

2012-2013 | COLAC  
ANNUAL | OTWAY  
REPORT | SHIRE

# IN BRIEF

✓ Amendment C69 to the Planning Scheme approved by the State Planning Minister ends a four year process (p 50)



✓ New Council Plan 2013-2017, new strategic planning framework (p 34)



✓ Launched the Otways Tourism Marketing Strategy 'Love Our Region' (p 62)



✓ Retrofit of Rae Street administrative centre with Ecological Sustainable Design feature (p 19)



✓ Investment in long-term asset renewal (p 42)

✓ Increase in personal care hours allows our older people to remain in their own homes, with dignity, for longer (p 68)

✗ Increased contamination of recycled waste (p 57)



✗ Reduced attendance by parents at Maternal and Child Health appointments (p 70)



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# SECTION ONE

## OUR VISION, MISSION AND VALUES

### Our Vision

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

### Our Mission

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

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

### Our Values

Council will achieve its Vision and Mission by acting with:

- Respect
- Integrity
- Goodwill
- Honesty
- Trust

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Transparent reporting and accountability are core values of the Colac Otway Shire Council...

# SECTION ONE

## ABOUT THIS ANNUAL REPORT AND OUR SHIRE PROFILE

S1 I Our report documents Colac Otway Shire Council's performance during 2012/13  
S2 against the Council Plan and the 2012/13  
S3 Budget and is the final report against the  
S4 Council Plan 2009/2013.

S4 Our Council Plan has six Key Result Areas guiding the growth and development of our municipality:

- S5 • Leadership and Governance
- S6 • Physical Infrastructure and Assets
- S7 • Land Use and Development
- S8 • Environmental Management
- S9 • Economic Development
- S10 • Community Health and Wellbeing

S8 Our report highlights achievements and challenges in key operational areas, provides comprehensive corporate governance information as well as detailed audited financial statements.

S9 Transparent reporting and accountability are core values of this Council and a rigorous assessment of Council's performance ensures these values are upheld.

### S11 Readership

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

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

### Feedback

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

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

#### Chief Executive Officer

PO Box 283  
Colac Vic 3250

### Our Location

As the gateway to the Great South Coast region we are situated within a two hour drive of Melbourne, and approximately an hour to the large regional cities of Geelong to the east and Warrnambool to the west.

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

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



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

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

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

Our estimated population for 2013 is 20,973; remaining fairly steady over the past decade. We expect an increase in our population once the Princes Highway becomes a dual highway (the Geelong to Winchelsea section is progressing well) as it will open up the region, making commuting an attractive option for both the local population and for those seeking a lifestyle change. With the attraction of affordable housing and great lifestyle, we are ideally located for those looking for a rural idyll within a comfortable commuting distance to major centres.

The five major industry sectors are:

- Health Care and Social Assistance (1,133 persons or 13.7%)
- Manufacturing (1,048 persons or 12.7%)
- Agriculture, Forestry & Fishing (993 persons or 12.0%)
- Retail Trade (843 persons or 10.2%)
- Tourism (693 persons or 8.4%)

In combination, these five industries employed a total of 5,220 people or 63% of the employed resident population.

## Our History

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

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

## Our Name

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

Historically, Colac is thought to be named after the local Coladjin Aboriginal tribe that once lived in the area. The origin of Otway is revealed in the logbooks of The Lady Nelson, 1800, captained by Lieutenant James Grant where he notes on seeing the cape, 'I named it Cape Albany Otway (now Cape Otway) in honour of William Albany Otway, Esquire, Captain in the Royal Navy.'



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<b>Area</b>	3,427 sq kilometres
<b>Length of local roads</b>	1,632 kilometres
Sealed	558 km
Unsealed	1,074 km
<b>Estimated population</b>	20,973
0 - 4 years	6.0%
5 - 14 years	19.4%
20 - 34 years	14.8%
35 - 59 years	34.0%
over 60 years	25.6%
<b>Population born overseas</b>	7.5%
<b>Population growth rate</b>	1.2%
<b>Employment rate</b>	97% (full time, 57%)
<b>Rateable properties</b>	14,768
<b>Coastline</b>	95 kilometres
<b>Forest and National Park</b>	110,000 hectares

Sources: Australian Bureau of Statistics Census 2011  
 .id Consulting, Melbourne 2013

# SECTION ONE

## THE YEAR IN REVIEW

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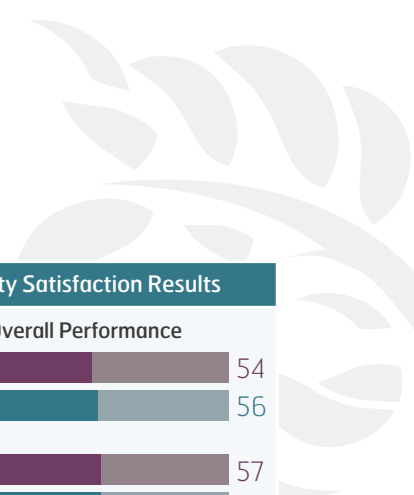
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Key Result Area	Achievements	Disappointments
<h3>Leadership and Governance</h3> <p><i>For more information see page 33.</i></p>	<ul style="list-style-type: none"> <li>• New Council Plan 2013–2017, new strategic planning framework.</li> <li>• New communications system implemented.</li> <li>• Funding achieved for improving maintenance of key roads used to transport timber.</li> </ul>	<ul style="list-style-type: none"> <li>• Full disaster recovery for information systems not implemented.</li> </ul>
<h3>Physical Infrastructure and Assets</h3> <p><i>For more information see page 41.</i></p>	<ul style="list-style-type: none"> <li>• Commitment to investment in long-term asset renewal.</li> <li>• Completion of capital works.</li> <li>• Construction of environmentally sensitive trail completed.</li> <li>• Four new bridges constructed.</li> </ul>	<ul style="list-style-type: none"> <li>• Construction delayed on new sections of the Beechy Rail Trail.</li> <li>• Minimal progress on determining the Colac by-pass route.</li> </ul>
<h3>Land Use and Development</h3> <p><i>For more information see page 49.</i></p>	<ul style="list-style-type: none"> <li>• Amendment C69 to the Planning Scheme approved by the State Planning Minister.</li> <li>• Adoption of the Birregurra Structure Plan.</li> <li>• Apollo Bay Harbour Master Plan revised.</li> </ul>	<ul style="list-style-type: none"> <li>• Electronic lodgement of planning applications has mixed results.</li> <li>• New vegetation mapping overlay deferred.</li> </ul>
<h3>Environmental Management</h3> <p><i>For more information see pages 19 and 55.</i></p>	<ul style="list-style-type: none"> <li>• Completion of Environment Action Plan 2010–2012 and development of new plan for 2013–2015.</li> <li>• Completion of Marengo landfill rehabilitation project.</li> <li>• Retrofit of Rae St administrative centre with environmentally sustainable design features.</li> </ul>	<ul style="list-style-type: none"> <li>• Energy smart funding application unsuccessful.</li> <li>• Energy cogeneration at Bluewater Fitness Centre not feasible.</li> <li>• Increased contamination of recycled waste.</li> </ul>
<h3>Economic Development</h3> <p><i>For more information see pages 22 and 61.</i></p>	<ul style="list-style-type: none"> <li>• Launched the Colac Marketing Strategy, 'Colac, Life Your Way'.</li> <li>• Launched the Otways Tourism Marketing Strategy, 'Love Our Region'.</li> <li>• New programs to engage business leaders in strategic thinking.</li> </ul>	<ul style="list-style-type: none"> <li>• Master Plan for the former Colac High School site delayed.</li> </ul>
<h3>Community Health and Wellbeing</h3> <p><i>For more information see pages 21 and 67.</i></p>	<ul style="list-style-type: none"> <li>• Accreditation success for in-home, community care and disability services.</li> <li>• Completion of the Central Reserve Oval redevelopment project.</li> <li>• Increase in personal care hours allows our older people to remain in their own homes for longer.</li> </ul>	<ul style="list-style-type: none"> <li>• Community plans delayed for Gellibrand and Forrest townships.</li> <li>• Reduced attendance by parents at Maternal and Child Health appointments.</li> </ul>



Challenges	The Year Ahead	Community Satisfaction Results												
<ul style="list-style-type: none"> <li>Other than for Apollo Bay, no other designated Neighbourhood Safer Places (NSP) exist in the Shire. Council is working with the Fire Services Commissioner's Office on identifying alternative measures for high fire risk towns.</li> </ul>	<ul style="list-style-type: none"> <li>Review of all Council policies.</li> <li>Commence implementation of the Authority Asset Management System.</li> <li>Implementation of Prince 2™ project management methodology.</li> <li>Identify suitable sites for Neighbourhood Safer Places.</li> </ul>	<p><b>Overall Performance</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Large Rural Shires</th> <th>Colac Otway Shire</th> <th>Indexed Mean</th> </tr> </thead> <tbody> <tr> <td>2011/12</td> <td>54</td> <td>56</td> <td></td> </tr> <tr> <td>2012/13</td> <td>57</td> <td>57</td> <td></td> </tr> </tbody> </table>	Year	Large Rural Shires	Colac Otway Shire	Indexed Mean	2011/12	54	56		2012/13	57	57	
Year	Large Rural Shires	Colac Otway Shire	Indexed Mean											
2011/12	54	56												
2012/13	57	57												
<ul style="list-style-type: none"> <li>Ongoing management of waste from the Colac Livestock Selling Centre.</li> <li>Maintaining our extensive road network under increasing pressures.</li> </ul>	<ul style="list-style-type: none"> <li>Colac Livestock Selling Centre roof construction.</li> <li>Rehabilitation of Gellibrand Landfill.</li> <li>Completion of the Old Beechy Rail Trail improvements including the construction of 8 km of off-road trail.</li> </ul>	<p><b>Local Roads and Footpaths</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Large Rural Shires</th> <th>Colac Otway Shire</th> <th>Indexed Mean</th> </tr> </thead> <tbody> <tr> <td>2011/12</td> <td>51</td> <td>48</td> <td></td> </tr> <tr> <td>2012/13</td> <td>52</td> <td>49</td> <td></td> </tr> </tbody> </table>	Year	Large Rural Shires	Colac Otway Shire	Indexed Mean	2011/12	51	48		2012/13	52	49	
Year	Large Rural Shires	Colac Otway Shire	Indexed Mean											
2011/12	51	48												
2012/13	52	49												
<ul style="list-style-type: none"> <li>Constantly changing State Government planning processes and requirements places significant additional pressure on Council's internal planning processes.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of the State Government's new residential zones.</li> <li>Complete development of bushfire planning policies for small townships.</li> <li>Explore implications of the State Government's new native vegetation reforms on proposed mapping overlays.</li> </ul>	<p><b>General Town Planning Policy</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Large Rural Shires</th> <th>Colac Otway Shire</th> <th>Indexed Mean</th> </tr> </thead> <tbody> <tr> <td>2011/12</td> <td>50</td> <td>48</td> <td></td> </tr> <tr> <td>2012/13</td> <td>54</td> <td>50</td> <td></td> </tr> </tbody> </table>	Year	Large Rural Shires	Colac Otway Shire	Indexed Mean	2011/12	50	48		2012/13	54	50	
Year	Large Rural Shires	Colac Otway Shire	Indexed Mean											
2011/12	50	48												
2012/13	54	50												
<ul style="list-style-type: none"> <li>To successfully rehabilitate Barongarook Creek, extensive weed control and revegetation works will be required over a period of years.</li> <li>Lake Colac may dry out in the summer. A fish death response plan is being developed with the Environmental Protection Authority.</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of Street Smart Lighting and two large Solar Arrays.</li> <li>Completion of Phase one of the Climate Resilient Communities project.</li> <li>Prepare a rehabilitation plan for the Alvie landfill site.</li> </ul>	<p><b>Waste Management</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Large Rural Shires</th> <th>Colac Otway Shire</th> <th>Indexed Mean</th> </tr> </thead> <tbody> <tr> <td>2011/12</td> <td>69</td> <td>69</td> <td></td> </tr> <tr> <td>2012/13</td> <td>68</td> <td>69</td> <td></td> </tr> </tbody> </table>	Year	Large Rural Shires	Colac Otway Shire	Indexed Mean	2011/12	69	69		2012/13	68	69	
Year	Large Rural Shires	Colac Otway Shire	Indexed Mean											
2011/12	69	69												
2012/13	68	69												
<ul style="list-style-type: none"> <li>Maintaining the momentum of marketing strategies to ensure they hold the attention of the target audience.</li> </ul>	<ul style="list-style-type: none"> <li>Completion of the Advancing Country Towns Workforce and Industry Development Initiative:               <ul style="list-style-type: none"> <li>Skills and Workforce Audit.</li> <li>Workforce Development Planning.</li> <li>Green Industry Feasibility Planning.</li> <li>Enterprise Driven Education and Training Pathways.</li> </ul> </li> </ul>	<p><b>Economic Development</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Large Rural Shires</th> <th>Colac Otway Shire</th> <th>Indexed Mean</th> </tr> </thead> <tbody> <tr> <td>2011/12</td> <td>61</td> <td>61</td> <td></td> </tr> <tr> <td>2012/13</td> <td>60</td> <td>63</td> <td></td> </tr> </tbody> </table>	Year	Large Rural Shires	Colac Otway Shire	Indexed Mean	2011/12	61	61		2012/13	60	63	
Year	Large Rural Shires	Colac Otway Shire	Indexed Mean											
2011/12	61	61												
2012/13	60	63												
<ul style="list-style-type: none"> <li>Implementation of the new National Disability Insurance Scheme.</li> <li>Relocation of the Bluewater Fitness Centre gymnasium facilities to enable redevelopment works.</li> </ul>	<ul style="list-style-type: none"> <li>Finalise community plans for Gellibrand and Forrest.</li> <li>Commence redevelopment of the Bluewater Fitness Centre.</li> <li>Transition to the National Disability Insurance Scheme.</li> <li>Develop the Access, Equity and Inclusion Plan.</li> </ul>	<p><b>Health and Human Services</b></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Large Rural Shires</th> <th>Colac Otway Shire</th> <th>Indexed Mean</th> </tr> </thead> <tbody> <tr> <td>2011/12</td> <td>66</td> <td>65</td> <td></td> </tr> <tr> <td>2012/13</td> <td>67</td> <td>68</td> <td></td> </tr> </tbody> </table>	Year	Large Rural Shires	Colac Otway Shire	Indexed Mean	2011/12	66	65		2012/13	67	68	
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Source: Local government Community Satisfaction Survey 2013, Department of Planning and Community Development, prepared by JWS Research. **NOTE: New methodology and format makes comparisons prior to 2011/12 data invalid.**



# SECTION ONE CALENDAR OF EVENTS

## S1 | JUL, AUG, SEP 2012

- S2 • An efficient street lighting program will go ahead after Council agreed to take out a loan to cover a State Government shortfall; the loan to be paid back through energy savings. The project will involve the replacement of 1,320 street lamps throughout the Shire and provide significant cost and carbon emissions savings.
- S3 • Council determined it was unable to establish Neighbourhood Safer Places in Barwon Downs, Forrest and Carlisle River due to the disparity between actual cost versus the amount of funding on offer from the State Government.

- About 80 residents in Colac's west joined Council to plant fruit trees on their nature strips as part of an Edible Landscapes Project.



- Bluewater Fitness Centre's Senior Men's Exercise Group members celebrated their 12th anniversary of group fitness. Regular classes help maintain functional strength, bone density and a healthy heart and lungs.

- A project to develop a masterplan for the former Colac High School site was commenced by Council. Due to lobbying by Council and the community the State Government agreed to a master planning process that would give local people an opportunity to determine future uses for the site.
- Colac Secondary College student Jack Reid won the Colac Otway Shire's Young Ambassador Award for 2012. Jack hopes to study paramedicine, with an aim of pursuing a career in healthcare and assisting disadvantaged children.
- A formal committee of local tourism operators was established by Council to advise on tourism matters until a restructure of regional tourism is complete.

## S9 | OCT, NOV, DEC 2012

- S10 • A family fun day to celebrate the International Day of People with a Disability, was hosted by Council. The day highlighted awareness of the benefits of integration of people with disability in every aspect of political, social, economic and cultural life.
- S11 • The Colac Livestock Selling Centre adopted post-sale cattle weighing, following a successful six month trial. This is part of the strategy to position the Colac Livestock Selling Centre as the premier regional selling centre in western Victoria.



- Local kindergarten children learnt how to use school crossings with confidence as part of a new Local Laws initiative.
- Civic leaders chose a vibrant and contemporary brand 'Colac, Life Your Way' to market Colac as a place to live, work and raise a family. The brand will be used to market the municipality to the rest of Victoria.
- Forrest Men's Shed received permission to use part of the former Council depot in the town as a meeting place.

- Council redirected \$700,000 from its capital works and major projects budget to the latest defined benefits superannuation call, after receiving a bill of \$3.18 million. The organisation avoided taking out a loan by using \$1.59 million from its employee long service leave reserves and the remainder from the plant replacement reserve.



- The first ever Bluewater boot camp participants shed a massive 250 kilograms in the debut fitness course that took 40 people through an intensive exercise regime over six weeks.



## JAN, FEB, MAR 2013

- Alvie's Kathy Niblett-Graham and Colac's Phillip Johnson jointly share Citizen of the Year awards as part of the 2013 Australia Day celebrations.



- A new pirate-themed playground adds important amenity in the growing suburb of Elliminyt. Many young pirates enjoyed the official opening.

- A bushfire planning project commenced, examining the potential for new residential growth in towns located Forrest, Beech Forest, Gellibrand, Lavers Hill, Skenes Creek, Separation Creek, Kennett River and Wye River.
- Mayor Lyn Russell used a visit to the Warncoort rail passing loop construction site to lobby for more frequent and timely train services between Colac and Geelong.
- In-principle support has been given by Council to an indoor pool in Apollo Bay, subject to external funds being sourced for the initial construction. Council will fund ongoing operational costs.

- Following dog attacks in Apollo Bay, Council wrote to the Victorian Minister for Agriculture, Peter Walsh, requesting an amendment to the *Domestic Animals Act* to allow courts to impose dog ownership or possession bans on irresponsible owners.
- Mothers across the Shire welcomed local midwife Deb Park to Council's Maternal and Child Health team. Deb has been a midwife in Colac for 20 years but will now turn her focus to the vital early years of the Shire's newest residents.

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## APR, MAY, JUN 2013

- Barwon Downs received \$240,000 for a multipurpose community hub thanks to a partnership between the community, Council and the State Government.
- COPACC hosted a preview screening of *Cliffy*, a movie paying tribute to the achievements of Otways ultramarathon legend Cliff Young.
- The Apollo Bay foreshore reserve between Moore and Nelson streets became Colac Otway Shire's first Neighbourhood Safer Place. It will serve as a place of last resort in bushfire emergencies when all other plans have failed.

- Council deferred any further work on Planning Scheme Amendment C70, a vegetation protection overlay, until the implications of State Government changes to policies relating to native vegetation were clearer.
- A new Otways Tourism campaign encouraged locals to "Love Our Region" and raise local awareness of the fantastic array of activities and attractions the Colac Otway Shire has to offer.
- The welcome mat was rolled out by Council to 15 prospective new residents who expressed interest in moving to the Shire at the Regional Victoria Living Expo.



- The Apollo Bay community celebrated the official opening of the town's extended library, which has tripled the space of the original building. It has created increased book storage and reading areas, an area for children's books and storytelling and a multimedia and study area.
- Council adopted a revised Birregurra Structure Plan, which found that current land supply in Birregurra was sufficient for current growth levels for the short to medium term.

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Opposite (top): Bluewater Fitness Centre's Senior Men's Exercise Group celebrate 12 years of group fitness.

Opposite (centre): Council's Kevin Young, centre, teaches Joshua Carson, left, and Spencer Hall, right, about school crossings.

Opposite (right): Intensive early morning boot camp training.

Above: Banjo Duve has fun at the new Elliminyt play space.

Right: Minister Terry Mulder officially opens Apollo Bay's extended library.

# SECTION ONE MAYOR AND CEO'S MESSAGE

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Above: CEO Rob Small (left) and Mayor Cr Lyn Russell.

## A new era

Local government elections ushered in a new era at Colac Otway Shire with three new councillors – Crs Michael Delahunty, Mick McCrickard and Terry Woodcroft joining returning councillors - Crs Brian Crook, Stephen Hart, Lyn Russell, and Chris Smith.

This mix of experience and new perspectives has resulted in a higher quality debate and robust decision making on behalf of our residents and ratepayers.

A key post-election task was to prepare an updated new Council Plan. Through collaboration between Councillors, staff and the community we have a strategic four-year plan with a strong focus on delivering community priorities and thorough, transparent reporting.

We are operating in a challenging landscape. In October 2012 our community suffered two major blows with news of the impending closure of the Cororooke Fonterra factory followed by the voluntary administration of Otway Community College. Coupled with difficult economic conditions for our farming and retail sectors, downward community pressure on rates, and increasing demand for Council's services, the operating environment for Council is complex.

Difficult times call for innovative solutions. Council has been actively improving the liveability of the Shire for current residents, whilst attracting new residents and business to our municipality. Central to this has been the Colac Marketing Strategy, a strategic population attraction campaign aimed at filling a key gap in our demographics – young families and professionals. The Colac CBD and Entrances Project is another important initiative, which aims to rejuvenate Colac’s business precinct and entrances to create a more vibrant and liveable community.

## Delivering new infrastructure

This financial year Council completed numerous major infrastructure projects, and laid the foundations for several special projects to take place during 2013/14.

We unveiled the newly-resurfaced Central Reserve to much acclaim from local and regional sportspeople. So successful was the project that it attracted the attention of AFL Hawthorn Senior Coach Alastair Clarkson, who visited Colac to inspect the reserve, and at the time of writing we are preparing to host the AFL Victoria Herald Sun Country Shield Grand Final.

Council was pleased to open four new bridges in the Otways, which received upgrades with funding under the State Government’s Country Roads and Bridges program. Replacing bridges is particularly expensive and this funding helped us replace the ageing infrastructure without having to increase the rates burden on residents.

The Apollo Bay community turned out in numbers to celebrate the unveiling of the town’s extended library, now offering triple the space of the original. With connections to the Neighbourhood House, a new children’s and information technology area, the library is fast becoming an essential hub for the coastal community.

All of these infrastructure projects came to fruition from partnerships between Council and the State and Federal Governments. Without support from our government counterparts we would be unable to deliver such large-scale projects.

## Planning for our future

The year offered some great successes and enormous challenges for Council.

The adoption of the Birregurra Structure Plan and Neighbourhood Character study provided a blueprint for the future development of Birregurra that has widespread community support. After initial opposition to the proposed structure plan in 2010, Council and the community worked in collaboration to amend the structure plan and develop a neighbourhood character study that better aligned with Birregurra residents’ vision for their town.

Tourism Victoria’s restructure of regional tourism has been a drawn-out and at times difficult process. Colac Otway played a lead role in bringing Shires from our region together to ensure a collective voice was heard on how our communities wanted tourism structured. We are currently participating in an interim Great South West Regional Tourism Board and proactively pursuing a final model which will best serve the needs of our tourism industry.

Planning scheme amendments C70 and C67 were a source of angst and misunderstanding in our community. Amendment C70 relates to a biodiversity overlay, while C67 relates to a salinity overlay. Landholders questioned the accuracy of mapping, and had a misconception that the overlays would restrict their right to farm. Council took a decision to delay further consideration of C70 until early 2014, when the Victorian Government’s changes to its Native Vegetation Framework are implemented. Council has also called on the Victorian Government to review the accuracy of its mapping.

We are very excited about a street smart lighting program which spans the entire Great South Coast region. Council will contribute \$278,000 this financial year, along with \$1.4 million from the Federal Government to replace 1,320 mercury vapour street lamps with energy-efficient alternatives. In total, this initiative will save up to \$70,000 a year in energy costs and cut 500 tonnes of carbon emissions annually.

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It is our pleasure  
to present the 2012/13  
annual report for the Colac  
Otway Shire Council.

# SECTION ONE MAYOR AND CEO'S MESSAGE

## S1 I Providing a community voice

S2 Our work continues on the Colac High School masterplan, with an aim of having all or at least a significant amount of the former secondary campus returned to the community. Community consultation resulted in a raft of excellent suggestions for the future of the site and we look forward to working with the Victorian Government on finding an innovative and community-focussed future for the land.

S4 We lobbied the Victorian Government during the year to take action against irresponsible dog owners and in July 2012 our requests were answered. Our advocacy was triggered as a result of our prosecution of an Apollo Bay man with 23 prior dog-related convictions whose staghound cross killed another dog. The State Government has since announced that owners convicted for their dog attacking others can be banned from owning a dog for up to 10 years – news we and the Apollo Bay community welcomed.

## S8 Capitalising on election opportunities

S9 Corangamite is the nation's most marginal federal electorate, and the upcoming federal election will present opportunities for Council to lobby for funding for important programs and infrastructure. We are canvassing candidates from all political parties to ensure they are informed of our priorities, which include improvements to the Princes Highway from Colac to the South Australian border, more money for the maintenance of the Great Ocean Road, improved rail services for Colac, the Apollo Bay Harbour masterplan implementation, the Colac CBD and entrances project, and the Central Reserve grandstand redevelopment.

## S11 Financial performance

Our financial performance for the year is broadly consistent with the targets set in the annual budget for 2012/13 in that we again achieved an operating surplus:

- Operating result for the year is a surplus of \$1.7 million.
- The value of total assets has grown by \$3.6 million to \$290.8 million.
- Total income has increased by 2.3% to \$44.6 million.
- Total expenses have grown by 1.1% to \$42.9 million.

## The year ahead

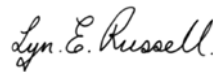
Reviewing our operations from a zero base is an important project for the year ahead. Our community wants lower rate rises, and in order to achieve this, efficiency improvements and cuts to services will be inevitable. Remaining sustainable in a time of cost shifting from other levels of government and increasing demand for services is a challenge faced by Local Government as an industry, and is an issue that will become increasingly pressing in years to come.

Despite these pressures, the 2013-14 capital works program will deliver on our commitment to maintain the infrastructure renewal gap. We continue to plan for a \$10 million upgrade of the Bluewater Fitness Centre. Another two bridges are scheduled for replacement this year, and construction is about to commence on a roof for the Colac Livestock Selling Centre.

Discussion continues on finding a bypass or alternative heavy vehicle route around Colac. This remains one of the biggest strategic decisions this Council will make; it is also one of the biggest failures of successive councils for decades. It is impossible to identify a route that will please everyone, but we hope within the next 12 months to have made a decision which provides future clarity for our community and the government.

A number of vocal groups have shared their opinions about civic matters this year and to them we say we are listening, and we respect your opinions. In return, we ask that you approach Council with a spirit of cooperation and goodwill so we can work together on solutions that will make our Shire stronger.

Thank you to all the people who contributed to civic life during 2012/13. We value your contribution to Colac Otway Shire and look forward to working with you in 2013/14.



Cr Lyn Russell  
Mayor



Rob Small  
Chief Executive Officer

# SECTION ONE OUR COUNCIL



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## CR LYN RUSSELL MAYOR

First elected 2008  
Re-elected 2012

## CR STEPHEN HART DEPUTY MAYOR

Mayor: (to Oct) 2012  
First elected 2008  
Re-elected 2012

## CR MICK McCRICKARD

First elected 2012

## CR BRIAN CROOK

First elected 2002  
Re-elected 2004, 2008, 2012

## CR CHRIS SMITH

First elected 2004  
Re-elected 2008, 2012

## CR MICHAEL DELAHUNTY

First elected 2012

## CR TERRY WOODCROFT

First elected 2012

# SECTION ONE OUR COUNCIL

## S1 I Cr Lyn Russell Mayor

S2 Cr Lyn Russell is a trained nurse and midwife and over the last  
S3 28 years has delivered over 1,000 babies. Lyn also has a Post  
S4 Grad in Community Health Nursing, specialising in Cancer  
S5 Support, Palliative Care and Diabetes. Lyn has been very active  
S6 in local sport, serving as President, Secretary and Treasurer  
of the Colac Youth and Recreation Centre for many years and  
is a life member for her contribution to management, junior  
football and cricket and her years of running the playgroup.  
Lyn and her husband Merv have a son. Lyn's goal is to improve  
Shire communications and customer service, to maintain  
and improve our assets and to be part of a transparent,  
accountable, fair and honest Local Government.

## S7 Cr Stephen Hunt Deputy Mayor

S8 Cr Stephen Hart graduated in Economics at Monash University,  
S9 Clayton, and was employed in the Federal public service until  
moving to Lavers Hill. Stephen and his partner Chris live in  
their owner-built mud brick house on a property adjoining the  
picturesque Melba Gully State Park. Solar panels generate  
most of their electricity needs. Since 1990 they have  
revegetated much of their land with more than 4,000  
indigenous trees. Stephen is committed to improving Council's  
financial and environmental sustainability and is vigilant to  
ensure that appropriate governance standards are met. He is  
particularly interested in improving educational opportunities  
for the local community; an area he believes was neglected  
until recent years.

## S11 Cr Brian Crook

Cr Brian Crook is a teacher at Colac's Trinity College and is in his  
fourth term on council. Brian served two terms as Mayor with  
the previous council and places a strong emphasis on building  
relationships with local community groups and regional, State  
and Federal Governments. He believes the key to the Shire's  
success, particularly over the last four years, has been the  
result of a strong voice within the region and good working  
relationships with all levels of government. Brian and his wife Lyn  
have six children and two grandchildren. Brian acknowledges  
that there are many challenges and opportunities ahead and he  
is looking forward to further enhancing Colac Otway as a place  
of first choice.

## Cr Michael Delahunty

Cr Michael Delahunty and his wife Louise operate family  
businesses in beef cattle and consulting engineering. Michael  
has been appointed to Council's emergency management  
committee, audit committee, industry advisory group and G21  
transport pillar. These committees represent Michael's strong  
fields of interest, being financial management and safe efficient  
transport infrastructure for manufacturing industries, local  
residents and visitors to our region.

## Cr Mick McCrickard

Cr Mick McCrickard was born and raised in Colac Otway Shire,  
moving away for extended periods to attend university. Mick and  
his wife Anne have three children. Mick has spent his working life  
in education, firstly as a teacher and then as a primary school  
principal for 14 years. For the last 12 years, after completing  
a degree in wellbeing counselling, Mick has worked in Student  
Wellbeing at Trinity College in Colac. Mick's motivation in being a  
councillor is to do his best for all people in the Shire, particularly  
in the provision of Mental Health for adolescents, along with the  
building of relationships between all sectors of the community.

## Cr Chris Smith

Cr Chris Smith is a dedicated family man, dairy farmer and  
Pastor of the South West Family Church in Colac. Chris and his  
wife Maree have four children. In his first term on Council Chris  
served as Mayor and is the youngest ever to serve in that role in  
Colac Otway Shire. Chris has over 30 years experience working  
directly with the youth of our community and champions the  
role of volunteers throughout the Shire. Chris is committed to  
working with the community and business to achieve the best  
possible outcomes for the Shire in both the short and long-  
term.

## Cr Terry Woodcroft

Cr Terry Woodcroft has been a resident of the Otways for  
over 40 years and considers this area his natural home. Terry  
attended Gellibrand Primary School then the Colac Technical  
School before joining the Navy in 1980 at age 15 where he  
completed six years of service before returning to Colac and  
meeting his wife Jane. Terry worked at the Colac District Hospital  
then joined Victoria Police in 1997. Terry and Jane have three  
daughters and reside on a small farm in the Otway Ranges.  
Terry's primary interest has always been community and he  
believes a person's potential is there to be challenged and  
encouraged. He wants to see Colac Otway Shire placed in the  
best possible position to face the challenges ahead and is  
committed to teamwork and capitalising on the diverse skills  
and strengths of individuals to achieve a common goal.

# SECTION ONE CHIEF FINANCIAL OFFICER'S REPORT



Our vision is for a sustainable, vibrant future. In working towards this vision Council strives to balance the expectations and desires of our community with the need to ensure that the foundations of our services and the care of community assets remains strong.

During the year we continued to improve how and what we do. We are putting in place systems to provide for detailed long-term planning, rigorous project management practices, a 'whole of life' asset management approach, further improving internal controls. We are also working towards an approach where funding is determined by the level of services our community requires. All of these measures provide the opportunity to increase the quality and efficiency of the facilities and the services that Council provides for our community.

This report focuses on the 2012/13 financial results, however, it is important to see the results in the context of the long-term financial objectives developed by Council.

These are to:

- Maintain a strong cash position, ensuring Council remains financially sustainable in the long-term.
- Achieve operating statement surpluses (underlying surplus) with the exclusion of all non-operational items such as granted assets and capital income.
- Maintain debt levels below prudential guidelines.
- Continue to pursue recurrent grant funding for strategic capital funds from the State and Federal Governments.
- Ensure adequate rate increases to maintain a sustainable level of funding.
- Ensure critical infrastructure renewal is funded annually over the timeframe of the Long Term Financial Plan.

The following is a snapshot of the 2012/13 financial position:

- \$44.6 million revenue.
- \$11.73 million Capital Works program delivered.
- Rates and Charges comprised \$23.3 million (52%) of the total operating revenue.
- Operating surplus of \$1.7 million.
- Cash holdings decreased by \$1.9 million to \$11.7 million.
- Debt increased from \$4.2 million in 2011/12 to \$5.0 million in 2012/13.

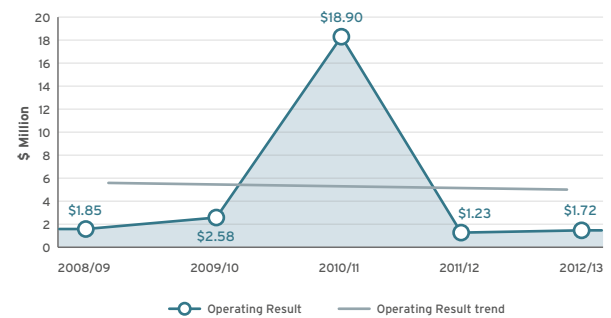
Council focuses on three key areas of financial performance as a guide to our overall position from a sustainability perspective:

- Our operating and underlying results
- The renewal or replacement of our existing assets
- Our cash holdings.

## Operating Result

The Operating Result provides us with a broad indicator as to whether Council is able to fund its ongoing operations. Although a common indicator for performance, it is often skewed by capital grants and assets being donated to Council when a development is completed e.g. roads, footpaths and drainage.

We achieved an operating surplus of \$1.7 million for 2012/13, compared with a \$1.2 million surplus for 2011/12. Both of these results are consistent with Council's long-term trend of low operating outcomes.



**NOTE:** The sharp increase in 2010/11 is due to the Port of Apollo Bay assets being recognised for the first time.



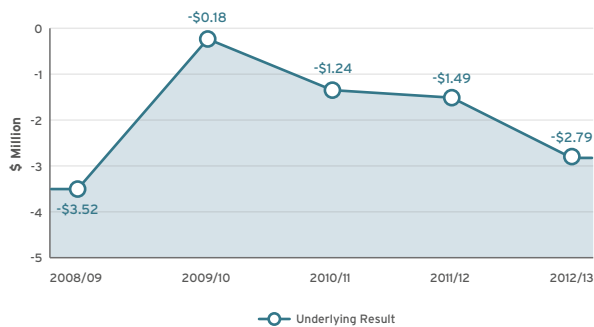
# SECTION ONE CHIEF FINANCIAL OFFICER'S REPORT

## S1 I Underlying result

S2 A key measure of financial sustainability is the Underlying Result. This identifies whether we are generating enough revenue to cover operating expenses, including the cost of replacing our assets.

S3 This indicator is similar to the operating result. However it is adjusted to remove the activities that tend to skew the results, such as capital grants and donated assets. Sustaining an underlying surplus result is a critical financial strategy and one that should remain relatively consistent from year to year. It is the best measure we have to represent our ability to remain viable and to continue with normal day to day operations.

S4 Our underlying deficit for 2012/13 was \$2.79 million. This is \$1.3 million greater than the previous year's deficit of \$1.49 million.



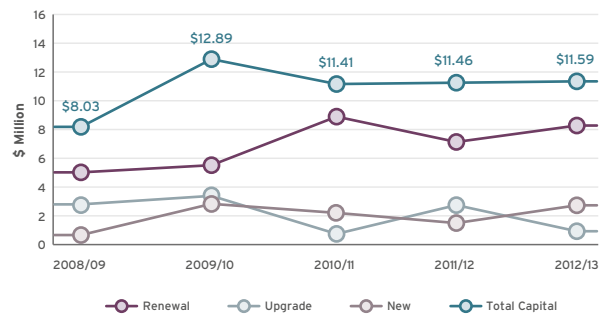
S5 The underlying result reflects our capacity to replace existing assets and to provide existing services without a reliance on capital grants. Improving this position is a significant long-term issue (p 98).

## Replacing our assets

S6 Another indicator of our financial performance is whether or not we are replacing our assets as they age and deteriorate.

S7 Building new facilities is important for our growing and changing community; however, this must be balanced with our ability to maintain and ultimately replace these assets as they wear out. Our capital works program strives to achieve this balance.

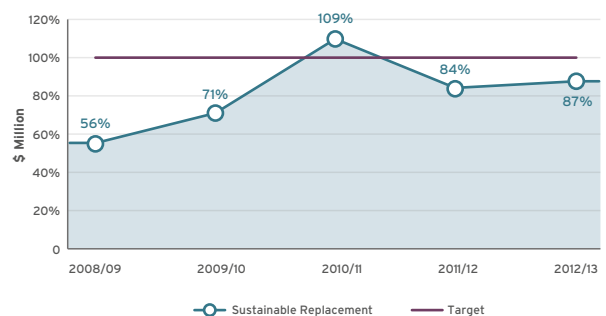
S8 During 2012/13, we spent a total of \$11.73 million on capital works (capital expenditure/investment) across the Shire. This included a total of \$8.17 million (70%) on renewal works/activities and \$3.56 million (30%) on new and upgrade works/activities.



S9 The key indicator derived from our capital works activities compares whether the expenditure on renewal matches the rate that our assets are deteriorating or being consumed (depreciation).

S10 At 87%, our result for 2012/13 has again fallen below the level considered sustainable; 100% is considered the minimum level.

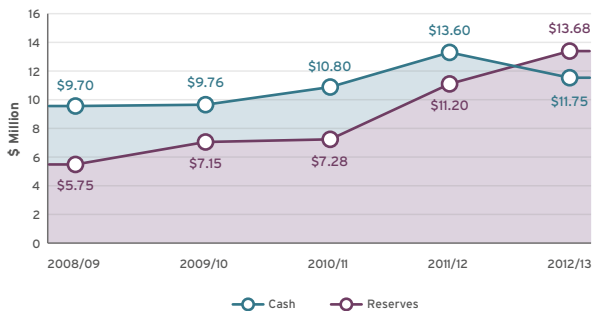
S11 This outcome is a result of a conscious decision to partially fund the payment of the Local Government defined benefits superannuation call, by reducing our renewal activities. This has had an adverse impact on our sustainability measure for 2012/13. However, it is anticipated that future capital expenditure will be maintained at the level required to replace our assets as they deteriorate, although there will always be the challenge of unforeseen one-off occurrences.



## Cash holdings

This area of our financial performance focuses on our ability to pay for Council's activities and obligations. Our cash holdings are usually balanced by restricted items such as trust deposits and reserves or funds held for specific purposes, for instance employee long service leave obligations, future landfill rehabilitation, and the like. It is the equivalent of putting money in the bank to pay for something we expect to occur in the future.

In total, our cash holdings have decreased from \$13.6 million to \$11.7 million during 2012/13; primarily as a result of the payment of the Local Government defined benefits superannuation call, demanded of all Local Governments in Victoria. Also included in this amount are funds required for works carried forward from 2012/13 to 2013/14 and significant amounts received in advance from the Federal Government Grants Commission, of \$2.9 million, and \$1.3 million to fund the replacement of the dredge at the Port of Apollo Bay.



Our aim is to continue a moderate build-up of cash holdings, with a primary focus on having adequate cash to meet our restricted cash obligations. This will allow Council the flexibility to respond to future opportunities or unexpected events, including the potential to strategically acquire an asset or to respond to natural disasters such as flooding events.

The financial snapshot as at 2012/13 gives a brief overview of our financial performance...

## Financial sustainability

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

The continued development of the Long Term Financial Plan underpins longer-term conversations with our community making possible the establishment of long-term goals that assist in maintaining engagement with our communities.

The financial snapshot as at 2012/13 gives a brief overview of our financial performance and the significant factors that impacted on our financial resources used to support the achievement of long-term community service and asset management objectives.

For further information on Council's financial performance see page 93.

**Brett Exelby**  
Manager Finance and Customer Services

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# SECTION ONE SUSTAINABILITY REPORT

S1 I Our sustainability report  
S2 addresses the three key areas  
S3 recognised internationally as  
S4 crucial to responsible, sustainable  
S5 development in our rapidly  
S6 changing world: the environment,  
S7 social (human needs) and  
S8 economic development.

By reporting on sustainability our intention is to provide a concise overview of the way we address these three key areas in the management of our responsibilities.

## Environmental Strategies

### Environmental sustainability policy

S9 Our Environmental Sustainability Policy has been in place since  
S10 June 2012. It documents an organisational commitment to  
S11 addressing sustainability in all council operations and services. It is a 'Statement of Intent' that can be used to communicate to staff and the community a commitment to continually improving environmental sustainability over time. [http://www.colacotway.vic.gov.au/Files/Environmental\\_Sustainability\\_Policy\\_2012.pdf](http://www.colacotway.vic.gov.au/Files/Environmental_Sustainability_Policy_2012.pdf)

### Street smart lighting project

Full funding was secured for the installation of over 1,370 energy efficient streetlights across the Shire as part of a \$3 million Great South Coast Street Smart Lighting Project funded by the six participating councils and the Federal Government's Community Energy Efficiency Program. The net cost savings to 2030 (after project costs) are projected to be approximately \$9.8 million across the Great South Coast region. Changing our street lights to more energy efficient alternatives is expected to reduce Council's electricity costs by up to \$70,000 a year. Although the lights are not expected to be installed until 2014, the efforts made to get to this point are an example of how regional collaboration by Local Governments can lead to very large projects with very significant benefits.

### Strategic sustainability and climate change adaptation projects

In early 2012 we received two grants from the State Government's Victorian Adaptation and Sustainability Partnership (formally known as the Victorian Local Sustainability Accord) to progress local sustainability.

#### Climate resilient communities of the Barwon South West

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

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

A number of actions were completed in 2012/2013 including the appointment of a consultant to deliver the first phase of the project which includes a climate science review and capacity analysis of each of the Councils. The outcomes of this process will help us to identify high priority regional projects that will help the region to build resilience to withstand, and recover from, extreme weather events.

### Carbon neutral project

The second grant, of \$45,000, was for Colac Otway Shire to develop a carbon neutral approach and plan to track, monitor and reduce its carbon emissions. The aim was to examine and quantify the feasibility and costs associated with emission reduction initiatives to achieve carbon neutrality by 2016, as set out in our Environment Strategy 2010-2018. A carbon neutral approach is an ambitious goal. It can only be achieved through understanding our current carbon footprint and by outlining costed options for development of an implementation response. [http://www.colacotway.vic.gov.au/Files/9387\\_ENVIRO\\_STRAT\\_fin\\_web.pdf](http://www.colacotway.vic.gov.au/Files/9387_ENVIRO_STRAT_fin_web.pdf)

We engaged an experienced sustainability consultant to assist with the carbon neutral planning. The work included reviewing our inventory of carbon emissions using the latest Federal Government protocols, providing a report that details all options available to reach that goal. It also included a cost-benefit analysis of the carbon emissions reduction and offset options available, along with a Carbon Neutral Roadmap to guide Council's carbon emissions abatement and reduction activities.

As part of the development of the plan, Council gave in principal support to a 15% carbon emissions reduction target and also extended Council's carbon neutral target from 2016 to 2020. This allows more time to prepare for the substantial capital investment required to implement the priority abatement measures identified, which include lighting and building fabric improvements, energy generation options such as solar panel systems and cogeneration, and alternate fuel options for transport such as biodiesel.

### LED lighting upgrade

After completing the consultancy services component of the Carbon Neutral project, approximately 48% of the project funds remained which were utilised to commence implementation of the identified priority abatement measures. One of these was energy efficient lighting upgrades at Council's high energy using facilities.

The Colac Otway Performing Arts and Cultural Centre (COPACC) was an ideal target for upgraded lighting given its high number of light fittings and extended hours of operation. The first stage of the project replaced 187 50W halogen down lights with 7W LED down lights and added draught proof caps on each fitting to reduce energy wastage via loss of conditioned air. This will save council 70% of lighting related costs and emissions which accounts for 22% of all office energy use, related emissions and costs.

## Environmentally sustainable design features used in council facilities

### Bluewater Fitness Centre redevelopment

In a landmark redevelopment of one of Council's key facilities, the Bluewater Fitness Centre, a critical element in the design was the incorporation of as many environmentally sustainable design (ESD) features as possible, including:

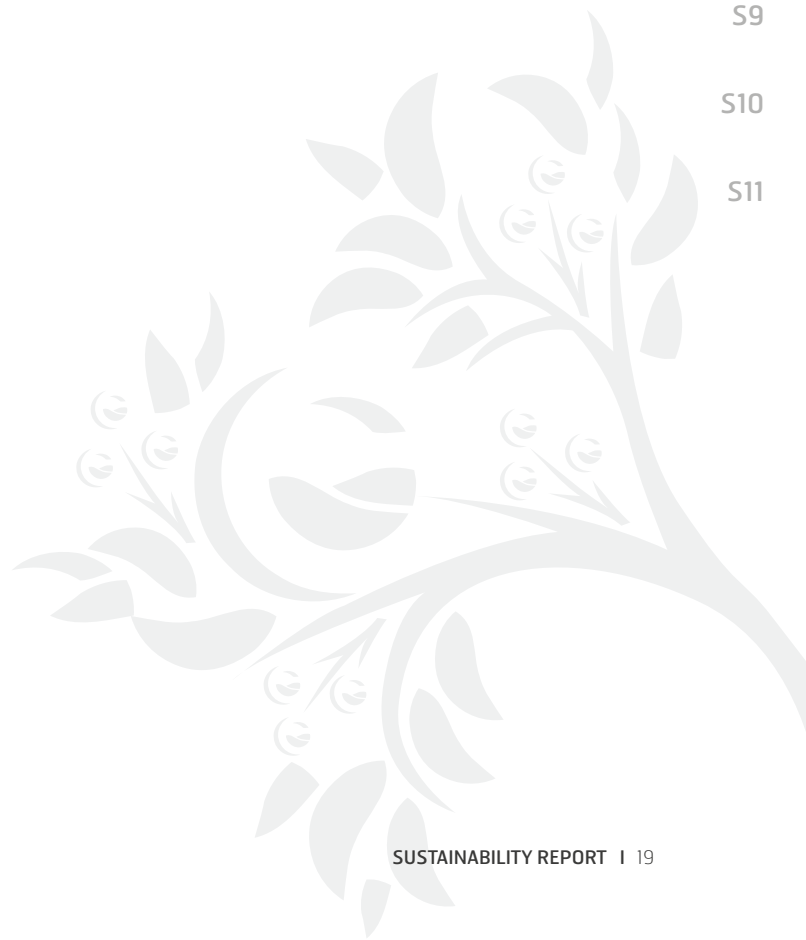
- insulation and draught proofing
- extensive LED lighting
- instantaneous gas boosted solar hot water and water conserving fittings
- rainwater harvesting and reuse
- energy use monitoring management and display system
- energy efficient gas boilers
- an 80kW solar panel system to supply 30% of the facility's electricity demand.

### Retrofit of Rae Street Council office

Energy performance of the ageing Rae Street Administrative Centre was improved by the retrofit of ESD features and fittings incorporated as part of the building's refurbishment. Features included:

- LED lighting
- occupancy sensors
- improved insulation
- improved heating, ventilation and air conditioning control through the building management system
- energy efficient fridges
- improved natural lighting.

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# SECTION ONE SUSTAINABILITY REPORT

## S1 I Solar Array project

S2 Council agreed to fund the installation of a 100KW Solar Array on the Rae Street Council Office and an 80KW Solar Array on the Blue Water Fitness Centre. The arrays would reduce carbon emissions, demonstrate Council's commitment to the environment and save money. Quotes have been obtained to undertake a study to determine if the Solar Arrays are feasible, the number and location of panels and what energy and financial savings would be generated. Assuming the findings of the study are positive the Solar Arrays will be installed in the first half of 2014.

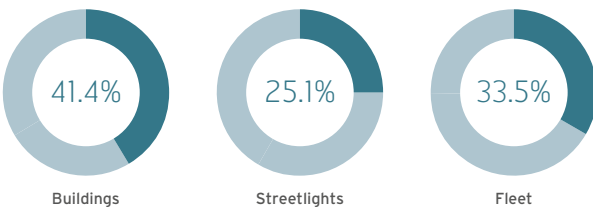
## S5 Total greenhouse emissions (CO<sub>2</sub>-e tonnes)

	08/09	09/10	10/11	11/12	12/13
Buildings	2,095	2,079	2,057	1,948	1,946
Streetlights	1,172	1,179	1,179	1,200	1,180
Fleet	1,532	1,522	1,963	1,604	1,578
<b>Total</b>	<b>4,799</b>	<b>4,779</b>	<b>5,199</b>	<b>4,752</b>	<b>4,704</b>

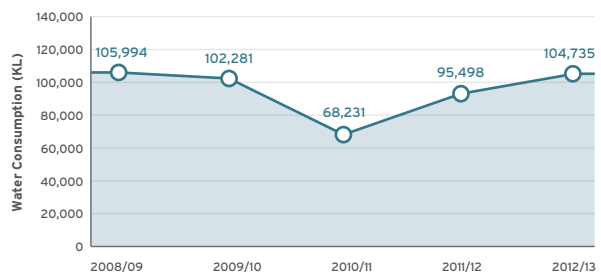
S9 In 2010/11 flooding necessitated road and other infrastructure remediation works, increasing the use of diesel fuel used by heavy fleet.

S10 *All figures in the table have been updated retrospectively to align with the Federal Government National Greenhouse Emissions Reporting guidelines (NGER).*

## S11 Proportion of CO<sub>2</sub> Emissions for 2012/13:



## Total water usage for council facilities (kilolitres)



The significant reduction in water use in 2010/11 was due to a particularly wet summer, which reduced our need for irrigation.

Source: 2013 Planet Footprint Report.

## Social Strategies

### Policy commitment

Our suite of policies and guidelines govern Occupational Health and Safety, Human Rights, and behaviour in the Work Place. We have completed a review of the Equal Employment Opportunity (EEO) and Information Privacy Polices and introduced a new Diversity and Inclusion Policy. We are in the final stages of the development of new and much broader policies/guidelines covering unacceptable workplace behaviour (including responding to the issues of occupational violence), discipline and grievance guidelines. Our objectives are to ensure we are transparent in relation to our social responsibilities and provide a strong message regarding unacceptable workplace behaviours.

## Employee code of conduct

We reviewed our Employee Code of Conduct dramatically changing its whole “look and feel”, with a focus on simple language and engaging formatting whilst still covering all key elements staff must know and understand. Our new Enterprise Agreement negotiated during the period will increase flexibilities that allow staff to integrate their personal and professional lives. There are also new community service provisions and provisions to support staff who experience personal or family related difficulties.

## Human resources

The workforce turnover rate for 2012/13 was 12.8%. This is consistent with the data for 2011/12.

### Re-alignment of workforce demographics

This year we aligned our workforce demographic reporting with the MAV Human Resources Benchmarking Survey. Whilst this impacts our ability in this report to provide comparative data with previous years, in future we will be able to compare our workforce directly with councils of a similar size.

However, our data shows a continuing ageing workforce trend:

- 3% of staff are aged 65 and over
- 27% of staff are aged between 55 and 64
- 30% of staff are aged between 45 and 54

Only 5% of the workforce are aged between 20 and 24 and 15% aged between 25 and 34.

The flexible work arrangements in our Enterprise Agreement have been highly successful in enabling staff to take up options to support their work/life balance, with 12 staff currently utilising flexible work arrangements.

## Occupational health and safety

Providing a safe and healthy workplace for our staff, contractors, volunteers and visitors is a major focus. Our Occupational Health and Safety Consultative Committee meet quarterly, with all areas of our organisation represented on the committee through designated work groups. Safety training is a vital component of the program and staff participated in a range of training and activities during 2012/13 (p 28).

## Learning and development

Our highly effective performance review framework includes the identification of training needs to support employees in their current roles and to achieve future career aspirations. In 2012/13 we spent \$314,260 including on-costs, (a 13.6% increase from 2011/12) growing the capability of our workforce through a structured training program. Our program includes in-house training, release of staff to attend “short courses”, seminars and conferences. Staff are also strongly encouraged and supported to participate in further education through the provision of a tertiary study assistance program. In 2012/13 six staff received tertiary study assistance (p 26).

## Planning and support for our community

A range of strategies and plans have been developed, or are in progress, to support our community now and into the future. Along with master plans for our two major townships of Colac and Apollo Bay, Public Health and Wellbeing, Access Equity & Inclusion and Early Years plans have been developed.

In addition we have the Active Transport Strategy, adopted by Council in June 2013 and the Public Open Space Strategy. Together they promote physical activity through walking and cycling for transport and recreation.

## Community development

Funding from the Department of Planning and Community Development enabled us to continue with projects commenced in the 2011/12 financial year. These projects support communities to increase their capacity to participate in, and collectively influence, issues and activities that are important to them:

- Our small townships of Wye River and Separation Creek developed a Community Plan. Key issues in the plan include:
  - safe walking access between Wye River and Separation Creek, including a pedestrian bridge across Separation Creek
  - weed eradication
  - fire safety planning measures
  - a traffic and car parking plan for the peak season.
- Organisations, including Council’s Older Person’s and Ability Support Service, were supported to place volunteering opportunities on the Victorian Volunteering Portal site for Colac Otway.
- The Improving Liveability for Older People (ILOP) project has 12 Ambassadors representing 12 locations within the Shire. The ambassadors identified the needs of older people and developed strategies to support those needs. Examples include public seating and accessible footpaths, intergenerational activities with older people and students, and providing training support for older people, such as CPR first aid training.

## Community grants

In 2012 we gifted a total of \$431,980 to our community groups and organisations to undertake cultural, recreational, environmental and community support projects and activities. Aggregated over the last five years this is a \$1.4 million investment in the social fabric of our community (p 89).

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# SECTION ONE SUSTAINABILITY REPORT

## S1 | Economic Strategies

S2 Council is committed to facilitating a healthy and resilient economy through effective leadership, advocacy, and partnership initiatives across economic, social and environmental strategies. We focus on seven key themes:

- S3 • Workforce Development
- S4 • Climate Change
- Business Development
- S5 • Regional Development Planning
- Marketing and Promotion
- S6 • Infrastructure
- Economic Development Leadership

## S7 Sustainable growth

S8 One of the key challenges for Colac Otway Shire is low population growth and the impact this will have on sustaining the economy and local community. We have an ageing population and to combat this trend we have developed two linked strategies that are anticipated to encourage more people to move and live in Colac:

- S9 • The Colac Central Business District and Entrances Redevelopment project is designed to implement streetscape and amenity improvements in central Colac and provide an inviting sense of arrival at the town's entry points. It will integrate the visual, natural and built landscape of the city and create a sense of arrival and a sense of pride in Colac. [http://www.colacotway.vic.gov.au/Page/page.asp?Page\\_Id=3797&h=0](http://www.colacotway.vic.gov.au/Page/page.asp?Page_Id=3797&h=0)
- S10 • The Colac Marketing Strategy and 'Colac Life your Way' brand articulates the strengths of Colac as a place to live. Drawing on local industry, employment, recreation, health, education, housing, arts and culture, research and the anticipated local passion and energy generated through the community engagement, the strategy expresses the vibrancy of the local community. Drawing on State Government research into metropolitan attitudes to rural living, relocation, 'sea change/tree change', expectations of rural work/life balance and liveability, the strategy identifies Colac's comparative advantage.
- S11

Another key challenge area is tourism development. A new campaign has been initiated to take advantage of the fact that 40% of tourists come to Colac Otway Shire to visit friends and relatives. The 'Love Our region' campaign offers a local resident membership card with discounts and special deals at Colac Otway Shire businesses and encourages people to take their visiting friends and relatives to our local attractions, restaurants and cafés.

The annual Small Town Improvement Program undertakes community planning and delivery of community infrastructure priorities. This program facilitates community strengthening in our small towns and stimulates business investment that will contribute to local employment and township sustainability.

## Business development

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

Through its sponsorship of the Colac Otway Business Awards, sustainability requirements have been included in each category. A special sustainability category will be introduced in the 2013 event.

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

Other initiatives to engage business leaders in strategic thinking about the future of Colac and to create ongoing networks to promote business growth include:

- Young Business Leaders Breakfast series
- CEO and Business Leaders Lunch series
- Colac Leadership Program
- Working Women's Network.

## Sustainable labour force

As one of the major employers in the Shire, Council contributes to the local economy through drawing the majority of its employees from the local community or region, creating a relatively stable workforce with a focus on equal opportunity (p 21, 29, 87).

A skilled workforce is one of the key elements of local economic sustainability. We have joined the Colac Otway Vocational Education Cluster (COVEC), which includes the six secondary colleges in the local area. COVEC was successful in being granted funding to develop a Trade Training Centre in Colac that will meet the vocational education needs of Colac Secondary School students and the skills development needs of local business. An additional benefit of the project will be a reduction in the amount of travel required by local employees to centres outside Colac for vocational and skills training.

To further assist with workforce development we initiated the Colac Otway Industry Advisory Group to provide advice to Council on skills, labour, education and training issues and to the COVEC on the training needs of local industry. We are also a participant on the Great South Coast Workforce Action Group.

During 2013/14 we will deliver the Industry Skills Audit and Enterprise Level Workforce Development Plans under the Advancing Country Towns (ACT) program. We will also complete a Business Plan for the Trade Training Centre under the ACT Enterprise Driven Education and Training Pathways initiative.

Another critical factor in supporting local business sustainability is the bi-annual Colac Otway Shire Careers Expo. The Expo provides the opportunity for young people to explore education and career options and to see that many of the careers they aspire to are available in Colac (p 28).

## Procurement

A Procurement Policy and Operational Procedures were originally adopted in 2010 and are reviewed annually. These documents set out a 'green' approach to the purchase of products and services. Within the context of value for money, Council prefers to purchase products that have good environmentally sustainable credentials and to select suppliers who adopt good environmental practices. [http://www.colacotway.vic.gov.au/Files/Procurement\\_Policy\\_Review\\_SEP\\_2011\\_-\\_Final.pdf](http://www.colacotway.vic.gov.au/Files/Procurement_Policy_Review_SEP_2011_-_Final.pdf)

Council recognises the need to support local industry and is committed to buying from local businesses where purchases may be justified on a value for money basis. Benefits of buying local include:

- Retention of local employment.
- Increased local employment.
- Increased activity and spend in the local economy with identifiable benefits.

The application of local content gives consideration to Best Value Principles in the *Local Government Act 1989* and the National Competition Policy (*Trade Practices Act*).

## Long Term Financial Plan (LTFP)

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

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

The purpose of the LTFP is to:

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

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# SECTION ONE OUR ORGANISATION

## S1 | Our Executive Management Team

### S2 | **ROB SMALL**

**Chief Executive Officer**

S3 | **National Diploma Hort (Hons); Dip Bus Studies; Associate of Chartered Institute of Secretaries**

S4 | **Major Functions: Council Governance; Councillor Support; Strategic Planning; Public Relations.**

S5 | Rob returned to Colac Otway Shire as CEO on 12 May 2009. Rob led the Shire for 16 months during 2003-2004, leaving to serve as CEO of the horticultural giant, Fleming's Nurseries. He brings more than 30 years' experience in Local Government to the role. Prior to returning Rob spent three years managing his own private consultancy in executive coaching and strategic planning. Rob has had a distinguished career in international organisations, having been director and judge of the World's Most Liveable Cities for over a decade, and served as the World President of the International Federation of Parks and Recreation.

### S8 | **JACK GREEN**

S9 | **General Manager Sustainable Planning & Development**

S10 | **Major Functions: Statutory Planning and Regulations; Strategic Land Use Planning; Economic Development; Environmental Management; Building Surveying; Fire Prevention; Local Laws.**

S11 | Jack commenced with Colac Otway Shire on 16 October 2006 bringing with him 25 years experience in both Local and State government. His previous role was Director Shire Development with the Moorabool Shire Council where he managed a similar portfolio. Prior to Moorabool Jack was employed as South West Regional Manager for the Department of Industry, Innovation and Regional Development, which helped him develop a strong affinity for the Colac Otway region.

### **COLIN HAYMAN**

**General Manager Corporate & Community Services**

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

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

Colin has been involved in Local Government for nearly 37 years and commenced with Colac Otway Shire on 31 January 2005. He has worked in a number of roles during his time in Local Government including Accountant, Finance Manager and Deputy Shire Secretary. Colin's previous role was as Group Manager Corporate and Community Services for Corangamite Shire Council.

### **NEIL ALLEN**

**General Manager Infrastructure & Services**

**M.B.A. (Management); Member of the College of Engineers; Grad. Dip. Management; Certificate of Local Government Engineer; Graduate Certificate in Water Engineering; Diploma of Municipal Engineering; Diploma of Civil Engineering**

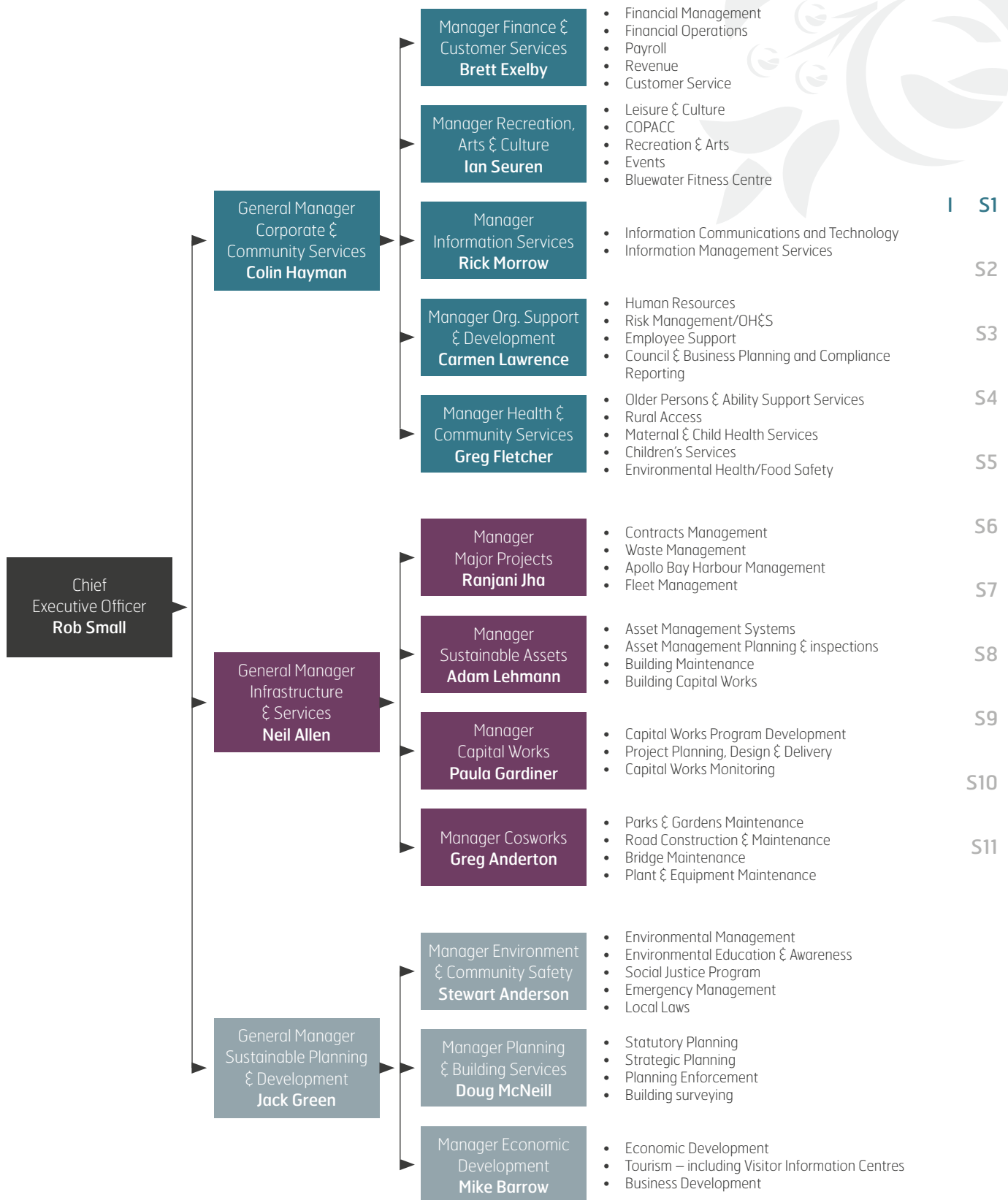
**Major Functions: Infrastructure and Asset Development; Major Contracts; Waste Management; Cosworks; Colac Live Stock Selling Centre; Apollo Bay Harbour.**

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



Above: L to R - Rob Small, Jack Green, Colin Hayman and Neil Allan.

# Our Organisation Structure



# SECTION ONE OUR ORGANISATION

## S1 I Our people are our S2 greatest asset

### S3 Learning and development

S4 The development of our staff is a corporate priority. We want our employees to have every opportunity to grow their skills and knowledge through access to targeted professional and personal development. This approach is to increase capability in current roles, support career progression and increase retention.

S5 In this period we introduced the “Let’s Talk” program the objectives of which were to help the 18 participants understand the dynamics of communication, differences in communication styles and improve interpersonal skills.

S6 Our Local Laws staff participated in a targeted training session on the Victorian Charter of Human Rights and Responsibilities. The program focused on balancing enforcement responsibilities with their obligations under the Charter.

S7 Other programs delivered in 2012/2013 were:

S8 Training	S9 Attendees
S10 First Aid/CPR	46
Health and Safety Representative Refresher	8
Health and Safety Representative 5-day course	3
Human Rights Charter	4
Manual Handling	34
Let’s Talk Communication	18
Emergency Warden	12
Risk Assessment	14
Report/Business Writing	3
Time and Workload Management	14

Good governance means we ensure we meet our legislative compliance training requirements. In 2012/13 the following programs were mandatory for all staff:

- Employee Code of Conduct
- Fraud awareness
- Risk and Occupational Health and Safety.

In addition, the 120 staff whose roles involve the purchase of goods and services were required to attend procurement refresher training.

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

### Tertiary study support

Employees are encouraged and supported to participate in further education. Our Tertiary Study Assistance Program provides financial assistance towards the cost of tertiary study in recognised courses that will benefit employees in their current role and potential roles within our organisation. In 2012/13 six staff received tertiary study assistance of \$17,488, excluding travel and oncosts. Studies include Bachelor of Commerce (2), Vocational Graduate Certificate of Community Services (2), Advanced Diploma Management and Cert IV Record Keeping.

## DEVELOPING TOMORROW'S LEADERS

Colac Otway Shire Council's development engineer Ronan Corcoran was successful in gaining a place in the Leadership Great South Coast Program.

The course is a challenging 10 month leadership program that focuses on the region's future and expands the knowledge, ethical decision making capacity and leadership ability of our leaders and emerging leaders

"I hope to gain a better understanding of the economy of the area, its challenges, opportunities and vision for the future."



Above: Ronan Corcoran.

## Health and wellbeing

A comprehensive review of health and wellbeing initiatives was undertaken and in February 2013 we launched the new COS Health (health and wellbeing program). In excess of 80 staff attended the launch. The program actively contributes to a healthy, positive workplace culture and contributes to staff engagement and retention.

Programs conducted this year included:

- Skills in basic health and wellbeing management.
- Financial planning consultations.
- Healthy Lifestyle sessions.
- Diet & Disease/Heart Health sessions.
- Stress Tolerance sessions.
- Introduction of quarterly "Stress Down" Casual Days.
- Work Health Checks.
- Flu vaccinations.
- Subsidised membership to Council's Bluewater Fitness Centre.
- MAV Local Government Employees Health Plan consultations.

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### Global Corporate Challenge

In May, 77 staff took a positive step to improving their health by signing up for the Global Corporate Challenge® (GCC) - the world's largest and most innovative workplace health initiative. Teams from across our organisation commenced the 16 week program of recording their daily activity levels and competing against their own co-workers, as well as over 30,000 teams globally in a virtual walk around the world. The GCC proved hugely popular. In the first five weeks of the challenge, the 77 participants had a total combined step count of more than 43,000,000, equivalent to approximately 25,000 km.

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Staff also participated in a number of health awareness fundraisers including: Movember, Australia's Biggest Morning Tea, Jeans for Genes Day (fundraiser for Children's Medical Research Institute), Daffodil Day, Sids and Kids Red Nose Day, raising over \$2,200 for these well recognised organisations.

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We want our employees to have every opportunity to grow their skills and knowledge...

# SECTION ONE OUR ORGANISATION

## S1 I Occupational health and safety

S2 At Colac Otway Shire we have an absolute commitment to providing a safe and healthy workplace for our staff, contractors, volunteers and visitors. Our Occupational Health and Safety (OH&S) Consultative Committee meets quarterly, with representation from all areas of our organisation. Ongoing OH&S training is a key element in our continuous improvement approach to health and safety performance (see the 'Training' table on page 26).

S4 Recognising the risks our Community Care workers face in driving to and from their clients we provided the opportunity for them to undertake a defensive driver training program. All 40 Community Care workers participated in the program.

## S6 Supporting our employees

S7 Our partnership with PPC Worldwide, one of the world's largest employee assistance providers (EAP) provides our managers, employees (and their families) with unparalleled access to an extensive range of support services. Employees can discretely and confidentially access a range of emotional, physical and social support services including:

- S9 • 24/7 face-to-face and telephone counselling
- manager hotline
- S10 • health and wellbeing services
- extensive online resources
- S11 - mortgage assist
- health risk assessment
- finance assist
- legal assist.

Data indicates that the uptake of EAP services has dramatically increased since the provision of this new service.

## Recruitment success

In 2012/13, 56 positions were advertised, attracting 461 applications. Vacancies ranged across Statutory Planning, Engineering, Health and Community Services, Information Technology, Tourism, Finance, Customer Service, Administration, Recreation and Arts. Initiatives promoting Colac Otway Shire as an 'employer of choice' to the local, regional, national and international employment market paid dividends, with Council attracting multiple applicants for positions that have traditionally been hard to fill.

We also commenced an extensive review of Recruitment, Selection and Induction Policies and processes, including a design review to update advertising templates for print media.

## Promoting Local Government employment opportunities

### Careers in Local Government

We participated in the Colac 'It's Your Career' expo, which provided young people with the opportunity to explore and consider their future role in the community. It was a fantastic opportunity to expose students and their families to the range of job opportunities and career pathways that exist at Council and Local Government generally. More than 260 students attended our stall and participated in activities specifically designed to highlight careers available at Colac Otway Shire.

### Student work placements

The objective of the secondary school work placement program is to provide students with opportunities to get workplace experience and knowledge. Students gain valuable industry experience in a friendly and supportive environment. One student from a local school participated in a work experience placement in Information Technology.

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

## Employee opinion survey

Council adopted a new highly sophisticated staff survey instrument called the Alignment & Engagement Survey (AES), delivered by specialist firm Insync Surveys. All staff were invited to participate in the survey. Results place Colac Otway Shire in the top quartile of results compared with other participating councils. Our strengths included Team Leadership, employee engagement, adherence to values and a strong accountability culture. Areas for improvement included the communication of our strategic objectives and Vision by the Senior Executive.

## Appreciating our staff

Our staff are critical to our success. We strive to continually strengthen a culture that recognises, encourages and celebrates our employees' achievements. We do this through our monthly and annual recognition awards and functions. This year 44 employees were recognised for key service milestones at the annual Years of Service awards presentation:

### 35 Years:

Terence Malone

### 30 Years:

Phillip Eyers and Guy Permezel

### 25 Years:

Gwenda Cook, Karen Borch, Terance Robb and David Noonan

### 20 Years:

Owen James

### 15 Years:

Laurence Towers, Lynette Morgan, Nola McGuane, Shellie Nicholls and David Frizon

### 10 Years:

Chris Spalding, John Sherman, Paula Gardiner, Simon Robertson, Geoffrey Neave and Derry Craig

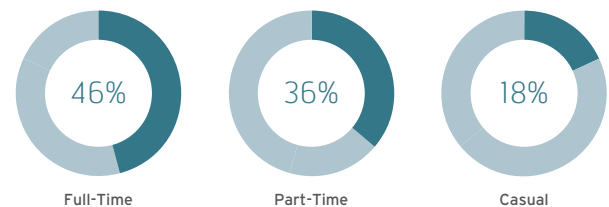
### 5 Years:

Ashley Attrill, Brett Exelby, Bronwyn Keenan, Dionne Smith, Doug McNeill, Elke Duffin, Janet Forbes, Jillian Sharp, Kerrie Trigg, Maree Ryan, Pamela McGrath, Robyn Trotter, Suzanne White, Heather Sandercock, Alan Simm, Angela Hodge, Brian Shields, Carmel Westmoreland, Christine Guest, Gemma Lamanna, Heather Peillon, Kellie Bennett, Peter Mitchell, Stewart Anderson and Travis Riches

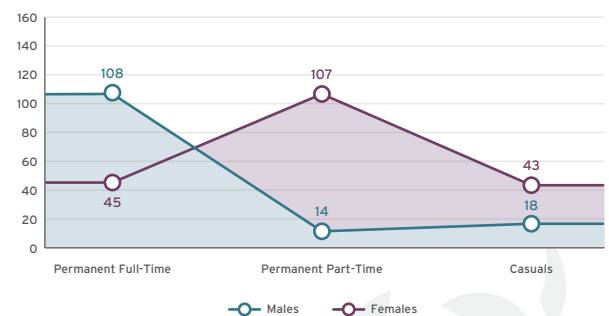


Above: Years of Service awards presentation for 5 Years.

## Staff by employment status



## Staff by gender and employment category



The data remains consistent over the past five years and is reflective of the typical contemporary workforce. Permanent full-time work is predominantly male and part-time work is predominantly female. Anecdotal evidence supports the findings of formal studies that the main reason for the higher number of women working part-time is that it fits better with balancing work and other responsibilities.

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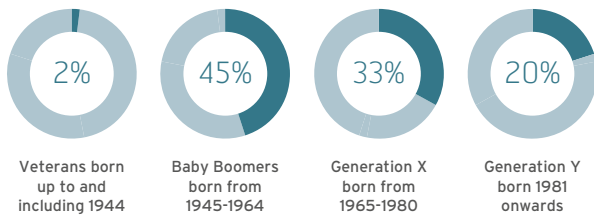
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# SECTION ONE OUR ORGANISATION

## S1 I Our workforce by generation

S2 Our workforce profile by generation highlights the ageing nature of our workforce and the potentially significant loss of skills and expertise Colac Otway Shire faces as its Baby Boomer population moves towards retirement.



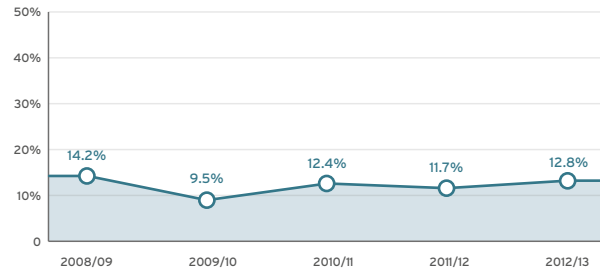
## S6 Equivalent full-time staff

Business Unit	EFT
Apollo Bay Harbour Operations	5.5
Capital Works	5.8
Corporate and Community Services	2.0
Cosworks	54.2
Economic Development	11.5
Environment and Community Safety	14.4
Executive	3.9
Finance and Customer Services	19.0
Health and Community Services	39.6
Information Services	9.0
Infrastructure and Services	2.1
Major Contracts	3.6
Organisational Support and Development	6.1
Planning and Building	12.3
Recreation, Arts and Culture	26.6
Sustainable Assets	5.0
Sustainable Planning and Development	2.2
<b>TOTAL</b>	<b>222.5</b>

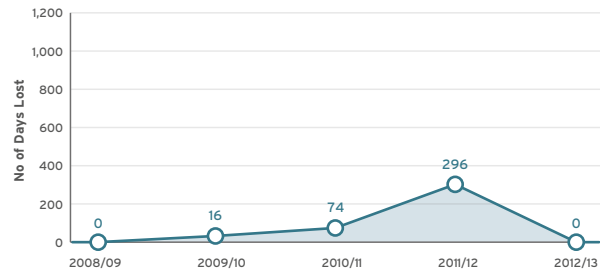
NOTE: EFT is based on annual hours worked in each business unit.

## Annual staff turnover rate

Our turnover rate has remained relatively consistent over the last three years, which is comparable with the Local Government sector.



## Days lost due to injury



This year Council had no WorkCover claims which met the thresholds to be declared a "Standard Claim" (a standard claim is one in which more than 10 days of time have been lost or for which medical expenses have exceeded the threshold, in 2012, \$629). The official report from Council's insurer is that we had no lost time injuries. Council did have a small number of WorkCover claims, which involved lost time; however all of the employees were able to return to their pre-injury duties after losing less than 10 days. The total number of days which were lost as a result of these minor claims equates to 18.3 EFT days (Equivalent Full-Time days).

The spike in lost time days during 2011/12 is the result of two injuries:

1. A very serious injury involving a Community Care Worker who broke her elbow and required an elbow replacement, but against all odds returned to her full pre-injury duties.
2. A back injury for a worker who is required to carry out inspectorial duties and had to undertake alternative duties for a period while his back healed; however he was also able to return to his pre-injury duties.

## STAFF DEVELOPMENT – CLIVE BROOKER, ASSET MANAGEMENT COORDINATOR

Clive Brooker, Council's Asset Management Coordinator has taken 12 months leave without pay to work as a skilled volunteer at the Kiribati Institute of Technology (KIT). This role is a unique opportunity for Clive to transfer the skills and knowledge he developed in the management of Council's vast portfolio of assets to the senior managers at KIT.

Kiribati is a Micronesian Island nation straddling the equator north of Fiji. The volunteer assignment is part of the Australian Volunteers for International Development program, an Australian Government initiative. The role is an identified position in the Technical Vocational Education and Training Sector Strengthening Program (TVETSSP) which is managed, on behalf of the Australian Government, by Austraining.

Clive is based at the Tarawa campus of KIT and mentors his counterpart, the Deputy Principal People and Operations, to build capacity in:

- Developing and implementing:
  - repair and maintenance plans for buildings and facilities
  - procurement policies and procedures consistent with the Government of Kiribati guidelines
  - an asset database, associated audits and reports.

- Improving:
  - communication with a wide range of stakeholders
  - selection, training, supervision and motivation of staff associated with facilities management functions.

Clive commenced the role in May 2013, arriving at KIT just as a shipping container holding the workstations and partitions for the first Virtual Enterprise (VE) in the Pacific was delivered on site. His first task was to supervise the assembly of the workstations and partitions.

A VE is a simulated business that has been set up within a learning environment to mirror the roles and functions of a real office. Virtual Enterprises trade with each other across the world, buying and selling virtual goods and services with virtual money, however the business processes they use are real.

Clive is pictured left with some of the Business Studies students who are benefitting from the experience of working in their own VE, 'Micronesian Magic', marketing authentic Kiribati Experiences. Their virtual products include corporate retreats, holidays and local handicrafts.

Clive will return to work for Council during May 2014.



Above: Clive with some of the Business Studies students at the Kiribati Institute of Technology.

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# SECTION TWO LEADERSHIP AND GOVERNANCE



## Objective

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

## Services, projects and programs supporting this key result area

- Audit Program I S2
- Communications S3
- Corporate Governance S4
- Corporate Systems Development and Improvement S5
- Council and Business Planning S6
- Councillor Support Services S7
- Customer Services S8
- Document Management Services S9
- Domestic Animal Services S10
- Emergency Management/Readiness S11
- Executive S12
- Financial Management Systems and Services S13
- Fire Prevention S14
- Human Resources Management S15
- Information Communication and Technology S16
- Local Laws Enforcement S17
- Occupational Health and Safety S18
- Rating/Property Services S19
- Risk Management S20

## Key achievements

- New Council Plan 2013–2017 and new strategic planning framework developed.
- New communications system implemented.
- Funding achieved for improving maintenance of key roads used to transport timber.

# SECTION TWO LEADERSHIP AND GOVERNANCE

## S1 Highlights

### S2 I New Council, new Council Plan, new strategic planning framework

S3 A new Council Plan for 2013–2017 has been created following Council elections on 27 October 2012. Following a review of our planning framework we positioned the Council Plan as our high level strategic document and we introduced an Annual Operational Plan. This new element in our internal planning process serves two purposes:

- S4
- S5
- S6 1. It contains details of short-term projects, significant recurrent work programs and other activities that were formerly included in the Council Plan.
  - S7 2. It introduces a new level of transparency and visibility of our operational activities, because we have made the document available to the community.

S8 The development of both plans was based on extensive community consultation, input from Councillors and staff, along with research on the issues affecting the growth and development of our Shire.

### S9 Strategic transport initiatives

#### S10 Upgrade of rail services included in the G21 Regional Public Transport Plan

S11 We successfully lobbied for a 60% increase in rail services, from three to five services per day, and for increased connectivity to Melbourne to be included in the G21 Regional Public Transport Plan. This is essential for the future Public Transport planning for our community.

#### Funding received for road used in timber harvesting

The Old Beech Forest Road, between the townships of Gellibrand and Beech Forest, is heavily utilised by the timber industry for timber harvesting. Ongoing maintenance needs will be addressed utilising a \$679,000 grant received under the State Government's Transport Solutions regional freight initiative. This is a result of a key action contained in the G21 Regional Transport Plan. The initiative is aimed at upgrading strategic transport networks used to cart products and goods to ports and markets.

### Disaster resilience project

A project to improve Relief and Recovery planning and capacity has commenced. Council is facilitating the project across three municipalities utilising a \$30,000 grant received through the National Disaster Resilience Scheme. The project is expected to be completed in May 2014.

### Neighbourhood Safer Place chosen for Apollo Bay

A site on the Apollo Bay foreshore was designated as a Neighbourhood Safer Place (NSP) and approved by Council in February 2013. Signage has been erected demarcating the NSP site and a community awareness campaign has been initiated.

### Edible landscape introduced

Nature strips in West Colac will soon be bearing fruit under an Edible Landscapes Project, launched on 25 August 2012. The Project is part of an initiative of the Colac West Neighbourhood Action Group (West NAG) in conjunction with the Community Hub Inc. and Colac Otway Shire Council. The aim is to address food security by including fruit trees in treescape plantings. In addition to the nature strip planting, fruit trees were planted in three public open spaces in the vicinity of the West NAG, including the Donaldson Street Playground.

### New communications system

A new Voice over Internet Protocol (VoIP) telephone system replaced our outmoded digital telephone system. The new range of capabilities our staff, and especially the Customer Assist Team, can access has dramatically improved our ability to respond to the public. There have also been significant efficiency gains for the organisation.

It is anticipated that the new system will deliver a reduction in the operational costs associated with Council's fixed telephone service; estimated to be approximately \$20,000 in the 2013/14 financial year.

## Financial Performance

We achieved an operating surplus. Our financial performance for the year is broadly consistent with the targets set in the 2012/13 budget in that:

- Operating result for the year is \$1.7 million.
- Value of total assets has grown by \$3.6 million to \$290.8 million.
- Total income has increased by 2.3% to \$44.6 million.
- Total expenses have grown by 1.1% to \$42.9 million.

Like many Local Governments, our underlying position continues to be in deficit with 2012/13 having an underlying shortfall of \$2.79 million. It remains a structural challenge to raise sufficient funds from the community and other sources to deliver the services increasingly demanded by our community.

The next decade will be challenging as the Local Government Defined Benefits Superannuation funding is addressed and the Federal and State Governments manipulate funding of Local Government to address their own needs (*p 127, Note 5*).

## Winning annual report

We were very proud to again receive recognition for the quality of our annual reporting; winning best annual report in the 'low resources' category of the Municipal Association of Victoria's annual reporting awards for our 2011/12 annual report. Within the report, wins were recorded for best reporting on the following sections: summary, sustainability, financial overview and an Honourable Mention for performance. We were also proud winners of a Silver Award from the Australasian Reporting Awards. The awards are an acknowledgement of our commitment to openly communicate our business practices and obligations in a clear and informative way.

## Disappointments

### Full disaster recovery for information systems not implemented

We have a highly developed Disaster Recovery (DR) capability, which has been designed to protect Council's information and the provision of services should a catastrophic systems failure occur. However, some elements of the DR capability are yet to be implemented. Finding a balance between a full fail safe DR capability and meeting the associated costs is challenging, in the face of tight fiscal constraints.

# FAST FACTS

**Net Expenditure:** \$18,853,038

**Equivalent Full-time Positions:** 48.6

## Key Functions

- Engage with and advocate for our community. S1
- Monitor the efficiency and effectiveness of operations.
- Ensure effective community consultation. I S2
- Support open and transparent decision-making processes.
- Ensure sound financial practices. S3
- Establish effective frameworks for planning.
- Ensure compliance with relevant legislation and regulations. S4
- Human Resources management.
- Occupational Health and Safety compliance, audit and reporting. S5
- Risk Management compliance, audit and reporting. S6
- Corporate and business planning and reporting.
- Management of Council's IT infrastructure and systems. S7
- Disaster Recovery.
- Management of controlled Council information, both hard copy and electronic. S8
- Fire prevention inspections and standpipe management.
- Local Law enforcement and issuing of permits. S9

## Service Statistics (Compared with 2011/12)

- ↓ 94.1% Rates collected by year end. S10
- ↑ 14,768 Property assessments.
- ↓ 1,090 Non-rateable property assessments.
- ↑ 2,469 Pension rebates.
- ↓ 778 Land information certificates issued.
- ↓ 33,819 Debtor invoices issued.
- ↑ 13,684 Supplier payments processed.
- ↓ 62,687 Receipts issued.
- ↑ 4,858 Dogs registered.
- ↓ 1,485 cats registered.
- ↓ 198 Dogs returned to their owners.
- ↓ 15 cats returned to their owners.
- ↑ 1,080 Permits (various) issued.
- ↑ 144 new properties mapped.
- ↑ 121,332 items of both inwards and outwards correspondence processed. S11

# SECTION TWO LEADERSHIP AND GOVERNANCE

## S1 Challenges

### S2 | Neighbourhood Safer Places

S3 Although a Neighbourhood Safer Place (NSP) was designated in Apollo Bay there are currently no other NSPs in the Shire. We are working with the Fire Services Commissioner's Office to identify alternative measures for high fire risk towns and to progress the inspection of possible NSP sites in lower risk towns such as Beeac and Birregurra.

### S5 Significant upgrades planned for software packages

S6 Our information systems are highly advanced, providing a range of capabilities that support the delivery of a variety of services to the community. A number of significant software upgrades are programmed for 2013/14, which will provide additional features, deliver more efficient outcomes and meet the ever growing demand for enhanced technical capabilities. These changes also create uncertainty for the system users, so the challenge will be ensuring a seamless transition.

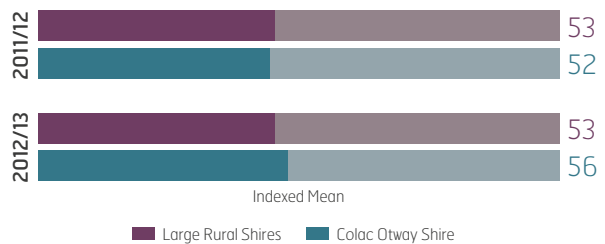
## S10 Our Objectives for the Year Ahead

- S11 • Review of all Council policies.
- Commence implementation of the Authority Asset Management System.
- Implementation of Prince 2™ project management methodology.
- Complete Local Law review.
- Implement the Domestic Animal Management Plan.
- Complete the Cross Council Relief and Recovery Project.
- Implementation of the e-mail SMTP filtering and Archive solution.
- Identify other suitable sites for Neighbourhood Safer Places.

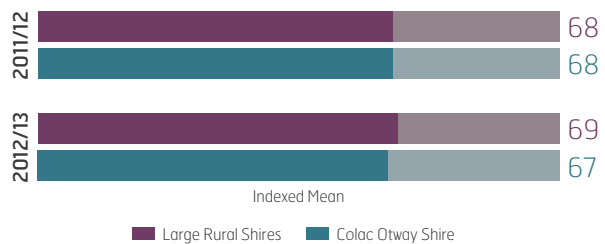
## 2013 Local Government Community Satisfaction Survey

The following graphs highlight Council's performance in three key result areas of the 2013 Local Government Community Satisfaction Survey. Our results are compared against those of similar sized Councils.

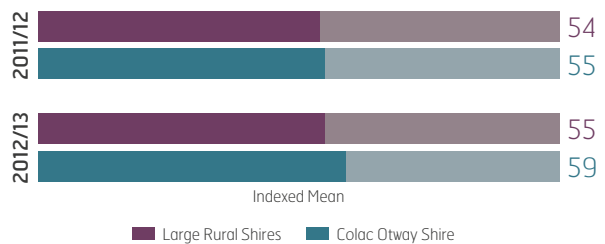
### Advocating for our community



### Customer contact with our community



### Engaging with our community



Source: Local Government Community Satisfaction Survey 2013 Department of Planning and Community Development, prepared by JWS Research.

**NOTE:** The Community Satisfaction Survey, under the auspices of the Department of Planning and Community Development, was revised resulting in significant changes to content and methodology for 2012. Councils have been advised that the data is not directly comparable to previous years; however future results will gradually build a comparative picture.

## Civic Awards

### Joint winners of Australia Day citizen of the year

Alvie's Kathy Niblett-Graham and Colac's Phillip Johnson were announced the two Australia Day Citizens of the Year for 2013.

Ms Niblett-Graham's extensive role with the youth of Colac, as a Scouts leader and volunteer for the Otway Community Radio station was acknowledged, as well as her tireless work over many years as a volunteer.

Mr Johnson, a former school principal, also received the award for his continued service on many levels to the Colac Lions Club as well as the St Mary's Parish, and Probus.

### Young citizen of the year

Colac's Callum Murdoch accepted the Young Citizen of the Year Award. Callum has been involved in the scouting movement as a cub, a scout, a venturer and now as a rover and assistant scout leader. Early in 2013 Callum formed part of the leadership team of the second Otway Plains Scout Fiji Service Trip and was a leading hand in the construction of playground equipment for a school in Sorokoba.

### Community service award

Apollo Bay Catholic nuns, Sister Margaret Kelly and Sister Patricia O'Brien received the Community Service award for their volunteer work on radio station OCR FM.

### Young ambassador of the year

Colac Secondary College student, Jack Reid was the winner of the Colac Otway Shire's Young Ambassador Award for 2012. Jack was the College's school captain and is a member of the student leadership council. Jack aspires to study paramedicine, with the aim of pursuing a career in healthcare and assisting disadvantaged children. The Young Ambassador Award acknowledges young people's community involvement and levels of achievement. The winner receives \$1,000 to assist with further study or to develop other areas of interest.



Above: Colac Otway Shire's Young Ambassador Award for 2012 recipient, Jack Reid, from Colac Secondary College.

## Youth Council

The aim of the Youth Council is to:

- Provide a forum for the Colac Otway Shire Council to consult with and receive advice from local youth. This helps to ensure we provide a high quality, affordable and flexible youth program.
- Promote and encourage the involvement of youth in the planning, development and implementation of matters associated directly with young people in the community.
- Ensure that the views of local youth are canvassed and conveyed to Council. S1
- Provide advice to Council on appropriate youth programs. I S2

The Youth Council meets twice each month during school terms.

### 2013 Youth Council

- Tassia Georgakis S3
- Claire Whytcross S4
- Tom Robinson S5
- Chloe Robbins S6
- Taylah Walters S7
- Sinead Leamer S8
- Bonnie Darlow S9
- Kyrah Howell S10
- Josh Smith S11
- Amy Brauer S12
- Spencer Cochrane S13
- Jasmine Steen S14

Additional members of the Youth Council in 2012/13 include:

- Councillor Chris Smith, appointed Council representative and is a mentor to the group. S10
- Cayley Robinson (2012), Melanie Duve (2012/2013) and Rhonda Deigan (2013) Colac Otway Shire, administrative support. S11

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

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

### Major achievement in 2012/2013

- Participated in ANZAC Day ceremonies in Colac.

# SECTION TWO LEADERSHIP AND GOVERNANCE

## S1 Progress on Council Plan Actions

- S2 I
- ✓ Completed
  - ✧ In progress, continuing in 2013/2014
  - + Completed in 2012/2013/repeated annually
  - On hold, for review

S3	Council Plan Strategies	Actions	Status
S4	Lead the community in responding to the current and long-term sustainability challenges facing the municipality.	Review and, where possible, simplify Council's Local Laws.	✧
		Review of Council's Policies.	✧
S5	Improve community engagement to ensure open, accessible, transparent planning and decision making.	Conduct community forums throughout the Shire.	✓
S6	Provide responsible financial management.	Review the 10 year financial plan on an annual basis and ensure that is integrated with Council's Asset Management Strategy.	+
S7		Support the Audit Committee in developing and implementing an internal annual audit program based on the outcomes of the Risk Profiling project.	+
S8		Facilitate a strategic and integrated approach for government grants applications aimed at reducing Council's reliance on matching contributions from rate revenue.	✧
S9		Ensure Council's asset and financial systems meet the National Financial Reporting Framework standards required by the Federal Government by June 2013.	✧
S10	Continuously improve the services directly provided by Council.	Carry out continuous improvement reviews on Council operations and implement the prescribed actions.	+
S11		Improve Council's Customer Service capability to increase customer satisfaction.	+
		Actively promote the delivery of responsive customer service across the organisation.	+
	Advocate for improved infrastructure, services and utilities provided to our community by other organisations or levels of Government and in relation to environmental issues.	Advocate and influence the development of water authorities' water supply demand policies and strategies.	+
		Advocate for increased State Government recognition and funding as compensation for the Shire's larger than average area of non-rateable land and actively support the Australian Rural Roads Group.	+
		Advocate for appropriate State and Federal Government funding for community priorities.	+
		Participate in G21 and Great South Coast resource sharing forums and negotiations on regional strategic objectives.	+
		Advocate for appropriate fire prevention activities in the Great Otway National park and other public land.	✧



Above: Youth Council induction 2013.



Above: Colac West Primary School visit a Council meeting.

S1

I S2

S3

Council Plan Strategies	Actions	Status
Attract and retain quality staff.	Work in partnership with local and industry groups on employment branding initiatives that enhance the profile and appeal of Local Government as an “employer of choice”.	+
Provide a fair, safe and healthy work environment.	Enhance the corporate occupational health and safety systems (SafetyMap) and ensure ongoing compliance with all relevant regulations.	+
Continuously improve operational systems, processes and minimise risk.	Review and update Council’s Risk Management Policy and Procedures Manual including compliance audits.	+
	Implement the Systems and Processes Review project to ensure that systems and processes are operating effectively and providing support to eliminate risk.	>
	Implement Council’s Information Communication Technology strategic plan.	+
	Develop and implement Council’s Information Services disaster recovery environment.	+
	Seek opportunities for sharing of resources and expertise across the region.	+
Communicate regularly, effectively and honestly with the community.	Provide relevant, timely and accurate information to the community using print, radio and web media, as well as non-media channels such as newsletters and the Colac Otway Shire website.	+
	Ensure Colac Otway Shire’s website is accessible, easy to navigate, utilises appropriate web technologies and contains relevant and up-to-date information.	>
Meet our statutory obligations for community safety, security and responses to emergency situations.	Implement the Domestic Animal Management Plan.	+
	Implement the Municipal Fire Prevention Plan.	+
	Establish integrated fire management practices and endorse Township Protection Plans and Neighbourhood Safer Places where appropriate.	+
	Undertake an annual review of the Municipal Emergency Management Plan (MEMP) from a Shire perspective and implement awareness training and readiness programs for community and staff.	✓

S4

S5

S6

S7

S8

S9

S10

S11





# SECTION THREE

## PHYSICAL INFRASTRUCTURE AND ASSETS



### Objective

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

### Services, projects and programs supporting this key result area

- Apollo Bay Harbour Management S1
- Asset Management S2
- Building maintenance, development and upgrades I S3
- Colac Livestock Selling Centre S4
- Contract Management S4
- Engineering Design S5
- Infrastructure Maintenance and upgrades S5
- Road Safety S6

### Key achievements

- Investment in long-term asset renewal. S7
- Completion of Capital Works. S8
- Construction of environmentally sensitive trail completed. S8
- Four new bridges constructed. S9

S10

S11

# SECTION THREE PHYSICAL INFRASTRUCTURE AND ASSETS

## S1 Highlights

### S2 Investment in long-term asset renewal

S3 I A key achievement in 2012/13 was the acceptance and adoption by Council of the recommended investment of \$8.99 million for asset renewal. This acknowledges the robustness of the systems and processes that have been implemented to determine future asset renewal funding demands. It also integrates with future financial forecasts and capital works planning.

### S5 Completion of Capital Works

S6 Council has exceeded its Capital Works target of 85% for the second year in a row. We achieved 88% in 2012/13, an improvement of 2% from 2011/12. The high level of project completion can be attributed to the continued improvements in project management and reporting across the organisation along with the implementation of improved project management systems.

### S9 Construction of environmentally sensitive trail completed

S10 The construction of 900 metres of the Beechy Rail Trail from Ditchley Station to Dinmont Station through an environmentally sensitive gully was completed during 2012/13. The environmental challenges included dealing with endangered native forest, heavy native vegetation classified as high value and traversal of very steep terrain. The project resulted in approximately three kilometres of trail being moved off Council's local road network and is a major safety improvement for users.

### S11 A roof for the Colac Livestock Selling Centre

A 6-8 metre high roof structure for the Colac Livestock Selling Centre was approved by Council as part of developing and upgrading the Centre to make it the leading regional facility. The contract for approximately \$1.5 million was awarded in February 2013. The expected completion date for the roof is March 2014.

In conjunction with the construction of the roof, a major review of the Centre's business plan is underway to ensure a more business focused model for the future.

## What's in a 'Road'? What do the terms mean?

Terms used to describe our roads and the various works that occur on them can at first seem confusing but they describe specific types of activity, each with its own target and budget allocation.

- *Unsealed* – a gravel surface.
- *Sealed* – a paved (bitumen or asphalted) surface.
- *Bitumen* – thin layer on the surface of the road with aggregate spread over it.
- *Asphalting* – 30-40 ml thick layer of bitumen mixed with stone used for high turning areas e.g. roundabouts and intersections.
- *Grading* – levelling the surface of a gravel road.
- *Resheeting* – additional gravel placed on an unsealed road and graded to a level finish.
- *Resealing* – thin coating of bitumen over an existing sealed road topped with stone aggregate. Cyclic maintenance avoids expensive reconstruction.
- *Reconstruction* – digging up a larger section of a sealed road and completely rebuilding it. Also referred to as 'patching'.
- *Renewal* – maintenance of the road to an agreed standard. Grading, resheeting and reconstruction all fit within this term, including fixing potholes.
- *Upgrade* – responding to changed needs e.g. widening an existing road.

## Caring for our extensive road network

Our road network totals 1,632 km, of which 558 km is sealed and 1,074 km is unsealed (see definitions in above box). Caring for our extensive road network is of intense interest to our community.

### Sealed roads

#### Renewal

The major contributor to the renewal program was:

- Resealing 45 km of the local road network, costing \$847,000.
- Asphalting approximately 2,100 square metres of the urban road network and rural road intersections, at a cost of \$151,000.

### Reconstruction

4.3 km of local sealed roads were reconstructed at a cost of \$1,007,284. Projects included:

- Cape Otway Road, Birregurra
- McLaren Parade, Apollo Bay
- Seymour Crescent, Apollo Bay
- Warrowie Road, Irrewarra
- Weering School Road, Eurack.

### Unsealed roads

During 2012/13, \$1.68 million was spent on resheeting approximately 100 km of our local gravel roads. \$480,000 was also spent on the routine grading program.

### Road stabilisation works

As part of road maintenance, stabilisation of 9,500 square metres of small scale works were undertaken, extending the life of the roads and reducing the maintenance costs of our road network. This is approximately a 12% increase on the previous amount of stabilisation works undertaken in 2011/12.

### Improvements to footpaths

We manage 133 kilometres of constructed footpath throughout the Shire. The average life of concrete paths is 50 years. The 2012/13 footpath replacement program included identified priority areas located in Colac, Apollo Bay, and Birregurra. Areas of pathway renewed were Jillian Road, Nelson Street and Scenic Drive in Apollo Bay, Strachan Street in Birregurra and Hesse, Gellibrand, Gravesend and Queen Streets in Colac. Approximately 1,753 metres of constructed footpath was replaced.

In 2012/13 Council accepted and adopted the recommended investment of \$8.99 million for asset renewal.

## FAST FACTS

**Net Expenditure:** \$11,853,038

**Equivalent Full-time Positions:** 74.1

### Infrastructure and Assets

1,632 km of Roads

- 558 km Sealed S1
- 1,074 km Unsealed

134 Bridges and Major Culverts maintained S2

133 km of Footpaths

144 Buildings I S3

### Key Functions

- Development, management and monitoring of Council's Capital Works Programs and major operational projects. S4
- Project planning, design and delivery of infrastructure related projects within the Capital Works Program. S5
- Development and facilitation of Special Charge Scheme projects. S6
- Engineering advice for developments via the town planning process. S7
- Active participation in Colac Community Road Safety Council. S8
- Implementation of Council's Road Safety Strategy. S9
- Provision of general engineering services to both internal and external customers. S10
- Provision of civil infrastructure including roads, drainage systems, footpaths, car parks, bridges, traffic facilities, buildings, recreation areas etc. S11
- Capital improvement projects including the renewal of assets, upgrades and in some cases the provision of new assets.
- Prioritisation of capital works projects to ensure Council has the available resources to complete projects.
- Management of the procurement of goods and services.
- Management of the Colac Livestock Selling Centre, which provides facilities for weekly sales of livestock in the region.

### Service Statistics (compared with 2011/12)

- ↑ 52 km trees trimmed on rural roads.
- ↑ 105 km rotary drain cleaning on rural roads
- = 2,500 guideposts replaced.
- ↓ 250 km centre lines marked on roads
- ↓ 2,000 parking bays line marked.
- = 40 km bike lanes line marked.
- = 450 Stop and Give Way intersections line marked.

# SECTION THREE PHYSICAL INFRASTRUCTURE AND ASSETS

## S1 **New bridges constructed**

S2 Four new reinforced concrete bridges were constructed at a total cost of \$1,664,636 utilising State Government funds. The new bridges replace timber bridges that had load limits and structural problems requiring major maintenance. As the new concrete bridges will have a life of up to 150 years, maintenance requirements will be minimal. Our resources can now focus on other areas of road and bridge maintenance.

S4 The new bridges are located at:

- S5 • Apollo Bay, Barham River Road
- S6 • Carlisle River
  - S7 - Carlisle River Valley Road
  - S8 - Gane's Access bridge
- S9 • Barramunga, Upper Gellibrand Road

## **Disappointments**

### **Construction delayed on new sections of the Old Beechy Rail Trail**

The programmed construction of new sections for the Old Beechy Rail Trail, including the Colac Station section and the Beech Forest to Ferguson section, raised a number of challenges which resulted in significant delays. These challenges included agreement of the trail alignment with private property owners and obtaining necessary approvals and permits. Works are scheduled for completion in 2013/14.

### **Minimal progress in determining the Colac by-pass route**

The resolution of the Colac by-pass continues to be a major issue for Council in trying to determine the long-term solution to heavy vehicle movements through and around Colac. Despite various attempts dating back to the 1960's, a detailed study and significant debate in the community, only minimal progress has been achieved. Options will now be explored as part of long-term land use planning in the next review of the Planning Scheme. The final decision for the by-pass will rest with VicRoads. However, Council needs to decide on an option for the by-pass and reserve land for when the works eventually occur.

S10 Below: Barham River Road bridge under construction.



## Challenges

### Ongoing management of waste from the Livestock Selling Centre

Disposal of waste material is a significant cost of operating the facility. Organic composting is being investigated, which will provide significant cost savings over other disposal options.

### Maintaining our road network

We face a number of issues in maintaining the extensive length of our unsealed and sealed road network, including:

- Increased storm events.
- High rainfall areas.
- Drought-like conditions.
- Increased heavy vehicle use.
- Increased costs of transporting quality gravel materials involving long haulage distances.
- Environmental issues regarding locations for waste spoil from drainage maintenance and construction works. To address this challenge we are working with the Department of Environment and Primary Industries (DEPI) and landholders to explore alternative locations for material disposal.
- Increasing encroachment of trees and vegetation restricting vision and sight distances for the road users.

Four new reinforced concrete bridges were constructed at a total cost of \$1,664,636.



Above: Transporting Carlisle Valley Road bridge beam.



Above: Gellibrand netball courts under construction.

S1  
S2  
I S3  
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S8  
S9  
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S11

# SECTION THREE PHYSICAL INFRASTRUCTURE AND ASSETS

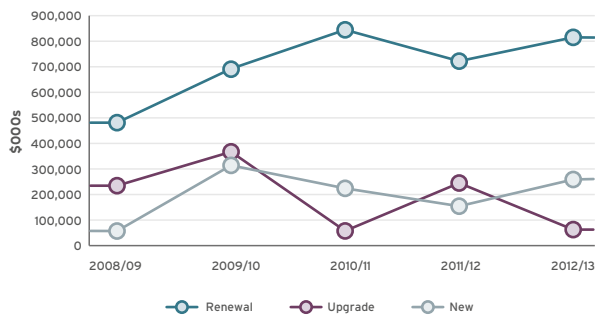
## S1 Our Objectives for the S2 Year Ahead

- S3 • Completion of the Old Beechy Rail Trail improvements including the construction of 8 km of off-road trail.
- S4 • Completion of the Colac Livestock Selling Centre roof.
- S5 • Rehabilitation of Gellibrand Landfill.
- S6 • Review of Safety and Environment Management Plan for the Port of Apollo Bay in readiness for an external audit mid 2013/14.

## S6 Capital Works

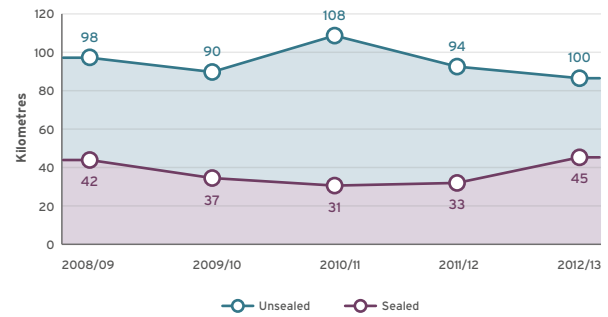
In '000s

Year	Renewal	Upgrade	New	Total
2008/09	\$4,996	\$2,386	\$647	<b>\$8,029</b>
2009/10	\$5,954	\$3,875	\$3,063	<b>\$12,892</b>
2010/11	\$8,464	\$792	\$2,150	<b>\$11,406</b>
2011/12	\$7,273	\$2,397	\$1,754	<b>\$11,424</b>
<b>2012/13</b>	<b>\$8,168</b>	<b>\$824</b>	<b>\$2,597</b>	<b>\$11,589</b>



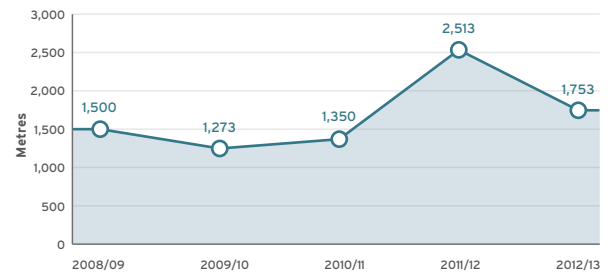
Increased spending in 2012/13 demonstrates our commitment to renewal of our assets. This included buildings and the road network. Significant funding was invested in replacing our ageing infrastructure.

## Road network renewal



## Footpath repairs

The reduction in the overall level of footpath renewal was a result of transferring funding to the construction of new works for a gravel path of 400 m in Queen Street, Elliminyt. This highlights the impact on existing programs by undertaking unfunded work throughout the year.





## Progress on Council Plan Actions

✓ Completed

+ Completed in 2012/2013/repeated annually

> In progress, continuing in 2013/2014

← On hold, for review

Council Plan Strategies	Actions	Status	
Ensure infrastructure development, renewal and maintenance plans address current and forecast community needs.	Plan and implement infrastructure projects that transform townships and promote economic development and community strengthening.	+	S1
	Review and implement Asset Management Plans to ensure that the level of funding for asset development, maintenance and upgrade meets the community's expectations.	+	S2
	Develop a 10 year capital works and major projects program according to adopted priorities.	✓	S3
	Review the 10 year capital works and major projects program annually.	+	S4
Implement and manage Colac Otway Shire's Road Management Plan.	Continue active participation and involvement in the STEP Asset Management Program with the Municipal Association of Victoria.	+	S5
	In line with the <i>Road Management Act 2004</i> requirements, review and update Colac Otway Shire's Road Management Plan.	>	S6
	Review the Strategic Footpath Plan for Apollo Bay.	>	S7
Manage Council's buildings and facilities in a responsible, safe and sustainable manner.	Develop a Building Assets Management Plan and implement according to adopted priorities.	>	S8
	Develop a Building Rationalisation Program for buildings surplus to Council needs.	←	S9
Improve local and regional transport networks to ensure safety and accessibility.	Advocate for strategic transport initiatives.	✓	S10
	Implement the parts of the G21 Transport Plan relevant to Colac Otway Shire.	✓	S11
	In partnership with regional councils and VicRoads develop and implement a Road Safety Plan and Council approved road safety initiatives.	✓	
	Advocate for further improvements to the Princes Highway from Colac to the South Australian border.	+	
	In partnership with VicRoads identify options and plan for alternative road access through or around Colac, particularly relating to freight movement.	>	
	Advocate for improved commuter Rail Services and safe Railway Crossings.	+	
Ensure environmental risks are adequately addressed for Council infrastructure works, including impacts of climate change.	Develop a proposed long-term management response to sea level rise for Council assets.	←	
	Implement measures to manage and monitor Council's closed landfills to EPA standards.	>	





# SECTION FOUR

## LAND USE AND DEVELOPMENT



### Objective

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

### Services, projects and programs supporting this key result area S1

- Building Control Services S2
- Statutory Planning S3
- Strategic Planning S3

### Key achievements I S4

- Amendment C69 to the Planning Scheme approved by the State Planning Minister. S5
- Adoption of the Birregurra Structure Plan. S6
- Apollo Bay Harbour Master Plan revised. S6

S7

S8

S9

S10

S11

# SECTION FOUR LAND USE AND DEVELOPMENT

## S1 Highlights

### S2 Amendment C69 to the planning scheme approved by the State Planning Minister

S3 Amendment C69 to the Planning Scheme, implementing the outcomes of the Rural Living Strategy and Forrest Structure Plan, was adopted by Council in January 2013 and approved by the State Planning Minister. This ends a four year process and provides opportunities for land owners to benefit from the new controls. The amendment included:

- S4 • Changes to a range of policy, zoning and overlay controls across the Shire.
- S5 • Rezoning land at Coragalac for urban development.
- S6 • Rezoning of several rural residential areas to Rural Living Zone.
- S7 • Introduction of a Restructure Overlay in select locations to prevent development on small lots created by old and inappropriate subdivision.

### S9 Adoption of the Birregurra structure plan

S10 Following a four year review process the Birregurra Structure Plan was adopted in June 2013 providing residents with certainty about where future growth will occur. The final version of the Plan received strong support from the community following the Council funded neighbourhood character study which occurred midway through the process after the first draft attracted significant opposition. The current town boundary will be retained and growth will be achieved through sensitive infill development. A Community Reference Group was important in ensuring that the adopted Plan best represented the community's views.

### S11 Planning Scheme amendment implements the Colac and Apollo Bay car parking strategy

Planning Scheme amendment C72 (Part 1), implementing the Colac and Apollo Bay Car Parking Strategy, was adopted by Council in June 2013. It introduced reduced rates for provision of car parking for new commercial uses in Colac and Apollo Bay. It also introduced a requirement for a cash-in-lieu payment on a development site in Apollo Bay where car spaces are not able to be provided. The amendment will introduce more realistic parking provisions and enable collection of funds over time for the construction of additional parking in Apollo Bay.

## Apollo Bay Harbour master plan revised

A revised Master Plan for the Apollo Bay Harbour has been completed, reflecting the outcomes from the successful Enquiry by Design consultation process in 2008. The highly contentious hotel and health and wellbeing centre has been removed from the Plan. It is intended that the revised Master Plan, prepared by consultants with funding from the State Government, will be included in the Planning Scheme through an amendment process in 2013/14.

## Heritage strategy developed

A new Heritage Strategy was developed in consultation with the community to guide Council's future activities concerning its built and cultural heritage. We received strong community support for the specific initiatives contained in the four year action plan.

## Audit of swimming pools and outdoor spas

An audit of all known swimming pools and outdoor spas was undertaken by our Building Unit during 2013. The purpose was to check for compliance with fencing/barrier requirements under the State Government's Building Regulations. The audit was very successful in highlighting a high rate of non-compliance with the regulations. Our staff are working with pool and spa owners to rectify areas of non-conformance, which will make pools safer for children.

## Disappointments

### Use of SPEAR for electronic 'hosting' of planning applications

Early in 2012 the Planning Department introduced SPEAR, a website for electronic lodgement and management of planning permit applications. It was anticipated that the system would reduce processing times. Whilst regular permit applicants have been using the service, take-up by the general community is very low. This has added a significant administrative burden as staff have been manually loading applications into the system, which has led to increased processing times as demonstrated in the graph on page 52. Whilst changes have been introduced to address this, the extra time taken to determine applications lodged in 2012/13 will continue to adversely affect service levels until late 2013.

## Vegetation mapping overlay deferred

Council has been working with the State Government for a number of years to introduce new mapping of the Vegetation Protection and Environmental Significance Overlays. Amendment C70 to revise the mapping of the current overlay controls was put on public exhibition early in 2013 and attracted significant opposition from rural land owners, based largely on a misunderstanding of the implications of the amendment.

Amendment C70 was ultimately deferred following the announcement of State Government reforms to native vegetation provisions and will not progress until the implications of these reforms are known.

## Challenges

### Reforms to State Government planning legislation

Significant reforms to the *Planning & Environment Act 1987*, being introduced in 2013/14, will require extensive changes to Council processes. These include:

- altering and removing Section 173 agreements
- consideration of extensions of time for planning permits
- referral processes to external authorities
- the introduction of a fast track process for specific types of simple planning permit types, termed VicSmart
- changes to the commercial, residential and rural zones.

These changes are in addition to those being introduced by Council to implement its own strategic planning program.

A revised Master Plan for the Apollo Bay Harbour has been completed...

# FAST FACTS

**Net Expenditure:** \$1,620,578

**Equivalent Full-time Positions:** 12.8

## Key Functions

- Administering the *Planning and Environment Act 1987* through the Colac Otway Planning Scheme, as well as other related legislation such as the *Subdivision Act 1988*. S1
- Provision of planning and building advice and property information. S2
- Processing subdivision plans under the *Subdivision Act 1988*. S3
- Assessment and decisions on planning permit applications and related matters under the *Planning and Environment Act 1987*. I S4
- Representation of Council at Victorian Civil and Administrative Tribunal (VCAT) hearings. S5
- Enforcement of planning permit conditions and planning scheme provisions. S6
- Strategic projects that result in amendments to the planning scheme. S7
- Input into state and regional initiatives, and amendments undertaken to rezone land when required. S8
- Review of the planning scheme every four years to improve its performance. S9
- Ensure that buildings in the Colac Otway Shire are constructed to acceptable standards by enforcing compliance with building legislation and safety standards. S10
- Determining 'report and consents' for variations to siting requirements. S11
- Approval of applications for Places of Public Entertainment (POPEs).
- Processing of building permit applications.
- Mandatory inspections during building construction.

## Service Statistics (Compared with 2011/12)

### Planning Appeals to VCAT (10)

- ↑ 8 Council decisions upheld
- ↓ 2 Overturned

### Buildings

- ↓ 67 Report and Consent applications
- ↓ 103 Notices and Orders
- ↓ 27 Resolution of Work Applications

# SECTION FOUR LAND USE AND DEVELOPMENT

## S1 Our Objectives for the S2 Year Ahead

- S3 • Commence a Colac Structure Plan review to identify where future growth will be accommodated. The project is subject to receipt of a State Government grant.
- S4 • Implementation of the State Government's new residential zones.
- S5 • Complete development of bushfire planning policies for Wye River, Kennett River, Separation Creek, Skenes Creek, Forrest, Gellibrand, Beech Forest and Lavers Hill.
- S6 • Commence audits of commercial property owners for compliance with Essential Safety Measures requirements of the Building Regulations, which includes fire alarms, fire hose reels and emergency exits.
- S7 • Explore implications of the State's Native Vegetation reforms and determine how these will influence the progress or otherwise of Amendment C70, which proposes changes to mapping of the Environmental Significance and Vegetation Protection Overlays.

## S9 Planning applications completed within the S10 60-day statutory timeframe

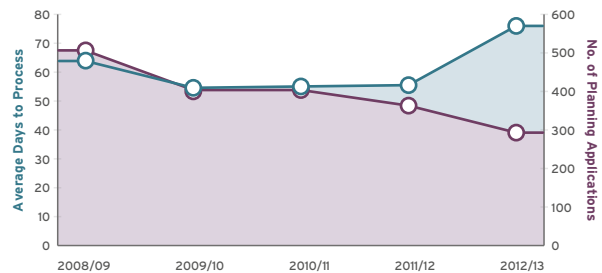
Year	Colac Otway Shire	Rural Councils
2008/09	60%	67%
2009/10	90%	71%
2010/11	92%	71%
2011/12	71%	69%
2012/13	55%	*Unavailable

S11 \*Based on information available at the time of this report as PPAR data (State government Planning Permit Activity Report) not available until October 2013.

## Planning applications

Year	Applications Received	Average Days to Process	Appeals to VCAT*	Council Decisions Upheld
2008/09	506	63	12	8
2009/10	404	54	19	15
2010/11	409	55	12	5
2011/12	382	57	11	7
2012/13	297	77	10	8

\* Victorian Civil and Administrative Tribunal



The introduction of SPEAR for electronic lodgement of planning permit applications unexpectedly added a significant administrative burden, increasing processing times (see item under 'Disappointments' on page 50).

## Building applications

Year	Number of Applications	Average days to Assess	Average Days to Issue Permit
2008/09	105	20	60
2009/10	75	17	47
2010/11	126	17	45
2011/12	95	18	36
2012/13	54	20	33



## Progress on Council Plan Actions

✓ Completed

+ Completed in 2012/2013/repeated annually

> In progress, continuing in 2013/2014

← On hold, for review

Council Plan Strategies	Actions	Status
	Advocate for more detailed mapping of the Erosion Management Overlay by State Government.	✓
	Finalise a Rural Living Strategy and implement findings.	✓
	Finalise and implement a car parking study for Colac & Apollo Bay.	✓
	Finalise a Structure Plan for Birregurra.	✓
	Commence a review of the Colac Structure Plan, including the identification of long-term residential and commercial/industrial growth options.	>
	In conjunction with the State Government, and subject to external funding, exhibit a Planning Scheme amendment for the Apollo Bay Harbour Master Plan.	>
Ensure that responsible planning mechanisms are used to control development in areas potentially affected by climate change.	Work with State Government to develop appropriate planning controls that respond to predicted sea level rise.	←
	Advocate for State Government funding to undertake more detailed local area mapping of low lying areas along the coast to assist with climate change initiatives.	>
Ensure all Council land use plans and strategies are current and responsive.	Regularly update and improve the Colac Otway Planning Scheme through Planning Scheme amendments.	+
	Undertake a Neighbourhood Character Study for Birregurra.	✓
	Prepare Design Guidelines for Colac and Apollo Bay industrial and Business 4 zone areas.	←
Enforce planning and building regulations to meet legislative requirements.	Implement comprehensive monitoring of the Essential Safety legislative requirements.	>
	Implement mechanisms to improve knowledge of building and planning requirements/responsibilities.	✓
Ensure consistent and timely decision making for building and planning applications that meet Council's policy framework.	Document and continuously improve processes and procedures for assessment and determination of building and planning permit applications.	✓
	Prepare and develop a more comprehensive Information Kit on building and planning application requirements.	✓
Ensure that environmental risks are adequately addressed for new development and land use.	Work with State Government to develop and introduce planning controls that accurately reflect areas known to potentially have acid sulfate soils.	>
	Introduce a Salinity Management Overlay to affected areas.	>
	Work with State Government to review policies and provisions in fire risk areas as appropriate following the conclusion of the Bushfire Royal Commission.	>

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# SECTION FIVE ENVIRONMENTAL MANAGEMENT



## Objective

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

## Services, projects and programs supporting this key result area S1

- Environment Education/Promotion S2
- Environmental Planning S3
- Natural Resource Management S3
- Sustainability Management S4
- Transfer Stations/Recycling S4
- Waste Management S4

I S5

## Key achievements

- Completion of Environment Action Plan 2010-2012 and development of new plan for 2013-2015. S6
- Completion of Marengo landfill rehabilitation project. S7
- Retrofit of Rae Street administrative centre with environmentally sustainable design features (p 19). S8

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# SECTION FIVE ENVIRONMENTAL MANAGEMENT

## S1 Highlights

### S2 Barongarook Creek improvement works

S3 The third stage of exotic tree removal has been undertaken as part of rehabilitating Barongarook Creek. Native species will be planted to help improve water quality, decrease erosion potential and create a healthy ecosystem that will attract native fauna to the area. Over 20 large Willow, Elm and Poplar trees were removed from the banks of the creek between Chapel Street and Lake Colac.

### S5 I Completion of Environment Action Plan 2010–2012

S6 Achievements of the completed Environment Action Plan 2010–2012 included roadside vegetation mapping, development of an Open Space Strategy, and a number of local training workshops for business highlighting environmental issues and opportunities. [http://www.colacotway.vic.gov.au/Files/Environment\\_Action\\_Plan\\_2010\\_2012.pdf](http://www.colacotway.vic.gov.au/Files/Environment_Action_Plan_2010_2012.pdf)

S7 A new Environment Action Plan for 2013–2015 has been developed. The plan identifies priority projects and programmes that address targets in the Environment Strategy 2010–2018.

### S10 Engaging our community in environmental activities

S11 The Environment Team has worked with a range of community groups and schools to deliver many environmental events. These include revegetation projects, fishing workshops, clean up days, pest animal control works and storm water management activities. World Environment Day is a high profile event. In 2012/13, over 200 students participated in a range of creative and educational workshops aimed at helping them understand and appreciate our unique environment. This approach is supported with Council coordinated planting days where visits from Wally the Water Skink (a big hit with children) build an awareness of threatened species within the Shire.

### Completion of Marengo landfill rehabilitation project

A \$250,000 project to rehabilitate the old Marengo landfill site was completed. The project included capping the existing landfill site with 500 ml of clay followed by a layer of topsoil. The clay acts as a seal to prevent storm water from entering the buried waste and contaminating groundwater. The site has been revegetated to suit future recreational purposes.

### Advocating for a regional Waste to Energy facility

Council continued to be proactive by raising the need for a regional Waste to Energy facility with the local Barwon Regional Waste Management Group (BRWMG). BRWMG has committed to explore the concept and has acknowledged it in the Regional Waste Management Plan. We have also made a presentation to Sustainability Victoria requesting consideration of a regional facility as part of longer-term planning.

### Safe waste collection for Wye River and Separation Creek townships

Significant safety issues have been addressed for kerbside collection of waste in the townships of Wye River and Separation Creek. Both townships have steep terrain with 100 metre drop-offs and narrow roads with no turning capability for waste collection trucks. Changes to address safety and access concerns included:

- smaller collection trucks better suited to the terrain
- creation of corrals for waste bins to enable safe collection
- updated safe turning places for collection trucks.



Above: Specialist school who keep the Bird reserve looking beautiful as part of an environmental community event.



Above: Travis Riches and Anneke Segrave at Barongarook Creek prior to exotic tree removal.

## Disappointments

### Energy smart funding application unsuccessful

The Community Energy Efficiency Program – Round Two application for \$487,200 of Federal Government funding was unsuccessful. The funding would have supported a state-of-the-art heating, ventilation and air-conditioning system for the Bluewater Fitness Centre. This would have further future-proofed the redeveloped facility.

### Cogeneration at Bluewater Fitness Centre not feasible

Cogeneration (using natural gas to generate electricity and heat) was not feasible for the Bluewater Fitness Centre redevelopment due to facility size, unknown future energy demands and a lack of local expertise to service and maintain the technology.

### Increased contamination of recycled waste

An audit of recyclable material showed relatively high levels of contamination due to increased quantities of items such as plastic bags, polystyrene and clothing. The issue will be addressed by inspections of kerbside bins, notifications to relevant households on correct recyclable items and a public education program.

The Environment Team has worked with a range of community groups and schools to deliver many environmental events...

# FAST FACTS

**Net Expenditure:** \$545,036

**Equivalent Full-time Positions:** 8.5

## Key Functions

- Protection and enhancement of environmental assets in the Shire. S1
- Promotion of sustainable use of natural resources. S2
- Strengthening partnerships with key stakeholders. S3
- Building community capacity through environmental education and awareness raising programmes. S3
- Working closely with other business units to achieve multiple environmental benefits from Council programmes. S4
- Organisational greenhouse footprint tracking and reporting including vehicle fuel consumption, street lighting, energy use and waste. I S5
- Waste minimisation programs. S6
- Auditing the water use of Council facilities. S6
- Household kerbside and litter waste collection services (contracted service). S7
- Transportation of waste to regional landfill and recycling facilities (contracted service). S8
- Management of Transfer Station and Landfill (contracted service). S8
- Operation of waste drop-off facilities (contracted service). S9
- Waste education. S10
- Kerbside waste bin inspections. S10
- Organics processing facility (includes sorting and decontamination). S11

## Service Statistics (Compared with 2010/11)

- ↓ 7,770 trees, grasses and shrubs planted
- ↑ 4,622 tonnes of domestic waste diverted from landfill
- = Weed control conducted on 20 Council managed environmental assets and 150 high conservation roadsides.
- = Various environmental education events held across the Shire including, World Environment Day, Earth Hour, National Tree Day, School Tree day, Threatened Species Day and Recreational Fishing Workshops.

# SECTION FIVE ENVIRONMENTAL MANAGEMENT

## S1 Challenges

### S2 Barongarook Creek rehabilitation works

S3 During the next 12 months extensive weed control and revegetation works will be undertaken along Barongarook Creek, where large exotic tree removal has recently taken place. It will take many years to improve water quality and biodiversity along the creek and this needs to be done in staged sections to ensure the revegetation planting is successful.

### S5 I Drying of Lake Colac

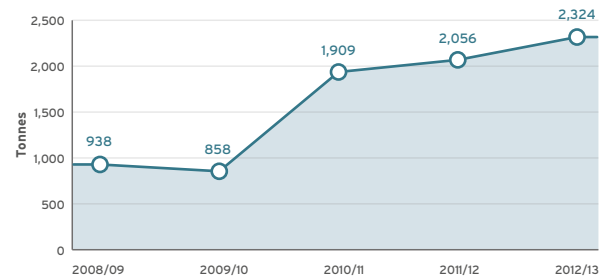
S6 The water level in Lake Colac is very low. Without significant rainfall from July to October, the lake is expected to dry out next summer. A prime concern this would create is a large fish kill event, similar to 2011. We will work with the Environment Protection Authority to develop a Lake Colac Fish Death Response Plan in order to minimise the impact of an event.

## S9 Our Objectives for the Year Ahead

- S10 • Installation of Street Smart Lighting and two large Solar Arrays.
- Completion of Phase one of the Climate Resilient Communities project.
- Implementation of the Environment Action Plan.
- Consolidation of the Barongarook Creek Rehabilitation Works.
- Managing Dry Lake Issues.
- Preparation of a rehabilitation plan for the Alvie landfill site.
- Continue public education to increase correct usage of the kerbside recycling bin.

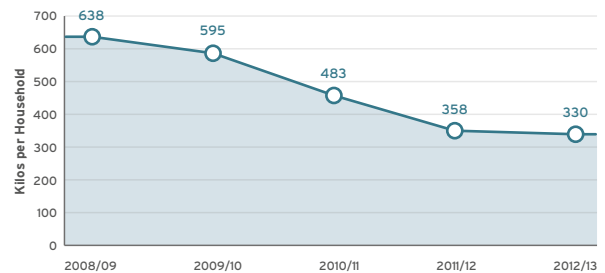
## Organic waste diverted from landfill (tonnes)

The introduction of the three bin system in September 2010/11 has resulted in a large increase in the kerbside collection of green waste for composting.



## Household waste to landfill (kilos)

The continuing downward trend in waste to landfill per household reflects a combination of community awareness and public education.



Above: Council staff cleaning Barongarook Creek as part of Clean Up Australia Day.



## Progress on Council Plan Actions

✓ Completed

+ Completed in 2012/2013/repeated annually

> In progress, continuing in 2013/2014

← On hold, for review

Council Plan Strategies	Actions	Status
Develop a coordinated approach to managing environmental issues across all Council activities.	Implementation of the Environment Strategy.	+
	Development of 2 Year Action Plans for the Environment Program.	>
Ensure the protection and enhancement of environmental values on Council owned and managed land.	Develop and implement action plans to manage the threats to environmental assets on Council managed land in accordance with the Environment Strategy and the 2 Year Action Plans.	+
	Continue to implement the Lake Colac Management Plan and the Re-vegetation and Weed Control Master Plan.	+
Facilitate the protection and enhancement of environmental values on private land.	Continue to carry out audits of forestry operations on private land.	+
	Continue to raise the awareness of private landholders on their responsibilities in relation to the environment.	+
	Update the environmental overlays in the Planning Scheme to introduce the latest biodiversity mapping prepared by State Government.	>
Minimise environmental impacts and the use of natural resources associated with Council operations in accordance with Council's Environment Strategy 2010-2018.	Continue program of works and practices in accordance with the Environment Strategy and 2 Year Action Plans.	+
	Continue to implement agreed, viable water saving measures in accordance with the Environment Strategy and 2 Year Action Plans.	+
	Implementation of the planning scheme and Council processes to manage environmental issues associated with Council works.	+
	Develop and implement an Environmental Sustainability Policy.	✓
Promote environmental values in the broader community and work with other stakeholders on managing large scale issues in accordance with the process identified in the Environment Strategy 2010-2018.	Coordinate a range of environmental events across the region.	+
	Promote awareness of environmental issues through various media and forums.	+
	Advocate where appropriate community views on environmental issues outside the direct responsibility of Council.	>
	Encourage energy efficiency including the use of renewable and alternative energy sources.	+
Minimise, recycle and manage residential waste.	Implement the Landfill Rehabilitation Plan.	>
	Implementation of the Waste Water Management Strategy.	>
	Investigate waste-to-energy for green waste	✓

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# SECTION SIX ECONOMIC DEVELOPMENT



## Objective

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

## Services, projects and programs supporting this key result area S1

- Business Development S2
- Economic Development S3
- Small Town Improvement S4
- Tourism S4

## Key achievements

- Launched the Colac Marketing Strategy, 'Colac, Life Your Way'. S5
- Launched the Otways Tourism Marketing Strategy, 'Love Our Region'. I S6
- New programs to engage business leaders in strategic thinking. S7

S8

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# SECTION SIX ECONOMIC DEVELOPMENT

## S1 Highlights

### S2 Attracting new people and investment

S3 We launched the Colac Marketing Strategy, 'Colac, Life Your  
S4 Way', with branding, a new promotional website, a presence at  
S5 the Victorian Regional Living Expo, regional TV advertising and  
advertising on Melbourne metro bus routes. The strategy aims  
to attract young families and professionals to help grow the  
local population and contribute to economic and community  
sustainability. The marketing campaign promotes the Shire's  
strengths and competitive advantages to attract new people  
and new investment. It will also enhance Colac's regional  
service centre status.



Above: Celebrating Tourism Week, Geoff O'Neill, Ruth Spokes, Deb Frizon and Adrian Healey.



Above: Michael Swanson, Business Development Officer, with members of Marlene's Dance School promoting 'Colac, Life Your Way'.

### Promoting local tourism

The Otways Tourism Marketing Strategy, 'Love Our Region', was also launched with branding, a new promotional website, a Facebook page, regional TV advertising and advertising on Melbourne metro bus routes. The program includes a 'Love Our Region' loyalty card for Colac Otway Shire residents and offers special deals to encourage local people to take visiting friends and relatives to local attractions, cafes and restaurants. 132 people signed up for the 'Love Our Region' loyalty card by 30 June 2013. The strategy aims to promote local tourism and support local business.

### S6 Caring for our visitors

S7 We delivered tourism assistance and advice to more than  
S8 150,000 visitors at Colac Visitor Information Centre and the  
Great Ocean Road Visitor Information Centre at Apollo Bay.  
S9 These centres provide world standard tourism services and  
promote Colac Otway Shire to potential new residents as a  
place to live and invest.

### S10 Engaging our business leaders

S11 We initiated new programs to engage business leaders in  
strategic thinking about the future of Colac and to create  
ongoing networks to promote business growth:

- The Young Business Leaders Breakfast is a series of small gatherings to develop relationships and understanding across the various industry sectors in Colac. There have been four of these breakfast meetings with 16 people in attendance.
- The CEO and Business Leaders Lunch is a series of lunchtime meetings with the CEO and senior staff from Council and the Chief Executives and managers of local businesses to build strong relationships between business leaders and Council. There have been five of these events with 15 people in attendance.
- The Colac Leadership Program is a partnership between Colac Otway Shire, Colac Area Health and Barwon Water to develop a leadership program for aspiring business and community leaders in Colac. The program is in development and expected to commence in 2014.

## Supporting our business owners

We delivered six business training and networking events. These events aim to inform, educate and inspire local business to develop their individual businesses and work together to make Colac Otway Shire a strong local economy. Events included:

- ANZ Business Breakfast with the Director of 'Red Balloon', Naomi Simson.
- Powercor Colac Otway Shire Business Awards.
- 'Establishing, Buying and Adding Value to your Business' and 'Business Culture Matters' seminars with accounting firm WHK.
- Small Business Commissioner Information Session.
- Business Coaching seminar.
- Five Working Women's Network events.



Above: At the Powercor Colac Otway Shire Business Awards, Corio Bay Sports Treatment Clinic were the winners of the Business Excellence Award.

## Investing in our small towns

Small Town Improvement Program projects were completed in Carlisle River, Forrest, Beech Forest, Birregurra, Beeac and Cressy. Township Community Infrastructure Plans were also completed for Forrest and Birregurra. Council allocates \$80,000 annually to the implementation of priority projects such as streetscape improvements, shelters, lighting, parks, playgrounds and pathways. This investment in small town communities transforms townships and promotes economic development and community strengthening. It also ensures that small town communities are able to participate in the development of their townships through the creation of local community plans.

# FAST FACTS

**Net Expenditure:** \$1,087,279

**Equivalent Full-time Positions:** 12.0

## Key Functions

- Working with business, government and community partners to help develop a sustainable local economy. **S1**
- Supporting local business development. **S2**
- Providing services for tourism to encourage them to stay longer in our region and spend more locally to support local business and the community. **S3**
- Delivering capital works projects that have a direct impact on economic development. **S4**
- Promoting investment in local communities. **S5**
- Developing and implementing local Township Community Infrastructure Plans and implementing local priorities through the Small Town Improvement Program. **S6**

## Service Statistics (compared with 2011/12)

- ↓ 190,501 walk-in visitor enquiries serviced and answered 13,662 phone enquiries at the Colac and Great Ocean Road Visitor Information Centres. **S7**
- = Maintained Level 2 accreditation at Colac and Great Ocean Road Visitor Information Centres. **S8**
- ↑ 9 Small Town Improvement Program projects undertaken, with Council contributing \$80,000. **S9**
- ↓ 520 people attended local business development forums. **S10**
- S11**



# SECTION SIX ECONOMIC DEVELOPMENT

## S1 Disappointments

### S2 Completion of Master Plan delayed

S3 The Master Plan for the former Colac High School site reached draft stage but was not able to be completed before the end of the financial year as anticipated. The project involved a high level of community engagement through a call for submissions, on-line and hard copy surveys and a large number of one-on-one conversations with the local community and key stakeholders.

## S6 Challenges

### S7 Maintaining the momentum of marketing strategies

S8 Maintaining the momentum achieved in the 'Colac, Life Your Way' Shire marketing strategy and the 'Love Our Region' tourism marketing strategy is a significant challenge. Marketing strategies need to be constantly refreshed to ensure they hold the attention of the target audience.

### S10 Restructure of regional tourism

S11 The expected restructure of regional tourism will be completed early in the next financial year. With this comes the challenge of being involved in the wind down of the current regional tourism authority, Geelong Otway Tourism, and the establishment of the new Great Ocean Road Regional Tourism Board.

### Increased competition for grant money

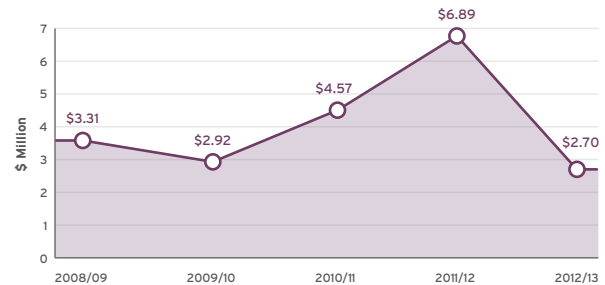
The year ahead will be challenging for the Colac Otway Shire Grants Strategy as both State and Federal Governments tighten budgets and grants become even more competitive.

## Our Objectives for the Year Ahead

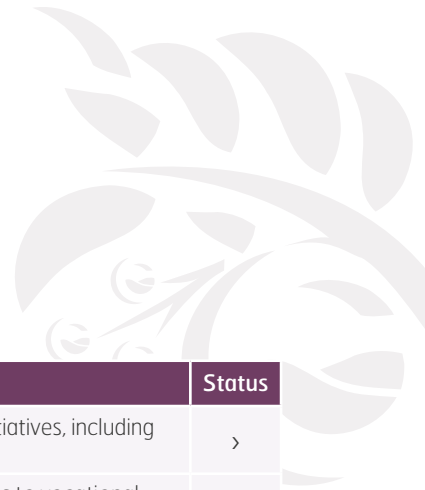
An ambitious target has been set to complete a number of strategic projects in the next financial year:

- Planning for growth – Colac Otway Shire Economic Development and Tourism Strategy.
- Forrest Mountain Bike Strategic Plan.
- Advancing Country Towns Workforce and Industry Development Initiative:
  - Skills and Workforce Audit
  - Workforce Development Planning
  - Green Industry Feasibility Planning
  - Enterprise Driven Education and Training Pathways.
- Manage the Steering Committee to coordinate completion of the Detailed Design Stage of the CBD and Entrances Redevelopment Stage 1 – Inner Eastern Entrance and commencement of project works.
- Complete the Master Plan for the former Colac High School site. It will contain a new initiative, the Colac Investment Prospectus, and facilitate the establishment of the Colac Leadership Program.

## Grants received from government sources



The sharp increase in grant monies in 2011/12 was due to funding received for the redevelopment of the Bluewater Fitness Centre.



## Progress on Council Plan Actions

- ✓ Completed
- In progress, continuing in 2013/2014
- + Completed in 2012/2013/repeated annually
- ← On hold, for review

Council Plan Strategies	Actions	Status	
Support the development of a diverse, skilled and capable workforce.	Work with industry sectors on strategic workforce planning initiatives, including training and education.	➤	
	Participate in local and regional task groups to improve access to vocational education and training and post compulsory education and training.	➤	S1
Work with business to recognise growth potential from climate change and renewable energy initiatives.	Encourage and promote climate change sustainability initiatives for business and renewable and alternative energy opportunities for the Colac Otway Shire.	➤	S2
Support local business to develop and succeed.	Implement new business support and facilitation services that make it easy to do business in the Shire.	✓	S3
	Enhance Colac's regional service centre status through the development of a marketing strategy.	✓	S4
	Develop a Master Plan to support the redevelopment of the Colac Central Business District streetscape and city entrances.	✓	S5
	Continue to provide world standard tourism support services including Visitor Information Services, and support for local and regional tourism organisations.	➤	S6
	Implement Business Development training programs, networking events and Business Awards.	+	I S6
	Provide on line information for customers and potential investors to access businesses in the Shire.	+	S7
	Lead, support and/or participate in regional and local development networks and partnerships.	Promote and encourage the development of infrastructure to support nature based tourist development of Great Otway National Park/Otway Forest Park and Great Ocean Walk.	➤
	Promote and encourage the development of infrastructure to support Lake Colac tourism and community use.	➤	S9
	Support local business associations such as Otway Business Inc, Apollo Bay Chamber of Commerce and Tourism, Otway Coast Tourism, Otway Scenic Circle Association, and Otway Hinterland Tourism Association.	➤	S10
	Promote the Shire's strengths and competitive advantages to attract new investment.	➤	S11
Participate in regional and Shire based marketing and promotion initiatives designed to promote.	Identify the capacity, demand and rating of accommodation in Colac including the attraction of a high end quality star hotel.	➤	
	Facilitate the development of services and a calendar of business events / industry conferences designed to attract and engage external business and job opportunity for families and young people.	←	
	Continue to provide strategic support to tourism including operation of the Colac and Apollo Bay Visitor Information Centres and provision of funding to Otways Tourism.	➤	
	Facilitate the development of infrastructure for business investment, growth and liveability.	Support the Apollo Bay Harbor Precinct development.	➤
	Undertake streetscape planning for Apollo Bay to integrate with the proposed harbour development.	←	
	Develop small town / community capability by providing infrastructure and resources, including continued support for the Small Town Improvement Program.	+	
	Lobby for improved telecommunications in the Colac Otway Shire in consideration of Federal Government and telecommunication owners' initiatives.	➤	
Work in partnership with business, industry groups, government and agencies on sustainable economic growth.	Develop improved educative material on Council policy and practices to assist business with development proposals.	✓	
	Review business attraction and local business development policies.	✓	



# SECTION SEVEN COMMUNITY HEALTH AND WELLBEING



## Objective

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

## Services, projects and programs supporting this key result area S1

- Aged & Disability Services S2
- Bluewater Fitness Centre
- Colac Otway Performing Arts and Cultural Centre S3
- Community Transport
- Economic Development (part) S4
- Environmental Health Services
- Family and Children's Services S5
- Festivals and Events S6
- Immunisation Services
- Maternal and Child Health Services
- Older Persons and Ability Support Services Public Health and Wellbeing planning I S7
- Recreation, Arts and Culture S8
- Rural Access
- Transport Connections S9
- Youth Services S10

## Key achievements

- Accreditation success for in-home, community care and disability services. S11
- Completion of the Central Reserve Oval redevelopment project.
- Increase in personal care hours allows our older people to remain in their own homes for longer.

# SECTION SEVEN COMMUNITY HEALTH AND WELLBEING

## S1 Highlights

### S2 Introduction of the National Disability Insurance Scheme

S3 We have registered with DisabilityCare Australia to provide  
S4 National Disability Insurance Scheme (NDIS) services within our  
S5 Shire. We are part of the Barwon launch site, which is one of four  
S6 launch sites across Australia to implement the NDIS. This new  
S7 initiative aims to provide long-term and individualised support  
S8 for people with disabilities aged under 65 years. We will be  
S9 working closely with service users, their families, DisabilityCare  
S10 Australia and the Victorian Department of Human Services to  
S11 enable a smooth transition to NDIS.

### S7 Supporting our community members to stay at home longer

S8 Through negotiations with the Department of Health we have  
S9 been able to secure an increase of 1,200 hours for personal  
S10 care services for our Shire's older people. This support assists  
S11 people to maintain independence with dignity in their own  
homes. In the current period we provided increased hours of  
support to older people in our community and services such as  
meals on wheels. See graphs on page 71.

### S10 Accreditation success for community care services

S11 Our Older Person's and Ability Support Services has completed  
three successful audit accreditations this financial year,  
achieving certification until 2016. Audits were carried out by the:

- Victorian Department of Health for our Home and Community Care (HACC) programs, which provide in-home and community care services.
- Federal Department of Health and Ageing for the packaged care program known as Community Aged Care Packages (CACPs).
- Federal Department of Human Services Standards and the Disability Service Standards (FaHCSIA).

## Supporting physical access for people with disabilities

We initiated and supported the inaugural Accessibility Award as part of the Otway Business Inc. annual business awards. The award sits within a broader strategy to raise community awareness and to lead improvements in physical access for people with disabilities.

We supported community members with a disability to organise events for the International Day of People with Disabilities. The Shire also hosted a range of free activities in Memorial Square to raise awareness of access, equity and inclusion issues, and to celebrate people of all abilities.



Above: Beth and Anthony Roe with their son Josh enjoy the International Day of People with Disabilities in Memorial Square.

## Community Plan for Wye River and Separation Creek

A community plan was completed by members of the coastal townships of Wye River and Separation Creek, with significant administrative support from our Health and Community Services Unit. Key issues in the plan are safe walking access between Wye River and Separation Creek, including a pedestrian bridge across Separation Creek, weed eradication, developing fire safety planning measures and a plan for traffic and car parking during the peak tourist season. Preparation of the plan involved a number of community meetings and a survey of the community to better understand and document what was important to people.

# FAST FACTS

**Net Expenditure:** \$2,534,536

**Equivalent Full-time Positions:** 66.6

## Key Activities

- Assessment, care management, maintenance and support services for frail older people, younger people with moderate to severe disabilities, and their carers. S1
- Support for families with children aged from birth to 6 years of age includes home visits to families in need, developmental assessments, appropriate referrals and the provision of information and parent education. S2
- Assisting with the needs of migrant and refugee families. S3
- Coordinating quality care for children from birth to 12 years in the homes of educators who contract their services to Council. S4
- Environmental health services encompassing immunisations, public health promotion and education, inspection of food premises, investigation of septic tank systems and investigation of nuisances and health related issues. S5
- Investigation of reports of infectious disease outbreaks and enforcement of EPA guidelines and emergency planning for a public health response. S6
- Encouraging active participation in sport, recreation and other leisure activities through the provision of programs, services and facilities. S7
- Facilitating and promoting major and community events to provide social, cultural, economic and tourism benefit. S8
- Encouraging and inspiring creativity in the arts to facilitate social activity and generate a healthy and vibrant community. S9

## Service Statistics (Compared with 2011/12)

- ↑ 6,185 community transports provided for older people and people with a disability. S11
- ↓ 1,238 hours of property maintenance provided.
- ↓ 330 children registered for Family Day Care.
- ↓ 255 birth notifications.
- ↑ 2,711 immunisations given.
- ↑ 46 community events delivered, with 70,500 attendances.
- ↓ 4 FReeZA events delivered.
- ↑ 2,400 attended FReeZA events.
- ↑ 1,019 events were held at COPACC, with 67,606 attendances.
- ↓ 10 exhibitions conducted in the COPACC foyer.
- ↑ 371 multi-passes were sold at Bluewater Fitness Centre.
- ↑ 1,136 attended the Learn to Swim program.
- ↓ 647 premises and other outlets selling food.
- ↓ 843 food safety inspections undertaken.

## High percentage of children immunised

Immunisation figures released in June 2013 indicate that Colac Otway Shire is placed ninth amongst the 79 councils in Victoria, with 97.4% children fully immunised by five years of age. This is 5% above the State average of 92%.

## Redevelopment of the Bluewater Fitness Centre

Additional funding received from Sport & Recreation Victoria enables the full redevelopment of the Bluewater Fitness Centre. The additional funding allows for a new warm water pool and aquatic play facilities. This will complement the funding received from both State and Federal Governments for the stadium and gymnasium redevelopment. Detailed design for the \$10 million project has been completed, with construction to commence in 2013/14. This project is a key component of the Beechy Precinct development.



Above: Circuit work at the Bluewater Fitness Centre gymnasium.

## Central Reserve Oval redevelopment completed

Reconstruction of the Central Reserve Oval was completed, transforming a poor quality playing surface to a high level sports field. The new oval has received positive feedback from user groups, the AFL and the broader community.

The new surface attracted a number of high level matches including AFL Victoria's Herald Sun Country Shield. AFL Hawthorn Football Club Senior Coach Alastair Clarkson, who paid a visit to inspect the venue said he was "very impressed with the quality of Colac's Central Reserve. I found that it certainly lived up to its reputation as one of the best playing surfaces in the State."



Above: Official Opening of the refurbished Central Reserve Oval.

# SECTION SEVEN COMMUNITY HEALTH AND WELLBEING

## S1 **Vocal workshops with Jonathon Welch and the Choir of Hard Knocks**

S2 In November 2012, we hosted a day of singing workshops led  
S3 by Jonathon Welch, which were attended by members of our six  
S4 local choirs. The following day they performed with Jonathon  
S5 and the Choir of Hard Knocks at the Happy Together concert on  
S6 the Colac Otway Performing Arts and Cultural Centre (COPACC)  
main stage.

S4 *"It was a very positive experience meeting Jonathon Welch.  
Working with the people from the Choir of Hard Knocks and  
Jonathon was a real privilege. The workshops with Jonathon were  
S5 brilliant. We still use a couple of the songs and tools he gave us."  
S6 Choir member, Colac.*

## S6 **Bootcamp program a big success**

S7 **I** In October 2012, Bluewater Fitness Centre launched its  
S8 first round of Bootcamp. Mission 1 was a huge success with  
S9 enrolments reaching capacity prior to the commencement of  
the program. All 40 participants completed the six week team  
based program achieving great results. The sessions took place  
at numerous Council owned outdoor spaces including sporting  
ovals, netball facilities and the Lake Colac foreshore.

S10 Following the success of Mission 1, Mission 2 was expanded to  
S11 cater for 72 motivated participants. This made it the biggest  
dry program ever conducted by the Centre. Mission 3 began in  
April 2013 and despite the cooler weather, we attracted another  
46 participants. Bootcamp has been an extremely successful  
program and one which will be repeated.

Participant comments from Mission 1:

*"Boot Camp has been the best thing I have spent money on".*

*"I reached my goal weight of 85kg thanks to Boot Camp,  
where I lost 7.6kg".*



Above: Keen participants at a very early morning Bootcamp workout.

## **Disappointments**

### **Community plans delayed**

The community plans for Gellibrand and Forrest were not completed. This was due to time demands on community members who work on a range of committees in these small communities. We are working towards completing the plans during 2013/14.

### **Maternal and Child Health appointments not kept**

There was an increase in the number of parents failing to attend appointments with our maternal and child health nurses. This meant early assessment of infants to detect developmental problems could not be made. The flow on impact is that other parents requiring appointments missed out. This was a contributing factor to the lower level of consultations, see graph on page 71.

## Challenges

### Implementing the NDIS

The introduction of the NDIS means we will need to work through the transition and implementation issues for people who received our services under the Victorian Home and Community Care scheme. This will involve working closely with service users, their families, DisabilityCare Australia and the Victorian Department of Human Services

### Potential impact on in-home child care

People wishing to become Family Day Care Educators (in-home carers) from 2014 onwards will need to be pre-qualified. This may impact on our future intake of Educators.

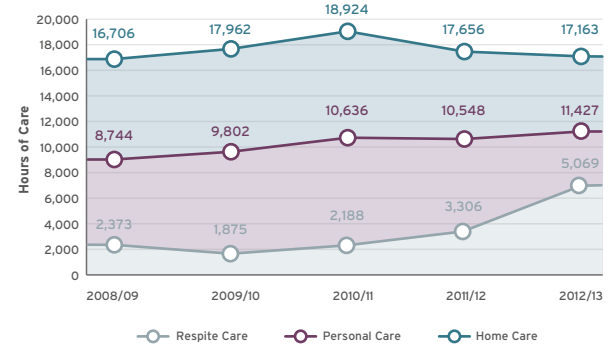
### Temporary relocation of gymnasium

Major redevelopment works at the Bluewater Fitness Centre poses the challenge of relocating the gymnasium and dry programs to the Colac Youth and Recreation Centre, and effectively communicating the changes to our members and the broader community.

## Our Objectives for the Year Ahead

- Transition to the Nation Disability Insurance Scheme.
- Develop the Access, Equity and Inclusion Plan.
- Finalise the community plans for Gellibrand and Forrest.
- Support an inaugural Try-athlon for the community with sections inclusive of people with physical and intellectual disabilities.
- Commence redevelopment of the Bluewater Fitness Centre.
- Commence implementation of the Active Transport Strategy and Action Plan.
- Review and implement the Events Policy and Guidelines.
- Secure funding for the implementation of the Central Reserve Master Plan.
- In partnership with the community, deliver open space development projects at Wye River and Elliminyt.

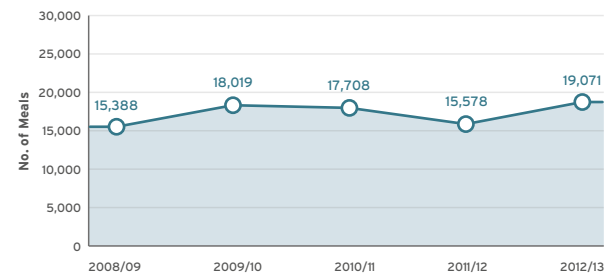
### Hours of support for older people



S1

S2

### Meals on Wheels delivered



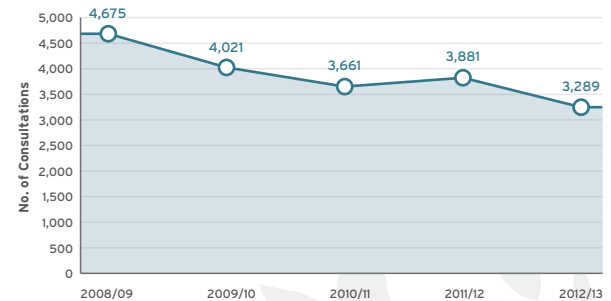
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### Maternal and Child Health consultations



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# SECTION SEVEN COMMUNITY HEALTH AND WELLBEING

## S1 Progress on Council Plan Actions

- S2 ✓ Completed + Completed in 2012/2013/repeated annually  
 S2 > In progress, continuing in 2013/2014 ← On hold, for review

S3	Council Plan Strategies	Actions	Status
S4	Provide, facilitate or advocate for a range of health, recreation, community services and facilities.	Develop a 10 year upgrade works program for Colac Otway Performing Arts and Cultural Centre.	←
S5		Develop a 10 year capital upgrade works program for Blue Water Fitness Centre.	←
S6		Develop a 10 year capital upgrade works facility improvement program for all recreation facilities and investigate external funding options to assist with these works, with priority to Council owned facilities.	←
S7 I		Continue in partnership with the Colac Community and project stakeholders to plan and develop the Beechy Precinct in accordance with Council approvals. Review Council's continued involvement in the Beechy Precinct regarding those elements still requiring Council approvals.	>
S8		Implement the extension of the Apollo Bay Library and additional program spaces.	✓
S9		Review and implement the Council Community Grants Program guidelines.	✓
S10		Implement Council's Recreation Strategy.	>
		Develop an Active Transport Strategy.	✓
S11		Implement strategies in the Drug Action Plan.	✓
		Develop a Civic and Cultural Precinct Plan for Colac.	←
	Investigate initiatives that reduce exposure to passive smoking in public places.	>	



Above: Water Moves class at the Bluewater Fitness Centre pool.



Above: Launch of the upgraded Central Reserve oval.

S1

S2

S3

Council Plan Strategies	Actions	Status
Promote and facilitate cultural and community events throughout the municipality.	Implement the Arts and Cultural Strategy.	>
	Implement the Festival and Events Strategy.	✓
	Work with event organisers and community groups to develop a broad range of community festivals and events.	>
Adopt a partnership approach to addressing the current and future health and wellbeing needs of the community.	Implement and promote the Municipal Public Health Plan.	>
	Implement the Positive Ageing Strategy.	>
	Develop and implement an Early Years Plan.	>
	Develop and implement an Access, Equity and Inclusion Plan.	>
	Review the provision of Youth Services in the Shire.	←
Support local communities to develop, grow and be great places to live.	Implement the Transport Connections Strategy.	✓
	Liaise with local Real Estate Industry to monitor the local market and encourage diversity in housing choice.	+
	Participate in local and regional Affordable Housing task groups.	←
	Work with Developers to create liveable, affordable and sustainable housing.	+

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# SECTION EIGHT CORPORATE GOVERNANCE



## Good governance

Good governance is about accountability, fairness and transparency of all our operations and decisions. It encompasses:

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

## The role of Council

Colac Otway Shire is one of 79 Victorian councils that derives its role, powers and functions primarily from the *Local Government Act 1989*. Under s3D of the Act:

1. *A council is elected to provide leadership for the good governance of the municipal district and the local community.*
2. *The role of a council includes:*
  - a. *Acting as a representative government by taking into account the diverse needs of the local community in decision making;*
  - b. *Providing leadership by establishing strategic objectives and monitoring their achievement;*
  - c. *Maintaining the viability of the council by ensuring that resources are managed in a responsible and accountable manner;*
  - d. *Advocating the interests of the local community to other communities and governments;*
  - e. *Acting as a responsible partner in government by taking into account the needs of other communities; and*
  - f. *Fostering community cohesion and encouraging active participation in civic life.*

We do this by setting the strategic direction of the municipality, establishing and guiding policies, setting service delivery standards and monitoring the performance of the organisation on behalf of our community.

## How we make decisions

Council decisions are made in one of two ways:

1. By resolution at Council meetings and Special Committees of Council.
2. By Council officers under delegated authority.

Most decisions of an operational nature have been delegated to officers through the Chief Executive Officer (CEO). This system recognises the CEO's responsibility under the *Local Government Act* in managing the day-to-day operations of the organisation.

## Conflict of interest

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

To ensure transparency in the decision-making processes of Council, councillors and staff are required to declare and document their interest in a matter. Where councillors have declared an interest they take no part in the decision-making process. During 2012/13 six Conflicts of Interest were registered by councillors.

Copies of the following publications, published by the Department of Planning and Community Development Victoria (now known as the Department of Transport, Planning and Local Infrastructure) have been provided to councillors and staff for information:

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

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# SECTION EIGHT

## CORPORATE GOVERNANCE

- S1 **Local Laws**  
We have the following local laws in place:
- S2 **No. 1 Consumption of Liquor in Public Places**  
Date Adopted by Council: 24 August 2005
- S3 Date Operational: 24 September 2005
- S4 **No. 2 General Local Law**  
Date Adopted by Council: 23 September 2005  
Date Operational: 24 September 2005
- S5 **No. 3 Livestock Local Law**  
Date Adopted by Council: 21 November 2007
- S6 Date Operational: 22 November 2007
- S7 **No. 4 Council Meeting Procedures and Common Seal**  
Date Adopted by Council: 24 February 2010  
Date Operational: 1 March 2010
- S8 **No. 5 Colac Livestock Selling Centre**  
Date Adopted by Council: 24 August 2005  
Date Operational: 24 September 2005
- S9 Local Laws No. 1, 2 and 3 are currently being reviewed with the intent to complete the reviews by late 2013, including Gazettal and implementation.
- S10 **Council Plan strategic planning framework**  
The Council Plan is the key strategic document guiding the direction of the Council for their elected four-year term.  
This was the final year reporting against the Council Plan 2009-2013.
- S11

### Development of the Council Plan 2013-2017

The Council Plan for 2013-2017 was adopted by Council on 26 June 2013.

The aim of the Council Plan 2013-2017 is to articulate Council's vision for the future of Colac Otway Shire and to outline strategies to be achieved during the next four year period. It is an important strategic document for informing where Council's financial resources will be directed.

Following a review of our planning framework we positioned the Council Plan as our high level strategic document and we introduced an Annual Operational Plan. This is a new element in our internal planning process. It contains details of short-term projects, significant recurrent work programs and other activities that were formerly included in the Council Plan.

The development of the Council Plan included extensive community consultation and a number of discussions with Councillors and staff. The Council Plan 2013-2017 can be viewed on Council's website at [http://www.colacotway.vic.gov.au/Files/Colac\\_Otway\\_Shire\\_Council\\_Plan\\_2013-2017\\_-\\_Final\\_20130626.pdf](http://www.colacotway.vic.gov.au/Files/Colac_Otway_Shire_Council_Plan_2013-2017_-_Final_20130626.pdf)

The plan is structured around four key themes or 'pillars', these are:

#### Pillar 1: Good Governance

*Goal:* Ensure transparency of governance practices, the capability of our organisation and effective resource management.

#### Pillar 2: A Planned Future

*Goal:* Facilitate the growth, liveability and development of the Shire and encourage innovation and efficiency in the local economy.

#### Pillar 3: A Place to Live and Grow

*Goal:* Improve access to buildings, spaces and education to support and enable quality of life.

#### Pillar 4: A Healthy Community and Environment

*Goal:* Respect cultural differences, support a diverse range of healthy and creative activities, foster community safety and promote environmental sustainability.

## Policies, Strategies and Plans

The following policies, strategies and key plans were reviewed and or adopted by Council during 2012/2013:

Document	Date Endorsed/Adopted	
Colac Botanic Gardens Masterplan	22 August 2012	
Birregurra and Forrest Community Infrastructure Plans	22 August 2012	
G21 Regional Growth Plan	22 August 2012	
Colac Otway Fire Management Plan	19 September 2012	
Councillor Support Policy	19 December 2012	S1
Apollo Bay Drainage Strategy	19 December 2012	
Councillor Code of Conduct	27 February 2013	S2
Risk Management Policy	24 April 2013	
Internal Audit Policy	24 April 2013	S3
Fraud Prevention and Control Policy	24 April 2013	
Port of Apollo Bay, Safety & Environment Management Plan	24 April 2013	S4
Procurement Policy	22 May 2013	
Council Plan 2013-2017 and Strategic Resource Plan 2013-14 to 2016-17	26 June 2013	S5
G21 Economic Development Strategy	26 June 2013	
Birregurra Structure Plan	26 June 2013	S6

## Elected Representatives

### Council elections

Council elections were held on Saturday, 27 October 2012, with three new Councillors elected:

- Cr Michael Delahunty
- Cr Mick McCrickard
- Cr Terry Woodcroft

Councillors returned for another term were:

- Cr Brian Crook
- Cr Stephen Hart
- Cr Lyn Russell
- Cr Chris Smith

### Councillor induction

An intensive induction program and workshop was conducted on 30 and 31 October 2012. The program included a number of topics to provide Councillors with information to assist them in their role:

- The fundamentals of being a Councillor
- Council finances
- Capital Works and Asset Management Process
- Key Strategic Planning
- Overview of each Department and Major Projects
- Legal responsibilities
- Code of Conduct
- Framework for working together

### Code of conduct

Council has a Code of Conduct, which was reviewed and adopted by the new Council on 27 February 2013. The code outlines the principles of good governance, guides councillors' behaviour, accountability and dispute resolution between councillors. The existing code is available on Council's web site at [http://www.colacotway.vic.gov.au/Files/D13\\_14933\\_\\_Councillor\\_Code\\_of\\_Conduct\\_-\\_2013.PDF](http://www.colacotway.vic.gov.au/Files/D13_14933__Councillor_Code_of_Conduct_-_2013.PDF)

### Council meetings

Council conducts its business in open and publicly advertised meetings. Ordinary Council Meetings are usually held on the fourth Wednesday of each month at Council Chambers in Colac. Reports are prepared independently by staff for both the decision and information of the Council. During the year, ordinary council meetings were also held in Apollo Bay in September 2012 and May 2013.

On occasions, Special Council meetings are called to consider specific matters. Meetings are conducted in accordance with the meetings procedure provisions of Local Law 4.

Minutes of the Council meetings are available on Council's web site at [www.colacotway.vic.gov.au/Page/page.asp?Page\\_Id=265&h=0](http://www.colacotway.vic.gov.au/Page/page.asp?Page_Id=265&h=0).

### Question time

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

# SECTION EIGHT

## CORPORATE GOVERNANCE

### S1 Councillor attendance at meetings

The following table indicates meeting attendance for the previous and current councillors for the reporting period:

S2	Council from 1 July 2012 to 27 October 2012	Number of Council and Statutory Meetings		Number of Special Meetings	
		Eligible to Attend	Attended	Eligible to Attend	Attended
S3	Cr Stephen Hart (Mayor)	4	4	1	1
	Cr Lyn Russell (Deputy Mayor)	4	4	1	1
S4	Cr Brian Crook	4	4	1	1
	Cr Frank Buchanan	4	3	1	1
S5	Cr Stuart Hart	4	3	1	1
	Cr Geoff Higgins	4	4	1	1
S6	Cr Chris Smith	4	4	1	1
S7	Council from 29 October 2012 to 30 June 2013	Number of Council and Statutory Meetings		Number of Special Meetings	
		Eligible to Attend	Attended	Eligible to Attend	Attended
	Cr Lyn Russell (Mayor)	9	9	4	4
S8	Cr Stephen Hart (Deputy Mayor)	9	9	4	4
	Cr Brian Crook	9	9	4	4
S9	Cr Michael Delahunty	9	9	4	4
	Cr Mick McCrickard	9	9	4	4
S10	Cr Chris Smith	9	9	4	4
S11	Cr Terry Woodcroft	9	8	4	3

The new Council was sworn in on Wednesday, 7 November 2013, following the General Election. The Statutory Meeting included the election of the Mayor for a two year period.

### Councillor attendance at briefing sessions 29 October 2012 to 30 June 2013

Councillor	Number of Briefings Eligible to attend	Present in Full	Present in Part	Absent with Apology	Absent
Cr Lyn Russell (Mayor)	9	9			
Cr Stephen Hart (Deputy Mayor)	9	9			
Cr Brian Crook	9	9			
Cr Michael Delahunty	9	8	1		
Cr Mick McCrickard	9	3	6		
Cr Chris Smith	9	1	2		6
Cr Terry Woodcroft	9	4	4	1	

### Councillor attendance at workshops 29 October 2012 to 30 June 2013

Councillor	Number of Workshops Eligible to attend	Present in Full	Present in Part	Absent with Apology	Absent
Cr Lyn Russell (Mayor)	15	15			
Cr Stephen Hart (Deputy Mayor)	15	14		1	
Cr Brian Crook	15	11	3	1	
Cr Michael Delahunty	15	11	3	1	
Cr Mick McCrickard	15	6	7	1	
Cr Chris Smith	15	2	2	1	10
Cr Terry Woodcroft	15	8	4	3	

S1

S2

### Councillor support and remuneration

S3

The Councillor Support Policy provides a broad overview of how the Council provides assistance and support to the Mayor and councillors in carrying out their roles and official duties. A copy of the policy is available for inspection, as required under section 75B of the *Local Government Act 1989*, and is also available on Council's website at:

S4

[http://www.colacotway.vic.gov.au/Files/Councillor\\_Support\\_2012.pdf](http://www.colacotway.vic.gov.au/Files/Councillor_Support_2012.pdf)

In line with the policy, support is provided to the Mayor in the form of a council vehicle and computer equipment and telephones are available for all councillors. The following table indicates the equipment currently provided to each Councillor:

S5

Councillor	Land Line Phone	Mobile Phone	iPad Computer	Next G Internet Connection	Fax Machine
Cr Lyn Russell (Mayor)		√	√	√	
Cr Stephen Hart (Deputy Mayor)		√	√	√	
Cr Brian Crook		√	√	√	
Cr Michael Delahunty		√	√	√	
Cr Mick McCrickard		√	√	√	
Cr Chris Smith	√	√	√	√	√
Cr Terry Woodcroft		√	√	√	

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*The Local Government Act 1989* (section 75) also provides for the reimbursement of 'necessary out of pocket expenses' incurred while performing the duties of a Councillor. Therefore, the Councillor Support Policy also provides for reimbursement of expenses for training, registration fees for conferences and functions, travel and child care.

S11

Good governance is about accountability, fairness and transparency of all our operations and decisions.



# SECTION EIGHT

## CORPORATE GOVERNANCE

S1 The following table sets out the allowances paid to councillors for the reporting period:

S2	Councillor	Allowance (Including superannuation)	Travel <sup>2</sup>	Total
	Cr Lyn Russell <sup>1</sup>	\$58,664	\$2,491	\$61,155
S3	Cr Stephen Hart <sup>1</sup>	\$44,523	\$8,685	\$53,209
	Cr Brian Crook	\$25,775	\$1,413	\$27,188
S4	Cr Michael Delahunty	\$16,400	\$1,735	\$18,135
	Cr Mick McCrickard	\$16,400	-	\$16,400
S5	Cr Chris Smith	\$25,775	\$8,987	\$34,762
	Cr Terry Woodcroft	\$16,400	-	\$16,400
S6	Cr Frank Buchanan <sup>3</sup>	\$9,375	\$11,726	\$21,100
	Cr Stuart Hart <sup>3</sup>	\$9,375	\$24,515	\$33,890
S7	Cr Geoff Higgins <sup>3</sup>	\$9,375	-	\$9,375
	<b>Total</b>	<b>\$232,061</b>	<b>\$59,553</b>	<b>\$291,614</b>

S8 **Notes:**

- S9
1. Cr Lyn Russell was elected as Mayor on 7 November 2012, taking over from Cr Stephen Hart. A councillor vehicle, currently a Ford Focus Diesel, is provided to the Mayor for business and private use.
  2. Travel includes remote area travel allowance. The travel allowance represents the amounts paid to councillors during the period 1 July 2012 to 30 June 2013.
  3. Outgoing Councillors on 27 October 2012.

S10

### Committees of Council

S11 The *Local Government Act 1989* acknowledges the need for Advisory and Special Committees of Council. These committees may include councillors, council staff and other persons as deemed necessary. The Act also allows for Council, by Instrument of Delegation, to delegate any of its functions, duties or powers to a Special Committee. The current Committees of Council are as follows:

Committee	Councillor	Meeting Frequency	Purpose/Comments
Audit Committee (Advisory Committee)	Cr Michael Delahunty Cr Stephen Hart (includes two independent members)	Quarterly, or more frequently as determined	To review financial and risk management systems and assist Council to carry out its corporate governance responsibilities. It has an independent member as the chairperson.
Australia Day Advisory Committee	Cr Stephen Hart Cr Lyn Russell Cr Chris Smith Cr Terry Woodcroft	Once a year in December/January and other meetings as required	To review nominations, select Australia Day Award winners in the various categories and recommend to Council on the location of the Australia Day celebration.

Committee	Councillor	Meeting Frequency	Purpose/Comments
Central Reserve Advisory Committee	Cr Brian Crook	Bi-monthly	To facilitate communication between Council, park user and local residents about matters concerning planning, development, maintenance and operation of the reserve.
Chief Executive Officer Appraisal Committee	All Councillors	Half Yearly	To review the performance of the CEO.
Colac Livestock Selling Centre Advisory Committee	Cr Chris Smith	Annual Budget meeting and other meetings as required	To provide advice on the operations of the centre and make recommendations to Council.
Festival & Events Support Scheme Advisory Committee (includes Events Coordinator and two external members)	Cr Mick McCrickard	Once a year in May/June, and other meetings as required	To consider the applications received for the Festival & Events Support Scheme and make any recommendations to Council on any strategic directions for specific events or the Support Scheme.
	Cr Lyn Russell		
	Cr Chris Smith		
	Cr Terry Woodcroft		
Friends of the Colac Botanic Gardens Committee (Advisory Committee)	Cr Chris Smith	Monthly	To undertake voluntary projects and to act as an advisory committee for Council.
Grants/Community Funding Advisory Committee	Cr Stephen Hart	Once a year in June/July	To consider the applications received for the Community Funding programs and make recommendations on any strategic directions for the specific projects or funding programs.
	Cr Mick McCrickard		
	Cr Chris Smith		
	Cr Terry Woodcroft		
Lake Colac Coordinating Committee (Advisory Committee)	Cr Chris Smith	Quarterly	To be a forum to assist Council in the implementation of the Lake Colac Management Plan and the Lake Colac Master Plan and to advise Council on the revitalisation and development of Lake Colac.
Municipal Emergency Management Planning Committee (MEMPC)	Cr Michael Delahunty	Quarterly	To ensure the prevention of, the response to, and the recovery from emergencies that could occur within the Shire.
Planning Committee (Special Committee)	All Councillors	Meets the second Wednesday of the month (where required)	To consider and determine all matters referred to it pursuant to the instrument of delegation, matters relating to strategic issues, receiving regular reports on key performance indicators, and other matters referred to the Committee as seen fit.
Small Town Improvement Program Advisory Committee	Cr Stephen Hart Cr Mick McCrickard Cr Lyn Russell Cr Chris Smith	Once a year in May, and other meetings as required	To consider the applications received for the Small Town Improvement Program.

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# SECTION EIGHT

## CORPORATE GOVERNANCE

### S1 Council representation on other committees

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

- S2 **Cr Lyn Russell, Mayor**
- S3 Apollo Bay Harbour Redevelopment Community Reference Group
- S4 Australian Local Government Association
- S4 Colac Otway Network of Community Centres
- S5 G21 Board
- S5 Geelong Otway Tourism Board
- S6 Great South Coast Municipalities Group
- S6 Heathfield Estate Reserve Community Reference Group
- S6 Otways Tourism Advisory Committee
- S7 Rural Council of Victoria
- S7 Wye River & Separation Creek Waste Consultative Committee
- S8 **Cr Stephen Hart, Deputy Mayor**
- S9 Apollo Bay Aquatic Centre (ABAC) Committee
- S9 Apollo Bay Leisure Centre Liaison Group
- S9 Australian Local Government Association
- S10 Barnard Trust Committee
- S10 Barwon Regional Waste Management Committee
- S11 Colac Community Library & Learning Centre Joint Use Advisory Committee
- S11 Corangamite Regional Library Corporation
- S11 G21 Education & Training Pillar
- S11 G21 Environment Pillar
- S11 Heathfield Estate Reserve Community Reference Group
- S11 Lavers Hill Swimming Pool Committee of Management
- S11 Lavers Hill Waterhole Committee
- S11 Municipal Association of Victoria
- S11 Wye River & Separation Creek Waste Consultative Committee

### Cr Brian Crook

Birregurra Structure Plan and Neighbourhood Character Study Community Reference Group

Community Hub Inc

COPACC Trust

G21 Transportation Pillar

Great South Coast Improve Our Connections Group

Industry Advisory Group

### Cr Michael Delahunty

Apollo Bay Harbour Redevelopment Community Reference Group

G21 Economic Development Pillar

Industry Advisory Group

Local Laws Review Steering Committee

Municipal Emergency Management Planning Committee

Municipal Fire Management Planning Committee

Transport Connections Local Advisory Group

### Cr Mick McCrickard

Community Hub Inc

G21 Health & Wellbeing Pillar

Port of Apollo Bay Consultative Group

Tirrengower Drainage Scheme Committee of Management

### Cr Terry Woodcroft

G21 Arts & Culture Pillar

Municipal Emergency Management Planning Committee

Municipal Fire Management Planning Committee

Old Beechy Rail Trail Committee

### Cr Chris Smith

Community Hub Inc

COPACC Trust

Dairy Industry Training Committee

Industry Advisory Group

Municipal Aerodrome Committee – Colac

Old Beechy Rail Trail Committee

Ondit Quarry Consultative Committee

Rural Financial Counselling Service Victoria – Wimmera Southwest

Timber Towns Committee

Weeds Consultative Committee

Youth Council

## Audit Committee

The Audit Committee meets quarterly and its main function is to provide an internal control framework to:

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

Members of the Audit Committee were:

Audit Committee	Eligible to Attend	Actual Attendance
Mr Mike Said, Independent Member and Chairperson (EMES Consulting)	4	4
Ms Linda MacRae, Independent Member (Local Solutions Pty Ltd)	4	4
Cr Stephen Hart	4	4
Cr Michael Delahunty	3	3
Cr Stuart Hart	1	1

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

Ms Linda MacRae was reappointed to the Committee commencing 1 May 2013.

Cr Stephen Hart and Cr Michael Delahunty were appointed at the Statutory Meeting held on 7 November 2012. Cr Delahunty replaced former Councillor Cr Stuart Hart on the Committee.

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

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

- Compliance with Laws and Reporting
- Internal Control
- External Audit
- Risk Management
- Financial Reporting
- Other Issues
- Internal Audit S1

### Outcomes

- Developed an Audit Committee Plan for the year S2
- Review and endorsement of the 2011/12 Financial Statements, Standard Statements, Performance Statement and Audit Management Letters S3
- Review End of Year Management Report 2011/12 S4
- Review of various Victorian Auditor General's Reports to Parliament applicable to Local Government including Fraud Prevention Strategies in Local Government S5
- Review of the 2012/13 External Audit Strategy and development of an Internal Audit program S6
- Review of Audit Committee Charter, Internal Audit Policy, Fraud Prevention and Control Policy and Risk Management Policy S7
- Review of Risk Management Issues and monitoring of the Risk Register developments S8
- Review of the Audits for SafetyMAP, JMAPP Property and Fidelity Insurance S9
- Review Benchmarking/Performance Indicator Information S10
- Monitoring of Road Management Plan compliance S11
- Quarterly reporting of Fraud Control Program
- Quarterly monitoring of Excess Annual Leave of staff
- Review of Quarterly Performance Reports to Council
- Review of Council Plan, Budget and Long Term Financial Plan processes
- Reviewed the Audit Plan for period 2012/13 to 2016/17
- Reviewed the audit scopes, reports and recommendations of internal audit projects, including Payroll Review, Fraud Management Review and IT Control Environment Review.
- Review of Waste Management results
- Review of Procurement/Purchasing Practices

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

Council's Internal Auditor is Crowe Horwarth.

# SECTION EIGHT

## CORPORATE GOVERNANCE

### S1 Risk Management

S2 In April 2013 Council endorsed a revised Risk Management Policy. The Policy articulates a systematic approach to identifying, analysing and mitigating risks.

S3 Reviews of policies, internal controls and standards supporting the Risk Management Strategy are monitored by the Risk Management Committee. Identified risks have been added to our risk register within TRIM, our corporate records system, and allocated to appropriate officers for action. Risk mitigation strategies are updated regularly with responsible officers being required to routinely update and report on their progress.

### S5 Occupational health and safety

S6 Our annual SafetyMap surveillance audit was conducted in November 2012. There were four Corrective Actions Required (CARs) following the audit, these were:

- S7 • Fire extinguishers in trucks out of punch. Oversight during regular inspection.
- S8 I • No evidence of risk assessment at Saleyards for walkway and stair works. Lack of understanding of requirements to undertake work of this nature.
- S9 • No evidence of corrective action taken for 2 failed pressure vessels. Failure to record proposed works to rectify issue.
- S10 • Saleyards incident not notified to WorkSafe Victoria. Lack of understanding of requirements to report incidents of this nature to WorkSafe for any person injured, not just Council staff.

S11 We took action to address these issues and all issues were rectified by March 2013. Council was deemed compliant with the criteria and we maintained our SafetyMap certification.

### Insuring our risks

#### Public and professional liability

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

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

An audit review meeting was held in February 2013 with an LMI auditor to review Council's progress, against areas previously identified as having potential for improving our result. Excluded were those areas that required inspection. Our audit score improved by 3%; however it was noted that there were a number of additional improvements that were not eligible for a revised score in this financial year. As a result, we anticipate a better score in 2014.

#### Asset insurance/Fidelity insurance

JLT Municipal Asset Protection Plan Discretionary Trust (JMAPP) provide Council's asset insurance and conduct audits every second year, alternating with the Liability Mutual Insurance audit. The Municipal Officers Fidelity Guarantee Fund (Fidelity) audit is conducted concurrently with the JMAPP Audit. Council underwent its bi-ennial audit as part of our ongoing involvement with the JMAPP insurance scheme. Our result was disappointing at 59%, however there were some positive comments included in the executive summary of the report:

*"Council is to be commended on maintaining a current version of their Business Continuity Plan (BCP). A comprehensive business impact analysis and exercise of the BCP has also been completed with assistance from an external consultant.*

*It is important to recognise and acknowledge the significant changes in the new JMAPP audit criteria and which places increased emphasis on results from site inspections and proactive risk management."*

On a positive note, Council scored 100% in the areas of Business Continuity Management and Accountability Continuous Improvement.

#### WorkSafe insurance

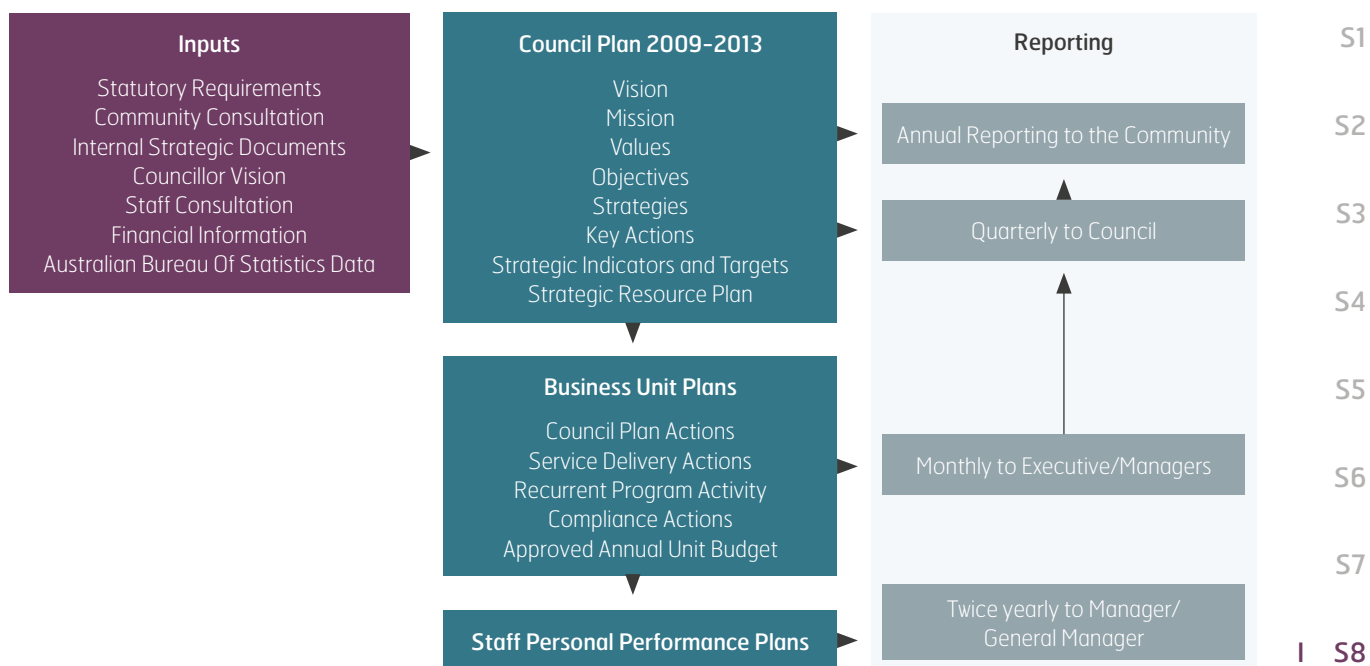
Our WorkSafe insurance premium noted that Council was performing on average 33% better than our industry sector.

## Business planning

Our integrated business planning system, interplan®, assists us in creating a consistent approach to business planning and reporting by generating strong linkages between the Council Plan, annual business unit plans and employees' personal plans.

To further strengthen these linkages significant effort went into the development of our 2013–2017 Council Plan, along with the introduction of an accompanying organisational annual Operational Plan.

This will sit between the Council Plan and Business Unit Plans. The new structure allows the Council Plan to be a truly strategic, outcome focussed plan, and will give the annual Operational Plan the necessary flexibility to respond to changing conditions.



The following table provides an overview of reporting intervals and the audiences that receive 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	Annual by 30 September
Financial Management	Financial position	Council, CEO and General Managers	Monthly to the Executive and Council
Council Plan Key Actions Report	Achievement in line with Council Plan strategies	Council, CEO, General Managers and Managers	Quarterly
Business Unit Report	Progress according to business unit actions	CEO, General Managers and Managers	Monthly
Employee Personal Plans	Progress against personal plan actions	Employee and their Manager	Twice a year
Capital Works	Progress according to implementation schedule and expenditure	Council, CEO, General Managers and Managers	Monthly to the Executive and Quarterly to Council

# SECTION EIGHT

## CORPORATE GOVERNANCE

### S1 Continuous service improvement

S2 The Best Value provisions outlined in the *Local Government Act* require Council to review its services against the following principles:

- S3 • Specific quality and cost standards for every council service
- S4 • Responsiveness to community needs
- S4 • Accessibility and appropriately targeted services
- S4 • Continuous improvement
- S5 • Regular community consultation on all services and activities
- S5 • Frequent community reporting.

S6 During 2012/13 our major focus continued on improvements to some of the larger systems including the:

- S7 • Staged implementation of the Prince2 project management methodology. This will result in a process that delivers well considered and viable projects, close up the weakness in evaluation of completed projects and improve future planning.
- S8 I • The final stage of the upgrade to our telecommunications systems was completed in 2013. The Voice over Internet Protocol (VoIP) system has provided a range of capabilities our staff, and especially the Customer Assist Team, can access, dramatically improving our ability to respond to the public. It is anticipated that the new system will deliver a reduction in the operational costs estimated to be approximately \$20,000 in the 2013/14 financial year.
- S9
- S10
- S11

The following service improvements have also been implemented during 2012/13:

- Our Strategic Planning department has reviewed their operations and implemented the following initiatives:
  - The introduction of a range of planning information sheets/checklists. The aim is increased quality of planning applications and reduced processing times.
  - A review of standard planning permit conditions, removing redundant conditions and ensuring that standard conditions are up to date with best practice.
  - A new template was introduced for the preliminary assessment of new planning permit applications. It is partially filled out by the planner at the commencement of the application. The template ensures that all necessary information is assessed more thoroughly at the start of the permit process, introducing greater consistency and minimising potential for errors.
  - Introduction of peer review by Council's solicitor of Section 173 agreements to ensure they are consistent and the wording is appropriate. This has standardised the quality of the documents.
- The Economic Development Unit facilitated two new initiatives:
  - The Colac Leadership Program developed in partnership project with Council, Colac Area Health, Barwon Water, and Otway Business Inc. It is funded by the State Government, participant fees and local business sponsorship. The program is designed to provide a local entry-level leadership/management program.
  - Engaged a retail expert consultant through the Victorian State Government Small Business Mentoring program to review the retail facets of the Visitor Information Centres at Colac and Apollo Bay. It is anticipated the review will result in improved purchasing, display, stock control and profit in the 2013/14 financial year for the two centres.
- Information Services Unit
  - The Information Services Unit (ISU) worked with the other business units of Council to improve systems, software development and enhancements. In addition ISU is involved in the records management STEP program aimed at continuous improvement of Council's information management processes, a legislated requirement of the Public Records Office Victoria.

## Legislative Compliance

### Information Privacy Act 2000

Council has adopted policies relating to information privacy and health records that meet the requirements of the *Information Privacy Act 2000* and the *Health Records Act 2001*. Both Acts include privacy principles that relate to the collection, use and disclosure of information. Council's Information Policy and Guidelines can be downloaded from our website at <http://www.colacotway.vic.gov.au/Files/18.2InformationPrivacy2009.pdf>

[http://www.colacotway.vic.gov.au/Files/18.2\\_InformationPrivacyGuidelines2009.pdf](http://www.colacotway.vic.gov.au/Files/18.2_InformationPrivacyGuidelines2009.pdf)

At Colac Otway Shire we believe the responsible handling of personal information is a key aspect of democratic governance and we are strongly committed to protecting an individual's right to privacy. No complaints were received during 2012/13.

### Freedom of Information Act 1982

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

The Act has four principles:

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

Written requests for documents must be addressed to Council's Freedom of Information Officer. The request must specify the document required or if unable to do so, give sufficient detail to enable the relevant document to be located, the form of access required and include details of the applicant's contact details. Applications must be accompanied by the prescribed fee. For further information and access to the FOI Access Request Form, see Council's website [http://www.colacotway.vic.gov.au/Files/Freedom\\_Info\\_Application.pdf](http://www.colacotway.vic.gov.au/Files/Freedom_Info_Application.pdf)

#### Appeals

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

### FOI Applications Recorded

2012-13	2011-12	2010-11	2009-10	2009-09
9	6	17	9	22

### Whistleblowers Protection Act 2001

The *Whistleblowers Protection Act 2001* was replaced by the *Protected Disclosure Act 2012* on 10 February 2013.

No disclosures were received under the *Whistleblowers Protection Act 2001* up to 10 February 2013.

### Protected Disclosure Act 2012

The *Protected Disclosure Act 2012* commenced on 10 February 2013. The purposes of this Act are:

- (a) to encourage and facilitate disclosures of:
  - (i) improper conduct by public officers, public bodies and other persons; and
  - (ii) detrimental action taken in reprisal for a person making a disclosure under this Act; and
- (b) to provide protection for:
  - (i) persons who make those disclosures; and
  - (ii) persons who may suffer detrimental action in reprisal for those disclosures; and
- (c) to provide for the confidentiality of the content of those disclosures and the identity of persons who make those disclosures.

Council must establish procedures:

- that facilitate the making of disclosures.
- for the handling of disclosures including any notifications to the Independent Broad-based Anti-corruption Commission (IBAC).
- for the protection of persons from detrimental action.

The procedures must be established before 10 August 2013 and be made available to members of the public and each staff member.

No disclosures were received under the *Protected Disclosure Act 2012* for the period 10 February 2013 to 30 June 2013.

### Equal Opportunity

Colac Otway Shire is committed to the principles of Equal Opportunity and anti-discrimination legislation. Our staff, volunteers and clients are entitled to work in an environment free from unacceptable workplace behaviour. Access to employment, promotion, training and other work related opportunities are underpinned by the principles of merit and equity. In 2012/2013 we introduced a Diversity and Inclusion Policy and revised our Equal Employment Opportunity Policy.

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# SECTION EIGHT

## CORPORATE GOVERNANCE

### S1 **Road Management Act 2004**

S2 Council, as a road authority, is required under Section 22 of the Act to publish a copy or summary of any direction received from the Minister in its annual report. No directions were received from the Minister in 2012/13.

### S3 **Domestic Animals Act 1994**

S4 Under the Act Council is required to create a Domestic Animal Management Plan and to evaluate its implementation in the annual report. The Domestic Animal Management Plan provides Council with a sound basis from which to plan, coordinate and make decisions to meet the present and future needs of the community.

S6 The plan was prepared in accordance with the requirements and responsibilities under the *Domestic Animals Act 1994*, the Impounding of *Livestock Act 1994*, the Colac Otway Shire Council's General Local Laws and relevant policies. The plan was endorsed by Council on 24 July 2013.

S8 I The new plan identified strategies and actions to implement the vision, aims and objectives for animal management and contains recommendations for a wide range of actions to be undertaken by Council in a programmed approach. These actions enable Council to maintain a balance between the competing interests of animal management and to accommodate new requirements.

S10 The plan addresses topics including Authorised Officer training, promotion of responsible pet ownership including registration, minimisation of dog attacks, operation of the Municipal Pound facility and general service delivery throughout the municipality.

S11 All Officers are trained to the required standard with Certificate IV in Statutory Compliance and Certificate IV in Animal Management. This plan will be due for further review in 2016.

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

As at 30 June 2013 there were 6,403 domestic animals registered; 4,858 dogs and 1,545 cats.

- Of the 272 dogs impounded, 198 were returned to their owner, 43 were rehoused and 31 were euthanased. There has also been a substantial decrease in the dog euthanasia rate which is encouraging (down from 75 in 2011/12). Despite our best efforts to rehouse animals the number of persons wanting to rehouse suitable dogs is difficult to maintain.
- Of the 101 cats impounded (down from 193 in 2011/12), 15 were returned to their owner, 51 were rehoused and 35 were euthanased (down from 76 in 2011/12). We continue to receive support through a local vet who is running a cat adoption program.

Overall, of the 373 animals impounded (down from 523 in 2011/12), 82% were returned to their owner or re-housed, up from 77% in 2010/11. However, this only represents the animals that were physically brought to the pound and does not include the many animals that were able to be taken straight home.

### **Country Fire Authority Act 1958**

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

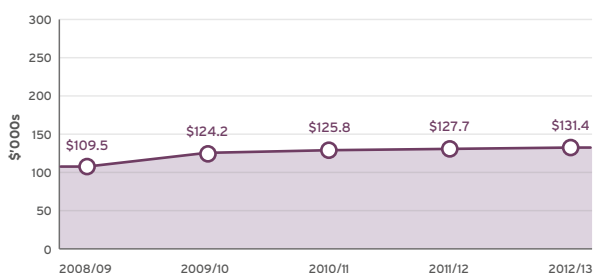
Council's 2012/13 Annual Fire Prevention Inspection Program has been undertaken, in line with the 2009 Victorian Bushfire Royal Commission Recommendations. Strategic fire breaks identified in the plan have been maintained and fire prevention inspections undertaken during the fire danger period. In total 652 (down from 763 in 2011/12) properties were issued with a Schedule 15 Fire Prevention Notice (FPN), with 26 properties failing to comply (down from 58 in 2011/12). Although this is still disappointing, it is a very small proportion of the 8,000 properties that were inspected and shows that the vast majority of the community is committed to undertaking fire prevention activities in a responsible and timely manner.

## Grants and donations to the community

To assist our community undertake cultural, recreational, environmental and community support projects and activities, Council provides grants and donations to community groups and organisations. In 2013 we gifted a total of \$431,980 to our community; \$131,389 was granted as a result of applications for funding by community groups and organisations for a variety of projects ranging from minor maintenance to sporting clubs and arts and theatre groups, and \$300,591 was allocated by Council to provide support for community events and organisations. Aggregated over the last five years this is a \$2.03 million investment in the social fabric of our community.

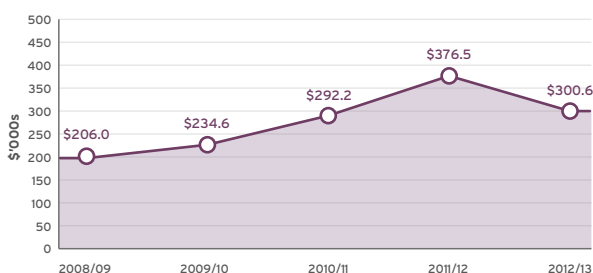
### Community support grants and donations

A five year view of the Community Support Grants and Donations reveals Council has provided a total of \$618,576 to support community groups, with a variety of projects, ranging from minor maintenance to sporting clubs and arts and theatre groups.



### Major grants and donations

Over the past five years Council has provided \$1,409,853 in Major Grants and Donations to support community events and organisations.



## Council memberships

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

Organisation	Amount	
Aquatics & Recreation Victoria Inc	\$545	
Australian Performing Arts Centres Association	\$809	
Australian Rural Roads Group	\$455	
Autodata Aust Pty Ltd	\$1,116	
Cemeteries & Crematoria Association of Victoria	\$136	S1
Family Day Care Victoria Incorporated	\$165	
G21 Geelong Regional Alliance Ltd	\$41,000	S2
Geelong Otway Tourism Inc	\$79,634	
Great South Coast	\$13,636	S3
ICLEI	\$700	
Life Saving Victoria	\$123	S4
Livestock Saleyards Association of Victoria Inc	\$2,488	S5
Local Government Finance Professionals	\$575	
Local Government Professionals	\$1,873	S6
National Family Day Care Council (Aus) Inc	\$145	
National Sea Change Taskforce Inc	\$2,273	S7
Otway Business Inc	\$364	
Play Australia	\$250	I S8
Revenue Management Association	\$100	
RIM Professionals Australasia	\$600	S9
TaxEd Pty Ltd	\$905	
Timber Towns Victoria	\$2,500	S10
Vic Maternal & Child Health Co-ordinators Group Inc	\$50	
Victorian Association of Performing Arts Centres	\$918	S11
Victorian Community Transport Association Incorporated	\$220	
Victorian Planning & Environment Law Association	\$177	
<b>Total</b>	<b>\$151,757</b>	

# SECTION EIGHT

## CORPORATE GOVERNANCE

### S1 **Public access to registers and documents**

S2 Under the *Local Government Act 1989*, Council is required to have the following list of documents available for public inspection. These documents can be viewed at the Colac Otway Shire Offices at 2-6 Rae Street, Colac from 8.30am to 5.00pm Monday to Friday.

- S3 • Details of current allowances fixed for the mayor and councillors.
- S4 • Details of senior officer's total salary packages for the current financial year and previous year.
- S5 • Details of overseas or interstate travel undertaken in an official capacity by councillors or any council staff in the previous 12 months.
- S6 • Names of council officers who were required to submit a return of interest during the financial year and the dates the returns were submitted.
- S7 • Names of councillors who were required to submit a return of interest during the financial year and the dates the returns were submitted.
- S8 I • Agendas and minutes for Ordinary and Special Council meetings held in the previous 12 months.
- S9 • A list of all special committees established by the Council and the purpose for which each committee was established.
- S10
- S11

- A list of all special committees established by Council which were abolished or ceased to function during the financial year.
- Minutes of meetings of special committees established under Section 86 of the Act and held in the last 12 months.
- A register of delegations kept under the *Local Government Act 1989*.
- Submissions received under Section 223 of the Act during the previous 12 months.
- Agreements to establish a regional library.
- Details of all property, finance and operating leases entered into by Council.
- Register of authorised officers appointed under Section 224 of the Act.
- A list of donations and grants made by the Council during the financial year.
- A list of the names of the organisations of which the Council was a member during the financial year.
- A list of contracts valued at \$100,000 (or such higher amount as is fixed from time to time) or more which Council entered into during the financial year without first engaging in a competitive process and which are not contracts referred to in 186(5) of the Act.

Council's website [www.colacotway.vic.gov.au](http://www.colacotway.vic.gov.au) also offers extensive information ranging from council meeting agendas and media releases to job vacancies and the minutes of council meetings.

## Victorian Local Government Indicators

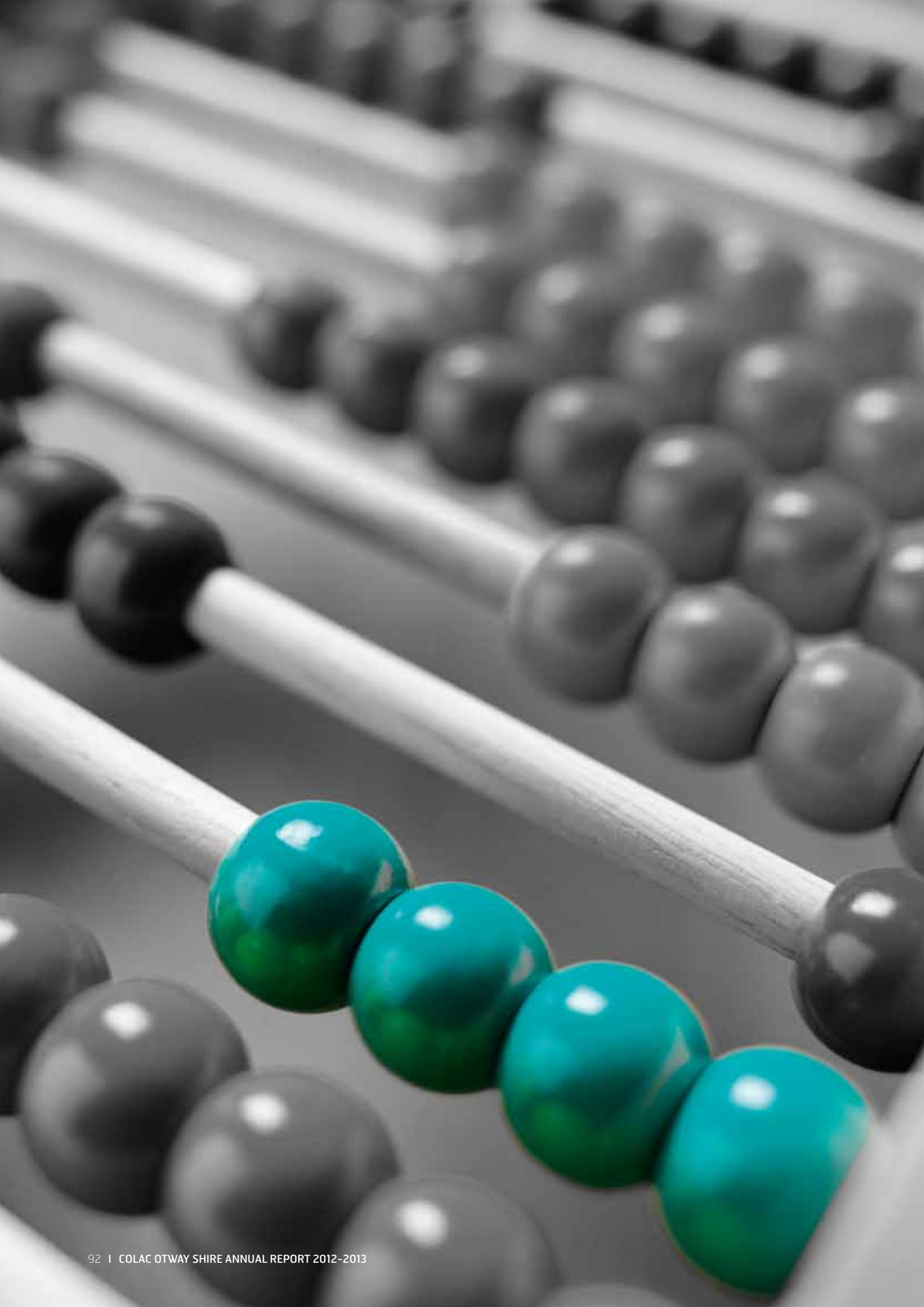
At the Council Plan level the key performance indicators address outcomes of the Council Plan strategies and actions and the following legislatively prescribed indicators (Victorian Local Government Indicators):

	2008/09	2009/10	2010/11	2011/12	2012/13	
<b>Affordability</b>						
Average rates and charges per assessment	\$1,228	\$1,288	\$1,400	\$1,474	\$1,586	
Average rates and charges per Residential assessment	\$1,000	\$1,031	\$1,151	\$1,222	\$1,222	
<b>Sustainability</b>						
Average liabilities per assessment	\$695	\$887	\$977	\$1,169	\$720	S1
Operating result per assessment – surplus/(deficit)	\$129	\$213	\$222	\$64	\$118	S2
<b>Services</b>						
Average operating expenditure per assessment	\$2,437	\$2,528	\$2,580	\$2,794	\$2,935	S3
Community Satisfaction Survey for overall performance generally of the Council	Index Mean N/A	Index Mean N/A	Index Mean N/A	Index Mean N/A*	Index Mean 57	S4
<b>Infrastructure</b>						
Average capital expenditure per assessment	\$564	\$895	\$780	\$774	\$803	S5
<i>Renewal</i>						
Current spending on renewal to Asset base consumed during the year	70%	71%	109%	84%	87%	S6
<i>Renewal and Maintenance</i>						
Current spending on renewal plus maintenance to Asset base consumed during the year, plus maintenance	105%	82%	105%	94%	127%	I S8
<b>Governance</b>						
Community Satisfaction Survey for Council's advocacy and community representation on key local issues	Index Mean N/A	Index Mean N/A	Index Mean N/A	Index Mean N/A*	Index Mean 59	S9
Community Satisfaction Survey for Council's engagement in decision-making on key local issues	Index Mean N/A	Index Mean N/A	Index Mean N/A	Index Mean N/A*	Index Mean 55	S10
						S11

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

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

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



# SECTION NINE OUR FINANCES



## Financial Performance

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

### In brief

- Achieved a \$1.72 million surplus for the period, which was \$4.7 million below budget expectations due to increased depreciation, the additional write-off of replaced assets and the recognition of increased leave provisions.
- Achieved an underlying deficit of \$2.79 million, which was \$2.38 million below expectations.
- Ended the 2012/13 financial year with a cash balance of \$11.74 million.
- Increased Non-Current Assets by \$3.57 million as a result of a revaluation of bridges and drainage assets.

## Operating Results

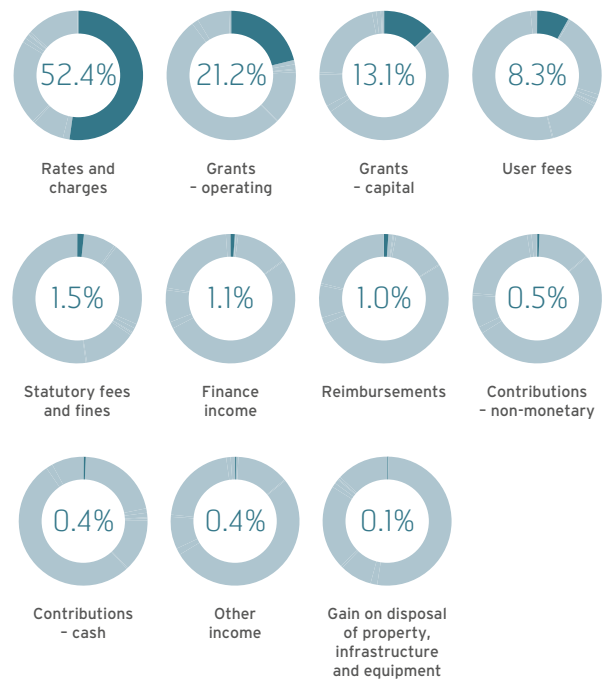
We achieved a \$1.72 million surplus for the 2012/13 financial year. This is the seventh successive year that we have achieved a surplus, which is a tremendous result given the increasing demands placed upon council services and the tightening of revenue opportunities during the year. One of the major challenges of Council will be to maintain ongoing surpluses to fund infrastructure renewal requirements.

## Revenue

Our total revenue for the 2012/13 year was \$44.6 million (as opposed to \$43.6 million for 2011/12) as per the Comprehensive Income Statement.

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

Rates and charges	Operating grants	Capital grants
52%	21%	13%



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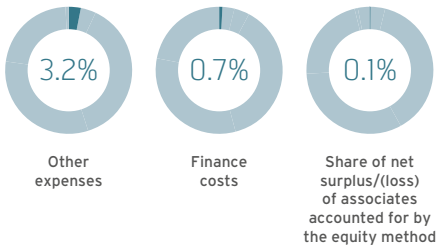
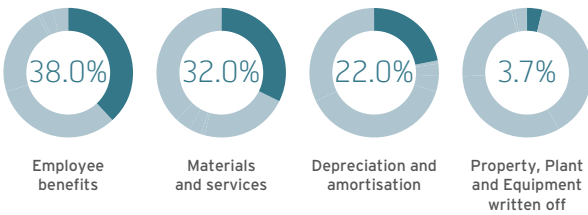
# SECTION NINE OUR FINANCES

## S1 Expenditure

S2 Council's total expenses for the 2012/13 year were \$42.86 million (as opposed to \$42.37 million for 2011/12) as per the Comprehensive Income Statement.

S3 A breakdown of our expenses highlights that 92% related to three expenditure categories.

Employee Benefits	Materials and Services	Depreciation and Amortisation
38%	32%	22%

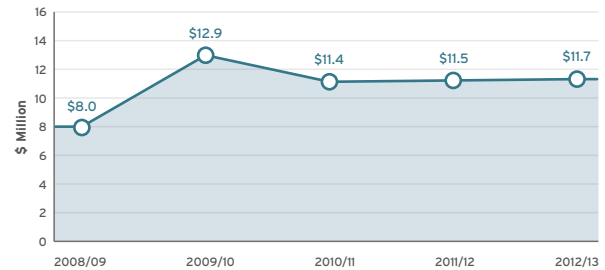


## Capital Works

During the financial year, we invested \$11.73 million in Capital Works activities. The investment in capital works continues to focus on addressing the considerable issue of maintaining or renewing the community's existing assets.

Some of the many projects undertaken during the year included the:

- Rehabilitation of the Barham River bridge
- Rehabilitation of the Upper Gellibrand Road bridge
- Central Reserve Oval rehabilitation



## Assets

Our total assets are \$290 million, a \$3 million increase over the previous year. The major components of assets are:

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

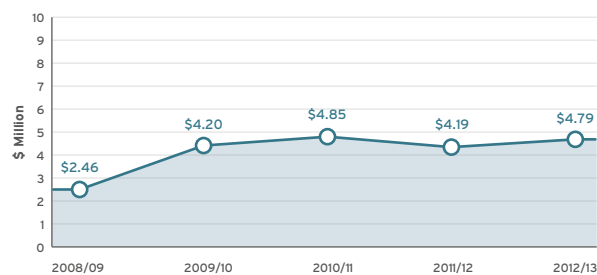
Together these asset categories account for 99% of all assets.

## Liabilities

Council's liabilities include loans, amounts owed to suppliers, amounts owed to employees for leave entitlements and provisions for landfill rehabilitation. Our total liabilities are \$14.96 million as at 30 June 2013.

The overall level of liabilities has decreased from 2011/12 due to the payment of the call of \$3.18 million made by the trustee for the Local Government defined benefits superannuation scheme. Offsetting this, our loan liability levels have increased during 2012/13 to \$4.97 million due to borrowing funds to commence the roofing of the Colac Livestock Selling Centre. Current debt levels mean that we are operating well within the Victorian State Government prudential ratio limits.

### Loan liability



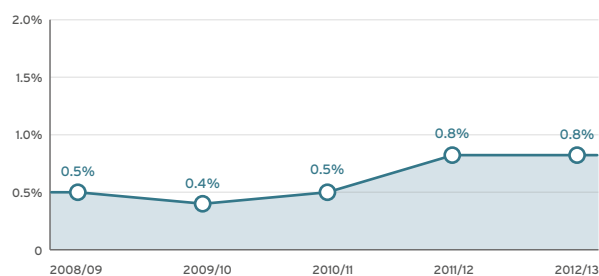
## Financial Indicators

The financial indicators included in this report provide information on the trends developing over time in our performance. The following indicators show that while we have had some negative movement in 2012/13, Council continues to be in a strong financial position.

### Debt Servicing Ratio

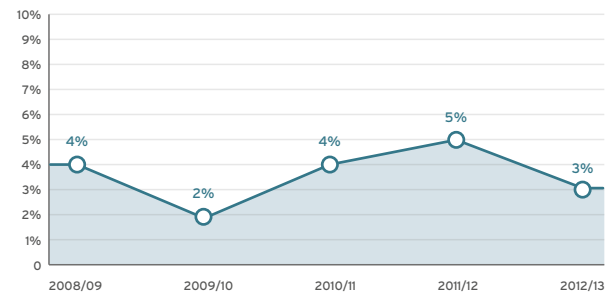
The Debt Servicing Ratio essentially shows how much we spend on maintaining our outstanding debts compared with how much revenue we earn. The lower the ratio, the better off Council is. These debt-servicing costs refer to the payment of interest on loan borrowings, finance lease interest and bank overdraft.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

The ratio shows an upward trend over the last few years as the borrowings for the Colac Community Library and Learning Centre and the Apollo Bay Waste Transfer Station have taken effect. The ratio of 0.8%, now stable, is well under the prudential limit of 5% set by the Victorian State Government.



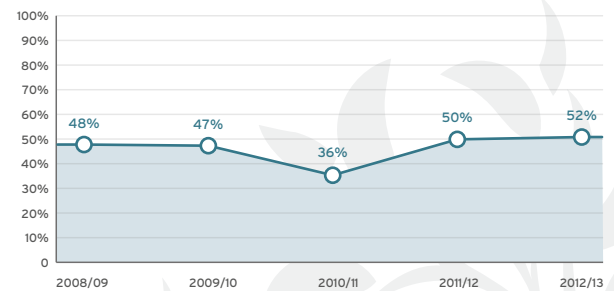
## Debt Commitment Ratio

The Debt Commitment Ratio is used to illustrate how much of our revenue is used to fund our existing debt for the year. This includes the payment of loan principal and interest, finance lease principal and interest. The rate at which the ratio either increases or decreases is a reflection of our debt redemption strategy. The debt commitment ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal. Our ratio of 3% is well under the limit of 10% set by the Victorian State Government.



### Revenue Ratio

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



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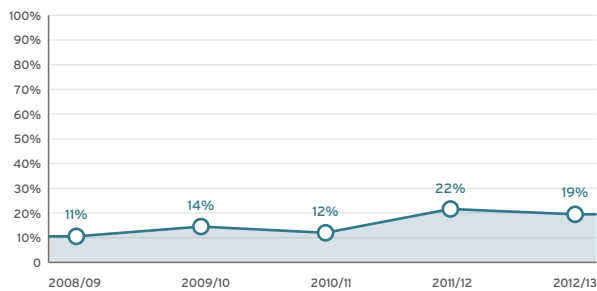


# SECTION NINE OUR FINANCES

## S1 Debt Exposure Ratio

S2 The Debt Exposure Ratio enables an assessment of our solvency and exposure to debt. A low ratio means that our realisable (or saleable) assets; such as land, buildings, plant and equipment exceed its overall liabilities. Total indebtedness refers to the total liabilities of Council compared with total realisable assets.

S4 Overall, the ratio has reduced since 2002/03; with the 2012/13 result reverting to the previous trend of low level movements, particularly after the upward spike in 2011/12 as the Local Government Defined Benefits Superannuation call was recognised. The ratio has now shifted lower and remains well under the limit of 50% set by the Victorian State Government.



## Financial Sustainability Indicators

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

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

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

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

In the following graphs, the figures for the financial years 2008/09 to 2011/12 are taken from the Victorian Auditor-General's (VAG) report. [http://www.audit.vic.gov.au/reports\\_and\\_publications/latest\\_reports/2011-12/2011123-local-govt.aspx](http://www.audit.vic.gov.au/reports_and_publications/latest_reports/2011-12/2011123-local-govt.aspx)

The 2012/13 figures in the graphs are our calculations of the ratios, as the final VAG figures are not due until late 2013.

## Financial Sustainability Risk Matrix

The matrix shows a mixed result for 2012/13, with the indicators for Capital Replacement and Renewal Gap showing a Medium risk level:

Indicators	Colac Otway Result	Risk Levels		
		High	Medium	Low
Underlying Result Ratio	7%	Negative 10% or less	Between negative 10% and zero	Greater than zero
Liquidity Ratio	206%	Equal to or less than 100%	Between 100% and 150%	Greater than 150%
Indebtedness Ratio	31%	Greater than 60%	Between 40% and 60%	Less than 40%
Self-Financing Ratio	21%	Less than 10%	Between 10% and 20%	Greater than 20%
Capital Replacement	124%	Equal to or less than 100%	Between 100% and 150%	Greater than 150%
Renewal Gap	97%	Equal to or less than 50%	Between 50% and 100%	Greater than 100%

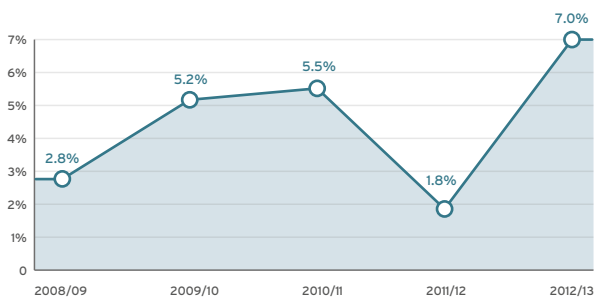
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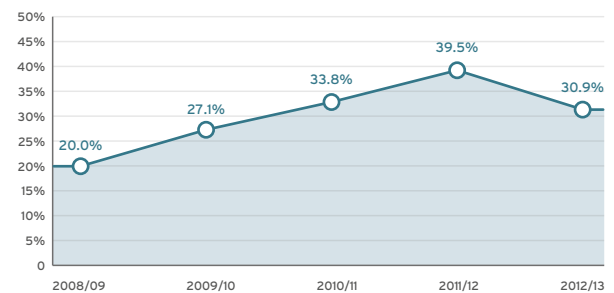
### Underlying Result Ratio

This ratio includes capital grants, which aid in generating an underlying surplus that can be utilised for new assets or asset renewal. This result places Council within the 'Low' risk category for financial sustainability (p 12).



### Indebtedness Ratio

This ratio indicates our ability to repay debt from our own sources of revenue, such as rates and charges. The ratio has moved from 'Medium' to 'Low' risk as a result of Council funding the \$3.18 million Local Government Defined Benefit Superannuation call during the year. The longer-term impact of funding the superannuation call from existing reserves will need to be carefully managed to limit the impact on the condition of Council's assets and Council's ability to meet its ongoing operations.



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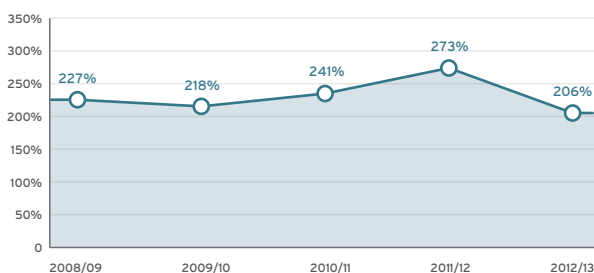
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### Liquidity Ratio (or Working Capital Ratio)

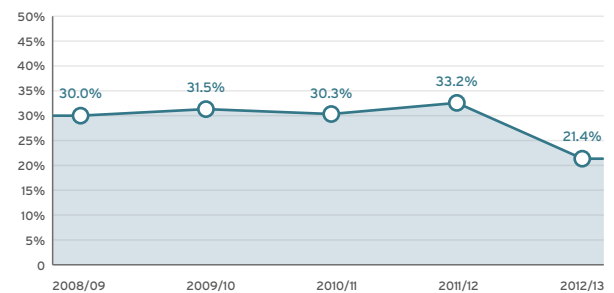
The Working Capital Ratio expresses the level of current assets, such as cash and investments, that Council has available to meet our current liabilities, including outstanding creditors and employee entitlements.

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



### Self Financing Ratio

Results indicate that we are generating enough cash from operations to fund the renewal of existing assets. Although falling into the 'Low' risk category, Council is only marginally within this grouping.



S10

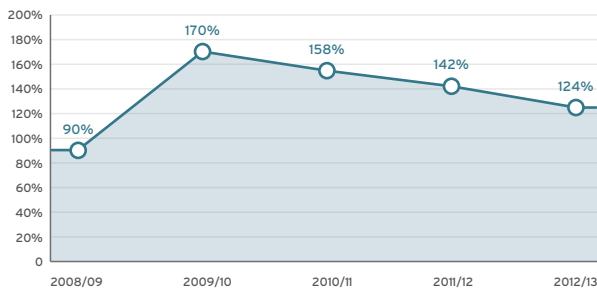
S11

# SECTION NINE OUR FINANCES

## S1 Capital Replacement

S2 This ratio is concerned with the overall spending on assets, both new and existing. The graph shows that there has been a steady decline in the ratio over the last four years.

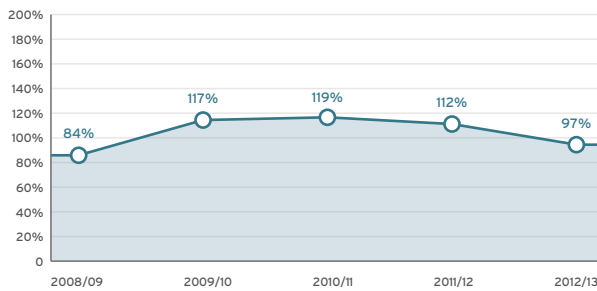
S3 2012/13 shows an ongoing commitment to maintaining a positive ratio of capital expenditure compared with depreciation of infrastructure assets. As the ratio is below 150%, it now falls into the 'Medium' risk category of the Financial Sustainability Risk assessment.



## S8 Renewal Gap

S9 This ratio is concerned with the renewal and upgrade of our existing assets (i.e. replacing an asset with another that will do the same or slightly better job). The graph shows that we have been relatively consistent in funding the replacement of our existing assets.

S11 However, Council has again fallen slightly behind in the replacement of the community's assets, with the ratio falling into the 'Medium' risk category of the Financial Sustainability Risk assessment.



## Understanding the Financial Statements

### Introduction

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

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

The financial statements show how Council performed financially during the 2012-2013 financial year and the overall position at the end of the financial year (30 June 2013).

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

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

- Standard Statements (p 102)
- General Purpose Financial Statements (p 169)
- Performance Statement (p 181)

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

The General Purpose Financial Statements and the data throughout this annual report include all entities controlled by Council; in essence, a consolidated or combined position. This combined position includes the functions of the Colac Otway Shire Council and those of the Port of Apollo Bay. To understand the activities of either the Council or the Port in isolation, readers should refer to Note 43 of the General Purpose Financial Statements.

**What are the Standard Statements?**

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

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

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

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

**The Standard Income Statement**

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

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

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

**The Standard Balance Sheet**

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

**The Standard Cash Flow Statement**

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

**The Standard Statement of Capital Works**

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

**What is contained in the Annual Financial Report?**

Council’s financial report has two main sections, the Report and the Notes. There are four Statements and 43 Notes. These are prepared by Council staff, examined by Council and Council’s Audit Committee and are audited by the Victorian Auditor-General. S1  
S2

The four statements included in the first few pages of the report are the Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity and a Cash Flow Statement. S3

The Notes detail Council’s accounting policies and the make-up of values contained in the statements. S4

**Comprehensive Income Statement** S5

The Comprehensive Income Statement measures Council’s performance over the year and shows if a surplus or a deficit has been made in delivering services. The surplus or deficit is the same as a profit or loss. S6

This statement includes all sources of income, less all operating expenses incurred in delivering Council services. This includes depreciation, or the consumption, of the value of buildings, roads, footpaths, drains and all other assets, which are used to deliver Council services. These assets are depreciated over the life of the asset as they are consumed, in other words we measure how much of an asset we have consumed. S7  
S8

Capital costs or new assets acquired or created during the year are excluded from the statement but, as indicated above, are depreciated as they are used. I S9  
S10

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). S11

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

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

# SECTION NINE OUR FINANCES

## S1 **Balance Sheet**

S2 The Balance Sheet is an important financial statement. This  
S3 one-page summary is a snapshot of the financial situation as at  
30 June 2013. It shows what the Council controls as assets and  
what it owes as liabilities. The bottom line of this statement is net  
assets. This is the net worth of Council, which has been built up  
over many years.

S4 The assets and liabilities are separated into current and non-  
S5 current. Current means those assets or liabilities which will fall  
due or be consumed in the next 12 months. The components of  
the Balance Sheet are described below.

### S6 **Current and Non-Current Assets**

- S7 • Cash includes cash and cash equivalents i.e. cash held in the  
bank, petty cash and term deposits.
- S8 • Trade and other receivables are monies owed to Council by  
ratepayers and others.
- S9 • Inventories include the stock held for sale or consumption  
in council services.
- S10 • Other assets represent prepayments, which are expenses  
which have been paid in advance of the service delivery.
- S11 • Investment in associate is the investment in the  
Corangamite Regional Library Corporation.
- Property, plant and equipment, Infrastructure is the  
largest component of Council's worth and represents the  
value of all land, buildings, roads, vehicles, equipment, and  
other items which have been invested in by Council over  
many years.

### **Current and Non-Current Liabilities**

- Trade and other payables are those to whom Council owes  
money as at 30 June 2013.
- Trust funds and deposits represent money held in trust or  
deposits received and held by Council.
- Provisions include employee benefits, which is the  
accounting term for accrued long service and annual leave  
provisions. Landfill rehabilitation works are also grouped  
under provisions.
- Interest bearing liabilities includes loans, which are repaid  
over a set period of time, and lease liabilities that are  
leases of assets where ownership of the asset is transferred  
to Council.

## **Net Assets**

This term is used to describe the difference between the value of  
total assets and the value of total liabilities. It represents the net  
worth of Council as at 30 June 2013. The net value of the Council  
is also synonymous with total equity.

### **Total Equity**

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

- Asset revaluation reserve is the difference between the  
previously recorded value of property and infrastructure  
assets and their current valuations. In other words, it is the  
value of assets in excess of what we paid for the assets.
- Other reserves are allocations of the accumulated surplus  
to specific projects or obligations.
- Accumulated surplus is the value of all net assets  
accumulated over time.

### **Statement of Changes in Equity**

During the course of the year, the value of total equity as set  
out in the balance sheet changes. This statement shows the  
values of such changes and how these changes arose.

The main reason for a change in equity stem from:

- The 'profit and loss' from operations, described in the  
Comprehensive Income Statement as the surplus/(deficit)  
for the year.
- The use of monies from Council's reserves and transfers to  
Council's reserves.
- Revaluation of assets; this takes place in a staggered  
fashion every three years for each category of assets. It  
also occurs when existing assets are taken up in the books  
for the first time.

## Cash Flow Statement

The Cash Flow Statement summarises Council's cash payments and cash receipts for the year. This statement is presented according to a very specific Accounting Standard and needs some care in analysis. The values may differ from those shown in the Comprehensive Income Statement because this statement is prepared on an accrual accounting basis. In addition, the amounts disclosed in the Cash Flow Statement are at gross value including GST where applicable.

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

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

### 1. Cash Flow from Operating Activities

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

### 2. Cash Flow from Investing Activities

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

### 3. Cash Flow from Financing Activities

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

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

## Notes to the Accounts

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

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

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

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

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

## What is the Performance Statement?

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

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

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

## Statements by Principal Accounting Officer and Councillors

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

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

## Auditor General's Report

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

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# STANDARD STATEMENTS

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### Note 1 Basis of preparation of Standard Statements

S8

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

S9 I

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*.

S10

S11

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

The Standard Statements are not a substitute for the General Purpose Financial Statements. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

The Standard Statements compare the Council's financial plan, expressed through its budget, with actual performance. The *Local Government Act 1989* requires explanation of any material variances. The Council has adopted a materiality threshold of greater than 10 per cent. Explanations have not been provided for variations below the materiality threshold unless the variance is considered to be material because of its nature.

The budget figures included in the Statements are those adopted by the Council on 27 June 2012.

The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets in this budget in order to meet the Council's business plan and financial performance targets for both the short and long term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

Detailed information on the actual financial results are based on the combined General Purpose Financial Report. Council's adopted budget includes the activities of the Colac Otway Shire along with the Port of Apollo Bay. Details of the Colac Otway Shire and the Port of Apollo Bay individually can be found in Note 43. Council's detailed budget can be obtained by contacting Council or through the Council's website.

The Standard Statements must be read with reference to these documents.

# STANDARD INCOME STATEMENT

for the year ended 30 June 2013



	Note	Actual \$'000	Budget \$'000	Variance \$'000	Variance %	
<b>Income</b>						
<b>Operating Income</b>						
Rates and charges		23,349	22,887	462	2.0%	
Statutory fees and charges	1	677	500	177	35.4%	S1
User fees and charges		3,703	3,837	(134)	(3.5%)	
Contributions - Cash	2	181	45	136	301.4%	S2
Grants - operating		9,434	8,627	807	9.4%	
Reimbursements	3	436	135	301	223.1%	
Finance Revenue	4	502	446	56	12.6%	S3
Other Revenue	5	192	170	22	12.8%	
<b>Total operating revenues</b>		<b>38,474</b>	<b>36,647</b>	<b>1,827</b>	<b>5.0%</b>	S4
<b>Expenses</b>						
Employee benefits		(16,231)	(14,817)	(1,414)	(9.5%)	S5
Materials and services	6	(6,505)	(5,729)	(776)	(13.5%)	S6
Contracts		(7,423)	(6,787)	(636)	(9.4%)	
Depreciation and amortisation	7	(9,430)	(8,081)	(1,349)	(16.7%)	
Finance expenses	8	(298)	(332)	34	10.2%	S7
Other expenses		(1,376)	(1,309)	(67)	(5.1%)	
<b>Total operating expenses</b>		<b>(41,262)</b>	<b>(37,055)</b>	<b>(4,207)</b>	<b>(11.4%)</b>	S8
<b>Operating Surplus (deficit)</b>		<b>(2,788)</b>	<b>(408)</b>	<b>(2,380)</b>	<b>(583.3%)</b>	I S9
<b>Capital revenue</b>						
Contributions - Capital	9	243	-	243	100.0%	S10
Net Gain on disposal of Property, plant, equipment and infrastructure	10	43	459	(416)	(90.6%)	S11
Grants - Capital		5,821	6,328	(507)	(8.0%)	
<b>Total capital revenue</b>		<b>6,107</b>	<b>6,787</b>	<b>(680)</b>	<b>(10.0%)</b>	
<b>Capital expenses</b>						
Property, plant, equipment and infrastructure written off	11	(1,595)	-	(1,595)	(100.0%)	
<b>Total capital expenses</b>		<b>(1,595)</b>	<b>-</b>	<b>(1,595)</b>	<b>(100.0%)</b>	
<b>Surplus (deficit) for the year</b>		<b>1,724</b>	<b>6,379</b>	<b>(4,655)</b>	<b>(73.0%)</b>	

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



# STANDARD INCOME STATEMENT

for the year ended 30 June 2013

## Variance Notes

	Note	Item	Explanation
	1	Statutory fees and charges	The special charge scheme for Sinclair Street South was charged during the year but budgeted for in the previous year.
S1	2	Contributions - Cash	Additional contributions were recognised towards L2P project; contribution for distribution of the Barnard Trust; contribution for Apollo Bay Library construction from previous year; Climate Resilient Communities in the Barwon South West and contributions towards the Natural Disaster Resilience Grant Scheme.
S2			
	3	Reimbursements	The variation arises due to increased debt collection activities resulting in higher levels of reimbursed legal and debt recovery costs.
S3			
	4	Finance Revenue	Generated additional interest income on investments due to higher levels of cash held across the year.
S4			
	5	Other Revenue	Income not budgeted for: Discount on early payment of defined benefits superannuation \$92K; Private works performed during the year \$37K. Less budgeted shortfall income derived from the sale of council property database to State Revenue Office (\$93K)
S5			
	6	Materials and services	The most significant variation in this area relates to materials expected to be utilised for capital activities that we instead utilised for maintenance activities (\$470K). There were in addition a number of other variations such as, water charges (\$85K), additional inventory for resale (\$116K), plant parts & repairs (\$76K), electricity (\$78K), overheads from COSWorks activities not collected (\$60K) and memberships (\$47K), although this was in part offset by some savings in fuel costs (\$196K).
S6			
	7	Depreciation and amortisation	There was a significant revaluation of our road network assets in 2011-2012 which resulted in a significant increase in the annual depreciation charge for these assets. The budget was based upon the 2010-2011 actual results as the budget was adopted prior to the revaluation being recognised.
S7			
S8			
S9	8	Finance expenses	Borrowings for roofing of the Colac Livestock Selling Centre occurred at year end rather than mid way through the year as was anticipated in developing the budget. This led to lower payments in the 2012-2013 financial year than was originally planned.
S10			
	9	Contributions - Capital	Council does not traditionally budget to receive capital asset contributions.
	10	Net Gain on disposal of Property, plant, equipment and infrastructure	The variation arises due to the budget only allowing for the consideration received of plant and motor vehicle sold. Actual results reflect the profit on sale plant and motor vehicles. Consideration of \$569K less written down value (\$494K), generating a profit of \$75K. In addition a Council property was removed from the asset register through disposal due to demolition generating a loss of (\$32K).
S11			
	11	Property, plant, equipment and infrastructure written off	The variation reflects the value of road pavement and seal that was not able to be reused in the renewal of Council's roads. Council has not traditionally budgeted for items of this nature.

# STANDARD BALANCE SHEET

as at 30 June 2013



	Note	Actual \$'000	Budget \$'000	Variance \$'000	Variance %	
<b>Assets</b>						
<b>Current assets</b>						
Cash	12	11,745	5,066	6,679	132%	
Receivables	13	4,637	2,505	2,132	85%	S1
Inventories		157	172	(15)	(9%)	
<b>Total current assets</b>		<b>16,539</b>	<b>7,743</b>	<b>8,796</b>	<b>114%</b>	<b>S2</b>
<b>Non-current assets</b>						
Investment in associates	14	351	441	(90)	(20%)	S3
Property, infrastructure, plant and equipment	15	273,955	235,724	38,231	16%	
<b>Total non-current assets</b>		<b>274,306</b>	<b>236,165</b>	<b>38,141</b>	<b>16%</b>	<b>S4</b>
<b>Total assets</b>		<b>290,845</b>	<b>243,908</b>	<b>46,937</b>	<b>19%</b>	<b>S5</b>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Payables		1,597	1,567	30	2%	S6
Interest-bearing loans and borrowings		473	486	(13)	(3%)	
Trust	16	256	230	26	11%	S7
Provisions	17	3,873	3,515	358	10%	
<b>Total current liabilities</b>		<b>6,199</b>	<b>5,798</b>	<b>401</b>	<b>7%</b>	<b>S8</b>
<b>Non-current liabilities</b>						
Interest-bearing loans and borrowings		4,501	4,770	(269)	(6%)	I S9
Provisions		4,262	4,527	(265)	(6%)	S10
<b>Total non-current liabilities</b>		<b>8,763</b>	<b>9,297</b>	<b>(534)</b>	<b>(6%)</b>	
<b>Total liabilities</b>		<b>14,962</b>	<b>15,095</b>	<b>(133)</b>	<b>(1%)</b>	<b>S11</b>
<b>Net Assets</b>		<b>275,883</b>	<b>228,813</b>	<b>47,070</b>	<b>21%</b>	
<b>Equity</b>						
Accumulated surplus		107,230	101,984	5,246	5%	
Asset revaluation reserve	18	154,971	122,205	32,766	27%	
Other reserves	19	13,682	4,624	9,058	196%	
<b>Total Equity</b>		<b>275,883</b>	<b>228,813</b>	<b>47,070</b>	<b>21%</b>	

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

# STANDARD BALANCE SHEET

as at 30 June 2013

## Variance Notes

	Note	Item	Explanation
S1	12	Cash	Variation is due to the significant value of grants received in advance. \$2.97 million from the Commonwealth grants commission and approximately \$3.1 million from funding received in advance for projects that either commenced in 2012-2013 or will commence in 2013-2014.
S2	13	Receivables	The receivables variation is mainly due to the \$1.7 million Port of Apollo Bay dredge replacement grant and an increase in rates debtors of approximately \$300K.
S3	14	Investment in associates	Anticipated surplus that was budgeted to be earned by Associate during the year did not occur. The resultant deficit caused an unfavourable variation to the budget amount that was going to be taken up as Council's share of the associate's equity.
S4	15	Property, infrastructure, plant and equipment	Revaluation of Bridges and Drainage completed during the year was not budgeted for. Also, the revaluation for 2011-2012 was not completed prior to finalisation of 2012-2013 budget, with the major component being Roads \$25m.
S5	16	Trust	The trust value varies predominately as a result of project retention funds being held due to the non-completion of projects or developments that did not meet planning conditions. During 2012-2013 the value of retentions increased marginally above the original budget estimates.
S6	17	Provisions	The most significant variation has been the value of long service leave obligations, annual leave obligations and time in lieu leave obligations recognised within the provision. This is reflection of staff remaining with Council for longer periods than has occurred previously.
S7	18	Asset revaluation reserve	Council does not budget for revaluations in accordance with Note 1 of the Notes to the Standard Statements. During the year revaluations were made to Bridges for \$1.2m and Drainage for \$2.7m that were not budgeted for. The remainder of the variation is due to the budget being completed prior to the finalisation of revaluation figures from the 2011-2012 year.
S8			
S9	19	Other reserves	The value of other reserves has significantly increased as a result of including the cash backing of Council's Port of Apollo Bay reserve and the carry forward projects reserve, which also incorporates grants received in advanced carried forward into the 2013-2014 year.
S10			
S11			

# STANDARD CASH FLOW STATEMENT

as at 30 June 2013

	Note	Actual \$'000	Budget \$'000	Variance \$'000	Variance %	
<b>Cash flows from operating activities</b>						
General rates and charges		23,152	22,887	265	1%	
Operating grants and contributions	20	8,752	9,805	(1,053)	(11%)	
Interest received		463	446	17	4%	S1
User charges		4,649	4,721	(72)	(2%)	
Other revenue	21	2,349	1,609	740	46%	S2
Employee costs	22	(18,890)	(14,653)	(4,237)	(29%)	
Materials and services		(16,079)	(16,692)	613	4%	
Other expenses	23	(1,147)	(1,440)	293	20%	S3
<b>Net cash provided by (used in) operating activities</b>		<b>3,249</b>	<b>6,683</b>	<b>(3,434)</b>	<b>(51%)</b>	S4
<b>Cash flows from investing activities</b>						
Proceeds from property, plant and equipment	24	610	505	105	21%	S5
Capital grants and contributions	25	6,249	6,961	(712)	(10%)	
Payments for property, plant and equipment	26	(12,467)	(17,553)	5,086	29%	S6
<b>Net cash provided by (used in) investing activities</b>		<b>(5,608)</b>	<b>(10,087)</b>	<b>4,479</b>	<b>44%</b>	S7
<b>Cash flows from financing activities</b>						
Finance costs	27	(298)	(332)	34	10%	
Trust funds and deposits	28	3	(25)	28	113%	S8
Proceeds from interest bearing loans and borrowings	29	1,178	1,500	(322)	(21%)	
Repayment of interest bearing loans and borrowings		(392)	(433)	41	9%	S9
<b>Net cash provided by (used in) financing activities</b>		<b>491</b>	<b>710</b>	<b>(219)</b>	<b>(31%)</b>	
Net increase (decrease) in cash and cash equivalents	30	(1,869)	(2,694)	825	31%	S10
Cash and cash equivalents at the beginning of the financial year	31	13,613	7,760	5,853	75%	
<b>Cash and cash equivalents at the end of the financial year</b>		<b>11,745</b>	<b>5,066</b>	<b>6,679</b>	<b>132%</b>	S11

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

# STANDARD CASH FLOW STATEMENT

as at 30 June 2013

## Variance Notes

	Note	Item	Explanation
S1	20	Operating grants and contributions	The budget was constructed as a GST inclusive figure. During the financial year, the Australian Taxation Office and the Victorian State Government declared that where grants are distributed as an allocation of appropriation, that GST is no longer applicable. This led to a reduction of \$890K in the amount received for operating grants.
S2	21	Other revenue	The variance between budget and actual is due to the manner in which the net GST position for Council was calculated in developing the budget (\$230K), increased debt collection activities resulting in higher levels of reimbursed legal and debt recovery costs (\$300K), additional contributions were recognised towards L2P project (\$6K), additional contribution for distribution of the Barnard Trust (\$25K), contribution for Apollo Bay Library construction from previous year (\$73K) and Climate Resilient Communities in the Barwon South West (\$105K).
S3			
S4	22	Employee costs	The most significant variation from budget is due to the early repayment of Defined Benefit Superannuation which was not budgeted for in 2012-2013 (\$3.1 million). In addition a higher level of activities although budgeted for as capital activities were actually undertaken as maintenance activities (\$193K). The other more significant variations between budget and actual results at year end include overtime (\$125K), casual wages (\$324K), fringe benefits taxation (\$47K), annual leave (\$140K), sick leave (\$64K), superannuation (\$105K), officer & councillor indemnity insurance which was not budgeted for (\$34K).
S5			
S6			
S7	23	Other expenses	Election expenses were budgeted for in this category, however the actual expense is contained within the contracts category.
S8	24	Proceeds from property, plant and equipment	Motor vehicles disposed of during the period obtained a higher resale value than was anticipated at the time the budget was developed.
S9	25	Capital grants and contributions	The primary variance is due to the anticipated works at Blue Water Fitness Centre not proceeding in accordance with budget expectations. This impacted on the level of capital grants being received for the period.
S10	26	Payments for property, plant and equipment	The variance is due mainly to anticipated redevelopment works at Blue Water Fitness Centre worth \$5m not completed during 2012-2013.
S11	27	Finance costs	Finance costs associated with borrowings were under budget due to the loan required for capital project at Colac Livestock Selling Centre being drawn down later in the year than what was budgeted for.
	28	Trust funds and deposits	The trust value varies predominately as a result of project retention funds being held due to the non-completion of projects or developments that did not meet planning conditions. During 2012-2013 the value of retentions increased marginally above the original budget estimates.
	29	Proceeds from interest bearing loans and borrowings	The variance is due the budgeted loan for the Colac Livestock Selling Centre redevelopment being less than was required to complete the project.
	30	Net increase (decrease) in cash and cash equivalents	The increase in cash when compared to budget arises mainly from the combination of redevelopment of Blue Water Fitness Centre not undertaken and the overspend on employee costs.
	31	Cash and cash equivalents at the beginning of the financial year	The opening balance for 2012-2013 was at a higher level than was originally budgeted for. This reflected the early payment of the Commonwealth Grants Commission funding and the level of projects carried forward from the 2011-2012 financial year.

# STANDARD STATEMENT OF CAPITAL WORKS

as at 30 June 2013

	Note	Actual \$000	Budget \$000	Variance \$000	Variance %	
<b>Capital Works Area</b>						
Bridges and culverts	32	1,705	1,368	337	25%	
Building - Other Structures	33	1,359	279	1,080	387%	
Building - Structures	34	-	5,300	(5,300)	(100%)	S1
Drainage	35	-	895	(895)	(100%)	
Footpaths	36	448	300	148	49%	S2
Kerb and channelling	37	52	75	(23)	(31%)	
Other structures	38	1,223	930	293	32%	
Plant, equipment & other	39	2,564	2,306	258	11%	S3
Roads & traffic network		4,374	4,505	(131)	(3%)	
<b>Total capital works</b>		<b>11,726</b>	<b>15,958</b>	<b>(4,232)</b>	<b>(27%)</b>	S4
<b>Represented by:</b>						
Renewal		8,168	8,992	(824)	(9%)	S5
Upgrade		960	955	5	1%	S6
New	40	2,597	6,010	(3,413)	(57%)	S6
<b>Total capital works</b>		<b>11,726</b>	<b>15,957</b>	<b>(4,231)</b>	<b>(27%)</b>	S7

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

I S9

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S11

# STANDARD STATEMENT OF CAPITAL WORKS

as at 30 June 2013

## Variance Notes

Note	Item	Explanation
S1 32	Bridges and culverts	The bridge programme through Country Roads and Bridges was completed during the year, together with the carried forward amounts from the 2011-2012 period, caused our budget over run in the current year.
S2 33	Building - Other Structures	All building works have been allocated to this category rather than being distributed between "Building - Other Structures" and "Building - Structures". The overall variation then is due to the delay of actual works on the redevelopment of the Bluewater Fitness Centre.
S3 34	Building - Structures	All building works have been allocated to "Building - Other Structures" category rather than being distributed between "Building - Other Structures" and "Building - Structures". The overall variation then is due to the delay of actual works on the redevelopment of the Bluewater Fitness Centre.
S4 35	Drainage	Roadside drainage works were completed during this time but the assets that the works were conducted on, relate directly to the Roads and Traffic network and are captured in this area.
S5 36	Footpaths	The variation is due to the carry over projects from the previous financial year also being completed alongside the 2012-2013 programme.
S6 37	Kerb and channelling	The kerb and channel replacement programme for 2012-2013 was incomplete at year end and the remaining works have been carried forward to the 2013-2014 period.
S7 38	Other structures	The variation is due to inclusion of additional discretionary projects which were capitalised under the Other structures area.
S8 39	Plant, equipment & other	The principle variation concerns the planning, design and commencement of construction of the new dredge for the Port of Apollo Bay. This project was scheduled originally to commence expenditure during the 2013-2014 period.
S9 I 40	New	There are number of projects which are on the carried forward list with the major contribution being the construction of the Bluewater Fitness Centre which is yet to be started, but which will commence in 2013-2014.
S10		
S11		



# CERTIFICATION OF THE STANDARD STATEMENTS

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

Brett Exelby CPA  
Principal Accounting Officer

11 September 2013

S1

S2

S3

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

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

We have been authorised by the Council on 11 September 2013 to certify the standard statements in their final form.

S4

S5

Stephen Hart  
Councillor

11 September 2013

S6

S7

S8

Michael Delahunty  
Councillor

11 September 2013

S9

S10

S11

Rob Small  
Chief Executive Officer

11 September 2013



# FINANCIAL REPORTS

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# COMPREHENSIVE INCOME STATEMENT

for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000	
<b>Income</b>				
Rates and charges	2	23,349	21,789	
Statutory fees and fines	3	677	514	
User fees	4	3,703	3,532	
Contributions - cash	6(a)	181	304	S1
Grants - operating	5	9,434	12,273	
Reimbursements	8	436	406	S2
Finance income	9	502	590	
Other income	10	192	83	S3
		<b>38,474</b>	<b>39,492</b>	
<b>Capital Income:</b>				
Contributions - non-monetary assets (other)	6(b)	243	178	S4
Contributions - non-monetary assets (Port of Apollo Bay)	6(c)	-	228	S5
Grants - capital	5	5,821	3,551	S5
Net gain on disposal of property, infrastructure, plant and equipment	7	43	150	S6
		<b>6,107</b>	<b>4,108</b>	S6
<b>Total income</b>		<b>44,581</b>	<b>43,600</b>	S7
<b>Expenses</b>				
Employee benefits	11(a)	(16,231)	(15,390)	S8
Employee benefits - additional superannuation call	11(b)	-	(3,182)	S8
Materials and services	12	(13,927)	(12,119)	
Depreciation and amortisation	13	(9,430)	(8,665)	I S9
Finance costs	14	(298)	(341)	
Other expenses	15	(1,351)	(1,206)	S10
Share of net loss of associates accounted for by the equity method	16	(25)	(75)	S10
		<b>(41,262)</b>	<b>(40,978)</b>	S11
<b>Capital Expense:</b>				
Property, plant, equipment and infrastructure written off	21	(1,595)	(1,396)	
		<b>(1,595)</b>	<b>(1,396)</b>	
<b>Total expenses</b>		<b>(42,857)</b>	<b>(42,374)</b>	
<b>Surplus / (Deficit)</b>		<b>1,724</b>	<b>1,226</b>	
<b>Other comprehensive income</b>				
Net asset revaluation increment(decrement)	21	3,898	29,369	
<b>Comprehensive result</b>		<b>5,622</b>	<b>30,595</b>	

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

# BALANCE SHEET

as at 30 June 2013

	Note	2013 \$'000	2012 \$'000
<b>Assets</b>			
<b>Current assets</b>			
S1	17	11,745	13,613
	18	4,637	3,455
	19	157	178
S2	20	-	12
		<b>16,539</b>	<b>17,258</b>
<b>Non-current assets</b>			
S3	16	351	377
S4	21	273,955	269,639
		<b>274,306</b>	<b>270,016</b>
S5		<b>290,845</b>	<b>287,274</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
S7	22(a)	1,597	2,054
	23	256	253
S8	24	3,873	3,622
	25	473	392
S9		<b>6,199</b>	<b>6,321</b>
<b>Non-current liabilities</b>			
S10	22(b)	-	3,182
	24	4,262	3,713
S11	25	4,501	3,796
		<b>8,763</b>	<b>10,691</b>
		<b>14,962</b>	<b>17,012</b>
		<b>275,883</b>	<b>270,262</b>
<b>Equity</b>			
		107,230	108,245
	26	168,653	162,017
		<b>275,883</b>	<b>270,262</b>

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

# STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2013

	Note	Total \$'000	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	
<b>2013</b>						
Balance at beginning of the financial year		270,262	108,244	151,073	10,944	
Surplus / (Deficit)		1,724	1,724	-	-	S1
Net asset revaluation increment/(decrement)		3,898	-	3,898	-	
Transfers to other reserves	26(b)	-	(10,046)	-	10,046	S2
Transfers from other reserves	26(b)	-	7,307	-	(7,307)	
<b>Balance at end of the financial year</b>		<b>275,883</b>	<b>107,230</b>	<b>154,971</b>	<b>13,682</b>	<b>S3</b>

	Note	Total \$'000	Asset Accumulated Surplus \$'000	Revaluation Reserve \$'000	Other Reserves \$'000	
<b>2012</b>						
Balance at beginning of the financial year		239,667	113,153	121,705	4,009	
Surplus/(Deficit)		1,226	1,226	-	-	S4
Net asset revaluation increment/(decrement)		29,369	-	29,369	-	S5
Transfers to other reserves	26(b)	-	(10,101)	-	10,101	S6
Transfers from other reserves	26(b)	-	3,966	-	(3,966)	S7
<b>Balance at end of the financial year</b>		<b>270,262</b>	<b>108,245</b>	<b>151,073</b>	<b>10,944</b>	<b>S8</b>

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

I S9

S10

S11

# CASH FLOW STATEMENT

for the year ended 30 June 2013

	Note	2013 Inflows/ (Outflows) \$'000	2012 Inflows/ (Outflows) \$'000
<b>Cash flows from operating activities</b>			
S1		23,152	21,660
		4,649	4,443
		14,809	14,588
S2		192	319
		462	383
S3		463	581
		201	90
		1,686	1,435
S4		(16,079)	(12,583)
	22(b)	(18,890)	(14,954)
S5		(1,147)	(1,254)
	<b>27</b>	<b>9,498</b>	<b>14,708</b>
S6			
<b>Cash flows from investing activities</b>			
S7	21	(12,467)	(12,394)
	21	610	1,530
S8		<b>(11,857)</b>	<b>(10,864)</b>
<b>Cash flows from financing activities</b>			
S9 I		(298)	(315)
		3	(34)
S10		1,178	-
		(392)	(657)
S11		<b>491</b>	<b>(1,006)</b>
		(1,869)	2,838
		13,613	10,775
	<b>28</b>	<b>11,745</b>	<b>13,613</b>
	29		
	30		

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



# NOTES TO THE FINANCIAL REPORT

## for the year ended 30 June 2013

### Introduction

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

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

(b) The purpose of the Council is to:

- provide for the peace, order and good government of its municipal district;

The objectives of the Council are to:

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

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

**Internal Auditor:** Crowe Horwath

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

**Bankers:** Commonwealth Bank

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

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

### (a) Port of Apollo Bay

The Council is the appointed Port Manager for the Port of Apollo Bay. All transactions between the Port of Apollo Bay and Council have been eliminated in full. Please see note 43 for further details.

### (b) Basis of accounting

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

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 1(h), 1(k) and 1(r).

All accounting policies are consistent with those applied in the prior year. Where appropriate, comparative figures have been amended to accord with current presentation, and disclosure has been made of any material changes to comparatives.

### (c) Revenue recognition

#### *Rates, grants and contributions*

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

Control over assets acquired from rates is obtained at the commencement of the rating year as it is an enforceable debt linked to the rateable property or, where earlier, upon receipt of the rates.

A provision for doubtful debts on rates has not been established as unpaid rates represents a charge against the rateable property that will be recovered when the property is next sold.

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

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

S1

S2

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S10

# NOTES TO THE FINANCIAL REPORT

## for the year ended 30 June 2013

### Note 1 Significant accounting policies – continued

#### (c) Revenue recognition

##### *Rates, grants and contributions (continued)*

S1 Where grants or contributions recognised as revenues during the financial year were obtained on condition that they be expended in a particular manner or used over a particular period and those conditions were undischarged at balance date, the unused grant or contribution is disclosed in note 5c. The note also discloses the amount of unused grant or contribution from prior years that was expended on Council's operations during the current year.

S4 A liability is recognised in respect of revenue that is reciprocal in nature to the extent that the requisite service has not been provided at balance date.

##### *User fees and fines*

S6 User fees and fines (including parking fees and fines) are recognised as revenue when the service has been provided, the payment is received, or when the penalty has been applied, whichever first occurs.

S7 A provision for doubtful debts is recognised when collection in full is no longer probable.

##### *Sale of property, plant and equipment, infrastructure*

S8 The profit or loss on sale of an asset is determined when control of the asset has irrevocably passed to the buyer.

##### *Rental*

S10 Rents are recognised when the payment is due, or the payment is received, whichever first occurs.

##### *Interest*

S11 Interest is recognised progressively as it is earned

##### *Trade and other receivables*

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

#### (d) Inventories

Inventories held for distribution are measured at cost adjusted when applicable for any loss of service potential. Other inventories are measured at the lower of cost and net realisable value.

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

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

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

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

Road earthworks are not depreciated on the basis that they are assessed as not having a limited useful life.

Artworks are not depreciated.

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

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 1 Significant accounting policies - continued

### (e) Depreciation and amortisation of property, plant and equipment, infrastructure, intangibles - continued

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

Property	Period
<b>Land</b>	
land	10 - 100 years
land improvements	10 - 100 years
<b>Buildings</b>	
buildings	50 - 100 years
building improvements	50 - 100 years
<b>Plant and Equipment</b>	
plant, machinery and equipment	2 - 10 years
fixtures, fittings and furniture	3 - 21 years
computers and telecommunications	5 - 10 years
<b>Infrastructure</b>	
<b>Roads</b>	
road pavements and seals	12 - 60 years
road substructure	12 - 60 years
road kerb, channel and minor culverts	35 - 80 years
<b>Bridges</b>	
bridges deck	50 - 70 years
bridges substructure	50 - 70 years
Footpaths and cycle ways	30 - 80 years
Drainage	100 years
Aerodromes	12 - 60 years
Off street car parks	12 - 60 years
Marine Infrastructure	30 - 160 years
<b>Intangibles</b>	
Software	5 years

### (f) Repairs and maintenance

Routine maintenance, repair costs, and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated. The carrying value of the replaced asset is expensed.

### (g) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs include interest on borrowings.

### (h) Recognition and measurement of assets

#### Acquisition

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

Where assets are constructed by Council, cost includes all materials used in construction, direct labour, transportation, design and supervision incurred during construction, and an appropriate share of directly attributable variable and fixed overheads.

From 1 July 2010 Council is recognised as the custodian of Port of Apollo Bay entity and the associated infrastructure on behalf of the Department of Transport. The value of these assets are held a fair value based on a valuation provided by the Department of Transport as at 30 June 2012.

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

Property	Threshold Limit \$	
<b>Land</b>		
land	1	S1
land under roads	1	S2
land improvements	5,000	S3
<b>Buildings</b>		
buildings	5,000	S4
<b>Plant and Equipment</b>		
plant, machinery and equipment	1,000	S5
fixtures, fittings and furniture	1,000	S6
leased plant and equipment	1,000	S7
<b>Infrastructure</b>		
<b>Roads</b>		
road pavements and seals	10,000	S8
road substructure	10,000	S9
road formation and earthworks	10,000	S10
road kerb, channel and minor culverts	10,000	S11
<b>Bridges</b>		
bridges deck	10,000	
bridges substructure	10,000	
Footpaths and cycle ways	10,000	



# NOTES TO THE FINANCIAL REPORT

## for the year ended 30 June 2013

### Note 1 Significant accounting policies – continued

#### (h) Recognition and measurement of assets – continued

Drainage	10,000
Aerodromes	10,000
Off street car parks	10,000
Marine Infrastructure	10,000
<b>Intangibles</b>	
Software	1,000

#### *Revaluation*

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

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

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

#### *Land under roads*

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

#### (i) Cash and cash equivalents

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

#### (j) Investments

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

#### (k) Accounting for investments in associates

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

#### (l) Tender deposits

Amounts received as tender deposits and retention amounts controlled by Council are recognised as Trust funds until they are returned or forfeited (refer to note 23).

#### (m) Employee benefits

##### *Wages and salaries*

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

##### *Annual leave*

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

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

Annual leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

##### *Long service leave*

Long service leave entitlements payable are assessed at balance date having regard to expected employee remuneration rates on settlement, employment related oncosts and other factors including accumulated years of employment, on settlement, and experience of employee departure per year of service. Long service leave expected to be paid within 12 months is measured at nominal value based on the amount expected to be paid when settled.

# NOTES TO THE FINANCIAL REPORT

## for the year ended 30 June 2013

### Note 1 Significant accounting policies - continued

#### (m) Employee benefits - continued

Long service leave expected to be paid later than one year has been measured at the present value of the estimated future cash outflows to be made for these accrued entitlements. Commonwealth bond rates are used for discounting future cash flows.

##### *Classification of employee benefits*

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

##### *Superannuation*

The superannuation expense for the reporting year is the amount of the statutory contribution the Council makes to the superannuation plan which provides benefits to its employees together with any movements (favourable/unfavourable) in the position of any defined benefits schemes. Details of these arrangements are recorded in note 31.

#### (n) Leases

##### *Operating leases*

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

#### (o) Allocation between current and non-current

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

#### (p) Agreements equally proportionately unperformed

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

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

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

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

#### (r) Impairment of assets

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

#### (s) Rounding

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

#### (t) Financial guarantees

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

#### (u) Pending Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to the Council but are not yet effective.

They have not been adopted in preparation of the financial statements at reporting date.

S1

S2

S3

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I S9

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# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 1 Significant accounting policies – continued

	Pronouncement	What's new?	Impact/Action	Transition	Effective date
S1	AASB 10 Consolidated Financial Statements	<p>The standard introduces a single model of control, which is used to determine whether an investee must be consolidated. The existence of control is determined based on:</p> <ul style="list-style-type: none"> <li>· Power to direct the activities of an investee (irrespective of whether such power is exercised).</li> <li>· Exposure, or rights, to variable returns from its involvement with the investee.</li> <li>· The ability to use its power over the investee to affect the amount of the investor's returns.</li> </ul>	<p>The definition of 'control' is based on various factors, and is wider than just those entities in which an investee holds greater than 50% of the voting rights. While the effects of this standard are not expected to be significant in the local government sector, there may be some increase in the number of entities required to be consolidated as subsidiaries.</p>	<p>Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.</p>	<p>Periods beginning on or after 1 January 2013</p>
S2					
S3					
S4					
S5					
S6					
S7					
S8	AASB 11 Joint Arrangements	<p>AASB 11 classifies all <i>joint arrangements</i> as either <i>joint operations</i> or <i>joint ventures</i>:</p> <ul style="list-style-type: none"> <li>· Joint operations exist where the parties have the right to their assets and the obligation for their liabilities under the arrangement. Each party recognises its own assets, liabilities, revenues and expenses resulting from the arrangement.</li> <li>· Joint ventures exist where the parties have the rights to the net assets of the arrangement. Each party accounts for the arrangement under the equity method in accordance with AASB 128 Investments in Associates and Joint Ventures (see below).</li> </ul>	<p>The use of proportionate consolidation to account for joint ventures is no longer permitted. This is not likely to impact many councils</p>	<p>Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.</p>	<p>Periods beginning on or after 1 January 2013</p>
S9					
S10					
S11					

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 1 Significant accounting policies - continued

Pronouncement	What's new?	Impact/Action	Transition	Effective date	
AASB 12 Disclosure of Involvement with Other Entities	<p>AASB 12 requires the disclosure of information to enable users to evaluate the nature of, and risks associated with, its interests in other entities and The effect of those interests on its financial position, financial performance, and cash flows. AASB 12 applies to all entities that have subsidiaries, joint arrangements, associates, or unconsolidated structured entities, and requires disclosures grouped into four categories:</p> <ul style="list-style-type: none"> <li>· Significant judgments and assumptions, including how control, joint control, or significant influence has been determined.</li> <li>· Interests in subsidiaries, including details of the composition of the group, the interests held by any non-controlling interest, any changes in control, and the nature of any associated risks.</li> <li>· Interests in joint arrangements and associates, including their nature and extent, the effects on the group, and any associated risks.</li> <li>· Interests in unconsolidated structured entities, including their nature and extent, any changes during the year, and the associated risks.</li> </ul>	<p>The disclosures required will be both qualitative and quantitative. In particular, management should document and be able to justify its key judgments concerning control and significant influence. In the local government context this is likely to require increased disclosures around the operations of Library Corporations as well as other activities that Council have an interest in.</p>	<p>Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.</p>	<p>Periods beginning on or after 1 January 2013</p>	S1
					S2
					S3
					S4
					S5
					S6
					S7
					S8
					I S9
					S10
AASB 13 Fair Value Measurement	<p>AASB 13 replaces the existing IFRS guidance on fair value measurement and disclosure. It applies whenever another standard permits or requires the use of fair value measurements. It sets out a fair value hierarchy for such measurements:</p> <ul style="list-style-type: none"> <li>· Level 1 – quoted prices in active markets for identical assets and liabilities, which can be accessed at the measurement date.</li> <li>· Level 2 – inputs other than quoted market prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.</li> <li>· Level 3 – unobservable inputs for the asset or liability.</li> </ul> <p>There are also extensive disclosure requirements relating to each of the three levels within the hierarchy.</p>	<p>The standard determines 'how to' rather than 'when' in respect of fair value measurements, and summarises the existing IFRS guidance in one place. This standards may assist those councils that have equity investments that are no longer able to be held at cost.</p>	<p>Early adoption is permitted.</p>	<p>Periods beginning on or after 1 January 2013</p>	S11

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 1 Significant accounting policies - continued

Pronouncement	What's new?	Impact/Action	Transition	Effective date	
S1 S2 S3 S4 S5 S6	AASB 127 Separate Financial Statements	AASB 127 has been amended to ensure consistency with the new requirements of AASB 10 <i>Consolidated Financial Statements</i> (see above). It now deals only with the preparation of separate company financial statements.	Where separate financial statements are prepared, investments in subsidiaries, associates, and joint ventures must be accounted for either at cost, or in accordance with AASB 9 Financial Instruments. These changes are not expected to impact significantly on Councils	Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.	Periods beginning on or after 1 January 2013
S7 S8 S9 I S10 S11	AASB 128 Investments in Associates and Joint Ventures	AASB 128 has been amended to ensure consistency with the new requirements of AASB 10 <i>Consolidated Financial Statements</i> and AASB 11 <i>Joint Arrangements</i> . The standard sets out how the equity method of accounting is to be applied, defines "significant influence," and how impairment is to be tested for investments in associates or joint ventures.	Some joint ventures which were previously accounted for under the proportionate consolidation method must now be accounted for as associates. These changes are not expected to impact significantly on Councils	Early adoption is permitted, but AASB 10, AASB 11, AASB 12, AASB 127 (revised) and AASB 128 (revised) must all be adopted simultaneously.	Periods beginning on or after 1 January 2013

### (v) Contingent assets and contingent liabilities and commitments

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

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

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 2 Rates and charges

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

The valuation base used to calculate general rates for 2012/2013 was \$5,635 million (2011/2012 \$5,366 million). Council applied a differential rating regime to the capital improved value.

	<b>2013</b> No. of assessments	2012 No. of assessments	<b>2013</b> \$'000	2012 \$'000
Residential	11,192	11,175	11,021	9,286
Commercial/Industrial	968	959	2,457	2,974
Farm	2,633	2,632	5,172	4,934
Municipal charge	13,932	13,825	2,066	2,021
Garbage charge	9,563	9,890	2,610	2,551
Special rates and charges	185	185	23	23
<b>Total rates and charges</b>			<b>23,349</b>	<b>21,789</b>

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

## Note 3 Statutory fees and fines

	<b>2013</b> \$'000	2012 \$'000
Special charges schemes	176	-
Infringements and costs	167	107
Town planning fees	128	168
Health regulations	117	99
Building Permits	72	79
Land information certificates	16	61
Freedom of Information	1	-
	<b>677</b>	<b>514</b>

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 4 User fees

	2013 \$'000	2012 \$'000
S1 Bluewater fitness centre fees	812	709
Home care and delivered meals fees	668	577
Colac livestock selling centre fees	549	610
S2 Visitor information centre fees	389	344
Colac Otway Performing Arts & Cultural Centre fees	341	326
S3 Parking, animal control and local laws fees	200	160
Waste disposal fees	180	254
Council properties fees and rental	166	235
S4 Apollo Bay Harbour fees	96	87
Town planning and building fees	21	45
S5 Other fees and charges	281	185
<b>Total user fees</b>	<b>3,703</b>	<b>3,532</b>
S6		
S7		
S8		
S9 I		
S10		
S11		

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 5 Grants

Grants were received in respect of the following:

### 5(a) Functions of grants

#### Operating grants

	2013 \$'000	2012 \$'000	
Victorian Grants Commission - Untied Base Grant	3,264	4,369	S1
Victorian Grants Commission - Local Roads Grant	2,264	3,004	S2
Aged & Disabled Services	1,472	1,474	
Port Management	780	780	S3
Environment Protection & Services	625	417	
Family & Community Services	593	773	S4
Business & Economic Services	205	127	
Recreation & Culture	141	225	
Administration	56	59	S5
Waste Management	34	732	
Local Roads & Bridges	-	266	S6
Traffic & Street Management	-	47	
<b>Total operating grants</b>	<b>9,434</b>	<b>12,273</b>	<b>S7</b>

#### Capital grants

Recreation & Culture	2,007	386	S8
Local Roads & Bridges	1,727	3,009	
Port Management	1,657	-	I S9
Traffic & Street Management	240	129	
Business & Economic Services	190	27	S10
<b>Total capital grants</b>	<b>5,821</b>	<b>3,551</b>	

<b>Total</b>	<b>15,255</b>	<b>15,824</b>	<b>S11</b>
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### 5(b) Summary of grants

Recurrent grants	8,785	11,434
Non-Recurrent grants	6,470	4,390

<b>Total</b>	<b>15,255</b>	<b>15,824</b>
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Federal Grants	7,107	9,108
State Grants	7,926	6,476
Other Grants	222	240

<b>Total</b>	<b>15,255</b>	<b>15,824</b>
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# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 5 Grants - continued

### 5(c) Conditions on grants

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

	<b>2013</b>	2012
	\$'000	\$'000
S1 Port Management	1,570	-
S2 Recreation & Culture	762	1,119
Environment Protection & Services	521	52
S3 Local Roads & Bridges	148	210
Traffic & Street Management	70	1,470
Aged & Disabled Services	37	299
S4 Business & Economic Services	-	392
Community Development	-	123
S5 Family & Community Services	-	346
<b>Total</b>	<b>3,108</b>	<b>4,011</b>

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

	<b>2013</b>	2012
	\$'000	\$'000
S7 Traffic & Street Management	1,470	236
S8 Recreation & Culture	1,119	-
Business & Economic Services	392	217
S9 Family & Community Services	346	-
Aged & Disabled Services	299	-
S10 Local Roads & Bridges	210	323
Community Development	123	52
S11 Environmental Protection & Services	52	88
<b>Total</b>	<b>4,011</b>	<b>916</b>
<b>Net increase (decrease) in restricted assets resulting from grant revenues for the year:</b>	<b>(903)</b>	<b>3,095</b>

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 6 Contributions

	2013 \$'000	2012 \$'000	
Operating	123	282	
Capital	300	428	S1
	<b>423</b>	<b>710</b>	
<b>(a) Cash</b>			
Community & health care	66	78	S2
Recreational, leisure and community facilities	58	22	S3
Other	50	119	
Parks, open space and streetscapes	7	22	S4
Roads	-	63	
<b>Total</b>	<b>181</b>	<b>304</b>	S5
<b>(b) Non-monetary assets (other)</b>			
Drainage	81	49	S6
Roads	73	58	
Footpaths and trails	48	13	S7
Kerb and channel	39	31	
Land under roads	2	27	S8
<b>Total</b>	<b>243</b>	<b>178</b>	S8
<b>(c) Non-monetary assets (Port of Apollo Bay)*</b>			
Land	-	162	I S9
Plant and minor equipment	-	51	S10
Fixed plant, furniture and equipment	-	15	
<b>Total</b>	<b>-</b>	<b>228</b>	S11
<b>Total contributions</b>	<b>424</b>	<b>710</b>	

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

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 7 Net gain/(loss) on disposal of property, infrastructure, plant and equipment

	Asset value \$'000	Accumulated Depreciation \$'000	Written down value of disposals \$'000	Value of Consideration \$'000	Profit on sale of asset \$'000
<b>2013</b>					
<b>Property</b>					
Buildings	92	60	32	-	(32)
Other structures	210	210	-	-	-
<b>Total Property</b>	<b>302</b>	<b>270</b>	<b>32</b>	<b>-</b>	<b>(32)</b>
<b>Plant and Equipment</b>					
Plant and minor equipment	1,811	1,322	489	569	80
Fixed plant, furniture and equipment	410	405	5	-	(5)
<b>Total Plant and equipment</b>	<b>2,221</b>	<b>1,727</b>	<b>494</b>	<b>569</b>	<b>75</b>
<b>Infrastructure</b>					
Maritime infrastructure	1,496	1,496	-	-	-
<b>Total Infrastructure</b>	<b>1,496</b>	<b>1,496</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>4,019</b>	<b>3,493</b>	<b>526</b>	<b>569</b>	<b>43</b>
<b>2012</b>					
<b>Property</b>					
Land and buildings	2,278	1,434	845	899	54
<b>Total Property</b>	<b>2,278</b>	<b>1,434</b>	<b>845</b>	<b>899</b>	<b>54</b>
<b>Plant and Equipment</b>					
Plant and minor equipment	1,255	800	455	552	96
<b>Total Plant and equipment</b>	<b>1,255</b>	<b>800</b>	<b>455</b>	<b>552</b>	<b>96</b>
<b>Total property, plant and equipment, infrastructure</b>	<b>3,534</b>	<b>2,234</b>	<b>1,300</b>	<b>1,450</b>	<b>150</b>

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013



## Note 8 Reimbursements

	2013 \$'000	2012 \$'000	
Legal recoveries	210	28	
Insurances	53	47	S1
Employment scheme	45	129	
Regional development	33	37	S2
Tourism subscription	28	47	
Long service leave transferred	14	51	
Utilities	9	11	S3
Family day care	2	2	
Other	42	54	S4
<b>Total reimbursements</b>	<b>436</b>	<b>406</b>	S5

## Note 9 Finance income

	2013 \$'000	2012 \$'000	
Interest	375	476	S6
Interest on rates	127	114	S7
<b>Total other income</b>	<b>502</b>	<b>590</b>	S8

## Note 10 Other income

	2013 \$'000	2012 \$'000	
Discount received	92	-	S9
Private works	37	30	S10
Licensing fees	23	-	S11
State Revenue Office	20	-	
Local laws	-	5	
Other	20	48	
<b>Total other income</b>	<b>192</b>	<b>83</b>	

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 11 Employee benefits

Employee benefits were incurred in respect of the following:

	2013 \$'000	2012 \$'000
S1	<b>11(a) Employee benefits</b>	
	12,096	11,664
S2	1,360	1,129
	1,255	1,192
S3	566	482
	339	271
S4	197	158
	185	199
	233	294
S5	<b>16,231</b>	<b>15,390</b>
S6	545	544
	<b>16,776</b>	<b>15,934</b>
S7	<b>11(b) Employee benefits - additional superannuation call</b>	
	-	3,182
S8	<b>-</b>	<b>3,182</b>
S9	*During the period Council was required to recognise an additional contribution to Vision Super to meet obligations in relation to members of the defined benefit plan	
S10	<b>11(c) Summary of employee benefits</b>	
	16,230	18,572
S11	546	544
	<b>16,776</b>	<b>19,116</b>

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013



## Note 12 Materials and services

	<b>2013</b>	2012	
	\$'000	\$'000	
Contractors	5,422	4,636	
Plant and equipment maintenance	1,782	1,293	S1
Utilities	1,194	934	
Materials	1,152	551	S2
Services	1,375	1,581	
Subscriptions and memberships	988	942	S3
Consultants	690	928	
Insurances	435	380	
Training costs	225	33	S4
Advertising	206	267	
Agency staff	184	260	S5
Legal costs	156	282	
Hire costs	117	30	S6
Permits	1	2	S6
<b>Total operational materials and services</b>	<b>13,927</b>	<b>12,119</b>	S7
Material and Services capitalised	11,181	10,702	
<b>Total materials and services</b>	<b>25,108</b>	<b>22,821</b>	S8

I S9

S10

S11

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 13 Depreciation and amortisation

	2013 \$'000	2012 \$'000
<b>Buildings</b>		
S1 Buildings	1,048	1,210
<b>Plant and Equipment</b>		
S2 Plant, and minor equipment	909	795
Fixed plant, furniture and equipment	314	312
S3 Outdoor furniture	286	280
<b>Infrastructure</b>		
S4 Roads	4,977	4,511
Bridges	304	231
S5 Footpaths and cycle ways	253	199
Other structures	271	96
S6 Drainage	267	263
Kerb and channel	244	412
Maritime Infrastructure	445	273
<b>Intangibles</b>		
S7 Software	113	83
S8 <b>Total depreciation and amortisation</b>	<b>9,430</b>	<b>8,665</b>

S9 I

## Note 14 Finance costs

	2013 \$'000	2012 \$'000
S10		
S11 Interest - Borrowings	298	341
<b>Total finance costs</b>	<b>298</b>	<b>341</b>

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013



## Note 15 Other expenses

	2013 \$'000	2012 \$'000	
Grants and donations paid	437	505	
Councillors' allowances	286	195	S1
Landfill Rehabilitation Provision Expense	252	-	
Waste management charge	104	-	S2
Bank guarantee call	88	-	
Auditors' remuneration	50	45	
Royalties and commissions	25	48	S3
Animal registration levy	17	-	
Bad debts written off	1	2	S4
Other	91	411	
<b>Total other expenses</b>	<b>1,351</b>	<b>1,206</b>	<b>S5</b>

## Note 16 Investment in associates

	2013 \$'000	2012 \$'000	
Investments in associates accounted for by the equity method are:			S7
- Corangamite Regional Library Corporation	351	377	S8
<b>Total</b>	<b>351</b>	<b>377</b>	<b>S9</b>

### Corangamite Regional Library Corporation

#### Background

The Corangamite Regional Library Corporation is a corporation owned by four (4) councils: Colac Otway Shire, Corangamite Shire, Moyne Shire and Warrnambool City. Colac Otway Shire has a 23.9% equity interest in 2012/2013 (2011/2012 24.4%).

Council's share of equity in the Corporation (based on population)

Carrying value of investment at start of year	24.40%	376	452	S10
Share of surplus(deficit) for year		(13)	(75)	
Equity share adjustment		(12)	-	S11
<b>Carrying value of investment at end of year</b>	<b>23.90%</b>	<b>351</b>	<b>377</b>	

## Note 17 Cash and cash equivalents

	2013 \$'000	2012 \$'000
Cash on hand	6	6
Cash at bank	11,739	13,607
<b>Total cash and cash equivalents</b>	<b>11,745</b>	<b>13,613</b>

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



# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 18 Trade and other receivables

	2013 \$'000	2012 \$'000
S1 Government grants	2,349	1,416
Rates debtors	1,377	1,180
Net GST receivable	295	215
S2 Special charge schemes	163	140
Infringements	107	-
S3 Loans and advances to community organisations	16	81
Other debtors	330	423
S4 <b>Total trade and other receivables</b>	<b>4,637</b>	<b>3,455</b>

## Note 19 Inventories

	2013 \$'000	2012 \$'000
S6 Inventories held for sale	141	159
S7 Inventories held for distribution	16	19
<b>Total inventories</b>	<b>157</b>	<b>178</b>

## Note 20 Other assets

	2013 \$'000	2012 \$'000
S10 Accrued income	-	12
<b>Total other assets</b>	<b>-</b>	<b>12</b>

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 21 Property, infrastructure, plant and equipment

	2013 \$'000	2012 \$'000	
<b>Summary</b>			
at cost	31,510	25,107	S1
Less accumulated depreciation	11,164	10,719	
	<b>20,346</b>	<b>14,388</b>	S2
at fair value	126,034	128,972	
Less accumulated depreciation	45,486	46,012	S3
	<b>80,548</b>	<b>82,961</b>	
at council valuation	246,449	239,970	S4
Less accumulated depreciation	73,389	67,679	
	<b>173,060</b>	<b>172,290</b>	S5
<b>Total</b>	<b>273,954</b>	<b>269,639</b>	S6
<b>Property</b>			
<b>Land</b>			
at fair value as at 30 June 2012	35,528	35,528	S7
	<b>35,528</b>	<b>35,528</b>	S8
<b>Land under roads</b>			
at cost	224	222	
	<b>224</b>	<b>222</b>	I S9
<b>Total Land</b>	<b>35,752</b>	<b>35,750</b>	S10
<b>Buildings</b>			
at cost	210	-	
Less accumulated depreciation	1	-	S11
	<b>209</b>	<b>-</b>	
at fair value as at 30 June 2012	61,539	62,982	
Less Accumulated depreciation	35,768	35,261	
	<b>25,753</b>	<b>27,721</b>	
<b>Total Buildings</b>	<b>25,962</b>	<b>27,721</b>	
<b>Total Property</b>	<b>61,714</b>	<b>63,471</b>	

Valuation of land (excluding land under roads) and buildings were undertaken by the qualified independent valuer Mr Steven Davey – Certified Practising Valuer – API Member No. 63379 of Opteon Property. The valuation of buildings is at fair value based on current replacement cost less accumulated depreciation at the date of valuation. The valuation of land is at fair value, being market value based on highest and best use permitted by relevant land planning provisions as at 30 June 2012.

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

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 21 Property, infrastructure, plant and equipment - continued

	2013 \$'000	2012 \$'000
<b>Plant and Equipment</b>		
<b>Plant and minor equipment</b>		
S1 at cost	9,497	9,397
S2 Less accumulated depreciation	4,275	4,688
	<b>5,222</b>	<b>4,709</b>
<b>Fixed plant, furniture and equipment</b>		
S3 at cost	2,031	2,064
S4 Less accumulated depreciation	940	1,022
	<b>1,091</b>	<b>1,042</b>
<b>Outdoor furniture</b>		
S5 at cost	4,222	4,098
S6 Less accumulated depreciation	2,507	2,221
	<b>1,715</b>	<b>1,877</b>
S7 <b>Total Plant and Equipment</b>	<b>8,028</b>	<b>7,628</b>
<b>Infrastructure</b>		
<b>Roads</b>		
S8 at cost	3,288	-
S9 Less Accumulated depreciation	218	-
	<b>3,070</b>	-
S10 at council valuation as at 30 June 2012	171,272	171,277
S11 Less accumulated depreciation	47,788	42,856
	<b>123,484</b>	<b>128,421</b>
<b>Total road infrastructure</b>	<b>126,554</b>	<b>128,421</b>
<b>Bridges</b>		
at cost	-	495
Less accumulated depreciation	-	21
	-	<b>474</b>
at council valuation as at 30 June 2010	-	16,880
Less accumulated depreciation	-	6,135
	-	<b>10,745</b>
at council valuation as at 30 June 2013	19,467	-
Less accumulated depreciation	5,620	-
	<b>13,847</b>	-
<b>Total bridge infrastructure</b>	<b>13,847</b>	<b>11,219</b>

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 21 Property, infrastructure, plant and equipment - continued

	2013 \$'000	2012 \$'000	
<b>Footpaths and cycle ways</b>			
at cost	537	-	
Less accumulated depreciation	8	-	S1
	<b>529</b>	<b>-</b>	<b>S2</b>
at council valuation as at 30 June 2012	10,534	10,534	
Less accumulated depreciation	2,854	2,609	S3
	<b>7,680</b>	<b>7,925</b>	
<b>Total footpath infrastructure</b>	<b>8,209</b>	<b>7,925</b>	<b>S4</b>
<b>Drainage</b>			
at cost	-	733	S5
Less accumulated depreciation	-	6	
	<b>-</b>	<b>727</b>	<b>S6</b>
at council valuation as at 30 June 2010	-	20,613	
Less accumulated depreciation	-	8,167	S7
	<b>-</b>	<b>12,447</b>	<b>S8</b>
at council valuation as at 30 June 2013	24,511	-	
Less accumulated depreciation	8,971	-	S9
	<b>15,540</b>	<b>-</b>	
<b>Total drainage infrastructure</b>	<b>15,540</b>	<b>13,174</b>	<b>S10</b>
<b>Kerb and channelling</b>			
at cost	91	-	S11
Less accumulated depreciation	-	-	
	<b>91</b>	<b>-</b>	
at council valuation as at 30 June 2012	20,665	20,665	
Less accumulated depreciation	8,155	7,913	
	<b>12,510</b>	<b>12,753</b>	
<b>Total kerb and channel infrastructure</b>	<b>12,601</b>	<b>12,753</b>	

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 21 Property, infrastructure, plant and equipment - continued

	2013 \$'000	2012 \$'000
<b>Other structures</b>		
S1 at cost	9,055	7,218
Less accumulated depreciation	2,907	2,568
S2	<b>6,148</b>	<b>4,650</b>
<b>Marine Infrastructure</b>		
S3 at fair value as at 30 June 2012	28,967	30,463
Less accumulated depreciation	9,700	10,751
S4	<b>19,267</b>	<b>19,712</b>
<b>Total Infrastructure</b>	<b>202,166</b>	<b>197,853</b>
<b>Intangibles</b>		
S6 at cost	622	621
Less accumulated depreciation	306	193
S7 <b>Total intangibles</b>	<b>316</b>	<b>428</b>
S8 Valuation of infrastructure assets has been determined in accordance with a valuation undertaken by Adam Lehmann (BEng) in 2011, 2012 and 2013. A separate valuation of Maritime infrastructure was carried out by BDH on behalf of the Department of Transport in 2012.		
S9 The valuation is at fair value based on replacement cost less accumulated depreciation as at the date of valuation.		
	2013 \$'000	2012 \$'000
<b>Works in progress</b>		
S11 Buildings at cost	1,156	7
Outdoor furniture	5	55
Roads at cost	9	-
Footpaths at cost	22	63
Other structures	188	88
Fixed plant, furniture and equipment	170	45
Drainage at cost	-	1
Plant and minor equipment	181	45
<b>Total works in progress</b>	<b>1,731</b>	<b>259</b>
<b>Total property, infrastructure, plant and equipment</b>	<b>273,955</b>	<b>269,639</b>

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 21 Property, infrastructure, plant and equipment - continued

	Balance at beginning of financial year	Acquisition of assets	Revaluation Increments (decrements) (Note 26)	Depreciation and amortisation (Note 13)	Written down value of disposals	Assets written off	Non-monetary assets contributed	Transfers	Balance at end of financial year	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>2013</b>										<b>S1</b>
<b>Property</b>										
Land	35,528	-	-	-	-	-	-	-	35,528	<b>S2</b>
Land under roads	221	-	-	-	-	-	3	-	224	<b>S2</b>
<b>Total land</b>	<b>35,749</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>35,752</b>	
Buildings	27,720	211	-	(1,048)	(32)	-	-	(889)	25,962	<b>S3</b>
<b>Total Buildings</b>	<b>27,720</b>	<b>211</b>	<b>-</b>	<b>(1,048)</b>	<b>(32)</b>	<b>-</b>	<b>-</b>	<b>(889)</b>	<b>25,962</b>	<b>S4</b>
<b>Total Property</b>	<b>63,469</b>	<b>211</b>	<b>-</b>	<b>(1,048)</b>	<b>(32)</b>	<b>-</b>	<b>3</b>	<b>(889)</b>	<b>61,714</b>	
<b>Plant and Equipment</b>										<b>S5</b>
Plant and minor equipment	4,710	1,910	-	(909)	(489)	-	-	-	5,222	<b>S5</b>
Fixed plant, furniture and equipment	1,042	346	-	(314)	(5)	-	-	22	1,091	<b>S6</b>
Outdoor furniture	1,878	22	-	(286)	-	-	-	101	1,715	<b>S6</b>
<b>Total Plant and equipment</b>	<b>7,630</b>	<b>2,278</b>	<b>-</b>	<b>(1,509)</b>	<b>(494)</b>	<b>-</b>	<b>-</b>	<b>123</b>	<b>8,028</b>	<b>S7</b>
<b>Infrastructure</b>										<b>S8</b>
Roads	128,420	4,364	-	(4,977)	-	(1,476)	73	148	126,552	<b>S8</b>
Bridges	11,219	1,705	1,227	(304)	-	-	-	-	13,847	<b>S8</b>
Footpaths and cycle ways	7,925	426	-	(253)	-	-	48	63	8,209	<b>S9</b>
Other structures	4,650	1,008	-	(270)	-	-	-	760	6,148	<b>S9</b>
Drainage	13,174	-	2,671	(267)	-	(119)	81	1	15,541	<b>S9</b>
Kerb and channelling	12,754	52	-	(244)	-	-	39	-	12,601	<b>S10</b>
Marine Infrastructure	19,711	-	-	(445)	-	-	-	-	19,267	<b>S10</b>
<b>Total Infrastructure</b>	<b>197,853</b>	<b>7,556</b>	<b>3,898</b>	<b>(6,760)</b>	<b>-</b>	<b>(1,595)</b>	<b>241</b>	<b>973</b>	<b>202,165</b>	<b>S11</b>
<b>Intangibles</b>										
Software	428	1	-	(113)	-	-	-	-	316	
<b>Total Intangibles</b>	<b>428</b>	<b>1</b>	<b>-</b>	<b>(113)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>316</b>	
<b>Works in progress</b>										
Buildings	7	1,148	-	-	-	-	-	-	1,156	
Roads	-	9	-	-	-	-	-	-	9	
Footpaths	63	22	-	-	-	-	-	(63)	22	
Outdoor furniture	55	5	-	-	-	-	-	(55)	5	
Other structures	88	188	-	-	-	-	-	(88)	188	
Fixed plant, furniture and equipment	45	170	-	-	-	-	-	(45)	170	
Drainage	1	-	-	-	-	-	-	(1)	-	
Plant and minor equipment	-	136	-	-	-	-	-	45	181	
<b>Total Works in progress</b>	<b>259</b>	<b>1,679</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(207)</b>	<b>1,731</b>	
<b>Total property, plant and equipment, infrastructure</b>	<b>269,639</b>	<b>11,726</b>	<b>3,898</b>	<b>(9,430)</b>	<b>(526)</b>	<b>(1,595)</b>	<b>243</b>	<b>-</b>	<b>273,955</b>	

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 21 Property, infrastructure, plant and equipment - continued

		Balance at beginning of financial year	Acquisition of assets	Revaluation Increments (decrements) (Note 26)	Depreciation and amortisation (Note 13)	Written down value of disposals	Assets written off	Non-monetary assets contributed	Transfers	Balance at end of financial year
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
S1	2012									
	Property									
S2	Land	32,898	371	2,586	-	(327)	-	-	-	35,528
	Land under roads	194	-	-	-	-	-	27	-	221
S3	Land improvements	2,854	-	-	-	-	-	-	(2,854)	-
	<b>Total land</b>	<b>35,946</b>	<b>371</b>	<b>2,586</b>	<b>-</b>	<b>(327)</b>	<b>-</b>	<b>27</b>	<b>(2,854)</b>	<b>35,749</b>
S4	Buildings	47,435	2,293	(6,113)	(1,210)	(518)	-	-	(14,168)	27,720
	Other structures	-	-	-	-	-	-	-	-	-
S5	<b>Total Buildings</b>	<b>47,435</b>	<b>2,293</b>	<b>(6,113)</b>	<b>(1,210)</b>	<b>(518)</b>	<b>-</b>	<b>-</b>	<b>(14,168)</b>	<b>27,720</b>
	<b>Total Property</b>	<b>83,381</b>	<b>2,664</b>	<b>(3,526)</b>	<b>(1,210)</b>	<b>(845)</b>	<b>-</b>	<b>27</b>	<b>(17,022)</b>	<b>63,469</b>
S6	Plant and Equipment									
	Plant and minor equipment	4,104	1,805	-	(795)	(455)	-	51	-	4,710
S7	Fixed plant, furniture and equipment	1,092	487	-	(312)	-	-	-	(225)	1,042
S8	Outdoor furniture	-	67	-	(280)	-	-	15	2,076	1,878
	<b>Total Plant and equipment</b>	<b>5,196</b>	<b>2,359</b>	<b>-</b>	<b>(1,387)</b>	<b>(455)</b>	<b>-</b>	<b>66</b>	<b>1,851</b>	<b>7,629</b>
S9	Infrastructure									
	Roads	108,579	4,567	25,503	(4,511)	-	(1,396)	58	(4,379)	128,420
S10	Bridges	11,011	365	-	(231)	-	-	-	76	11,219
	Footpaths and cycle ways	5,656	429	958	(199)	-	-	13	1,068	7,925
S11	Other structures	-	381	-	(96)	-	-	-	4,365	4,650
	Drainage	13,086	230	-	(263)	-	-	49	71	13,174
	Kerb and channelling	12,110	33	991	(412)	-	-	31	1	12,754
	Marine Infrastructure	-	-	5,443	(273)	-	-	161	14,380	19,711
	<b>Total Infrastructure</b>	<b>150,441</b>	<b>6,004</b>	<b>32,895</b>	<b>(5,985)</b>	<b>-</b>	<b>(1,396)</b>	<b>313</b>	<b>15,582</b>	<b>197,853</b>
	Intangibles									
	Software	296	215	-	(83)	-	-	-	-	428
	<b>Total Intangibles</b>	<b>296</b>	<b>215</b>	<b>-</b>	<b>(83)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>428</b>

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 21 Property, infrastructure, plant and equipment - continued

	Balance at beginning of financial year	Acquisition of assets	Revaluation Increments (decrements) (Note 26)	Depreciation and amortisation (Note 13)	Written down value of disposals	Assets written off	Non-monetary assets contributed	Transfers	Balance at end of financial year	
2012	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Works in progress (a)										
Buildings	169	7	-	-	-	-	-	(169)	7	S1
Roads	14	-	-	-	-	-	-	(14)	-	S2
Footpaths	146	51	-	-	-	-	-	(134)	63	S3
Bridges	54	-	-	-	-	-	-	(54)	-	S4
Outdoor furniture	-	31	-	-	-	-	-	24	55	S5
Other structures	-	88	-	-	-	-	-	-	88	S6
Fixed plant, furniture and equipment	1	44	-	-	-	-	-	-	45	S7
Drainage	54	1	-	-	-	-	-	(54)	1	S8
<b>Total Works in progress</b>	<b>448</b>	<b>223</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(412)</b>	<b>259</b>	S9
<b>Total property, plant and equipment, infrastructure</b>	<b>239,762</b>	<b>11,464</b>	<b>29,369</b>	<b>(8,665)</b>	<b>(1,300)</b>	<b>(1,396)</b>	<b>406</b>	<b>-</b>	<b>269,639</b>	S10

(a) Work in progress

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

## Note 22 Trade and other payables

	2013 \$'000	2012 \$'000	
<b>(a) Current trade and other payables</b>			
Trade payables	1,184	1,736	S10
Accrued expenses	412	318	S11
<b>Total current trade and other payables</b>	<b>1,596</b>	<b>2,054</b>	
<b>(b) Non-current trade and other payables</b>			
Defined benefits superannuation additional call	-	3,182	
<b>Total non-current trade and other payables</b>	<b>-</b>	<b>3,182</b>	
<b>Total trade and other payables</b>	<b>1,596</b>	<b>5,236</b>	



# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 23 Trust funds and deposits

	2013 \$'000	2012 \$'000
S1 Refundable builders footpath deposits	15	56
Refundable contract deposits	71	26
Refundable landscaping bond deposits	51	143
S2 Refundable planning deposits	106	15
Refundable re-erection of dwellings deposits	13	13
S3 <b>Total trust funds and deposits</b>	<b>256</b>	<b>253</b>

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

## Note 24 Provisions

	Time in lieu leave \$'000	Annual leave \$'000	Long service leave \$'000	Landfill restoration \$'000	Total \$'000
S5 <b>2013</b>					
S6 Balance at beginning of the financial year	-	1,306	2,336	3,693	7,335
Additional provisions	103	1,202	573	252	2,130
S7 Amounts used	-	(1,140)	(191)	-	(1,331)
<b>Balance at the end of the financial year</b>	<b>103</b>	<b>1,368</b>	<b>2,718</b>	<b>3,945</b>	<b>8,134</b>
S8 <b>2012</b>					
S9 Balance at beginning of the financial year	-	1,005	2,182	4,146	7,333
Additional provisions	-	1,252	303	2	1,557
S10 Amounts used	-	(951)	(149)	(455)	(1,556)
<b>Balance at the end of the financial year</b>	<b>-</b>	<b>1,306</b>	<b>2,336</b>	<b>3,693</b>	<b>7,335</b>

	2013 \$'000	2012 \$'000
S11 <b>(a) Employee benefits</b>		
<b>(i) Current</b>		
Annual leave	1,368	1,306
Long service leave	2,402	1,889
Time in lieu leave	103	-
	<b>3,873</b>	<b>3,195</b>
<b>(ii) Non-current</b>		
Long service leave	317	447
	<b>317</b>	<b>447</b>
Aggregate carrying amount of employee benefits:		
Current	3,873	3,195
Non-current	316	447
<b>Total</b>	<b>4,190</b>	<b>3,642</b>

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 24 Provisions - continued

	2013 \$'000	2012 \$'000	
The following assumptions were adopted in measuring the present value of employee benefits:			
Weighted average increase in employee costs	3.60%	4.20%	S1
Weighted average discount rates	3.14%	2.70%	S2
Weighted average settlement period	12	12	
<b>(i) Current</b>			S3
All annual leave and the long service leave entitlements representing 7 or more years of continuous service			S4
- Short-term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	3,698	2,963	S4
- Other long-term employee benefits that do not fall due within 12 months after the end of the period measured at present value	175	232	S5
<b>Total</b>	<b>3,873</b>	<b>3,195</b>	S6
<b>(ii) Non-current</b>			S7
Long service leave representing less than 7 years of continuous service measured at present value	316	447	S7
<b>Total</b>	<b>316</b>	<b>447</b>	S8
<b>(b) Land fill restoration</b>			I S9
Under agreements Council is obligated to restore all Landfill sites to a particular standard. Under agreements Council is required to restore closed landfill sites as well as the current Alvie landfill site. Current projections indicate that the Alvie site will cease operation in 2023 and restoration work is expected to commence shortly thereafter. The forecast life of the landfill site is based on current estimates of remaining capacity and the forecast rate of infill.			S10
The provision for landfill restoration (for all landfill sites) has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard and budgeted costs for that work. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.			S11
<b>(c) Provision for landfill restoration</b>	2013 \$'000	2012 \$'000	
Provision for landfill restoration			
Current	-	427	
Non-current	3,945	3,266	
<b>Total</b>	<b>3,945</b>	<b>3,693</b>	

Landfill restoration provision calculation methodology review effective 30 June 2011.

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 25 Interest-bearing loans and borrowings

	2013 \$'000	2012 \$'000
<b>Current</b>		
S1 Borrowings - secured	473	392
	<b>473</b>	<b>392</b>
<b>Non-current</b>		
S2 Borrowings - secured	4,501	3,796
S3 <b>Total</b>	<b>4,974</b>	<b>4,188</b>
S4 The maturity profile for Council's borrowings is:		
Not later than one year	473	392
S5 Later than one year and not later than five years	2,276	1,895
Later than five years	2,225	1,901
S6 <b>Total</b>	<b>4,974</b>	<b>4,188</b>
<b>Interest bearing loans and borrowings movements</b>		
S7 Opening Interest-bearing loans and borrowings	4,188	4,845
New loans taken up during year	1,178	-
S8 Prepayment of loan principal	(392)	(657)
<b>Closing Interest-bearing loans and borrowings</b>	<b>4,974</b>	<b>4,188</b>

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# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 26 Reserves

	Balance at beginning of reporting period	Increment (decrement)	Balance at end of reporting period	
	\$'000	\$'000	\$'000	
<b>(a) Asset revaluation surplus</b>				
<b>2013</b>				
<b>Property</b>				
Land	26,975	-	26,975	S1
Land improvements	552	-	552	S2
Fixed plant, furniture and equipment	293	-	293	
Buildings	7,025	-	7,025	
Share of CRLC asset revaluation reserve	450	-	450	S3
	<b>35,295</b>	<b>-</b>	<b>35,295</b>	S4
<b>Infrastructure</b>				
Roads	89,112	-	89,112	
Bridges	7,781	1,226	9,008	S5
Footpaths and cycle ways	1,927	-	1,927	
Drainage	3,829	2,671	6,500	S6
Kerb and channelling	7,686	-	7,686	
Marine	5,443	-	5,443	S7
	<b>115,779</b>	<b>3,897</b>	<b>119,676</b>	
<b>Total asset revaluation surplus</b>	<b>151,074</b>	<b>3,897</b>	<b>154,971</b>	S8
<b>2012</b>				
<b>Property</b>				
Land	24,387	2,588	26,975	I S9
Land improvements	552	-	552	S10
Fixed plant, furniture and equipment	293	-	293	
Buildings	13,137	(6,113)	7,024	S11
Share of CRLC asset revaluation reserve	450	-	450	
	<b>38,819</b>	<b>(3,525)</b>	<b>35,294</b>	
<b>Infrastructure</b>				
Roads	63,608	25,504	89,112	
Bridges	7,782	(1)	7,781	
Footpaths and cycle ways	969	958	1,927	
Drainage	3,830	(1)	3,829	
Kerb and channelling	6,695	991	7,686	
Marine	-	5,443	5,443	
	<b>82,884</b>	<b>32,895</b>	<b>115,779</b>	
<b>Total asset revaluation surplus</b>	<b>121,703</b>	<b>29,370</b>	<b>151,073</b>	

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

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 26 Reserves - continued

	Balance at beginning of reporting period \$'000	Transfer from accumulated surplus \$'000	Transfer to accumulated surplus \$'000	Balance at end of reporting period \$'000	
<b>(b) Other reserves</b>					
<b>2013</b>					
S1	Carried Forward Projects	3,264	3,183	-	6,447
	Long Service Leave reserve	2,243	325	(1,596)	972
S2	Port of Apollo Bay	1,522	1,998	-	3,520
	Plant replacement	1,309	3,548	(4,730)	127
	Kerbside bin replacement	606	333	-	939
S3	Recreational lands	586	7	(48)	545
	Landfill rehabilitation (Alvie)	524	57	-	581
S4	Colac Livestock Selling Centre	472	572	(799)	245
	Rehabilitation reserve	160	-	-	160
	Car parking	128	-	-	128
S5	Unfunded superannuation reserve	100	-	(100)	-
	Tirrengower Drainage Scheme	29	23	(34)	18
S6	<b>Total Other reserves</b>	<b>10,944</b>	<b>10,046</b>	<b>(7,307)</b>	<b>13,682</b>
<b>2012</b>					
S7	Carried Forward Projects	-	3,264	-	3,264
	Long Service Leave reserve	-	2,243	-	2,243
S8	Port of Apollo Bay	1,151	371	-	1,522
	Plant replacement	1,261	3,591	(3,543)	1,309
S9	Kerbside bin replacement	205	401	-	606
	Recreational lands	564	22	-	586
S10	Landfill rehabilitation (Alvie)	467	57	-	524
	Colac Livestock Selling Centre	344	128	-	472
	Rehabilitation reserve	160	-	-	160
S11	Car parking	137	-	(10)	128
	Unfunded superannuation reserve	100	-	-	100
	Tirrengower Drainage Scheme	36	22	(29)	29
	Lakeside estate	(1)	1	-	-
	Resource development reserve	384	-	(384)	-
	<b>Total Other reserves</b>	<b>4,809</b>	<b>10,101</b>	<b>(3,966)</b>	<b>10,944</b>



# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 26 Reserves - continued

### *Carried forward projects*

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

### *Long service leave reserve*

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

### *Waste management*

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

### *Port of Apollo Bay*

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

### *Plant replacement*

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

### *Kerbside bin replacement*

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

### *Recreational lands*

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

### *Landfill rehabilitation (Alvie)*

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

### *Colac livestock Selling Centre*

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

### *Rehabilitation reserve*

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

### *Car parking*

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

### *Unfunded superannuation reserve*

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

### *Tirrengower Drainage Scheme*

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

- S1
- S2
- S3
- S4
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- S6
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- I S9
- S10
- S11

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 27 Reconciliation of cash flows from operating activities to profit/(loss)

	2013 \$'000	2012 \$'000	
S1	Surplus/(Deficit)	1,724	1,226
	Depreciation/amortisation	9,430	8,665
	(Profit)/loss on disposal of property, plant and equipment, infrastructure	(43)	(150)
S2	Contributions - Non-monetary assets (other)	(243)	(178)
	Share of result of associate	26	74
S3	Finance costs	298	341
	Contributions - Non-monetary assets (Port of Apollo Bay)	-	(228)
	Property, plant and equipment, infrastructure written off	1,595	1,396
S4	Net GST receipts and payments	700	883
S5	Change in assets and liabilities:		
	(Increase)/decrease in trade and other receivables	(1,182)	(665)
S6	(Increase)/decrease in assets	12	31
	(Increase)/decrease in inventories	21	(43)
	(Decrease)/increase in trade and other payables	(3,639)	213
S7	(Decrease)/increase in trade and other liabilities	-	-
	(Decrease)/increase in provisions	800	3,184
S8	<b>Net cash provided by/(used in) operating activities</b>	<b>9,498</b>	<b>14,749</b>

## S9 I Note 28 Reconciliation of cash and cash equivalents

	2013 \$'000	2012 \$'000	
S10	Cash and cash equivalents (see note 17)	11,745	13,613
S11	<b>Total reconciliation of cash and cash equivalents</b>	<b>11,745</b>	<b>13,613</b>

## Note 29 Financing arrangements

	2013 \$'000	2012 \$'000	
	Bank overdraft	1,000	1,000
	<b>Unused facilities</b>	<b>1,000</b>	<b>1,000</b>

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013



## Note 30 Restricted assets

	2013 \$'000	2012 \$'000	
Council has cash and cash equivalents (note 17) that are subject to restrictions. As at the reporting date, Council had legislative restrictions in relation to certain reserve funds (Car parking and Recreational Lands Reserves).			S1
Trust deposits (note 23)	256	253	S2
Reserve funds (note 26(b))	13,682	10,944	S3
<b>Total restricted assets</b>	<b>13,938</b>	<b>11,197</b>	

## Note 31 Superannuation

	2013 \$'000	2012 \$'000	
<b>Fund</b>			S4
<b>Defined benefits fund</b>			S5
Employer contributions paid to Local Authorities Superannuation Fund (Vision Super)	331	3,533	S6
<b>Total</b>	<b>331</b>	<b>3,533</b>	S7
<b>Accumulation funds</b>			S8
Employer contributions paid to Local Authorities Superannuation Fund (Vision Super)	1,056	1,086	S8
<b>Total</b>	<b>1,056</b>	<b>1,086</b>	S8

The Council makes all of its employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund (the Fund). This Fund has two categories of membership, accumulation and defined benefit, each of which is funded differently. The defined benefit section provides lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from the Council and the Council's legal or constructive obligation is limited to these contributions.

Obligations for contributions to the Fund are recognised as an expense in Comprehensive Operating Statement when they are due.

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# NOTES TO THE FINANCIAL REPORT

## for the year ended 30 June 2013

### Note 31 Superannuation - continued

#### Accumulation

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 (for the year ended 30 June 2013, this was 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.

Effective from 1 July 2013, the Superannuation Guarantee contribution rate will increase to 9.25%, and will progressively increase to 12% by 2019.

#### Defined Benefit

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

The 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 2011, the Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. This rate is currently 9.25% of members' salaries (9% in 2011/12).

In addition, the Council reimburses the Fund to cover the excess of the benefits paid as a consequence of retrenchment above the funded resignation or retirement benefit (the funded resignation or retirement benefit is calculated as the VBI multiplied by the benefit).

The Council is also required to make additional contributions to cover the contribution tax payable on the contributions referred to above.

Employees are also required to make member contributions to the Fund. As such, assets accumulate in the Fund to meet member benefits, as defined in the Trust Deed, as they accrue.

#### Shortfall amounts

The Local Authorities Superannuation Fund's latest actuarial investigation as at 31 December 2011 identified an unfunded liability of \$406 million (excluding contributions tax) in the defined benefit category of which the Council is a contributing employer. The Council was made aware of the expected shortfall during the 2011/12 year and was informed of its share of the shortfall on 2 August 2012. The Council has not been advised of any further adjustments.

The projected value of the Council's contribution to the shortfall at 30 June 2012 (excluding contributions tax) amounted to \$3,181,869 which was accounted for in the 2011/12 Comprehensive Operating Statement within Other income (see note 6) and in the Balance Sheet in Trade and other payables (see note 22). The Council received an early payment discount of \$93,032 for a full repayment of the shortfall and this has been accounted for in the 2012/13 Comprehensive Operating Statement within Other income (see note 6) and in the Balance Sheet in Trade and other payables (see note 22).

The Fund surplus or deficit (ie the difference between fund assets and liabilities) is calculated differently for funding purposes (ie calculating required contributions) and for the calculation of accrued benefits as required in AAS 25 to provide the values needed for the AASB 119 disclosure in the Council's financial statements. AAS 25 requires that the present value of the defined benefit liability be calculated based on benefits that have accrued in respect of membership of the plan up to the measurement date, with no allowance for future benefits that may accrue.

The amount of the unpaid shortfall at 30 June 2013 is \$0 (\$3,181,869 2011/12).

#### Retrenchment increments

During 2012/13, the Council was not required to make payments to the Fund in respect of retrenchment increments (\$0 in 2011/12). The Council's liability to the Fund as at 30 June 2013, for retrenchment increments, accrued interest and tax is \$0 (\$0 in 2011/12).

#### Accrued benefits

The Fund's liability for accrued benefits was determined in the 31 December 2011 actuarial investigation pursuant to the requirements of Australian Accounting Standard Board AAS25 follows:

	31-Dec-11 \$'000
Net Market Value of Assets	4,315,324
Accrued Benefits (per accounting standards) (per accounting standards)	4,642,133
Difference between Assets and Accrued Benefits	(326,809)
Vested Benefits (Minimum sum which must be paid to members when they leave the fund)	4,838,503
The financial assumptions used to calculate the Accrued Benefits for the defined benefit category of the Fund were:	
Net Investment Return	7.50% p.a.
Salary Inflation	4.25% p.a.
Price Inflation	2.75% p.a.

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# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 32 Commitments

The Council has entered into the following commitments

	Not later than 1 year \$'000	Later than 1 year and not later than 2 years \$'000	Later than 2 years and not later than 5 years \$'000	Later than 5 years \$'000	Total \$'000	
<b>2013</b>						
<b>Operating</b>						
Waste management	1,902	1,978	6,246	4,584	14,710	S1
Consultancies	380	24			404	S2
Cleaning contracts for council buildings	297	309			606	S3
Meals for delivery	214				214	
Property valuation services	105	70			175	S4
Information systems & technology	122				122	
Street Lighting	95	99			194	S5
	<b>3,115</b>	<b>2,480</b>	<b>6,246</b>	<b>4,584</b>	<b>16,425</b>	
<b>Capital</b>						
Plant and equipment	2,958				2,958	S6
Building and other structures	1,492				1,492	S7
Footpaths and cycleways	94				94	
	<b>4,544</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,544</b>	S8
<b>Total</b>	<b>7,659</b>	<b>2,480</b>	<b>6,246</b>	<b>4,584</b>	<b>20,969</b>	
						I S9
<b>2012</b>						
<b>Operating</b>						
Waste management	1,960	1,982	2,402	152	6,496	S10
Cleaning contracts for council buildings	293	-	-	-	293	
Property valuation services	129	203	-	-	332	
Meals for delivery	180	-	-	-	180	S11
Consultancies	96	-	-	-	96	
Information systems & technology	232	236	-	-	468	
Street Lighting	83	95	-	-	178	
Other	140	-	-	-	140	
	<b>3,113</b>	<b>2,516</b>	<b>2,402</b>	<b>152</b>	<b>8,183</b>	
<b>Capital</b>						
Plant and equipment	82	-	-	-	82	
Building and other structures	162	-	-	-	162	
	<b>244</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>244</b>	
<b>Total</b>	<b>3,357</b>	<b>2,516</b>	<b>2,402</b>	<b>152</b>	<b>8,426</b>	

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 33 Operating lease commitments - continued

	2013 \$'000	2012 \$'000
S1	At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities):	
	132	141
S2	Not later than one year	
	101	124
	Later than one year and not later than five years	
	-	118
	Later than five years	
S3	<b>233</b>	<b>383</b>
	<b>Total</b>	

## Note 34 Contingent liabilities and contingent assets

### (a) Contingent liabilities

S6 The Council is presently involved in several confidential legal matters, which are being conducted through Council's solicitors. As these matters are yet to be finalised, and the financial outcomes are unable to be reliably estimated, no allowance for these contingencies has been made in the financial report.

S7 Council operates a landfill at Alvie. Council will have to carry out site rehabilitation works in the future. At balance date Council is unable to accurately assess the financial implications of such works.

S8 Council has a contingent liability facility of \$1,081,088 of which \$758,588 is unused. The utilised component is with a security deposit guarantee of \$322,500 in favour of the Victorian Environmental Protection Authority.

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

S9 The following Bank guarantees have been provided by Council:

	2013 \$'000	2012 \$'000
S10	-	125
	Otway Community College	
S11	<b>-</b>	<b>125</b>
	<b>Total</b>	
	The guarantee was held by the National Australia Bank dated 17 May 2011 initially for a period of four (4) years. The maximum value guaranteed by Council was for \$125,000.	
	The amount disclosed for the financial guarantee was the nominal amount of the underlying loan that was guaranteed by the Council, not the fair value of the financial guarantee.	
	During the year the guarantee was called upon by the National Australia Bank for the balance owed by the Otway Community College to the value of \$88,342.	
	-	94
	Balance of loan at 30 June 2013	
	<b>-</b>	<b>94</b>
	<b>Total</b>	

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013



## Note 35 Financial Instruments

Recognised financial instruments	Note	Accounting Policy	Terms and Conditions	
<b>Financial assets</b>				
Cash and cash equivalents	17	Cash on hand and at bank and money market call account are valued at face value.	On call deposits returned a floating interest rate of 3.1% (4.33% in 2011/2012). The interest rate at balance date was 2.75% (4.75% in 2011/2012).	S1
		Interest is recognised as it accrues.	Funds returned fixed interest rate of between 4.1% (4.65% in 2011/2012), and 4.5% (5.8% in 2011/2012) net of fees.	S2
		Investments and bills are valued at cost.		S3
		Investments are held to maximise interest returns of surplus cash.		S4
		Interest revenues are recognised as they accrue.		S5
		Managed funds are measured at market value.		S6
<b>Trade and other receivables</b>				
Other debtors	18	Receivables are carried at amortised cost using the effective interest method. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred.	General debtors are unsecured and arrears attract a nil interest rate (nil in 2011/2012). Credit terms are based on 30 days.	S7
		Collectability of overdue accounts is assessed on an ongoing basis.		S8
<b>Financial Liabilities</b>				
Trade and other payables	22	Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.	General creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.	S9
Interest-bearing loans and borrowings	25	Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.	Borrowings are secured by way of mortgages over the general rates of the Council. The weighted average interest rate on borrowings is 6.97% (7.28% in 2011/2012).	S10
		Finance leases are accounted for at their principal amount with the lease payments discounted to present value using the interest rates implicit in the leases.	As at balance date, the Council had no finance leases.	S11
Bank overdraft	29	Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.	The overdraft facility has not been utilised for this or the previous financial year and is subject to annual review. If utilised, it is secured by a mortgage over Council's general rates and is repayable on demand.	

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 35 Financial Instruments -continued

### (b) Interest Rate Risk

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

		Fixed interest maturing in:					
		Floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total
		\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
S1							
S2	<b>2013</b>						
S3	<b>Financial assets</b>						
	Cash and cash equivalents	11,739	-	-	-	6	11,745
	Trade and other receivables	-	-	-	-	4,637	4,637
S4	<b>Total financial assets</b>	<b>11,739</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,643</b>	<b>16,382</b>
S5	Weighted average interest rate	3.10%	5.57%				
S5	<b>Financial liabilities</b>						
S6	Trade and other payables	-	-	-	-	1,596	1,596
	Trust funds and deposits	-	-	-	-	256	256
S7	Interest-bearing loans and borrowings	-	473	2,276	2,225	-	4,974
	<b>Total financial liabilities</b>	<b>-</b>	<b>473</b>	<b>2,276</b>	<b>2,225</b>	<b>1,852</b>	<b>6,826</b>
S8	Weighted average interest rate		6.97%	6.97%	6.97%		
	<b>Net financial assets (liabilities)</b>	<b>11,739</b>	<b>(473)</b>	<b>(2,276)</b>	<b>(2,225)</b>	<b>2,791</b>	<b>9,556</b>
S9							
S10							
S11							
	<b>2012</b>						
	<b>Financial assets</b>						
	Cash and cash equivalents	13,607	-	-	-	6	13,613
	Trade and other receivables	-	-	-	-	3,455	3,455
	<b>Total financial assets</b>	<b>13,607</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,461</b>	<b>17,068</b>
	Weighted average interest rate	4.33%	5.57%				
	<b>Financial liabilities</b>						
	Trade and other payables	-	-	-	-	5,236	5,236
	Trust funds and deposits	-	-	-	-	253	253
	Interest-bearing loans and borrowings	-	392	1,894	1,901	-	4,188
	<b>Total financial liabilities</b>	<b>-</b>	<b>392</b>	<b>1,894</b>	<b>1,901</b>	<b>5,489</b>	<b>9,677</b>
	Weighted average interest rate		7.28%	7.28%	7.28%		
	<b>Net financial assets (liabilities)</b>	<b>13,607</b>	<b>(392)</b>	<b>(1,894)</b>	<b>(1,901)</b>	<b>(2,028)</b>	<b>7,391</b>

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 35 Financial Instruments - continued

### (c) Net Fair Values

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

Financial Instruments	Total carrying amount as per Balance Sheet		Aggregate net fair value		
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	
<b>Financial assets</b>					
Cash and cash equivalents	11,745	13,613	11,745	13,613	S1
Trade and other receivables	8,157	3,455	8,157	3,455	S2
<b>Total financial assets</b>	<b>19,902</b>	<b>17,068</b>	<b>19,902</b>	<b>17,068</b>	S3
<b>Financial liabilities</b>					
Trade and other payables	1,596	5,236	1,596	5,236	S4
Trust funds and deposits	256	253	256	253	S5
Interest-bearing loans and borrowings	4,975	4,188	4,770	4,032	S6
<b>Total financial liabilities</b>	<b>6,827</b>	<b>9,677</b>	<b>6,622</b>	<b>9,521</b>	S7

### (d) Credit Risk

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

### (e) Risks and mitigation

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

#### Interest rate risk

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

Our loan borrowings are sourced from major Australian banks by a tender process. We manage interest rate risk on our net debt portfolio by:

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

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

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

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

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

# NOTES TO THE FINANCIAL REPORT

## for the year ended 30 June 2013

### Note 35 Financial Instruments - continued

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

##### Credit risk

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

To help manage this risk:

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

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

We may also be subject to credit risk for transactions which are not included in the balance sheet, such as when we provide a guarantee for another party. Details of our contingent liabilities are disclosed in note 34 - Contingent liabilities and contingent assets.

##### Ageing of Trade and Other Receivables

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

	2013 \$'000	2012 \$'000
Current (not yet due)	1,942	1,601
Past due by up to 30 days	1,052	156
Past due after 31 days	1,643	1,698
<b>Total Trade &amp; Other Receivables</b>	<b>4,637</b>	<b>3,455</b>

##### Liquidity risk

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

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

To help reduce these risks we:

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

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

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 35 Financial Instruments - continued

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

The table below lists the contractual maturities for Financial Liabilities.

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

	6 months or less	6-12 months	1-2 years	2-5 years	>5 years	Contracted Cash flow
2013	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Trade and other payables	1,596	-	-	-	-	1,596
Trust funds and deposits	256	-	-	-	-	256
Interest-bearing loans and borrowings	473	405	781	2,043	2,188	5,890
<b>Total financial liabilities</b>	<b>2,325</b>	<b>405</b>	<b>781</b>	<b>2,043</b>	<b>2,188</b>	<b>7,742</b>

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

S1

S2

S3

S4

S5

S6

S7

S8

I S9

S10

S11



# NOTES TO THE FINANCIAL REPORT

## for the year ended 30 June 2013

### Note 35 Financial Instruments - continued

#### (f) Sensitivity disclosure analysis

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

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

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

S1

S2

S3

S4

S5

S6

S7

S8

S9 I

S10

S11

		Interest rate risk			
		-2%		+1%	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
		\$ '000	\$ '000	\$ '000	\$ '000
<b>2013</b>	\$ '000				
<b>Financial assets:</b>					
Cash and cash equivalents	11,745	(235)	(235)	117	117
Trade and other receivables	8,157	(28)	(28)	14	14
<b>Financial liabilities:</b>					
Trade and Other payables	1,852	-	-	-	-
Interest-bearing loans and borrowings	4,974	99	99	(50)	(50)
		Interest rate risk			
		-2%		+1%	
		-200 basis points		+100 basis points	
		Profit	Equity	Profit	Equity
		\$ '000	\$ '000	\$ '000	\$ '000
<b>2012</b>	\$ '000				
<b>Financial assets:</b>					
Cash and cash equivalents	13,613	(272)	(272)	136	136
Trade and other receivables	3,455	(24)	(24)	12	12
<b>Financial liabilities:</b>					
Trade and Other payables	5,489	-	-	-	-
Interest-bearing loans and borrowings	4,845	97	97	(48)	(48)

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 36 Auditors' remuneration

	2013 \$'000	2012 \$'000	
Audit fee to conduct external audit - Victorian Auditor-General	33	28	
Internal audit fees - Crowe Horwath	33	34	S1
Other audit fees - WHK	2		
<b>Total</b>	<b>68</b>	<b>65</b>	<b>S2</b>

## Note 37 Events occurring after balance date

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

## Note 38 Related Party Transactions

### (i) Responsible Persons

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

<b>Councillors</b>	Councillor Lyn Russell (Re-elected Councillor 29/10/12) (Mayor 7/11/12 to current)	S6
	Councillor Stephen Hart (Mayor 14/12/11 to 27/10/12) (Re-elected Councillor 29/10/12)	S7
	Councillor Brian Crook (Re-elected Councillor 29/10/12)	S8
	Councillor Chris Smith (Re-elected Councillor 29/10/12)	S9
	Councillor Michael Delahunty (Elected 29/10/12)	S10
	Councillor Mick McCrickard (Elected 29/10/12)	S11
	Councillor Terry Woodcroft (Elected 29/10/12)	
	Councillor Frank Buchanan (Term ended 27/10/12)	S9
	Councillor Geoff Higgins (Term ended 27/10/12)	
	Councillor Stuart Hart (Term ended 27/10/12)	S10
<b>Chief Executive Officer</b>	Rob Small	S11

### (ii) Remuneration of Responsible Persons

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

	2013 No.	2012 No.
\$0 - \$9,999	1	-
\$10,000 - \$19,999	4	-
\$20,000 - \$29,999	1	4
\$30,000 - \$39,999	2	-
\$40,000 - \$49,999	1	3
\$190,000 - \$199,999	1	-
\$200,000 - \$209,999	-	1
\$210,000 - \$219,999	1	-
<b>Total</b>	<b>11</b>	<b>8</b>
	\$'000	\$'000
Total Remuneration for the reporting year for Responsible Persons included above amounted to:	493	458

# NOTES TO THE FINANCIAL REPORT

## for the year ended 30 June 2013

### Note 38 Related Party Transactions - continued

(iii) No retirement benefits have been made by the Council to a Responsible Person. (2011/2012 - \$0).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2011/2012 - \$0).

S1

#### (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 (2011/2012 \$0).

S2

S3

#### (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 \$130,000.

S4

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

S5

S6

S7

S8

S9 I

Income Range:	2013 No.	2012 No.
\$130,000 - \$139,999	-	1
\$160,000 - \$169,999	1	-
\$170,000 - \$179,999	2	3
\$180,000 - \$189,999	1	3
<b>Total</b>	<b>4</b>	<b>4</b>
	\$'000	\$'000
Total Remuneration for the reporting year for Senior Officers included above, amounted to:	683	651

S10

### Note 39 Interest in joint venture

S11

Colac Otway Shire has engaged in a joint venture arrangement with the Victorian Department of Education and Early Childhood Development and the Colac Secondary College to construct and operate a joint use library facility. The value of Colac Otway Shire's overall contribution to the construction of the library facility is \$3,300,000. This represents a 50% share of the asset.

	2013 \$'000	2012 \$'000
Council's share of assets employed in the joint venture arrangement		
Buildings	3,013	3,041
Furniture	107	114
Intangible assets	38	39
<b>Total</b>	<b>3,158</b>	<b>3,194</b>

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 40 Income and expenses by function

	Infrastructure and Services Department		Corporate and Executive Departments		Sustainable Planning and Development Department		Total	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Income	11,202	9,726	31,593	31,778	1,785	2,092	44,581	43,597
Expenses	(22,846)	(22,177)	(14,690)	(15,009)	(5,321)	(5,185)	(42,857)	(42,371)
<b>Surplus/(Deficit) for the year</b>	<b>(11,643)</b>	<b>(12,451)</b>	<b>16,903</b>	<b>16,769</b>	<b>(3,536)</b>	<b>(3,093)</b>	<b>1,724</b>	<b>1,226</b>

### Infrastructure and Services Department

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

The Department includes the following branches:

Sustainable assets	Capital works
Port of Apollo Bay	Major projects
Cosworks	

### Corporate and Executive Departments

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

The Departments includes the following branches:

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

### Sustainable Planning and Development Department

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

The Department includes the following units:

Environment and community safety
Economic development
Planning and building

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 41 Financial ratios (Performance indicators)

### (a) Debt servicing ratio

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

	2013 \$'000	2013 %	2012 \$'000	2012 %	2011 \$'000	2011 %	
S1							
S2	<u>Debt servicing costs</u>	337	= 0.76%	<u>341</u>	= 0.78%	<u>308</u>	= 0.54%
	Total revenue	44,621		43,600		56,749	

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

### (b) Debt commitment ratio

(to identify Council's debt redemption strategy)

	2013 \$'000	2013 %	2012 \$'000	2012 %	2011 \$'000	2011 %	
S4							
S5	<u>Debt servicing &amp; redemption costs</u>	730	= 3.12%	<u>998</u>	= 4.58%	<u>720</u>	= 3.52%
S6	Rate revenue	23,349		21,789		20,465	

The strategy involves the payment of loan principal and interest, finance lease principal and interest. The ratio expresses the percentage of rate revenue utilised to pay interest and redeem debt principal.

### (c) Revenue ratio

(to identify Council's dependence on non-rate income)

	2013 \$'000	2013 %	2012 \$'000	2012 %	2011 \$'000	2011 %	
S8							
S9	<u>Rate revenue</u>	23,349	= 52.33%	<u>21,789</u>	= 49.98%	<u>20,465</u>	= 36.06%
S10	Total revenue	44,621		43,600		56,749	

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

### (d) Debt exposure ratio

(to identify Council's exposure to debt)

	2013 \$'000	2013 %	2012 \$'000	2012 %	2011 \$'000	2011 %	
S11							
	<u>Total indebtedness</u>	14,706	= 18.79%	<u>16,760</u>	= 21.57%	<u>11,816</u>	= 12.34%
	Total realisable assets	78,262		77,709		95,780	

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

Any liability represented by a restricted asset (note 30) is excluded from total indebtedness.

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

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

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

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 41 Financial ratios (Performance indicators) - continued

### (e) Working capital ratio

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

	2013 \$'000	2013 %	2012 \$'000	2012 %	2011 \$'000	2011 %	
Current assets	20,059		17,258		13,742		S1
Current liabilities	9,719	= 206.39%	6,321	= 273.03%	5,705	= 240.88%	S2

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

### (f) Adjusted working capital ratio

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

	2013 \$'000	2013 %	2012 \$'000	2012 %	2011 \$'000	2011 %	
Current assets	20,059		17,258		13,742		S4
Current liabilities	9,544	= 210.18%	6,089	= 283.43%	5,030	= 273.20%	S5

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

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

### Additional KPI ratios

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

### (g) Underlying Result

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

	2013 \$'000	2013 %	2012 \$'000	2012 %	2011 \$'000	2011 %	
Adjusted Net Operating Result	3,102		2,290		2,376		S9
Total Underlying Revenue	44,378	= 7.0%	43,194	= 5.3%	39,947	= 5.9%	S10

### (h) Liquidity Ratio

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

	2013 \$'000	2013 %	2012 \$'000	2012 %	2011 \$'000	2011 %	
Current assets	20,059		17,258		13,742		
Current liabilities	9,719	= 206.4%	6,321	= 273.0%	5,705	= 240.9%	

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 41 Financial ratios (Performance indicators) - continued

### (i) Indebtedness Ratio

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

	2013 \$'000	2013 %	2012 \$'000	2012 %	2011 \$'000	2011 %
S1						
S2	<u>8,763</u>	= 30.9%	<u>10,691</u>	= 40.6%	<u>8,580</u>	= 34.5%
	28,358		26,325		24,839	
	Non-current liabilities					
	Own-sourced revenue					

### (j) Self-Financing Ratio

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

	2013 \$'000	2013 %	2012 \$'000	2012 %	2011 \$'000	2011 %
S3						
S4	<u>9,498</u>	= 21.4%	<u>14,748</u>	= 34.1%	<u>12,289</u>	= 30.8%
S5	44,378		43,194		39,947	
	Net operating cash flows					
	Underlying revenue					

### (k) Capital Replacement Gap Ratio

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

	2013 \$'000	2013 %	2012 \$'000	2012 %	2011 \$'000	2011 %
S6						
S7	<u>11,726</u>	= 124.3%	<u>12,394</u>	= 143.0%	<u>12,262</u>	= 157.5%
S8	9,430		8,665		7,783	
	Capital Spend					
	Depreciation					

### (l) Renewal Gap Ratio

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

	2013 \$'000	2013 %	2012 \$'000	2012 %	2011 \$'000	2011 %
S9						
S10	<u>9,129</u>	= 96.8%	<u>9,710</u>	= 112.1%	<u>9,250</u>	= 118.8%
S11	9,430		8,665		7,783	
	Renewal & Upgrade					
	Depreciation					

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 42 Capital expenditure

	Note	2013 \$'000	2012 \$'000	
<b>Capital expenditure areas</b>				
Land		-	371	S1
Buildings		1,359	2,301	
Plant and minor equipment		2,047	1,805	S2
Fixed plant, furniture and equipment		517	531	S2
Outdoor furniture		27	99	
Roads		4,374	4,567	S3
Bridges		1,705	365	
Footpaths and cycle ways		448	480	S4
Other structures		1,196	468	
Drainage		-	231	S5
Kerb and channelling		52	33	S5
Software		1	215	
<b>Total capital works</b>		<b>11,726</b>	<b>11,464</b>	S6
Represented by:				
<b>Renewal</b>				
Renewal of property and buildings		535	439	S7
Renewal of plant and equipment		2,135	2,055	S8
Renewal of infrastructure		5,498	4,779	S9
<b>Total Renewal</b>	(a)	<b>8,168</b>	<b>7,273</b>	S9
<b>Upgrade</b>				
Upgrade of property and buildings		720	1,411	S10
Upgrade of plant and equipment		140	56	
Upgrade of infrastructure		101	970	S11
<b>Total Upgrade</b>	(b)	<b>961</b>	<b>2,436</b>	
<b>New or Expanded</b>				
New property and buildings		103	821	
New plant and equipment		318	323	
New infrastructure		2,176	610	
<b>Total New or Expanded</b>	(c)	<b>2,597</b>	<b>1,754</b>	
<b>Total capital works</b>		<b>11,726</b>	<b>11,464</b>	



# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 42 Capital expenditure - continued

### Property, plant and equipment, infrastructure movement

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

	Note	2013 \$'000	2012 \$'000
S1			
		11,726	11,464
S2		243	178
	23(a)	3,898	29,370
S3	13	(9,430)	(8,665)
	7	(526)	(1,300)
S4	6(c)	-	228
	21	-	(40)
	18	(1,595)	(1,396)
S5		<b>4,316</b>	<b>29,839</b>

### Net movement in property, plant and equipment, infrastructure

#### (a) Renewal

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

#### (b) Upgrade

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

#### (c) New/Expansion

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

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 43 Special committees and other business operations

### (a) Port of Apollo Bay

The council is the Port Manager for the Port of Apollo Bay. The Income Statement, Balance Sheet, Cashflow Statement and capital expenditure areas for the Port of Apollo Bay only have been provided below. The information has been prepared in accordance with Australian Accounting Standards. Together with note 43 (b), and taking in account the inter-entity eliminations, the information below forms part of the financial statements of the Colac Otway Shire Council.

	2013 \$'000	2012 \$'000	
<b>Comprehensive Income Statement</b>			<b>S1</b>
<b>Income</b>			<b>S3</b>
User fees	96	87	
Grants - operating	780	780	<b>S4</b>
Reimbursements	-	-	
Other income	39	37	<b>S5</b>
	<b>915</b>	<b>904</b>	<b>S6</b>
<b>Capital income</b>			<b>S7</b>
Contributions - non-monetary assets (Port of Apollo Bay)	-	228	
Grants - capital	1,657	-	<b>S7</b>
Net gain/(loss) on disposal of property, infrastructure, plant and equipment	12	-	<b>S8</b>
	<b>1,669</b>	<b>228</b>	<b>S9</b>
<b>Total income</b>	<b>2,584</b>	<b>1,132</b>	<b>S9</b>
<b>Expenses</b>			<b>S10</b>
Employee benefits	(398)	(424)	
Materials and services	(148)	(159)	
Depreciation and amortisation	(555)	(438)	<b>S11</b>
Other expenses	(4)	-	
<b>Total expenses</b>	<b>(1,105)</b>	<b>(1,022)</b>	
<b>Surplus/(Deficit)</b>	<b>1,479</b>	<b>110</b>	
<b>Other comprehensive income</b>			
Net asset revaluation increment (decrement)	-	5,331	
<b>Comprehensive result</b>	<b>1,479</b>	<b>5,441</b>	

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 43 Special committees and other business operations - continued

### (a) Port of Apollo Bay

	2013 \$'000	2012 \$'000
<b>Balance Sheet</b>		
<b>Assets</b>		
Current assets		
Trade and other receivables	3,520	1,527
<b>Total current assets</b>	<b>3,520</b>	<b>1,527</b>
<b>Non-current assets</b>		
Property, infrastructure, plant and equipment	20,779	21,238
<b>Total non-current assets</b>	<b>20,779</b>	<b>21,238</b>
<b>Total assets</b>	<b>24,299</b>	<b>22,764</b>
<b>Liabilities</b>		
Current liabilities		
Trade and other payables	53	3
Provisions	59	59
<b>Total current liabilities</b>	<b>112</b>	<b>61</b>
<b>Non-current liabilities</b>		
Provisions	12	7
<b>Total non-current liabilities</b>	<b>12</b>	<b>7</b>
<b>Total liabilities</b>	<b>124</b>	<b>68</b>
<b>Net Assets</b>	<b>24,175</b>	<b>22,696</b>
<b>Equity</b>		
Accumulated surplus	18,952	17,433
Reserves	5,223	5,263
<b>Total Equity</b>	<b>24,175</b>	<b>22,696</b>

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 43 Special committees and other business operations - continued

### (a) Port of Apollo Bay

<b>Cash Flow Statement</b>	<b>2013</b> Inflows/ (Outflows) \$'000	2012 Inflows/ (Outflows) \$'000	
<b>Cash flows from operating activities</b>			<b>S1</b>
User charges and other fines (inclusive of GST)	105	92	S2
Grants (inclusive of GST)	2,561	1,454	
Reimbursements	-	-	
Net GST refund/payment	(120)	33	S3
Payments to suppliers (inclusive of GST)	(158)	(229)	
Payments to employees (including redundancies)	(392)	(350)	S4
Other payments	(4)	(2)	
<b>Net cash provided by (used in) operating activities</b>	<b>1,992</b>	<b>998</b>	<b>S5</b>
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment (inclusive of GST)	(95)	(998)	S6
Proceeds from sale of property, infrastructure, plant and equipment	58	-	
<b>Net cash provided by (used in) investing activities</b>	<b>(37)</b>	<b>(998)</b>	<b>S7</b>
Cash advance held by management authority	(1,995)	-	S8
<b>Cash flows from financing activities</b>	<b>(1,995)</b>	<b>-</b>	
Net increase (decrease) in cash and cash equivalents	-	-	I S9
Cash and cash equivalents at the beginning of the financial year	-	-	
<b>Cash flows from financing activities</b>	<b>-</b>	<b>-</b>	<b>S10</b>
			<b>S11</b>

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 43 Special committees and other business operations - continued

### (a) Port of Apollo Bay

	2013	2012
	\$'000	\$'000
<b>Capital expenditure areas</b>		
Plant and minor equipment	136	45
<b>Total capital works</b>	<b>136</b>	<b>45</b>
<b>Represented by:</b>		
Renewal of plant and equipment	136	45
<b>Total capital works</b>	<b>136</b>	<b>45</b>
<b>Property, plant and equipment, infrastructure movement</b>		
The movement between the previous year and the current year in property, plant and equipment, infrastructure as shown in the Balance Sheet links to the net of the following items:		
Total capital works	86	45
Asset revaluation movement	-	(257)
Depreciation/amortisation	(555)	(438)
Written down value adjustment	-	(40)
Written down value of assets sold	(40)	-
Non-monetary assets identified	-	228
Assets written off	-	-
<b>Net movement in property, plant and equipment, infrastructure</b>	<b>(509)</b>	<b>(462)</b>

### (b) Colac Otway Shire

The Income Statement, Balance Sheet, Cashflow Statement and capital expenditure areas for the Colac Otway Shire entity only have been provided below. The information has been prepared in accordance with Australian Accounting Standards. Together with note 43 (a), and taking in account the inter-entity eliminations, the information below forms part of the combined financial statements of the Colac Otway Shire Council.

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 43 Special committees and other business operations - continued

	2013 \$'000	2012 \$'000	
<b>Comprehensive Income Statement</b>			
<b>Income</b>			
Rates and charges	23,349	21,789	S1
Statutory fees and fines	677	514	
User fees	3,608	3,445	S2
Contributions - cash	181	304	
Grants - operating	8,654	11,493	
Reimbursements	436	406	S3
Finance income	502	590	
Other income	192	83	S4
	<b>37,599</b>	<b>38,625</b>	
<b>Capital income</b>			
Contributions - non-monetary assets (other)	243	178	S5
Contributions - non-monetary assets (Port of Apollo Bay)	-	228	S6
Grants - capital	4,164	3,551	
Net gain on disposal of property, infrastructure, plant and equipment	31	150	S7
	<b>4,438</b>	<b>4,108</b>	
<b>Total income</b>	<b>42,038</b>	<b>42,733</b>	S8
<b>Expenses</b>			
Employee benefits	(15,844)	(14,965)	I S9
Employee benefits - additional superannuation call	-	(3,182)	
Materials and services	(13,768)	(11,960)	S10
Depreciation and amortisation	(8,875)	(8,231)	
Finance costs	(338)	(378)	S11
Other expenses	(1,095)	(1,206)	
Share of net loss of associates accounted for by the equity method	(25)	(75)	
	<b>(39,945)</b>	<b>(39,996)</b>	
<b>Capital Expense</b>			
Net loss on disposal of property, infrastructure, plant and equipment			
Property, plant, equipment and infrastructure written off	(1,595)	(1,396)	
	<b>(1,595)</b>	<b>(1,396)</b>	
<b>Total expenses</b>	<b>(41,540)</b>	<b>(41,393)</b>	
<b>Surplus/(Deficit)</b>	<b>498</b>	<b>1,340</b>	
<b>Other comprehensive income</b>			
Net asset revaluation increment (decrement)	3,898	24,146	
<b>Comprehensive result</b>	<b>4,396</b>	<b>25,486</b>	



# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 43 Special committees and other business operations - continued

### (b) Colac Otway Shire

<b>Cash Flow Statement</b>	<b>2013</b> Inflows/ (Outflows) \$'000	2012 Inflows/ (Outflows) \$'000	
<b>Cash flows from operating activities</b>			<b>S1</b>
Rates	23,152	21,660	S2
User charges and other fines (inclusive of GST)	4,244	4,443	
Grants (inclusive of GST)	11,894	14,588	S3
Developer contributions (inclusive of GST)	181	319	
Reimbursements (inclusive of GST)	436	423	
Interest	493	581	S4
Other receipts (inclusive of GST)	192	90	
Net GST refund/payment	-	1,435	S5
Payments to suppliers (inclusive of GST)	(12,287)	(12,583)	
Payments to employees (including redundancies)	(18,485)	(14,954)	
Other payments	(1,095)	(1,254)	S6
<b>Net cash provided by (used in) operating activities</b>	<b>8,725</b>	<b>14,748</b>	S7
<b>Cash flows from investing activities</b>			
Payments for property, infrastructure, plant and equipment	(11,588)	(12,394)	S8
Proceeds from sale of property, infrastructure, plant and equipment	517	1,530	
<b>Net cash provided by (used in) investing activities</b>	<b>(11,071)</b>	<b>(10,864)</b>	I S9
<b>Cash flows from financing activities</b>			
Finance costs	(311)	(315)	S10
Trust funds and deposits	3	(34)	
Proceeds from interest bearing loans and borrowings	1,178	-	
Repayment of interest bearing loans and borrowings	(392)	(657)	S11
<b>Net cash provided by (used in) financing activities</b>	<b>478</b>	<b>(1,006)</b>	
Net increase (decrease) in cash and cash equivalents	(1,868)	2,878	
Cash and cash equivalents at the beginning of the financial year	13,613	10,775	
<b>Cash and cash equivalents at the end of the financial year</b>	<b>11,745</b>	<b>13,653</b>	



# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 43 Special committees and other business operations - continued

### (b) Colac Otway Shire

	<b>2013</b>	2012
	\$'000	\$'000
	<b>Capital expenditure areas</b>	
S1	-	371
	Land	
	Buildings	2,301
	Plant and minor equipment	1,760
S2	517	487
	Fixed plant, furniture and equipment	
	Outdoor furniture	99
S3	4,374	4,567
	Roads	
	Bridges	365
	Footpaths and cycle ways	480
S4	1,196	468
	Other structures	
	Drainage	231
S5	52	33
	Kerb and channelling	
	Software	215
S6	<b>11,589</b>	<b>11,375</b>
	<b>Total capital works</b>	
	Represented by:	
S7	<b>Renewal</b>	
	Renewal of property and buildings	439
S8	2,135	2,055
	Renewal of plant and equipment	
	Renewal of infrastructure	4,689
S9	<b>8,168</b>	<b>7,184</b>
	<b>Total Renewal</b>	
	<b>Upgrade</b>	
S10	720	1,411
	Upgrade of property and buildings	
	Upgrade of plant and equipment	56
S11	101	970
	Upgrade of infrastructure	
	<b>824</b>	<b>2,436</b>
	<b>Total upgrade</b>	
	<b>New or Expanded</b>	
	New property and buildings	821
	New plant and equipment	323
	New infrastructure	610
	<b>2,597</b>	<b>1,754</b>
	<b>Total New or Expanded</b>	
	<b>11,589</b>	<b>11,375</b>
	<b>Total capital works</b>	

# NOTES TO THE FINANCIAL REPORT

for the year ended 30 June 2013

## Note 43 Special committees and other business operations - continued

### (b) Colac Otway Shire

#### 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:

	<b>2013</b>	2012	
	\$'000	\$'000	
Total capital works	11,589	11,375	S1
Contributions - non-monetary assets (other)	243	178	S2
Asset revaluation movement	3,898	23,926	S3
Depreciation/amortisation	(8,875)	(8,231)	S4
Written down value of assets sold	(486)	(1,300)	S5
Contributions - non-monetary assets (Port of Apollo Bay)	-	228	S6
Transfers	-	(40)	S7
Assets written off	(1,595)	(1,396)	S8
<b>Net movement in property, plant and equipment, infrastructure</b>	<b>4,774</b>	<b>24,741</b>	S9

S1

S2

I S9

S10

S11

# 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.

S1



S2

Brett Exelby CPA  
Principal Accounting Officer

11 September 2013

S3

S4

In our opinion the accompanying financial statements present fairly the financial transactions of Colac Otway Shire Council for the year ended 30 June 2013 and the financial position of the Council as at that date.

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

S5

We have been authorised by the Council on 11 September 2013 to certify the financial statements in their final form.

S6



S7

Stephen Hart  
Councillor

11 September 2013

S8

S9 I



S10

Michael Delahunty  
Councillor

11 September 2013

S11



Rob Small  
Chief Executive Officer

11 September 2013



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## INDEPENDENT AUDITOR'S REPORT

### To the Councillors, Colac Otway Shire Council

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

The accompanying standard statements for the year ended 30 June 2013 of the Colac Otway Shire Council which comprises standard income statement, standard balance sheet, standard cash flow statement, standard statement of capital works, the related notes and the certification of the standard statements have been audited.

The accompanying financial report for the year ended 30 June 2013 of the Council which comprises of the comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial report has been audited.

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

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

- the standard statements in accordance with the basis of preparation as described in basis of preparation as described in Note 1 to the statements and the requirements of the *Local Government Act 1989*
- the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

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

#### *Auditor's Responsibility*

As required by the *Audit Act 1994* and the *Local Government Act 1989*, my responsibility is to express an opinion on the standard statements and financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the standard statements and financial report are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standard statements and financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the standard statements and financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the standard statements and financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Councillors, as well as evaluating the overall presentation of the standard statements and financial report.

*Auditing in the Public Interest*

## INDEPENDENT AUDITOR'S REPORT (continued)

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

### *Independence*

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

### *Opinion*

In my opinion:

- (a) the standard statements present fairly, in all material respects, in accordance with the basis of the preparation as described in Note 1 to the statements and the requirements of the *Local Government Act 1989*.
- (b) the financial report presents fairly, in all material respects, the financial position of the Colac Otway Shire Council as at 30 June 2013 and its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*.

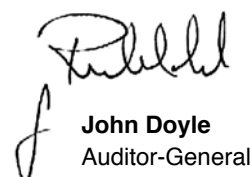
### *Basis of Accounting for Standard Statements*

Without modifying my opinion, I draw attention to Note 1 of the standard statements, which describes the basis of accounting. The standard statements are prepared to meet the requirements of the *Local Government Act 1989*. As a result, the standard statements may not be suitable for another purpose.

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

This auditor's report relates to the standard statements and financial report of the Colac Otway Shire Council for the year ended 30 June 2013 included both in the Colac Otway Shire Council's annual report and on the website. The Councillors of the Colac Otway Shire Council are responsible for the integrity of the Colac Otway Shire Council's website. I have not been engaged to report on the integrity of the Colac Otway Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the standard statements and financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited standard statements and financial report to confirm the information contained in the website version of the standard statements and financial report.

Melbourne  
27 September 2013

  
John Doyle  
Auditor-General

# PERFORMANCE STATEMENT



Objectives	Strategic Indicators	Target 2012/13	Result 2012/13	Outcome	Comments	
<b>Leadership and Governance</b>						
Council will fulfil its statutory and legal obligations to its community and staff in a way that is: fair, ethical, inclusive, sustainable, financially responsible and meets the needs and practical aspirations of current and future generations	Liquidity Ratio	>150%	206%	Achieved		
	Outstanding rates, charges and fees as a proportion of rates, charges and fees	<4%	5.9%	Not Achieved	During the year the threshold whereby accounts are referred to debt collection has risen from \$700 to \$1,000 per account owing. Along with the prior year debt collection charges and the current year charges being recognised within the one financial year the target has not been reached.	S1 S2 S3
	Average rate revenue per assessment	\$1,269	\$1,261	Achieved		S4
	Audit Opinion issued on Financial Statements	Compliance with all statutory requirements	Compliance with all statutory requirements	Achieved		S5
<b>Physical Infrastructure and Assets</b>						
Council will provide and maintain Council infrastructure and assets that meet community needs now and in the future	Percentage of Capital Works expenditure projects completed	>85%	88%	Achieved		S6 S7
	Capital Works expenditure actual compared to budgeted expenditure	>85%	73%	Not Achieved	The principal explanation of this result is that the budget anticipated the commencement of construction on the redevelopment of the Blue Water Fitness Centre during the year. This is a \$10 million project to be undertaken across a number of years. The construction works are now expected to commence in November 2013.	S8 I S9 S10
	Asset renewal sustainability index	100%	97%	Not Achieved	This target was not achieved due to renewal programmes being reduced for 2012-2013 in order to source funding to make the defined benefits superannuation payment made by Council during the financial year.	S11
<b>Land Use and Development</b>						
Council will engage, plan and make decisions about land use and development that takes into account the regulatory role of Council, its diverse geography, social, community, economic and environmental impacts for current and future generations.	Planning permits processed within statutory timeframes	>70%	55%	Not Achieved	The number of days to determine planning applications increased in 2012/13 due to the adverse impact of a new system introduced for on-line lodgement of planning applications and difficulties covering staff absences. This resulted in a drop in the number of applications determined within the statutory time frame. These time frames have begun to reduce mid 2013.	

# PERFORMANCE STATEMENT (CONTINUED)

Objectives	Strategic Indicators	Target 2012/13	Result 2012/13	Outcome	Comments	
<b>Environmental Management</b>						
S1 S2 S3 S4 S5	Council will protect and enhance the environment entrusted to us, demonstrate efficient use of natural resources and minimise climate change impacts.	Develop environmental plans for high value Council land.	12 plans developed	Nil	Not Achieved	12 plans were developed for high conservation areas in the years prior to 2012-2013. These plans are living documents that are reviewed regularly with major reviews conducted between 5 and 10 years after their initial development. As the current plans are still all considered relevant, no new plans for high conservation areas have been developed during the 2012-2013 period.
		Commence implementation of environmental management plans for high value Council land.	Implementation of 12 plans commenced	Implementation of the actions from the 12 plans were commenced (e.g. weed control) commenced.	Achieved	
<b>Economic Development</b>						
S6 S7 S8	Council is committed to facilitating a healthy and resilient economy through effective leadership, advocacy, and partnership.	Delivery of Business Development Events	16 events held during the year	11 events held during the year	Not Achieved	The target of 16 business events proved difficult due to the implementation of the Colac Marketing Strategy and the workload associated with this, the attendance at the Regional Victoria Living Expo, the increase in the number of events facilitated from local businesses and the decline in attendance at the Working Women's Networking events.
<b>Community Health and Wellbeing</b>						
S9 S10 S11	Council will promote community health and wellbeing in partnership with other health services. Through a partnership approach, Council will provide a broad range of customer focused health, recreational, cultural and community amenities, services and facilities	Exhibition of community and professional artists at the Colac Otway Performing Arts and Cultural Centre (COPACC)	>100 artists	274	Achieved	
		Maintain a membership base at Bluewater Fitness Centre.	>1,000 members	Averaged more than 1,000 members.	Not Achieved	There was an increase in the participation level overall as casual or non-member use of programmes lifted considerably during the period, particularly in the early part of the year. The success of these casual programmes has led to a substantial increase in the conversion of casual use to full membership in the later part of the year. Council is satisfied with the overall level of memberships at year end.
		Capacity usage of Council's Learn to swim program	>90%	81%	Not Achieved	In light of the future closure of the Blue Water Fitness Centre, the learn to swim programme was expanded to offer opportunity for residents to participate in programmes prior to the closure. This expansion of programmes led to reduced participation in individual programmes, but represented an overall increase in users of the learn to swim programme.



# CERTIFICATION OF THE PERFORMANCE STATEMENT

In my opinion the accompanying Performance Statement of the Colac Otway Shire Council in respect of the 2012/2013 financial year has been prepared in accordance with the *Local Government Act 1989*.

Brett Exelby CPA  
Principal Accounting Officer

11 September 2013

S1

S2

In our opinion, the accompanying Performance Statement of the Colac Otway Shire Council in respect of the 2012/2013 financial year is presented fairly in accordance with Section 132 of the *Local Government Act 1989*.

S3

The statement outlines the separately identified Key Strategic Activities contained in the budget under Section 127 of the *Local Government Act 1989* and describes the actual results achieved in the financial year.

S4

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

S5

We have been authorised by the Council on 11 September 2013 to certify the Performance Statement in its final form.

S6

Stephen Hart  
Councillor

11 September 2013

S7

S8

I S9

Michael Delahunty  
Councillor

11 September 2013

S10

S11

Rob Small  
Chief Executive Officer

11 September 2013





Victorian Auditor-General's Office

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## INDEPENDENT AUDITOR'S REPORT

### To the Councillors, Colac Otway Shire Council

#### *The Performance Statement*

The accompanying performance statement for the year ended 30 June 2013 of the Colac Otway Shire Council which comprises the statement, notes and the certification of the performance statement has been audited.

#### *The Councillors' Responsibility for the Performance Statement*

The Councillors of Colac Otway Shire Council are responsible for the preparation and fair presentation of the performance statement in accordance with the *Local Government Act 1989* and for such internal control as the Councillors determine is necessary and to enable the preparation and fair presentation of the performance statement that is free of material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the performance statement. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the performance statement, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the performance statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the overall presentation of the performance statement.

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

*Auditing in the Public Interest*

## INDEPENDENT AUDITOR'S REPORT (continued)

### *Independence*

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

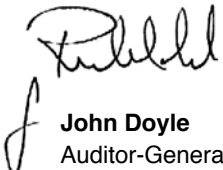
### *Auditor's Opinion*

In my opinion, the performance statement of Colac Otway Shire Council in respect of the 30 June 2013 financial year presents fairly, in all material respects, in accordance with the *Local Government Act 1989*.

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

This auditor's report relates to the performance statement of the Colac Otway Shire Council for the year ended 30 June 2013 included both in the Colac Otway Shire Council's annual report and on the website. The Councillors of the Colac Otway Shire Council are responsible for the integrity of the Colac Otway Shire Council's website. I have not been engaged to report on the integrity of the Colac Otway Shire Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this statement. If users of the performance statement are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited performance statement to confirm the information contained in the website version of the performance statement.

**Melbourne**  
27 September 2013

  
**John Doyle**  
Auditor-General

# ACRONYMS AND DEFINITIONS

	AES	Alignment and Engagement Survey	IBAC	Independent Broad-based Anti-corruption Commission
	ANZ	Australia and New Zealand Banking Group Limited	Interplan®	Council's Corporate Performance Management software system
	ANZAC	Australia and New Zealand Army Corps (1914-18)	ILOP	Improving Liveability for Older People
S1	CACPs	Community Aged Care Packages	JMAPP	Jardine Municipal Asset Protection Package
	CBD	Central Business District	LTFP	Long Term Financial Plan
S2	CEO	Chief Executive Officer	LED	Light Emitting Diode
	COPACC	Colac Otway Performing Arts and Cultural Centre	MAV	Municipal Association of Victoria
S3	Co-PYLIT	Colac Police Youth Liaison Team	OH&S	Occupational Health and Safety
	COShealth	Colac Otway Shire Health and Wellbeing Program	OCR FM	Otway Community Radio
S4	COVEC	Colac Otway Vocational Education Cluster	PES®	Council's Corporate Personnel Evaluation software system
	CPR	Cardio Pulmonary Resuscitation	SafetyMAP Authority	Accreditation through the Victorian WorkCover Authority
S5	DR	Disaster Recovery	TVETSSP	Technical Vocational Education and Training Sector Strengthening Program
	DSE	Department of Sustainability and Environment	VCAT	Victorian Civil and Administrative Tribunal
S6	EAP	Employee Assistance Program	VE	Virtual Enterprise
	EEO	Equal Employment Opportunity	VoIP	Voice Over Internet Protocol
S7	EFT	Equivalent Full Time employees	WHK	Accounting and financial advisors
	EPA	Environmental Protection Agency		
S8	ESD	Ecologically Sustainable Design		
	FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs		
S9				
S10 I	FPN	Fire Prevention Notice		
	GCC	Global Corporate Challenge®		
S11	GSC	Great South Coast		
	HACC	Home and Community Care		
	KIT	Kiribati Institute of Technology		
	MAV	Municipal Association of Victoria		
	NDIS	National Disability Insurance Scheme		
	NSP	Neighbourhood Safer Places		
	FOI	Freedom of Information		
	G21	Geelong Regional Alliance		



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# CONTACTING COUNCIL



Colac Otway  
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