of the following:

### 5(a) Functions of grants

#### Operating grants

	2012 \$'000	2011 \$'000
Victorian Grants Commission - Untied Base Grant	4,369	3,413
Victorian Grants Commission - Local Roads Grant	3,004	2,326
Aged & Disabled Services	1,474	1,245
Port Management	780	780
Family & Community Services	773	792
Waste Management	732	-
Environment Protection & Services	417	147
Local Roads & Bridges	266	330
Recreation & Culture	225	727
Business & Economic Services	127	409
Administration	59	208
Traffic & Street Management	47	36
Governance	-	26
<b>Total operating grants</b>	<b>12,273</b>	<b>10,439</b>
<b>Capital grants</b>		
Local Roads & Bridges	3,009	1,599
Recreation & Culture	386	1,045
Traffic & Street Management	129	179
Business & Economic Services	27	80
Environment Protection & Services	-	540
Family & Community Services	-	368
Natural Disaster	-	72
<b>Total capital grants</b>	<b>3,551</b>	<b>3,883</b>
<b>Total</b>	<b>15,824</b>	<b>14,322</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 5 GRANTS

	2012 \$'000	2011 \$'000
<b>5(b) Summary of grants</b>		
Recurrent grants	11,434	10,232
Non-Recurrent grants	4,390	4,090
<b>Total</b>	<b>15,824</b>	<b>14,322</b>
Federal Grants	9,108	8,533
State Grants	6,476	5,588
Other Grants	240	201
<b>Total</b>	<b>15,824</b>	<b>14,322</b>
<b>5(c) Conditions on grants</b>		
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:		
Local Roads & Bridges	210	-
Recreation & Culture	1,119	236
Business & Economic Services	392	217
Environmental Protection & Services	52	-
Community Development	123	-
Family & Community Services	346	323
Aged & Disabled Services	299	52
Traffic & Street Management	1,470	88
<b>Total</b>	<b>4,011</b>	<b>916</b>
Grants which were recognised as revenue in prior years and were expended during the current year in the manner specified by the grantor were:		
Family & Community Services	323	42
Recreation & Culture	236	123
Business & Economic Services	217	-
Traffic & Street Management	88	-
Aged & Disabled Services	52	-
Local Roads & Bridges	-	86
Environmental Protection & Services	-	70
<b>Total</b>	<b>916</b>	<b>321</b>
<b>Net increase (decrease) in restricted assets resulting from grant revenues for the year:</b>	<b>3,095</b>	<b>595</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 6 CONTRIBUTIONS

	2012 \$'000	2011 \$'000
Operating	282	95
Capital	428	16,893
<b>Total</b>	<b>710</b>	<b>16,988</b>
<b>6(a) Cash</b>		
Community & health care	78	215
Parks, open space and streetscapes	22	47
Roads	63	15
Recreational, leisure and community facilities	22	11
Other	119	48
	<b>304</b>	<b>336</b>
<b>6(b) Non-monetary assets (other)</b>		
Land	-	125
Land under roads	27	19
Roads	58	368
Footpaths and trails	13	23
Drainage	49	323
Kerb and channel	31	136
	<b>178</b>	<b>994</b>
<b>(c) Non-monetary assets (Port of Apollo Bay)*</b>		
Land	162	-
Buildings	-	13,793
Roads	-	1,669
Plant, and minor equipment	51	196
Fixed plant, furniture and equipment	15	-
	<b>228</b>	<b>15,658</b>
<b>Total contributions</b>	<b>710</b>	<b>16,988</b>

\*Refer to Note 1(g) and Note 43 for further information.

# Notes to the Financial Report

for the year ended 30 June 2012

## 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>2012</b>					
Property					
Land and buildings	2,278	1,434	845	899	54
<b>Total Property</b>	<b>2,278</b>	<b>1,434</b>	<b>845</b>	<b>899</b>	<b>54</b>
Plant and Equipment					
Plant and minor equipment	1,255	800	455	552	96
<b>Total Plant and equipment</b>	<b>1,255</b>	<b>800</b>	<b>455</b>	<b>552</b>	<b>96</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>3,534</b>	<b>2,234</b>	<b>1,300</b>	<b>1,450</b>	<b>150</b>

	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>					
Plant and Equipment					
Plant and minor equipment	1,155	(509)	646	542	(104)
<b>Total Plant and equipment</b>	<b>1,155</b>	<b>(509)</b>	<b>646</b>	<b>542</b>	<b>(104)</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>1,155</b>	<b>(509)</b>	<b>646</b>	<b>542</b>	<b>(104)</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 8 REIMBURSEMENTS

	2012 \$'000	2011 \$'000
Employment scheme	129	-
Long service leave transferred	51	43
Insurances	47	69
Tourism Subscription	47	60
Regional development	37	45
Legal recoveries	28	51
Utilities	11	34
Family day care	2	-
Other	54	9
<b>Total reimbursements</b>	<b>406</b>	<b>311</b>

## NOTE 9 FINANCE INCOME

	2012 \$'000	2011 \$'000
Interest	476	436
Interest on rates	114	118
<b>Total other income</b>	<b>590</b>	<b>554</b>

## NOTE 10 OTHER INCOME

	2012 \$'000	2011 \$'000
State revenue office	-	104
Agency commissions	-	47
Private works	30	41
Local laws	5	16
Other	48	127
<b>Total other income</b>	<b>83</b>	<b>335</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 11 EMPLOYEE BENEFITS

	2012 \$'000	2011 \$'000
Employee benefits were incurred in respect of the following :		
<b>11(a) Employee benefits</b>		
Wages and salaries	11,664	10,681
Annual leave and long service leave	1,129	1,264
Superannuation	1,192	1,148
Sick leave	271	359
Workcover	199	279
Casual staff	482	239
Fringe benefits tax	158	133
Other	294	208
<b>Total Operational employee benefits</b>	<b>15,390</b>	<b>14,311</b>
Wages and salaries capitalised	544	432
<b>Total employee benefits</b>	<b>15,934</b>	<b>14,743</b>
<b>11(b) Employee benefits - additional superannuation call</b>		
Superannuation - additional call*	3,182	569
<b>Total employee benefits - additional superannuation call</b>	<b>3,182</b>	<b>569</b>
*During the period Council was required to recognise an additional contribution to Vision Super to meet obligations in relation to members of the defined benefit plan		
<b>11(c) Summary of employee benefits</b>		
Operational employee benefits	18,572	14,880
Capitalised employee benefits	544	432
<b>Total</b>	<b>19,116</b>	<b>15,312</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 12 MATERIALS AND SERVICES

	2012 \$'000	2011 \$'000
Contractors	4,636	5,170
Materials	551	2,068
Services	1,581	1,137
Subscriptions and memberships	942	953
Consultants	928	757
Agency staff	260	314
Training costs	33	240
Advertising	267	232
Legal costs	282	193
Hire costs	30	125
Permits	2	33
Plant and equipment maintenance	1,293	1,187
Utilities	934	801
Insurances	380	424
<b>Total operational materials and services</b>	<b>12,119</b>	<b>13,634</b>
Materials and Services capitalised	10,702	10,646
<b>Total materials and services</b>	<b>22,821</b>	<b>24,280</b>



# Notes to the Financial Report

for the year ended 30 June 2012



## NOTE 13 DEPRECIATION AND AMORTISATION

	2012 \$'000	2011 \$'000
<i>Property</i>		
Land improvements	-	455
<i>Buildings</i>		
Buildings	1,210	1,591
<i>Plant and Equipment</i>		
Plant, and minor equipment	795	638
Fixed plant, furniture and equipment	312	258
Outdoor furniture	280	-
<i>Infrastructure</i>		
Roads*	4,511	3,688
Bridges	231	265
Footpaths and cycle ways	199	176
Other structures	96	-
Drainage	263	257
Kerb and channel	412	447
Maritime Infrastructure	273	-
<i>Intangibles</i>		
Software	83	8
<b>Total depreciation and amortisation</b>	<b>8,665</b>	<b>7,783</b>

\*Refer to Note 1(e) for further information.

## NOTE 14 FINANCE COSTS

	2012 \$'000	2011 \$'000
Interest - Borrowings	341	308
<b>Total finance costs</b>	<b>341</b>	<b>308</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 15 OTHER EXPENSES

	2012 \$'000	2011 \$'000
Grants and donations paid	505	432
Councillors' allowances	195	196
Auditors' remuneration	45	56
Royalties and commissions	48	41
Bad debts written off	2	15
Other	411	226
<b>Total other expenses</b>	<b>1,206</b>	<b>966</b>

## NOTE 16 INVESTMENT IN ASSOCIATES

	2012 \$'000	2011 \$'000
Investments in associates accounted for by the equity method are:		
- Corangamite Regional Library Corporation	377	452
<b>Total</b>	<b>377</b>	<b>452</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 2011/2012 (2010/2011 24.4%).

#### Movement in carrying value of specific investment

Carrying value of investment at start of year	452	406
Share of surplus/(deficit) for year	(75)	46
Share of asset revaluation	-	-
<b>Carrying value of investment at end of year</b>	<b>377</b>	<b>452</b>

## NOTE 17 CASH AND CASH EQUIVALENTS

	2012 \$'000	2011 \$'000
Cash on hand	6	7
Cash at bank	13,607	8,874
Money market call account	-	1,894
<b>Total cash and cash equivalents</b>	<b>13,613</b>	<b>10,775</b>

Users of the financial report should refer to Note 30 for details of restrictions on cash assets and Note 32 for details of existing Council commitments.

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 18 TRADE AND OTHER RECEIVABLES

	2012 \$'000	2011 \$'000
Rates debtors	1,180	1,051
Government grants	1,416	759
Special charge schemes	140	261
Net GST receivable	215	231
Loans and advances to community organisations	81	31
Other debtors	423	446
<b>Total trade and other receivables</b>	<b>3,455</b>	<b>2,779</b>

## NOTE 19 INVENTORIES

	2012 \$'000	2011 \$'000
Inventories held for sale	159	108
Inventories held for distribution	19	27
<b>Total inventories</b>	<b>178</b>	<b>135</b>

## NOTE 20 OTHER ASSETS

	2012 \$'000	2011 \$'000
Prepayments	-	31
Accrued income	12	22
<b>Total other assets</b>	<b>12</b>	<b>53</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 21 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

	2012 \$'000	2011 \$'000
<b>Summary</b>		
at cost	25,107	24,247
Less accumulated depreciation	10,719	5,134
	<b>14,388</b>	<b>19,114</b>
at fair value	128,972	118,128
Less accumulated depreciation	46,012	45,121
	<b>82,961</b>	<b>73,007</b>
at council valuation	239,970	245,760
Less accumulated depreciation	67,679	98,118
	<b>172,290</b>	<b>147,641</b>
<b>Total</b>	<b>269,639</b>	<b>239,762</b>
<b>Property</b>		
<b>Land</b>		
at cost	-	1,353
at fair value as at 30 June 2010	-	31,545
at fair value as at 30 June 2012	35,528	-
	<b>35,528</b>	<b>32,898</b>
<b>Land under roads</b>		
at cost	222	194
	<b>222</b>	<b>194</b>
<b>Land improvements</b>		
at cost	-	3,009
Less accumulated depreciation	-	231
	<b>-</b>	<b>2,777</b>
at council valuation as at 30 June 2005	-	2,932
Less accumulated depreciation	-	2,856
	<b>-</b>	<b>76</b>
<b>Total Land</b>	<b>35,750</b>	<b>35,946</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 21 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT *continued*

	2012 \$'000	2011 \$'000
<b>Property (continued)</b>		
<b>Buildings</b>		
at cost	-	7,901
Less accumulated depreciation	-	229
	<b>-</b>	<b>7,672</b>
at fair value as at 1 July 2008	-	20,682
Less accumulated depreciation	-	7,149
	<b>-</b>	<b>13,533</b>
at fair value as at 30 June 2010	-	60,349
Less Accumulated depreciation	-	34,119
	<b>-</b>	<b>26,230</b>
at fair value as at 30 June 2012	62,982	-
Less Accumulated depreciation	35,261	-
	<b>27,721</b>	<b>-</b>
<b>Total Buildings</b>	<b>27,721</b>	<b>47,434</b>
<b>Total Property</b>	<b>63,471</b>	<b>83,380</b>

Valuation of land (excluding land under roads) and buildings were undertaken by the qualified independent valuer Mr Steven Davey - Certified Practising Valuer - API Member No. 63379 of Opteon Property.

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 2012.

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

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 21 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT *continued*

	2012 \$'000	2011 \$'000
<b>Plant and Equipment</b>		
<b>Plant and minor equipment</b>		
at cost	9,397	8,797
Less accumulated depreciation	4,688	4,693
	<b>4,709</b>	<b>4,104</b>
<b>Fixed plant, furniture and equipment</b>		
at cost	2,064	1,895
Less accumulated depreciation	1,022	803
	<b>1,042</b>	<b>1,092</b>
<b>Outdoor furniture</b>		
at cost	4,098	-
Less accumulated depreciation	2,221	-
	<b>1,877</b>	<b>-</b>
<b>Total Plant and Equipment</b>	<b>7,628</b>	<b>5,196</b>
<b>Infrastructure</b>		
<b>Roads</b>		
at fair value as at 30 June 2008	-	4,447
Less Accumulated depreciation	-	2,903
	<b>-</b>	<b>1,544</b>
at council valuation as at 30 June 2011	-	177,591
Less accumulated depreciation	-	70,557
	<b>-</b>	<b>107,034</b>
at council valuation as at 30 June 2012	171,277	-
Less accumulated depreciation	42,856	-
	<b>128,421</b>	<b>-</b>
<b>Total road infrastructure</b>	<b>128,421</b>	<b>108,579</b>
<b>Bridges</b>		
at cost	495	-
Less accumulated depreciation	21	-
	<b>474</b>	<b>-</b>
at council valuation as at 30 June 2010	16,880	16,833
Less accumulated depreciation	6,135	5,822
	<b>10,745</b>	<b>11,011</b>
<b>Total bridge infrastructure</b>	<b>11,219</b>	<b>11,011</b>

# Notes to the Financial Report

for the year ended 30 June 2012



## NOTE 21 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT *continued*

	2012 \$'000	2011 \$'000
<b>Footpaths and cycle ways</b>		
at cost	-	789
Less accumulated depreciation	-	15
	<b>-</b>	<b>774</b>
at council valuation as at 30 June 2009	-	8,102
Less accumulated depreciation	-	3,220
	<b>-</b>	<b>4,882</b>
at council valuation as at 30 June 2012	10,534	-
Less accumulated depreciation	2,609	-
	<b>7,925</b>	<b>-</b>
<b>Total footpath infrastructure</b>	<b>7,925</b>	<b>5,656</b>
<b>Drainage</b>		
at cost	733	400
Less accumulated depreciation	6	-
	<b>727</b>	<b>400</b>
at council valuation as at 30 June 2010	20,613	20,568
Less accumulated depreciation	8,167	7,882
	<b>12,447</b>	<b>12,686</b>
<b>Total drainage infrastructure</b>	<b>13,174</b>	<b>13,086</b>
<b>Kerb and channelling</b>		
at cost	-	209
Less accumulated depreciation	-	2
	<b>-</b>	<b>207</b>
at council valuation as at 30 June 2009	-	19,684
Less accumulated depreciation	-	7,781
	<b>-</b>	<b>11,903</b>
at council valuation as at 30 June 2012	20,665	-
Less accumulated depreciation	7,913	-
	<b>12,753</b>	<b>-</b>
<b>Total kerb and channel infrastructure</b>	<b>12,753</b>	<b>12,111</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 21 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT *continued*

	2012 \$'000	2011 \$'000
<b>Other structures</b>		
at cost	7,218	-
Less accumulated depreciation	2,568	-
	<b>4,650</b>	<b>-</b>
<b>Marine Infrastructure</b>		
at fair value as at 30 June 2012	30,463	-
Less accumulated depreciation	10,751	-
	<b>19,712</b>	<b>-</b>
<b>Total Infrastructure</b>	<b>197,853</b>	<b>150,442</b>
<b>Intangibles</b>		
at cost	621	406
Less accumulated depreciation	193	110
<b>Total intangibles</b>	<b>428</b>	<b>296</b>
<p>Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Adam Lehmann (BEng) in 2010 and 2011 and 2012. A separate valuation of Maritime infrastructure was carried out by BDH on behalf of the Department of Transport in 2012.</p> <p>The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.</p>		
<b>Works in progress</b>		
Buildings at cost	7	169
Outdoor furniture	55	-
Roads at cost	-	14
Footpaths at cost	63	146
Other structures	88	-
Fixed plant, furniture and equipment	45	1
Land improvements at cost	-	11
Bridges at cost	-	54
Drainage at cost	1	54
<b>Total works in progress</b>	<b>259</b>	<b>448</b>
<b>Total property, infrastructure, plant and equipment</b>	<b>269,639</b>	<b>239,762</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 21 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT *continued*

	Balance at beginning of financial year	Acquisition of assets	Revaluation increments (decrements) (Note 26)	Depreciation and amortisation (Note 13)	Written down value of disposals	Assets written off	Nonmonetary assets contributed	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2012</b>									
<b>Property</b>									
Land	32,898	371	2,586	-	(327)	-	-	-	35,528
Land under roads	194	-	-	-	-	-	27	-	221
Land improvements	2,854	-	-	-	-	-	-	(2,854)	-
<b>Total land</b>	<b>35,946</b>	<b>371</b>	<b>2,586</b>	<b>-</b>	<b>(327)</b>	<b>-</b>	<b>27</b>	<b>(2,854)</b>	<b>35,749</b>
Buildings	47,435	2,293	(6,113)	(1,210)	(518)	-	-	(14,168)	27,720
Other structures	-	-	-	-	-	-	-	-	-
<b>Total Buildings</b>	<b>47,435</b>	<b>2,293</b>	<b>(6,113)</b>	<b>(1,210)</b>	<b>(518)</b>	<b>-</b>	<b>-</b>	<b>(14,168)</b>	<b>27,720</b>
<b>Total Property</b>	<b>83,381</b>	<b>2,664</b>	<b>(3,526)</b>	<b>(1,210)</b>	<b>(845)</b>	<b>-</b>	<b>27</b>	<b>(17,022)</b>	<b>63,469</b>
<b>Plant and Equipment</b>									
Plant and minor equipment	4,104	1,805	-	(795)	(455)	-	51	-	4,710
Fixed plant, furniture and equipment	1,092	487	-	(312)	-	-	-	(225)	1,042
Outdoor furniture	-	67	-	(280)	-	-	15	2,076	1,878
<b>Total Plant and equipment</b>	<b>5,196</b>	<b>2,359</b>	<b>-</b>	<b>(1,387)</b>	<b>(455)</b>	<b>-</b>	<b>66</b>	<b>1,851</b>	<b>7,629</b>
<b>Infrastructure</b>									
Roads	108,579	4,567	25,503	(4,511)	-	(1,396)	58	(4,379)	128,420
Bridges	11,011	365	-	(231)	-	-	-	76	11,219
Footpaths and cycle ways	5,656	429	958	(199)	-	-	13	1,068	7,925
Other structures	-	381	-	(96)	-	-	-	4,365	4,650
Drainage	13,086	230	-	(263)	-	-	49	71	13,173
Kerb and channelling	12,110	33	991	(412)	-	-	31	1	12,754
Marine Infrastructure	-	-	5,443	(273)	-	-	161	14,380	19,711
<b>Total Infrastructure</b>	<b>150,441</b>	<b>6,004</b>	<b>32,895</b>	<b>(5,985)</b>	<b>-</b>	<b>(1,396)</b>	<b>313</b>	<b>15,582</b>	<b>197,853</b>
<b>Intangibles</b>									
Software	296	215	-	(83)	-	-	-	-	428
<b>Total Intangibles</b>	<b>296</b>	<b>215</b>	<b>-</b>	<b>(83)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>428</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 21 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT *continued*

	Balance at beginning of financial year	Acquisition of assets	Revaluation Increments (decrements) (Note 26)	Depreciation and amortisation (Note 13)	Written down value of disposals	Assets written off	Nonmonetary assets contributed	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2012</b>									
<b>Works in progress</b>									
Buildings	169	7	-	-	-	-	-	(169)	7
Land	-	-	-	-	-	-	-	-	-
Roads	14	-	-	-	-	-	-	(14)	-
Footpaths	146	51	-	-	-	-	-	(134)	63
Land improvements	11	-	-	-	-	-	-	(11)	-
Bridges	54	-	-	-	-	-	-	(54)	-
Outdoor furniture	-	31	-	-	-	-	-	24	55
Other structures	-	88	-	-	-	-	-	-	88
Fixed plant, furniture and equipment	1	44	-	-	-	-	-	-	45
Drainage	54	1	-	-	-	-	-	(54)	1
<b>Total Works in progress</b>	<b>448</b>	<b>223</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(412)</b>	<b>259</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>239,762</b>	<b>11,464</b>	<b>29,369</b>	<b>(8,665)</b>	<b>(1,300)</b>	<b>(1,396)</b>	<b>406</b>	<b>-</b>	<b>269,639</b>

	Balance at beginning of financial year	Acquisition of assets	Revaluation Increments (decrements) (Note 26)	Depreciation and amortisation (Note 13)	Assets written off	Losses recognised in profit or loss (b)	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>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 21 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT *continued*

	Balance at beginning of financial year	Acquisition of assets	Revaluation Increments (decrements) (Note 26)	Depreciation and amortisation (Note 13)	Assets written off	Losses recognised in profit or loss (b)	Non-monetary assets contributed	Transfers	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2011</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 (a)</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>

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

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 22 TRADE AND OTHER PAYABLES

	2012 \$'000	2011 \$'000
(a) Current trade and other payables		
Trade payables	1,736	1,598
Accrued expenses	318	222
<b>Total current trade and other payables</b>	<b>2,054</b>	<b>1,820</b>
(b) Non-current trade and other payables		
Defined benefits superannuation additional call	3,182	-
<b>Total non-current trade and other payables</b>	<b>3,182</b>	<b>-</b>
<b>Total trade and other payables</b>	<b>5,236</b>	<b>1,820</b>

## NOTE 23 TRUST FUNDS AND DEPOSITS

	2012 \$'000	2011 \$'000
Refundable builders footpath deposits	56	26
Refundable contract deposits	26	23
Refundable landscaping bond deposits	143	57
Refundable planning deposits	15	161
Refundable re-erection of dwellings deposits	13	18
Other refundable deposits	-	2
<b>Total trust funds and deposits</b>	<b>253</b>	<b>287</b>

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

## NOTE 24 PROVISIONS

	Annual leave \$'000	Long service leave \$'000	Landfill restoration \$'000	Total \$'000
<b>2012</b>				
Balance at beginning of the financial year	1,005	2,182	4,146	7,333
Additional provisions	1,252	303	2	1,557
Amounts used	(951)	(149)	(455)	(1,556)
<b>Balance at the end of the financial year</b>	<b>1,306</b>	<b>2,336</b>	<b>3,693</b>	<b>7,335</b>
<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>7,333</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 24 PROVISIONS *continued*

	2012 \$'000	2011 \$'000
<b>(a) Employee benefits</b>		
<b>Current (i)</b>		
Annual leave	1,306	1,005
Long service leave	1,889	1,675
<b>Total</b>	<b>3,195</b>	<b>2,680</b>
<b>Non-current (ii)</b>		
Long service leave	447	507
	447	507
Aggregate carrying amount of employee benefits:		
Current	3,195	2,680
Non-current	447	507
<b>Total</b>	<b>3,642</b>	<b>3,187</b>
The following assumptions were adopted in measuring the present value of employee benefits:		
Weighted average increase in employee costs	4.20%	4.19%
Weighted average discount rates	2.70%	4.99%
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	2,963	2,005
- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	232	675
<b>Total</b>	<b>3,195</b>	<b>2,680</b>
<b>(ii) Non-current</b>		
Long service leave representing less than 10 years of continuous service measured at present value	447	477
<b>Total</b>	<b>447</b>	<b>477</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 24 PROVISIONS *continued*

### (b) Land fill restoration

Under agreement Council is obligated to restore the all Landfill sites to a particular standard. Under agreements Council is required to restore closed land fill sites as well as the current Alvie land fill site. Current projections indicate that the Alvie 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 (for all landfill sites) 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 has carried out \$455K rehabilitation work during 2011-12 at the Marengo landfill. This landfill was closed in 2010-2011. Council does not expect to receive reimbursement from a third party.

	2012 \$'000	2011 \$'000
(c) Provision for landfill restoration		
Provision for landfill restoration		
Current	427	453
Non-current	3,266	3,693
<b>Total</b>	<b>3,693</b>	<b>4,146</b>

Landfill restoration provision calculation methodology review effective 30 June 2011.

## NOTE 25 INTEREST-BEARING LOANS AND BORROWINGS

	2012 \$'000	2011 \$'000
Current		
Borrowings - secured	392	465
	<b>392</b>	<b>465</b>
Non-current		
Borrowings - secured	3,796	4,380
	<b>3,796</b>	<b>4,380</b>
<b>Total</b>	<b>4,188</b>	<b>4,845</b>
The maturity profile for Council's borrowings is:		
Not later than one year	392	446
Later than one year and not later than five years	1,895	1,944
Later than five years	1,901	2,455
<b>Total</b>	<b>4,188</b>	<b>4,845</b>
Interest bearing loans and borrowings movements		
Opening Interest-bearing loans and borrowings	4,845	4,157
New loans taken up during year	-	1,100
Prepayment of loan principal	(657)	(412)
<b>Total Interest-bearing loans and borrowings</b>	<b>4,188</b>	<b>4,845</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 26 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 surplus	\$'000	\$'000	\$'000	\$'000
<b>2012</b>				
<b>Property</b>				
Land	24,387	2,588	-	26,975
Land improvements	552	-	-	552
Fixed plant, furniture and equipment	293	-	-	293
Buildings	13,137	(6,113)	-	7,024
Plant and equipment	-	-	-	-
Share of CRLC asset revaluation reserve	450	-	-	450
	<b>38,819</b>	<b>(3,525)</b>	-	<b>35,294</b>
<b>Infrastructure</b>				
Roads	63,608	25,504	-	89,112
Bridges	7,782	(1)	-	7,781
Footpaths and cycle ways	969	958	-	1,927
Drainage	3,830	(1)	-	3,829
Kerb and channelling	6,695	991	-	7,686
Marine	-	5,443	-	5,443
	<b>82,884</b>	<b>32,895</b>	-	<b>115,779</b>
<b>Total asset revaluation surplus</b>	<b>121,703</b>	<b>29,370</b>	-	<b>151,073</b>
<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>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>82,884</b>
<b>Total asset revaluation surplus</b>	<b>142,000</b>	<b>(20,297)</b>	-	<b>121,703</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 Report

for the year ended 30 June 2012

## NOTE 26 RESERVES

	Balance at beginning of reporting period	Increment (decrement)	Transfer to accumulated surplus	Balance at end of reporting period
(b) Other reserves	\$'000	\$'000	\$'000	\$'000
<b>2012</b>				
Carried Forward Projects	-	3,264	-	3,264
Long Service Leave reserve	-	2,243	-	2,243
Port of Apollo Bay	1,151	371	-	1,522
Plant replacement	1,261	3,591	(3,543)	1,309
Kerbside bin replacement	205	401	-	606
Recreational lands	564	22	-	586
Landfill rehabilitation (Alvie)	467	57	-	524
Colac Livestock Selling Centre	344	128	-	472
Rehabilitation reserve	160	-	-	160
Car parking	137	-	(10)	128
Unfunded superannuation reserve	100	-	-	100
Tirrengower Drainage Scheme	36	22	(29)	29
Lakeside estate	(1)	1	-	-
Resource development reserve	384	-	(384)	-
<b>Total Other reserves</b>	<b>4,809</b>	<b>10,101</b>	<b>(3,966)</b>	<b>10,944</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)	138
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>4,810</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 26 RESERVES

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.

### *Carried forward projects*

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

### *Long service leave reserve*

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



# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 27 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO PROFIT/(LOSS)

	2012 \$'000	2011 \$'000
Surplus/(Deficit)	1,226	18,900
Depreciation/amortisation	8,665	7,783
(Profit)/loss on disposal of property, plant and equipment, infrastructure	(150)	104
Contributions - Non-monetary assets (other)	(178)	(994)
Share of result of associate	74	(46)
Finance costs	341	282
Contributions - Non-monetary assets (Port of Apollo Bay)	(228)	(15,658)
Property, plant and equipment, infrastructure written off	1,396	174
Net GST receipts and payments	883	816
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	(665)	(94)
(Increase)/decrease in prepayments	31	239
(Increase)/decrease in inventories	(43)	(38)
(Decrease)/increase in trade and other payables	213	(145)
(Decrease)/increase in provisions	3,184	966
<b>Net cash provided by/(used in) operating activities</b>	<b>14,749</b>	<b>12,289</b>

## NOTE 28 RECONCILIATION OF CASH AND CASH EQUIVALENTS

	2012 \$'000	2011 \$'000
Cash and cash equivalents (see Note 17)	13,613	10,775
<b>Total reconciliation of cash and cash equivalents</b>	<b>13,613</b>	<b>10,775</b>

## NOTE 29 FINANCING ARRANGEMENTS

	2012 \$'000	2011 \$'000
Bank overdraft	1,000	1,000
<b>Unused facilities</b>	<b>1,000</b>	<b>1,000</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 30 RESTRICTED ASSETS

	2012 \$'000	2011 \$'000
Council has cash and cash equivalents (Note 17) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to certain reserve funds (Car parking and Recreational Lands Reserves).		
Long service leave (Note 24(a))	-	2,182
Trust deposits (Note 23)	253	287
Reserve funds (Note 26(b))	10,944	4,810
<b>Total restricted assets</b>	<b>11,197</b>	<b>7,279</b>

Restricted asset for long service leave is based on the Local Government (Long Service Leave) Regulations 2012 and does not necessarily equate to the long service leave liability disclosed in Note 24(a) due to a different basis of calculation prescribed by the regulation.

## NOTE 31 SUPERANNUATION

	2012 \$'000	2011 \$'000
Council made contributions to the following funds:		
<b>Defined benefits fund</b>		
Employer contributions paid to Local Authorities Superannuation Fund (Vision Super)	3,533	861
<b>Total</b>	<b>3,533</b>	<b>861</b>
<b>Accumulation funds</b>		
Employer contributions paid to Local Authorities Superannuation Fund (Vision Super)	1,086	899
<b>Total</b>	<b>1,086</b>	<b>899</b>

The Local Authorities Superannuation Fund latest 31 December 2011 actuarial investigation identified an unfunded liability of \$406 million excluding the contributions tax in the defined benefit fund of which we are a member. The value of the undefined liability call effective at 1 July 2013 is \$453 million. Council was made aware of the expected shortfall through the year and was formally notified of their share of the shortfall on 3 August 2012 which amounted to \$3,181,869 (including contributions tax of \$477,280). Council has yet to determine how this shortfall will be funded and will make this determination during the next financial year. Council has accounted for this shortfall in the Comprehensive Income Statement in Employee Benefits (see Note 11) and in the Balance Sheet in Non-current trade and other payables (see Note 22(b)).

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.

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 32 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>2012</b>					
<b>Operating</b>					
Waste management	1,960	1,982	2,402	152	6,496
Cleaning contracts for council buildings	293	-	-	-	293
Property valuation services	129	203	-	-	332
Meals for delivery	180	-	-	-	180
Consultancies	96	-	-	-	96
Information systems & technology	232	236	-	-	468
Street Lighting	83	95	-	-	178
Other	140	-	-	-	140
	<b>3,113</b>	<b>2,516</b>	<b>2,402</b>	<b>152</b>	<b>8,183</b>
<b>Capital</b>					
Plant and equipment	82	-	-	-	82
Building and other structures	162	-	-	-	162
	<b>244</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>244</b>
<b>Total</b>	<b>3,357</b>	<b>2,516</b>	<b>2,402</b>	<b>152</b>	<b>8,426</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>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>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>888</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>888</b>
<b>Total</b>	<b>4,017</b>	<b>2,557</b>	<b>4,405</b>	<b>-</b>	<b>10,979</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 33 OPERATING LEASE COMMITMENTS

	2012 \$'000	2011 \$'000
At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):		
Not later than one year	141	128
Later than one year and not later than five years	124	213
Later than five years	118	-
<b>Total</b>	<b>383</b>	<b>341</b>

## NOTE 34 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

### (a) Contingent liabilities

The Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors.

As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report.

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.

Council has a contingent liability facility of \$1,081,088 of which \$758,588 is unused. The utilised component is with a security deposit guarantee of \$322,500 in favour of the Victorian Environmental Protection Authority.

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

The following Bank guarantees have been provided by Council:

	2012 \$'000	2011 \$'000
Otway Community College	125	125
<b>Total</b>	<b>125</b>	<b>125</b>

The guarantee is held by the National Australia Bank dated 17 May 2011 initially 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.

Balance of loan at 30 June 2012	94	-
<b>Total</b>	<b>94</b>	<b>-</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 35 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	17	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 4.33% (4.56% in 2010/2011). The interest rate at balance date was 4.75% (4.65% in 2010/2011).
		Interest is recognised as it accrues.	Funds returned fixed interest rate of between 4.65% (5.35% in 2010/2011), and 5.8% (5.8% in 2010/2011) 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.	
		Managed funds are measured at market value.	
<b>Trade and other receivables</b>			
Other debtors	18	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 2010/2011). Credit terms are based on 30 days.
<b>Financial Liabilities</b>			
Trade and other payables	22	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	25	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 7.28% (6.86% in 2010/2011).
		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	29	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 Report

for the year ended 30 June 2012

## NOTE 35 FINANCIAL INSTRUMENTS *continued*

### (b) Interest Rate Risk

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

	Fixed interest maturing in:					Total \$ '000
	Floating interest rate \$ '000	1 year or less \$ '000	Over 1 to 5 years \$ '000	More than 5 years \$ '000	Non-interest bearing \$ '000	
<b>2012</b>						
<b>Financial assets</b>						
Cash and cash equivalents	13,607	-	-	-	6	13,613
Trade and other receivables	-	-	-	-	3,455	3,455
<b>Total financial assets</b>	<b>13,607</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,461</b>	<b>17,068</b>
Weighted average interest rate	4.33%	5.57%				
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	-	5,236	5,236
Trust funds and deposits	-	-	-	-	253	253
Interest-bearing loans and borrowings	-	392	1,894	1,901	-	4,188
<b>Total financial liabilities</b>	<b>-</b>	<b>392</b>	<b>1,894</b>	<b>1,901</b>	<b>5,489</b>	<b>9,677</b>
Weighted average interest rate		7.28%	7.28%	7.28%		
<b>Net financial assets (liabilities)</b>	<b>13,607</b>	<b>(392)</b>	<b>(1,894)</b>	<b>(1,901)</b>	<b>(2,028)</b>	<b>7,391</b>
	Fixed interest maturing in:					Total \$ '000
	Floating interest rate \$ '000	1 year or less \$ '000	Over 1 to 5 years \$ '000	More than 5 years \$ '000	Non-interest bearing \$ '000	
<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>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 35 FINANCIAL INSTRUMENTS *continued*

### (c) Net Fair Values

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

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	13,613	10,775	13,613	10,775
Trade and other receivables	3,455	2,779	3,455	2,779
<b>Total financial assets</b>	<b>17,068</b>	<b>13,554</b>	<b>17,068</b>	<b>13,554</b>
<b>Financial liabilities</b>				
Trade and other payables	5,236	1,820	5,236	1,820
Trust funds and deposits	253	287	253	287
Interest-bearing loans and borrowings	4,188	4,845	4,032	4,502
<b>Total financial liabilities</b>	<b>9,677</b>	<b>6,952</b>	<b>9,521</b>	<b>6,609</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.

#### *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.

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.

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 35 FINANCIAL INSTRUMENTS *continued*

### (e) Risks and mitigation (continued)

#### *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 34 - 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:

	2012 \$'000	2011 \$'000
Current (not yet due)	1,601	1,254
Past due by up to 30 days	156	83
Past due after 31 days	1,698	391
<b>Total Trade &amp; Other Receivables</b>	<b>3,455</b>	<b>1,728</b>

#### *Liquidity risk*

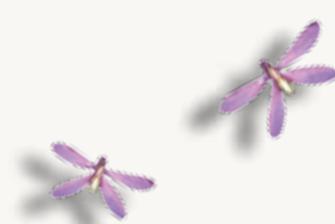
Liquidity risk includes the risk that, as a result of our operational liquidity requirements:

- 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.

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



# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 35 FINANCIAL INSTRUMENTS *continued*

### (e) Risks and mitigation (continued)

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.

	6 months or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash flow	Carrying Amount
<b>2012</b>	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Trade and other payables	2,054	-	3,182	-	-	5,236	5,236
Trust funds and deposits	253	-	-	-	-	253	253
Interest-bearing loans and borrowings	392	301	693	2,080	2,151	5,618	4,188
<b>Total financial liabilities</b>	<b>2,699</b>	<b>301</b>	<b>3,875</b>	<b>2,080</b>	<b>2,151</b>	<b>11,107</b>	<b>9,677</b>

	6 months or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash flow	Carrying Amount
<b>2011</b>	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
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>



# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 35 FINANCIAL INSTRUMENTS *continued*

### (f) Sensitivity disclosure analysis

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

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

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

		Interest rate risk			
		-2%		+1%	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>2012</b>					
<b>Financial assets:</b>					
Cash and cash equivalents	13,613	(272)	(272)	136	136
Trade and other receivables	3,455	(24)	(24)	12	12
<b>Financial liabilities:</b>					
Trade and Other payables	5,489	-	-	-	-
Interest-bearing loans and borrowings	4,188	84	84	(42)	(42)

		Interest rate risk			
		-2%		+1%	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
<b>2011</b>					
<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)

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 36 AUDITORS' REMUNERATION

	2012 \$'000	2011 \$'000
Audit fee to conduct external audit - Victorian Auditor-General	28	37
Internal audit fees - Crowe Horwath	34	49
Other audit fees - WHK	3	-
<b>Total</b>	<b>65</b>	<b>86</b>

## NOTE 37 EVENTS OCCURRING AFTER BALANCE DATE

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

## NOTE 38 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 Stephen Hart (Mayor 14/12/11 to current) Councillor Brian Crook (Mayor from 08/12/10 to 14/12/11) Councillor Lyn Russell Councillor Chris Smith Councillor Frank Buchanan Councillor Geoff Higgins Councillor Stuart Hart
<b>Chief Executive Officer</b>	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:

	2012 No.	2011 No.
\$20,000 - \$29,999	4	2
\$30,000 - \$39,999	-	3
\$40,000 - \$49,999	3	2
\$190,000 - \$199,999	-	1
\$200,000 - \$209,999	1	-
<b>Total</b>	<b>8</b>	<b>8</b>

	2012 \$'000	2011 \$'000
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	458	441

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 38 RELATED PARTY TRANSACTIONS *continued*

(iii) No retirement benefits have been made by the Council to a Responsible Person. (2010/2011, \$0).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2010/2011, \$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 (2010/2011 \$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 \$127,000.

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

Income Range:	2012 No.	2011 No.
\$127,000 - \$129,999	-	1
\$130,000 - \$139,999	1	-
\$160,000 - \$169,999	-	3
\$170,000 - \$179,999	3	-
<b>Total</b>	<b>4</b>	<b>4</b>
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	651	615

## NOTE 39 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.

	2012 \$'000	2011 \$'000
Council's share of assets employed in the joint venture arrangement		
Buildings	3,041	3,103
Furniture and equipment	114	120
Intangible assets	39	41
<b>Total</b>	<b>3,194</b>	<b>3,264</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 40 INCOME AND EXPENSES BY FUNCTION

	Infrastructure and Services Department		Corporate and Executive Departments		Sustainable Planning and Development Department		Total	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Income	9,726	24,841	31,778	30,121	2,092	1,641	43,597	56,603
Expenses	(22,177)	(11,240)	(15,009)	(21,539)	(5,185)	(4,924)	(42,371)	(37,703)
<b>Surplus/(Deficit) for the year</b>	<b>(12,451)</b>	<b>13,601</b>	<b>16,769</b>	<b>8,582</b>	<b>(3,093)</b>	<b>(3,283)</b>	<b>1,226</b>	<b>18,900</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 Report

for the year ended 30 June 2012

## NOTE 41 FINANCIAL RATIOS (PERFORMANCE INDICATORS)

### (a) Debt servicing ratio

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

	2012 \$'000	2012 %	2011 \$'000	2011 %	2010 \$'000	2010 %
<u>Debt servicing costs</u>	341		308		140	
Total revenue	43,600	= 0.78%	56,749	= 0.54%	39,126	= 0.36%

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)

	2012 \$'000	2012 %	2011 \$'000	2011 %	2010 \$'000	2010 %
<u>Debt servicing &amp; redemption costs</u>	998		720		445	
Rate revenue	21,789	= 4.58%	20,465	= 3.52%	18,559	= 2.40%

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)

	2012 \$'000	2012 %	2011 \$'000	2011 %	2010 \$'000	2010 %
<u>Rate revenue</u>	21,789		20,465		18,559	
Total revenue	43,600	= 49.98%	56,749	= 36.06%	39,126	= 47.43%

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)

	2012 \$'000	2012 %	2011 \$'000	2011 %	2010 \$'000	2010 %
<u>Total indebtedness</u>	16,760		11,816		11,039	
Total realisable assets	77,709	= 21.57%	95,780	= 12.34%	78,925	= 13.99%

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 30) 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 Report

for the year ended 30 June 2012

## NOTE 41 FINANCIAL RATIOS (PERFORMANCE INDICATORS) *continued*

### (e) Working capital ratio

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

	2012 \$'000	2012 %	2011 \$'000	2011 %	2010 \$'000	2010 %
<u>Current assets</u>	17,258		13,742		12,836	
<u>Current liabilities</u>	6,321	= 273.03%	5,705	= 240.88%	5,886	= 218.08%

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)

	2012 \$'000	2012 %	2011 \$'000	2011 %	2010 \$'000	2010 %
<u>Current assets</u>	7,258		13,742		12,836	
<u>Current liabilities</u>	6,089	= 283.41%	5,030	= 273.20%	5,122	= 250.61%

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. This is because Council does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, but is not likely to fall due within 12 months after the end of the period.



# Notes to the Financial Report

for the year ended 30 June 2012



## NOTE 41 FINANCIAL RATIOS (PERFORMANCE INDICATORS) *continued*

### Additional KPI ratios

The following six financial sustainability risk ratios are based on the industry accepted ratios developed by the Victorian government.

#### (g) Underlying Result

(removes non-cash developer contributions and other one-off items from the Operating Result)

	2012 \$'000	=	2012 %	=	2011 \$'000	=	2011 %	=	2010 \$'000	=	2010 %
Adjusted Net Operating Result	<u>2,290</u>		5.3%		<u>2,376</u>		5.9%		<u>2,150</u>		5.6%
Total Underlying Revenue	43,194				39,947				38,562		

#### (h) Liquidity Ratio

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

	2012 \$'000	=	2012 %	=	2011 \$'000	=	2011 %	=	2010 \$'000	=	2010 %
Current assets	<u>17,258</u>		273.0%		<u>13,742</u>		240.9%		<u>12,836</u>		218.1%
Current liabilities	6,321				5,705				5,886		

#### (i) Indebtedness Ratio

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

	2012 \$'000	=	2012 %	=	2011 \$'000	=	2011 %	=	2010 \$'000	=	2010 %
Non-current liabilities	<u>10,691</u>		40.6%		<u>8,580</u>		34.5%		<u>6,898</u>		27.1%
Own-sourced revenue	26,325				24,839				25,421		

#### (j) Self-Financing Ratio

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

	2012 \$'000	=	2012 %	=	2011 \$'000	=	2011 %	=	2010 \$'000	=	2010 %
Net operating cash flows	<u>14,748</u>		34.1%		<u>12,289</u>		30.8%		<u>12,288</u>		31.9%
Underlying revenue	43,194				39,947				38,562		

#### (k) Capital Replacement Gap Ratio

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

	2012 \$'000	=	2012 %	=	2011 \$'000	=	2011 %	=	2010 \$'000	=	2010 %
Capital Spend	<u>12,394</u>		143.0%		<u>12,262</u>		157.5%		<u>14,258</u>		169.6%
Depreciation	8,665				7,783				8,409		

#### (l) Renewal Gap Ratio

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

	2012 \$'000	=	2012 %	=	2011 \$'000	=	2011 %	=	2010 \$'000	=	2010 %
Renewal & Upgrade	<u>9,710</u>		112.1%		<u>9,250</u>		118.8%		<u>9,831</u>		116.9%
Depreciation	8,665				7,783				8,409		

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 42 CAPITAL EXPENDITURE

	Note	2012 \$'000	2011 \$'000
<b>Capital expenditure areas</b>			
Land		371	625
Land improvements		-	161
Buildings		2,301	3,114
Plant and minor equipment		1,805	1,228
Fixed plant, furniture and equipment		531	423
Outdoor furniture		99	-
Roads		4,567	5,085
Bridges		365	54
Footpaths and cycle ways		480	379
Other structures		468	-
Drainage		231	131
Kerb and channelling		33	-
Software		215	200
<b>Total capital works</b>		<b>11,464</b>	<b>11,400</b>
Represented by:			
<b>Renewal</b>			
Renewal of property and buildings		439	2,731
Renewal of plant and equipment		2,055	699
Renewal of infrastructure		4,779	5,061
<b>Total Renewal</b>	<b>(a)</b>	<b>7,273</b>	<b>8,491</b>
<b>Upgrade</b>			
Upgrade of property and buildings		1,411	378
Upgrade of plant and equipment		56	4
Upgrade of infrastructure		970	377
<b>Total Upgrade</b>	<b>(b)</b>	<b>2,436</b>	<b>759</b>
<b>New or Expanded</b>			
New property and buildings		821	1,468
New plant and equipment		323	526
New infrastructure		610	156
<b>Total New or Expanded</b>	<b>(c)</b>	<b>1,754</b>	<b>2,150</b>
<b>Total capital works</b>		<b>11,464</b>	<b>11,400</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 42 CAPITAL EXPENDITURE *continued*

### Property, plant and equipment, infrastructure movement

The movement between the previous year and the current year in property, plant and equipment, infrastructure as shown in the Balance Sheet links to the net of the following items:

	Note	2012 \$'000	2011 \$'000
Total capital works		11,464	11,400
Contributions - non-monetary assets (other)	6(b)	178	994
Asset revaluation movement	23(a)	29,370	(20,297)
Depreciation/amortisation	10	(8,665)	(7,783)
Written down value of assets sold	18	(1,300)	(646)
Contributions - non-monetary assets (Port of Apollo Bay)	6(c)	228	15,658
Transfers	21	(40)	-
Assets written off	18	(1,396)	(174)
<b>Net movement in property, plant and equipment, infrastructure</b>		<b>29,839</b>	<b>(848)</b>

#### (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 Report

for the year ended 30 June 2012

## NOTE 43 SPECIAL COMMITTEES AND OTHER ACTIVITIES - PORT OF APOLLO BAY

The council is the Port Manager 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:

Income Statement - Apollo Bay Harbour	2012 \$'000	2011 \$'000
<b>Income</b>		
Charges, fees and fines	87	84
Grants - operating	780	780
Other Revenue	37	58
<b>Total operating revenue</b>	<b>904</b>	<b>922</b>
Contributions - non-monetary assets (Port of Apollo Bay)	228	15,658
Grants - capital	-	540
<b>Total Capital revenue</b>	<b>228</b>	<b>16,198</b>
<b>Total income</b>	<b>1,132</b>	<b>17,120</b>
<b>Expenses</b>		
Employee benefits	(424)	(393)
Materials and services	(159)	(184)
Depreciation and amortisation	(438)	(433)
Other expenses		(1)
<b>Total expenses</b>	<b>(1,022)</b>	<b>(1,011)</b>
<b>Surplus/(Deficit)</b>	<b>110</b>	<b>16,109</b>
<b>Other comprehensive income</b>		
Net asset revaluation increment (decrement)	5,331	-
<b>Comprehensive result</b>	<b>5,441</b>	<b>16,109</b>

# Notes to the Financial Report

for the year ended 30 June 2012

## NOTE 43 SPECIAL COMMITTEES AND OTHER ACTIVITIES - PORT OF APOLLO BAY *continued*

Balance Sheet - Apollo Bay Harbour	2012 \$'000	2011 \$'000
<b>Assets</b>		
<i>Current assets</i>		
Receivables	1,527	1,250
<b>Total current assets</b>	<b>1,527</b>	<b>1,250</b>
<i>Non-current assets</i>		
Property, infrastructure, plant and equipment	21,238	16,136
<b>Total non-current assets</b>	<b>21,238</b>	<b>16,136</b>
<b>Total assets</b>	<b>22,764</b>	<b>17,386</b>
<b>Liabilities</b>		
<i>Current liabilities</i>		
Payables	3	-
Provisions	59	47
<b>Total current liabilities</b>	<b>61</b>	<b>47</b>
<i>Non-current liabilities</i>		
Provisions	7	15
<b>Total non-current liabilities</b>	<b>7</b>	<b>15</b>
<b>Total liabilities</b>	<b>68</b>	<b>62</b>
<b>Net Assets</b>	<b>22,696</b>	<b>17,324</b>
<b>Equity</b>		
Accumulated surplus	17,324	1,215
Current year surplus	110	16,109
Asset revaluation reserves	5,263	-
<b>Total Equity</b>	<b>22,696</b>	<b>17,324</b>

# Certification of the Financial Report

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



Brett Exelby (CPA)  
Principal Accounting Officer  
19 September 2012

In our opinion the accompanying financial statements present fairly the financial transactions of Colac Otway Shire Council for the year ended 30 June 2012 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 19 September 2012 to certify the financial statements in their final form.



Stephen Hart  
Councillor  
19 September 2012



Stuart Hart  
Councillor  
19 September 2012



Rob Small  
Chief Executive Officer  
19 September 2012

## 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 2012 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 2012 of the Colac Otway Shire Council which comprises of the comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial report has been audited.

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

The Councillors of the 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 Note 1 to the statements and the requirements of the *Local Government Act 1989*
- the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

The Councilors are responsible for such internal control as the Councilors determine is necessary to enable the preparation and fair presentation of the standard statements and financial report that are free from material misstated, whether due to fraud or error.

#### *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 in the financial report
- the reasonableness of accounting estimates made by the Councillors
- the overall presentation of the standard statements and financial report.

# VAGO

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.

### *Opinion*

In my opinion:

- (a) the standard statements present fairly, in all material respects, in accordance with the basis of the preparation as described in Note 1 to the statements and comply with the 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 2012 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards, 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 Note 1 of 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 2012 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  
21 September 2012

  
f D.D.R. Pearson  
Auditor-General

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*Auditing in the Public Interest*

# Performance Statement

Objectives	Strategic Indicators	Target 2011/12	Result 2011/12	Outcome	Comments
<b>Physical Infrastructure and Assets (continued)</b>					
	Asset renewal sustainability index	90%	88%	Not Achieved	A revaluation of road infrastructure during the period has resulted in an increase in the depreciation charge (or consumption) which has reduced the index. This impact was not anticipated when the performance statement was set in 2010/11.
<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.	Planning permits processed within statutory timeframes	70%	71%	Achieved	
<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.	Increased Environmental Sustainability	Eco Buy Accreditation	100%	Achieved	
<b>Economic Development</b>					
Council is committed to facilitating a healthy and resilient economy through effective leadership, advocacy, and partnership.	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 changed in the 2012 Council Plan review. Of the 10 projects selected 7 were completed, 2 are 80% completed and 1 is delayed, awaiting external funding.
<b>Community Health and Wellbeing</b>					
Council will promote community health and wellbeing in partnership with other health services.	Community satisfaction with Health and Human Services	77%	Not comparable	Not Achieved	As per explanation given for Leadership and Governance.
Through a partnership approach, Council will provide a broad range of customer focused health, recreational, cultural and community amenities, services and facilities.	Community satisfaction with Recreational Facilities	66%	Not comparable	Not Achieved	

# Performance Statement

Objectives	Strategic Indicators	Target 2011/12	Result 2011/12	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.	Community satisfaction with the Overall Performance of Council	62%	Not comparable	Not Achieved	The Community Satisfaction Survey, under the auspices of the Department of Planning and Community Development, was revised resulting in significant changes to content and methodology for 2012. Councils have been advised that the data is not directly comparable to previous years. As current targets were set based on trending data from the previous survey's content and methodology, these need to be revisited so that targets and results have some genuine comparability.
	Community satisfaction with Council's Advocacy role	63%	Not comparable	Not Achieved	
	Community satisfaction with Council's Community Engagement	62%	Not comparable	Not Achieved	
	Community satisfaction with Council's Customer Contact	73%	Not comparable	Not Achieved	
	Risk Liability Assessment	89%	68%	Not Achieved	A new questionnaire placed emphasis on Council having undertaken a more comprehensive range of actions to satisfy each criterion, as opposed to previous 'yes' or 'no' responses. We have developed a comprehensive action plan to address the low performance areas.
	Liquidity Ratio	1.50:1 (Est AIFRS Adj)	2.73:1	Achieved	
	Audit Opinion issued on Financial Statements	Compliance with all statutory requirements	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.	Percentage of Capital Works expenditure projects completed	85%	86%	Achieved	
	Capital Works expenditure actual compared to budgeted expenditure	85%	90%	Achieved	

# Certification of the Performance Statement

In my opinion the accompanying Performance Statement of the Colac Otway Shire Council in respect of the 2011/2012 financial year has been prepared in accordance with the *Local Government Act 1989*.



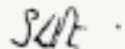
Brett Exelby (CPA)  
Principal Accounting Officer  
19 September 2012

In our opinion, the accompanying Performance Statement of the Colac Otway Shire Council in respect of the 2011/2012 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 circumstances which would render any particulars in the statement to be misleading or inaccurate.

We have been authorised by the Council on 19 September 2012 to certify the Performance Statement in its final form.



Stephen Hart  
Councillor  
19 September 2012



Stuart Hart  
Councillor  
19 September 2012



Rob Small  
Chief Executive Officer  
19 September 2012

# VAGO

Victorian Auditor-General's Office

## INDEPENDENT AUDITOR'S REPORT

### To the Councillors, Colac Otway Shire Council

#### *The Performance Statement*

The accompanying performance statement for the year ended 30 June 2012 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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*Auditing in the Public Interest*

# VAGO

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 2012 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 2012 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**  
21 September 2012

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

# Acronyms and Definitions

AFL	Australian Football League	ICLEI	International Council for Environmental Initiatives
ANZ	Australia and New Zealand Banking Group Limited	ICT	Information, Communication and Technology
ANZAC	Australia and New Zealand Army Corps (1914-18)	Interplan®	Council's Corporate Performance Management software system
CBD	Central Business District	JMAPP	Jardine Municipal Asset Protection Package
CEO	Chief Executive Officer	LTFP	Long Term Financial Plan
COOL	Colac Otway Outstanding Leadership	LPG	Liquid Petroleum Gas
COPACC	Colac Otway Performing Arts and Cultural Centre	MAV	Municipal Association of Victoria
Co-PYLIT	Colac Police Youth Liaison Team	OH&S	Occupational Health and Safety
COVEC	Colac Otway Vocational Education Cluster	PES®	Council's Corporate Personnel Evaluation software system
CPR	Cardio Pulmonary Resuscitation	SafetyMAP	Accreditation through the Victorian WorkCover Authority
DOT	Department of Transport	TAC	Transport Accident Commission
DSE	Department of Sustainability and Environment	TaxEd	Government and Non-Profit Tax Training & Support services
EEO	Equal Employment Opportunity	VCAT	Victorian Civil and Administrative Tribunal
EFT	Equivalent Full Time employees	VFL	Victorian Football League
FPN	Fire Prevention Notice	VOIP	Voice Over Internet Protocol
GSC	Great South Coast	VOX POP	Latin abbreviation of Vox Populi, meaning 'voice of the people'
GST	Goods and Services Tax	WHK	Accounting and financial advisors
MEMP	Municipal Emergency Management Plan		
MEMPC	Municipal Emergency Management Planning Committee		
FOI	Freedom of Information		
G21	Geelong Regional Alliance		
HTML	HyperText Markup Language is a markup language that web browsers use to interpret and compose text, images and other material into visual or audible web pages.		

# Sustainability Index



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**Colac Service Centre**

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Hours: 8.30am - 5.00pm  
Monday to Friday

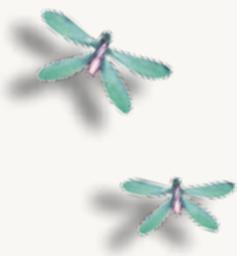
**Apollo Bay Service Centre**

69 Nelson Street  
Apollo Bay Vic 3233  
Phone: (03) 5237 6504  
Fax: (03) 5237 6734  
Hours: 8.30am - 1.00pm  
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