

The 2005 - 2006 Annual Report is a celebration of achievements according to our Vision, Mission, Values.



OUR VISION

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

OUR MISSION

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

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

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

The Shire of Colac Otway is committed to reporting the outcomes of financial and non financial performance to its ratepayers, residents, visitors, partners and statutory authorities.

OUR VALUES

Partnership

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

Consultation

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

Service

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

OUR CORE BUSINESS

To ensure Council focuses on the provision of services which address the legislated objectives of the Council. The Shire has categorised its business activities under the following headings

Statutory Requirement

There are State or Federal Government Legislative requirements that Council provides this service.

Funding Agreement

Council is funded to provide this service on behalf of another organisation.

Council Instigated

Over time Council has recognised a community need for a particular service and in the absence of another provider delivers this service to the community.

OUR OBJECTIVES

The Local Government Act 1989 outlines the objectives of a Council

- (1) The primary objective of a Council is to endeavour to achieve the best outcomes for the local community having regard to the long term and cumulative effects of decisions
- (2) In seeking to achieve its primary objective, a Council must have regard to the following facilitating objectives
 - (a) to promote the social, economic and environmental viability and sustainability of the municipal district;
 - (b) 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;
 - (c) to improve the overall quality of life of people in the local community;
 - (d) to promote appropriate businesses and employment opportunities;
 - (e) to ensure that services and facilities provided by the Council are accessible and equitable;
 - (f) to ensure the equitable imposition of rates and charges;
 - (g) to ensure transparency and accountability in Council decision-making

Colac Otway achieves its objectives by working together with the community, community associations, State and Federal Government bodies, major employers and key stakeholder organisations.

index of our achievements



Strong Leadership

Summary of our Performance Results for 2005/2006	4
Mayor Warren Riches celebrates a year of achievements	5
Chief Executive Officer Tracey Slatter reflects on success	7
Colac Otway a vibrant and progressive community	9
We celebrate with our communities	10
Structuring for success	12
Councillors and their Roles, Responsibilities and Performance	13
Governance	18
Planning and Accountability	26
Integrated Business Planning	28
Performance Measurement and Reporting	29
Victorian Local Government Indicators	30
Best Value - Continuous Service Improvement	31
Service Review	32
Audit Review Activities	33
Decision making in partnership with the community	34
Council Internal Support Services	35



Roads and Infrastructure

	46
--	----

Planning and Development

	54
--	----

Health, Recreation and Community Services

	59
--	----

Economic Development

	63
--	----

Environmental Sustainability

	69
--	----

Documents available to the public	71
-----------------------------------	----

Acronyms and definitions	72
--------------------------	----

Financial Sustainability	73
--------------------------	----

Financial Statements	79
----------------------	----

Notes to the Financial Statement	89
----------------------------------	----

Financial Statements Contents	90
-------------------------------	----

Contacting the Council	Back page
------------------------	-----------



Photos courtesy of The Colac Herald, Department of Sustainability and Environment, Caribou Publications, Great Ocean Road Marathon, Nicola Muxworthy, Michael Raynor, Stewart Milligan, Jon Barter and Daryl Jones.

performance results

summary for 2005/2006

SUMMARY OF OUR PERFORMANCE RESULTS FOR 2005/2006

Of the nine key performance targets set by Council for the 2005/2006 financial year, the Colac Otway Shire exceeded seven, was equal to the target on one, and one was not achieved.

Strategic Objective	2004/2005 Target	2004/2005 Actual	2005/2006 Target	2005/2006 Actual
STRONG LEADERSHIP - GOVERNANCE				
Ensure that Council Plan priorities are implemented	N/A	N/A	80%	95% ✓
Community Satisfaction Survey Index for Council's advocacy and community representation on key local issues	Index Mean 63	Index Mean 64	Index Mean 64	Index Mean 65 ✓
Community Satisfaction Survey Index for Council's engagement in decision-making on key local issues	Index Mean 60	Index Mean 61 ✓	Index Mean 61	Index Mean 64 ✓
Community Satisfaction Survey Index for Council's overall performance	Index Mean 65	Index Mean 62	Index Mean 62	Index Mean 65 ✓
Requests registered in the Colac Otway Request System are resolved within the allotted time	N/A	N/A	80%	82% ✓
PLANNING AND DEVELOPMENT				
Average time taken to process a planning application	50 days	77 days	60 days	64 days ✗
FINANCIAL MANAGEMENT/SUSTAINABILITY				
Working Capital Ratio (Current Assets to Current Liabilities)	1.5:1	2.47:1 ✓	1.5:1	2.43:1 ✓
ROADS AND INFRASTRUCTURE				
Ensure the Asset Renewal Gap is reduced	N/A	N/A	55%	55% →
Percentage of Capital Works expenditure project completed	85%	85%	85%	87% ✓

Notes: N/A Indicator was introduced for the first time in the 2005/2006 financial year

✓ Exceeded target

✗ Did not achieve target; however there was an 17% improvement over the 2004/2005 actual figure

→ Result equal to target



mayor warren riches celebrates a year of achievements

The past 12 months have been dynamic, exciting and rewarding for the Colac Otway community.

ADVOCACY A KEY ROLE FOR COUNCIL

In addition to our governance role, to implement the strategic priorities within our 2005 - 2009 Council Plan, the Council has focused on advocating for the necessary resources, on behalf of our residents, ratepayers and visitors. As a result of our advocacy activities we secured significant Government funding for the revitalisation of Lake Colac, the Great Ocean Road , and much needed road funding. The down side is, it's not recurrent.

As part of our advocacy role we have a responsibility to work with other organisations to benefit the wider region. During the past 12 months we have supported a number of regional initiatives.



In conjunction with G21 Alliance and Deakin University we wrote to Federal Minister for Health and Ageing, Tony Abbott and State Health Minister, Bronwyn Pike highlighting our strong support of Deakin's funding application for a medical training school in Geelong.



In April the Federal Government announced Geelong's Deakin University was successful in obtaining funding to establish Victoria's first rural and regional medical school. The funding means students will undertake placements in Western Victoria which, in our Shire, will include Colac Area Health plus Otway Health and community services in Apollo Bay.



Together with the South West Municipalities Group and G21 we recently made a submission to a State Government panel outlining our views on our preferred option for where the Geelong Bypass should intersect with the Princes Highway. Our option advocated for 100km continuous free-flowing traffic between the Geelong Bypass and the Princes Highway. We are continuing to advocate for this and for the building of a dual highway between Geelong and Colac.

With visits by both the Community Cabinet of the State Government and the Legislative Council of the Parliament of Victoria we had a golden opportunity to advocate for and showcase our municipality.

mayor warren riches

celebrates a year of achievements (cont'd)

COUNCIL IS COMMITTED TO ATTRACTING PEOPLE TO OUR SHIRE TO LIVE, WORK, INVEST AND PLAY

There has been a significant growth and development highlights to celebrate during the past twelve months. It is through the commitment of our business and industry representatives, educational providers and residents that our Shire is moving forward. Council's Planning Department approved a number of significant projects for the Shire during the year including the Aldi supermarket development, Apollo Blue, Lakeside and the Rodger residential estates, the Forest Street industrial subdivision and significant tourism developments.

CHOOSING TO BE A CITIZEN

Choosing to become an Australian citizen is an important expression of commitment to Australia and as mayor it is always a great honour to be part of their commitment. We congratulate the 15 residents who became Australian citizens and wish them all the best for the years to come.

OUR REMARKABLE YOUTH

We have a remarkable group of youth in our Shire striving to improve the situation for young people by working closely with each other, civic leaders and other adults. In August, a group of students from each of the three secondary schools in the Shire made a presentation to Council on the key issues raised at the recent Youth Forum. They talked about the importance of Lake Colac, the need to increase further education opportunities in the Shire, and the need for temporary housing for young people. We all agreed that Council and youth can achieve much by working in consultation with each other and we've made a long term commitment to support further Youth Forums.

VOLUNTEERS

A highlight for me has been the opportunity to recognise the work done by the unsung heroes of our community, our volunteers. There are so many volunteers who support local events and organisations, who work together to grow our small towns or help out a neighbour with their lawn mowing or odd jobs. Without volunteers this community would not be so vibrant. I count myself lucky that I am able to be a part of so many events that highlight how well the Colac Otway community presents itself and how we're able to shine under the spotlight, because Together Everybody Achieves More.

Warren Riches
Warren Riches
Mayor





CEO tracey slatter reflects on success

This year has been very exciting, both for the achievements that have been made and for the events that have occurred in our Shire.

LAKE COLAC AND APOLLO BAY HARBOUR

We have made significant progress in delivering on the community's priorities. Lake Colac's transformation has begun with a fabulous pathway extending between the Yacht Club and the Botanic Gardens. It is wonderful to see so many people each day enjoying walking or running along the Lake Colac foreshore. The Apollo Bay Harbour Redevelopment project is progressing well with the completion of the harbour precinct concept plan, the harbour capacity study, heritage study and Aboriginal archaeological assessment.



I have greatly appreciated the cooperation and enthusiasm from both community members and State Government department representatives involved in these projects.

INFRASTRUCTURE

We allocated an additional \$1.5M to last year's infrastructure allocation to improve 150 roads and related improvement projects to be completed throughout the Shire. This additional allocation was made possible through a combination of internal savings in other parts of the administration, reprioritising non-infrastructure renewal funding and by directing rate increases above CPI to infrastructure renewal projects. Not only has this improved our road network but it has enabled our infrastructure renewal gap to decrease from \$4.5M to \$3.2M in line with our Strategic Resource Plan objectives.



PLANNING A BETTER FUTURE FOR OUR TOWNS

The completion of the draft Apollo Bay Structure Plan in January 2006 was a major achievement. With the input of the community the plan provides a strong and positive community vision for Apollo Bay outlining numerous strategies to protect and enhance its special seaside village feel, majestic rolling hills and sea views. Good progress was also made on the Colac Structure Plan and the Wye River, Separation Creek and Kennett River Structure Plans. We have appreciated working with our community on these projects and it is heartening that our communities have such strong and positive visions for the protection and sustainable growth of our townships.





CEO tracey slatter

reflects on success (cont'd)

RESPONSIBLE FINANCIAL MANAGEMENT

2005/06 has also seen rewards from our proactive approach to responsible financial management. The increased spending on infrastructure renewal projects has seen our deficit reduce, and our loan liability has reduced from \$4.33M to \$3.92M. Our average rates remain below those of the large rural councils that we are benchmarked against and we have maintained and improved our service levels.

IMPROVING OUR ORGANISATION

We invested in our organisation through a number of strategies to improve governance and staff capacity. The Governance Review was conducted with the assistance of Terry Maher, an independent consultant. We strengthened our Council Code of Conduct, developed a Mayoral Role Statement and reviewed Council and operational policies.

A related review was the Organisational Review which clarified the roles of general managers, managers, the executive, and improved the structure of the organisation particularly through creating a clearer third line management group.

Management workshops were introduced to provide an interactive forum for managers to discuss ideas, issues and strategies, and to maximise cross-organisational linkages and problem solving. A management and leadership program was designed and implemented in response to issues raised in the previous year's employee climate survey. More than 30 senior staff participated in this leadership program which focused on project management, integrated business planning, effective communication and performance management.

OUR STAFF

In addition CEO/Staff forums were introduced to provide opportunities for communication and discussions on key issues for all staff. This year has been a very stable time from a

staffing perspective with turnover levels below the average for the large regional councils grouping. The results of this year's employee climate survey showed a significant improvement in the levels of staff satisfaction.

SHOWCASING THE SHIRE

The visit from the Victorian Government Cabinet and the hosting of a sitting of the Upper House of Parliament sitting at the Colac Otway Performing Arts and Cultural Centre in Colac provided tremendous opportunities for us to showcase what the Shire has to offer and to discuss and highlight our priorities. We have made the most of occasions like these by following through on agreements and discussions at these events.

IMPROVING OUR SERVICES TO THE COMMUNITY

All these achievements have been reflected in a substantial improvement in our 2006 Local Government Community Satisfaction survey results. In particular, strong improvements were seen in Council's overall performance and our performance on roads and footpaths. Our results are either similar to or higher than the average of the other large Victorian regional councils.

Finally, I would like to thank and congratulate staff for their achievements this year. It is noteworthy that 95% of our 2005/2006 Council Plan Actions have been achieved.

Next year we will continue to focus on the key projects of roads, Lake Colac, the Apollo Bay Harbour and responsible financial management, while we strive to efficiently provide high quality services for our community.



Tracey Slatter
CEO

colac otway

a vibrant & progressive community

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

Population	Projected population at June 2006 - 21,512 Median age at June 2003 - 39.6 yrs ¹
Area	3,533 (sq kms)
Length of Roads	1,676 km of local roads

In the northern hinterland agriculture prospers on the fertile plains, which are framed by volcanic lakes and craters. A drive south through Colac leads to the Otway Ranges and one of Australia's most significant cool climate rainforest areas. The Otway Ranges are important to the Shire and the wider region for tourism, timber and water harvesting activities. Dotted throughout the Shire are many small and historic towns with active community associations.

LARGE TOWNS: COLAC AND APOLLO BAY

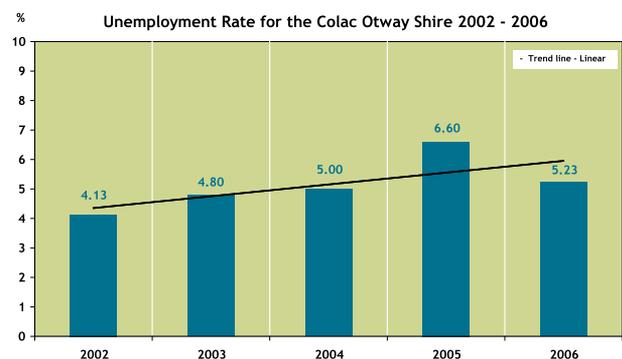
The City of Colac has a population of 10,186² which is 50.7% of the municipality's total population. The coastal township of Apollo Bay, a popular tourist destination, has a population of 1,190³, however for most of the year, approximately 50.5%⁴ of dwellings are unoccupied holiday homes. 63,579 visitors stayed on average 1.45 days⁵ in tourist accommodation, hotels and motels, within the Shire during 2004/2005. Tourism numbers are expected to double in the next five years with a six fold increase projected over the next 30 years.



MAJOR EMPLOYERS

The Shire's economy is historically based on primary production. The timber industry, with the harvesting of plantation timbers, is becoming a major industry for the municipality. The community support and health services are concentrated in the major centre of Colac, as are the major concentration of retail trade and manufacturing businesses. The top nine employers in Colac Otway Shire are

- CRF Colac Otway Pty Ltd. (food processors)
- Colac Area Health
- Wetenhalls Transport
- Colanda Residential Services
- Colac Otway Shire
- Associated Kiln Dryers (AKD) Softwoods
- Bulla Dairy Foods
- Fonterra
- Education Sector⁶



1 Source: Victorian Population Bulletin 2005 Department of Sustainability & Environment, Victorian State Government.
 2 Source: Department of Sustainability and Environment, Victoria in the Future 2004, printed in the Economic Indicators Bulletin 2003/2004, City of Greater Geelong.
 3 Source: Towns in Time, 2001 Department of Infrastructure, Victorian State Government.
 4 Source: Department of Sustainability and Environment, Victoria in the Future 2004, printed in the Economic Indicators Bulletin 2003/2004, City of Greater Geelong.
 5 Source: Australian Bureau of Statistics, Tourist Accommodation Small Area Data. Catalogue No., 8635.2.40.001
 6 Source: Department of Sustainability and Environment, Victoria in the Future 2004, printed in the Economic Indicators Bulletin 2003/2004, City of Greater Geelong.

we celebrate with our communities



THE COMMUNITY CABINET'S VISIT

In August 2005 we hosted a visit from the Victorian Government's Community Cabinet. This was a significant opportunity to highlight our key priorities with the Premier Steve Bracks and Government Ministers, particularly Lake Colac, Apollo Bay Harbour and the need to invest in infrastructure in our hinterland. The Old Beechy Rail Trail was launched by the Premier, Steve Bracks, and the Minister for Environment John Thwaites during the Community Cabinet visit.

A DAY WITH THE LEGISLATIVE COUNCIL OF THE PARLIAMENT OF VICTORIA

September 2005 saw us hosting the third regional sitting, outside Melbourne, of the Legislative Council of the Parliament of Victoria at the Colac Otway Performing Arts and Cultural Centre. This sitting was particularly significant because it was chosen to be the event which officially launched the beginning of celebrations for the 150th Anniversary of the Parliament of Victoria.

This visit provided the opportunity to our community, in particular school children, to see Parliament in action and gave Council the opportunity to raise issues which affect our municipality with the relevant members of the Legislative Council.

THE LIVING IN HARMONY - BRIDGING THE GAP FESTIVAL

In conjunction with the sitting of the Legislative Council the 'Living in Harmony - Bridging the Gap' multicultural festival was run by Colac ACE in partnership with Council. The festival celebrated and raised awareness of the many different cultures which make up our community. The festival was held in the landscaped gardens surrounding the Colac Otway Performing Arts and Cultural Centre allowing politicians and our community to mingle and enjoy a wide variety of music, performances and displays and enjoy the delicious fare provided by our multicultural community.

THE COMMONWEALTH GAMES

The Queen's Baton Relay

Combined with great weather and the KANA festival, the visit by the Queen's Baton was a real highlight for the Colac Otway community. People lined the streets to see the Baton Relay pass and to cheer on our local runners.

Putting a Face to the Blazer

A Commonwealth Games display was compiled by students from Lavers Hill P-12 and held in Colac Otway Performing Arts and Cultural Centre foyer. The display highlighted sports memorabilia, photographs and stories about local sporting heroes. The display attracted a slightly different audience than the usual arts and film loving community. As the sports fans rolled in to see the Local Sporting Heroes Display, they made themselves comfortable on the lounges and watched the Games action on the big screen.

We supported England during the Games

We were proud to adopt the English team as our adopted team for the 2006 Melbourne Commonwealth Games, as we have a strong heritage link with England. We endeavoured to give the English team a presence in the region in the lead up to the Games.

We had Noddy, a traditional 64 seater double decker bus, tour Colac's town centre during the Queen's Baton Relay. We encouraged people attending the relay to don red, white and blue in support of both the English and Australian teams. Hundreds of people lined the streets waving the flag of St George. A member of Council's staff personally greeted the English team on their arrival at the Games Village and Mayor Cr. Warren Riches was hosted by the team at the Games Village.



U3A OPENS IN COLAC

There are University of the Third Age groups all over the world, which encourage life-long education in an atmosphere of mutual learning and teaching. Each U3A is a learning community, organised by and for people who can best be described as being active in retirement - the so-called Third Age of their lives. Stimulating the mind and body helps retain quality of life. We congratulated Colac ACE and the U3A Committee for their initiative in setting up U3A and encouraged those “third age” members of our community to get involved.

OPENING THE OLD BEECHY RAIL TRAIL

Victorian Premier Steve Bracks opened the Colac to Gellibrand stage of the Old Beechy Rail Trail. This was a day of immense satisfaction and pride for our community, especially for the Old Beechy Rail Trail Committee, who along with the Council, have been instrumental in seeing the track completed. The original line from Colac to Beech Forest opened over 100 years ago providing an important transport link for the central Otways at a time when building a railway was cheaper than a road. A century later the Beechy Line has a new life providing a bicycle and walking track stretching 45 kms from Colac to Beech Forest.

Council and the Old Beechy Rail Trail Committee also hosted a Community Opening for the Old Beechy Rail Trail in Gellibrand on October 22, 2005. People of all ages walked across the newly constructed Gellibrand River pedestrian bridge and Council staff rode their bikes from Colac along the trail to enjoy the festivities.

THE RUNNING OF THE GREAT OCEAN ROAD INTERNATIONAL MARATHON

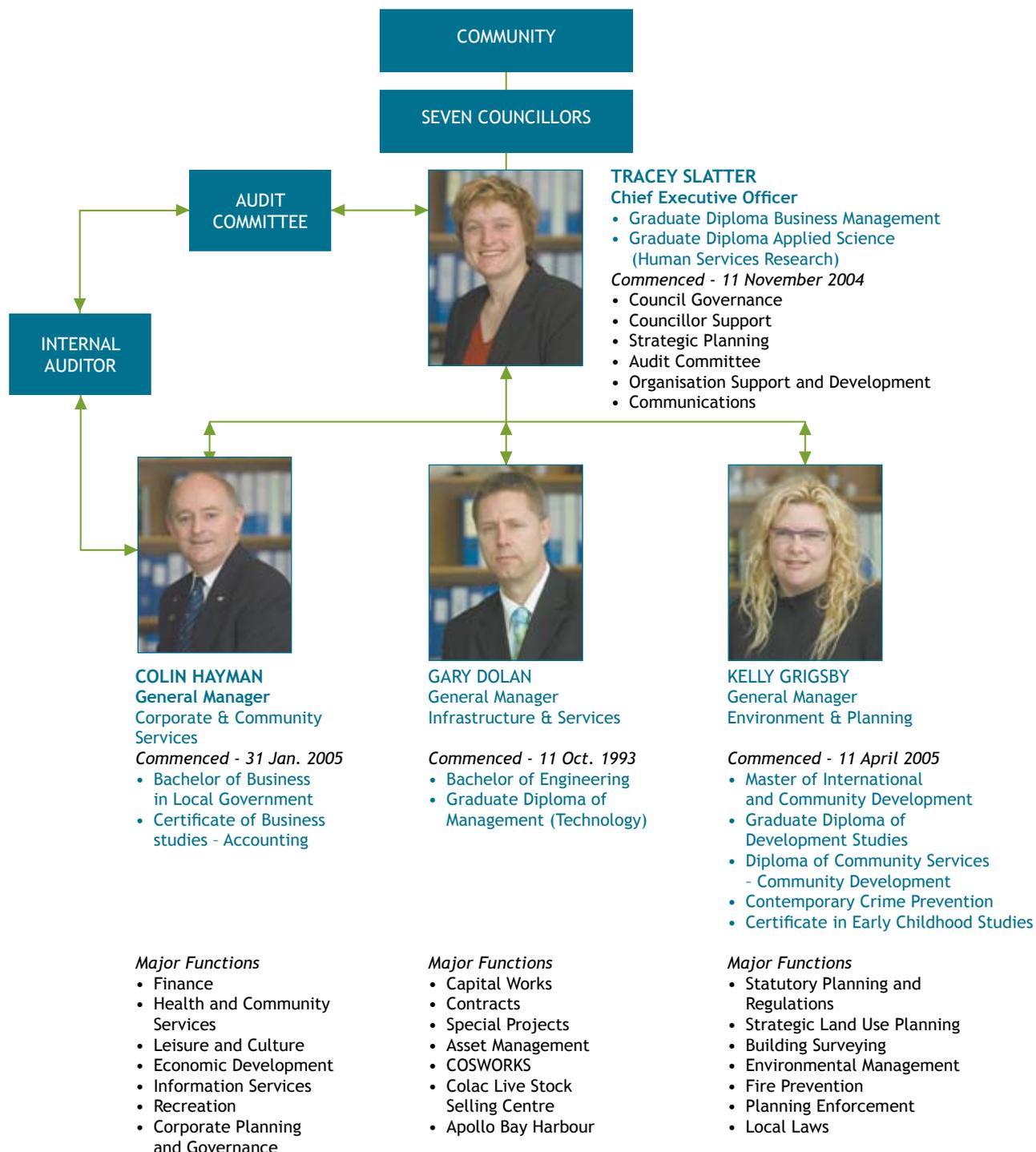
The second Great Ocean Road International Marathon and distance running festival was held on the weekend of May 20 and 21, 2006. The Great Ocean Road provided a spectacular and challenging course and attracted some big names this year, including Melbourne Commonwealth Games gold medal winner and super-mum Kerryn McCann. Four-time Olympian and Commonwealth Games gold medallist Steve Moneghetti is the event’s patron. Fellow Olympian Lee Troup was the event’s ambassador-at-large.

BUILDING BOOM

There were 607 building permits issued within the Shire for the 2005 calendar year. The value of these works was \$64,340,000. The previous calendar year of 2004 had 543 permits issued with work to values of \$64,143,000.



structuring for success



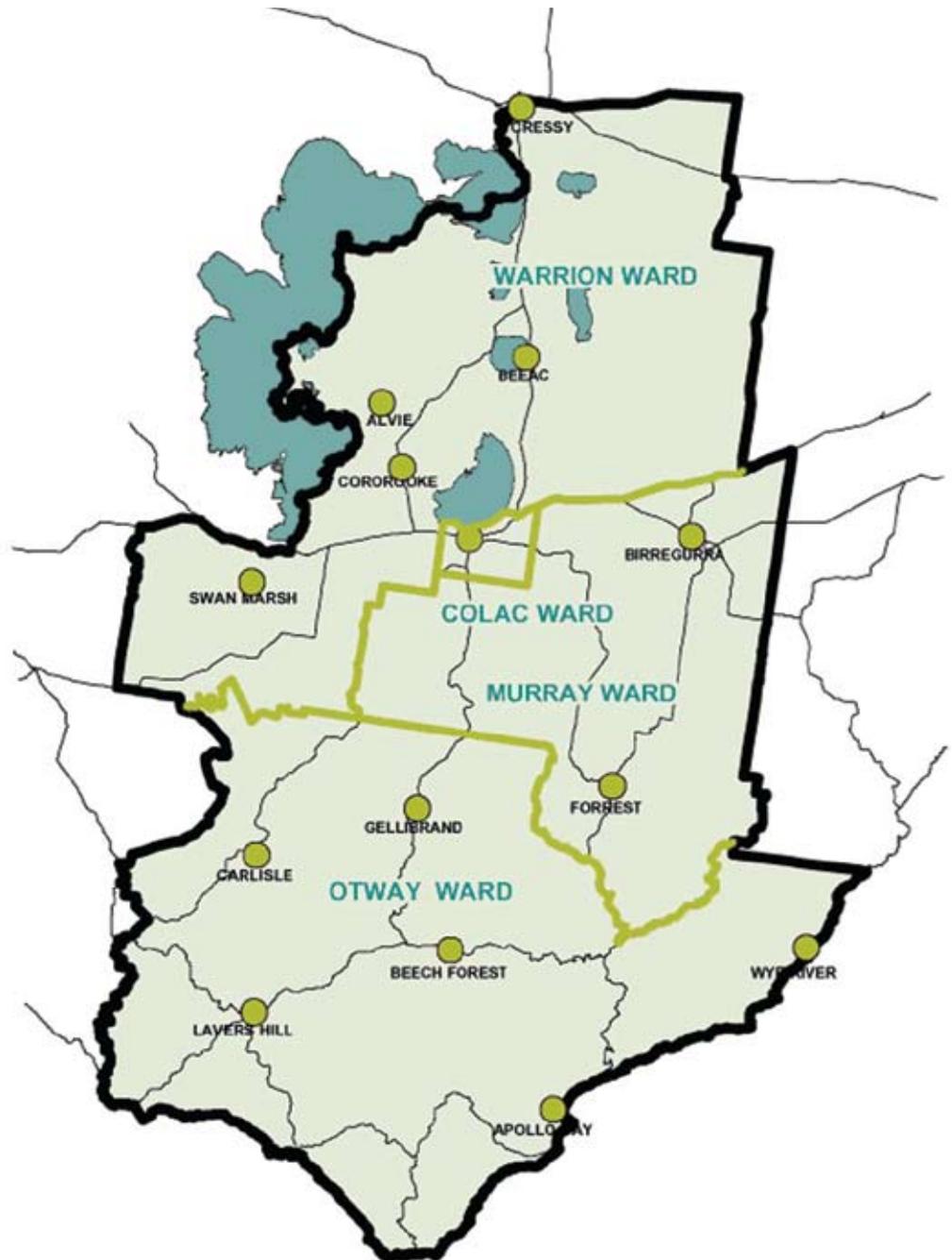
► It is proposed that early in the 2006 - 2007 financial year that some minor adjustments to our structure will be made which will enhance the delivery of services to our community.



councillors

and their roles, responsibilities and performance

Council Boundary and Wards



▶ The Victorian Local Government Act 1989 Act No. 11/1989

PART 1 - PRELIMINARY

1. Preamble

(3) states 'it is necessary to ensure that the Councillors who comprise each Council are democratically elected by persons entitled to vote at municipal elections and that the Council is responsible and accountable to the local community'.

It further states (4) 'it is the role of the Council to provide governance and leadership for the local community through advocacy, decision making and action'.

The legislation stresses 'it is essential that there is a legislative framework that provides for Councils to be accountable to their local communities in the performance of functions and the exercise of powers and the use of resources'.

councillors

and their roles, responsibilities and performance (cont'd)



MAYOR CR. WARREN RICHES

Warrion Ward *First elected 1996, Re-elected 1999, 2002, 2004
Mayor 2001 to 2002, 2004 to 2005, 2005 to 2006*

Represents 2,988 voters

Committees

- **Australian Local Government Association**
- **Bluewater Fitness Centre Advisory Committee** - *To consider issues relating to the operations of the Bluewater Fitness Centre*
- **COPACC Trust** - *The Trust is an independent committee appointed to accept donations used for the development of COPACC facilities and programs*
- **Lake Colac Co-ordinating Committee** - *To produce a management plan for Lake Colac with environmental, recreational, business and social actions. Assign responsibility to various agencies*
- **Municipal Aerodrome Committee - Colac** - *Manage day to day operations and maintenance*
- **Municipal Association of Victoria (MAV)** - *To act as a Victorian Local Government peak body*
- **Premier Recreation Reserve Committee** - *To monitor and review development of Colac's Central Reserve*
- **Rural Councils Network (Vic)** - *Cooperative grouping of Victoria's rural Councils which acts collectively to influence decision makers and tackle the longer term strategic challenges facing rural communities*
- **South West Municipalities Group** - *To advocate and co-ordinate planning on regional issues (Eight municipalities)*
- **Tirrengower Drainage Scheme Committee of Management** - *Manage drainage scheme and maintenance*



CR. BRIAN CROOK

Colac Ward *First elected 2002
Re-elected 2004*

Represents 8,544 voters in conjunction with two other councillors

Committees

- **Education Steering Committee** - *To represent industry, secondary education and South West Local Learning and Employment Network (SWLLEN)*



CR. GEOFF HIGGINS

Colac Ward *First elected 2004*

Represents 8,544 voters in conjunction with two other councillors

Committees

- **Community Transport Steering Committee**
- **Corangamite Catchment Rural Counselling Service**
- **Ondit Quarry Consultative Committee** - *Required by Victorian Civil Administrative Tribunal to manage concerns between landholders and the quarry operations*
- **Timber Towns Committee** - *MAV Working Group to further the interest of towns which have timber industries*



councillors

and their roles, responsibilities and performance (cont'd)



CR. CHRIS SMITH

Colac Ward

Represents

Committees

First elected 2004

8,544 voters in conjunction with two other councillors

- **Barnard Trust Committee** - Administer scholarship fund bequeathed to two Colac public secondary schools
- **Education Steering Committee** - To represent industry, secondary education and SWLLEN
- **Lake Colac Co-Coordinating Committee** - To produce a management plan for Lake Colac with environmental, recreational, business and social actions. Assign responsibility to various agencies
- **Neighbourhood Renewal Playground Improvement Project** - To participate in the improvement project
- **Old Beechy Rail Trail Committee** - To monitor and review the development of the Old Beechy Rail Trail. Council section 86 Committee
- **Police Community Consultative Committee** - To identify and act on local safety issues in conjunction with Colac police
- **Rural Councils Network (Vic)** - Cooperative grouping of Victoria's rural councils which acts collectively to influence decision makers and tackle the longer term strategic challenges facing rural communities
- **Youth Council** - To pursue initiatives for young people across the Shire in accordance with mission statement



CR. STUART HART

Otway Ward

Represents

Committees

First elected 2002 Re-elected 2004

5,828 voters in conjunction with one other councillor

- **Apollo Bay Harbour Steering Group** - Preparation of expression of interest document for possible commercial development in the harbour precinct
- **Cliff Young and Community Recreation Centre Committee** - To monitor and review the recreation centre at Lavers Hill
- **Lavers Hill Swimming Pool Committee of Management** - To monitor and review management of the Lavers Hill pool
- **Otways Tourism Inc.** - The Board is an independent body appointed to develop policy and implement strategies facilitating tourism marketing and information services

councillors

and their roles, responsibilities and performance (cont'd)



CR. JOE DI CECCO

Otway Ward First elected 2004

Represents 5,828 voters in conjunction with one other councillor

Committees

- **Apollo Bay Harbour Steering Group** - Preparation of expression of interest document for possible commercial development in the harbour precinct
- **Apollo Bay Leisure Centre Committee** - Management of the Leisure Centre at Apollo Bay
- **Port of Apollo Bay Consultative Group** - To consider issues related to the Port of Apollo Bay
- **Geelong Otway Tourism Board** - To set strategic long term direction and priorities for Geelong Otway Tourism Inc. A regional tourism body, incorporating Geelong, Bellarine, Colac Otway and the Surf Coast
- **Otway's Tourism Inc.** - The Board is an independent body appointed to develop policy and implement strategies facilitating tourism marketing and information services



CR. PETER MERCER

Murray Ward First elected: 1996

Re-elected 1999, 2002, 2004

Mayor: 2000/2001, 2002/2003

Represents 2,664 voters

Committees

- **Barwon Regional Waste Management Committee** - To provide a framework for strategic regional waste management planning
- **CFA Region 6 Fire Prevention Committee** - Regional Committee covering Colac Otway and Corangamite Shires, dealing with strategic issues i.e. rail, road, fire prevention, powerlines clearances and interagency reports
- **Colac Livestock Selling Centre Management Committee** - Oversee the operation of the Colac Livestock Selling Centre
- **Colac Otway Shire/Corangamite Local Safety Committee** - To identify and act on community safety issues within the two Shires arising from local priority policing
- **COPACC Trust** - The Trust is an independent committee appointed to accept donations used for the development of COPACC facilities and programs
- **Corangamite Regional Library Corporation** - The Corporation determines policy in the delivery of services throughout the region (Warrnambool, Moyne, Corangamite, Colac Otway)
- **Friends of the Botanic Gardens** - An advisory committee undertaking projects and advising Council on the care and protection of the gardens
- **Municipal Emergency Management Planning Committee** - Ensure the prevention of, the response to and the recovery from emergencies that could occur within the Shire
- **Rural Access Advisory Group** - To oversee the management and direction of the Rural Access Project on inclusive communities for the disabled. This is held in partnership with Surf Coast Shire



councillors

and their roles, responsibilities and performance (cont'd)

Attendance at Council Committees

	Planning Committee	Roads Committee
Number of meetings	11	4
Cr. Warren Riches	11	3
Cr. Brian Crook	11	4
Cr. Geoff Higgins	9	1
Cr. Chris Smith	10	3
Cr. Joe Di Cecco	11	3
Cr. Stuart Hart	8	1
Cr. Peter Mercer	11	4

Attendance at Council Meetings and Workshops July 1, 2005 to June 30, 2006

	Ordinary Meetings	Special Meetings	Statutory Meetings	Council Workshops
Number of meetings	12	5	1	19
Cr. Warren Riches	12	5	1	19
Cr. Brian Crook	12	3	1	14
Cr. Geoff Higgins	11	5	1	11
Cr. Chris Smith	12	5	1	19
Cr. Joe Di Cecco	12	4	1	18
Cr. Stuart Hart	12	5	1	18
Cr. Peter Mercer	12	5	1	19

▶ Agendas and minutes of Council meetings are placed on Council's website, distributed to community and township associations and are made available to the community from Council's Customer Service Centres at Colac and Apollo Bay.

The community can access minutes and agendas via Council's web page www.colacotway.vic.gov.au

Statutory Meeting

November 30, 2005: Election of the Mayor

Special Meetings

Date	Purpose
July 27, 2005	Adoption 2005 - 2006 Budget
September 21, 2005	Receive verbal submissions on Local Laws
September 23, 2005	Adoption of local laws Certification of Financial statements
March 10, 2006	Rescind in-committee notice of motion Move in-committee to discuss correspondence received
June 14, 2006	Draft Budget Draft Rating Strategy



governance

COUNCILLOR ALLOWANCES

During the year, Council made a submission to the Local Government Panel regarding the Councillors' Allowances Category. Council requested a category change under section 74(C) of the Local Government Act from Category 1 to a Category 2 Council based on population and revenue levels.

The Panel recommended that Order in Council be made to change the Category of the Colac Otway Shire Council from a Category 1 to a Category 2 Council.

The Order in Council was gazetted on December 22, 2005.

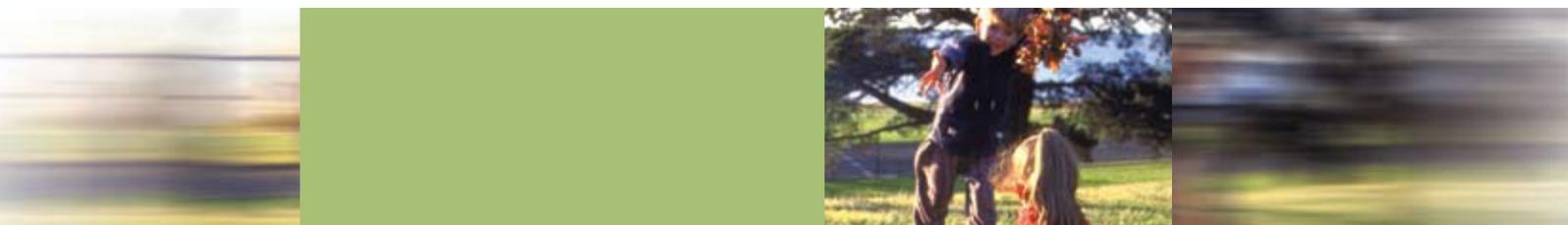
Council resolved that the Councillor Allowance be set at \$15,000 per annum (previously \$12,000) and the Mayoral Allowance be set at \$45,000 (previously \$36,000).

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. This occurs where the expenditure is incidental to or consequent upon the exercise of Council functions.

Details of allowances paid to or on behalf of Councillors in the period July 1, 2005 to June 30, 2006 are as follows

Councillor	Allowance	Travelling	Total
Cr. Warren Riches (Mayor)	\$40,738	Car Provided	\$40,738
Cr. Brian Crook	\$13,579	0	\$13,579
Cr. Geoff Higgins	\$13,579	0	\$13,579
Cr. Chris Smith	\$13,579	\$10,958	\$24,537
Cr. Stuart Hart	\$13,579	\$20,110	\$33,689
Cr. Joe Di Cecco	\$13,579	\$16,730	\$30,309
Cr. Peter Mercer	\$13,579	\$10,670	\$24,249
Total	\$122,212	\$58,468	\$180,680

▶ Council conducts business in open and publicly advertised meetings held in Colac and Apollo Bay. In 2005/2006 there were twelve ordinary meetings, five special meetings and one statutory meeting of council.



governance (cont'd)



COMMITTEES OF COUNCIL

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

The 2005 - 2006 Committees of Council are detailed below

Attendance at Council Meetings and Workshops July, 1 2005 to June, 30 2006

Councillor	Committee	Meeting Frequency	Purpose/Comments
Cr. Brian Crook Cr. Peter Mercer	Audit Committee	Quarterly, or more frequently as determined	The structure of the committee was changed by Council at the July, 27 2005 Council meeting. The committee is now made up of two Councillors and two independent members with an independent member as the chairperson. This committee advises Council. The Chief Executive Officer (CEO) is a non-voting member.
All Councillors	Chief Executive Officer Appraisal Committee	Half Yearly	The primary purpose of this committee is to review the CEO's performance.
Cr. Chris Smith Cr. Stuart Hart	Contracts Committee	As required	The purpose of this committee is to evaluate tenders and make recommendations on the awarding of contracts of \$100,000 to \$200,000 outside the normal Council meeting cycle. The CEO is a non voting member.
All Councillors	Planning Committee	Meets the second Wednesday of the month (except December), or more frequently as required	The Planning Committee has been established under section 86 of the Local Government Act 1989 and section 188 of the Planning and Environment Act 1987. The Committee has the power to make determinations on planning matters as set down in the Instrument of Delegation.
All Councillors	Roads Committee	Quarterly, or more frequently as determined	The Roads Committee has been established as an advisory committee under Section 86 of the Local Government Act 1989. The Committee has the power to make determinations on matters set down in the Instrument of Delegation. A VicRoads Representative has been appointed until November 2008.
Australia Day Committee	Cr Warren Riches Cr. Geoff Higgins Cr. Peter Mercer Cr. Joe Di Cecco	Once per year in December/January	The purpose of this committee is to review nominations and select Australia Day Award winners in the various categories.
Grants/Community Funding Committee	Cr Warren Riches Cr. Brian Crook Cr. Peter Mercer Cr. Chris Smith Cr. Stuart Hart	Once per year in June/July	The purpose of this committee is to consider the applications received for the Community Funding program, make recommendations and any strategic directions for the specific projects or funding programs.

governance (cont'd)



COMMITMENT TO THE CODES OF CONDUCT

Council Code of Conduct

Council, as part of an overall Governance Review, revised the Code of Conduct and developed a Role Statement for the Mayor. These documents were endorsed by Council in January 2006. The Code aims to embrace the principles of good governance, guide Councillors' behaviour, accountability and dispute resolution between Councillors.

The process of revising the Code and developing of the Mayoral Role Statement was carried out with Councillors which helped to create shared ownership of the Code.

Copies of the Code are available on Council's website:
www.colacotway.vic.gov.au

Staff Code of Conduct

The Local Government Act 1989 Section 95 details the Conduct Principles for Council staff. The Colac Otway Shire Staff Code of Conduct was developed during early 2005 and distributed to staff in June 2005.

The Code of Conduct pertains to all employees, contractors and volunteers working on behalf of the Council and reflects the underlying principle that all Council business be conducted legally, ethically and with the highest standards of integrity and professionalism.

Governance Review Program

Council carried out a Governance Review Program under the guidance of Mr Terry Maher, an independent expert, during the period October 2005 to June 2006.

The review included

- An assessment and updating of Governance policies, procedures and practices
- The development of a Role Statement for the Mayor
- The revision and updating of the Council Code of Conduct
- Feedback to Council's executive and Councillors on our governance policy and practices

Mr Maher prepared a Governance Review report detailing observations made in the course of the review as well as a number of recommendations for presentation to Council.

The recommendations were endorsed by Council in June 2006 and are available on the council's website www.colacotway.vic.gov.au under Council/Council Minutes.

POLICY AND STRATEGY REVIEW

As part of the Governance Review Program a review of all Council policies was undertaken during the year and was considered by Council in May 2006.

The Council Policies were categorised as follows

- Policies with no changes
- Policies to be revoked
- Policies that have been redrafted
- Policies yet to be reviewed

As a result of the review a revised policy manual consisting of the policies where no changes were made and policies that have been redrafted is now available. The policies are available to staff and the public on the Council's website www.colacotway.vic.gov.au

governance (cont'd)

POLICY AND STRATEGY REVIEW (CONT'D)

The following policies and strategies were reviewed and or adopted by Council during 2005/2006

Document	Date Adopted
Forrest Wastewater Issues Paper	July 27, 2005
Municipal Early Years Plan	November 23, 2005
Council Intervention into Private Building Surveyors Functions Policy	November 23, 2005
Swimming Pools and Spa Safety Barriers Policy	November 23, 2005
Heavy Vehicles Access Policy	December 14, 2005
Whistleblowers Protection Act 2001 Procedures	January 25, 2006
Special Rates and Charges Policy	January 25, 2006
Municipal Emergency Management Plan	March 22, 2006
Section 86 Committees - Management of Council Owned and Controlled Properties Policy	May 24, 2006
Community Consultation Policy	May 24, 2006
Residential Properties deemed to be Not Rateable as used for Charitable Purposes	June 28, 2006
Amended Road Management Plan	June 28, 2006
Strategic Asset Management Plan	June 28, 2006

FREEDOM OF INFORMATION ACT 1992

The Freedom of Information Act 1992 requires Council to make available information and documentation where such information and documentation is not exempted by the legislation. Council processed nine requests during the year for information under the provisions of this Act.

FOI APPLICATIONS RECORDED	2005-06	9
	2004-05	13
	2003-04	18
	2002-03	21

WHISTLEBLOWERS PROTECTION ACT 2000

The Whistleblowers Protection Act 2001 was implemented on the January 1, 2002. In November 2001, the Colac Otway Shire, adopted a policy of support for the contents of the Act and agreed to the nomination of a co-ordinator to receive disclosures.

Council's Whistleblowers Protection Act 2001 Procedures were revised and endorsed by Council in January 2006. No disclosures have been received for the year ending June 2006.

DISCLOSURES RECORDED	2005-06	0	2004-06	0
	2003-04	0	2002-03	0

INFORMATION PRIVACY ACT

Council believes that the responsible handling of personal information is a key aspect of democratic governance and is strongly committed to protecting an individual's right to privacy. Accordingly, Council is committed to full compliance with its obligations under the Information Privacy Act 2000 (Vic) and the Health Records Act 2001. There have been no complaints to Council in relation to the Information Privacy Act during the year ending June 30, 2006. Council's Information Privacy Policy was reviewed in May 2006.

governance (cont'd)



REVIEW OF LOCAL LAWS

Following extensive community consultation Council reviewed and revised the following Local Laws

Local Law No. 1 Consumption of Liquor in Public Places	Adopted August 24, 2005	Operation Date September 24, 2005
Local Law No. 2 General Local Law	Adopted September 23, 2005	Operation Date September 24, 2005
Local Law No. 4 Processes of Municipal Government	Adopted August 24, 2005	Operation Date September 24, 2005
Local Law No. 5 Colac Livestock Selling Centre	Adopted August 24, 2005	Operation Date September 24, 2005

OTHER LOCAL LAWS

No change was made to Local Law No. 11 - Livestock. This law is to be reviewed in 2006/2007.

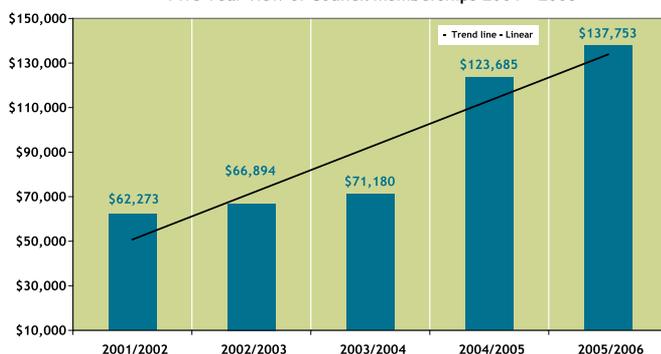
The following local laws were revoked as part of the review

- Local Law No. 2 Street Management and Protection of Physical Assets
- Local Law No. 3 Environmental Health
- Local Law No. 5 Municipal Property
- Local Law No. 7 Windrow Burning
- Local Law No. 10 Petitions
- Local Law No. 12 Amendment Local Law
- Local Law No. 13 Amendment Local Law

COUNCIL MEMBERSHIPS

Organisation	Amount \$	Organisation	Amount \$
Geelong Otway Tourism	54,057	Timber Towns Victoria	2,000
G21 - Geelong Regional Alliance	40,300	Local Government Managers Australia	1,705
Municipal Association of Victoria	18,400	National Seachange Taskforce	900
Barwon Regional Waste Management Group	13,013	Victorian Association of Performing Arts Centres	750
VECCI	3,395	Local Government Professionals	650
Livestock Saleyards Association of Victoria	2,233	Australian Airports Association	350
		Total	\$137,753

Five Year view of Council Memberships 2001 - 2005



A five year view of Council memberships indicates there has been a 45% increase in the cost of memberships to strategic alliances and industry organisations. This increase in the cost of memberships is primarily due to Council's increased advocacy role and regional strategic planning activities. The sharp increase in the cost of Council memberships between 2003/2004 and 2004/2005 was due to the Shire becoming part of the G21 Regional Alliance.



governance (cont'd)

SALE OF PROPERTY

The Council disposed of two parcels of land during 2005/2006

Location	Amount \$
Lakeside Estate	1,030,000
Lake Corangamite Road	10,909
Total	\$1,040,909

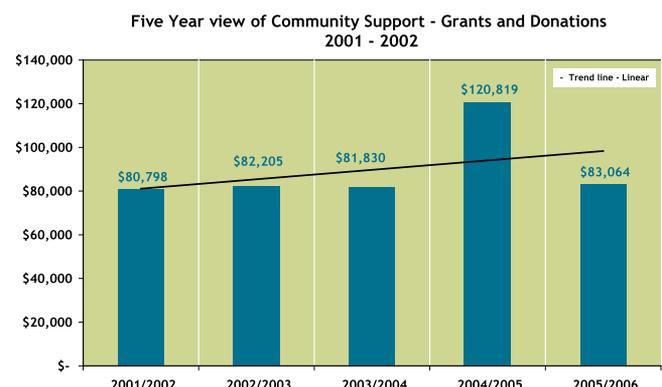
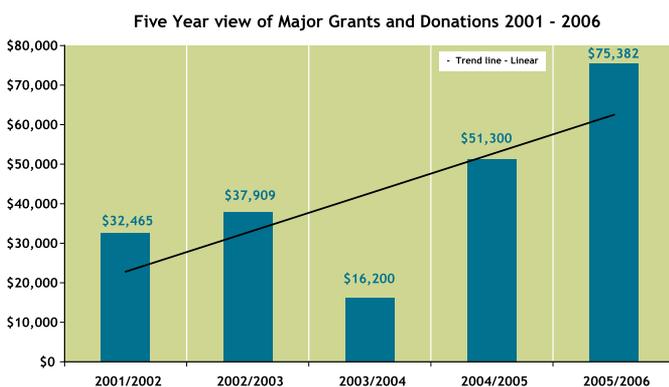
MAJOR GRANTS AND DONATIONS

Council made a 68% increase in Major Grants and Donations over the 2005/2006 financial year

Organisation	Amount \$
Apollo Bay Music Festival	18,182
Surf Life Saving Clubs	15,200
Great Ocean Road International Marathon	10,000
Otway Business Inc.	8,000
Spirit of Christmas in Colac	7,000
Southern Otway Landcare	5,000
Apollo Bay Chamber of Commerce & Tourism - Community Bus	4,000
Colac KANA Festival	3,000
Birregurra Weekend Festival	2,500
Corangamite Catchment Rural Counselling Service	1,500
Portsea Children's Holiday Program	1,000
Total	\$ 75,382

Over the past five years Council has provided \$213,256 in Major Grants and Donations to support community events and organisations. There was a \$24,082 increase in Major Grants and Donations over the 2004/2005 financial year.

A five year view of the Community Support Grants and Donations indicates Council has provided a total of \$448,716 to support community groups, with a variety of projects, ranging from minor maintenance to the purchase of life saving equipment.



governance (cont'd)

COMMUNITY SUPPORT GRANTS AND DONATIONS

Council provides Community Support Grants and Donations to community groups for the purpose of undertaking cultural, recreational, environmental and community support projects and activities. In the 2005/2006 financial year this amounted to \$83,064.

Organisation Recreation Grants	Purpose	Amount \$
Apollo Bay Surf Life Saving Club	Refit and repairs to first aid room	4,218
Barwon Downs Tennis Club	Improve outdoor surface area and upgrade water pressure system	1,374
Beech Forest & District Progress Association	Purchase 20 chairs for use in the hall	800
Birregurra Recreation Reserve	Upgrade car parking, coaches box and tennis shelter	3,000
Colac Central Bowling Club	Construct shelters and replace stove	3,000
Colac City Band	Install security and outside lighting and the purchase of a hot water service	429
Colac Little Athletics Club	Provide rubber matting on long jump and triple jump surface	2,955
Colac Motorcycle Club	Install and construct lap scorers box and start gates	8,379
Colac West Cricket Club	Concrete between practice wickets and replace synthetic wicket	3,000
Cressy & District Action Group	Improvements to Infant Welfare Centre to be used as a Neighbourhood House	2,000
Cressy Bowling Club Inc	Installation of sun shade on the south side of the green	770
Kawarren Tennis Club	Resurface two tennis courts and surfacing of surrounding verges	11,060
Kennett River Association	Upgrade Tennis Courts	2,000
Kennett River Surf Life Saving Club Inc	Complete disabled access and regrade sewer line	2,250
Lavers Hill Public Hall	Sand and seal the supper room floor	637
Otway Cricket Club	Replace synthetic cricket pitch	300
Warncoort Tennis Club	Replace fencing to recently constructed tennis court	2,000
Warrion Recreation Reserve	Trim oak trees, cypress plantation and remove gum trees	2,100
Wye River Surf Life Saving Club	Purchase defibrillator and associated training for volunteers	3,773
Sub Total		\$54,045

governance (cont'd)

COMMUNITY GRANTS

Organisation Recreation Grants	Purpose	Amount \$
Apollo Bay & District Permaculture Group	To conduct a Heritage Fruit Tree Grafting Day	1,000
Apollo Bay & Otway District Agricultural Show	Purchase of public address system	1,322
Apollo Bay Arts Inc	Provide "Warm Winter Words" at Apollo Bay	400
Apollo Bay Sailing Club	Extend training activities to develop sailing skills	1,750
Apollo Bay Youth Club	To conduct theatrical performances and workshops	4,430
Arts Colac Inc	Support touring performance at Colac Otway Performing Arts and Cultural Centre and organise tour to National Gallery of Victoria	2,210
Barwon Downs Community Group Inc	Continued development and production of a neighbourhood newsletter	600
Beeac District News	Produce monthly community newsletter	800
Birregurra Mail Organisation Inc	Purchase a new computer with printer copier and scanner	797
Colac & District Family History Group Inc	Purchase of special folders to preserve the collection of 600+ maps	1,028
Colac & District Historical Society	Purchase of microfilms to record Colac Herald	1,305
Colac Carers Activities	Provide a luncheon for carers to network	500
Colac Do Care Inc	To facilitate bus outing and lunch for 'Do Care' clients and volunteers	500
Colac Otway U3A	Promote and launch Colac Otway U3A	4,250
Colac Pony Club inc	Purchase a copier	1,024
Colac Quilters Inc	Purchase hanging rods and hooks, fabric screens for exhibitions	903
Colac Toy Library Inc	Replace existing computer and purchase new toys	1,100
Colac Writers' Guild	Provide writers workshop and bus trip to Melbourne to visit Victorian writers' Centre	500
Old Beechy Rail Trail	Official opening of Old Beechy Rail Trail	2,000
Otway Unit Victoria SES	Marquee to support Otway State Emergency Service and other emergency services	2,250
South West Local Learning and Employment Network	To conduct a Youth Forum	350
Sub Total		\$ 29,019
Total of Grants		\$ 83,064

planning and accountability



Council's strategic plan, the Council Plan, is a four year program developed in 2004/2005 by the Council, community and staff. The Plan sets the strategic direction for the organisation up until June 30, 2009.

The Plan identifies seven priority areas

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

The 2005/ 2009 Plan is revised annually and was last reviewed by Council between November 2005 and March 2006. As a result of the review and following extensive community consultation 12 new strategies were identified which were then integrated into the revised Council Plan. The revised 2005 - 2009 Council Plan is available on Council's website www.colacotway.vic.gov.au The Plan will undergo a major review following the Council election in November 2008.

Under the seven Council Plan priority areas the 2005 Council Plan review saw 12 new strategies added

FINANCIAL SUSTAINABILITY

- Ensure our debt is managed and levels of debt are maintained below prudential guidelines

ROADS AND INFRASTRUCTURE

- Manage our roads according to Council's Road Management Plan
- Strategically manage the impacts on Council's local road network giving consideration to emerging industries and changes in transport demands

PLANNING AND DEVELOPMENT

- Prepare Structure Plans that provide long term vision, planning and a development framework for the townships of Birregurra and Forrest



ENVIRONMENTAL SUSTAINABILITY

- Raise awareness of environmental issues through increased community engagement and improved access to information
- Establish environmental best practice as a benchmark for managing natural resources in relation to Council assets (including storm water management, energy use and water use)
- Implementing environmental best practice through planning conditions in line with regional, state-wide and national legislation and established procedures in regard to land use management
- Working in partnership with other responsible authorities and environmental groups to improve facilitation of environmental projects

HEALTH RECREATION AND COMMUNITY SERVICES

- Investigate strategies to fund and develop Central Reserve and Bluewater Fitness Centre
- Develop, implement and review Council's Recreation Strategy

STRONG LEADERSHIP

- Develop, implement and review Council's Volunteer Strategy
- Through effective community engagement, develop a Colac Otway 2030 Vision, with a view to developing a long-term strategic vision for the municipality around a number of key themes including: Quality of Life, Environmental Stewardship, Built Environment, Local Economy, Tourism and Culture and Living, Learning



integrated business planning

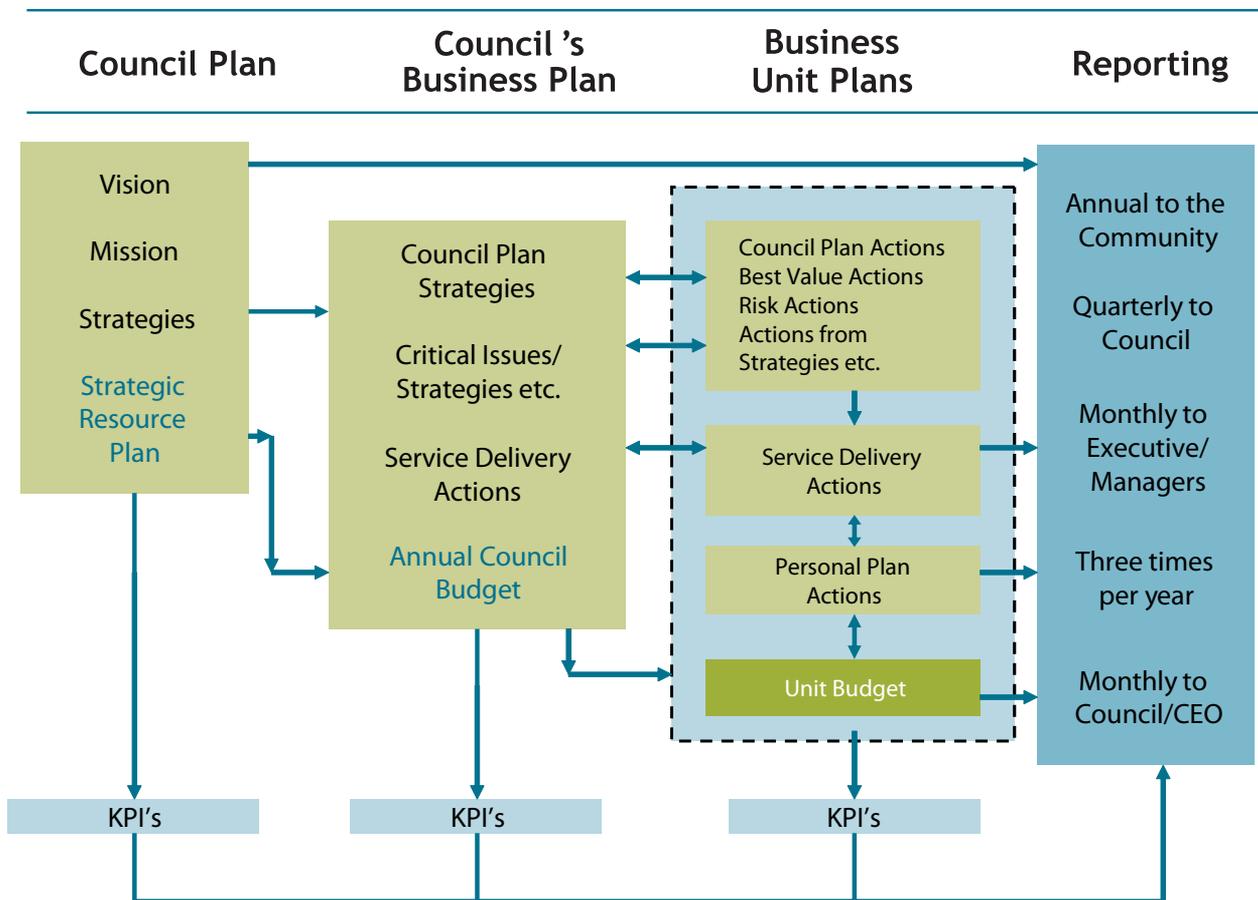


To facilitate the implementation of the Council Plan strategies, two major activities were undertaken during the past twelve months. The organisation concentrated on strengthening and integrating its business planning, measurement and performance reporting framework and implemented an executive performance management software system - Interplan.

The key feature of the integrated business planning framework has been to strengthen the linkages between the

- Council Plan and the organisation’s business plan
- Organisation’s business plan and business unit plans (including Best Value Principles)
- Business unit plans and employees’ personal plans; and the Planning, measurement and reporting cycle

Integrated Planning Model



performance

measurement and reporting

Performance measurement occurs at four stages within the planning measurement and reporting cycle: Council Plan, Council's Business Plan, Business Unit Plans and Personal Performance Plans.

At the Council Plan level the key performance indicators address

- Legislatively prescribed indicators (i.e. Victorian Local Government Indicators)
- Outcomes of the Council Plan strategies

Council Business Plan key performance indicators focus on the achievements resulting from

- Council Plan actions
- Business unit priorities
- Critical issues (i.e. Business continuity management, risk minimisation and customer service actions)
- Financial management

Business Unit key performance indicators reflect the achievements resulting from

- Business plan actions
- Best Value cost and quality indicators
- Personal plan actions
- Business unit budgets

The table below provides an overview of reporting intervals and the diverse audiences that receive organisational performance reports.

Performance Report	Content	Audience	Interval
Annual Report	Report of operations Achievement in line with Council Plan strategies Victorian Local Government Indicators Legislative compliance Financial management	Colac Otway community, Council, State Government, businesses, partners and visitors	Annually by September 30
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	Three times per year
Capital Works	Progress according to implementation schedule and expenditure	Council, CEO, General Managers and Managers	Monthly to the Executive Quarterly to Council

victorian

local government indicators



	2001/2002	2002/2003	2003/2004	2004/2005	2004/2005 Large Rural Shire Average	2005/2006
AFFORDABILITY						
Average rates and charges per assessment	\$773	\$811	\$869	\$907 ✓	\$957	\$956
Average rates and charges per Residential assessment	\$665	\$688	\$764	\$822 ✓	\$844	\$878
SUSTAINABILITY						
Average liabilities per assessment	\$684	\$752	\$698	\$885 ✓	\$902	\$818
Operating result per assessment	(\$348)	(\$564)	(\$115)	(\$161) ✗	\$147	\$128
SERVICES						
Average operating expenditure per assessment	\$2,353	\$2,603	\$2,261	\$2,482 ↑	\$2,223	\$2,142
Community Satisfaction Survey for overall performance generally of the Council	Index Mean 63	Index Mean 64	Index Mean 62	Index Mean 62 ✓	Index Mean 61	Index Mean 65
INFRASTRUCTURE						
Average capital expenditure per assessment	\$449	\$396	\$388	\$429 ✗	\$492	\$626
Renewal Gap Current spending on renewal to Asset base consumed during the year	31%	29%	38%	42% ✗	58%	55%
Renewal and Maintenance Gap Current spending on renewal plus maintenance to Asset base consumed during the year, plus maintenance	47%	45%	51%	56% ✗	75%	72%
GOVERNANCE						
Community Satisfaction Survey for Council's advocacy and community representation on key local issues	Index Mean 63	Index Mean 60	Index Mean 62	Index Mean 64 ✓	Index Mean 63	Index Mean 65
Community Satisfaction Survey for Council's engagement in decision-making on key local issues	Index Mean 58	Index Mean 58	Index Mean 56	Index Mean 61 ✓	Index Mean 58	Index Mean 64

Note:

- ✓ Indicates that the 2004/2005 results for the Colac Otway Shire were better than the State average for the Large Rural Shires.
- ✗ Indicates that the 2004/2005 results for the Colac Otway Shire were worse than the average for the Large Rural Shires.
- ↑ The 2004/2005 results indicate that average operating expenditure per assessment is higher than the average for the Large Rural Shires.

best value

continuous service improvement

The Victorian State Government inserted the 'Best Value' legislation into the 1998 Local Government Act in 1999. This legislation required all Councils to review all their services by December, 31 2005. Council's achievement of this target was reviewed by the Internal Auditor and the findings were that

'Council has met all its statutory obligations under the 'Best Value (Principles) Act 1999' and has developed a demonstrable commitment to the achievement of the Best Value principles'

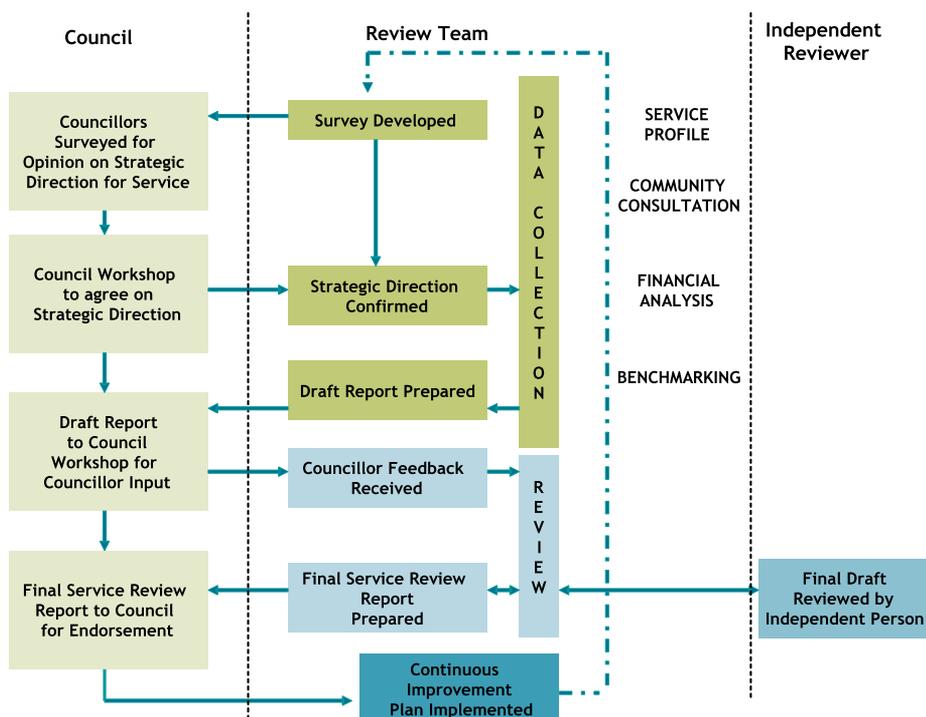
There is an ongoing requirement that Councils continue to review services against the Best Value Principles which are

- 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

Following the completion of the 2000 to 2005 review schedule an options paper on Council's ongoing application of the Best Value Principles was developed. Council endorsed the preferred option at a meeting held on June 28 2006.

The option chosen by Council improved on the existing integrated business planning process by strengthening Council's governance role. The Council will now set a strategic direction for service delivery to the community.

In addition, the revised approach increases organisational accountability as the Audit Committee will have oversight of the Best Value Review schedule. The process provides for greater emphasis on making community consultation, benchmarking and financial assessments more meaningful tools to monitor service improvement.



The Review Team consists of the Unit Manager/Coordinator, Department General Manager, and Business Unit Staff. Support is provided by the Finance and Corporate Planning and Governance Units. The final draft report is reviewed by an independent person prior to going to Council for endorsement.

service review

schedule 2006 - 2011



Service	Review Scheduled	Status	Service	Review Scheduled	Status
Customer Services	2006 - 2007	Commenced	Recreation, Arts and Culture	2009 - 2010	
Local Laws	2006 - 2007	Commenced	Recreation and Arts Colac Otway Performing Arts and Cultural Centre, Events, and the Bluewater Fitness Centre		
Property and Rating	2006 - 2007	Commenced	Health and Community Services	2009 - 2010	
Infrastructure	2007 - 2008		Family Day Care Maternal and Child Health Services Aged Care and Disability Services (including Community Transport and Rural Access Program)		
Asset Management Contract Management Waste Management Fleet management Capital Works Building Maintenance Apollo Bay Harbour Management			Environmental Health		
COSWORKS Business Unit	2007 - 2008		Planning and Environment	2009 - 2010	
Road Construction Road Maintenance Plant and Equipment Maintenance Bridge Maintenance Parks and Gardens Maintenance			Environmental Services Fire Prevention Strategic and Statutory Planning Building Control		
Colac Livestock Selling Centre	2008 - 2009		Corporate Services	2010 - 2011	
Information Services	2008 - 2009		Organisation Development Human Resources Financial Services Risk Management Communications		
Information Technology Document Management Services GIS					
Economic Development	2008 - 2009				
Economic Development Tourism and Visitor Information Centres					

A Copy of the full Best Value report for 2005 - 2006 or further information about the Colac Otway Shire's application of the Best Value Principles can be obtained by contacting the General Manager Corporate and Community Services on 5232 9400 or via email inq@colacotway.vic.gov.au

audit review

activities

The Audit Committee exists for the purposes of

- Acting as a Committee of Council to assist in discharging Council's responsibilities as they relate to the organisation's accounting policies, management systems, internal controls and financial reporting
- Providing a line of communication between Council and the external and internal auditors
- Maintaining an efficient and effective external and internal audit
- Assisting Council in managing its risk
- Ensuring compliance with legislation
- Provision of an effective means of communication between the external auditor, internal audit, management and Council

The Audit Committee meet at least quarterly and currently includes Cr Brian Crook, Cr Peter Mercer, and two independent members (John Warburton, Martoge Pty Ltd; and Mike Said, EMES⁷ Consulting). The Chief Executive Officer, General Manager Corporate & Community Services, Manager Finance and the Senior Accountant attend all meetings of the Committee to assist with information and support. Mr Warburton is currently chairperson of the Committee.

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

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

Outcomes

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

- Review of the 2005/2006 External Audit Strategy and a review of Council's Internal Audit Plan
- Monitoring of the Risk Register actions and developments
- Review of National Competition Policy legislative compliance
- Quarterly reporting of Fraud Control Program
- Review of Fraud Awareness and Control Policy
- Quarterly review of Waste Management Results
- Monitoring Excess Annual Leave of staff
- Review of 2004/2005 Audit Management Letter
- Review of the Asset Register
- Review of the Half Year Financial Report
- Monitoring International Financial Accounting Standards
- Monitoring progress of Business Continuity Plan
- Review and endorsement of the 2004/2005 Financial Statements, Standard Statements and Performance Statement
- Co-ordination of the recommendations from 2004/2005 internal audit projects, including Corporate Governance, Planning and Reporting, Human Resources, Insurance, WorkCover, Purchasing, Risk Register Control and Management
- Review of the Credit Card Policy
- Review of the Internal Financial Reporting to Councils
- Monitoring Insurance Claims
- Review of the Legislative Compliance Register
- Review of the 2004/2005 Civic Mutual Plus Audit
- Review of provision for landfills

⁷ Business Name

decision making

in partnership with the community



Council actively sought input from our key stakeholders, residents, non-resident ratepayers and businesses in our decision-making. Examples of major consultation activities were

Road Management Plan	July 2005	The availability of the draft policy was advertised in the Government Gazette and local papers. The policy was placed on display and submissions were accepted
Special Rates and Charges Policy	November 2005	Focus groups were held with effected residents
Planning Scheme Review (Municipal Strategic Statement)	November/December 2005	Focus groups in Birregurra, Apollo Bay, Cressy, Colac and Forrest
Heavy Vehicle Access Policy	January 2006	Key stakeholders attended a focus group. This was followed by advertising the policy and seeking submissions
Apollo Bay Structure Plan	September 2005 to February 2006	Focus groups were held in Apollo Bay and Melbourne (for non-resident rate-payers) and the draft document was sent to all community associations ⁸ , property owners and residents in the catchment area. Feedback was sought
Tendering and Contracts Policy and Procedures Review	February 2006	Consultation was achieved through workshops with Councillors
Revised 2005 -2009 Council Plan	March 2006	Survey of all residents and non-resident rate-payers
Municipal Fire Prevention Plan	March 2006	Focus groups in Colac, Apollo Bay, Beeac, Gellibrand, Stoneyford, Wye River
Colac Structure Plan	March 2006	Focus groups were held in Colac
Colac Otway Heritage Study	March 2006	Focus groups were held in Colac
Municipal Emergency Management Plan	March 2006	Consultation undertaken with Plan stakeholders
Strategic Asset Management Plan	March 2006	The availability of the draft policy was advertised in local papers. The policy was placed on display and submissions were accepted
Council 2006/2007 Budget development and Rating Strategy	May 2006	Focus groups in Colac and Apollo Bay
Wye River, Kennett River and Separation Creek Structure Plan	May 2006	Focus groups were held in Wye River, Kennett River, Separation Creek and Melbourne
Community Consultation Policy	June 2006	Draft of policy sent to all community associations. The policy was advertised and placed on display. Submissions were accepted
Asset Management Policy	June 2006	The availability of the draft policy was advertised in the local papers. The policy was placed on display and submissions were accepted

⁸ There are 16 community groups that receive Council documents for comment.

council internal support services

There are six internally focused business units within the organisation which provide support to the Council and the community.

HUMAN RESOURCE MANAGEMENT

The Human Resources unit works to support staff and management in the areas of

- Employee Relations
- Staff Performance Management Program
- Staff Health and Wellbeing Initiatives
- Organisational Development and Training
- Employee Assistance Programs

EMPLOYEE RELATIONS

The current Enterprise Agreement expires in August 2006. Negotiations commenced early in 2006 to ensure a timely process for the development of a new Enterprise Agreement. The Australian Services Union, Australian Nurses Federation, Association of Professional Engineers, Scientists and Managers Australia, Management and Staff were all represented in these discussions. At the end of June 2006 a draft document was submitted to the Office of the Employment Advocate.

HUMAN RESOURCE POLICY AND SYSTEMS DEVELOPMENT

The review and revision of Human Resource policies is ongoing. New policies developed in 2005/2006 were

- Flexible Working Arrangements Policy
- Police Records Check Policy
- Recognition of Higher Duties Policy

TRAINING AND ORGANISATIONAL DEVELOPMENT

Our major training initiatives are developed to achieve efficiencies in terms of creating value, developing and applying our technological expertise to improve service delivery and create a safer working environment.

Examples of training undertaken during the year include

- Project Management
- Defensive Driving
- National Competition Policy
- Occupational Health and Safety Training (see Risk Management)
- Individual training needs were addressed by the organisation to assist Council officers in the performance of their roles

This year, for the first time, a Leadership and Management Program were rolled out across the organisation.

Over thirty Managers and Coordinators attended workshops that included

- Integrated Planning
- Team Leadership
- Performance Feedback
- Change Management
- Business Planning

This program concluded with participants giving a presentation based on what they had gained from work based 'action learning projects'.

council internal support services

human resource management (cont'd)



OUR EQUAL OPPORTUNITY COMMITTEE

The Committee continues to meet and one of their objectives is to ensure that the Shire continues to be a fair and equitable organisation. In the past year no claims have been lodged with the committee.

OUR VOLUNTEERS

We currently have a pool of volunteers working across the organisation in Community Transport, Recreation, Tourism and Aged Care and Disability Services.

In December 2005 we held a 'Thank you' breakfast for volunteers to celebrate National Volunteers' Day.

EMPLOYEE OPINION SURVEY

The Employee Opinion Survey which is aligned with the Australian Business Excellence Framework was conducted in December 2005 by Rodski Behavioural Research Group. For the first time the Shire's overall result of 70% reflects an organisation whose performance sits in the top quartile of the Best Practice category, when compared to other organisations in Rodski's benchmark database.

The main area highlighted by staff for further development was business results.

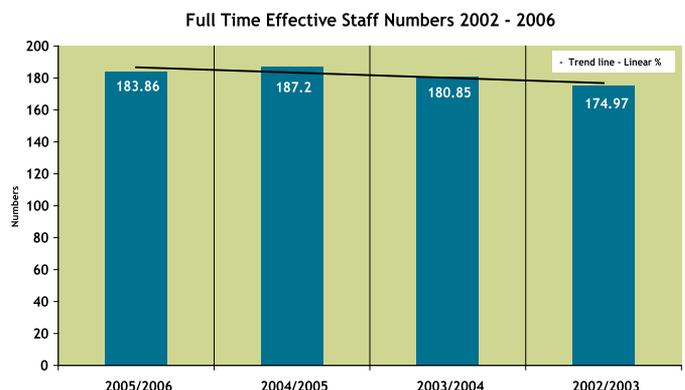
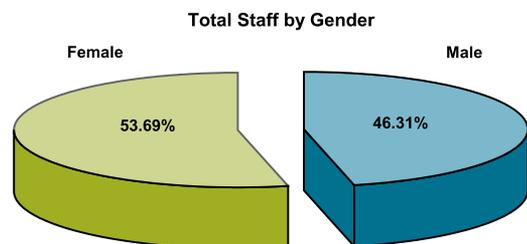
Staff were invited to attend focus groups with the Chief Executive Officer to discuss the findings of the survey in more depth and to propose strategies for continuous improvement within the organisation. As a result, our Organisational Development Program for the next year will focus on what our values and customer service performance standards mean in every day actions and their links to delivering results and engaging with the community.

STAFF AWARD AND RECOGNITION PROGRAM

Council has an ongoing Reward and Recognition Program. This year special mentions were made of 24 employees with 10, 15, 20 and 25 years of service to our community.

STAFFING PROFILE

Total staff	280
FTE as at 30 June 2006	183.86
Positions Vacant at 30 June	6.61 FTE
Total FTE9	190.47
Staff Turnover (EFT)	17.49 FTE
Staff Turnover (%)	9.1%

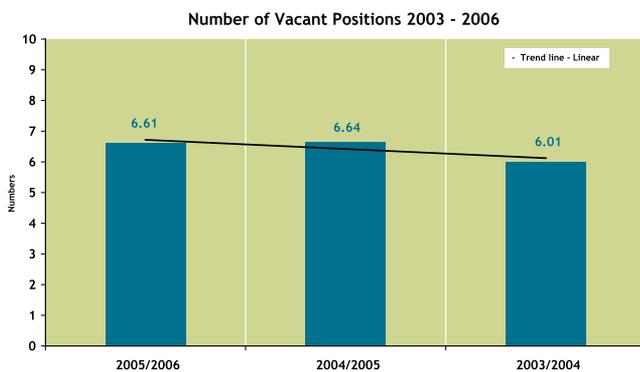




council internal support services

human resource management (cont'd)

VACANT POSITIONS



Note: Excludes vacant positions

The number of Full Time Effective staff has reduced by 3.43 since 2004/2005. The number of vacant positions as at June 30 has remained consistent over the past three financial years.

ANNUAL TURNOVER RATE - PERCENTAGE

2005/2006	2004/2005	2003/2004	2002/2003
9.1%	13.9%	10.0%	11.06%

In a benchmarking exercise undertaken in June 2005 with six of the large regional Councils, the three year average annual turnover rate was 12.3%. The Colac Otway three year average turnover rate is 11%.

INTERNAL CUSTOMER SATISFACTION

For the past two financial years the Human Resource Unit has participated in a Corporate Support Area internal customer satisfaction survey. All staff were surveyed over a two week period in April/May 2006.

2005/2006	2004/2005
95.9%	86.7%

The results indicate that there was a 9.2% increase in internal customer satisfaction over the past 12 months.

ACHIEVEMENTS

Business Plan Objectives	Outcomes for 2005/2006	At a Glance
Maintain commitment to local and other government employment initiatives	Year 11 school based apprentice was employed at the Colac Otway Performing Arts and Cultural Centre	✓
Continue to develop initiatives that will enhance the skills and performance of employees	The Leadership and Management Development program was completed in June 2006. A new program is scheduled for the 2006/2007 financial year	✓
Maintain Colac Otway Shire Customer Service Performance Standards	The staff opinion survey for 2006 identified customer services as an organisational priority. In response the organisational development program for 2006/2007 will focus on customer service standards and the organisational values	✓

- ✓ 2005/2006 Actions completed
- No actions scheduled for 2005/2006
- ▼ 2005/2006 Actions behind schedule
- On Going

council internal support services

risk management



THE RISK MANAGEMENT UNIT PROVIDES EXPERTISE AND ASSISTANCE WITH DEVELOPMENT AND ONGOING IMPLEMENTATION OF RISK MANAGEMENT STRATEGIES, POLICIES AND PROCEDURES.

In addition the Unit manages Council's insurance portfolio and provides advice on litigation, indemnity, public liability and general insurance matters in addition to coordinating the claims management processes.

Risk Management also provides expert advice on Occupational Health and Safety issues and facilitates the ongoing development of the organisation's Occupational Health and Safety management systems, programs and initiatives, as well as managing the organisation's workers' compensation legislative requirements.

RISK ASSESSMENT AND MINIMISATION

Council maintains an automated risk management register which is updated regularly by staff and the information is reported quarterly to Council's Audit Committee, Executive and Risk Management Committee.

	2005/2006	2004/2005
Number of risks in the Council's risk register at July 1	47	50
Number of risks at June 30	26	47
Number of new risks added during	5	19
Number of closed risks during the financial year	24	21

Council has instigated a requirement that all Project Briefs, Council Reports and Business Cases contain a risk assessment and minimisation strategy.

STAFF OCCUPATIONAL HEALTH AND SAFETY TRAINING INITIATIVES

With our strong commitment to Occupational Health and Safety (OH&S), the following training initiatives were completed during 2005/2006

- 18 staff participated in the five day accredited OH&S representative training. These courses included identifying and reporting of risks, assessing risk and developing risk controls
- 19 staff participated in a 'Defensive Driving' course held at the Colac Livestock Selling Centre
- 24 staff participated in 'Emergency Response' training. The course included evaluating emergencies, basic fire behaviour, principles and methods of extinguishment, emergency control equipment and facilities, and human behaviour in emergencies
- In addition all staff were invited to attend a WorkSafe training seminar on the Occupational Health and Safety Act 2004

In addition to the external audits undertaken during the year the organisation undertakes an annual internal Occupational Health and Safety audit program.

WORKCOVER

The table below provides an overview of the incident activity over the past two years, and indicates that our emphasis on risk minimisation and OH&S has reduced the number of WorkCover incidents over the past 12 months.

	2005/2006	2004/2005
Number of WorkCover incidents reported and accepted	12	16
Numbers of Court Cases open	1	Nil
Number of new Cases	1	2
Number of Court Cases closed	1	2



council internal support services

risk management (cont'd)

EXTERNAL AUDITS UNDERTAKEN TO ENSURE COUNCIL COMPLIES WITH AS/NZ 4360:2004

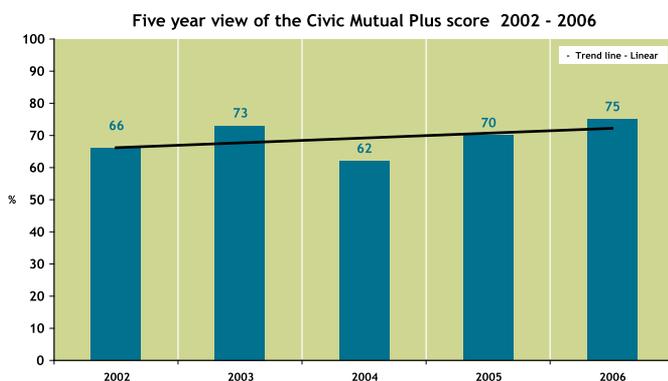
Colac Otway Shire has maintained a strong, committed and proactive approach to Risk Management over the past year, which has been reflected by the significant improvement in audits conducted by external bodies.

Initiatives such as safety audits are a key to our ongoing efforts to improve work practices. These programs engage employees from all levels of the organisation and include safety reviews and participant observation.

The following external audits undertaken during the year and ensured compliance with AS/NZ 4360:2004

- Civic Mutual Plus Liability Assessment
- Jardine Lloyd Thompson - JMAPP Property Risk Management Audit

CIVIC MUTUAL PLUS - LIABILITY ASSESSMENT RESULTS 2002 - 2006



The Colac Otway Shire's 2006 Civic Mutual Plus Insurance rating is 75%. This is 4% above the State average of 71%. Trends indicate that over the past five years we have averaged 69.2% for our Civic Mutual Plus score.

SAFETYMAP CERTIFICATION RESULTS

The International Standards Certification Pty Ltd. undertook an audit of the organisation in September 2005. SafetyMap certification was renewed

SAFETYMAP ACCREDITED WORKPLACE SITES

- Main Office Building (2-6 Rae Street, Colac)
- Colac Otway Performing Arts and Cultural Centre
- Colac Library
- Colac Visitor Information Centre
- Aged Care and Disability Services (Murray Street, Colac)
- Colac Maternal and Child Health Centre
- Bluewater Fitness Centre
- Colac Livestock Selling Centre
- Pound Road - Colac, Works Depot
- Gellibrand, Works Depot
- Apollo Bay, Works Depot
- Apollo Bay, Customer Service Office
- Great Ocean Road Visitor Information Centre (Apollo Bay)
- Apollo Bay Harbour

WORKSAFE INSPECTIONS RESULTS

In 2005/2006 Colac Otway participated in the WorkSafe Local Government Occupational Health and Safety Project.

The following work sites were inspected and were successful in meeting all WorkSafe standards and requirements

- Main Office Building (2-6 Rae Street, Colac)
- Local Laws - Animal Shelter (Rossmoyne Road, Colac)
- Aged Care and Disability Services (Murray Street, Colac)
- Works - Colac Depot (Pound Road, Colac)



council internal support services

risk management (cont'd)

INTERNAL CUSTOMER SATISFACTION

For the past two financial years the Risk Management Unit has participated in a Corporate Support Area internal customer satisfaction survey. All staff were surveyed over a two week period in April/May 2006.

2005/2006	2004/2005
86.8%	79.8%

The satisfaction results show a 7% increase in internal customer satisfaction with Risk Management over the past 12 months.

ACHIEVEMENTS

Business Plan Objectives	Outcomes for 2005/2006	At a Glance
Implement and review program for Business Continuity	Workshops were conducted with a revised business impact analysis undertaken with the assistance of Volante Consulting Group. Council is currently waiting for updated information to complete work plans	✓
Maintain organisation and SafetyMAP	As at June 30, we have maintained SafetyMAP accreditation for 2006	✓

- ✓ 2005/2006 Actions completed
- No actions scheduled for 2005/2006
- ▼ 2005/2006 Actions behind schedule
- On Going



council internal support services

corporate planning and governance

The Corporate Planning and Governance Unit works with internal business units to ensure that the following activities are achieved

- Council and Business Planning
- Performance Measurement
- Performance and Compliance Reporting
- Management Research
- Business Development Activities (Best Value)

In addition this Unit works with the community, key stakeholders and Council's partners in the development of the Council Plan.

IMPLEMENTATION OF INTERPLAN

To enhance the organisation's ability to plan, track, measure and report on business activities a tender process was undertaken in early 2006, to select an appropriate corporate performance management system. Following the purchase of the system in May, staff undertook training in the use of the Interplan software system. This was undertaken in conjunction with their annual business planning activities in June. The Interplan system will be fully operational by July 31, 2006.

INTERNAL CUSTOMER SATISFACTION

For the past two financial years the Corporate Planning and Governance Unit has participated in a Corporate Support Area internal customer satisfaction survey. All staff were surveyed over a two week period in April/May 2006.

2005/2006	2004/2005
97.4%	95.5%

The satisfaction results show a 1.9% increase in internal customer satisfaction with the Corporate Planning and Governance Unit over the past twelve months.

CORPORATE PLANNING - ACHIEVEMENTS ACCORDING TO THE COUNCIL PLAN STRATEGIES

Council Plan Strategies	Outcomes for 2005/2006	At a Glance
Continue the (Best Value) business planning process of organisational review	Review of Corporate Support Area Units and the Planning and Environment were completed and endorsed by Council in December 2005.	✓
Annually identify potential savings and efficiencies that can be redirected by Council to higher priorities	The budget process for 2006/2007, which commenced in March 2006, identified savings of \$250,000 within the organisation which were diverted to new priorities	✓
Work towards improved Community Satisfaction Survey results	Results of the survey showed significant improvement by Council. Results were reported to Council, staff and the community. Data was provided for use in the development of the continuous improvement plans by business units for the 2006/2007 financial year	✓

- ✓ 2005/2006 Actions completed
- No actions scheduled for 2005/2006
- ▼ 2005/2006 Actions behind schedule
- On Going

council internal support services

finance

The Finance Unit ensures the financial sustainability of the Council through the following activities

- Strategic Financial Planning
- Financial Management and Reporting
- Budget Preparation and Monitoring
- Property and Rates Management
- Customer Service
- Compliance with Relevant Legislative Statutory Requirements

INTERNAL CUSTOMER SATISFACTION

For the past two financial years the Finance Unit has participated in a Corporate Support Area internal customer satisfaction survey. All staff were surveyed over a two week period in April/May 2006.

Unit	2005/2006	2004/2005
Finance	97.5%	93.9%
Accounts Payable	95.0%	96.5%
Payroll	97.2%	98.6%

The average level of internal satisfaction for the three Finance Area Units remained the same at 96% over the two years of the survey.

- ✓ 2005/2006 Actions completed
- No actions scheduled for 2005/2006
- ▼ 2005/2006 Actions behind schedule
- On Going

FINANCE - ACHIEVEMENTS ACCORDING TO COUNCIL PLAN STRATEGIES

Council Plan Strategies	Outcomes for 2005/2006	At a Glance
Ensure our Financial Plan is sustainable	An initial Strategic Resource Plan (SRP) Parameters Workshop was held on October 26, 2005. The SRP indicates that Council will disclose an operational surplus by 2010/2011	✓
Continue to reduce our debt	No loan borrowings were undertaken in 2005/2006. Debt levels reduced from \$4.3m to \$3.9m	✓
Undertake a review of rating which includes:		
<ul style="list-style-type: none"> • Council pensioner rate concessions • Other concessions and rental waivers • Special rates and charges schemes • An assessment of the impact of increased forestry use of land 	<p>A draft rating review report was adopted by Council and submissions received from the community until July 28, 2006</p> <p>A further report on the rating review will be considered by Council in September 2006</p>	✓



council internal support services

finance (cont'd)

Council Plan Strategies	Outcomes for 2005/2006	At a Glance
<p>Optimise the effectiveness and work towards the minimisation of the Council subsidy for the Bluewater Fitness Centre, Colac Otway Performing Arts and Cultural Centre (COPACC) and Visitor Information Centres</p>	<p>A variety of strategies have been put into place to reduce Council's subsidy of these businesses including</p> <ul style="list-style-type: none"> • Actively seeking sponsorship for COPACC • Events were programmed to maximise attendance • The development and implementation of maintenance prevention plans and asset plans were undertaken for COPACC • Service delivery options and operations to improve use were undertaken for Colac Otway Performing Arts and Cultural Centre and the Visitor Information Centres • An implementation plan for the operation of the Bluewater Fitness Centre was developed and included a new organisational structure which was implemented in August 2005 • New systems have been implemented at the Bluewater Fitness Centre and a new reporting system implemented in January 2006 • As part of Council's Facilities Audit maintenance, prevention and asset management plans were developed for the Bluewater Fitness Centre • The completed Tourism Review recommendations included increasing revenue and reintroduction of volunteers at Great Ocean Road Visitor Information Centre as an example of ways to reduce Council's subsidy to tourism 	<p>✓</p>
<p>Maintain internal audit program based on the outcomes of the Risk Assessment Audit</p>	<p>Audit Committee Meetings were held on a quarterly basis. Three internal audit reviews were conducted as per the Risk Assessment Audit</p>	<p>✓</p>

- ✓ 2005/2006 Actions completed
- No actions scheduled for 2005/2006
- ▼ 2005/2006 Actions behind schedule
- On Going



council internal support services

communications

The Communications Unit supports the Mayor, Councillors, Chief Executive Officer and Staff by

- Providing advice relating to internal and community communication and consultation
- Marketing and promoting Council services and events
- Overseeing the maintenance of Council's website and intranet information

INTERNAL CUSTOMER SATISFACTION

For the past two financial years the Communications Unit has participated in a Corporate Support Area internal customer satisfaction survey. All staff were surveyed over a two week period in April/May 2006.

2005/2006	2004/2005
93.3%	94.4%

The survey data and verbatim comments are used to form the following year's continuous improvement plan for the Unit.

ACHIEVEMENTS

Business Plan Objectives	Outcomes for 2005/2006	At a Glance
Ensure adequate consultation with non-resident ratepayers	<p>To gauge community interest in the proposed 12 new Council Plan Strategies, a survey was sent to all households and non-resident ratepayers</p> <p>Respondents were asked to rank the draft new priorities according to level of importance to them. Over 1,000 responses were received</p> <p>Included with the survey was a community news update on progress of current Council Plan Strategies and an opportunity for people to subscribe to email/mail news</p>	✓
Continued commitment to the community consultation policy	<p>A new policy for community consultation was developed incorporating best practice. All local community associations and the general public were consulted on a new draft policy. The policy was prepared for consideration by Council at its August 2006 meeting</p> <p>Work has commenced on the development of a comprehensive community consultation and engagement procedure manual for the organisation</p>	✓

✓ 2005/2006 Actions completed

▼ 2005/2006 Actions behind schedule

● No actions scheduled for 2005/2006

→ On Going

council internal support services

information services



The Information Services Unit provides advice and technical assistance to Staff and Councillors in relation to Information Technology policies and procedures, technology enhancements and strategic issues. Information Technology and Geographical Information Systems Unit

The Information Technology and Geographical Information Systems Unit works to enhance Council's Information Technology infrastructure and systems by

- Advocating for improved cost-effective telecommunications for the community
- Replacing ageing Council Information systems and hardware
- Improving the match rate of data and the Property Information Project
- Improving infrastructure office systems

DOCUMENT MANAGEMENT UNIT

The Document Management Unit is responsible for the

- Electronic storage of Council information
- Document procedures and ongoing secure storage of Council documents

INTERNAL CUSTOMER SATISFACTION

The Information and Document Management Services participated in a Corporate Support Area internal customer satisfaction survey for the first time in 2006. All staff were surveyed over a two week period in April/May 2006.

Unit	2005/2006
Information Services	94.5%
Document Management Service	96.5%

The survey data and verbatim comments are used to inform the following year's continuous improvement plan for the unit.

roads and infrastructure



The Infrastructure and Services Department provides

- Asset Management
- Capital Works
- Infrastructure Customer Services
- Contract Administration Services

Through the provision of these services the Infrastructure Business Unit strives to achieve a sustainable environment, improvements in community wellbeing and the promotion of economic development.

THE COLAC LIVESTOCK SELLING CENTRE

The Colac Livestock Selling Centre provides facilities for weekly sales of cattle, sheep and other livestock in the region. The Centre aims to improve on its market share through a scheduled maintenance program for the facility and progressive upgrades to cater for the more demanding requirements of quality service to the users.

APOLLO BAY HARBOUR

The Apollo Bay Harbour unit is responsible for the maintenance and minor upgrades within the Harbour and its surrounds to provide a safe facility for the various commercial and recreational users. Through the management agreement between Colac Otway Shire and the Department of Sustainability and Environment, long-term development and improvement opportunities will enhance the Harbour's unique position.

WASTE MANAGEMENT

Council currently provides the following Waste Management Services

- Household kerbside and roadside waste collection service (Contracted Service)
- Transportation of waste to regional landfills and recycling facilities (Contracted Service)
- Street litter bin collection (Contracted Service)
- Management of Transfer Stations and landfill (Contracted Service)
- Operation of waste drop off facilities (Contracted Service)
- Compost processing facility (Contracted Service)
- Waste education

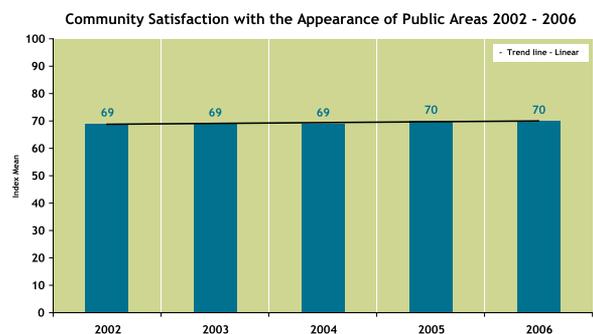
COLAC OTWAY SHIRE WORKS (COSWORKS)

The COSWORKS Unit undertakes maintenance and capital works activities for the Colac Otway Shire's infrastructure assets and recreation areas including

- Local Roads and Bridges
- Drains
- Roadside vegetation
- Parks and Gardens
- Playgrounds

LOCAL GOVERNMENT COMMUNITY SATISFACTION SURVEY 2006

- APPEARANCE OF PUBLIC AREAS



The five year results indicate the level of community satisfaction with the Appearance of Public Areas has been consistent. Council has allocated an 8% increase or \$200,000 to the Shire COSWORKS maintenance budget for the 2006/2007 financial year.



roads and infrastructure (cont'd)

Of the 136 projects in the Capital Works Program for 2005/2006 118 were completed, giving an overall completion rate of 86.2% which is 1.2% above the 2005/2006 target of 85%.

Corporate and Administration Services	Total Projects	Number Not Completed	% Not Completed	% Completed
Community and Administration Services	19	0	0	100
Community and Human Services	5	1	20	80
Local Roads	20	4	20	80
Roads to Recovery	11	2	18	82
Other Physical Works	13	0	0	100
Recreation and Culture	18	1	6	94
Health and Environmental Services	10	3	30	70
Planning and Development	31	6	19	81
There were an additional nine projects funded at the mid year review	9	1	11	89
Total	136	18	13.7%	86.2%

Additional projects funded at the half year were

Project	Amount
Resealing Program	\$100,000 Additional
Building Maintenance Review	\$35,000
Skenes Creek Drainage Upgrade	\$20,000
Building Condition Audit	\$20,000
Marengo Wetland Project	\$16,000

Project	Amount
Pound Road Kerb and Channel	\$7,000
Apollo Bay Airfield Runway	\$0 Net Cost to Council
Pulse Replacement	\$30,000
Hydrotherapy Pool - Design	\$20,000
Total	\$248,000

LOCAL GOVERNMENT COMMUNITY SATISFACTION SURVEY 2006 - WASTE MANAGEMENT



The five year results indicate that there has been a significant increase in community satisfaction with Waste Management Services. This increase can be attributed to the introduction of a wheelie bin waste collection system to the municipality in 2004.

Council results for Waste Management Services are higher than the average for other local government areas of a similar size. The Index Mean for Colac Otway is 72; the similar council's mean is 68.

The community expressed concern about the lack of waste collection in some rural areas. Council surveyed residents of the effected areas but there was insufficient interest from residents to commence a new service. The survey will be repeated in 2006/2007 to determine any change in community sentiment.

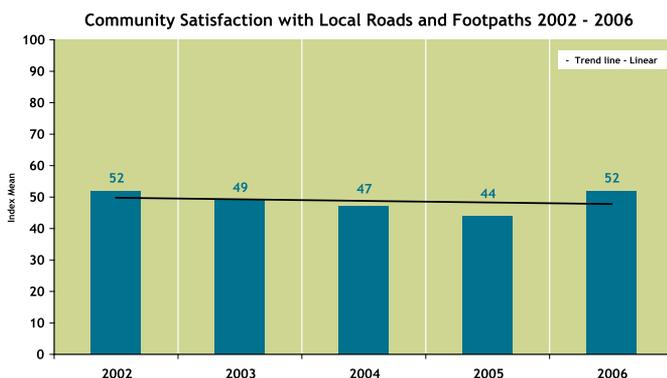


roads and infrastructure (cont'd)

MAJOR INFRASTRUCTURE WORKS UNDERTAKEN IN 2005/06

- Municipal Pound Upgrade, Colac
- Colac Maternal and Child Health Centre Upgrade
- Beech Forest Maternal and Child Health Centre Upgrade
- Special Charge Scheme - Wynne Street (shoulder construction and sealing), Colac
- Special Charge - Beechy Court, Elliminyt (street construction)
- Landslip Rehabilitation - Killala No. 1 and 2
- Cape Otway Road - road rehabilitation (renewal), Birregurra
- Deepdene Road - shoulder construction and sealing, Muroon
- Drapers Road - road rehabilitation (renewal), Colac East
- Bay View Street, Marengo - road rehabilitation (renewal)
- Harrison Street, Marengo - road rehabilitation (renewal)
- Mitchell Court, Marengo - road rehabilitation (renewal)
- Bass Crescent and Surf Avenue, Skenes Creek - road rehabilitation (renewal)
- Barham Valley Road - construction of shoulder pullover areas and landslip rehabilitation, Apollo Bay
- Kents Access, Forrest - construction of concrete road and ford
- Drainage - Slater Street, Elliminyt - construction of roadside drainage
- Footpath construction - Cawood Street (McLachlan to Costin Streets), Apollo Bay
- Bridge - Kings Track (rehabilitation), Carlisle River
- Roundabout - Corangamite/Dennis Streets, Colac
- Drainage - Wye River, Separation Creek, Colac
- Old Beechy Rail Trail
- Old Beechy Rail Trail - Gellibrand Bridge (Department of Sustainability and Environment)
- Bicycle Strategic Plan Implementation - Apollo Bay streets
- Gellibrand Recreation Reserve - contribution to new clubrooms
- Television Blackspot Program - construction of a television transmitter tower, Wye River
- Birregurra - Park Lane Project
- Small Town Locality Signage - entrance signage to various townships
- Carlisle River Master Plan and Works
- Beech Forest Master Plan and Works
- Lake Colac Management Plan Implementation
- Great Ocean Road pedestrian link to Pascoe Street, car park, Apollo Bay
- Apollo Bay Airfield Runway - relocated the overhead powerlines underground on runway approaches and sealing landing area of airstrip

LOCAL GOVERNMENT COMMUNITY SATISFACTION SURVEY 2006 - LOCAL ROADS AND FOOTPATHS



The 2006 Local Government Community Satisfaction Survey results indicated that there has been an increase in community satisfaction with Local Roads and Footpaths. Residents were concerned mostly with the need for more frequent/better resurfacing of roads.

In response to community concerns the 2006/2007 budget allows for 120 new road renewal projects and the doubling of the Apollo Bay footpath program.

roads and infrastructure (cont'd)

CONTRACTS ENTERED INTO DURING THE 2005/06 FINANCIAL YEAR

Description	Contractor	Value \$
East End Jetty Construction	Fitzgerald Constructions Aust.	1,298,410
Bituminous Sealing Works	Boral Resources (Vic)	594,000
Lardners Track and Gellibrand East Road	COSWORKS	276,000
Larpent Rd Reconstruction	COSWORKS	265,000
Supply and delivery of a 5 Metre tip truck and trailer	Mack Trucks Australia	230,627
Deepdene Pavement Widening	Lake and Land	229,552
Beechy Court Construction	R. Slater and Sons	207,365
Lake Colac Foreshore Improvement Works Stage 1	Spence Bobcat Hire	188,000
Corangamite/Dennis Streets Roundabout Construction	COSWORKS	116,000
Wait-A-While Rd Landslip Rehabilitation	COSWORKS	116,000
Colac Botanic Gardens Playspace Redevelopment	Marriner Contractors	115,096
Wynne St Shoulder Construction	Lake and Land	113,586
Supply and delivery of a 5 metre tip truck	ISR Truck City Geelong	103,600
Slater Street Drainage Construction	Lake and Land Pty Ltd	97,795
Colac Structure Plan	Connell Wagner	90,000
Supply and delivery of truck cab chassis	Austrans Truck Centre	84,500
Apollo Bay Structure Plan	Planisphere	79,667
Apollo Bay Bicycle Route Construction	COSWORKS	67,500
Supply and delivery of a 3 tonne tip truck	Winter and Taylor	62,380
Cawood St Footpath Construction	L. and L. Presani Concrete Contractors	42,400
Sealed Road Condition Survey	Australian Roads and Research Board	46,035
Acceptance of Garbage Service	City of Greater Geelong	Schedule of rates contract
Total		\$4,423,513 (1)

Note: No contracts of greater than \$100,000 have been entered into without first entering a competitive process

(1) Excludes Schedule of Rates dollar amounts and \$82,000 trade in amount



roads and infrastructure (cont'd)

Council Plan Strategies	Outcomes for 2005/2006	At a Glance
<p>Continue increased funding of infrastructure asset renewal, particularly on rural roads resheeting, drainage, timber bridges and footpaths</p>	<p>Asset management studies were developed to provide the framework for the 2006/2007 Budget resulting in increased renewal expenditure of \$2.5m</p> <p>Additional funds were sourced from rating increases, savings and reprioritising non-renewal capital expenditure to to renewal. Specific renewal projects included resheeting, resealing, footpaths, kerb and channelling, and buildings</p>	<p>✓</p> <p>✓</p>
<p>Advocate for the upgrade of Turtons Track as a major major sealed two-wheel-drive route</p>	<p>Council advocated for the Turtons Track project at the Community Cabinet in July 2005. A project was then undertaken by the Department of Sustainability and Environment and a funding bid developed by VicRoads with strong support from Council. The community consultation indicated strong support for the project</p>	<p>✓</p>
<p>Advocate for the upgrade of the main access roads between Princes Highway and the Great Ocean Road including Colac/Forest Road, Birregurra/Forest Road, Forest/Skenes Creek Road and the Colac/Lavers Hill Road consistent with actions contained in the Great Ocean Road Regional Strategy</p>	<p>Council continued to advocate strongly on these items, throughout 2005/2006, via Community cabinet in July 2005, G21 Alliance and in direct delegations to State and Federal Ministers for Roads. Our advocacy resulted in significant road safety improvements being undertaken</p> <p>A VicRoads funding proposal was successful for improvements to be undertaken on the Birregurra to Apollo Bay road in 2006/2007</p>	<p>✓</p>

- ✓ 2005/2006 Actions completed
- ▼ 2005/2006 Actions behind schedule

- No actions scheduled for 2005/2006
- On Going



roads and infrastructure (cont'd)

Council Plan Strategies	Outcomes for 2005/2006	At a Glance
Advocate for the construction of a dual carriageway Princes Highway from Geelong to Colac, and then beyond to the South Australian border	A presentation was made to the Federal Minister for Transport in May 2006, outlining the Colac Otway Shire's vision for the Princes Highway. The vision has been articulated to the State Transport Minister, and discussions are to be held with the South Australian South East Local Government Association with the intent of the Princes Highway becoming recognised as an Auslink inter-regional road	✓
Advocate for the location of the Geelong Bypass connection with the Princes Highway to enable a continuous 100kmh speed zone	Council advocated on this project to the Geelong Bypass Planning Panel. The Colac Otway Shire also presented as part of G21 Alliance and the South West Municipalities Group. Council will continue to advocate for a continuous 100kmh continuous free flow of traffic	✓
Advocate for the development of an alternative heavy vehicle route for the city of Colac	Advocate for the development of an alternative heavy vehicle routes for Colac. These outcomes are being considered in the development of the Colac Structure Plan	✓
Advocate for the identification of a designated route for the future location of a Colac bypass for the Princes Highway	A Colac bypass route is being considered in the development of the Colac Structure Plan. Community Forums in relation to the bypass will occur in 2006/2007	✓
Implement the Road Safety Plan and Council approved road safety initiatives in partnership with VicRoads and other agencies	Consistent with Council's Road Safety Plan and Capital Works Program a number of road safety initiatives were implemented in 2005/2006. Council officers continue to attend and actively participate in Colac RoadSafe meetings	✓

- ✓ 2005/2006 Actions completed
- ▼ 2005/2006 Actions behind schedule

- No actions scheduled for 2005/2006
- On Going

roads and infrastructure (cont'd)



Council Plan Strategies	Outcomes for 2005/2006	At a Glance
<p>Advocate for improved telecommunications infrastructure services</p>	<p>Television reception was improved in the Lavers Hill area with the introduction of the Federal Government Black Spot TV program. Similar TV Black Spot schemes were also investigated with the Forrest and Gellibrand communities. Council continues to advocate for improved services for other parts of the municipality including Cape Otway</p> <p>Community associations were assisted to secure upgraded telephone exchanges with the purpose of being able to upgrade their internet connections to an Asymmetric Digital Subscriber Line (ADSL) capability. A number of towns including Wye River and Kennett River, Beeac and Barongarook have been ADSL enabled. Alvie, Yeodene and Gellibrand exchanges have been earmarked for an upgrade in 2006</p>	<p>✓</p>
<p>Implement the recommendations of the Colac Municipal Precinct Signage Access Report</p>	<p>The signage as recommended in the Colac Municipal Precinct Signage Access Report has either been installed or is ready to be installed</p>	<p>✓</p>

- ✓ 2005/2006 Actions completed
- ▼ 2005/2006 Actions behind schedule

- No actions scheduled for 2005/2006
- On Going

roads and infrastructure (cont'd)

Council Plan Strategies	Outcomes for 2005/2006	At a Glance
<p>Develop and implement the Asset Management Plans and Asset Management Systems for all infrastructure categories</p>	<p>Asset Management principles consistent with the STEP program continue to be implemented with Council approving a revised Strategic Asset Management Plan (SAMPlan) and adopting a Road Asset Management Plan</p> <p>The Asset Management Policy was considered by Council at the March 2006 meeting. Community consultation was undertaken and results incorporated into the policy</p> <p>The road asset management plan was completed in 2006. A sealed road condition audit was completed to verify the life cycle condition of the sealed road assets</p> <p>The collection of data to ascertain the condition of Council buildings has been completed and will form the basis of a building management plan which will be developed in 2006/2007</p>	<p>✓</p>
<p>Determine a location for the development of an Apollo Bay Transfer Station</p>	<p>The rezoning of land in Apollo Bay, enabling the expansion of the industrial area, has now been completed. The owner of this land is in the process of developing the land, which includes the provision of an area to establish a transfer station</p> <p>Private individuals expressed an interest in developing a transfer station within the Apollo Bay area. Council resolved to research the extent of this interest</p> <p>The outcomes of this process are to be reported to Council in early 2007 and will provide direction to the location of a transfer station</p>	<p>→</p>

- ✓ 2005/2006 Actions completed
- ▼ 2005/2006 Actions behind schedule

- No actions scheduled for 2005/2006
- On Going

planning and development

ensure sustainable development of the municipality



The Planning and Environment Department strives to achieve good strategic and statutory land-use planning and environmental outcomes for all stakeholders, to ensure Colac Otway is recognised as a better place to live.

A major focus for Council during the 2005/2006 financial year was on strategic land use planning, which has been supported by Council's Environment and Planning Department and their commitment to the vision of

- Creating a vibrant and sustainable community
- Building community capacity
- Promoting and protecting a sustainable natural environment

STATUTORY PLANNING

Council's statutory planning function is concerned with the administration of the planning scheme and associated planning applications and other processes that deliver quality outcomes characterised by

- Appropriate and timely advice to all stakeholders
- Provision of a planning application assessment process which is responsive to customer service requirements while ensuring compliance with land use planning policies
- Excellent customer service with the focus on delivering timely and responsive planning services
- Receptive and valuable resource for external customers through effective engagement and maximising opportunities for gathering and sharing information and identifying and implementing improved practices and systems

On January 27, 2005 at the Ordinary Meeting of Council, it was resolved that a Special Committee of Council known as the Planning Committee be created, pursuant to Section 86 (1) of the Local Government Act 1989 as amended.

The purpose and benefits of this resolution were to

- Provide an opportunity for Councillors to focus on planning issues independent of the normal business of Council
- Increase Councillor involvement in strategic planning issues
- Provide a better opportunity for applicants and others to be heard by the Committee at the stage when an application is being considered

Planning Committee meetings are held every second Wednesday of the month and community members are welcome to attend.

STRATEGIC PLANNING (LAND USE)

Council's strategic planning function is concerned with the provision of a robust policy base to guide decision-making. It is also designed to provide services relevant to strategic land use and heritage planning, plus implement strategic land use into the planning scheme in an effective manner that delivers quality outcomes.

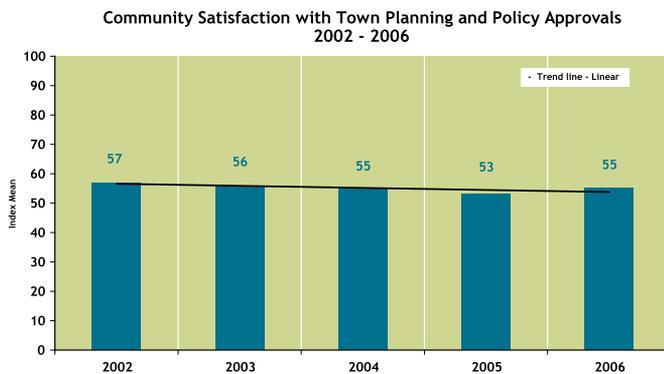
- Integrated planning concerned with all dimensions effecting community well-being and quality of life - social, economic, environmental and cultural
- Linking strategies to the coalface - creating tangible and measurable community outcomes at the local level
- Improved quality of decisions and better development outcomes in relation to key economic developments, through the establishment of clear and agreed objectives with measurable outcomes and agreed evaluation processes, in partnership with the community and key stakeholders
- Actively engaged in robust community consultation at key stages of planning processes



planning and development

ensure sustainable development of the municipality (cont'd)

LOCAL GOVERNMENT COMMUNITY SATISFACTION SURVEY 2006 - TOWN PLANNING AND POLICY APPROVALS



Trend lines indicate that the level of community satisfaction with Town Planning and Policy Approvals has remained consistent over the past five years.

Community concerns raised during the survey were related to the need for better planning policies and a more efficient and faster approval process. In response staff are evaluating current approval processes and documenting a consistent approach to planning procedures.

BUILDING SERVICES

Building Services is primarily concerned with creating safe built environments through the provision of an effective service. This is achieved through the provision of

- Building approval and property information requests
- Council consent applications
- General and technical advice in relation to building regulatory requirements
- Resolving building related complaints
- Compliance with swimming pool safety regulations
- Administering and enforcing building standards
- Processing requests for copies of building plans
- Building certificates
- Inspections
- Public Information

LOCAL LAWS

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

This is achieved through

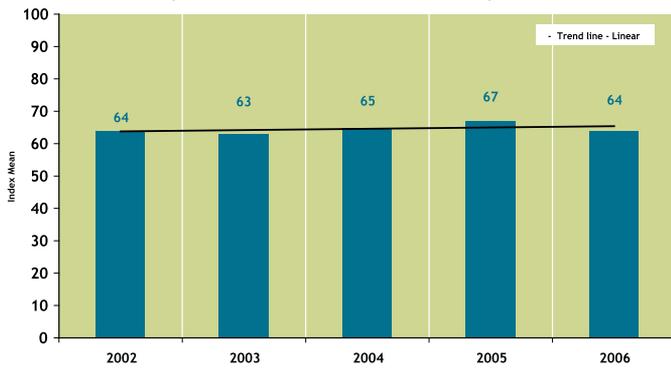
- Enforcement of Local Law and fire prevention statutory regulations and relevant Acts
- Abandoned vehicles impounded and sold if unclaimed
- Animal management (control of livestock)
- Registration and impoundment of animals
- Signage provided, installed and maintained
- Management of authorised aircraft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



planning and development

ensure sustainable development of the municipality (cont'd)

Community Satisfaction with the Enforcement of By Laws 2002 - 2006



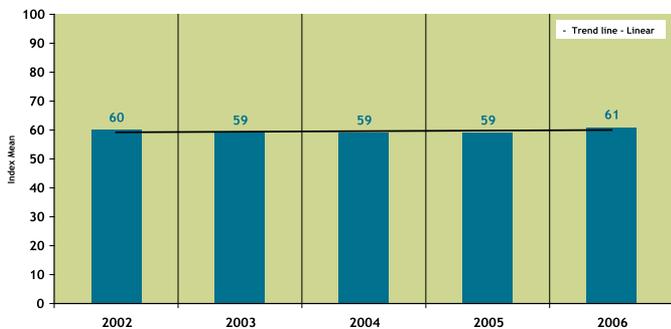
LOCAL GOVERNMENT COMMUNITY SATISFACTION SURVEY 2006 - ENFORCEMENT OF BY-LAWS

Trend lines indicate that the level of community satisfaction with the Enforcement of By-Laws has remained consistent over the past five years.

The community were mainly concerned about enforcement of animal related By-Laws.

The Local Laws unit will continue monitoring and investigation of community concerns.

Community Satisfaction with Traffic Management and Parking Facilities 2002 - 2006



LOCAL GOVERNMENT COMMUNITY SATISFACTION SURVEY 2006 - TRAFFIC MANAGEMENT AND PARKING ENFORCEMENT

Trend lines indicate that the level of community satisfaction with Traffic Management and Parking Facilities has remained consistent over the past five years. With the completion and subsequent implementation of the new Colac and Apollo Bay Structure Plans, it is suggested that community satisfaction with traffic management will improve.



planning and development

ensure sustainable development of the municipality (cont'd)

PLANNING AND DEVELOPMENT - ACHIEVEMENTS ACCORDING TO COUNCIL PLAN STRATEGIES

Council Plan Strategies	Outcomes for 2005/2006	At a Glance
Undertake a comprehensive review of the Colac Otway Planning Scheme and prepare an updated Municipal Strategic Statement and Local Planning Policy Framework to address the recommendations arising from the Planning Scheme Review	The review of the Municipal Strategic Statement was completed. A Draft Planning Scheme has been prepared and is currently being workshopped with key Council Officers and the Planning Scheme Review Steering Committee. The final Draft will be presented to Council following the completion of the Apollo Bay and Colac Structure Plans	✓
Undertake a review of Colac Otway rural zones	The Rural Zones Review was completed, and draft report has been included in the Draft Colac Otway Planning Scheme	✓
	The Local Planning Policy Framework is currently being developed	✓
Amendment C17 - Marriner's View, Apollo Bay	No actions scheduled for 2005/2006	●
Amendment C26 - Barwon Water Service Tanks Apollo Bay North	Amendment C26 was completed	✓
Barham River Catchment Protection - Colac Otway Planning Scheme Amendment C44 - Request Councillor briefing from Barwon Water and the Department of Sustainability and Environment on proposed amendment	A comprehensive report was provided to Council's Planning Committee for their consideration. Depending on the findings of panel hearing and Planning Committee resolution, the planning scheme amendment will be finalised	✓
Great Ocean Green - Colac Otway Planning Scheme Amendment C29. Process planning scheme amendment request. Council resolutions implemented	Panels Victoria appointed a panel to examine Amendment C29 and this hearing was held in June 2006. The Panel will be convening a further directions hearing on August 17, 2006, in order to assist in the Panel's final report	✓
Amendment C31 of Colac Otway Planning Scheme in relation to the Barwon Water	Amendment abandoned by Barwon Water Apollo Bay Off-Site Storage	✓

✓ 2005/2006 Actions completed

▼ 2005/2006 Actions behind schedule

● No actions scheduled for 2005/2006

→ On Going

planning and development

ensure sustainable development of the municipality (cont'd)



PLANNING AND DEVELOPMENT - ACHIEVEMENTS ACCORDING TO COUNCIL PLAN STRATEGIES

Council Plan Strategies	Outcomes for 2005/2006	At a Glance
<p>Develop a Colac Structure Plan that provides a long term vision for Colac, by setting a planning and development framework that will provide for the orderly sequencing of development.</p>	<p>A public display of the Structure Plan and Public information sessions were held in Colac on March 4, 2006. The Draft Colac Structure Plan is currently being finalised to now include a Concept Plan for the proposed Education and Community Precinct, and more comprehensive options are to be explored for the Colac Bypass route</p>	▼
<p>Continue the redevelopment of the Apollo Bay Harbour, including the development of a Concept Plan specific to the Apollo Bay Harbour precinct, which will form an important component of the Apollo Bay Structure Plan</p>	<p>Planning for the Apollo Bay Harbour redevelopment is progressing well. The Apollo Bay Harbour Concept Plan has been completed. Council is now in the process of appointing consultants to prepare the detailed master plan</p>	✓
<p>Prepare a Developer Contribution Plan which will facilitate contributions towards the provision of social and physical infrastructure</p>	<p>The preparation of the Developer Contribution Plan commenced with an initial Council Workshop. Desktop research and data collection is currently underway and staff workshops have been conducted. The project delay was caused by the Department of Sustainability and Environment's deliberations on the Developer Contributions policy. Council is currently awaiting a response</p>	▼

▶ Maps of the Shire's bushfire prone areas were revised and new plans adopted. The revised maps now provide a consistency in construction activities in relation to building permits across the Shire.

- ✓ 2005/2006 Actions completed
- ▼ 2005/2006 Actions behind schedule

- No actions scheduled for 2005/2006
- On Going



health, recreation and community services supporting the community

Health, Recreation and Community Services Units work together to ensure that our community have opportunities to enhance their health, wellbeing and have access to support services where needed.

Council provides the following health related services to support the community

AGED CARE AND DISABILITY SERVICES, THE RURAL ACCESS PROGRAM AND COMMUNITY TRANSPORT SERVICES

These services provide accessible, responsive and inclusive services for people who are aged, disabled, their carers and families who are resident within the Shire. Services provided include

- Supportive care to the aged, disabled and their carers with general household tasks, personal care, meal preparation, medication prompts, supervision and 'in-home' respite
- Respite services for carers of people with disabilities
- Community Bus service
- Home and property maintenance for the aged and people with disabilities
- Coordinate Seniors Festival
- Coordination of Senior Citizens centres

FAMILY DAY CARE

The Family Day Care Unit provides responsive home-based child care service for children aged one month to 12 years in accordance with standards and policies of the Commonwealth Government, National Childcare Accreditation Council, Family Day Care Victoria and Council.

- ▶ Council subsidised a summer shuttle bus which ran between the towns of Skenes Creek, Apollo Bay and Marengo. It operated from Boxing Day 2005 to late January 2006 between the hours of 10.00 a.m. and 10.00 p.m. seven days a week.

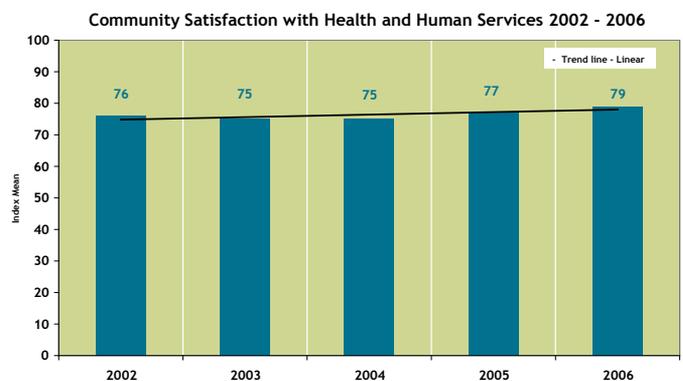
MATERNAL AND CHILD HEALTH SERVICE

The Maternal and Child Health Unit provides Maternal and Child Health Services for children from birth to six years in accordance with Department of Human Services Maternal and Child Health Service Program Standards, funding agreements and Council's policies.

ENVIRONMENTAL HEALTH SERVICES

The Environmental Health Services Unit provides accessible responsive and dependable environmental health services which complement Council's commitment to the community and its visitors.

LOCAL GOVERNMENT COMMUNITY SATISFACTION SURVEY MAY 2006 - HEALTH AND HUMAN SERVICES



Trendlines indicate there has been a slight increase in community satisfaction with Council's Health and Human services over the past five years.

The Shire's Health and Human Services have a higher than average level of community satisfaction when compared to other local government areas in Victoria.

The community expressed concern about the availability of aged care facilities within the Shire. The provision of aged care facilities are not within the scope of Council service provision, however, Council will increase advocacy efforts with all levels of government to secure additional facilities within the Shire.



health, recreation

and community services supporting the community (cont'd)

The community are encouraged to participate in recreational activities

RECREATION

The Recreation Unit facilitates local community initiatives which promote, maintain and develop inclusive recreation facilities and promote opportunities for residents and visitors.

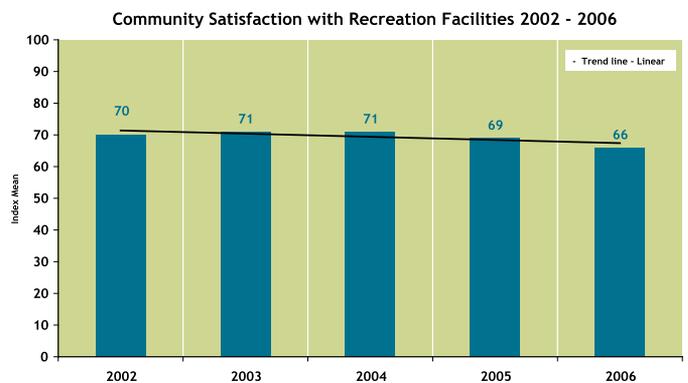
This is achieved through

- Recreation policy and development
- Club organisation and support
- Project development and management
- Facility and resource management
- Recreation Strategic Plan Development

BLUEWATER FITNESS CENTRE

The Bluewater Fitness Centre aspires to be the leading provider of dry and wet recreational opportunities in the region. The Centre continues to maintain the highest standards of safety and service quality while working towards a more sustainable financial outcome. In partnership the Centre provides accessible health and fitness programs and services for the entire community.

LOCAL GOVERNMENT COMMUNITY SATISFACTION SURVEY 2006 - RECREATION FACILITIES



Trendlines indicate there has been a slight decrease in community satisfaction with Recreational Facilities over the past five years.

The reduction in satisfaction is primarily as a result of a desire by the community for more/better sporting complexes (including pools), more/better library buildings and better maintained sporting facilities.

In response to community concerns about the 2006/2007 budget, Council will allocate \$45,000 to the 11 regional reserves, and \$50,000 to implement the completed Recreation Strategy. In addition Council will replace the mobile library in Apollo Bay with a static facility, and contribute towards the upgrade of the Apollo Bay P-12 school swimming pool.



health, recreation

and community services supporting the community (cont'd)

HEALTH AND HUMAN SERVICES - ACHIEVEMENTS ACCORDING TO COUNCIL PLAN STRATEGIES

Council Plan Strategies	Outcomes for 2005/2006	At a Glance
HEALTH		
Ensure that Health and Wellbeing programs are available and accessible to all residents	The Shire continues to play an advocacy role for the community through the Colac Primary Care Forum	✓
	Existing services are being monitored against business plan strategies and objectives	✓
Work with the State Government to explore the possible shared use of the Colanda Residential Services, Colac site	No actions scheduled for 2005/2006	●
Advocate for the development of a hydrotherapy pool located at the Bluewater Fitness Centre	Discussions were held with all key stakeholders and the community during 2005/2006. Council supported in principle that a hydrotherapy pool project should go ahead subject to adequate community fundraising and government grants	✓
Continue to support strong integration between the Colac Otway Shire and health services within the Shire	The Shire continues to work with health service providers to deliver a number of projects to the community. Projects in conjunction with Colac Area Health include <ul style="list-style-type: none"> • The fourth year of the 'Be Active, Eat Well' program and results are expected to be positive • A family support project was initiated with the aim of reducing the incidence of court interventions regarding young children by providing specific support and services • A postnatal depression project for women was implemented with staff being trained in mental health first aid • Council worked with the Settlement Committee for Sudanese immigrants to improve their integration into the community 	✓

► The realignment of the service boundaries for the home and community care services has been completed. The outcome is that the Colac Otway Shire will now provide services in the towns of Kawarren, Gellibrand and Carlisle River.

✓ 2005/2006 Actions completed

▼ 2005/2006 Actions behind schedule

● No actions scheduled for 2005/2006

→ On Going

health, recreation

and community services supporting the community (cont'd)

HEALTH AND HUMAN SERVICES - ACHIEVEMENTS ACCORDING TO COUNCIL PLAN STRATEGIES (CONT'D)

Council Plan Strategies	Outcomes for 2005/2006	At a Glance
Assess the level of community demand for services	No actions scheduled for 2005/2006	●
Assess the impact and demand implications of an ageing population	Work is continuing with G21 Alliance to identify the future needs of an ageing population through the 'Improving Health Outcomes for Elderly People' Project and the development of an Ageing Population Strategy. Project funding for this strategy has been applied for through the Municipal Association of Victoria Positive Ageing Program	✓
Advocate for the provision of accessible health and community services by other health providers	Advocacy continues through the Colac Primary Care Forum. Council successfully lobbied for the provision of a General Practices Medical School at Deakin University's Geelong Campus	✓
RECREATION		
Review and implement recommendations of the Colac Otway Shire Recreation Needs Strategy Plan	The draft recreation strategy was considered by Council in June 2006. Development of the draft strategy involved extensive consultation. The final strategy will be considered by Council in September 2006	✓
Continue the renewal of Council's Playground Program	Playground works were carried out during the year. A playground maintenance and improvement policy and procedures were developed	✓
Develop and implement a sustainable approach for our sporting grounds	The Regional Recreation Reserves Contributions Scheme was completed and is due to take effect from August 2006. This will be implemented along with the development of reserve master plans and agreements between Council and Committees of Management	✓

✓ 2005/2006 Actions completed

▼ 2005/2006 Actions behind schedule

● No actions scheduled for 2005/2006

→ On Going

economic development

Stimulating growth and economic development within the Shire is the primary responsibility of Council's Economic Development, Events, Arts & Culture and Tourism Units.

ECONOMIC DEVELOPMENT

The Economic Development Unit works with and supports business, undertakes community development activities and facilitates industry and local community initiatives to promote sustainable employment, maintain and develop inclusive culture and promotes social and economic opportunities for residents and visitors.

COLAC OTWAY PERFORMING ARTS AND CULTURAL CENTRE (COPACC)

Colac Otway Performing Arts and Cultural Centre works in partnership with the local and broader community to provide innovative and progressive performing arts. In addition the Centre provides a range of cultural, social and economic development opportunities for the Colac Otway Community.

EVENTS

The Events Unit supports the community to progress in a creative, innovative and inclusive way which enhances and protects our natural and built environment and advances our cultural, social, economic and environmental prosperity.

ARTS & CULTURE

The Arts and Culture Unit works with the community to develop creative, innovative and inclusive ways to enhance access to cultural, social and artistic opportunities, while protecting our natural and built environment and creating economic prosperity.

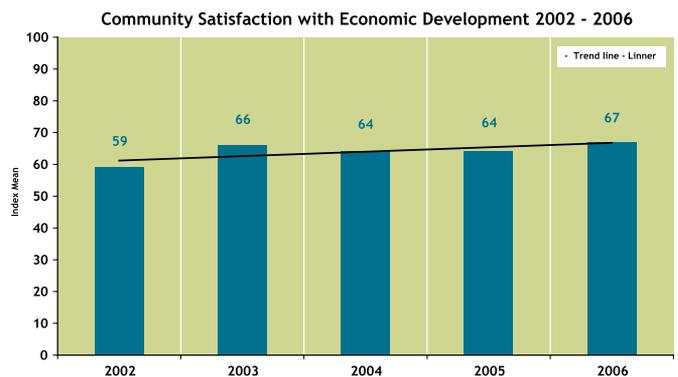
YOUTH COUNCIL

Youth activities focus on the support of the young people in the municipality. The Youth Council provides advocacy on behalf of young people across the Shire.

TOURISM

The Tourism Unit's role is to promote sustainable economic development of the tourism industry, to facilitate industry and local initiatives, which provide benefits to local communities and visitors.

LOCAL GOVERNMENT COMMUNITY SATISFACTION SURVEY - ECONOMIC DEVELOPMENT



Trendlines indicate that over the past five years there has been a gradual increase in community satisfaction with the Economic Development services provided by Council.

Community concerns about economic development were focused on more/better job creation programs, employment opportunities and the need to encourage more tourism.

In response to these concerns, Council will continue to work with businesses, the education and tourism sectors and will continue to advocate with all levels of government to provide employment opportunities.

economic

development (cont'd)



Council Plan Strategies	Outcomes for 2005/2006	At a Glance
<p>Continue to implement the Economic Development and Tourism Strategy</p>	<p>A very successful Economic Development Summit was held, which was well attended by relevant stakeholders including representatives from business, tourism, education and community service sectors. The Summit was an opportunity for Council to provide an update on the implementation of the various actions within the Economic Development Strategy and to assess priority areas for the coming year</p> <p>Through Great South Coast Food and Wine Group and Surf Coast Tourism an Otway Gourmet Food Trail was developed and implemented</p> <p>As a result of recommendations from the Economic and Tourism Development Strategy Service, delivery system improvements have been achieved between Great Ocean Road Visitor Information Centre (GORVIC) and the Colac Visitor Information Centre. Both Visitor Information Centres maintained Level 2 Accreditation</p> <p>A comprehensive Agricultural Study has been prepared, which seeks to strengthen Council's ability to actively support the agricultural sector. In particular this will address strategies for the appropriate use of land and Federal Government funding opportunities</p> <p>The Study is being considered as part of the Colac Otway Planning Scheme re-write in order to ensure that the various policies contained in the Planning Scheme are consistent with those recommended in the Agricultural Study</p>	<p>✓</p>

- ✓ 2005/2006 Actions completed
- ▼ 2005/2006 Actions behind schedule

- No actions scheduled for 2005/2006
- On Going



economic

development (cont'd)

Council Plan Strategies	Outcomes for 2005/2006	At a Glance
<p>Continue implementation of the Small Town Improvement Program in partnership with community groups</p>	<p>A revised Small Town Improvement Program was developed for the townships of Lavers Hill and Barwon Downs</p> <p>A funding submission has been made for an improvement program for the town of Forrest</p> <p>New town signs have been installed at the townships of Birregurra, Tanyryn, Kawarren, Ferguson and Beech Forest</p> <p>Community consultation on an Economic Activities study has commenced for the town of Forrest. A draft design study has been produced and Council is currently awaiting community feedback</p>	<p>✓</p>
<p>Implement the recommendations of the Tertiary Feasibility Study by advocating and lobbying the State Government for additional funded training hours to be provided within the Shire</p>	<p>Recommendations from the Tertiary Education Options Paper are being implemented in conjunction with the Colac EdSkills network</p> <p>As a result of advocacy activities, four new tertiary courses are being provided in 2006 and the investigation of a further course is continuing</p> <p>Council, in partnership with community agencies, successfully lobbied the State Government for an additional 50,000 hours of tertiary courses to be provided in Colac</p>	<p>✓</p>
<p>Advocate for the provision of a natural gas supply for Birregurra and extension of coverage for the whole of the Colac urban area</p>	<p>A report was presented to the September 2005 Council meeting on the provision of natural gas to the township of Birregurra and extending the reticulation of natural gas in Colac</p> <p>Costings for the extension of natural gas to Elliminyt were received from the provider and consultation has taken place with a focus group and surveys distributed to effected residents</p>	<p>✓</p>

- ✓ 2005/2006 Actions completed
- ▼ 2005/2006 Actions behind schedule

- No actions scheduled for 2005/2006
- On Going

economic

development (cont'd)

Council Plan Strategies	Outcomes for 2005/2006	At a Glance
<p>Complete implementation of the Old Beechy Rail Trail and undertake promotion of the Trail</p>	<p>The Old Beechy Rail Trail was completed and officially opened in July 2005 by the Premier of Victoria, Steve Bracks and opened for community use in October 2005 by the member for Geelong Province Elaine Carbines</p> <p>Interpretive signage and a brochure were completed for the Old Beechy Rail Trail</p> <p>Promotion on the Trail appeared in the following publications:</p> <ul style="list-style-type: none"> • The Age • Ride On - The Bicycle Victoria magazine • Railtrails Australia newsletter • and television's program The Great Outdoors 	<p>✓</p>
<p>EVENTS Develop, implement and review Council's Festival and Events Strategy</p>	<p>Background research has been completed for the draft Events and Festival Strategy. Stakeholder and community consultation was undertaken in April 2006</p> <p>Support for the attraction of additional major events during the financial year included securing funding for hinterland development. A grants program targeted specifically for hinterland activities was launched</p> <p>In November 2005 Council hosted a sitting of the Victorian Upper House of Parliament at Colac Otway Performing Arts and Cultural Centre</p> <p>Support was provided for the following events: The Apollo Bay Music Festival, KANA, the Birregurra Weekend Festival and Colac's Spirit of Christmas</p>	<p>✓</p>

- ✓ 2005/2006 Actions completed
- ▼ 2005/2006 Actions behind schedule

- No actions scheduled for 2005/2006
- On Going



economic

development (cont'd)

Council Plan Strategies	Outcomes for 2005/2006	At a Glance
<p>ARTS AND CULTURE Review and implement the recommendations of the Colac Otway Shire Arts and Culture Strategy</p>	<p>Background research is being conducted and benchmarking has occurred to determine where Colac Otway sits in comparison to other councils in Victoria</p> <p>Stakeholders within the arts and cultural sectors and interested community members were consulted in April 2006 as part of the development of the Strategy</p>	<p>✓</p>
<p>YOUTH COUNCIL Coordinate, implement and support youth initiatives across the Shire</p>	<p>The Youth Council meets fortnightly to discuss issues facing young people in the Shire with staff and Councillors</p> <p>Council continues to hold regular youth forums</p> <p>Funding was obtained to implement a variety of activities for National Youth Week</p> <p>In March 2006 the Youth Council, Councillors, staff and a member of the Victorian Police force walked the Old Beechy Rail Trail</p>	<p>✓</p>

▶ Forty women were involved in a production of the play *Metamorphosis* at the Colac Otway performing arts and cultural centre. To augment the performance there was an exhibition by local women artists held in the Colac Otway Performing Arts and Cultural Centre public gallery.

- ✓ 2005/2006 Actions completed
- ▼ 2005/2006 Actions behind schedule

- No actions scheduled for 2005/2006
- On Going



environmental sustainability

Council's Environment Unit is concerned with the protection and enhancement of the natural environment, achieving environmental sustainability through the adoption of effective ecologically sustainable practices and delivering quality outcomes which are characterised by

- Education and awareness raising on environmental issues within the community and improvement of community access to information

- Assisting in best practice management of Council assets and environmental management responsibilities
- In partnership with other responsible authorities, collect and utilise environmental data and information Environmental Sustainability - Achievements according to Council Plan Strategies

Council Plan Strategies	Outcomes for 2005/2006	At a Glance
Implementation of approved recommendations from the three Towns Stormwater Management Strategy (concept study)	An initial review was conducted to identify the stormwater issues in the townships of Wye River, Kennett River and Separation Creek. Reviews with other Council departments are either completed or underway As a result of the review a priority list of works was identified and reported to Council. They are currently being implemented	✓
Develop a strategy for the provision of a hard waste collection throughout the municipality and options for a green waste collection for non-resident property owners	An initial report was considered by Council. Further research was carried out resulting in an allocation of funds in the 2006/2007 budget for the collection of hard waste in urban areas	✓
Focus on the control of weeds on both Council and privately owned properties	The weed management program for this year was successfully completed. The program consisted of comprehensive treatment of selected weeds across the Shire. In addition to consolidating the work undertaken in previous years, there was an additional focus on nuisance fruit trees and sweet pittosporum in coastal areas	✓

▶ An assessment of the functionality of the Kennett River wetlands was undertaken. This essential piece of work will inform Council's structure plan in relation to the treatment of these significant wetland areas.

- ✓ 2005/2006 Actions completed
- ▼ 2005/2006 Actions behind schedule

- No actions scheduled for 2005/2006
- On Going

environmental

sustainability (cont'd)



Council Plan Strategies	Outcomes for 2005/2006	At a Glance
<p>Focus on the control of weeds on both Council and privately owned properties (cont'd)</p>	<p>In addition to the annual allocation of \$30,000 in Council's budget, an additional \$13,000 was secured from the Department of Primary Industries (DPI) to treat ragwort in areas around the townships of Lavers Hill, Gellibrand and Forrest</p>	<p>✓</p>
<p>Pursue waste water issues in the towns of Colac East, Birregurra, Cressy, Beeac, Forrest, Gellibrand, Kennett River, Separation Creek and Wye River</p>	<p>Council completed a report on innovative waste water solutions for Birregurra, recommending two possible systems. These are now being fully assessed and considered by the Barwon Water Authority</p> <p>Funding has been received to employ a consultant to investigate waste water options for Wye River, Kennett River and Separation Creek</p>	<p>✓</p>
<p>Develop and implement a Sustainability Action Plan for the Organisation and the Community</p>	<p>As part of Council's commitment to Climate Change energy audits were completed on Council's major energy using facilities. These included Colac Otway Performing Arts and Cultural Centre, Bluewater Fitness Centre and the Rae Street office complex</p> <p>Water Audits were completed on Council's facilities including sporting grounds. Implementation plans are currently being finalised for implementation in the second half of 2006. Audits of paper use and recycling habits were undertaken for the Rae Street office complex, with an improved practices approach currently being developed</p> <p>A suite of improved standard conditions were developed by Council's Environment Unit, and have been utilised in the planning application assessment process. Approximately 12 planning permits per month were assessed for environmental compliance</p>	<p>✓</p>

▶ In addition to the \$30,000 Council allocated for environmental works in the 2005/2006 budget, an additional \$13,000 was secured from the Department of Primary Industries to treat ragwort in areas around Lavers Hill, Gellibrand and Forrest.

- ✓ 2005/2006 Actions completed
- ▼ 2005/2006 Actions behind schedule

- No actions scheduled for 2005/2006
- On Going



documents available to the public

The following documents are available by contacting the Chief Executive Officer

- Details of current allowances fixed for the Mayor, Deputy Mayor and Councillors under Section 74 of the Act
- Details of overseas or interstate travel (with the exception of interstate travel by land for less than three days) undertaken in an official capacity by Councillors or any member of Council Staff in the previous 12 months, including the names of the Councillors or members of Council staff and the date, destination, purpose and total cost of the overseas or interstate travel
- Details of senior officers' total salary packages for the current year and previous year including gross salary, the amount of the Council or employer contribution to superannuation, the value of any motor vehicle provided by the Council and the total value of any other benefits and allowances provided by the Council
- Names of Council officers who were required to submit a return of interest during the financial year and the dates these returns were submitted
- Names of Councillors who were required to submit a return of interest during the financial year and the dates these returns were submitted
- Agendas and minutes for ordinary and special meetings held in the previous 12 months kept under Section 93 of the Act except if the minutes relate to parts of meetings, which have been closed to members of the public under Section 89 of the Act
- 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 under section 86 of the Act and held in the previous 12 months except if the minutes relate to parts of meetings which have been closed to members of the public under section 89 of the Act
- 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 except where such minutes related to parts of meetings that have been closed to members of the public under Section 89 of the Act
- A register of delegations kept under section 87, 88 and 98 of the Act, including the date on which the last review section 98(6) of the Act took place
- Submissions received in accordance with section 223 of the Act during the previous 12 months.
- Agreements to establish regional libraries under Section 196 of the Act
- Details of all property, finance and operating leases involving land, buildings, plant, computer equipment or vehicles entered into by the Council as lessor or lessee, including the name of the other party to the lease and the terms and the value of the lease
- Register of authorised officers appointed under section 224 of the Act, and
- List of contracts valued at \$100,000 or more which Council entered into during the financial year without first engaging in a competitive process and which are not contracts referred to in 186(5) of the Act



acronyms and definitions

Best Value	Section 208C of the Local Government Act 1989 dealing with continuous improvement of services delivered by Victorian Councils
ADSL	Asymmetric Digital Subscriber Line
BEF	Australian Business Excellence Framework
BWFC	Bluewater Fitness Centre
CEO	Chief Executive Officer
COPACC	Colac Otway Performing Arts and Cultural Centre
COSWORKS	Colac Otway Shire Works Unit
Council Plan Strategies	Key strategies developed by Council which are to be addressed between 2005 - 2009
DSE	Department of Sustainability and Environment
DVC	Department of Victorian Communities
EPA	Environment Protection Authority
FTE	Full Time Effective Staff
G21	Geelong Regional Alliance
GORVIC	Great Ocean Road Visitor Information Centre
GOT	Geelong Otway Tourism
Interplan	Council's Corporate Performance Management software system
Large Rural Shires	Victorian State Government Grouping of Councils, includes: Baw Baw, Campaspe, Colac Otway, Corangamite, East Gippsland, Glenelg, Macedon Ranges, Mitchell, Moyne, South Gippsland, Southern Grampians, Surf Coast and Wellington Shires
Mapinfo V8	Mapping Software System
MAV	Municipal Association of Victoria
SafetyMAP	Accreditation through the Victorian WorkCover Authority
SAMPlan	Strategic Asset Management Plan
SES	State Emergency Service
Strategic Resource Plan	Council's 4 year project financial plan
STEP	Municipal Association of Victoria Asset Management System
U3A	University of the Third Age
VECCI	Victorian Employers Chamber of Commerce and Industry
WorkSafe	Victorian WorkCover Authority
KANA	Annual community festival held in Colac
Instrument of Delegation	The Council may, either generally or in relation to a specific matter by writing under its seal, delegate to a Council Officer any of its powers

financial sustainability

SUMMARY OF FINANCIAL PERFORMANCE

SUMMARY FINANCIAL STATEMENTS

The following tables are a summary of the Annual Financial Reports and Standard Statements for the year ended June 30, 2006.

INCOME STATEMENT

	2005/06 Budget (\$m)	2005/06 Actual (\$m)	(\$m)	Variance (%)	(F/U)	Comments
Own-source revenues	20.3	18.6	(1.7)	(8.4)	U	Private Works and VicRoads Maintenance Contract
Total Revenues	28.9	30.1	1.2	4.1	F	2007 Roads to Recovery & Apollo Bay Harbour Grants
Employee expenses	(9.6)	(9.0)	0.6	6.2	F	Vacant positions & OSWORKS capital projects
Total expenses	(31.1)	(29.3)	1.8	5.8	F	Lower Property, Plant and Equipment write-offs
Disposals	(0.1)	0.9	1.0	1,000	F	Lakeside Estate sale
Operating result	(2.3)	1.7	4.0	173.9	F	

COMMENTARY

The Income Statement measures Council's performance over the year and shows a surplus or a (deficit) has been made in delivering services. For 2005/06 Council disclosed a surplus of \$1.7M which was \$4.0M more than budgeted due to lower asset write-offs, government grants received in advance and asset disposals.

BALANCE SHEET

	2005/06 Budget (\$m)	2005/06 Actual (\$m)	(\$m)	Variance (%)	(F/U)	Comments
Cash	3.8	8.1	4.3	113.1	F	Lakeside Estate and Roads to Recovery Grant
Current assets	2.6	3.1	0.5	19.2	F	Special Charge schemes
Current liabilities	(3.8)	(4.1)	0.3	7.9	U	Accounts payable and Employee provisions
Non-current assets	172.2	195.9	23.7	13.8	F	Revaluation of assets
Borrowings	(4.0)	(4.0)	0.0	0.0	-	
Non-current liabilities	(3.5)	(3.1)	(0.4)	11.4	F	Non-current Employee provisions
Net assets	167.3	195.9	28.6	17.1	F	

COMMENTARY

The Balance Sheet shows what the Council owns as assets and what it owes as liabilities, the difference being net assets which represents the net worth of the Council. For 2005/06, Council had a net worth of \$195.9M which was \$9.4M higher than the previous year due to revaluation of bridges and increased spending on asset renewal.



financial

sustainability (cont'd)

SUMMARY OF FINANCIAL PERFORMANCE (CONT'D)

CASH FLOW STATEMENT

	2005/06 Budget (\$m)	2005/06 Actual (\$m)	(\$m)	Variance (%)	(F/U)	Comments
Net operating	6.1	7.2	1.1	18.0	F	Early receipt of the 2007 Roads to Recovery Grant
Net investing	(7.0)	(6.7)	0.3	4.3	F	
Net financing	(0.4)	(0.4)	0.0	0.0	-	
Opening cash balance	5.1	8.0	2.9	56.9	F	Uncompleted projects carried over from 2004/05
Net Cash	3.8	8.1	4.3	113.2	F	

COMMENTARY

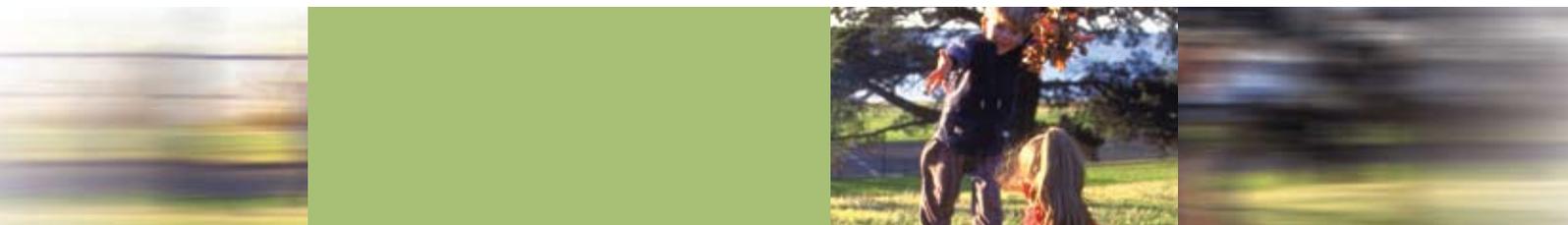
The Cash Flow Statement summarises Council's cash payments and cash receipts for the year and shows the capacity of Council to meet its debts and other liabilities. For 2005/06, Council had a closing cash balance of \$8.1M compared to \$8.0M the previous year which was a favourable result.

CAPITAL WORKS STATEMENT

	2005/06 Budget (\$m)	2005/06 Actual (\$m)	(\$m)	Variance (%)	(F/U)	Comments
Renewal	5.5	5.3	(0.2)	(3.6)	U	Parks and Gardens, Municipal Pound, Colac Livestock Selling Centre
Upgrade	1.0	2.7	1.7	170.0	F	
New	1.1	0.5	(0.6)	(54.5)	U	Special Charges Scheme
Total	7.6	8.5	0.9	11.8	F	

COMMENTARY

The Capital Works Statement shows the break-up of capital expenditure between new, upgrade and renewal.



financial

sustainability (cont'd)

UNDERSTANDING THE FINANCIAL STATEMENTS

INTRODUCTION

The Financial Report is a key report by the Colac Otway Shire. It shows how Council performed financially during the 2005/2006 financial year and the overall position at the end of the financial year (June 30, 2006).

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

WHAT IS CONTAINED IN THE ANNUAL FINANCIAL REPORT?

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

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

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

1. INCOME STATEMENT

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

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

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

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

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

financial

sustainability (cont'd)



UNDERSTANDING THE FINANCIAL STATEMENTS (CONT'D)

2. BALANCE SHEET

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

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

The components of the Balance Sheet are described here
[Current and Non-Current Assets](#)

- Cash includes cash and cash equivalents i.e. cash held in the bank, petty cash and term deposits
- Receivables are monies owed to Council by ratepayers and others
- Investment in Associate is the investment in the Corangamite Regional Library Corporation
- Other assets include inventory and accounts which have been prepaid
- Property, Plant and Equipment, Infrastructure is the largest component of Council's worth and represents the value of all land, buildings, roads, vehicles, equipment and other items which have been built up by Council over many years

CURRENT AND NON-CURRENT LIABILITIES

- Payables are those to whom Council owes money as at June 30, 2006
- Provisions include Employee Benefits which is the accounting term for accrued Long Service and Annual Leave provisions. Landfill rehabilitation works are also grouped under provisions
- Interest Bearing Liabilities includes loans, which are repaid over a set period of time, and Lease Liabilities that are leases of assets where ownership of the asset is transferred to the Council

NET ASSETS

This term is used to describe the difference between the value of Total Assets and the value of Total Liabilities. It represents the net worth of Council as at June 30. The net value of the Council is also synonymous with Total Equity.

TOTAL EQUITY

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

3. STATEMENT OF CHANGES IN EQUITY

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



financial

sustainability (cont'd)

UNDERSTANDING THE FINANCIAL STATEMENTS (CONT'D)

CASH FLOWS FROM INVESTING ACTIVITIES

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

CASH FLOWS FROM FINANCING ACTIVITIES

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

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

NOTES TO THE ACCOUNTS

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

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

Where Council wishes to disclose other information, which cannot be incorporated into the Statements, then this is shown in the Notes.

Other Notes include

- The cost of the various functions of Council
- The breakdown of expenses, revenues, reserves and other assets
- Transactions with persons related to Council
- Comparisons of Budget to Actual results
- Financial performance indicators

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

STATEMENTS BY PRINCIPAL ACCOUNTING OFFICER AND COUNCILLORS

The Certification of the Principal Accounting Officer is made by the person responsible for the financial management of Council that, in her/his opinion, the Financial Statements have met all the statutory and professional reporting requirements.

The Certification of Councillors is made by two Councillors on behalf of Council that, in their opinion, the Financial Statements are fair and not misleading. The Chief Executive Officer also endorses and signs the certification.

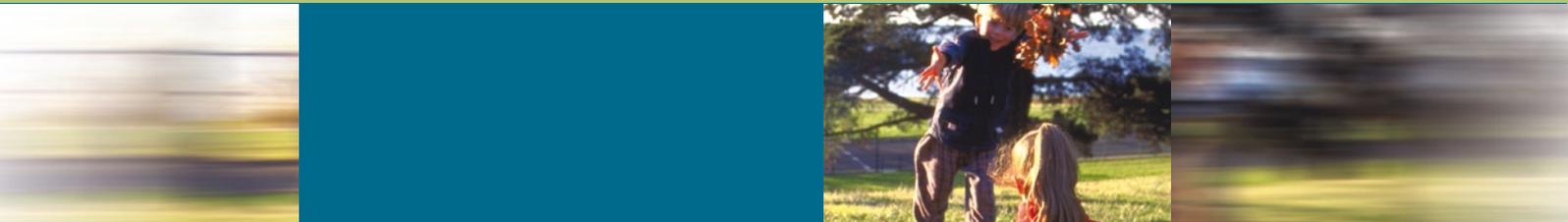
AUDITOR GENERAL'S REPORT

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

celebrating
2005 06

FINANCIAL REPORT

STANDARD STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006



notes to the standard statements

NOTE 1 BASIS OF PREPARATION OF STANDARD STATEMENTS

Council is required to prepare and include audited Standard Statements within its Annual Report. Four Statements are required - a Standard Income Statement, Standard Balance Sheet, Standard Cash Flow Statement and a Standard Statement of Capital Works, together with explanatory notes. These statements and supporting notes form a special purpose financial report prepared to meet the requirements of the Local Government Act 1989 and Local Government (Finance and Reporting) Regulations 2004. The Standard Statements have been prepared on accounting bases consistent with those used for the General Purpose Financial Statements and the Budget. The results reported in these statements are consistent with those reported in the General Purpose Financial Report.

The Standard Statements are not a substitute for the General Purpose Financial Statements, which are included on pages 91 to 94 of the Annual Report. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The Standard Statements compare Council's financial plan, expressed through its budget, with actual performance. The Local Government Act 1989 requires explanation of any material variances. The Council has adopted a materiality threshold of 10 per cent. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature. The budget figures included in the Standard Statements are those adopted by Council on 28 July 2005. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet council's business plan and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

Detailed information on the actual financial results are contained in the General Purpose Financial Report on pages 91 to 94. The detailed budget can be obtained by contacting Council or through the council's website. The Standard Statements must be read with reference to these documents.

standard income statement

for the year ended 30 june 2006

	Note	ACTUAL \$'000	BUDGET \$'000	VARIANCE \$'000	VARIANCE %
REVENUE					
Rates and Charges		13,198	13,143	55	0%
Grants Commission		4,402	4,417	(15)	(0%)
Recurrent Grants	1	3,019	2,202	817	37%
Non-Recurrent Grants	2	4,113	1,971	2,142	109%
User Charges, Fees & Fines	3	3,698	4,696	(998)	(21%)
Reimbursements and Contributions	4	1,090	1,856	(766)	(41%)
Donated Property, Plant and Equipment, Infrastructure	5	139	300	(161)	(54%)
Interest income	6	450	272	178	65%
TOTAL REVENUE		30,109	28,857	1,252	4%
EXPENSES					
Employee Benefits	7	8,987	9,619	(632)	(7%)
Depreciation and Amortisation		7,545	7,636	(91)	(1%)
Finance costs		277	287	(10)	(3%)
Materials and Services		11,015	10,535	480	5%
Grants and Donations		99	99	-	0%
Plant costs	8	437	1,113	(676)	(61%)
Property, Plant and Equipment, Infrastructure written off	9	78	1,020	(942)	(92%)
Loss on Investment in Associates		29	-	29	0%
Other expenses		836	841	(5)	(1%)
TOTAL EXPENSES		29,303	31,150	(1,847)	(6%)
Net gain (loss) on disposal of assets	10	933	(50)	983	(1,966%)
SURPLUS (DEFICIT) FOR THE REPORTING PERIOD		1,739	(2,343)	4,082	(174%)

VARIANCE EXPLANATION

NOTE	ITEM	EXPLANATION
1	Recurrent Grants	The 2006/07 Apollo Bay Harbour Operational Grant was received in June 2006.
2	Non-Recurrent Grants	Early receipt of the 2007 "Roads to Recovery" Grant in June 2006. Additional Apollo Bay Jetty Grant and Natural Disaster Relief funding.
3	User Charges, Fees & Fines	Lower Private Works income due to increased COSworks infrastrucure activity.
4	Reimbursements & Contributions	Absence of Vicroads Maintenance Contract revenue.
5	Donated Property, Plant and Equipment, Infrastructure	Lower donated property contributions than budgeted.
6	Interest income	Higher opening cash position due to carry over funding for projects from prior year.
7	Employee Benefits	Lower wages and salaries expense due to late replacement of vacant positions, larger proportion of Cosworks wages on capital projects and absence of the Vicroads Maintenance contract.
8	Plant costs	Lower plant cost due to absence of Vicroads Maintenance Contract.
9	Property, Plant and Equipment, Infrastructure wriiten off	No large obsolete items were identified during the period.
10	Net gain (loss) on disposal of assets	Lakeside Estate sale proceeds and plant and equipment disposals/trade ins.

standard balance sheet

as at 30 june 2006

	Note	ACTUAL \$'000	BUDGET \$'000	VARIANCE \$'000	VARIANCE %
CURRENT ASSETS					
Cash and cash equivalents	11	8,114	3,769	4,345	115%
Trade and other receivables	12	2,896	2,118	778	37%
Inventories		86	78	8	10%
Prepayments	13	70	419	(349)	(83%)
TOTAL CURRENT ASSETS		11,166	6,384	4,782	75%
NON-CURRENT ASSETS					
Trade and other receivables		47	50	(3)	(6%)
Investment in associates		479	423	56	13%
Property, Plant and Equipment, Infrastructure	14	195,366	171,777	23,589	14%
TOTAL NON-CURRENT ASSETS		195,892	172,250	23,642	14%
TOTAL ASSETS		207,058	178,634	28,424	16%
CURRENT LIABILITIES					
Trade and other payables	15	1,918	2,493	(575)	(23%)
Trust funds and other deposits	16	268	196	72	37%
Provisions		1,928	1,150	778	68%
Interest bearing loans and borrowings		477	474	3	1%
TOTAL CURRENT LIABILITIES		4,591	4,313	278	6%
NON-CURRENT LIABILITIES					
Provisions		3,043	3,486	(443)	(13%)
Interest bearing loans and borrowings		3,514	3,502	12	0%
TOTAL NON-CURRENT LIABILITIES		6,557	6,988	(431)	(6%)
TOTAL LIABILITIES		11,148	11,301	(153)	(1%)
NET ASSETS		195,910	167,333	28,577	17%
EQUITY					
Accumulated Surplus		91,331	84,573	6,758	8%
Asset Revaluation Reserve	17	102,916	82,255	20,661	25%
Other Reserves	18	1,663	505	1,158	229%
TOTAL EQUITY		195,910	167,333	28,577	17%

standard balance sheet

as at 30 june 2006 (cont'd)

VARIANCE EXPLANATION

NOTE	ITEM	EXPLANATION
11	Cash	Lakeside Estate sale proceeds, early receipt of 'Roads To Recovery' and other Grants and project carry overs.
12	Trade and other receivables	Special Charge Schemes and Government Grants.
13	Prepayments	Insurance premiums were not prepaid as budgeted.
14	Property, Plant & Equipment, Infrastructure	Asset revaluations are not budgeted due to the uncertainty in \$ movements.
15	Trade and other payables	Vicroads contract not awarded to Cosworks.
16	Trust funds and other deposits	Higher building activity.
17	Asset Revaluation Reserve	Asset revaluations are not budgeted due to the uncertainty in \$ movements.
18	Other Reserves	Lakeside Estate sale proceeds have been transferred to Reserves.

standard cash flow statement

for the year ended 30 june 2006

	Note	ACTUAL \$'000	BUDGET \$'000	VARIANCE \$'000	VARIANCE %
CASH FLOWS FROM OPERATING ACTIVITIES					
Rates and Charges		13,107	13,114	(7)	(0%)
Government Grants	2	11,394	8,590	2,804	33%
Council User Charges and Reimbursements received		4,458	4,717	(259)	(5%)
Contributions and Donations received	4	846	1,856	(1,010)	(54%)
Council payments to Employees		(9,374)	(9,552)	178	(2%)
Council payments to Suppliers	19	(13,292)	(11,749)	(1,543)	13%
Interest received	6	450	272	178	65%
Finance costs		(285)	(287)	2	(1%)
Council Grants and Donations paid		(99)	(99)	-	0%
Net GST refund/(payment)		863	-	863	0%
Other payments	20	(897)	(791)	(106)	13%
NET CASH INFLOW FROM OPERATING ACTIVITIES		7,171	6,071	1,100	18%
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for Property, Plant and Equipment, Infrastructure	21	(8,536)	(7,583)	(953)	13%
Proceeds from sale of Property, Plant & Equipment, Infrastructure	10	1,814	600	1,214	202%
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(6,722)	(6,983)	261	(4%)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of interest bearing loans and borrowings		(410)	(425)	15	(4%)
Proceeds from interest bearing loans and borrowings		-	-	-	0%
Trust funds and deposits		72	-	72	0%
Lease Payments		(18)	(18)	-	0%
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		(356)	(443)	87	(4%)
Net increase (decrease) in cash and cash equivalents		93	(1,355)	1,448	(107%)
Cash and cash equivalents at the beginning of the year	11	8,021	5,124	2,897	57%
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		8,114	3,769	4,345	115%
RECONCILIATION OF SURPLUS (DEFICIT) AND NET CASH FLOWS FROM OPERATING ACTIVITIES FOR THE YEAR ENDING 30 JUNE 2006					
Surplus (deficit)		1,739	(2,343)	4,082	(174%)
Depreciation		7,545	7,636	(91)	(1%)
(Profit) Loss on sale of Property, Plant and Equipment, Infrastructure		(933)	50	(983)	(1,966%)
Net movement in current assets and liabilities		(1,180)	728	(1,908)	(262%)
Net cash inflow (outflow) from operating activities		7,171	6,071	1,100	18%

standard cash flow statement

for the year ended 30 june 2006 (cont'd)

VARIANCE EXPLANATION

NOTE	ITEM	EXPLANATION
19	Council payments to suppliers	Carryover of projects from 2004/05 now completed and paid for in the 2005/06 financial year.
20	Other payments	Higher Library contributions and Town Planning legal expenses.
21	Payments for asset acquisition	See Standard Statement of Capital Works.

standard statement of capital works

for the year ended 30 june 2006

	Note	ACTUAL \$'000	BUDGET \$'000	VARIANCE \$'000	VARIANCE %
CAPITAL WORKS AREA					
Land		-	-	-	0%
Buildings	22	641	230	411	179%
Plant and Machinery		1,444	1,318	126	10%
Furniture and Equipment	23	488	335	153	46%
Roads and Streets		4,118	4,400	(282)	(6%)
Bridges		466	490	(24)	(5%)
Footpaths	24	387	190	197	104%
Kerb and Channel		71	95	(24)	(25%)
Parks and Gardens	25	791	230	561	244%
Drainage	26	130	295	(165)	(56%)
TOTAL CAPITAL WORKS		8,536	7,583	953	13%
Represented by:					
Renewal		5,339	5,473	(134)	(2%)
Upgrade		2,682	1,015	1,667	164%
New		515	1,095	(580)	(53%)
TOTAL CAPITAL WORKS		8,536	7,583	953	13%
PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE MOVEMENT RECONCILIATION WORKSHEET					
The movement between the previous year and the current year in property, plant and equipment, infrastructure as shown in the Balance Sheet links to the net of the following items:					
Total capital works		8,536	7,583	953	13%
Asset revaluation movement		7,728	-	7,728	0%
Depreciation and Amortisation		(7,545)	(7,636)	91	(1%)
Written down value of assets sold / disposed / donated		(921)	(650)	(271)	42%
NET MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE		7,798	(703)	8,501	109%

VARIANCE EXPLANATION

NOTE	ITEM	EXPLANATION
22	Buildings	Municipal Pound Upgrade and Pen Matting at the Colac Livestock Selling Centre.
23	Furniture and Equipment	PABX, Geographic Information and other system upgrades.
24	Footpaths	Old Beechy Line Rail Trail.
25	Parks and Gardens	Lake Colac Improvements, Beech Forest & Carlisle River upgrades.
26	Drainage	Lower Cosworks renewal expenditure.

standard statements

for the year ending 30 june 2006

CERTIFICATION OF 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, and the Government (Finance and Reporting) Regulations 2004.

PRINCIPAL ACCOUNTING OFFICER



Date: 18 September 2006

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

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

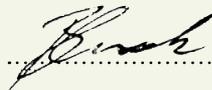
We have been authorised by the Council on 18 September 2006 to certify the Standard Statements in their final form.

COUNCILLOR



Date: 18 September 2006

COUNCILLOR



Date: 18 September 2006

CHIEF EXECUTIVE OFFICER



Date: 18 September 2006



celebrating
2005 06

FINANCIAL REPORT

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006



table of contents

	PAGE NO.
FINANCIAL STATEMENTS	
Income Statement	91
Balance Sheet	92
Statement of Changes in Equity	93
Cash Flow Statement	94
NOTES TO THE FINANCIAL STATEMENTS	
1. Significant Accounting Policies	96
2. First-time Adoption of Australian Equivalents to International Reporting Standards	102
3. Rate and Charges	105
4. Government Grants	106
5. User Charges, Fees and Fines	110
6. Reimbursements and Contributions	110
7. Interest Income	110
8. Employee Benefits	110
9. Finance Costs	111
10. Depreciation and Amortisation	111
11. Materials and Services	111
12. Other Expenses	111
13. Landfill Rehabilitation Works	112
14. Cash and Cash Equivalents	112
15. Trade and other receivables	112
16. Inventories	113
17. Prepayments	113
18. Investment in associates accounted for using the equity method	113
19. Property, Plant and Equipment, Infrastructure	115
20. Trade and other payables	120
21. Trust funds and other deposits	120
22. Provisions	120
23. Interest bearing loans and borrowings	122
24. Reserves	123
25. Restricted Assets	124
26. Reconciliation of Cash Flows from Operating activities to Surplus/(Deficit)	125
27. Reconciliation of Cash and Cash Equivalents	125
28. Financing Arrangements	125
29. Superannuation	126
30. Commitments	127
31. Operating Lease Commitments	127
32. Financial Instruments	128
33. Auditor's Remuneration	130
34. Related Party Disclosure	131
35. Revenue and Expenses by Function	133
36. Port of Apollo Bay	133
37. Capital Expenditure	134
38. Financial Ratios	135
39. Contingent Liabilities	136
Certification of the Financial Report	137
Auditor General's Report	138
Performance Statement	140
National Competition Policy Compliance	144

income statement

for the year ending 30 june 2006

	Note	2006 \$'000	2005 \$'000
REVENUE			
Rates and Charges	3	13,198	12,305
Grants Commission		4,402	4,212
Grants - Recurrent	4	3,019	2,143
Grants - Non Recurrent	4	4,113	3,042
User Charges, Fees & Fines	5	3,698	4,086
Reimbursements and Contributions	6	1,090	1,670
Interest income	7	450	386
TOTAL REVENUE		29,970	27,844
EXPENSES			
Employee Benefits	8	8,987	8,643
Finance costs	9	277	309
Depreciation and Amortisation	10	7,545	7,173
Materials and Services	11	11,015	9,751
Grants and Donations		99	147
Plant costs		437	788
Other expenses	12	836	770
TOTAL EXPENSES		29,196	27,581
Donated assets		139	296
Net gain (loss) on disposal of Property, Plant and Equipment, Infrastructure		933	131
Property, Plant and Equipment, Infrastructure written off		(78)	(2,072)
Share of net profits (losses) of associates accounted for by the equity method	18	(29)	(15)
Landfill Rehabilitation Works	13	-	(2,049)
SURPLUS (DEFICIT) FOR THE PERIOD		1,739	(3,446)

The accompanying notes form part of this financial report.

balance sheet

as at 30 june 2006

	Note	2006 \$'000	2005 \$'000
CURRENT ASSETS			
Cash and cash equivalents	14	8,114	8,021
Trade and other receivables	15	2,896	2,132
Inventories	16	86	110
Prepayments	17	70	54
TOTAL CURRENT ASSETS		11,166	10,317
NON-CURRENT ASSETS			
Trade and other receivables	15	47	69
Investment in associates accounted for using the equity method	18	479	508
Property, Plant and Equipment, Infrastructure	19	195,366	187,568
TOTAL NON-CURRENT ASSETS		195,892	188,145
TOTAL ASSETS		207,058	198,462
CURRENT LIABILITIES			
Trade and other payables	20	1,918	2,565
Trust funds and other deposits	21	268	196
Provisions	22	1,928	1,766
Interest bearing loans and borrowings	23	477	443
TOTAL CURRENT LIABILITIES		4,591	4,970
NON-CURRENT LIABILITIES			
Provisions	22	3,043	2,973
Interest bearing loans and borrowings	23	3,514	3,976
TOTAL NON-CURRENT LIABILITIES		6,557	6,949
TOTAL LIABILITIES		11,148	11,919
NET ASSETS		195,910	186,543
EQUITY			
Accumulated surplus		91,331	90,850
Reserves	24	104,579	95,693
TOTAL EQUITY		195,910	186,543

The accompanying notes form part of this financial report.

statement of changes in equity

for the year ending 30 june 2006

	Note	Asset Accumulated Surplus \$'000	Asset Replacement Reserves \$'000	Revaluation Reserve \$'000	Total \$'000
2006					
Balance at beginning of financial year		90,850	505	95,188	186,543
Surplus (deficit) for the year		1,739	-	-	1,739
Revaluation of Property, Plant and Equipment, Infrastructure	24(a)	-	-	7,728	7,728
Transfers to other Reserves	24(b)	-	1,258	-	1,258
Transfer from other Reserves	24(b)	(1,258)	(100)	-	(1,358)
Balance at end of financial year		91,331	1,663	102,916	195,910
2005					
Balance at beginning of financial year		94,671	130	82,314	177,115
Surplus (deficit) for the year		(3,446)	-	-	(3,446)
Revaluation of Property, Plant and Equipment, Infrastructure	24(a)	-	-	12,874	12,874
Transfers to other Reserves	24(b)	-	375	-	375
Transfer from other Reserves	24(b)	(375)	-	-	(375)
Balance at end of financial year		90,850	505	95,188	186,543

The accompanying notes form part of this financial report.

cash flow statement

for the year ended 30 june 2006

	Note	2006 Inflows/ (Outflows) \$'000	2005 Inflows/ (Outflows) \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Rates and Charges		13,107	12,420
Government Grants		11,394	9,976
Council User Charges and Reimbursements received		4,458	4,268
Contributions and Donations received		846	1,669
Council payments to Employees		(9,374)	(8,934)
Council payments to Suppliers		(13,292)	(11,089)
Interest received		450	386
Finance costs		(285)	(317)
Council Grants and Donations paid		(99)	(147)
Net GST refund/(payment)		863	516
Other payments		(897)	(845)
NET CASH PROVIDED BY OPERATING ACTIVITIES	26	7,171	7,903
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Plant and Equipment, Infrastructure		(8,536)	(5,778)
Proceeds from sale of Property, Plant and Equipment, Infrastructure		1,814	959
NET CASH USED IN INVESTING ACTIVITIES		(6,722)	(4,819)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of interest bearing loans and borrowings		(410)	(533)
Trust funds and deposits		72	(79)
Lease payments		(18)	(13)
NET CASH USED IN FINANCING ACTIVITIES		(356)	(625)
Net increase (decrease) in cash and cash equivalents		93	2,459
Cash and cash equivalents at the beginning of the financial year		8,021	5,562
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	27	8,114	8,021
Restrictions on cash assets - see note 25			

The accompanying notes form part of this financial report.



notes to the financial report

for the year ending 30 june 2006

INTRODUCTION

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

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

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

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

Financial report complies with “Australian equivalents to International Financial Reporting Standards” (“AeIFRS”)
Australian Accounting Standards include Australian equivalents to “International Financial Reporting Standards” (“IFRS”). Some Australian equivalents to IFRS contain requirements specific to not-for-profit entities that are inconsistent with IFRS requirements.

The Council is an entity to which AAS 27 “Financial Reporting by Local Governments” applies and the entity has applied a requirement in that Standard that overrides the requirements in an Australian equivalent to IFRS.

Except to the extent that these special provisions require, this financial report complies with the Australian equivalents to IFRS (AeIFRS).

The Council has elected not to restate comparative information of financial instruments within the scope of AASB132 “Financial Instruments Disclosure and Presentation” and AASB139 “Financial Instruments Recognition and Measurement”, as permitted on the first time adoption of AeIFRS.

notes to the financial report

for the year ending 30 june 2006

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

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

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

Unless otherwise stated, all accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives. Comparative information is included under AelFRS. Reconciliations of the transition from previous Australian GAAP to AelFRS have been included in Note 2 to this report.

All entities controlled by Council that have material assets or liabilities, such as the Port of Apollo Bay Committee of Management, have been included in this financial report. All transactions between these entities and the Council have been eliminated in full. Please see Note 36 for further details.

(b) Cash and cash equivalents

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

(c) Recognition and measurement of assets

Acquisition

The purchase method of accounting is used for all acquisitions of assets, being the fair value of assets provided as consideration at the date of acquisition plus any incidental costs attributable to the acquisition. Fair value is the amount for which the asset could be exchanged between knowledgeable willing parties in an arm's length transaction.

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, borrowing costs incurred during construction, and an appropriate share of directly attributable variable and fixed overheads. The following classes of assets have been recognised in Note 19. In accordance with Council's policy, the threshold limits detailed in note 1(d) have applied when recognising assets within an applicable asset class and unless otherwise stated are consistent with the prior year. Assets which are no longer under the control of the Council or which have been replaced are written off.

notes to the financial report

for the year ending 30 june 2006

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revaluation of Non-Current Assets

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

At balance date, the Council reviewed the carrying values of the individual classes of assets, measured at fair value to ensure that each asset materially approximated its fair value. Where the carrying value materially differed from the fair value at balance date the class of asset was revalued.

In addition, Council undertakes a formal revaluation of land, buildings and infrastructure assets on a regular basis every three years. The valuation is performed by experienced Council officers and independent experts. The last revaluation occurred on 30 June 2006 for the asset classes of Buildings and Footpaths.

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

Land Under Roads

The Council has elected not to recognise land under roads as an asset in accordance with AASB 1045 Land under Roads, which extends the requirement to recognise and measure land under roads as an asset of Council until 30 June 2007.

(d) Depreciation of non-current assets

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

Straight line depreciation is used based on residual useful lives as determined each year. Reducing balance depreciation is provided based on rates which are reviewed each reporting period.

Depreciation is calculated for assets purchased during the financial year from their date of acquisition. Previously new assets were depreciated for a full year. There is no depreciation charged for assets disposed of during the year.

notes to the financial report

for the year ending 30 june 2006

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Depreciation of non-current assets (cont'd)

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

Straight line depreciation is used based on residual useful lives as determined each year. Reducing balance depreciation is provided based on rates which are reviewed each reporting period.

Depreciation is calculated for assets purchased during the financial year from their date of acquisition. Previously new assets were depreciated for a full year. There is no depreciation charged for assets disposed of during the year.

Major depreciation classes are:	Capitalisation Threshold	Depreciation Method	2006 Estimated Useful Life Years	2005 Estimated Useful Life Years
Buildings	\$500	Straight Line	25	25
Furniture and Equipment	\$500	Straight Line	9-21	9-21
Drainage	\$5,000	Straight Line	80	80
Roads and Streets	\$5,000	Straight Line	10-55	10-55
Improvements to Parks & Gardens	\$500	Straight Line	10-100	10-100
Bridges	\$5,000	Straight Line	50-70	50-70
Footpaths	\$500	Straight Line	30-60	30-60
Kerb and Channelling	\$500	Straight Line	35-45	35-45
Plant and Machinery	\$500	Reducing Bal.	5-10	5-10
Equipment Under Lease	\$500	Straight Line	5-10	5-10

notes to the financial report

for the year ending 30 june 2006

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Impairment of assets

At each reporting date, the Council reviews the carrying value of its assets to determine whether there is any indication that these assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

(f) Employee Benefits

Wages and salaries

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

Annual leave

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

Long service leave

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

Superannuation

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

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. Details of these arrangements are recorded in Note 29.

notes to the financial report

for the year ending 30 june 2006

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Accounting for investments in associates

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

(h) Leases

Finance leases

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

Operating leases

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

(i) Revenue Recognition

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

Where contributions recognised as revenues during the year were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 4. That note also discloses the amount of contributions recognised as revenues in previous years which were obtained in respect of the municipality's operations for the current year.

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

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

notes to the financial report

for the year ending 30 june 2006

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Borrowing Costs

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

Borrowing costs include interest on borrowings and finance lease charges.

(k) Inventories

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

(l) Receivables

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

(m) Payables and other current liabilities

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

(n) Provision for Landfill Rehabilitation

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

(o) 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.

(p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Allocation between current and non-current

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, being the Council's operational cycle.



notes to the financial report

for the year ending 30 june 2006

NOTE 2 FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Following the adoption of Australian equivalents to International Financial Reporting Standards (“AeIFRS”), the Colac Otway Shire has prepared and presented its first financial report and other accountability statements in compliance with the AeIFRS framework for the financial year ended 30 June 2006.

This is the first financial report prepared based on AeIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly.

Under AeIFRS, there are requirements that apply specifically to not-for-profit entities that are not consistent with International Financial Reporting Standards (“IFRS”) requirements. The Colac Otway Shire has analysed its purpose, objectives, and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently, where appropriate, the Colac Otway Shire has elected to apply options and exemptions within the AeIFRS that are applicable to not-for-profit entities.

With certain exceptions, the Colac Otway Shire has recorded transactions and events as though AeIFRS had always applied. This practice has extended to any comparative information included within the financial report. Most accounting policy adjustments arising from the first time adoption of AeIFRS apply retrospectively and have been adjusted against the accumulated surplus funds balance at 1 July 2004, being the opening balance sheet date for the comparative period.

Reconciliations of AeIFRS surplus (deficit), balance sheet and equity for 30 June 2005 to the balances reported in the 30 June 2005 financial report are detailed in the tables following.

notes to the financial report

for the year ending 30 june 2006

NOTE 2 FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)

TABLE 1

Reconciliation of total assets and total liabilities as presented under previous Australian GAAP to that under AelFRS

	30 June 2005 \$'000	1 July 2004 \$'000
Total assets under previous Australian GAAP	198,505	184,218
<u>AelFRS impact on assets</u>		
Property, Plant and Equipment, Infrastructure		
- Recognition of previously unrecognised non-current assets	-	2,165
- Parks and Gardens	(936)	-
- Land	893	-
Total assets under AelFRS	198,462	186,383
Total liabilities under previous Australian GAAP	11,928	9,276
<u>AelFRS impact on liabilities</u>		
Provisions	(9)	(8)
Total liabilities under AelFRS	11,919	9,268
Reconciliation of equity as presented under previous Australian GAAP to that under AelFRS		
Total equity under previous Australian GAAP	186,577	174,942
<u>AelFRS impact on equity</u>		
Accumulated Surplus	902	2,173
Asset Revaluation Reserve	(936)	-
Total AelFRS impact on equity	(34)	2,173
Total equity under AelFRS	186,543	177,115

notes to the financial report

for the year ending 30 june 2006

NOTE 2 FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)

TABLE 2

Reconciliation of surplus (deficit) as presented under previous Australian GAAP to that under AelFRS

	2005 \$'000
Surplus (deficit) as reported under previous Australian GAAP	(2,175)
<u>Estimated AelFRS impact on expenses</u>	
Recognition of previously unrecognised non-current assets	(2,165)
Landfill Rehabilitation Works	893
Provisions	1
Total estimated AelFRS impact on net result	(1,271)
Surplus (deficit) under AelFRS	(3,446)

Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statement presented under AelFRSs and the cash flow statement presented under previous Australian GAAP.

Explanatory Notes:

Property, Plant and Equipment, Infrastructure

The Colac Otway Shire has elected to apply the first-time adoption exemption available under AASB 1. First-time adoption of Australian Equivalent to International Financial Reporting Standards to use a previous GAAP revaluation of Parks and Garden assets as at 1 July 2004, the date of transition to Australian equivalents to AelFRS as deemed cost at the date of the revaluation, as the revaluation was comparable to the fair value. The impact of this change resulted in a decrease to the carrying amount of the asset of \$936,000 and a decrease of \$936,000 to the Asset Revaluation Reserve as at 30 June 2005.

Another change resulting from the first time application of AelFRS, is the 2005 recognition of previously unrecognised Land and Buildings has been adjusted in the opening retained earnings as at 1 July 2004. The impact of this change resulted in an increase to the opening accumulated surplus of \$2,165,000 and an increase in the 30 June 2005 operating deficit of \$2,165,000 emanating from reversal of the amount previously credited to the 2005 operating deficit.

notes to the financial report

for the year ending 30 june 2006

NOTE 2 FIRST-TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (cont'd)

Landfill Rehabilitation Works

In accordance with AASB 116 Property Plant and Equipment, the costs associated with the rehabilitation of operating landfills (Alvie Landfill) must be included as a component in the cost of the land, the landfill is situated in. The landfill rehabilitation component of the asset is measured in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets. The landfill rehabilitation component of the land is then subsequently depreciated over the landfills remaining useful life.

The impact of this change resulted in an increase to the carrying amount of land of \$893,000 as at 30 June 2005, and a decrease in landfill rehabilitation works expense of \$893,000 for the year ended 30 June 2005.

Employee Benefits

AASB 119 Employee Benefits requires liabilities for short-term employee benefits to be measured at nominal values and liabilities for long-term employee benefits to be measured at present value. AASB 119 defines short-term employee benefits as benefits that fall due wholly within twelve months after the related period of service. Therefore, liabilities for short-term employee benefits are measured at present value where they are expected not to be settled within 12 months of the reporting date.

The effect of the above requirement on the Colac Otway Shire's Balance Sheet was an \$8,000 decrease in the employee benefits provision as at 30 June 2004. The employee benefits provision amendment at 30 June 2005 was \$9,000, resulting in a net employee expense adjustment credit of \$1,000 for the year ended 30 June 2005.

	2006 \$'000	2005 \$'000
NOTE 3 RATES AND CHARGES		
Residential	5,799	5,459
Farm	2,655	2,542
Garbage Charge	1,560	1,438
Municipal Charge	1,401	1,253
Commercial	1,395	1,318
Industrial	190	166
Supplementary	198	129
	13,198	12,305

Council uses the Capital Improved Value as the basis of valuation of all properties within the municipality. The valuation base used to calculate general rates for 2005/2006 was \$3,321,039,000 (2004/2005 \$3,273,739,000).

The date of the last general revaluation within the municipality was 1 January 2004, and the valuation first applied to the rating year commencing 1 July 2004.

The date of the next general revaluation within the municipality is 1 January 2006, and the valuation will be first applied in the rating year commencing 1 July 2006.

notes to the financial report

for the year ending 30 june 2006

	2006		2005	
	Recurrent \$'000	Non-Recurrent \$'000	Recurrent \$'000	Non-Recurrent \$'000
NOTE 4 GOVERNMENT GRANTS				
Governance				
- Aged & Home Care	755	28	627	9
- Family Day Care	362	-	371	-
- Maternal & Child Health	143	-	144	-
- Rural Access Project	95	21	92	43
- Community Transport	66	9	65	1
- Delivered Meals	34	2	35	-
- School Crossings	34	-	34	-
- Immunisation	10	-	16	-
- Senior Citizens	8	-	19	-
- Tobacco Act Administration	3	-	3	-
- Country Towns Water Supply	-	75	-	-
- Waste Water	-	27	-	9
- Kindergarten Cluster Management	-	20	-	-
- Telecommunications	-	18	-	38
- Staff Training	-	1	-	-
- Community Drop in Centre	-	-	60	-
- Birregurra Sewerage	-	-	-	23
- Neighbourhood Renewal	-	-	-	16
- Mental Health	-	-	-	15
- Reconnect.com	-	-	-	15
	1,510	201	1,466	169
Infrastructure				
- Port of Apollo Bay	1,198	343	525	1,220
- Vic Roads - Better Roads	286	-	128	-
- State Emergency Service	10	-	10	-
- Beach Cleaning	7	-	8	-
- Federal - Roads to Recovery	-	2,090	-	400
- Natural Disaster Relief Funding	-	191	-	-
- King Track Bridge	-	42	-	-
- Fire Access Track	-	28	-	-
- Waste Collection	-	18	-	50
- Jackson's Track	-	18	-	-
- Kennett River Bus Shelter	-	9	-	-
- Aire River Bridge	-	-	-	25
- Bus Stop Improvements	-	-	-	1
	1,501	2,739	671	1,696

notes to the financial report

for the year ending 30 june 2006

	2006		2005	
	Recurrent \$'000	Non-Recurrent \$'000	Recurrent \$'000	Non-Recurrent \$'000
NOTE 4				
GOVERNMENT GRANTS (cont'd)				
Strategic Development				
- Old Beechy Line Rail Trail	-	175	-	385
- Television Blackspot Program	-	152	-	155
- Lake Colac	-	131	-	20
- COPACC Improvements	-	120	-	-
- Port of Apollo Bay Planning/Capacity	-	75	-	-
- Bicycle Strategic Plan	-	59	-	-
- Port of Apollo Bay Tourism	-	50	-	-
- Apollo Bay Netball Court	-	46	-	-
- Regional Playground	-	38	-	-
- Neighbourhood House Grant	-	36	-	-
- Pride of Place	-	36	-	40
- Kennett River Wetlands	-	35	-	-
- Botanic Gardens Water	-	32	-	-
- Streetlife	-	29	-	49
- Rex Norman Park Improvements	-	25	-	-
- Biodiversity Scheme	-	25	-	10
- Birregurra Heritage Walk	-	20	-	20
- Colac Strategic Structure Plan	-	20	-	-
- Recreation Strategy	-	19	-	-
- Commonwealth Games	-	14	-	41
- Elliminyt Hall	-	12	-	-
- Great Ocean Road Visitor Information Centre	-	12	-	12
- Sustainable Water Use	-	10	-	-
- Heritage Study	-	8	-	-
- Enviromark Implementation	-	7	-	-
- Street Parties Kits	-	6	-	-
- Youth Trekkers	-	2	-	-
- Economic Development Strategy	-	2	-	-
- After School Activity Program	-	2	-	2
- Parliamentary Sitting	-	1	-	-
- Jobs for Young People	-	1	-	4
- Bluewater Fitness Centre Child Care	8	-	6	-
- Central Reserve Netball Court	-	(15)	-	100
- Beeac Hall Upgrade	-	(6)	-	12
- Gellibrand Recreation Reserve	-	(6)	-	56
- Hydrotherapy Pool Feasibility Study	-	-	-	99
- Tourism Events	-	-	-	60
- Neighbourhood House	-	-	-	36
- Beech Forest Toilet	-	-	-	15
- Colac Visitor Information Centre	-	-	-	12
- Otway Tourism	-	-	-	10
- Sustaining Sportsground	-	-	-	8
- Harrington Park	-	-	-	8
- Lake Colac Bird Sanctuary	-	-	-	7
- Tertiary Study	-	-	-	6
- Tour de Skate	-	-	-	5
- Larpent Hall Upgrade	-	-	-	5
	8	1,173	6	1,177
TOTAL	3,019	4,113	2,143	3,042

notes to the financial report

for the year ending 30 june 2006

	2006		2005	
	Recurrent \$'000	Non-Recurrent \$'000	Recurrent \$'000	Non-Recurrent \$'000

NOTE 4 GOVERNMENT GRANTS (cont'd)

Conditions on Grants

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

Federal - Roads to Recovery	-	1,535	-	-
Port of Apollo Bay	-	731	-	1,175
Country Towns Water Supply	-	75	-	-
Neighbourhood House Grant	-	36	-	-
Kennett River Wetlands	-	35	-	-
Botanic Gardens Water	-	32	-	-
Biodiversity Scheme	-	25	-	-
HACC Minor Works	-	24	-	-
Rural Access Project	-	20	-	-
Kindergarten Cluster Management	-	20	-	-
Mental Health	-	15	-	15
Beech Forest Toilet Area	-	15	-	15
Hydrotherapy Pool Feasibility Study	-	12	-	60
Elliminyt Hall	-	12	-	-
Sustainable Water Use	-	10	-	-
Walking School Bus	-	9	-	-
Enviromark Implementation	-	7	-	-
Street Parties Kits	-	2	-	-
Old Beechy Line Trial	-	-	-	385
Events Tourism Plan	-	-	-	57
Futures for Young Adults	-	-	-	43
Commonwealth Games	-	-	-	41
Lake Colac Project	-	-	-	20
Neighbourhood Renewal	-	-	-	15
Waste Water Management Strategy	-	-	-	9
Birregurra Sewerage	-	-	-	6
Aged Care Mobile Computing	-	-	-	6
Tour de Skate	-	-	-	5
TOTAL	0	2,615	0	1,852

notes to the financial report

for the year ending 30 june 2006

	2006		2005	
	Recurrent \$'000	Non-Recurrent \$'000	Recurrent \$'000	Non-Recurrent \$'000

NOTE 4 GOVERNMENT GRANTS (cont'd)

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

Port of Apollo Bay	-	1,175	128	220
Old Beechy Line Trail	-	364	-	49
Hydrotherapy Pool Feasibility Study	-	50	-	-
Commonwealth Games	-	41	-	-
Futures for Young Adults	-	28	-	-
Lake Colac Project	-	20	-	-
Events Tourism Plan	-	19	-	-
Neighbourhood Renewal	-	15	-	-
Waste Water Management Strategy	-	9	-	-
Tour de Skate	-	5	-	-
Birregurra Sewerage	-	4	-	-
New Otways Future	-	-	-	32
Pride of Place	-	-	-	35
Biodiversity Scheme	-	-	-	33
Weight Resistance Program	-	-	-	14
Roadside Vegetation Mapping	-	-	-	13
Municipal Health Plan	-	-	-	10
TOTAL	0	1,730	128	406

notes to the financial report

for the year ending 30 june 2006

	2006 \$'000	2005 \$'000
NOTE 5	USERS CHARGES, FEES AND FINES	
BlueWater Fitness Centre	671	632
Home Care and Delivered Meals	518	494
Saleyards	459	364
Private Works	444	870
Town Planning and Building	340	379
Performing Arts Centre	308	305
Waste Disposal	184	212
Parking, Animal Control and Local Laws	178	160
Visitor Information Centres	167	175
Council Properties	105	98
Other	324	397
	<u>3,698</u>	<u>4,086</u>
NOTE 6	REIMBURSEMENTS AND CONTRIBUTIONS	
Special Charge Schemes	264	-
Vicroads Agency Reimbursement	153	148
Colac Saleyards - Pen sponsorship	140	-
Road Construction Contributions	100	176
Lake Colac - CRF Sales Proceeds contribution	100	-
Legal Fees Reimbursement	40	25
Vicroads Maintenance	37	934
Colac Library improvements	35	-
Recreational Land contribution	18	-
Car Parking Contribution	16	91
Other	187	296
	<u>1,090</u>	<u>1,670</u>
NOTE 7	INTEREST INCOME	
Interest on cash and cash equivalents	351	303
Interest on rates	99	83
	<u>450</u>	<u>386</u>
NOTE 8	EMPLOYEE BENEFITS	
Wages and Salaries	6,439	6,425
Superannuation	743	691
Annual Leave and Long Service Leave	750	579
Casual Staff	301	308
Training	218	186
Vehicle	206	185
WorkCover Premium	198	151
Fringe Benefits Tax	77	76
Other	55	42
	<u>8,987</u>	<u>8,643</u>

notes to the financial report

for the year ending 30 june 2006

	2006 \$'000	2005 \$'000
NOTE 9	FINANCE COSTS	
Interest - Borrowings	270	305
Interest - Finance Leases	7	4
	<u>277</u>	<u>309</u>
NOTE 10	DEPRECIATION AND AMORTISATION	
Roads and Streets	4,854	4,540
Buildings	882	893
Plant and Machinery	643	637
Kerb and Channel	339	338
Bridges	217	211
Drains	192	191
Parks and Gardens	180	158
Footpaths	127	120
Furniture and Equipment	87	67
Leased Assets	24	18
	<u>7,545</u>	<u>7,173</u>
NOTE 11	MATERIALS AND SERVICES	
Waste Management	2,327	2,404
Port of Apollo Bay (inc Jetty reconstruction)	1,602	293
Roads, Parks and Gardens	1,540	1,712
Governance	1,406	1,397
Town Planning	622	441
Arts, Culture and Recreation	422	303
Insurance Premiums	360	365
Tourism	351	338
Colac Otway Performing Arts and Culture Centre	311	297
Economic Development	301	192
Family Day Care	259	293
Bluewater Fitness Centre	254	240
Environment and Fire Prevention	240	258
Delivered Meals	174	166
Aged and Disability	148	138
Street Lighting	127	136
Local Laws	108	93
Council Properties	76	116
Other	387	367
Reconstruction of Breakwater	-	202
	<u>11,015</u>	<u>9,751</u>
NOTE 12	OTHER EXPENSES	
Library Contribution	304	238
Councillors' allowances	122	112
Councillors' travel	58	43
Town Planning - legal fees	54	25
Tourism subscriptions	54	48
Other	244	304
	<u>836</u>	<u>770</u>

notes to the financial report

for the year ending 30 june 2006

	2006 \$'000	2005 \$'000
--	----------------	----------------

NOTE 13 LANDFILL REHABILITATION WORKS

Liabilities have been estimated for rehabilitation costs required under the Environment Protection Act 1970 in relation to Council landfill sites.

Barwon Downs	-	775
Beeac	-	134
Birregurra	-	377
Cressy	-	153
Forrest	-	213
Gellibrand	-	224
Marengo	-	173
	-	2,049
	-	2,049

NOTE 14 CASH AND CASH EQUIVALENTS

Cash on hand	6	6
Cash at bank	6,705	6,906
Cash on call	1,403	1,109
	8,114	8,021
	8,114	8,021

Of the cash and cash equivalents amount above, \$1,701,000 (2004/05: \$1,424,000) is subject to restrictions. Please see the Restricted Assets Note 25.

NOTE 15 TRADE AND OTHER RECEIVABLES

Current

Harbour	674	4
Government Grants	537	94
Rates and Charges	461	371
Special charge schemes contributions	318	73
User Charges	201	561
Private Works	177	577
Sale proceeds	171	171
GST Receivable	128	92
Reimbursement Unfunded Superannuation Loan - CRLC	22	20
Other	207	169
	2,896	2,132
	2,896	2,132

Non-Current

Reimbursement Unfunded Superannuation Loan - CRLC	47	69
	47	69
	47	69

Rates are secured by a charge over each ratepayer's property. Interest is charged on overdue rates at 11.00% (2004/05 12.00%). Rates are due for payment in a lump sum on 15 February or by instalments due on 30 September, 30 November, 28 February and 31 May. The amount of overdue rates upon which interest is being charged is \$461,168 (2004/05: \$370,643), before any provision for doubtful debts.

notes to the financial report

for the year ending 30 june 2006

	2006 \$'000	2005 \$'000
NOTE 16		
INVENTORIES		
Raw Materials and Stores	42	72
Great Ocean Road Visitor Information Centre	17	10
Garbage Bins	14	7
Colac Visitor Information Centre	8	11
BlueWater Fitness Centre	5	10
	<u>86</u>	<u>110</u>
NOTE 17		
PREPAYMENTS		
Vehicle Registrations	22	24
Councillor Allowances	21	17
COPACC	14	-
Other	10	13
Insurance	3	-
	<u>70</u>	<u>54</u>
NOTE 18		
INVESTMENT IN ASSOCIATES		
Investments in associates accounted for by the equity method are:		
Name of Associate: Corangamite Regional Library Corporation		
Principal Activity: Library		
		Ownership Interest
		2006 2005
		% %
	<u>25.24</u>	<u>25.18</u>

notes to the financial report

for the year ending 30 june 2006

	2006 \$'000	2005 \$'000
NOTE 18		
INVESTMENT IN ASSOCIATES (cont'd)		
Council's share of accumulated surplus (deficit)		
Council's share of accumulated surplus (deficit) at start of year	(28)	(12)
Reported surplus (deficit) for year	(29)	(16)
Council's share of accumulated surplus (deficit) at end of year	(57)	(28)
Council's share of reserves		
Asset Replacement Reserve		
Council's share of asset replacement reserve at start of year	8	8
Share of increase/(decrease) in asset replacement reserve	-	-
Council's share of asset replacement reserve at end of year	8	8
Asset Revaluation Reserve		
Council's share of asset revaluation reserve at start of year	528	527
Share of increase/(decrease) in asset revaluation reserve	-	1
Council's share of asset revaluation reserve at end of year	528	528
Council's share of total reserves at end of year	536	536
Movement in carrying value of investment		
Carrying value of investment at start of year	508	523
Share of surplus (deficit) for year	(29)	(16)
Share of asset replacement reserve	-	-
Share of asset revaluation reserve	-	1
Carrying value of investment at end of year	479	508

notes to the financial report

for the year ending 30 june 2006

	2006 \$'000	2005 \$'000
NOTE 19		
PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE		
Summary		
- at Cost	14,926	9,496
- at Independent Valuation	75,185	75,327
- at Council Valuation	194,219	190,755
Less accumulated depreciation and amortisation	(88,964)	(88,010)
Total Property, Plant and Equipment, Infrastructure	195,366	187,568
Property		
Land		
- at Independent Valuation 30/6/2005	29,784	29,926
	29,784	29,926
Buildings		
- at Cost	641	-
- at Independent Valuation 30/6/2005	45,401	45,401
Less: Accumulated Depreciation	(22,126)	(21,244)
	23,916	24,157
Total Property	53,700	54,083
<p>Valuation of land and buildings were undertaken by a qualified independent valuer. 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. All freehold land reserved for public open space is valued at a discount percent to market value based on legal precedents.</p>		
Plant and Equipment		
Plant and Machinery		
- at Cost	7,540	7,653
Less: Accumulated Depreciation	(3,277)	(3,407)
	4,263	4,246
Furniture and Equipment		
- at Cost	1,468	1,053
Less: Accumulated Depreciation	(235)	(166)
	1,233	887
Total Plant and Equipment	5,496	5,133

notes to the financial report

for the year ending 30 june 2006

	2006 \$'000	2005 \$'000
NOTE 19 PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE (cont'd)		
Infrastructure		
Roads and Streets		
- at Cost	4,155	-
- at Council Officer Valuation 30/6/2005	138,534	138,535
Less: Accumulated Depreciation	(46,603)	(41,750)
	96,086	96,785
Bridges		
- at Cost	-	121
- at Council Officer Valuation 30/6/2006	15,351	-
- at Council Officer Valuation 30/6/2004	-	13,308
Less: Accumulated Depreciation	(3,748)	(9,182)
	11,603	4,247
Footpaths		
- at Cost	-	436
- at Council Officer Valuation 30/6/2006	7,108	-
- at Council Officer Valuation 30/6/2004	-	5,782
Less: Accumulated Depreciation	(2,212)	(2,170)
	4,896	4,048
Kerb and Channelling		
- at Cost	144	46
- at Council Officer Valuation 30/6/2004	14,773	14,821
Less: Accumulated Depreciation	(3,397)	(3,090)
	11,520	11,777

notes to the financial report

for the year ending 30 june 2006

	2006 \$'000	2005 \$'000
NOTE 19		
PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE (cont'd)		
Parks and Gardens		
- at Cost	791	-
- at Council Officer Valuation 30/6/2005	3,004	3,056
Less: Accumulated Depreciation	(1,805)	(1,656)
	1,990	1,400
Drainage		
- at Cost	15,449	15,253
Less: Accumulated Depreciation	(5,461)	(5,269)
	9,988	9,984
Recreational and leisure equipment under lease		
- at Cost	187	187
Less: Accumulated Amortisation	(100)	(76)
	87	111
Total Infrastructure	136,170	128,352
The Council Officer's valuations are at fair value based on replacement cost less accumulated depreciation as at the date of valuation.		
Total Property, Plant and Equipment, Infrastructure	195,366	187,568

notes to the financial report

for the year ending 30 June 2006

NOTE 19 PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE (cont'd)

YEAR ENDED 30 JUNE 2005

	Balance at beginning of financial year	Acquisition of assets including donations	Revaluation increments (decrements)	Depreciation and amortisation	Written down value of disposals	Assets written off	Impairment losses recognised in P&L	Transfers and AelFRS impact	Balance at end of financial year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2005 YEAR									
Property									
Land	20,701	0	8,744	0	(6)	(406)	0	893	29,926
Buildings	23,394	129	2,262	(893)	(735)	(735)	0	0	24,157
Total Property	44,095	129	11,006	(893)	(6)	(1,141)	0	893	54,083
Plant and Equipment									
Plant and Machinery	4,076	1,628	0	(637)	(821)	0	0	0	4,246
Furniture and Equipment	619	335	0	(66)	(1)	0	0	0	887
Total Plant and Equipment	4,695	1,963	0	(703)	(822)	0	0	0	5,133
Infrastructure									
Roads and Streets	97,207	2,962	1,981	(4,540)	0	(825)	0	0	96,785
Bridges	4,396	121	0	(211)	0	(59)	0	0	4,247
Footpaths	3,768	435	0	(120)	0	(35)	0	0	4,048
Kerb and Channelling	12,074	46	0	(338)	0	(5)	0	0	11,777
Parks and Gardens	1,323	242	0	(158)	0	(7)	0	0	1,400
Drainage	10,113	177	(114)	(192)	0	0	0	0	9,984
Equipment under lease	29	100	0	(18)	0	0	0	0	111
Total Infrastructure	128,910	4,083	1,867	(5,577)	0	(931)	0	0	128,352
Total Property, Plant and Equipment, Infrastructure	177,700	6,175	12,873	(7,173)	(828)	(2,072)	0	893	187,568

(a) Impairment losses
Impairment losses are recognised in the income statement under other expenses. Reversals of impairment losses are recognised in the income statement under other revenue.

notes to the financial report

for the year ending 30 june 2006

NOTE 19 PROPERTY, PLANT AND EQUIPMENT, INFRASTRUCTURE (cont'd)

YEAR ENDED 30 JUNE 2006

	Balance at beginning of financial year	Acquisition of assets including donations	Revaluation increments (decrements)	Depreciation and amortisation	Written down value of disposals	Assets written off	Impairment losses recognised in P&L	Transfers and AeIFRS impact	Balance at end of financial year
	\$'000	\$'000	\$'000	(note 10)	\$'000	\$'000	(a)	\$'000	\$'000
2006 YEAR									
Property									
Land	29,926	0	0	0	(142)	0	0	0	29,784
Buildings	24,157	641	0	(882)	0	0	0	0	23,916
Total Property	54,083	641	0	(882)	(142)	0	0	0	53,700
Plant and Equipment									
Plant and Machinery	4,246	1,444	0	(643)	(784)	0	0	0	4,263
Furniture and Equipment	887	488	0	(87)	(55)	0	0	0	1,233
Total Plant and Equipment	5,133	1,932	0	(730)	(839)	0	0	0	5,496
Infrastructure									
Roads and Streets	96,785	4,156	0	(4,854)	0	(1)	0	0	96,086
Bridges	4,247	466	7,107	(217)	0	0	0	0	11,603
Footpaths	4,048	395	621	(127)	0	(41)	0	0	4,896
Kerb and Channelling	11,777	98	0	(339)	0	(16)	0	0	11,520
Parks and Gardens	1,400	791	0	(180)	(1)	(20)	0	0	1,990
Drainage	9,984	196	0	(192)	0	0	0	0	9,988
Equipment under lease	111	0	0	(24)	0	0	0	0	87
Total Infrastructure	128,352	6,102	7,728	(5,933)	(1)	(78)	0	0	136,170
Total Property, Plant and Equipment, Infrastructure	187,568	8,675	7,728	(7,545)	(982)	(78)	0	0	195,366

(a) Impairment losses
Impairment losses are recognised in the income statement under other expenses. Reversals of impairment losses are recognised in the income statement under other revenue.

notes to the financial report

for the year ending 30 june 2006

	2006 \$'000	2005 \$'000
NOTE 20		
TRADE AND OTHER PAYABLES		
Trade Creditors	1,593	1,992
Accrued Expenses	325	573
	<u>1,918</u>	<u>2,565</u>
NOTE 21		
TRUST FUNDS AND DEPOSITS		
Refundable deposits - Landscaping Bond	86	80
Refundable deposits - Builders Footpath	60	39
Refundable deposits - Planning Permits	57	56
Refundable deposits - Contracts	38	8
Refundable deposits - Other	27	13
	<u>268</u>	<u>196</u>

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

	Annual leave \$'000	Long service leave \$'000	Landfill rehabilitation works \$'000	Other \$'000	Total \$'000
NOTE 22					
PROVISIONS					
2006					
Balance at beginning of financial year	666	1,109	2,942	22	4,739
Additional provisions	538	212	-	23	773
New employee transfers	-	26	-	-	26
Amounts used	(484)	(67)	-	(16)	(567)
Balance at the end of financial year	<u>720</u>	<u>1,280</u>	<u>2,942</u>	<u>29</u>	<u>4,971</u>
2005					
Balance at beginning of financial year	618	1,053	-	16	1,687
Additional provisions	394	185	2,942	17	3,538
New employee transfers	-	91	-	-	91
Amounts used	(346)	(220)	-	(11)	(577)
Balance at the end of financial year	<u>666</u>	<u>1,109</u>	<u>2,942</u>	<u>22</u>	<u>4,739</u>

notes to the financial report

for the year ending 30 june 2006

	2006 \$'000	2005 \$'000
NOTE 22		
PROVISIONS (cont'd)		
(a) Provision for Employee Benefits		
Current		
Annual Leave	720	666
Long Service Leave	1,045	944
Other	29	22
	<u>1,794</u>	<u>1,632</u>
Non-Current		
Long Service Leave	235	165
	<u>235</u>	<u>165</u>
Total	<u>2,029</u>	<u>1,797</u>

	2006 No.	2005 No.
(a) Provision for Employee Benefits		
Number of employees at year end	<u>280 (190 EFT)</u>	<u>291 (187 EFT)</u>

	2006 \$'000	2005 \$'000
(b) Provision for Landfill Rehabilitation Works		
Current		
Beeac	<u>134</u>	<u>134</u>
Non-Current		
Alvie	893	893
Barwon Downs	775	775
Birregurra	377	377
Cressy	153	153
Forrest	213	213
Gellibrand	224	224
Marengo	173	173
	<u>2,808</u>	<u>2,808</u>
Total	<u>2,942</u>	<u>2,942</u>

notes to the financial report

for the year ending 30 june 2006

	2006 \$'000	2005 \$'000
NOTE 23		
INTEREST BEARING LOANS AND BORROWINGS		
(a) Loans		
Current		
Borrowings - Secured	457	425
Non-current		
Borrowings - Secured	3,466	3,908
Total	<u>3,923</u>	<u>4,333</u>
The loans and bank overdraft facility (Note 28) are secured over the general rates of the Council.		
Borrowings are expected to be settled as follows:		
Not later than one year	457	425
Later than one year and not later than five years	1,583	1,752
Later than five years	1,883	2,156
	<u>3,923</u>	<u>4,333</u>
(b) Finance Leases		
Council had the following obligation under finance leases for the lease of gym equipment (the sum of which is recognised as a liability after deduction of future lease finance charges included in the obligation):		
Not later than one year	25	25
Later than one year and not later than five years	52	77
Minimum lease payments	<u>77</u>	<u>102</u>
Future finance lease charges	(9)	(16)
Recognised in the statement of financial position as:	<u>68</u>	<u>86</u>
Current		
Leases	20	18
Non-current		
Leases	48	68
Total	<u>68</u>	<u>86</u>
Aggregate carrying amount of interest bearing liabilities:		
Current	477	443
Non-current	3,514	3,976
Total	<u>3,991</u>	<u>4,419</u>

notes to the financial report

for the year ending 30 june 2006

	Balance at beginning of financial year \$'000	Increment/ (Decrement) \$'000	Share of increment Increment/ (Decrement) of associate \$'000	Balance at end of financial year \$'000
NOTE 24 RESERVES				
(a) The Asset Revaluation Reserve records revaluations of non-current assets.				
2006				
Property				
Land	22,229	-	-	22,229
Buildings	8,877	-	-	8,877
	<u>31,106</u>	<u>-</u>	<u>-</u>	<u>31,106</u>
Plant and equipment				
Furniture and Equipment	293	-	-	293
Share of CRLC Asset Revaluation Reserve	528	-	-	528
	<u>821</u>	<u>-</u>	<u>-</u>	<u>821</u>
Infrastructure				
Roads and Streets	54,590	-	-	54,590
Bridges	912	7,107	-	8,019
Footpaths	529	621	-	1,150
Kerb and Channel	5,124	-	-	5,124
Parks and Gardens	552	-	-	552
Drainage	1,554	-	-	1,554
	<u>63,261</u>	<u>7,728</u>	<u>-</u>	<u>70,989</u>
Total Asset Revaluation Reserve	<u>95,188</u>	<u>7,728</u>	<u>-</u>	<u>102,916</u>
2005				
Property				
Land	13,485	8,744	-	22,229
Buildings	6,615	2,262	-	8,877
	<u>20,100</u>	<u>11,006</u>	<u>-</u>	<u>31,106</u>
Plant and equipment				
Furniture and Equipment	293	-	-	293
Share of CRLC Asset Revaluation Reserve	527	-	1	528
	<u>820</u>	<u>-</u>	<u>1</u>	<u>821</u>
Infrastructure				
Roads and Streets	52,609	1,981	-	54,590
Bridges	912	-	-	912
Footpaths	529	-	-	529
Kerb and Channel	5,124	-	-	5,124
Parks and Gardens	552	-	-	552
Drainage	1,668	(114)	-	1,554
	<u>61,394</u>	<u>1,867</u>	<u>-</u>	<u>63,261</u>
Total Asset Revaluation Reserve	<u>82,314</u>	<u>12,873</u>	<u>1</u>	<u>95,188</u>

notes to the financial report

for the year ending 30 june 2006

	Balance at beginning of financial year \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of financial year \$'000
--	--	---	---	--

NOTE 24 RESERVES (cont'd)

(b) The Asset Replacement Reserves record funds allocated for the future replacement of non-current assets.

2006

Landfill Rehabilitation	120	60	-	180
Plant Replacement	41	134	-	175
Marengo Transfer Station	225	-	-	225
Car Parking	99	16	-	115
Recreational Lands	20	18	-	38
Lakeside Estate	-	1,030	(100)	930
Total Asset Replacement Reserves	505	1,258	(100)	1,663

2005

Landfill Rehabilitation	60	60	-	120
Plant Replacement	41	-	-	41
Marengo Transfer Station	-	225	-	225
Car Parking	9	90	-	99
Recreational Lands	20	-	-	20
Total Asset Replacement Reserves	130	375	-	505
Total Reserves	95,693	8,986	(100)	104,579

	2006 \$'000	2005 \$'000
--	----------------	----------------

NOTE 25 RESTRICTED ASSETS

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

Long service leave (note 22)	1,280	1,109
Reserve funds - Car parking (note 24)	115	99
Reserve funds - Recreational lands (note 24)	38	20
Trust Deposits (note 21)	268	196
	1,701	1,424

Restricted asset for long service leave is based on the Local Government (Long Service Leave) Regulations 2002 and does not necessarily have to equate to the long service leave liability disclosed in note 22 due to a different basis of calculation prescribed by the regulation.

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

notes to the financial report

for the year ending 30 june 2006

	2006 \$'000	2005 \$'000
NOTE 26	RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT)	
Surplus/(Deficit) for the period	1,739	(3,446)
Depreciation and amortisation	7,545	7,173
(Profit)/loss on disposal of Property, Plant and Equipment, Infrastructure	(933)	(131)
Share of net (profit) losses in associate entity	29	15
Provision for landfill rehabilitation works	-	2,049
Property, Plant and Equipment, Infrastructure written off	78	2,072
Donated Property, Plant and Equipment, Infrastructure	(139)	(296)
<i>Change in assets and liabilities:</i>		
(Increase)/decrease in Trade and other receivables	(741)	(100)
(Increase)/decrease in Inventories	24	(32)
(Increase)/decrease in Prepayments	(16)	365
Increase/(decrease) in Trade and other payables	(648)	123
Increase/(decrease) in Provisions	233	111
Net cash provided by operating activities	7,171	7,903
NOTE 27	RECONCILIATION OF CASH AND CASH EQUIVALENTS	
Cash and cash equivalents (see Note 14)	8,114	8,021
Less bank overdraft	-	-
	8,114	8,021
NOTE 28	FINANCING ARRANGEMENTS	
Bank overdraft facilities		
Used facilities	-	-
Unused facilities	1,000	1,000
	1,000	1,000

notes to the financial report

for the year ending 30 June 2006

NOTE 29 SUPERANNUATION

Council makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund ("the Fund"). The Fund has two categories of membership, each of which is funded differently.

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

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

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

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

The Fund's liability for accrued benefits was determined in the 31 December 2005 actuarial investigation pursuant to the requirements of Australian Accounting Standard AAS 25 as follows:

	31-Dec-05 \$'000
Net Market Value of Assets	3,255,842
Accrued Benefits (per accounting standards)	3,118,911
Difference between Assets and Accrued Benefits	136,931
Vested Benefits	2,865,633

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

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

2006 \$'000	2005 \$'000
----------------	----------------

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

Employer contributions to Local Authorities Superannuation Fund (Vision Super)	743	691
Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) at reporting date	-	-

notes to the financial report

for the year ending 30 june 2006

	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
--	------------------------------------	--	---	---------------------------------	-----------------

NOTE 30 COMMITMENTS

The Council has entered into the following commitments

2006

Operating

Waste management	1,623	1,575	1,622	-	4,820
Cleaning	172	172	-	-	344
Total	1,795	1,747	1,622	-	5,164

Capital

Lake Colac Improvements Stg 1	54	-	-	-	54
Total	54	-	-	-	54
Total commitments	1,849	1,747	1,622	0	5,218

2005

Operating

Waste management	1,820	1,599	3,567	-	6,986
Cleaning	172	172	208	-	552
Total	1,992	1,771	3,775	-	7,538

Capital

Old Beechy Line Trail	165	-	-	-	165
Apollo Bay Harbour navigation aid	33	-	-	-	33
Total	198	-	-	-	198
Total commitments	2,190	1,771	3,775	0	7,736

	2006 \$'000	2005 \$'000
--	----------------	----------------

NOTE 31 OPERATING LEASE COMMITMENTS

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

Not later than one year	67	167
Later than one year and not later than five years	105	234
Later than five years	-	-
	172	401

notes to the financial report

for the year ending 30 June 2006

NOTE 32 FINANCIAL INSTRUMENTS

(a) Accounting policy terms and conditions

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions
Financial assets			
Cash and cash equivalents	14	Cash on hand and at bank and money market call account are valued at face value. Interest is recognised as it accrues.	On call deposits returned a floating interest rate of 5.5% (5.3% in 2004/2005). The interest rate at balance date was 5.6% (5.3% in 2004/2005).
Trade and other receivables			
Rates debtors	15	Rates are carried at nominal amounts due plus interest. Rate debts are a charge attached to the rateable land and are recoverable on sale, therefore, no provision for doubtful debts is made. Interest rates are reviewed annually.	Rates are payable by four instalments during the year. Arrears, including deferred rates, attract interest. The interest rate was 11.0% (12.0% in 2004/2005) at balance date for general rates. Interest rates charged for Special Rate and Private Street Schemes was 11.0% at balance date (12.0% in 2004/2005).
Other debtors	15	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection in full is no longer probable. Collectibility of overdue accounts is assessed on an ongoing basis.	Trade and other general debtors are unsecured and no interest is charged on arrears. The CRLC loan interest is levied at 6.11%.
Financial Liabilities			
Trade and other payables	20	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	23	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables. Finance leases are accounted for at their principle amount with the lease payments discounted to present value using the interest rates implicit in the leases.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 6.66% during 2005/2006 (6.68% in 2004/2005). As at balance date, the Council had finance leases with an average lease term of 2 years. The weighted average rate implicit in the lease is 8.86% (8.86% in 2004/2005).
Bank overdraft	28	Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft facility has not been utilised for this or the previous financial year 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 ending 30 june 2006

	Floating Interest rate \$'000	Fixed interest maturing in			Non- interest bearing \$'000	Total \$'000
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000		

NOTE 32 FINANCIAL INSTRUMENTS (cont'd)

(b) Interest rate risk

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

2006

Financial Assets

Cash & equivalents	8,114	-	-	-	-	8,114
Trade & other recs	584	-	-	-	2,359	2,943
Inv't in associates	-	-	-	-	479	479

Total Financial Assets	8,698	-	-	-	2,838	11,536
-------------------------------	--------------	----------	----------	----------	--------------	---------------

Weighted average interest rate	5.83%	-	-	-	-	-
--------------------------------	-------	---	---	---	---	---

Financial Liabilities

Trade & other pay	-	-	-	-	1,918	1,918
Trust funds	-	-	-	-	268	268
Interest bearing	-	477	1,631	1,883	-	3,991

Total Financial Liabilities	-	477	1,631	1,883	2,186	6,177
------------------------------------	----------	------------	--------------	--------------	--------------	--------------

Weighted average interest rate	-	6.43%	6.50%	6.94%	-	-
--------------------------------	---	-------	-------	-------	---	---

Net Financial Assets	8,698	(477)	(1,631)	(1,883)	652	5,359
-----------------------------	--------------	--------------	----------------	----------------	------------	--------------

2005

Financial Assets

Cash & equivalents	8,021	-	-	-	-	8,021
Trade & other recs	533	-	-	-	1,668	2,201
Inv't in associates	-	-	-	-	508	508

Total Financial Assets	8,554	-	-	-	2,176	10,730
-------------------------------	--------------	----------	----------	----------	--------------	---------------

Weighted average interest rate	5.56%	-	-	-	-	-
--------------------------------	-------	---	---	---	---	---

Financial Liabilities

Trade & other pay	-	-	-	-	2,565	2,565
Trust funds	-	-	-	-	196	196
Interest bearing	-	443	1,820	2,156	-	4,419

Total Financial Liabilities	-	443	1,820	2,156	2,761	7,180
------------------------------------	----------	------------	--------------	--------------	--------------	--------------

Weighted average interest rate	-	6.50%	6.56%	6.91%	-	-
--------------------------------	---	-------	-------	-------	---	---

Net Financial Assets	8,554	(443)	(1,820)	(2,156)	(585)	3,550
-----------------------------	--------------	--------------	----------------	----------------	--------------	--------------

notes to the financial report

for the year ending 30 june 2006

Financial Instruments	Total carrying amount per the Balance Sheet		Aggregate net fair value	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000

NOTE 32 FINANCIAL INSTRUMENTS (cont'd)

(c) Net Fair Values

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

Financial Assets

Cash and cash equivalents	8,114	8,021	8,114	8,021
Trade and other receivables	2,943	2,201	2,943	2,201
Investment in associates	479	508	479	508
Total Financial Assets	11,536	10,730	11,536	10,730

Financial Liabilities

Trade and other payables	1,918	2,565	1,918	2,565
Trust funds and other deposits	268	196	268	196
Interest bearing liabilities	3,991	4,419	2,798	3,239
Total Financial Liabilities	6,177	7,180	4,984	6,000

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

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

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

(d) Credit Risk

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

	2006 \$'000	2005 \$'000
--	----------------	----------------

NOTE 33 AUDITORS' REMUNERATION

Audit fee to conduct external audit - Victorian Auditor-General appointee	27	24
---	----	----

notes to the financial report

for the year ending 30 june 2006

NOTE 34 RELATED PARTY DISCLOSURE

(i) Responsible persons

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

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

	2006 No.	2005 No.
--	-------------	-------------

(ii) Remuneration of Responsible Persons

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

\$0 - \$9,999	-	6
\$10,000 - \$19,999	6	5
\$20,000 - \$29,999	-	1
\$30,000 - \$39,999	-	1
\$40,000 - \$49,999	1	-
\$100,000 - \$109,999	-	1
\$150,000 - \$159,999	1	-
TOTAL	8	* 14

* As the Council elections were held in November 2005, there are "outgoing councillors" included in the 2005 figures. The Chief Executive Officer (CEO) position was held by four people in the 2004/05 financial year.

	\$'000	\$'000
Total Remuneration for the reporting year for Responsible Persons included above, amounted to:	282	262

(iii) No retirement benefits have been made by the Council to a Responsible Person. (2004/05 \$Nil).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2004/05 \$Nil).

(v) Other Transactions

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year (2004/05 \$Nil).

notes to the financial report

for the year ending 30 june 2006

	2006 No.	2005 No.
--	-------------	-------------

NOTE 34 RELATED PARTY DISCLOSURE (cont'd)

(vi) Senior Officers Remuneration

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

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

Income Range:		
\$0 - \$9,999	-	1
\$20,000 - \$29,999	-	1
\$40,000 - \$49,999	-	2
\$80,000 - \$89,999	-	1
\$90,000 - \$99,999	1	-
\$100,000 - \$109,999	1	-
\$110,000 - \$119,999	1	-
TOTAL	3	** 5

	\$,000	\$'000
--	--------	--------

Total Remuneration for the reporting year for Senior Officers included above, amounted to:	323	** 203
--	-----	--------

** A number of the Senior Officer positions were periodically vacant during the 2004/05 financial year.

notes to the financial report

for the year ending 30 june 2006

	2006 \$'000	2005 \$'000
NOTE 35		
REVENUE AND EXPENSES BY FUNCTION		
Income		
Rates	11,737	10,950
Infrastructure	9,123	9,600
Governance	5,152	3,244
Strategic Development	3,006	2,804
Grants Commission	3,004	2,501
Total Income	32,022	29,099
Expenses		
Infrastructure	16,999	20,789
Governance	7,330	6,496
Strategic Development	5,954	5,260
Total Expenses	30,283	32,545
Surplus(deficit) for the year	1,739	(3,446)

NOTE 36 PORT OF APOLLO BAY

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

ASSETS		
Current Assets	1,104	1,543
TOTAL ASSETS	1,104	1,543
LIABILITIES		
Current Liabilities	22	59
Non-Current Liabilities	12	11
TOTAL LIABILITIES	34	70
NET ASSETS	1,070	1,473
Accumulated Funds	1,070	1,473
EQUITY	1,070	1,473

notes to the financial report

for the year ending 30 june 2006

	2006 \$'000	2005 \$'000
--	----------------	----------------

NOTE 37 CAPITAL EXPENDITURE

Capital Expenditure Areas

Roads and streets	4,118	2,904
Plant and equipment	1,932	1,963
Parks and gardens	791	241
Buildings	641	129
Bridges	466	96
Footpaths	387	427
Drainage	130	-
Kerbs and channelling	71	18

Total Capital Works

8,536 5,778

Represented by:

Renewal of infrastructure	3,730	2,589
Upgrade of infrastructure	2,158	615
Renewal of plant and equipment	1,609	1,604
Upgrade of buildings	524	129
New infrastructure	386	482
New plant and equipment	112	359
New buildings	17	-

Total Capital Works

8,536 5,778

Property, Plant and Equipment, Infrastructure movement

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

Total Capital Works	8,536	5,778
Asset revaluation movement	7,728	12,873
Asset acquired under lease	-	100
Depreciation/amortisation	(7,545)	(7,173)
Donated assets	139	297
Assets written off	(78)	(2,072)
AeIFRS adjustment for land (see Note 2)	-	893
Written down value of assets sold	(982)	(828)

Net movement in Property, Plant and Equipment, Infrastructure

7,798 9,868

(a) Renewal

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

(b) Upgrade

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

notes to the financial report

for the year ending 30 june 2006

2006

2005

NOTE 38 FINANCIAL RATIOS

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

$$\frac{\text{Debt servicing costs}}{\text{Total revenue}} = \frac{277}{29,970} = 0.9\% \quad \frac{309}{31,264} = 1.0\%$$

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

Favourable variance of 0.1%

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);

$$\frac{\text{Debt servicing \& redemption}}{\text{Rate and Charges revenue}} = \frac{705}{13,198} = 5.3\% \quad \frac{855}{12,305} = 6.9\%$$

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

Favourable variance of 1.6%

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);

$$\frac{\text{Rate and Charges revenue}}{\text{Total revenue}} = \frac{13,198}{29,970} = 44.0\% \quad \frac{12,305}{31,264} = 39.4\%$$

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

Favourable variance of 4.6%

(d) Debt exposure ratio (to identify Council's exposure to debt);

$$\frac{\text{Total indebtedness}}{\text{Total realisable assets}} = \frac{9,600}{68,976} = 13.9\% \quad \frac{11,928}{55,426} = 21.5\%$$

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.

Favourable variance of 7.6%

Any liability represented by a restricted asset (Note 25) is excluded from total indebtedness.

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

$$\frac{\text{Current assets}}{\text{Current liabilities}} = \frac{11,166}{4,591} = 243.2\% \quad \frac{10,317}{4,970} = 207.6\%$$

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

Favourable variance of 35.6%

notes to the financial report

for the year ending 30 june 2006

2006 \$'000	2005 \$'000
----------------	----------------

NOTE 39 CONTINGENT LIABILITIES AND ASSETS

Details and estimates of maximum amounts of contingent liabilities, classified in accordance with the party whom the liability could arise, are as follows:

Development Agreement

Providing three Residential allotments of Lakeside Estate for meeting employment targets in 2005/2006. In 2005/2006 Council received notification from CRF Pty Ltd that under the agreement the conditions have been satisfied. The Planning Permit for Lakeside Estate was not approved at 30 June 2005.

-	105
---	-----

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.

PRINCIPAL ACCOUNTING OFFICER 

Date: 18 September 2006

In our opinion the accompanying financial statements present fairly the financial transactions of the Colac Otway Shire for the year ended 30 June 2006 and the financial position of the Council as of that date.

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

We have been authorised by the Council on 18 September 2006 to certify the financial statements in their final form.

COUNCILLOR 

Date: 18 September 2006

COUNCILLOR 

Date: 18 September 2006

CHIEF EXECUTIVE OFFICER 

Date: 18 September 2006



AUDITOR GENERAL
VICTORIA

INDEPENDENT AUDIT REPORT

Colac-Otway Shire Council

To the Councillors

Scope

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2006 of Colac-Otway Shire Council consists of the income statement, balance sheet, statement of changes in equity, cash flow statement, notes to and forming part of the financial report, and the certification of the financial report.

The accompanying standard statements for the year ended 30 June 2006 of the Council consists of the standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of standard statements.

Councillors' Responsibility

The Councillors of Colac-Otway Shire Council are responsible for:

- the preparation and presentation of the financial report and the standard statements, and the information they contain, including accounting policies and accounting estimates
- the maintenance of adequate accounting records and internal controls that are designed to record its transactions and affairs, and prevent and detect fraud and errors.

Audit Approach

As required by the *Audit Act* 1994, an independent audit has been carried out in order to express an opinion on the financial report and standard statements. The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report and standard statements are free of material misstatement.

The audit procedures included:

- examining information on a test basis to provide evidence supporting the amounts and disclosures in the financial report and standard statements
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Councillors
- obtaining written confirmation regarding the material representations made in conjunction with the audit
- reviewing the overall presentation of information in the financial report and standard statements.



AUDITOR GENERAL
VICTORIA

Independent Audit Report (continued)

These procedures have been undertaken to form an opinion as to whether:

- the financial report is presented in all material respects fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Local Government Act 1989*, so as to present a view which is consistent with my understanding of the Council's financial position, and its financial performance and cash flows
- the standard statements are presented fairly in accordance with the basis of preparation described in note 1, comply with the requirements of the *Local Government Act 1989*, and the "actual" amounts are correctly extracted from the financial report. While the standard statements have to be prepared on a basis consistent with the financial report they are not required to meet all of the presentation requirements of Accounting Standards and other mandatory professional reporting requirements.

The audit opinion expressed in this report has been formed on the above basis.

Independence

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

Audit Opinion

In my opinion:

- (a) the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Local Government Act 1989*, the financial position of Colac-Otway Shire Council as at 30 June 2006 and its financial performance and cash flows for the year then ended
- (b) the standard statements are presented fairly in accordance with the basis of preparation as described in note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

MELBOURNE
25 September 2006



Edward M Hay
Acting Auditor-General

performance statement

PERFORMANCE MEASURES FOR STRATEGIC OBJECTIVES:

Strategic Objective	Performance Measure	How Data is Reported	2005-2006 Targets	2005-2006 Actuals
Governance	Ensure that Council Plan Priorities are implemented.	Council Records	80%	95%
	Community Satisfaction Survey Index for Council's advocacy and community representation on key local issues.	Local Government Annual Community Satisfaction Survey	64	65
	Community Satisfaction Survey Index for Council's engagement in decision making on key on key local issues	Local Government Annual Community Satisfaction Survey	61	64
	Community Satisfaction Survey Index for overall performance of Council	Local Government Annual Community Satisfaction Survey	62	65
	Requests registered in the Colac Otway Request System (CORS) are resolved within the allotted time	Local Government Annual Community Satisfaction Survey	80%	82%
Planning and Development	Average time taken to process a planning application	Council records	60 days	64 days
Financial Management	Working Capital Ratio (Current Assets to Current Liabilities)	Audited Financial Statements	1.5:1	2.4:1
Roads & Infrastructure	Ensure the Asset Renewal Gap is reduced	Audited Financial Statements	55%	55%
	Percentage of Capital Works expenditure projects completed	Council Records	85%	87%

notes to and forming part of the performance statement for 2005/2006

Introduction to the Performance Statement

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

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

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

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

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

Common Terms

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

Short explanations of the "different" terms used are listed below:

Capital expenditure - is the amount capitalised to the Statement of Financial Position (i.e. the aggregate additions to non current assets for the year) and contributions by Council to major assets not owned by Council.

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

Rates and Charges - Declared - are those declared as being receivable, in the calculations for the adopted rates, at the beginning of the year.

certification of performance statement

In my opinion, the accompanying performance statement of the Colac Otway Shire Council in respect of 2005/2006 financial year has been prepared in accordance with the Local Government Act 1989.

PRINCIPAL ACCOUNTING OFFICER



Date: 18 September 2006

In our opinion, the accompanying performance statement of the Colac Otway Shire Council in respect of 2005/2006 financial year is presented fairly in accordance with the Local Government Act 1989.

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

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

NAME: Brian Crook

COUNCILLOR



Date: 18 September 2006

NAME: Peter Mercer

COUNCILLOR



Date: 18 September 2006

NAME: Tracey Slatter

CHIEF EXECUTIVE OFFICER



Date: 18 September 2006



AUDITOR GENERAL
VICTORIA

INDEPENDENT AUDIT REPORT

Colac-Otway Shire Council

To the Councillors

Scope

The Performance Statement

The accompanying performance statement for the year ended 30 June 2006 of Colac-Otway Shire Council consists of the statement, the related notes and the certification of performance statement.

Councillors' Responsibility

The Councillors of Colac-Otway Shire Council are responsible for the preparation and presentation of the performance statement and the information it contains.

Audit Approach

As required by the *Local Government Act 1989*, an independent audit has been carried out in order to express an opinion on the performance statement. The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the performance statement is free of material misstatement.

The audit procedures included:

- examining information on a test basis to provide evidence supporting the amounts and disclosures in the statement
- obtaining written confirmation regarding the material representations made in conjunction with the audit
- reviewing the overall presentation of information in the statement.

These procedures, which did not extend to an assessment of the relevance or the appropriateness of the performance measures contained within the statement, have been undertaken to form an opinion as to whether, in all material respects, the performance statement is presented fairly in accordance with the *Local Government Act 1989*.

The audit opinion expressed in this report has been formed on the above basis.

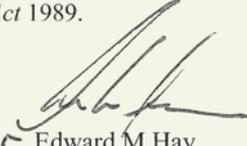
Independence

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

Audit Opinion

In my opinion, the performance statement of Colac-Otway Shire Council in respect of the 30 June 2006 financial year is presented fairly in accordance with the *Local Government Act 1989*.

MELBOURNE
25 September 2006


Edward M Hay
Acting Auditor-General

Victorian Auditor-General's Office Level 34, 140 William Street, Melbourne Victoria 3000
Telephone (03) 8601 7000 Facsimile (03) 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

national competition policy compliance - 2005/06

CERTIFICATION BY CHIEF EXECUTIVE OFFICER

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

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

for the financial year 2005/06 as set out below:

A. TRADE PRACTICES COMPLIANCE

State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress. Compliant

B. LOCAL LAWS COMPLIANCE

State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress. Compliant

C. COMPETITIVE NEUTRALITY COMPLIANCE

State whether the Council is compliant or non-compliant for all significant businesses. If non-compliant, justify or cite actions to redress. Compliant

I certify that:

- a) this statement has been prepared in accordance with the 2005/06 Local Government Improvement Incentive guidelines issued in August 2006 for reporting on the following criterion :- National competition Policy in accordance with National Competition Policy and Local Government - A Revised Statement of Victorian Government Policy (January 2002); and
- b) this statement presents fairly the Council's implementation of the National Competition Policy.

Signed:

CHIEF EXECUTIVE OFFICER



Date: 18 September 2006

CONTACTING THE COUNCIL

CONTACTING YOUR COUNCILLORS

Councillor	Address	Contact Details
Cr Warren Riches (Mayor) Warrion Ward	“Derrimut” 465 Ondit Warrion Road Warrion 3249	Phone/Fax: 5234 8206 Mobile: 0400 062 967 E-mail: warren@bordernet.com.au
Cr Brian Crook Colac Ward	88 Wilson Street Colac 3250	Phone/AH: 5231 3885 Fax A/H: 5231 6954 E-mail: bcrook88@gmail.com
Cr. Geoff Higgins Colac Ward	115 Back Larpent Road Colac West 3249	Phone AH/BH: 5231 4864 Mobile: 0418 524 874 Fax: 5231 6289
Cr. Chris Smith Colac Ward	1330 Bungador Road Swan Marsh 3249	Phone AH/BH: 5235 1255 Mobile: 0419 351 255 Fax: 5235 1451 Email: cj&mjsmith@gsat.net.au
Cr. Joe Di Cecco Otway Ward	Suite 4, 93 Great Ocean Road Apollo Bay 3233	Phone BH: 5237 7999 Mobile: 0418 522 197 Fax: 5237 7805
Cr. Stuart Hart Otway Ward	15 Berry’s Lane Gellibrand via Colac 3249	Phone: 5235 8391 Fax: 5235 8159 Mobile: 0427 050 960 E-mail: shart@ncable.net.au
Cr Peter Mercer Murray Ward	Meadowell Farm 160 Meadowell Road Colac 3249	Phone: 5236 6246 Fax: 5236 6546

COLAC SERVICE CENTRE

2-6 Rae Street
Colac 3250
Victoria Australia
Phone: (03) 5232 9400
Fax: (03) 5232 1046
Hours: 8.30 am - 5.00 pm
Monday to Friday

APOLLO BAY SERVICE CENTRE

69 Nelson Street
Apollo Bay 3233
Victoria Australia
Phone: (03) 5237 6504
Fax: (03) 5237 6734
Hours: 8.30 am - 1.00 pm
Monday to Friday

POSTAL ADDRESS

PO Box 283
Colac 3250
Victoria Australia
Email Address:
inq@colacotway.vic.gov.au
Website Address:
www.colacotway.vic.gov.au



Colac Otway
SHIRE

Naturally Progressive

help page

To Zoom in & out during the report:

WINDOWS COMPUTERS:

Zoom in: Hold down the Control key & press the + key.
Zoom out: Hold down the Control key & press the - key.

MAC COMPUTERS:

Zoom in: Hold down the Apple key & press the + key.
Zoom out: Hold down the Apple key & press the - key.

To Navigate within the report:

- Press the NEXT button on the bottom of each page to go to the next page.
- Press the PREVIOUS button at the bottom of each page to go to the previous page.
- Press the CONTENTS button at the bottom of each page to go back to the contents page. This page allows you to click on any section of the report and go there directly without having to click NEXT or PREVIOUS.

To Exit the Report:

Press the Escape key on your keyboard at any time to exit the report.



[Go to Contents Page](#)

Click NEXT ► to scroll through all pages

