



Colac Otway  
SHIRE

2013-2014 ANNUAL REPORT

# OUR VISION, MISSION, VALUES AND DIRECTION

## 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

## OUR STRATEGIC DIRECTION

The four pillars of our Council Plan indicate our key strategic direction for 2013-2017.

An underlying principle in the development of the Council Plan was to more effectively integrate service delivery.

**Pillar 1:** Good Governance

**Pillar 2:** A Planned Future

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

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

Specific objectives and strategies for each of the key directions (Council Plan 'pillars') introduce the relevant sections of the performance section of this report (p41).

# IN BRIEF

---

## HIGHLIGHTS

“Let’s Talk” Leadership and Development program (p 41)

---

G21 Regional Growth Plan implementation plan endorsed (p 45)



---

Improved asset management (p 41)

---

Bluewater Fitness Centre redevelopment (p 51)



---

Neighbouring Councils collaborate on major emergency relief and recovery services (p 56)

Arts exhibition a resounding success (p 56)



---

## DISAPPOINTMENTS

New Planning framework for Apollo Bay Harbour delayed (p 46)

---

Delay in the Great South Coast Street Smart Lighting Project (p 57)



# CONTENTS

---

|  |    |  |     |
|--|----|--|-----|
| OUR VISION, MISSION,<br>VALUES AND STRATEGIC<br>DIRECTION  |    | CORPORATE<br>GOVERNANCE                  | 25  |
| IN BRIEF   |    | OUR PERFORMANCE                          | 41  |
| ABOUT THIS ANNUAL REPORT<br>AND OUR SHIRE PROFILE  | 1  | - Good Governance                        | 41  |
| <i>Our report documents Colac Otway Shire<br/>Council's performance during 2013/14 against<br/>the Council Plan and the 2013/14 Budget<br/>and is the first report against the Council Plan<br/>2013-2017.</i> |    | - A Planned Future                       | 45  |
| THE YEAR IN REVIEW   | 3  | - A Place to Live and Grow               | 51  |
| CALENDAR OF EVENTS   | 5  | - A Healthy Community and Environment    | 56  |
| MAYOR AND<br>CEO'S MESSAGE   | 7  | OUR FINANCES                             | 59  |
| OUR COUNCIL  | 9  | - Financial Performance                  | 59  |
| CHIEF FINANCIAL<br>OFFICER'S REPORT  | 11 | - Financial Indicators                   | 60  |
| MAJOR PROJECTS   | 13 | - Financial Sustainability Indicators    | 61  |
| SUSTAINABILITY<br>REPORT   | 14 | - Understanding the Financial Statements | 63  |
| OUR ORGANISATION   | 19 | - Standard Statements                    | 66  |
| - Our Executive Management Team  | 19 | - Financial Statements                   | 76  |
| - Our Organisation Structure   | 20 | - Performance Statement                  | 152 |
| - Our people are our greatest asset  | 21 | ACRONYMS<br>AND DEFINITIONS              | 157 |
|  |    | SUSTAINABILITY INDEX                     | 158 |
|  |    | GENERAL INDEX                            | 159 |
|  |    | CONTACTING<br>OUR COUNCILLORS            | 160 |
|  |    | CONTACTING COUNCIL                       | 161 |

---



The redevelopment of the Bluewater Fitness Centre will add a new warm water pool and a splash pad, bringing additional enjoyment and usability to our community.

# ABOUT THIS ANNUAL REPORT AND OUR SHIRE PROFILE

## Our report documents Colac Otway Shire Council's performance during 2013/14 against the Council Plan and the 2013/14 Budget and is the first report against the Council Plan 2013–2017.

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

- Good Governance
- A Planned Future
- A Place to Live and Grow
- A Healthy Community and Environment.

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

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

## Readership

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

To obtain a copy of our report, please contact:

Council's Customer Service Centre  
T: (03) 5232 9400  
A: 2-6 Rae Street, Colac

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 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 People

Our estimated population for 2013 is 20,694; 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:

- Manufacturing (1,204 persons or 12.7%)
- Health Care and Social Assistance (1,197 persons or 12.6%)
- Agriculture, Forestry & Fishing (1,134 persons or 12.0%)
- Retail Trade (992 persons or 10.5%)
- Tourism (807 persons or 8.5%)

In combination, these five industries employed a total of 5,334 people or 56% of the employed resident population.

## Our Name

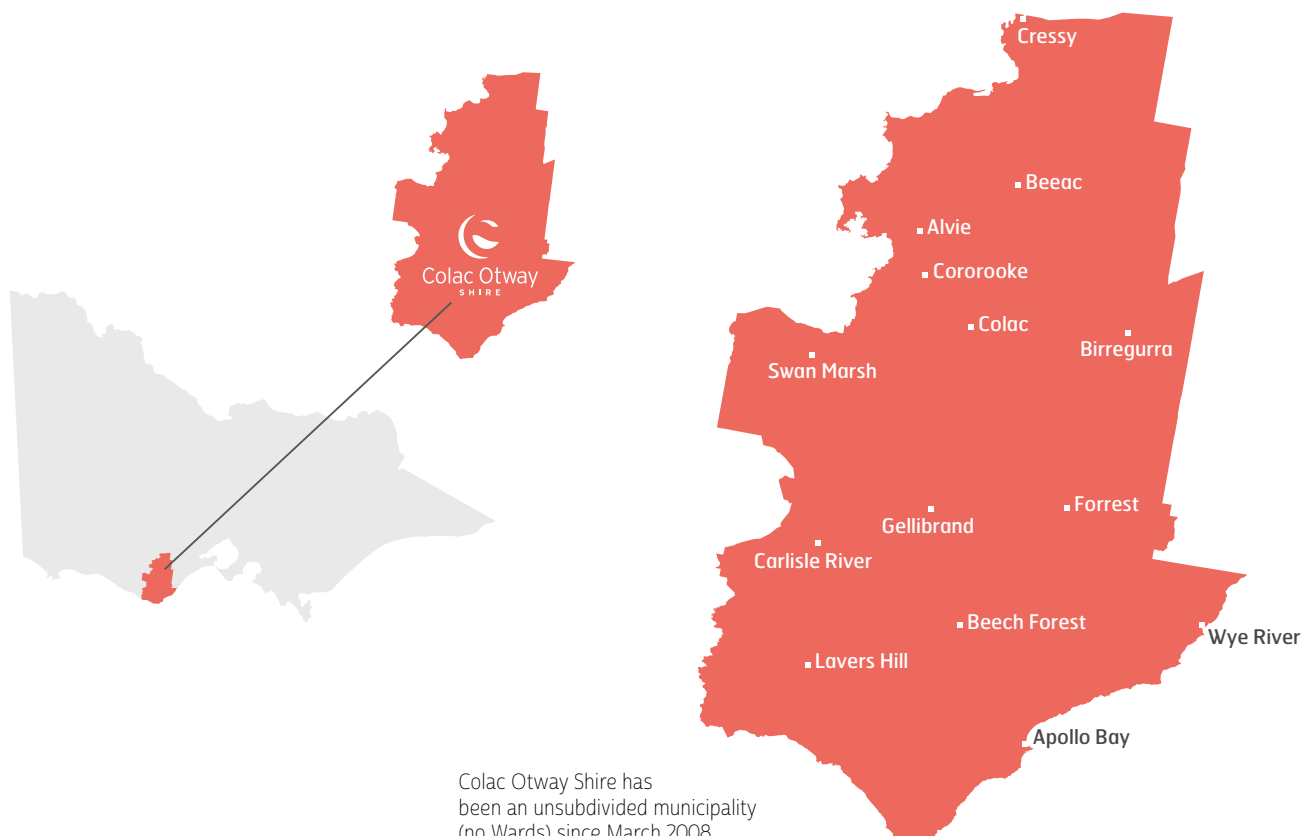
Colac Otway Shire came into being in 1994 when the shires of Colac and Otway were amalgamated.

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.'

## Additional shire statistics

|                                 |                      |
|---------------------------------|----------------------|
| <b>Area</b>                     | 3,433 sq km          |
| <b>Length of local roads</b>    | 1,632 km             |
| Sealed                          | 558 km               |
| Unsealed                        | 1,074 km             |
| <b>Estimated population</b>     | 20,694               |
| 0 - 4 years                     | 6.0%                 |
| 5 - 14 years                    | 19.4%                |
| 20 - 34 years                   | 14.8%                |
| 35 - 59 years                   | 34.0%                |
| over 60 years                   | 25.7%                |
| <b>Population born overseas</b> | 7.5%                 |
| <b>Population growth rate</b>   | 1.0%                 |
| <b>Employment rate</b>          | 97% (full time, 57%) |
| <b>Rateable properties</b>      | 14,986               |
| <b>Coastline</b>                | 95 km                |
| <b>Forest and National Park</b> | 110,000 ha           |

Sources: Australian Bureau of Statistics Census 2011, .id Consulting, Melbourne 2014



Colac Otway Shire has been an unsubdivided municipality (no Wards) since March 2008.

# YEAR IN REVIEW

| Key Result Area   | Achievements  | Disappointments  | Challenges  |
|---|---|--|---|
| <p><b>GOOD GOVERNANCE</b></p> <p><i>For more information see page 41.</i></p>                       | <ul style="list-style-type: none"> <li>• “Let’s Talk” Leadership development program</li> <li>• Improved asset management</li> <li>• National Disability Insurance Scheme (NDIS) trial</li> <li>• New dredge and workboat for Apollo Bay</li> </ul>         | <ul style="list-style-type: none"> <li>• Delay in developing an NDIS Business Plan model</li> </ul>  | <ul style="list-style-type: none"> <li>• Enhancing asset management data</li> <li>• New performance reporting requirements</li> </ul>   |
| <p><b>A PLANNED FUTURE</b></p> <p><i>For more information see page 45.</i></p>                      | <ul style="list-style-type: none"> <li>• G21 Regional Growth Plan implementation plan</li> <li>• Community input into the appearance of Colac CBD and Entrances Project</li> <li>• Improved Planning Permit processing times</li> </ul>                     | <ul style="list-style-type: none"> <li>• Delay in installing free Wi-Fi hotspots</li> <li>• New Planning framework for Apollo Bay Harbour delayed</li> </ul> | <ul style="list-style-type: none"> <li>• Delivery of the Bluewater Fitness Centre redevelopment Project</li> <li>• Impact of new VicSmart planning provisions</li> <li>• Impact of State Government Planning reforms</li> </ul> |
| <p><b>A PLACE TO LIVE &amp; GROW</b></p> <p><i>For more information see page 51.</i></p>            | <ul style="list-style-type: none"> <li>• Bluewater Fitness Centre redevelopment</li> <li>• Municipal Public Health and Wellbeing Plan 2013-2017 completed</li> <li>• Consultation improves responsiveness in Maternal and Child Health services.</li> </ul> | <ul style="list-style-type: none"> <li>• Funding criteria changed for Family Day Care</li> <li>• Green Feasibility Study delayed</li> </ul>                  | <ul style="list-style-type: none"> <li>• Impacts on economic development</li> <li>• Managing critical elements of the Bluewater Fitness Centre redevelopment</li> </ul>   |
| <p><b>A HEALTHY COMMUNITY &amp; ENVIRONMENT</b></p> <p><i>For more information see page 56.</i></p> | <ul style="list-style-type: none"> <li>• Neighbouring Councils collaborate on major emergency relief and recovery services</li> <li>• Arts exhibition a resounding success</li> <li>• Restoration of Barongarook Creek continues</li> </ul>                 | <ul style="list-style-type: none"> <li>• Delay in the Great South Coast Street Smart Lighting Project</li> </ul>   | <ul style="list-style-type: none"> <li>• Gaining funding for carbon emission efficiency projects</li> </ul>   |



## The Year Ahead

- Implement SafetyMax Risk Management System
- Implement Council's internal audit program
- Stage 2 implementation of the National Asset Management Framework
- Review Service Level Statements
- Redevelop Council's website
- Ensure PRINCE2™ compliance in all new major grant applications

- Colac 2050 structure plan commenced
- Stage 2 - Community infrastructure and asset renewal plan
- Stage 1 implementation of the Colac CBD & Entrances Project
- Develop a 10 Year Capital Works Strategy
- Develop a Domestic Wastewater Management Plan
- Develop a 4 Year Economic Development Strategy
- Implement the Visiting Friends and Relatives "Love our Region" local tourism campaign

- Advancing Country Towns Project completed
- Colac's Trade Training Centre business plan completed
- Open Space implementation plan completed
- Playspace Strategy developed
- Bluewater Fitness Centre redevelopment project completed
- Continue implementation of the Public Health and Wellbeing Plan
- Implement the asset renewal and maintenance program
- Implement the annual Capital Works and Major Projects Program

- Implement the Municipal Emergency Management Plan
- Physical Activity Strategy implementation plan developed
- Completion of the Bluewater Fitness Centre Redevelopment project and successful occupancy of the new facility
- Solar Array Installations completed
- Review of Transfer Station and Landfill long-term strategy in conjunction with Regional Waste Management Group
- Develop a Domestic Animal Emergency Management Plan

## Overall Performance of Council

|                | Colac Otway Shire | Large Rural Shires | State-wide |
|----------------|-------------------|--------------------|------------|
| 2011/12        | 54                | 56                 | 60         |
| 2012/13        | 57                | 57                 | 60         |
| <b>2013/14</b> | <b>48</b>         | <b>57</b>          | <b>61</b>  |

## General Town Planning Policy

|                | Colac Otway Shire | Large Rural Shires | State-wide |
|----------------|-------------------|--------------------|------------|
| 2011/12        | 48                | 50                 | 54         |
| 2012/13        | 50                | 54                 | 55         |
| <b>2013/14</b> | <b>46</b>         | <b>54</b>          | <b>55</b>  |

## Family Support Services

|                | Colac Otway Shire | Large Rural Shires | State-wide |
|----------------|-------------------|--------------------|------------|
| 2011/12        | 65                | 66                 | 67         |
| 2012/13        | 68                | 67                 | 67         |
| <b>2013/14</b> | <b>66</b>         | <b>67</b>          | <b>68</b>  |

## Waste Management

|                | Colac Otway Shire | Large Rural Shires | State-wide |
|----------------|-------------------|--------------------|------------|
| 2011/12        | 69                | 69                 | 72         |
| 2012/13        | 69                | 68                 | 71         |
| <b>2013/14</b> | <b>69</b>         | <b>70</b>          | <b>73</b>  |

**Source:** Local government Community Satisfaction Survey 2014, Department of Planning and Community Development, prepared by JWS Research.

**Note:** New methodology and format makes comparisons prior to 2011/12 data invalid.

# CALENDAR OF EVENTS

## JULY, AUGUST, SEPTEMBER

- Colac's **redeveloped Central Reserve** captured the attention of Hawthorn coach Alastair Clarkson, who personally inspected the new playing surface, having heard it was "one of the best in country Victoria".



- Council's calls to the State Government requesting more powers to **take action against owners** whose dogs attacked people or other animals were answered with legislation changes.
- The Victorian Planning Minister **approved planning scheme amendment C69**, cementing the Rural Living Strategy and Forrest Structure Plan in the Colac Otway Planning Scheme.
- Discussions on a potential bypass route around Colac were deferred so the matter could be considered as part of the **development of a structure plan** for Colac.
- Mayor Lyn Russell led by example when she asked residents to **welcome 60 Iranian asylum seekers to Colac**, donating a collection of hand-knitted clothing to the new arrivals.
- Former councillor and Apollo Bay resident **Frank Buchanan** won a count back to fill an extraordinary vacancy created by Cr Mick McCrickard's resignation.
- Concerns about inaccurate mapping and the impact the overlays might have on the farming community led Council to **reject planning scheme amendment C67**, which related to the introduction of a salinity management overlay.
- High achieving **surf lifesaver Ben Wilson** and **thoughtful grade six pupil Felicity Dodd** shared the top prize at the Colac Otway Outstanding Leadership Awards, or COOL Awards. Colac Secondary College school captain **Tegan McNamara** won the Colac Otway Shire's Young Ambassador Award for 2013.
- Council endorsed the establishment of a **new tourism body**, the Great Ocean Road Regional Tourism Board, representing the Great Ocean Road and hinterland.

## OCTOBER, NOVEMBER, DECEMBER

- Colac building firm BDH won the contract to **redevelop Bluewater Fitness Centre**.
- Council's planning department successfully introduced **lower parking rates for developers and commercial operators** in Colac and Apollo Bay, providing a more tailored and localised alternative to the State Government rates.

- Member for Polwarth Terry Mulder joined Council to launch Colac's new **\$300,000 closed circuit television camera system**.



- Council backed the implementation plan for the G21 Regional Growth Plan, which provides a blueprint for the **sustainable future growth** of the region.
- Council **adopted new guidelines** which clarify the process for closures of the Great Ocean Road during major events.

## JANUARY, FEBRUARY, MARCH

- Rotary stalwart and prolific volunteer **Mick McGannon was declared Colac Otway Shire's 2014 Australia Day Citizen of the Year**. Meanwhile, 19 new residents confirmed their new national status during the Australia Day celebrations.



- Council gave the 'green light' to the **installation of LED globes in all street lights in the shire**, a project which will ultimately reduce energy use by 77%.

- **Chief Executive Officer Rob Small** announced that he would retire at the end of June after five years of service with Council.
- In response to a focussed campaign from the community, **Council added the flexibility to consider** a pool and health and wellbeing centre in planning scheme amendment C73 relating to the redevelopment of Apollo Bay Harbour.
- Council **abandoned planning scheme amendment C70** after State Government reforms to biodiversity legislation prompted an internal review.
- The Victorian Government approved planning scheme amendment C72, which introduced policy guidance in commercial areas for future development, to achieve a vision for Colac as a **'botanic garden city'**.

- Colac Otway, Corangamite and Surf Coast shires **formalised an agreement** on how the municipalities would work together in the event of a major emergency.
- Strong **community opposition to parking meters** in Apollo Bay led the Council to abandon future investigation into the idea.
- **Council found evidence** in official minutes confirming that the Colac community originally funded the purchase of land for the former Colac High School site. Council argued that the evidence proved beyond doubt that the community had a valid claim to the land.

## APRIL, MAY, JUNE

- Wannon Water, Barwon Water and Council agreed to work together to develop a **Domestic Wastewater Management Plan** for the shire, in particular the Otways.
- Council discussed the **benefits and opportunities** of a move to Colac Otway Shire with hundreds of prospective new residents at the Regional Victoria Living Expo.
- Mayor Lyn Russell **expressed her disappointment** at the State Government's decision to proceed with the sale of the former Colac High School site. However, she said Council would not stop lobbying for the community to derive at least some benefit from the site.
- Colac Livestock Selling Centre commenced a **trial of woodchip flooring** in its first seven pens, following the completion of a roof over the facility.
- Colac singer **Chelsea Green** won the inaugural Fast Track Talent show, hosted by Council.

- **Colac Otway joined forces with Yarra City and Darebin councils** to present a notice of motion to the Municipal Association of Victoria's annual state council meeting imploring the Federal Government to take a more humanitarian approach to asylum seekers.
- The COPACC team celebrated its nomination for a Drover Award; a national Performing Arts Centre of the Year award. **COPACC became one of three finalists** from a pool of 115 theatres.
- The future of the koala population in the Cape Otway region looked brighter thanks to Colac Otway Shire's youth councillors, who helped **plant 20,000 trees**.
- **Council took a stand against racism** and became a Refugee Welcome Zone.
- Council announced the appointment of **new Chief Executive Officer Sue Wilkinson**, who has more than two decades of experience as a leader and innovator in planning and community development.

- **Chainsaw sculptor Brett Davies** created a buzz in downtown Beech Forest, as the artist engaged by Council to transform two cypress trees on Main Road into sculptures.



Opposite (top): Colac's redeveloped Central Reserve.

Opposite (bottom): Installation of CCTV.

Above :Mick McGannon 2014 Australia Day Citizen of the Year.

Right: Two cypress trees were transformed into sculptures in Beech Forest.

# MAYOR AND CEO'S MESSAGE

**We have pleasure in presenting our first Annual Report on the 2013-2017 Council Plan and 2013-14 budget. Our report highlights the achievements, challenges and disappointments we faced during the 2013/14 year.**

We farewelled Cr Mick McCrickard who resigned in August due to difficulties balancing full-time work and civic duties. He was replaced by Cr Frank Buchanan as a result of the count back process. Frank brings with him four years' experience as a former Colac Otway Shire councillor. We thank Mick for his valuable contribution during his time on Council.

## HIGHLIGHTS 2013/14

### **Significant change to our strategic planning framework**

Our 2013-2017 Council Plan introduced two significant changes to our corporate strategic planning framework. The Council Plan contains only the key strategic activities that were anticipated to run for the life of the plan. The second key change introduced an annual Operational Plan. It contains the activities that contribute to the achieving the major initiatives of the Council Plan, short-term projects, significant recurrent work programs and other activities. All activities have progress measures and targets.

At the end of the financial year we evaluate how well we have done and report this through our Annual Report. We have chosen to make the Operational Plan available to the community as an initiative to increase the level of transparency of our operational activities.

### **Performance against the Council Plan**

The \$11.8 million Bluewater Fitness Centre redevelopment is the single-biggest infrastructure project in Council's history. Following the tender process, works commenced in March 2014, with an anticipated completion in the first half of 2015. The project will deliver a multi-generational facility, principally funded by almost \$10 million from the state and federal governments.

Completion of the roof over the Colac Livestock Selling Centre marked a significant Council investment in the future of agriculture and the sustainability of the centre. The \$1.5 million development includes water harvesting and re-use capabilities. To ensure Colac remains at the forefront of animal welfare standards and modern livestock selling expectations, a woodchip flooring trial is underway.

Consultation commenced on Colac's CBD and entrances project. The objective is to revitalise Colac's central business district and entrances, achieving our vision to create a 'botanic garden city' of liveable public spaces and vibrant retail precincts.

The feedback from our community thus far has been overwhelmingly positive and we aim to have detailed designs completed and landscaping works completed in 2014/15.

We continued our strong commitment to the renewal of our assets, spending \$9.96 million in 2013/14 on bridge replacements, road reconstruction and increases to our building assets. This is an increase of nearly 60% in five years. We also completed 94% of Capital Works projects against a target of 85%.

### **Our community**

One of our Council Plan strategies is promoting respect, tolerance and inclusion of cultural differences. This was demonstrated by our response to the placement of 60 Iranian asylum seekers in Colac amidst intense debate on asylum seeker issues preceding the federal election. Our Mayor was among the first to welcome the new arrivals and our community demonstrated great care and compassion.

Regional partnerships came to the fore this year, with community safety being a core consideration for Council. With bushfire a common serious threat, we formalised an agreement with neighbouring Surf Coast and Corangamite shires on how we would work together in a major emergency. We now have a clear agreement on how we can share resources in the event of a major emergency affecting one or more shires.

## Financial performance

We are proud that Council's financial position remains sound and that we achieved low risk ratings on all financial sustainability ratios, as measured by the Auditor General.

Actual operating surplus was \$2.741 million, improving on the budgeted surplus of \$2.577 million. This surplus was achieved by raising \$43.967 million in revenue against a budgeted \$42.780 million. Operating expenditure was \$41.225 million against a budget of \$40.203 million.

We spent \$13.232 million on capital works against a budget of \$13.289 million. Of this, \$11.081 million was spent on renewing and upgrading our existing asset base, a 19% increase from 2012/13. This highlights our strong commitment to maintaining our community's assets.

Our total property and infrastructure base was maintained at \$277 million. We are in a very strong cash position and have low borrowings. This outcome is an excellent result and demonstrates one of Council's key strategies of "Prudent and accountable financial, asset, risk and resource management".

## Sustainability

In Council's Environment Strategy 2010-2018, the target is for Council to be carbon neutral by 2020. To date we have achieved a reduction of 12% in our Greenhouse emissions.

Building on past achievements in 2013/14 we installed 5 new solar hot water systems to Council facilities, adding to the 7 solar hot water systems installed in 2011.

In addition, Council allocated \$260,000 for the installation of large-scale photovoltaic solar array systems on COPACC and the Rae Street Offices. This will generate in excess of 2.23MWh of electricity annually, which is approximately 20% of current annual usage. We estimate an annual saving on electricity costs of \$39,000. Installation will be completed in 2014/15.

Work commenced on a new Domestic Waste Water Management Plan for the shire in collaboration with Barwon Water and Wannon Water. This plan will address the issue of effluent disposal in unsewered areas. It will also provide more certainty and increased flexibility for landowners wanting to build in water catchment areas.



## CHALLENGES

Declining grants revenue from the State and Federal governments, combined with the prospect of a rates freeze associated with the State Government elections, increases the pressure on our budget. At the same time community expectations for the provision and quality of services continued to grow. In 2013/14 the first stage of our response was to complete an organisation-wide service level review to help us better understand how we can meet community needs within our limited resources.

## DISAPPOINTMENTS

The Street Smart Lighting Project to change our shire's street lights to high efficiency LED globes was delayed. Originally we had intended to use a different type of globe; however the superior LED globes became an option late in the planning stage. We chose to delay the project to ensure we could gain the additional benefit of the higher efficiency globes. We are purchasing the light globes through a collective arrangement with a number of other Councils. The project will be completed early in 2014/15.

Our 2014 community satisfaction survey results were a disappointment following steady increases in previous years. There was a marked drop in community perception of Council across all core performance measures. We are determined to gain an understanding of the reasons for the sudden change so that we can develop an appropriate response.

## LOOKING TO THE FUTURE

### A time of transition

We farewell Chief Executive Officer Rob Small, who retired at the end of June after five years dedicated leadership and a passionate commitment to the organisation and the community.

With Sustainable Planning and Development General Manager Jack Green announcing his retirement in October 2014, along with the recent commencement of Phil Corluka, General Manager of Infrastructure and Services, Council's senior management team is in the process of dramatic change.

While senior staff departures represent a significant loss of corporate knowledge, Council is fortunate to have great capacity and expertise within our wider organisation which has allowed us to continue service delivery to a high standard.

The anticipation of a new CEO brings the prospect of a new vision for the organisation and a fresh perspective on responding to community needs and the delivery of services.

Over the coming year, our focus will be the continued delivery of the major projects listed in our Council and annual Operational Plans, refinement of service reviews and smarter ways to meet community needs in an increasingly constrained financial environment.

Cr Lyn Russell, Mayor

Rob Small, Chief Executive Officer

# OUR COUNCIL

**Our councillors were elected in 2012 for a term of four years. They are responsible for setting Council direction, policy development, and performance management.**

As a result of an electoral boundary review, Colac Otway Shire has been an unsubdivided municipality (no wards) since 2008.

## **Cr Lyn Russell** **Mayor**

**First elected 2008**  
**Re-elected 2012**

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

## **Cr Frank Buchanan** **Deputy Mayor planning**

**First elected 2008**  
**Re-elected (by count back) 2013**

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

## **Cr Brian Crook**

**First elected 2002**  
**Re-elected 2004, 2008, 2012**

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**

**First elected 2012**

Cr Michael Delahunty, together with his wife Louise, operate a family beef cattle, and consulting engineering businesses. Michael represents Council on emergency management committees, audit committee and industry advisory group. These committees represent Michael's strong fields of interest, being financial and emergency management. Michael also has a strong interest in manufacturing industries, local residents and visitors to our region.

Below L to R: Cr Lyn Russell, Cr Frank Buchanan, Cr Brian Cook, and Cr Michael Delahunty.



## Cr Chris Smith

**First elected 2004**  
**Re-elected 2008, 2012**

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

## Cr Stephen Hart

**First elected 2002**  
**Re-elected 2008, 2012**

Cr Stephen Hart graduated in Economics at Monash University, Clayton, and was employed in the Federal public service until moving to Lavers Hill. Stephen served as deputy mayor in 2010, 2011 and 2012/2013, and Mayor in 2012. He is committed to improving Council's financial and environmental sustainability and is vigilant to ensure that appropriate governance standards are met.

Stephen is particularly interested in improving educational opportunities for the local community; an area he believes was neglected until recent years.

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.

## Cr Terry Woodcroft

**First elected 2012**

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.

## Cr Mick McCrickard



Cr Mick McCrickard resigned effective 1 August 2013 and was replaced by Cr Frank Buchanan as a result of the count back process.

We thank Mick for his valuable contribution during his time on Council.

Below L to R: Cr Stephen Hart, Cr Chris Smith, and Cr Terry Woodcroft.



# CHIEF FINANCIAL OFFICER'S REPORT

**At the end of 2013/14 Council's financial position was solid. We delivered our eighth successive surplus, which is an objective of our Long Term Financial Plan and is a significant result given the increasing demands on Council services.**

## Financial snapshot

- \$43.97 million revenue against a budgeted \$42.8 million
- \$13.23 million Capital Works program delivered against a budgeted \$13.29 million
- Rates and Charges comprised \$25.06 million (57%) of the total operating revenue
- Operating surplus of \$2.74 million (budget \$2.58 million)
- Cash holdings increased by \$1.07 million from to \$11.75 million in 2012/13 to \$12.82 million in 2013/14
- Net debt decreased by \$0.07 million from \$4.97 million in 2012/13 to \$4.92 million in 2013/14

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

These three areas are:

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

## Operating result

We achieved a \$2.74 million surplus for the 2013/14 financial year against a budgeted surplus of \$2.58 million. This represents a 37% increase over the \$1.72 million surplus for 2012/13.

### 2013/14 Operating Result

|                          | Actual<br>\$ million | Budget<br>\$ million |
|--------------------------|----------------------|----------------------|
| Operating Income         | 43.97                | 42.78                |
| Operating Expenses       | 41.23                | 40.20                |
| <b>Operating Surplus</b> | <b>2.74</b>          | <b>2.58</b>          |

The two major factors contributing to the improved result were additional infrastructure funding of \$1.44 million and the implementation of a new corporate asset management system. Better asset management resulted in a significant reduction in depreciation of \$1.2 million charged on our assets.

This saving was offset by increases in employee expenses and materials and services.

Over 95% of our operating costs occur in the following three categories:

- Employee expenses 41%
- Materials and services 36%
- Depreciation 20%

*For more information on the actual variances to budget please refer to the Standard Statements (p 66).*

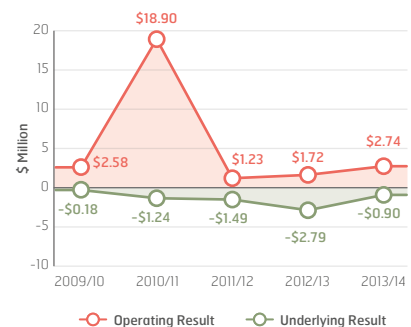
## Underlying Result

A key measure of financial sustainability is the Underlying Result. This identifies whether we are generating sufficient revenue to cover operating expenses, including asset replacement.

Our underlying deficit for 2013/14 was \$0.90 million. While remaining a deficit, it shows significant improvement over the 2012/13 deficit of \$2.79 million.

The graph below provides a comparison of the underlying result with capital grants and contributions included (Operating Result) and excluded. It immediately highlights our dependency on grants and our vulnerability in the face of the Federal Government Financial Assistance Grants freeze, which will cost us \$0.53 million in real terms over the next three years.

The decline in grant funding has a further consequence. It erodes our capacity to replace existing assets and to maintain current services to the community.



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



Improving our capacity to sustain an underlying surplus without a reliance on capital grants is a critical financial strategy. The 2013/14 underlying result is positive as it reflects our decreased reliance on grants and contributions than previously.

The underlying surplus should remain relatively consistent from year to year as it is the best measure we have to represent our ability to remain sustainable and to continue with normal day to day operations.

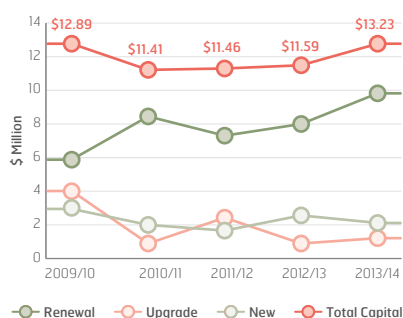
### Replacing our assets

A key strategic indicator is the rate of replacement of our assets as they age and deteriorate.

During 2013/14, we spent a total of \$13.23 million on capital works (capital expenditure/investment) across the shire. This included a total of \$9.97 million (75%) on renewal works/activities and \$3.26 million (25%) on new and upgrade works/activities.

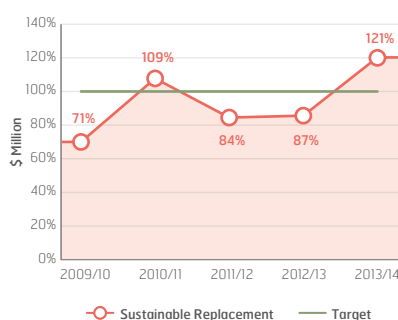
#### 2013/14 Capital Works

|                          | Actual \$ million | Budget \$ million |
|--------------------------|-------------------|-------------------|
| Renewal                  | 9.97              | 9.80              |
| Upgrade                  | 1.11              | 3.44              |
| New                      | 2.15              | 0.05              |
| <b>Operating Surplus</b> | <b>13.23</b>      | <b>13.29</b>      |



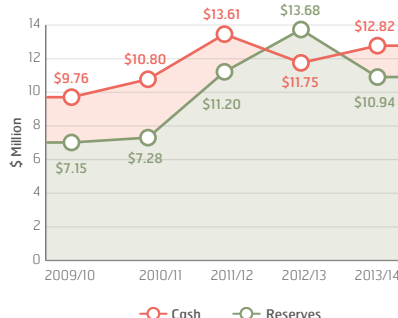
A key capital works indicator is whether the expenditure on renewal matches the rate that our assets are deteriorating or depreciating. Council's strategy is to renew our asset base at a greater rate than it depreciates. Our key strategic indicator for renewal is a minimum of 100%.

The significant result for 2013/14 is due to the major improvement in asset management systems and practices. At 121% it means we are renewing our assets at 1.21 times the rate we are depreciating them. This exceeds the target in our Strategic Resource Plan and Long-Term Financial Plan.



### Cash Holdings

Cash holdings is about our ability to pay for Council's activities and obligations and is usually balanced by restricted items such as trust deposits and reserves or funds held for specific purposes. For example, employee long service leave obligations, future landfill rehabilitation etc.



During 2013/14 Cash holdings increased to \$12.82 million from \$11.75 million in 2012/13. This results from a reduction in cash flows related to employee costs. We also made some minor savings on utility costs due to more efficient use of electricity and water at our facilities.

The modest increase in cash of \$1.07 million is an objective of our Long Term Financial Plan to build cash reserves to provide for future commitments. This will allow Council the flexibility to respond to future opportunities or unexpected events.

### Financial Sustainability

Increasing threats to funding and growing community expectations emphasise the need for strong financial management, efficient long and short-term planning and the targeted allocation of resources.

Our response is to identify and analyse trends of significance to provide for sound financial planning and decision-making. This is reflected in our Annual Budget process and Strategic Resource Plan (SRP).

Our Long Term Financial Plan establishes the strategic financial direction for Council to meet the funding and investment challenges that lie ahead in the next 10 years. It is prepared in conjunction with the SRP and Council Plan to ensure the affordability of major initiatives included in the Council Plan.

For further financial performance information refer to page 59. Standard and Financial Statements commence on page 66.

Ashley Roberts CPA, Manager Finance and Customer Services

# MAJOR PROJECTS

## BLUEWATER FITNESS CENTRE REDEVELOPMENT

**The redevelopment of the Bluewater Fitness Centre is one of the largest capital projects ever undertaken by Council.**

The \$11.8 million once-in-a-generation project follows many years of planning, lobbying and raising funds. Construction commenced in December 2013.

The project will deliver a totally revitalised community facility that has an expanded sports stadium including a new show court, gymnasium and program rooms. It will also include the addition of a warm water program pool and water play area. The entrance/foyer, office and amenities areas will be refurbished.

The age and condition of the existing building structure combined with the site conditions make this a challenging and complex project to manage.

## COLAC REGIONAL SALEYARDS ROOFING PROJECT

**A major upgrade to the Colac Regional Saleyards facilities was completed in 2013/14 with the construction of a roof over the entire sale arena at the facility.**

With a capital cost of \$1.48 million this investment ensures the saleyards provide a safe and comfortable environment for all users of the facility, including the stock. The project also included the installation of rain water harvesting tanks to reduce the reliance on the regions potable water supply.

The project was completed in June 2014 and was an immediate success with all users of the facility as the winter weather set in.

## HARBOUR DREDGE REPLACEMENT

**The replacement of the current sand dredge and workboat was identified as critical to ensure the safe operations of the Apollo Bay Harbour.**

The total budgeted project cost was \$3.18 million and was funded by the Department of Transport Planning and Local Infrastructure. Design work commenced in August 2013, with construction starting in October 2013.

The current dredge and workboat have been in operation for more than 50 years and have well and truly reached the end of their serviceable life.

The vessels play a critical role in the day to day operation of the harbour as they are used to ensure the entrance is kept free of excess sand deposits and that water depth is maintained at a minimum depth of three metres.

A key factor in selecting the new dredge was ensuring it would have a minimal impact on the unique environment of the harbour. The suction dredge has the capacity to discharge sand for a distance of up to 500 metres.

The local Apollo Bay School undertook a naming competition for the new vessels, with the nominated new name for the dredge being "Apollo" and the workboat, "Urchin". The "Apollo" and the "Urchin" will remain part of the Apollo Bay Harbour operation for many decades to come.



A new roof was constructed over the Colac Regional Saleyards facilities.

# SUSTAINABILITY REPORT

**Our sustainability report addresses the three key areas recognised internationally as crucial to responsible, sustainable development in our rapidly changing world: social (human needs), the environment and economic development.**

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

## SOCIAL STRATEGIES

### Policy commitment

Our suite of policies and guidelines govern Occupational Health and Safety, Human Rights, Diversity and Inclusion, Equal Employment Opportunity, Staff Code of Conduct and appropriate behaviour in the Work Place. This year we completed the development of new and much broader policies and 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 in relation to unacceptable workplace behaviours.

### Human resources

The workforce turnover rate for 2013/14 was 9.2% which is 2.3% higher than for 2012/13; however this is consistent with trends over the past five years.

### Re-alignment of workforce demographics

In last year's report, we aligned our workforce demographic reporting with the MAV Human Resources Benchmarking Survey. This is the second year of using this basis for providing the data and is the first time we are able to provide a comparison with the previous reporting period. The benefit of using this data source is that we will be able to compare our workforce directly with Councils of a similar size.

However, the data shows a continuing ageing workforce trend:

- 5% of staff are aged 65 and over, an increase of 2% over the previous reporting period.
- 27.7% of staff are aged between 55 and 64, a minor increase of 0.7% from 2012/13.
- 29.5% of staff are aged between 45 and 54, a slight decrease of 0.5% from the previous period.

Only 2.2% of the workforce are aged between 20 and 24, down from 5% in the previous reporting period. 15.9% are aged between 25 and 34, a slight increase of 0.9% from 2012/13 (p 24).

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. A new Flexible Work Options policy and comprehensive guidelines are in draft form and expected to be endorsed early in 2014/15.

### 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 2013/14 (p 22).

### Learning and development

Learning and Development needs are identified through our performance review framework which includes a 6 month and end of year review for all staff. Our focus is on supporting the development of employees in their current roles and building their skills to help them achieve their future career aspirations.

In 2013/14 more staff were able to take up learning and development opportunities. We offered greater access to development programs across a more diverse range of topics than in 2012/13 and at less cost. Our spend on learning and development in 2013/14 (including on-costs) was \$295,721, \$18,539 less (approximately 6%) than in 2012/13. We achieved this saving by more thoroughly analysing identified learning and development needs and sourcing external providers to deliver in-house programs on specific topics. Delivering in-house programs meant that a greater number of staff could participate, rather than individual staff attending external programs in Geelong or Melbourne.

The type of programs offered included a mix of in-house training and releasing of staff to attend "short courses", seminars and conferences (p 21). Staff are also strongly encouraged and supported to participate in further education through the provision of tertiary study assistance (p 21). Our demographic data indicates that a significant percentage of our employees are at an age where they are considering retirement. In recognition of this group we have developed a holistic transition to retirement program which we will pilot in July 2014.

## SOCIETY STRATEGIES

### Planning and support for our community

The Public Health and Wellbeing Plan 2013-2017 recommends a number of actions within 10 specific domains. Recommendations address:

- an ageing population
- disadvantage in the early years
- increasing physical activity
- public health
- food security
- mental health
- prevention of violence against women and children
- supporting healthy behaviours
- reduction of harm from alcohol, tobacco and other drugs.

The success of these recommendations depends upon the keystone domain of ensuring health enablers being embedded into what we do and how we do it. Health enablers include governance and leadership, evidence (provided through information systems), resourcing, workforce development, partnerships and developing community capacity.

A Health and Wellbeing Alliance is being developed amongst a number of local health and community service providers and agencies to collectively implement a number of systems and processes that underpin the Plan. Working together in this way will better support outcomes addressing our community health and wellbeing needs.

### Positive Ageing Ambassador Program

The aim of this program is to maximise the involvement of older people in generating projects that will make a positive difference to the quality of life, participation, health and well-being of older people.

We recruited 12 Ambassadors from small towns and communities throughout the Shire to talk with their friends and community members on how best to develop projects to benefit older people. A number of projects were implemented addressing issues such as accessibility, developing age friendly environments, social inclusion and intergenerational activities. These were documented in the Positive Ageing Ambassador DVD, which is included on the Department of Health - Seniors Online website

<http://www.seniorsonline.vic.gov.au/Home/News-and-Opinions/Your-place/Opinion-Features-and-Blogs/Article?Key=108>

The Department of Health has allocated funding to Council to develop an approach that continues to include older members of our community in decision making around the needs of an ageing community. This will include the production of a toolkit on how to recruit, develop and engage with Positive Ageing Ambassadors. The ambassadors will participate in ensuring age friendly outcomes throughout the shire.

### Community grants

In 2013/14 we gifted a total of \$421,229 to our community groups and organisations to undertake cultural, recreational, environmental and community support projects and activities. Aggregated over the last 5 years this is a \$2.13 million investment in the social fabric of our community (p 38).



We welcomed new members into our growing community.

## ENVIRONMENTAL STRATEGIES

### Environmental sustainability policy

Our Environmental Sustainability Policy has been in place since June 2012. It documents an organisational commitment to addressing sustainability in all council operations and services. It is a 'Statement of Intent' that can be used to communicate to staff and the community a commitment to continually improving environmental sustainability over time.

[http://www.colacotway.vic.gov.au/Files/Environmental\\_Sustainability\\_Policy\\_2012.pdf](http://www.colacotway.vic.gov.au/Files/Environmental_Sustainability_Policy_2012.pdf)

### Hot water free from the sun at Council facilities

Five new solar hot water systems were installed at Council facilities, adding to the seven installed in 2011. Council now has two commercial instantaneous gas boosted solar hot water systems at Central Reserve and Forest Caravan Park and several smaller systems at sporting and community facilities. The Rae Street Civic Precinct is completely supplied by solar hot water. The precinct includes the Rae Street Offices, the Colac Otway Performing Arts and Cultural Centre (COPACC), the Sustainable Planning and Development Offices and the Library Annex. This was made possible by a grant received from the Federal Government's Local Government Energy Efficiency Program (LGEEP) exclusively for solar hot water retrofits at local government facilities.

### 11.3% reduction in electricity consumption at Rae Street Offices and COPACC

Monitoring and review of the electricity consumption of council facilities reveals that Council reduced its electricity use by 11.3% between 2012 and 2014, saving approximately \$10,000 in costs and a reduction of 65 tonnes of carbon emissions annually. The Rae Street Office and COPACC are responsible for the majority of Council's electricity consumption. The overall reduction reflects the positive impact of recently completed sustainability measures included in the Rae Street Office retrofit i.e. LED lighting, insulation, occupancy sensors, improved HVAC control and the LED Lighting Retrofit at COPACC.

### Zero Emission Electric Vehicle Trial

As part of the Victorian Government's Electric Vehicle Trial, Council trialled a Nissan Leaf for 6 months during 2013 and 2014. An electric vehicle trial was a recommendation of Council's Carbon neutral Roadmap to address the substantial carbon emissions associated with Council's fuel consumption. It was also a good opportunity to provide feedback to the Victorian Government about electric vehicle use in a rural context. The electric vehicle was popular with staff, with more than 30 staff members driving it more than 1,800 kilometers in total. However, at this stage travel range per charging and lack of charging infrastructure in regional areas proved to be obstacles to practical integration into Council's fleet.

### Large Scale Solar Photovoltaic Systems Project

Council's target is to be carbon neutral by 2020. To help achieve this, and other related targets in our Environment Strategy 2010-2018, Council allocated \$260,000 for the installation of a semi-commercial solar power generation system on the roof of our Rae Street office and COPACC complex and the Blue Water Fitness Centre.

The solar panels will reduce rising electricity costs and carbon emissions associated with corporate electricity consumption. They will also support renewable energy generation and demonstrate Council's commitment to environmental sustainability.

[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)

During 2013-14 the Sizing and Feasibility Studies were completed and Council went to tender for the design, purchase and installation of the large scale solar photovoltaic (PV) systems. Installation of the system at the Rae Street Office and COPACC site is scheduled to commence in September 2014 and the Bluewater Fitness Centre system is scheduled to be completed by March-April of 2015.

When installed, the large-scale PV solar array systems combined will generate in excess of 2,230,000kWh (2.23MWh) of electricity annually. This equates to 20% of the current annual consumption of the Rae Street offices and COPACC site and 25% of the Bluewater Fitness Centre. Annual cost savings to Council will be approximately \$39,000.



Blue Wren. Photo: Barry Raynor.

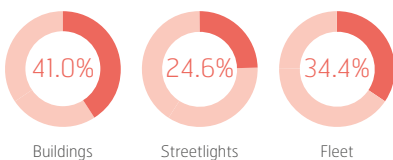
## Total greenhouse emissions (CO<sub>2</sub>-e tonnes)

|              | 09/10        | 10/11        | 11/12        | 12/13        | 13/14        |
|--------------|--------------|--------------|--------------|--------------|--------------|
| Buildings    | 2,102        | 2,088        | 1,974        | 1,959        | 1,683        |
| Streetlights | 1,058        | 1,058        | 1,067        | 1,048        | 1,011        |
| Fleet        | 1,522        | 1,963        | 1,604        | 1,578        | 1,414        |
| <b>Total</b> | <b>4,683</b> | <b>5,109</b> | <b>4,646</b> | <b>4,585</b> | <b>4,109</b> |

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

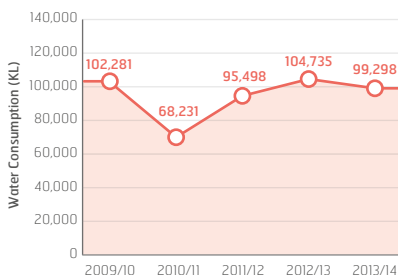
All figures in the table have been updated retrospectively to align with the Federal Government National Greenhouse Emissions Reporting guidelines (NGER).

### Proportion of Greenhouse Emissions (CO<sub>2</sub>-e tonnes)



During the last 5 years greenhouse emissions have reduced by 12%.

## Total water usage for council facilities (kilolitres)



In 2012/13 a major resurfacing of the Central Reserve required a substantial increase in irrigation to establish the turf.

In 2010/11 a particularly wet summer significantly reduced the need for irrigation.

Source: 2014 Planet Footprint Report

## ECONOMIC STRATEGIES

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

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

## Sustainable growth

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

The Colac Central Business District and Entrances Redevelopment project has commenced. It 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 draw on consultation with Colac traders and community members to create a sense of arrival and a sense of pride in Colac.

We participated in the Regional Victoria Living Expo in Melbourne to raise awareness amongst potential new residents and investors of the opportunities in the Shire. This has been supplemented by a range of social media and other promotional activities that support the Shire as a place to live, work and invest.

Another key challenge area is the ongoing development of the local tourism industry to take advantage of growth markets and changes in existing markets. The Shire's two Visitor Information Centres continue to provide information to around 180,000 visitors per year but this is trending down as visitors seek more information on-line.

To meet this challenge we have been working with tourism operators and networks to grow the digital presence of our local tourism industry. A key element of this work is the new Wi-Fi networks to be provided at key tourism destinations across the Shire as part of our partnership with Great Ocean Road Regional Tourism.

The annual Small Town Improvement Program continues to develop projects at the township level that will contribute to local employment and township sustainability.

## Business development

We continued to run a range of business events on topical issues of particular importance to local small and medium enterprises. Further information on issues such as grant information or training opportunities are disseminated through the Shire's actively managed business directory.

The bi-annual Careers Expo was held in 2014 providing the chance for more than 500 students from all areas of the Shire to meet with a range of local employers to hear firsthand the types of expectations they will be faced with when they formally enter the job market.

We also worked directly with individual businesses assisting them with their business development projects such as new buildings, business expansion, grant submissions etc.



The Careers Expo encourages local students to explore the range of employment opportunities at Council.

## 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 38, 51).

In 2014 early planning began on the development of a new Economic Development Strategy that will examine, amongst other things, how the Shire can best support the diverse local economy to grow in a way that creates sustainable jobs and what resources will be required for this task.

Work performed as part of the Shire's Advancing Country Towns project indicated that key growth sectors will centre on tourism in particular, although not limited to the coastal area and the Otway Ranges in the south of the Shire, and food processing around Colac.

Key to taking advantage of the new opportunities in food and fibre processing will be a sufficiently educated, trained and prepared workforce. The Advancing Country Towns Project has commenced workforce development plans for some of Colac's largest employers to inform both industry and community of where the jobs will be in the years ahead.

## Regional Engagement

Colac Otway Shire continued to engage at a regional level with the Great South Coast and G21 regional bodies. The six Great South Coast group of councils are working on long-term projects that address the relatively low levels of educational attainment in the Shire, along with one-off projects such as regional aerodrome strategies.

At the G21 level, the Shire has been involved with a G21 Economic Development Strategy, as well as advocating for individual infrastructure and development projects as part of G21's advocacy activities.

## 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\\_2014.pdf](http://www.colacotway.vic.gov.au/Files/Procurement_Policy_2014.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

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.

# OUR ORGANISATION

## OUR EXECUTIVE MANAGEMENT TEAM

**Council, as the governing body, directly appoints the Chief Executive Officer (CEO), who is responsible for the day-to-day management of the organisation. The CEO together with three General Managers (GM's) forms our Executive Management Team (EMT). The GM's report directly to the CEO. Our EMT meets weekly to manage the operations of Council.**

Significant change is underway in the EMT with the appointment in February of Phil Corluka as General Manager Infrastructure & Services, the retirement of CEO, Rob Small, on 30 June 2014 and the forthcoming retirement of Jack Green, General Manager Sustainable Planning & Development, in October 2014.

### **Rob Small** Chief Executive Officer

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

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

Rob returned to Colac Otway Shire as CEO on 12 May 2009. Rob led the shire for 16 months during 2003-2004, leaving to serve as CEO of the horticultural giant, Fleming's Nurseries. He brings more than 30 years' experience in Local Government to the role. Prior to returning Rob spent three years managing his own private consultancy in executive coaching and strategic planning.

Rob has had a distinguished career in international organisations, having been director and judge of the World's Most Liveable Cities for over a decade, and served as the World President of the International Federation of Parks and Recreation.

### **Jack Green** General Manager Sustainable Planning & Development

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

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

### **Colin Hayman** General Manager Corporate & Community Services

**Bachelor of Business in Local Government; Certificate of Business Studies (Accounting); Fellow Local Government Professionals.**

*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 38 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.

### **Phil Corluka** General Manager Infrastructure & Services

**Bachelor of Engineering (Civil)**

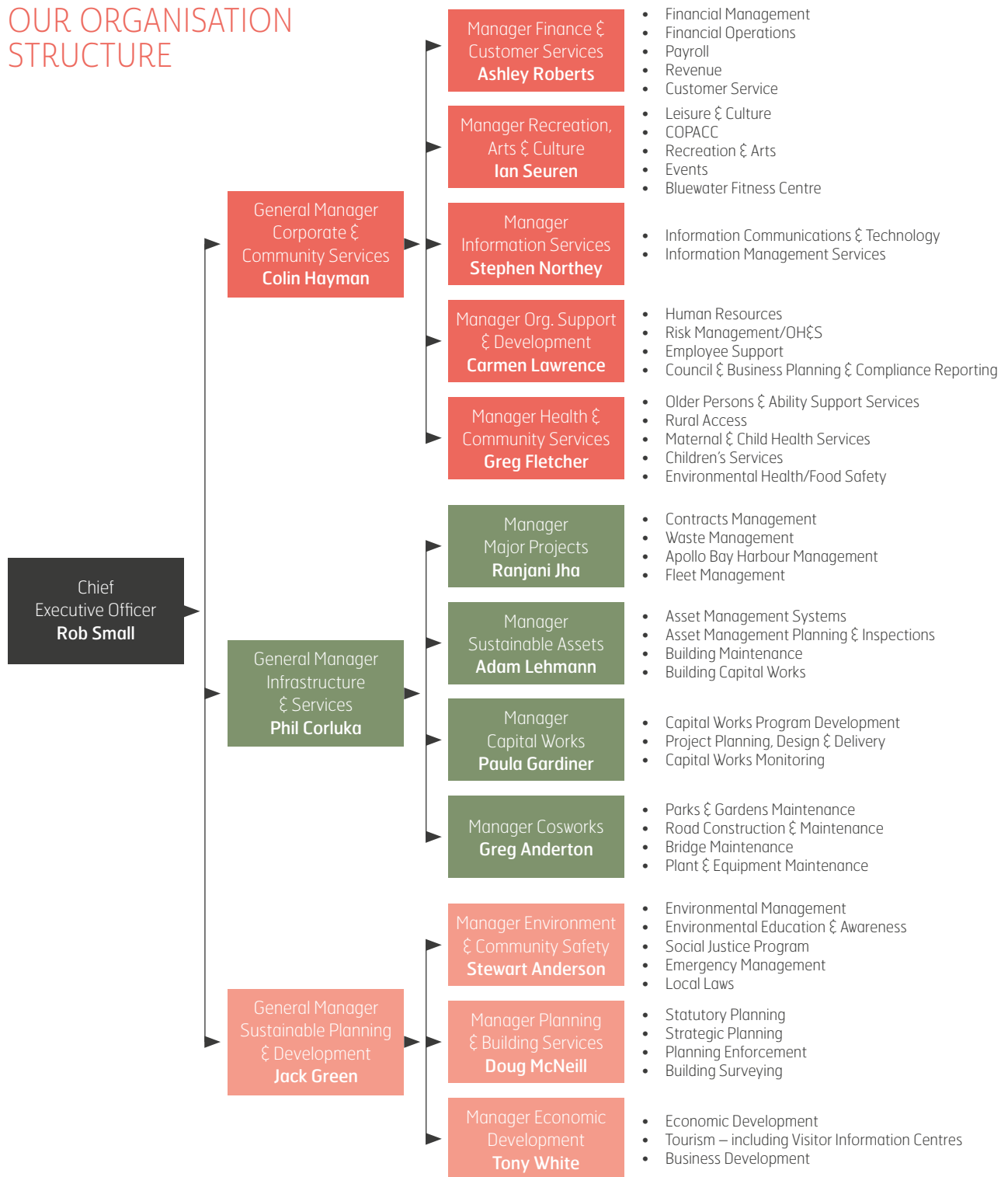
*Major Functions: Infrastructure and Asset Development; Major Contracts; Waste Management; Cosworks; Colac Live Stock Selling Centre; Apollo Bay Harbour.*

Phil commenced with Colac Otway Shire Council in February 2014. He has previously held senior positions within the water industry across Victoria.

He is a senior executive with deep knowledge and experience overseeing and delivering transformation and improvement initiatives for major organisations that are aligned with corporate strategic directions. He also has a proven ability to lead, motivate and develop staff and negotiate key strategic relationships to deliver genuine organisational improvements and customer outputs.



# OUR ORGANISATION STRUCTURE



Above L to R: Rob Small, Jack Green, Colin Hayman, and Phil Corluka.

# OUR PEOPLE ARE OUR GREATEST ASSET

## Learning and development

The development of our staff is a Council priority. We are committed to supporting and encouraging the professional development of all employees. Strengthening the capability of our staff leads to improvements in the way we deliver our services to the community.

In the 2013/14 we focussed on the upskilling of management under three key themes:

### 1. Enhancing communication, performance management and self-awareness

The highly successful three-day "Let's Talk" program, initially directed to staff, was re-designed for managers. It was enhanced to strengthen communication, performance management and self-awareness skills. *The program is fully detailed on page 41.*

### 2. Enhanced Project Management

Having identified an organisation-wide skills gap in project management in 2012, the PRINCE 2™ project management methodology was adopted as a response. The PRINCE 2™ framework promotes consistency, continuous improvement, quality assurance, assessment and troubleshooting for projects.

In 2013-2014 training project managers in the PRINCE 2™ methodology was a high priority. Ten staff successfully completed the comprehensive four-day PRINCE 2™ certified Foundation level training and a further 64 staff completed the PRINCE 2™ Overview training.

### 3. Increasing awareness of Occupational Health and Safety management responsibilities

A key Council priority is providing a safe physical and psychological workplace for all staff. Occupational Health and Safety (OH&S) awareness training was delivered to 44 Managers and Supervisors to enhance awareness of their legal responsibilities under the *Occupational Health and Safety Act 2004*. Managers, Supervisors and 52 staff also attended awareness training on workplace bullying. This was aimed at refining their skills in identification and prevention of bullying behaviours.

Other programs delivered in 2013/2014 were:

| Training                                      | Attendees |
|---|-----------|
| First Aid/CPR                                 | 65        |
| Health and Safety Representative Refresher    | 12        |
| Health and Safety Representative 5-day course | 3         |
| Emergency Warden                              | 4         |
| Influence and Persuasion                      | 13        |
| Inspiring Innovation                          | 14        |
| Leading Innovation                            | 12        |
| Time and Workload Management                  | 13        |
| Minute Taking                                 | 10        |
| Venomous Animal Awareness (for outdoor staff) | 11        |
| Defensive Driver for Community Care Workers   | 21        |
| Microsoft Programs training                   | 33        |

## Compliance training

The delivery of legislative compliance training is part of good governance. In 2013/14 the following mandatory programs were conducted:

- *Information Privacy Act 2000*
- Records Management
- Freedom of Information
- Unacceptable Workplace Behaviour and Grievance Procedure

## Review of the new staff Induction Program

An extensive review of our induction program was undertaken. The review included interviews with new staff who had completed the program. Workshops were also conducted with staff who are responsible for delivering program components. The revised program will incorporate on-line elements that enable greater flexibility for self-paced learning.

An exciting new feature will be the capability to tailor the program to meet the specific needs of the new employee based on their role. Comprehensive and "user friendly", the program will dramatically reduce the time taken for new staff to find the information they need.

## Tertiary study support

The Tertiary Study Assistance Program provides financial assistance for staff undertaking recognised tertiary courses. To be eligible for funding, employees need to demonstrate the organisational benefit of the course of study to their current or potential future role. In 2013/14, tertiary study assistance totalled \$11,124 excluding travel and oncosts.

One staff member completed studies in a Bachelor of Commerce, achieving distinctions. We also assisted eight staff to commence higher education through accessing Victorian Training Guarantee funding. Areas of study included:

- Certificate IV Accounting
- Certificate IV Business
- Diploma Management
- Double Diploma Management and Business

## Health and wellbeing

The COShealth (health and wellbeing) program actively contributes to a healthy, positive workplace culture, supporting staff engagement and retention. Our objective in 2013/14 was to create the best Health and Wellbeing program ever and we succeeded. We received positive feedback from staff across the organisation on the diversity of programs offered and their enjoyment of specific sessions.

Programs conducted this year included:

- Skills in basic health and wellbeing management
- Financial planning consultations
- Nutrition Awareness sessions
- Healthy cooking demonstrations
- 15 minute neck and shoulder massages were offered in March and May
- Yoga sessions
- Mental Health sessions
- Monthly “Stress Down” Casual Days
- SunSmart education sessions
- Women’s & Men’s Health Days
- Beginners Exercise Program
- Flu vaccinations
- Subsidised membership to Council’s Bluewater Fitness Centre.

### Global Corporate Challenge

Taking a positive step to improve their health, 84 staff signed up for the Global Corporate Challenge® (GCC). The GCC is the world’s largest and most innovative workplace health initiative. Eight teams from across our organisation commenced the 100 day program in May. They recorded their daily activity levels and competed against their own co-workers, as well as over 30,000 teams globally in a virtual walk around the world. The GCC has proved hugely popular. In the first twelve weeks of the challenge, participants had accumulated more than 84 million steps, approximately 54,000 kilometres.

## Healthy fundraisers

Staff 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), Sids and Kids Red Nose Day. We raised over \$1,500 for these well recognised organisations.

### Our Health and Wellbeing Champion

*Deb Howlett, one of our Community Care Workers (CCW), participated in the stretch and flexibility program that had been specifically designed for CCW staff. The program commenced in December 2013 with a flexibility assessment, followed by training in a set of simple stretches to be carried out daily. A follow-up flexibility assessment was conducted in February 2014.*



Deb Howlett participating in the program.

*“I had already started healthy eating with positive results and when the flexibility assessment and program was offered I jumped at it. When I did the flexibility test, the results weren’t very good – I found I wasn’t as fit as I thought”. To further improve her flexibility, Deb also participated in our Health and Wellbeing yoga program, which consisted of four sessions in December 2013 and in February 2014.*

*When Deb attended the flexibility reassessment in February 2014, the assessors thought that the original assessment had been incorrect because of her dramatic improvement.*

*Deb is one of our health and wellbeing program ‘frequent flyers’. “Combining healthy eating, exercise and taking advantage of the COS health and wellbeing program delivered many other benefits for me including weight loss, increased fitness as well as more energy. This helps me in my role as a Community Care Worker”.*

## Occupational health and safety

Council has an absolute commitment to providing a safe and healthy workplace for our staff, contractors, volunteers and visitors. Our Occupational Health and Safety (OH&S) 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 21).

In our new Enterprise Agreement, which commenced in September 2013, we recognised and addressed family violence, stress in the workplace and the treatment of injured and ill workers.

We provided our Community Care workers with the opportunity to undertake a defensive driver training program. This was in recognition of the risks they face in driving to meet the needs of their clients. All 40 Community Care workers participated in the program.

### Supporting our employees

We continued our partnership with our employee assistance provider (EAP), caring for our managers, employees (and their families) by providing 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:

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

During the year our provider changed their name to OPTUM, giving us an opportunity to re-launch the service to staff and raise awareness about the range of support offerings available.

## Our Organisation - cont.

### Recruitment success

Council attracted multiple applicants for positions that have traditionally been hard to fill. We advertised 40 positions in 2013/14, attracting 573 applications. Vacancies ranged across Statutory Planning, Engineering, Health and Community Services, Information Services, 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 netted a significant return on our investment.

We completed an extensive review of Recruitment, Selection Policies and processes. Outcomes included simplified recruitment guidelines and an eye-catching new design for print media advertising templates.

### 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 within local government generally. More than 190 students attended our stall and participated in activities designed to highlight careers available to them 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.

### Appreciating our staff

We continually look for opportunities to recognise, encourage and celebrate the achievements of our employees. We do this across all business units formally and informally as an action outcome of our Employee Survey. We also do this through our monthly and annual recognition awards and functions. This year 45 employees were recognised for key service milestones at the annual Years of Service awards presentation:

#### 30 Years:

Greg Anderton and Helen Evans

#### 25 Years:

Greg Fletcher, Peter McLeod, Sue Mulder and John Farnes

#### 20 Years:

Christopher Rolling, Allan Russell, Thomas Roscoe and Matthew McCrickard

#### 15 Years:

Ann Duryea, Barbara Paine, Paul Carmichael, Denise McCarthy and Phillip Falla

#### 10 Years:

Kathi Morrissy, Janet Quigley, Roger Fox, Katy Biddle, Graeme Murphy, Luke Riches and Julie Hargreaves.

#### 5 Years:

Maree Redmond, Raelene Munro, Simone Conway, Vicki Jeffrey, Carryn Haynes, Sharyn Rayner, Brian Cooper, Natalie Atherden, David Testa, Rob Small, Dianne Quigley, Kylie Carew, Narelle Throckmorton, Lucy Vesey, Darren Smith, Grant Jansen, Lynne Richardson, Tamzin McLennan, Hannah White, Judith Forsmann, Lorraine Simmonds, James Morgan and Bridgette Brender-A-Brandis.

### Appreciating our volunteers

We thank our 130 plus volunteers who make such a wonderful contribution to our community, providing invaluable support to Council in the delivery of a range of services and programs. These include, our Visitor Information Centres in Colac and Apollo Bay, Youth Council, Meals on Wheels and Community Transport, Environment Events, Old Beechy Rail Trail and the FReeZa Committee (music and cultural events for young people).

### Enterprise Agreement

We successfully negotiated a new Enterprise Agreement (EA) for Council employees. The Staff Consultative Committee undertook negotiations and included representatives from management, union and staff. The bargaining process was conducted in good faith and with great co-operation between Unions and Council. The agreement was positively received with 95% of staff who voted saying "yes" to the new agreement. The Enterprise Agreement was approved by Fair Work Australia and came into effect on 26 September 2013.



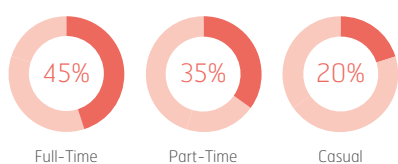
Years of Service awards presentation for 5 Years.

### Equivalent Full-Time staff

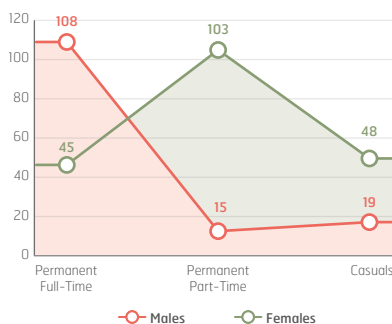
| Business Unit                          | EFT          |
|--|--------------|
| Apollo Bay Harbour Operations          | 5.69         |
| Capital Works                          | 5.74         |
| Corporate and Community Services       | 1.95         |
| Cosworks                               | 52.73        |
| Economic Development                   | 11.15        |
| Environment and Community Safety       | 14.27        |
| Executive                              | 4.04         |
| Finance and Customer Services          | 19.5         |
| Health and Community Services          | 39.14        |
| Information Services                   | 9.32         |
| Infrastructure and Services            | 1.82         |
| Major Contracts                        | 3.06         |
| Organisational Support and Development | 5.69         |
| Planning and Building                  | 11.76        |
| Recreation, Arts and Culture           | 25.23        |
| Sustainable Assets                     | 5.76         |
| Sustainable Planning and Development   | 1.78         |
| <b>TOTAL</b>                           | <b>218.6</b> |

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

### Staff by employment status

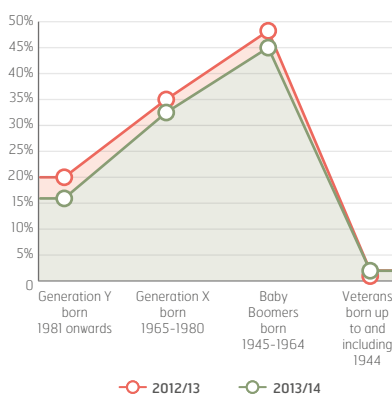


### Staff by gender and employment category



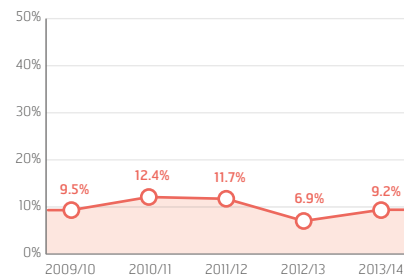
The data remains consistent over the past five years and reflects the typical contemporary workforce. Anecdotal evidence supports the findings of formal studies that the main reason for the higher number of women working part-time is that it fits better with balancing work and other responsibilities.

### Our workforce by generation



The profile highlights the ageing nature of our workforce and the looming significant loss of skills and expertise as our Baby Boomer population moves towards retirement.

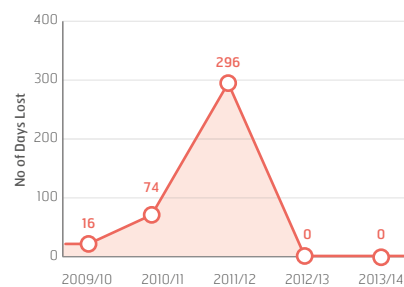
### Annual staff turnover rate



**Note:** Correction to the 2012/13 figure. Previously reported as 12.8%, due to a calculation error.

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



The spike in lost time days for the 2011/12 period was the result of two injuries:

1. A very serious injury involving a Community Care Worker who broke her elbow; she later made a full return to work.
2. A serious back injury for a worker who is required to carry out inspectorial duties. He was also able to later make a full return to work.

For the second consecutive year, we had no lost time injuries exceeding the WorkCover threshold of 10 days, after which they are declared a "Standard Claim". A standard claim is one in which more than 10 days of time have been lost or medical expenses exceeded the threshold. In 2013, that threshold was \$642.

The total number of days lost as a result of minor claims (lost time of less than 10 days) equates to 6.3 Equivalent Full-Time (EFT) days, nearly two thirds less than the 18.3 EFT days in 2012/13.

# CORPORATE GOVERNANCE

**Corporate governance is about accountability, fairness, acting with honesty and integrity and demonstrating transparency in all of our operations and decisions.**

It means we care about and are responsive to the community, encourage democratic participation and involve people in decisions that affect them. We strive for excellence in financial management and council services, and always look for better ways to do things.

It encompasses:

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



Colac Otway Shire has been an unsubdivided municipality (no Wards) since March 2008.

## The role of Council

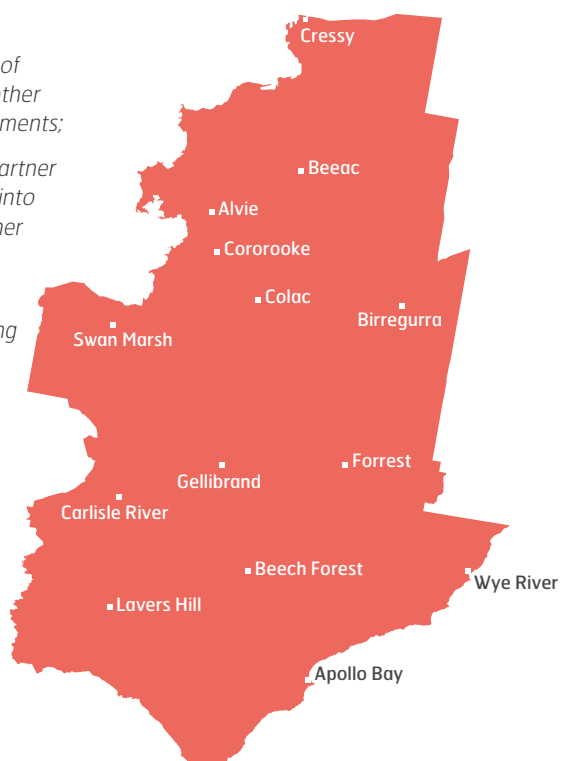
Colac Otway Shire is one of 79 Victorian councils that derives its role, powers and functions primarily from the *Local Government Act 1989*.

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 in a number of ways which include:

- Building a strong relationship between Council and the community, especially consultation, which is an essential part of Council's decision making and planning processes.
- The Council Plan, our strategic document responding to the issues faced by our community. It sets the strategic direction, our goals, major initiatives and performance indicators.
- The annual operational plan, a public document containing significant recurrent work programs and other key activities and the issues Council advocates for on behalf of the community.
- A comprehensive framework of policies and guidelines, service standards and performance monitoring and reporting.



## Decision-making process

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. The Chief Executive Officer (CEO) is authorised under the *Local Government Act 1989* to manage the day-to-day operations of the organisation. The CEO has the power to delegate decisions on operational matters to officers.

There are certain powers that Council cannot delegate. These are the adoption of the Council Plan and Council Budget.

## Relationship between Council and the Executive

Council appoints and instructs the CEO. The CEO, along with the Executive Team, is responsible for implementing resolutions of Council and running the day-to-day affairs of the organisation. Individual Councillors cannot instruct staff to undertake specific duties.

## Conflict of interest

In matters that come before Council for a decision, a conflict of interest arises when individual councillors and/or members of staff 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 must take no part in the decision-making process. Councillors must also declare an interest at Council's Planning Committee. Although no decisions are made in Councillor Workshops and Briefings, councillors are still required to declare their interest in a matter and leave the room whilst it is being discussed. During 2013/14, Councillors' registered 22 conflicts of interest during Council Meetings and 8 in Council Planning Meetings.

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, October 2012.
- Conflict of Interest: A Guide for Council Staff, October 2011.

## Local Laws

The following local laws are in force:

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

Date Adopted by Council:  
28 August 2013

Date Operational:  
28 August 2013

### No. 2 General Local Law

Date Adopted by Council:  
25 September 2013

Date Operational:  
25 September 2013

### No. 3 Livestock Local Law

Date Adopted by Council:  
28 August 2013

Date Operational:  
28 August 2013

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

Date Adopted by Council:  
24 February 2010

Date Operational:  
1 March 2010

### No. 5 Colac Livestock Selling Centre

Date Adopted by Council:  
24 August 2005

Date Operational:  
24 September 2005

Local Law No. 4 is currently being reviewed with the intent to finalise the Local Law by late 2014, including Gazettal and implementation.

## Council Plan strategic planning framework

The Council Plan 2013-2017, developed with extensive community consultation, is a high level strategic document responding to the issues faced by our community and sets out our goals, key strategic activities and performance indicators for the next four years. It is an important strategic document for informing where Council's financial resources will be directed.

The Council Plan does not contain the detail of day to day operational activities, short-term projects or recurrent work programs. These additional activities/projects that also underpin our goals and strategies are contained in our annual Operational Plan.

As required by the *Local Government Act 1989* the Council Plan is reviewed annually. No changes were made to the structure of the plan or to the Key Strategic Activities as a result of the 2014 review. The resignations and appointments of a Councillor and a General Manager were noted, and the Strategic Resource Plan updated. A copy of the revised Council Plan can be viewed on Council's website at [http://www.colacotway.vic.gov.au/Files/Colac\\_Otway\\_Shire\\_Council\\_Plan\\_2013-2017\\_-\\_Revised\\_20140625.pdf](http://www.colacotway.vic.gov.au/Files/Colac_Otway_Shire_Council_Plan_2013-2017_-_Revised_20140625.pdf)

## Corporate Governance - cont.

### Policies, Strategies and Plans

The following policies, strategies and key plans were reviewed, endorsed and/or adopted by Council during 2013/2014:

| Document  | Date Endorsed/Adopted |
|---|-----------------------|
| Number of Council Policies (x 30)   | 24 July 2013          |
| Operational Plan  | 24 July 2013          |
| Colac Otway Active Transport Strategy   | 24 July 2013          |
| Colac Otway Shire Domestic Animal Management Plan 2013                        | 24 July 2013          |
| Councillor Support Policy   | 28 August 2013        |
| Pirron Yallock Recreation Reserve and Swan Marsh Tennis Reserve Master Plan   | 28 August 2013        |
| Guarantee of Community Loans Policy   | 25 September 2013     |
| Red Rock Region Community Infrastructure Plan                                 | 25 September 2013     |
| Great South Coast Regional Growth Plan  | 25 September 2013     |
| Municipal Public Health and Wellbeing Plan 2013-2017                          | 23 October 2013       |
| Number of Council Policies (x 14)   | 23 October 2013       |
| Essential Safety Measures Policy  | 23 October 2013       |
| Great South Coast Regional Transport Strategy                                 | 23 October 2013       |
| Infrastructure Design Manual  | 23 October 2013       |
| Colac Otway Shire Heritage Strategy   | 27 November 2013      |
| Colac Otway Shire Council Tourism Directional Signage Policy                  | 27 November 2013      |
| G21 Regional Growth Plan – Implementation Plan                                | 27 November 2013      |
| Council Property Leasing Policy   | 18 December 2013      |
| Fraud Control Plan  | 18 December 2013      |
| Road Management Plan (Version 3.0)  | 18 December 2013      |
| Social Media Policy   | 26 February 2014      |
| Events Policy   | 26 February 2014      |
| 2014-2017 Rating Strategy   | 26 March 2014         |
| Risk Management Policy  | 23 April 2014         |
| Internal Audit Policy   | 23 April 2014         |
| Fraud Prevention and Control Policy   | 23 April 2014         |
| Colac and Apollo Bay Wayfinding Signage Strategies                            | 23 April 2014         |
| Colac Otway Shire Physical Activity Strategy                                  | 28 May 2014           |
| Procurement Policy  | 28 May 2014           |
| Apollo Bay Commuter Footpath Strategy   | 28 May 2014           |
| Colac Municipal Aerodrome Business Plan                                       | 28 May 2014           |
| Service Level Statements  | 25 June 2014          |
| Revised Council Plan 2013-2017 and Strategic Resource Plan 2014-15 to 2017-18 | 25 June 2014          |



## Elected Representatives

Cr Mick McCrickard resigned effective from 1 August 2013 and was replaced by Cr Frank Buchanan, who was elected via a count back process effective from 28 August 2013.

Our current Council:

- Cr Lyn Russell (Mayor)
- Cr Frank Buchanan (Deputy Mayor)
- Cr Brian Crook
- Cr Michael Delahunty
- Cr Stephen Hart
- Cr Chris Smith
- Cr Terry Woodcroft

## Code of conduct

Council has a Code of Conduct, which was reviewed and adopted by Council on 27 February 2013. The code outlines the principles of good governance, guides councillors' behaviour, accountability and dispute resolution between councillors. All councillors are expected to behave ethically and with integrity. 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 November 2013 and May 2014 and in Birregurra in August 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.

### Councillor attendance at Council, Statutory and Special Meetings 1 July 2013 to 30 June 2014

| Councillor                                    | Number of Council and Statutory Meetings |          | Number of Special Meetings |          |
|---|--|----------|----------------------------|----------|
|   | Eligible to Attend                       | Attended | Eligible to Attend         | Attended |
| Cr Lyn Russell (Mayor)                        | 13                                       | 13       | 4                          | 4        |
| Cr Frank Buchanan (Deputy Mayor) <sup>1</sup> | 12                                       | 12       | 3                          | 3        |
| Cr Brian Crook                                | 13                                       | 12       | 4                          | 4        |
| Cr Michael Delahunty                          | 13                                       | 13       | 4                          | 4        |
| Cr Stephen Hart                               | 13                                       | 13       | 4                          | 4        |
| Cr Chris Smith                                | 13                                       | 13       | 4                          | 4        |
| Cr Terry Woodcroft                            | 13                                       | 11       | 4                          | 3        |
|   |  |          |                            |          |
| Cr Mick McCrickard <sup>1</sup>               | 1  | 1        | 1                          | 1        |

The Statutory Meeting held in November 2012 included the election of Cr Lyn Russell as Mayor for a two year period.

1. Cr Mick McCrickard resigned effective from 1 August 2013 and was replaced by Cr Frank Buchanan who was elected via a count back process effective from 28 August 2013.

## Corporate Governance - cont.

### Councillor attendance at briefing sessions 1 July to 30 June 2014

| Councillor                       | Number of Briefings Eligible to attend | Present in Full | Present in Part | Absent with apology | Absent |
|----------------------------------|--|-----------------|-----------------|---------------------|--------|
| Cr Lyn Russell (Mayor)           | 12                                     | 12              | 0               | 0                   | 0      |
| Cr Frank Buchanan (Deputy Mayor) | 11                                     | 10              | 1               | 0                   | 0      |
| Cr Stephen Hart                  | 12                                     | 12              | 0               | 0                   | 0      |
| Cr Brian Crook                   | 12                                     | 12              | 0               | 0                   | 0      |
| Cr Michael Delahunty             | 12                                     | 11              | 1               | 0                   | 0      |
| Cr Chris Smith                   | 12                                     | 0               | 0               | 0                   | 12     |
| Cr Terry Woodcroft               | 12                                     | 6               | 4               | 2                   | 0      |
|                                  |  |                 |                 |                     |        |
| Cr Mick McCrickard               | 1                                      | 1               | 0               | 0                   | 0      |

### Councillor attendance at workshops 1 July 2013 to 30 June 2014

| Councillor                       | Number of Workshops Eligible to attend | Present in Full | Present in Part | Absent with apology | Absent |
|----------------------------------|--|-----------------|-----------------|---------------------|--------|
| Cr Lyn Russell (Mayor)           | 26                                     | 23              | 2               | 1                   | 0      |
| Cr Frank Buchanan (Deputy Mayor) | 22                                     | 17              | 3               | 2                   | 0      |
| Cr Brian Crook                   | 26                                     | 20              | 3               | 3                   | 0      |
| Cr Michael Delahunty             | 26                                     | 24              | 1               | 1                   | 0      |
| Cr Stephen Hart                  | 26                                     | 25              | 1               | 0                   | 0      |
| Cr Chris Smith                   | 26                                     | 1               | 2               | 0                   | 23     |
| Cr Terry Woodcroft               | 26                                     | 5               | 15              | 6                   | 0      |
|                                  |  |                 |                 |                     |        |
| Cr Mick McCrickard               | 2                                      | 0               | 2               | 0                   | 0      |



Enjoying Apollo Bay. Photo: Barry Raynor.



Youth Council planting at Bimbi Park.

## Councillor support and remuneration

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

| Councillor                   | Land Line Phone | Mobile Phone | iPad Computer | Next G Internet Connection | Fax Machine | Printer |
|------------------------------|-----------------|--------------|---------------|----------------------------|-------------|---------|
| Cr L Russell (Mayor)         |                 | √            | √             | √                          |             | √       |
| Cr F Buchanan (Deputy Mayor) |                 | √            | √             | √                          |             | √       |
| Cr B Crook                   |                 | √            | √             | √                          |             | √       |
| Cr M Delahunty               |                 | √            | √             | √                          |             |         |
| Cr S Hart                    |                 | √            | √             | √                          |             |         |
| Cr C Smith                   |                 | √            | √             | √                          |             |         |
| Cr T Woodcroft               |                 | √            | √             | √                          |             | √       |
|                              |                 |              |               |                            |             |         |
| Cr Mick McCrickard           |                 | √            | √             | √                          |             |         |

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

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

| Councillor                      | Allowance (including superannuation) | Travel <sup>2</sup> | Total            |
|---------------------------------|--------------------------------------|---------------------|------------------|
| Cr Lyn Russell <sup>1</sup>     | \$66,502                             | \$1,667             | \$68,168         |
| Cr Frank Buchanan <sup>3</sup>  | \$19,981                             | \$17,877            | \$37,858         |
| Cr Brian Crook                  | \$21,976                             | \$372               | \$22,348         |
| Cr Michael Delahunty            | \$21,976                             | \$3,802             | \$25,778         |
| Cr Stephen Hart                 | \$21,976                             | \$11,443            | \$33,419         |
| Cr Chris Smith                  | \$21,976                             | \$10,937            | \$32,913         |
| Cr Terry Woodcroft              | \$21,976                             | \$0                 | \$21,976         |
| Cr Mick McCrickard <sup>3</sup> | \$388                                | \$0                 | \$388            |
| <b>Total</b>                    | <b>\$196,751</b>                     | <b>\$46,098</b>     | <b>\$242,848</b> |

### Notes:

1. Cr Lyn Russell was elected as Mayor on 7 November 2012 for a period of two years.  
A councillor vehicle, currently a Ford Focus Diesel, is provided to the Mayor for business and private use.
2. Travel includes amounts reimbursed to Councillors for travel for Council Business and remote area travel allowances.  
It also includes any accommodation or other travel related expenses (i.e. fares) that have been reimbursed to Councillors.
3. Cr Mick McCrickard resigned effective from 1 August 2013 and was replaced by Cr Frank Buchanan who was elected via a Count back process effective from 28 August 2013.

## Corporate Governance - cont.

### Committees of Council

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

| Committee  | Councillor  | Meeting Frequency   | Purpose/Comments   |
|--|---|---|--|
| Audit Committee (Advisory Committee)   | Cr Michael Delahunty<br>Cr Stephen Hart<br>(includes 2 independent members) | Quarterly, or more frequently as determined                     | To review financial and risk management systems and assist Council to carry out its corporate governance responsibilities. It has an independent member as the chairperson.                                    |
| Australia Day Advisory Committee   | All Councillors   | 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.   |
| Central Reserve Advisory Committee   | Cr Brian Crook  | Bi-monthly  | To facilitate communication between Council, park users 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 Frank Buchanan   | 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 2 external members) | All Councillors   | 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.                  |
| Friends of the Colac Botanic Gardens Committee (Advisory Committee)                                      | Cr Terry Woodcroft  | Monthly   | To undertake voluntary projects and to act as an advisory committee for Council.   |
| Grants/Community Funding Advisory Committee  | All Councillors   | 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.                                   |
| Lake Colac Coordinating Committee (Advisory Committee)   | Cr Michael Delahunty<br>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.              |
| Planning Committee (Special Committee)   | All Councillors   | Meets the second Wednesday of the month (when required)         | To consider and determine all planning matters referred to it under the instrument of delegation. It also receives regular reports on key performance indicators, and other matters referred to the Committee. |
| Small Town Improvement Program Advisory Committee  | All Councillors   | Once a year in May, and other meetings as required              | To consider the applications received for the Small Town Improvement Program.  |

## Council representation on other committees

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

### Cr Lyn Russell, Mayor

Australian Local Government Association  
 Australian Rural Roads Group  
 G21 Board  
 G21 Health & Wellbeing Pillar  
 Otways Tourism Advisory Committee  
 Rural Council of Victoria  
 Timber Towns Committee  
 Youth Council

### Cr Frank Buchanan, Deputy Mayor

Apollo Bay Harbour Redevelopment  
 Community Reference Group  
 Australian Local Government Association  
 Great South Coast Municipalities Group  
 Heathfield Estate Reserve Community  
 Reference Group  
 G21 Economic Development Pillar  
 G21 Planning & Services Pillar  
 Great South Coast Position for  
 Economic Growth Group  
 Port of Apollo Bay Consultative Group

### Cr Brian Crook

Birregurra Structure Plan and  
 Neighbourhood Character Study  
 Community Reference Group  
 Community Hub Inc  
 G21 Sports & Recreation Pillar  
 G21 Transportation Pillar  
 Great South Coast Improve Our  
 Connections Group  
 Industry Advisory Group

### Cr Michael Delahunty

Apollo Bay Harbour Redevelopment  
 Community Reference Group  
 Forrest Mountain Bike Trails Strategy  
 Steering Group  
 Industry Advisory Group  
 Municipal Emergency Management  
 Planning Committee  
 Municipal Fire Management  
 Planning Committee  
 Ondit Quarry Consultative Committee  
 Tirrengower Drainage Scheme  
 Committee of Management

### Cr Stephen Hart

Apollo Bay Aquatic Centre (ABAC)  
 Committee  
 Apollo Bay Leisure Centre Liaison Group  
 Barnard Trust Committee  
 Barwon Regional Waste Management  
 Committee  
 Colac Community Library & Learning  
 Centre Joint Use Advisory Committee  
 Community Hub Inc  
 Corangamite Regional Library  
 Corporation  
 G21 Education & Training Pillar  
 G21 Environment Pillar  
 Lavers Hill Swimming Pool Committee  
 of Management  
 Lavers Hill Waterhole Committee  
 Municipal Association of Victoria

### Cr Chris Smith

COPACC Trust  
 Dairy Industry Training Committee  
 Industry Advisory Group  
 Municipal Aerodrome Committee – Colac  
 Old Beechy Rail Trail Committee  
 Rural Financial Counselling Service  
 Victoria – Wimmera Southwest  
 Weeds Consultative Committee

### Cr Terry Woodcroft

Colac Otway Network of  
 Community Centres  
 COPACC Trust  
 G21 Arts & Culture Pillar  
 Municipal Emergency Management  
 Planning Committee  
 Municipal Fire Management  
 Planning Committee  
 Youth Council

## Audit Committee

The Audit Committee is an advisory committee of the Council and its main purpose is 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.*

## Corporate Governance - cont.

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

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

\*The Audit Committee meeting usually held in June was held on 2 July 2014.

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 to the Committee at the Statutory Meeting held on 13 November 2013.

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:

- Financial Reporting
- Internal Audit
- Internal Control
- External Audit
- Risk Management
- Compliance
- Fraud Prevention/Awareness
- Reporting Responsibilities - Other
- Business Continuity
- Other Issues

### Outcomes

- Developed an Audit Committee Plan for the year
- Review and endorsement of the 2012/13 Financial Statements, Standard Statements, Performance Statement and Audit Management Letters
- Review End of Year Management Report 2012/13
- Review of various Victorian Auditor General's (VAGO) Reports to Parliament applicable to Local Government including Organisational Sustainability of Small Councils
- Review of the VAGO Performance Audit – Shared Services in Local Government
- Review of the 2013/14 External Audit Strategy
- Review of Audit Committee Charter, Internal Audit Policy, Fraud Prevention and Control Policy and Risk Management Policy
- Review of Risk Management Issues and monitoring of the Risk Register developments
- Review of the Fraud Control Plan
- Review Benchmarking/Performance Indicator Information
- Monitoring of Road Management Plan compliance
- 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 and Budget
- Reviewed the audit scopes, reports and recommendations of internal audit projects, including Livestock selling Centre, Contract Management Review and Building Maintenance – Essential Safety Measures
- Review updated report on IT Control Environment Review
- Review of Waste Management results
- Review of Procurement/ Purchasing Practices
- Review of progress of the Local Government Performance Reporting Framework.

Council's External Auditor is the Victorian Auditor General (agent LD Assurance).

Council's Internal Auditor is Crowe Horwarth.

## Risk management

In April 2014 Council endorsed a revised Risk Management Policy. The Policy articulates a systematic approach to identifying, analysing and mitigating risks.

Reviews of policies, internal controls and standards supporting the Risk Management Strategy are monitored by the Risk Management Committee at its quarterly meetings. Identified risks have been added to our risk register within TRIM, our corporate records system, and allocated to appropriate managers for action.

In 2013/14 our objective was to create a more structured process for reviewing risks in the Risk Register, to ensure all risks were formally reviewed at least annually. We achieved this by changing the way the Risk Committee operated. At each quarterly meeting of the Risk Committee 25% of risk owners (Managers) were invited to attend and review their risks in conjunction with the Committee members. This approach proved highly successful. In addition, six monthly reports are provided to the Audit Committee, with updates on progress and advising of any new significant risks or changes to residual risk ratings.



Occupational Health and Safety was carefully managed during construction of the roof over the Colac Regional Saleyards.

## Occupational health and safety

Our triennial SafetyMap recertification audit was conducted in August 2013 with a fantastic result. For the first time no new Corrective Actions (CARs) were opened during the audit and three of the four from 2012/13 were closed. Notations were made on the progress to resolve the one remaining open CAR:

- No evidence of risk assessment at Saleyards for walkway and stair works. Lack of understanding of requirements to undertake work of this nature.

The outstanding 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) audits, which focused on Victorian councils' performance in areas identified as high risk for public liability and professional indemnity claims, have been discontinued. The basis of the decision was that the audit program was not proving effective at minimising the incidence of claims on the fund.

The audits were replaced with Targeted Risk appraisals and Workshops. Councils with a poor claims history will be subject to a Risk Analysis and Response Review. A review will be undertaken at Colac Otway Shire during the 2014/15 financial year, with a focus on areas of poor performance.

### Asset and Commercial Crime insurances

We maintained our asset (JMAPP) and fidelity insurance. Changes were made to the associated audit processes during 2013/14:

#### *JMAPP Audits*

JMAPP audits occur bi-annually. The next audit is due in 2014-2016. Council has been advised that revised documentation will be discussed and released at JMAPP forums, currently being arranged for November 2014.

#### *Commercial Crime Audits*

MAV Insurance is discontinuing Commercial Crime (formerly Fidelity) audits, replacing them with risk management services focused on targeted training and prevention strategies. This will have a sector-wide collaborative focus.

#### *WorkSafe insurance*

Our WorkSafe insurance premium identified our council as performing 33% better on average than our industry sector.

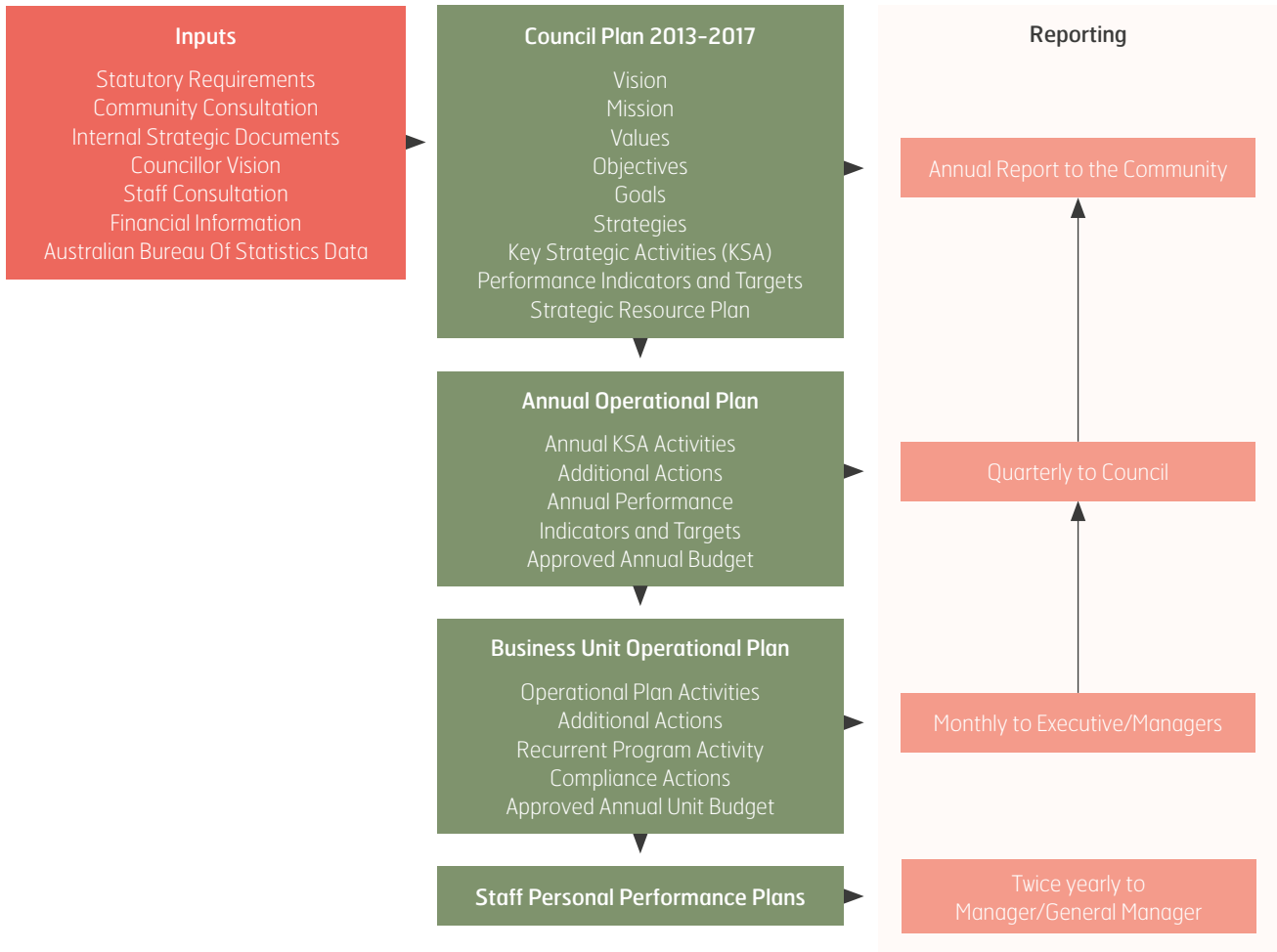
# Corporate Governance - cont.

## 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 plan sits between the Council Plan and Business Unit Plans.

The new structure allows the Council Plan to be a truly strategic, outcome focussed plan, and gives 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<br>Achievement in line with Council Plan strategies<br>Victorian Local Government Indicators<br>Legislative compliance<br>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 and Operational 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 |

## Continuous improvement

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

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

During 2013/14 we continued with the staged implementation of the PRINCE2™ project management methodology, which is a major organisational change and improvement initiative. The application of PRINCE2™ will ensure the delivery of well-considered and viable projects. It removes inherent weaknesses in the evaluation of completed projects and leads to improved future planning. Staff training commenced and two pilot projects were undertaken using the PRINCE2™ methodology. From July 2014 all new projects will be delivered using the PRINCE2™ approach.

The following service improvements have also been implemented during 2013/14:

### Planning and Building Unit:

- Commenced a process to seek an external peer review by Council's solicitor of Section 173 legal agreements lodged with Council under the *Planning & Environment Act 1987*. This will increase the cost to applicants, but will remedy issues with agreements, ensuring they are well drafted and meet planning permit requirements.
- Introduced a new fee for service process to complete public notice requirements on behalf of permit applicants. This reduced the burden on permit applicants of fulfilling notice requirements, streamlined the processing of applications and is an income source for Council.
- A new prioritisation methodology has been introduced to reduce time spent on low risk enforcement investigations. This has enabled a greater focus on resolving higher risk enforcement matters.

### Capital Works Unit:

- Reviewed existing reporting tools from customer request programs and results from Customer Satisfaction Surveys. This enabled us to better understand the types of customer requests received and the time taken to respond. As a result changes were implemented to the distribution of customer requests ensuring they were immediately directed to the most appropriate area. This has reduced response times, improved the customer experience and reduced request closure times.

### Legislative Compliance

#### Information Privacy Act 2000

Council has adopted policies on 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 about 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)

The responsible handling of personal information is a key aspect of governance and we are strongly committed to protecting an individual's right to privacy. No complaints were received during 2013/14.

#### Freedom of Information Act 1982

The *Freedom of Information Act 1982* gives the community a right to access certain Council documents. The Act has four basic principles:

1. Local governments are required to publish information about the documents they hold, particularly those which affect members of the public in their dealings with Council.
2. Each person has a legally enforceable right to access information, limited only by exemptions necessary for the protection of the public interest and the private and business affairs of persons from whom information is collected by Council.
3. People may appeal against a decision not to give access to information or not to amend a personal record.
4. People may request inaccurate, incomplete, out of date or misleading information in their personal records be amended.

Freedom of information requests must be made in writing and be accompanied by a \$25.70 application fee. Applicants should also indicate how they would like to receive the information.

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

[http://www.colacotway.vic.gov.au/Files/Freedom\\_of\\_information\\_Application\\_2014.pdf](http://www.colacotway.vic.gov.au/Files/Freedom_of_information_Application_2014.pdf)

[http://www.colacotway.vic.gov.au/Files/FOI\\_Information\\_Sheet.pdf](http://www.colacotway.vic.gov.au/Files/FOI_Information_Sheet.pdf)

Under legislation, Council must decide if the information will be provided within 45 days.

#### Appeals

Applicants may appeal the decision made about their FOI request or the cost charged for access to documents. The letter containing the decision also outlines the appeal process. There were 7 FOI requests received in 2013/14.

#### Protected Disclosure Act 2012

The *Protected Disclosure Act 2012* commenced on 10 February 2013, replacing the Whistleblowers Protection Act 2011. Council has established guidelines for responding to protected disclosures, which establishes a process for reporting improper conduct or detrimental action by Colac Otway Shire or its employees. Disclosures can be made to the nominated council staff or to the Independent Broad-based Anti-corruption Commission (IBAC). Disclosures may be made by any person including a member, officer or employee of Colac Otway Shire. There were no protected disclosures in 2013/14.

[http://www.colacotway.vic.gov.au/Files/Protected\\_Disclosure\\_Act\\_2012\\_Procedures.pdf](http://www.colacotway.vic.gov.au/Files/Protected_Disclosure_Act_2012_Procedures.pdf)

#### Carers Recognition Act 2012

The *Carers Recognition Act 2012* came into effect on 1 July 2012. The Act was developed to formally recognise, promote and value the role of carers and those in their care. It provides a framework and principles to support care organisations understand their responsibilities and their response to staff and clients in their care.

Defined as public service care agencies under the *Act*, councils are required to report in their Annual Report on how they are meeting their legislated obligations in ensuring that:

- staff have an awareness and understanding of the care relationship principles
- those receiving services have an awareness and understanding of the care relationship principles
- staff reflect the care relationship principles in developing, providing or evaluating support and assistance for those in care relationships.

We have taken all practicable measures to review and modify policies to include recognition of the carer relationship and have provided the following additional resources:

- Information on the *Carers Recognition Act 2012* has been included in the Client Information handbook, with The Victorian Charter Supporting People in Care Relationships outlined.
- Information on *Carers Recognition Act 2012* has been included in the Staff Handbook.
- Goal Directed Care Plan principles implemented include recognition of the Carer's role in service delivery and planning.
- Disability Support – Priority of Access Policy acknowledges priority indicators that include "the need to strengthen or support the role of the family, carer or person's support network".

Colac Otway Shire was included in the National Disability Insurance Scheme (NDIS) launch area for Victoria. During the period 2013–2016, support for eligible people with a disability funded through Home or Community Care and/or the Department of Human Services (DHS) will be transferred to the NDIS.

To assist the transition, our Older Persons and All Support Service (OPASS) Unit implemented the following to support families and clients receiving funded services:

- Conducted Family/Carer information sessions at COPACC during September 2013.
- Included information about the National Disability Insurance Agency (NDIA) launch in the Barwon Region and an OPASS commitment to support Families and Carers.
- Provided information and service history to planners during service transition, advocating for client needs.
- Provided individual letters to Clients/Carers identified as NDIA eligible, informing them of transition requirements.
- Conducted individual discussions with Carers to address concerns with transitioning from the Department of Human Services (DHS)/Home and Community Care (HACC) funding to NDIA.
- Provided referrals to advocacy services/NDIA support for complex issues.
- Distributed flyers from Carer's Victoria for NDIA information sessions.
- Provided respite support/community access to 25 families, with 5 families using this time to directly support Carer's working commitments.
- Attended Colac Specialist School Parent Support Meetings to provide information on services available.

### **Domestic Animals Act 1994**

Under the *Act* Council is required to create a Domestic Animal Management Plan and to evaluate its implementation in the annual report. The plan was prepared in accordance with the requirements and responsibilities under the *Domestic Animals Act 1994*, the *Impounding of Livestock Act 1994*, the Colac Otway Shire Council's General Local Laws and relevant policies. It was endorsed by Council on 24 July 2013 and will be reviewed in 2016.

The Domestic Animal Management 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. All Officers are trained to the required standard with Certificate IV in Statutory Compliance and Certificate IV in Animal Management.

Our commitment to animal welfare is showing results, with the numbers of animals registered increasing and impoundments decreasing.

As at 30 June 2014 there were 6,396 domestic animals registered; 4,863 dogs and 1,533 cats:

- Of the 270 dogs impounded, 215 were returned to their owner, 35 were rehoused and 20 were euthanised. There has also been a substantial decrease in the dog euthanasia rate, which is encouraging (down from 31 in 2012/13). Despite our best efforts to rehouse animals, the number of people wanting to adopt suitable dogs is difficult to maintain.
- Of the 42 cats impounded (down from 101 in 2012/13), 9 were returned to their owner, 28 were rehoused and 5 were euthanised. We continued to receive support through a local vet who is running a cat adoption program and a reduced price de-sexing program.

Overall, of the 312 animals impounded (down from 373 in 2012/13), 92% were returned to their owner or re-housed (up from 82% in 2012/13). These figures only include animals that were physically brought to the pound and not the many animals that were immediately returned to their owners.

A feral cat trapping program was conducted at identified sites in the Colac CBD during 2013/14, resulting in 116 cats being caught and euthanised.

### **Road Management Act 2004**

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

### **Equal Opportunity Act 2010**

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 encapsulated in our Equal Employment Opportunity and Diversity and Inclusion policies.

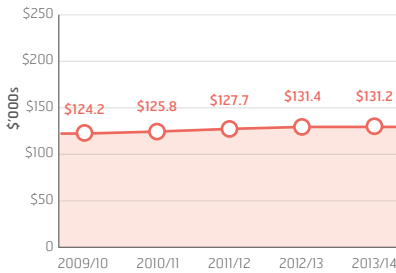
### **Grants and donations to the community**

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 2014 we gifted a total of \$421,229 to our community; \$131,169 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 \$290,060 was allocated to support community events and organisations. Aggregated over the last 5 years this is a \$2.13 million investment in the social fabric of our community.

## Corporate Governance - cont.

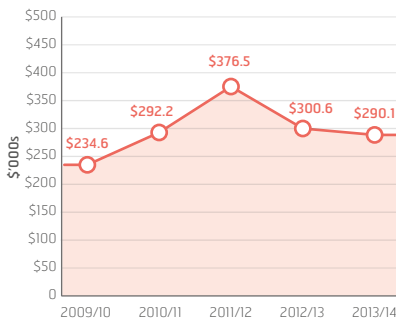
### Community support grants and donations

A five year view of Community Support Grants and Donations reveals Council has provided a total of \$640,245 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 \$1,493,913 in Major Grants and Donations to support community events and organisations.



### Public access to registers and documents

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

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

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.



Great Victorian Bike Ride campsite at Gellibrand.



Fun at the Australia Day celebrations at Forrest.

## Victorian Local Government Indicators

The Minister for Local Government, under the authority of the *Local Government Act 1989* requires every Council to report on the following indicators:

| Performance Report  | 2009/10           | 2010/11           | 2011/12            | 2012/13          | 2013/14                  |
|---|-------------------|-------------------|--------------------|------------------|--------------------------|
| <b>Affordability</b>  |                   |                   |                    |                  |                          |
| Average rates and charges per assessment  | \$1,288           | \$1,400           | \$1,474            | \$1,586          | <b>\$1,682</b>           |
| Average rates and charges per Residential assessment  | \$1,031           | \$1,151           | \$1,222            | \$1,314          | <b>\$1,459</b>           |
| <b>Sustainability</b>   |                   |                   |                    |                  |                          |
| Average liabilities per assessment  | \$887             | \$977             | \$1,169            | \$1,024          | <b>\$1,080</b>           |
| Operating result per assessment – surplus/(deficit)   | \$213             | \$222             | \$64               | \$118            | <b>\$184</b>             |
| <b>Services</b>   |                   |                   |                    |                  |                          |
| Average operating expenditure per assessment  | \$2,528           | \$2,580           | \$2,794            | \$2,935          | <b>\$2,768</b>           |
| Community Satisfaction Survey for overall performance generally of the Council                        | Index Mean<br>N/A | Index Mean<br>N/A | Index Mean<br>N/A* | Index Mean<br>57 | <b>Index Mean<br/>48</b> |
| <b>Infrastructure</b>   |                   |                   |                    |                  |                          |
| Average capital expenditure per assessment  | \$895             | \$780             | \$774              | \$803            | <b>\$888</b>             |
| <i>Renewal</i>  |                   |                   |                    |                  |                          |
| Current spending on renewal to Asset base consumed during the year                                    | 71%               | 109%              | 84%                | 87%              | <b>121%</b>              |
| <i>Renewal and Maintenance</i>  |                   |                   |                    |                  |                          |
| Current spending on renewal plus maintenance to Asset base consumed during the year, plus maintenance | 82%               | 105%              | 94%                | 127%             | <b>189%</b>              |
| <b>Governance</b>   |                   |                   |                    |                  |                          |
| Community Satisfaction Survey for Council's advocacy and community representation on key local issues | Index Mean<br>N/A | Index Mean<br>N/A | Index Mean<br>N/A* | Index Mean<br>59 | <b>Index Mean<br/>50</b> |
| Community Satisfaction Survey for Council's engagement in decision-making on key local issues         | Index Mean<br>N/A | Index Mean<br>N/A | Index Mean<br>N/A* | Index Mean<br>55 | <b>Index Mean<br/>49</b> |

\* 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
- 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.

# GOOD GOVERNANCE

## HIGHLIGHTS

### Leadership Development

The "Let's Talk" leadership development program was designed to enhance the self-awareness, communication and performance management and skills of our leaders. To date 36 managers, coordinators and supervisors have participated in the program.

The final program will be conducted in September 2014.

Key components of the program:

- Understanding the dynamics of communication
- Exploring communication differences through the use of the Myers Briggs Type Indicator framework
- Understanding the 'anxiety reaction' and its impact of effective communication, especially in the context of 'difficult conversations'.

The program structure consisted of three full-day modules, with a two week gap in between. Participants were required to complete homework tasks between training modules and use a learning journal for reflection.

### National Disability Insurance Scheme trial

Colac Otway Shire is one of three municipalities within Victoria given the opportunity to be part of a nationwide trial for the National Disability Insurance Scheme (NDIS). Following extensive work we have been able to smoothly transition our eligible clients to this scheme in a relatively short period of time. *For comprehensive detail of the activities undertaken refer to page 44.*

### Improved Asset Management

A key achievement in 2013/14 was the implementation of a corporate asset management system. This was the first stage of a longer term implementation program, consolidating Council's asset registers into a single source of information, eliminating the risk of inconsistent data. An immediate benefit was the reduction in depreciation due to better asset management.



Winners of the competition to name the new dredge, William Orchard (left) and Jonathan Hanson (right) with Mayor Lyn Russell.

### New dredge and workboat for Apollo Bay Harbour

Construction commenced on a new dredge and workboat for Apollo Bay Harbour in October 2013. Commissioning of the dredge is expected in September 2014 and the workboat in October 2014. The new dredge is suction operated, designed to ensure minimum impact to the unique environment of the harbour. It will maintain the harbour at a safe navigable depth and keep the harbour entrance accessible. The old vessels in current use have been operating for the past 50 years and are well and truly at the end of their useful life. The total project cost is \$3.18 million and is funded by the Department of Transport Planning and Local Infrastructure.

### Major Plant replaced

Major plant is routinely replaced, usually on a rolling 10 year program, to ensure safe, reliable and efficient equipment is available to undertake our asset maintenance and reconstruction responsibilities.

The following plant items were purchased during 2013/14:

|                         |                    |
|-------------------------|--------------------|
| Street Sweeper          | \$317,000          |
| Tip Truck & Dog         | \$277,000          |
| Backhoe Loader          | \$171,000          |
| Wood Chipper            | \$68,000           |
| Tow Behind Broom        | \$74,000           |
| Four Wheel Drive Loader | \$105,000          |
| <b>TOTAL</b>            | <b>\$1,012,000</b> |

# OUR GOAL, SERVICES/ ACTIVITIES, & STRATEGIES

## OUR GOAL

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

## SERVICES/ACTIVITIES

- Governance
  - Corporate
  - Democratic
- Local Laws (ensuring adequacy and currency of laws)
- Resource Management (maintaining the assets we use to deliver services to the community):
  - Assets e.g.:
    - Plant*
    - Vehicles*
    - Information Management Systems*
- Our People
- Finance
- Triple bottom line

## STRATEGIES

1. Transparent and accountable decision making.
2. Prudent and accountable financial, asset, risk and resource management.
3. Effective community engagement and participation.
4. Embed an organisation culture of high performance, service excellence and safety.


# FAST FACTS

## SERVICE STATISTICS (COMPARED WITH 2012/13)

 **94.1%**  
rates collected by year end

 **13,559**  
supplier payments processed

 **14,896**   
property assessments

 **65,092**   
receipts issued

 **1,241** non-rateable  
property assessments




 **109**  
new properties mapped

 **2,626** pension rebates

 **117,182** items of  
both inwards and outwards  
correspondence processed

 **978** land information  
certificates issued

 **34,236**  
debtor invoices issued

-  Increase from previous year
-  Decrease from previous year
-  No change / same as previous year



## DISAPPOINTMENTS

### Delay in developing an NDIS Business Model plan

We have not been able to develop our business model for sustainability within the NDIS due to constant changes within this trial period by the National Disability Insurance Agency (NDIA). However, we recognise the necessity of ensuring that the NDIS is fully developed when it is implemented nationwide.

## CHALLENGES

### Enhancing asset management data

The introduction of the new corporate asset management system has created a need to enhance the quality of some data which Council has recorded for various asset types. During 2014/15 focus will be on data collection to overcome this and enable Council to achieve maximum benefit from the new system to support long-term forecasting and decision making.

### New performance reporting requirements

The introduction of the Victorian State Government Local Government Performance Reporting Framework (LGPRF) has generated significant work to ensure systems are in place for the collection of the required data.

The collection and reporting of LGPRF data becomes mandatory commencing from 2014/15. The framework has a total of 94 indicators, of which 29 will be subject to audit. It is a legislative requirement for this information to be included in the operations report section of the Annual Report.

## THE YEAR AHEAD

- Implement SafetyMax Risk Management System
- Implement Council's internal audit program
- Stage 2 implementation of the National Asset Management Framework
- Review Service Level Statements
- Redevelop Council's website
- Ensure PRINCE2™ compliance in all new major grant applications.

## Comparative performance statistics

The tables below compare our performance with councils of similar size and the state-wide average. The source of the data is the Local government Community Satisfaction Survey. Following successive years of improvement the downturn in results for 2013/14 were a surprise. We are currently developing a strategy to respond.

### Overall Performance of Council

|                | Colac Otway Shire | Large Rural Shires | State-wide |
|----------------|-------------------|--------------------|------------|
| 2011/12        | 54                | 56                 | 60         |
| 2012/13        | 57                | 57                 | 60         |
| <b>2013/14</b> | <b>48</b>         | <b>57</b>          | <b>61</b>  |

### Advocacy on behalf of the community

|                | Colac Otway Shire | Large Rural Shires | State-wide |
|----------------|-------------------|--------------------|------------|
| 2011/12        | 52                | 53                 | 55         |
| 2012/13        | 56                | 53                 | 55         |
| <b>2013/14</b> | <b>50</b>         | <b>54</b>          | <b>56</b>  |

### Community consultation

|                | Colac Otway Shire | Large Rural Shires | State-wide |
|----------------|-------------------|--------------------|------------|
| 2011/12        | 55                | 54                 | 57         |
| 2012/13        | 59                | 55                 | 57         |
| <b>2013/14</b> | <b>49</b>         | <b>55</b>          | <b>57</b>  |

### Customer service

|                | Colac Otway Shire | Large Rural Shires | State-wide |
|----------------|-------------------|--------------------|------------|
| 2011/12        | 68                | 68                 | 71         |
| 2012/13        | 67                | 69                 | 71         |
| <b>2013/14</b> | <b>62</b>         | <b>68</b>          | <b>72</b>  |

Source: Local government Community Satisfaction Survey 2014, Department of Planning and Community Development, prepared by JWS Research.

## CIVIC AWARDS

### Australia Day citizen of the year

Mick McGannon is Colac Otway Shire's 2014 Australia Day Citizen of the Year. Mick has spent a virtual lifetime volunteering, including 51 years with the Knights of the Southern Cross and 42 years with Rotary. He brings warmth to many people's lives locally through his volunteering with Meals on Wheels, St Vincent de Paul, driving the Legacy bus and making visits to local palliative care patients.

### Young citizen of the year

Colac's Jess Layton accepted the Young Citizen of the Year Award, winning the judging committee's respect for her willingness to tackle the 'big issues'. Jess has championed youth equality, social and mental health, and fought racism, sexism and homophobia in Colac through her role as a founding member of Dynamic, a youth networking group. Jess has also been an active member of a reference group for Colac Area Health's Youth Health Hub, ensuring that the district's young people have a voice. Her passion is writing and Jess hopes to study creative and professional writing in 2015.



Young citizen of the year Jess Layton.

## Good Governance - cont.

### Community service award

Warrion's Jack Ilett received the Community Service award. He has provided volunteer services to the Warrion Hall Committee, the Warrion Fire Brigade, the Warrion Football Club, the Warrion Recreation Reserve Committee and the Warrion Fire Brigade. Jack is noted as an outstanding and obliging citizen to the younger and older people of the surrounding districts.

### Young ambassador of the year

Tegan McNamara was the winner of the Colac Otway Shire's Young Ambassador Award for 2013. Tegan's strong academic and sporting achievements, together with an active extra-curricular life, which included sport, dance and part-time work, made her a deserving winner. In 2014 Tegan commenced a Bachelor Paramedicine at the Australian Catholic University, Melbourne. When qualified, Tegan hopes to ultimately return to a rural area to work as a paramedic.

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.



Tegan McNamara, 2013 Young Ambassador Award recipient.

### Youth Council

The aim of the Youth Council is to provide a forum for Council to consult with, and receive advice from, our young people. It promotes and encourages their involvement in the planning, development and implementation of matters directly relevant to young people in the community.

#### Major achievements of the 2014 Youth Council

- Providing assistance with the opening of the Colac Youth Health Hub
- Providing assistance with FReeZA's Battle of the Bands
- Active participation in the Anzac Day Dawn Service and March
- Attendance at a Melbourne homeless shelter
- Tree Planting at Bimbi Park
- Organising for youth input into the Colac CBD and Entrances Project
- Providing assistance with the Cool and Young Ambassador Awards.

#### 2014 Youth Council members

- Emily Beale
- Georgia Cahill
- Spencer Cochrane
- Laura Ladhams (Chair)
- Nicholas Lenehan-Anderson
- Emma McMaster
- Rachael Richardson

Additional members of the Youth Council in 2013/14 included:

- Councillor Lyn Russell, an appointed Council representative and a mentor to the group
- Rhonda Deigan, Colac Otway Shire, administrative support.

The Youth Council meets twice each month during school terms.

Two additional adult mentors provided support and guidance to the youth councillors:

- Tabitha Morgan, Colac Area Health (February 2014 to July 2014)
- Terry Woodcroft, Co-PYLIT (Colac Otway Police Youth Liaison Team).



2014 Youth Council members. Back row: Emma McMaster, Nicholas Lenehan-Anderson, Georgia Cahill. Front row: Rachael Richardson, Laura Ladhams, Emily Beale, Spencer Cochrane

## Progress against our 2013/14 commitments:

| Activity   | Progress    |
|--|-------------|
| <b>Strategy: Transparent and accountable decision making</b>   |             |
| <b>Review Local Law No. 4 – Council Meeting Procedures and Common Seal</b>   | <b>90%</b>  |
| Target: Review of Local Law completed<br>- A draft Local Law has been prepared and has been reviewed by Council's solicitors   |             |
| <b>Review all Council Policies</b>   | <b>100%</b> |
| Target: Review of policies completed   |             |
| <b>Strategy: Prudent and accountable financial, asset, risk and resource management</b>  |             |
| <b>Implement Council's Risk Management System</b>  | <b>70%</b>  |
| Target: SafetyMap recertification achieved. Meet budget of \$12,000 +/- 2.5%<br>- \$9,000 of \$12,000 budget expended due to recertification process being less expensive than anticipated<br>Target: LMI Public Liability/ Professional Indemnity score improved by 6% (target 75%)<br>- Achieved 71%, a 4% increase. There were a number of areas where Council had made improvements that were not eligible for a revised score<br>Target: OH&S incident reporting and management system implemented within budget<br>- System initially identified proved to be unviable. Alternative software has been sourced and will be implemented in 2014/2015 |             |
| <b>Implement Council's internal audit program</b>  | <b>100%</b> |
| Target: Complete internal audits as per audit schedule. Respond to all audit recommendations. Meet budget of \$50,000 +/- 5%<br>- \$49,640 of budget expended; within tolerance  |             |
| <b>Staged implementation of the National Asset Management Framework</b>  | <b>100%</b> |
| Target: Assets Register Assembly completed. Meet budget of \$20,000  |             |
| <b>Staged implementation of the National Financial Planning and Reporting Framework</b>  | <b>0%</b>   |
| Target: Complete the review of the Long-Term Financial Plan. Plan adopted by Council<br>- Review not undertaken due to key staff turnover  |             |
| <b>Staged implementation of the National Financial Sustainability Framework.</b>   | <b>100%</b> |
| Target: Service review assessment tool developed and adopted by the Executive Management Team  |             |
| <b>Develop an NDIS (National Disability Insurance Scheme) service delivery Business Model</b>  | <b>90%</b>  |
| Target: Business model plan completed. Model plan adopted by Executive<br>- Colac Otway Shire is part of an NDIS implementation trial. Frequent adjustments occur to the plan due to the constant state of change. A report on the preferred business model will be presented to the Executive in September 2014   |             |
| <b>Replacement of Dredge and Workboat for Port of Apollo Bay</b>   | <b>80%</b>  |
| Target: Dredge and Workboat purchased. Meet budget of \$3,171,913<br>- Completion dates for construction of the Dredge and Workboat are September and October 2014 respectively. 80% of the \$3,171,913 budget expended, with the remainder carried forward to 2014/15   |             |
| <b>Asbestos Register Update</b>  | <b>0%</b>   |
| Target: Review and update Council's existing Asbestos Register. Meet budget of \$60,000 +/- 3%<br>- Staff movements within the Sustainable Assets Unit delayed the commencement of this project. A contractor has been appointed and it is expected that the register update will be finalised during the first quarter of 2014/15. Budget of \$60,000 carried forward to 2014/15  |             |
| <b>Strategy: Embed an organisation culture of high performance, service excellence and safety</b>  |             |
| <b>Develop the Information Communications and Technology (ICT) Strategy</b>  | <b>100%</b> |
| Target: ICT Strategy completed and endorsed by Executive   |             |
| <b>Complete negotiations for the Enterprise Agreement</b>  | <b>100%</b> |
| Target: Enterprise Agreement completed   |             |

# A PLANNED FUTURE

## HIGHLIGHTS

### G21 Regional Growth Plan Implementation Plan

Council endorsed the Implementation Plan for the G21 Regional Growth Plan late in 2013. Prepared by a G21 project team in collaboration with each of the five G21 Councils, the plan establishes a clear set of infrastructure improvements that are required to facilitate growth in Colac. It will be used to support our efforts to attract significant State and Federal Government funding in future years for projects such as the Colac CBD and Entrances streetscape upgrades, Central Reserve grandstand redevelopment, and increased passenger rail service frequency between Colac and Geelong.



### Planning Scheme Amendment to increase Open Space

The objectives of the Colac Otway Open Space Strategy, endorsed by Council in 2011, were adopted as Amendment C75 into the Colac Otway Planning Scheme. The amendment increases the open space requirement for new subdivision in Colac, Apollo Bay and Birregurra, from 5% up to 10% of the subdividable land area, and 5% for other urban areas of the Shire. The Amendment will ensure that future subdivision incorporates increased open space to overcome the current lack of neighbourhood level open space in places such as Elliminyt. This amendment will produce significant long lasting outcomes for the community and was well supported during the public exhibition process.

### Planning Scheme Amendment for the development of Birregurra township

Council approved planning scheme amendment C76 in May 2014, completing a lengthy planning process to develop a structure plan and neighbourhood character study for the township of Birregurra. The amendment introduces controls over future development to ensure it appropriately respects the valued rural character of the town, and confirms that development will be contained within the current town boundary. The amendment received strong support from the community, reflecting the high level of community engagement by Council after community concern about the direction of a draft Structure Plan in 2010, and a preparedness to listen to the community's concerns.

### Precinct Plans for Elliminyt

Draft precinct development plans for three areas in Elliminyt have been produced. The plans respond to the need to determine how subdivision and development of fragmented residential land should be coordinated in future planning decisions. The plans include preferred locations for road networks, public open space and pedestrian links. When finalised, they will provide strong direction to land owners on preferred development patterns, and will facilitate the subdivision of land that could not otherwise have occurred. Funding for the plans, approximately \$40,000, was provided through the State Government's Rural Planning Flying Squad.

### Community input into the appearance of Colac CBD and Entrances project

The first detailed design elements of the Colac CBD and Entrances project commenced with the letting of a \$200,000 tender. The design work will allow the community to have detailed input into the future appearance of the town. Many community members commented that the appearance of the town entrance needs significant improvement. As Colac is considered the entrance to the Otways, its appearance is also of importance to the broader region. The detailed design work is due for completion by 30 September 2014 and the physical works will be rolled out incrementally over following years depending on funding.

# OUR GOAL, SERVICES/ ACTIVITIES, & STRATEGIES

## OUR GOAL

**Our goal for this Pillar of the 2013–2017 Council Plan is to facilitate the growth, liveability and development of the shire and encourage innovation and efficiency in the local economy.**

## SERVICES/ACTIVITIES

The services/activities that contribute to achieving this goal are:

- Land use and planning
- Economic development
- Tourism
- Infrastructure (planning for the built environment and future growth needs – improving access to services)
- Emergency management planning.

## STRATEGIES


1. Plan for future land use to respond to population growth and changing needs.
2. Develop an integrated response to meet future infrastructure needs.
3. Advocate for improved public transport.
4. Promote local business, services and foster employment opportunities.
5. Grow tourism to support the local economy.

Five core activities have been selected as key contributors to achieving our goal, with different stages worked on each financial year for the life of the plan. These are supported by other high level activities documented in our annual Operational Plan.

# FAST FACTS

## SERVICE STATISTICS (COMPARED WITH 2012/13)


Planning Appeals to VCAT (8):



 **5** Council decisions upheld, 1 pending

**= 2** overturned

---

Buildings:

 **34** Report and Consent applications

 Maintained Level 2 accreditation at Colac and Great Ocean Road Visitor Information Centres 


---

 **54** Notices and Orders

---

 **520** people  attended local business development forums

---

 **182,440** walk-in visitor enquiries serviced and answered 21,866 phone enquiries at the Colac and Great Ocean Road Visitor Information Centres



Resealing works at the Colac municipal aerodrome.

### Planning for the future of the Colac Municipal Aerodrome

A new business plan for the Colac Municipal Aerodrome was adopted by Council in February 2014. It was developed in response to requests from users for a long-term business plan recognising the need for future infrastructure, asset upgrades and growth opportunities for the next twenty years. Experienced aviation consultants were engaged to assist with the preparation of the business plan, utilising \$30,000 funding from Regional Development Victoria (RDV). It is expected that most of the projects recommended in the Business Plan will be eligible for government funding, as the proposed works will assist with regional connectivity and tourism.

### Improved Planning Permit Processing Times

A significant improvement has been achieved in the time taken to process planning permit applications, when compared to the 2012/13 financial year. The percentage of applications determined within the 60 statutory day period improved from 55% to 62%, and the average number of processing days reduced from 77 per application to 61 days. There continued to be a low rate of appeals against Council decisions to the Victorian Civil and Administrative Tribunal (VCAT), and a high degree of support for Council's decisions. Focus will continue on improvements to service responsiveness.

### External Funding Secured for a Domestic Wastewater Management Plan

Council was successful in securing financial contributions from Wannon Water and Barwon Water of up to \$95,000 for Council to undertake a Domestic Wastewater Management Plan (DWMP), matching a \$25,000 contribution from Council (total project funds of \$120,000). This Plan will enable Council to explore the potential for development in the Otway drinking water catchments, where current State Government guidelines restrict development densities. It responds positively to community frustration that emerged in 2013 about the impacts of these guidelines on people's ability to develop vacant land within the catchments. The plan will also specifically investigate the growth potential of the townships of Gellibrand and Beech Forest, which are located in the catchments, and have previously been identified in Council's strategic planning for tourism growth and limited outward expansion. The tender process to appoint a suitable consultant has been undertaken.

### Digital access to tourism information changing traditional patterns

While tourism numbers through the doors of our Visitor Information Centres are trending down gradually over time as visitors turn to web-based sources of information, over 180,000 visitors used our service to validate their internet searches and to get firsthand information on local tourism attractions.

Our tourism support will gradually move to a more digitally-based model where we assist local businesses in their digital marketing and promotion efforts. This will provide linkages between individual tourism operators, allowing more effective and collaborative marketing.

An example of a digital campaign delivered by our Tourism Unit was the "Love Our Region" campaign. It enlisted the support of more than 500 local subscribers to promote our tourism product to their friends and relatives.

## DISAPPOINTMENTS

### Delays in installing free Wi-Fi hotspots

A project with the Great Ocean Road Regional Tourism Board to install free Wi-Fi hotspots in our key tourist areas and towns has suffered some delays due to the complexity of the project requiring access to private, council and crown land in five municipalities. This project has great potential as a new service to the broader community. It will also provide a significant customer driven advertising channel for local tourism and hospitality businesses.

### New Planning framework for Apollo Bay Harbour delayed

Delays have occurred in the processing of planning scheme amendment C73, which seeks to implement a new planning framework for the Apollo Bay Harbour. Council has been pursuing the finalisation of a Master Plan facilitating a redevelopment of the harbour precinct for several years. Submissions by the community seeking increased flexibility in the exhibited plan, to accommodate a potential indoor swimming pool, caused the amendment to be redrafted and placed on exhibition for a second time prior to it being considered by an independent panel.

This has significantly delayed finalisation of the amendment. The amendment is being undertaken using State Government and Tourism Victoria contributions totalling \$255,000.

### **New changes affect Local Bushfire Planning Policy**

Finalisation of Council's Local Bushfire Planning Policy Project was disrupted due to the introduction of changes to the State bushfire planning provisions. The project, costing \$140,000, of which \$120,000 was funded by the State Government, aims to determine the growth potential of high bushfire risk inland townships and develop local schedules to the Bushfire Management Overlay. This will streamline planning processes for permit applicants.

The changes to State provisions are welcome and will address community concerns. Completion of the project will require further work to be undertaken during 2014/15 to remodel bushfire hazards in the eight townships. Council is seeking to have this work funded by the State Government.

### **Controversy stalls amendments to Biodiversity Mapping**

Council abandoned planning scheme amendment C70 in February 2014. This was as a result of significant opposition to the proposed changes to environmental overlays and the impacts of recent changes in State Government native vegetation provisions. Council decided not to proceed with the amendment based on recommendations that it seek revisions to the local mapping by State Government. Officers are exploring funding opportunities with the State Government.

## **CHALLENGES**

### **Delivery of the Bluewater Fitness Centre redevelopment project**

The delivery of the Bluewater Fitness Centre redevelopment project looms as one of the biggest challenges over the coming year. The Sustainable Assets Unit is providing project management services during the construction phase of this project. The complex nature of the build, site conditions, and maintaining budget control are all critical elements which must be managed to achieve a successful outcome for this high profile project.

### **New asset management system requires enhanced data**

The introduction of the new corporate asset management system has created a need to enhance the quality of some data previously recorded for various asset types. During 2014/15 increased emphasis will be on data collection to address this issue. This will enable Council to gain maximum benefit from the new system, supporting long-term forecasting and decision making.

### **Impact of new VicSmart planning provisions**

The State Government has introduced new VicSmart planning provisions, to take effect in September 2014. The provisions aim to streamline planning processes across the State for straightforward planning applications by introducing a 10 day statutory time frame for specified application types. We will need to implement changes to our processes to ensure that VicSmart applications are identified appropriately when lodged, and determined within the new statutory period.

### **Impact of State Government Planning Reforms**

The State Government has introduced a substantial number of reforms to the State planning system over the last four years. This has created a significant challenge for Council's Planning Department and the community. It requires changes to local processes, training and development for staff, impacts on live permit applications and communication to the public. This will continue in 2014/15, with the implementation of new bushfire provisions, and pending changes to the State Planning Policy Framework and Development Contributions.

Another key challenge for Council is to advocate for changes to the State provisions relevant to coastal townships to streamline the complex suite of planning controls in those locations.

## **THE YEAR AHEAD**

- Colac 2050 structure plan commenced
- Stage 2 - Community infrastructure and asset renewal plan
- Stage 1 implementation of the Colac CBD & Entrances Project
- Develop a 10 Year Capital Works Strategy
- Develop a Domestic Wastewater Management Plan
- Develop a 4 year Economic Development Strategy
- Implement the Visiting Friends and Relatives 'Love our Region' local tourism campaign.



### Planning applications

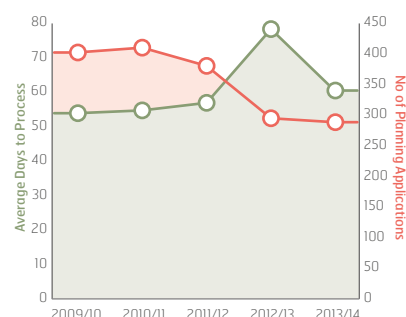
|                | Applications Received | Avg days to process | Appeals to VCAT* | Council Decisions Upheld |
|----------------|-----------------------|---------------------|------------------|--------------------------|
| 2009/10        | 404                   | 54                  | 19               | 15                       |
| 2010/11        | 409                   | 55                  | 12               | 5                        |
| 2011/12        | 382                   | 57                  | 11               | 7                        |
| 2012/13        | 297                   | 77                  | 10               | 8                        |
| <b>2013/14</b> | <b>290</b>            | <b>61</b>           | <b>8</b>         | <b>5</b>                 |

\* Victorian Civil and Administrative Tribunal

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

|                | Colac Otway Shire | Rural Councils |
|----------------|-------------------|----------------|
| 2009/10        | 90%               | 71%            |
| 2010/11        | 92%               | 71%            |
| 2011/12        | 71%               | 69%            |
| 2012/13        | 55%               | 71%            |
| <b>2013/14</b> | <b>62%</b>        | <b>72%</b>     |

In 2012/13 the introduction of SPEAR for electronic lodgement of planning permit applications unexpectedly added a significant administrative burden, increasing processing times. A focus on reducing processing times is reflected in the positive result for 2013/14.



### Building applications

|                | Number of Applications | Average Days to Assess | Average Days to Issue Permit |
|----------------|------------------------|------------------------|------------------------------|
| 2009/10        | 75                     | 17                     | 47                           |
| 2010/11        | 126                    | 17                     | 45                           |
| 2011/12        | 95                     | 18                     | 36                           |
| 2012/13        | 54                     | 20                     | 33                           |
| <b>2013/14</b> | <b>53</b>              | <b>14</b>              | <b>24</b>                    |

The processing time for building permits reduced significantly in 2013/14 as a result of improved resources in the Building Unit.

### 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.

## A Planned Future - cont.

### Progress against our 2013/14 commitments:

| Activity   | Progress |
|--|----------|
| <b>Strategy: Plan for future land use to respond to population growth and changing needs</b>   |          |
| <b>Apollo Bay Harbour Master Plan</b>  | 100%     |
| <i>Target: Master Plan completed. Planning Scheme Amendment exhibited and submissions considered. Meet budget of \$87,000</i>  |          |
| <b>Redevelopment of the former Colac High School site</b>  | 100%     |
| <i>Target: Master Plan completed (stage 1). Meet budget of \$60,000</i>  |          |
| <b>Colac Structure Plan Review</b>   | 50%      |
| <i>Target: External grant sourced, consultant appointed and project commenced. Meet budget of \$100,000</i><br><i>- Grant not received until June 2014. Project could not commence within the 2013/14 financial year</i>   |          |
| <b>Planning Scheme Amendment implementing Birregurra Structure Plan &amp; Neighbourhood Character Study</b>  | 100%     |
| <i>Target: Amendment exhibited and submissions considered by Council</i>   |          |
| <b>Local Bushfire Planning Policy Project</b>  | 100%     |
| <i>Target: Project completed. Meet revised budget of \$140,000</i>   |          |
| <b>Prepare Township Plans for Alvie, Cororooke &amp; Beeac which establish a new settlement boundary</b>   | 5%       |
| <i>Target: Project completed</i><br><i>- Project deferred in 2013 pending outcomes of the Domestic Wastewater Management Plan, which will inform the project</i>   |          |
| <b>Strategy: Develop an integrated response to meet future infrastructure needs</b>  |          |
| <b>Community infrastructure and asset renewal plan</b>   | 80%      |
| <i>Target: Stage 1 - Develop and finalise Asset Management Plans for infrastructure asset categories; Roads and Car parks; and Buildings and Minor Structures</i><br><i>- Asset Management Plans prepared in conjunction with plans for other infrastructure asset categories. The suite of documents will go to Council for adoption during 2014/15</i> |          |
| <b>Develop a Colac Otway Shire Footpath Strategy</b>   | 50%      |
| <i>Target: Strategy developed</i><br><i>- Strategy in preliminary draft form. Priority given to the development of a footpath strategy for the township of Apollo Bay</i>  |          |
| <b>Develop a 10 Year Capital Works Strategy</b>  | 75%      |
| <i>Target: Strategy developed</i><br><i>- Draft strategy nearing completion. Elements remaining include process mapping to supply the strategy and development of the 10-year works program</i>  |          |
| <b>Staged implementation of the Colac CBD &amp; Entrances Project</b>  | 25%      |
| <i>Target: Detailed engineering drawings prepared for priority areas of the CBD and entrance corridors into Colac</i><br><i>- Tender process delayed while consultation was held with VicRoads to integrate this project with the Princes Highway duplication project</i>  |          |
| <b>Implementation Plan for G21 Regional Growth Plan, including strategic priorities for Infrastructure</b>   | 100%     |
| <i>Target: Project completed</i>   |          |
| <b>Develop Colac Airfield Business Plan</b>  | 100%     |
| <i>Target: Colac Airfield Business Plan completed. Meet budget of \$40,000</i>   |          |

| Activity  | Progress |
|---|----------|
| <p><b>Heritage Strategy implementation</b></p> <p><i>Target:</i> 'Plain English' heritage brochure developed. Consistent strategic approach developed to identify and assess sites of potential significance. System alert developed for potentially significant properties</p> <p>- <i>The system alert component did not significantly progress due to other strategic planning work priorities</i></p> <p><b>Strategy: Promote local business, services and foster employment opportunities</b></p>  | 90%      |
| <p><b>Implement the Small Town Improvement Program</b></p> <p><i>Target:</i> Small Towns Improvement Program annual allocation funding of \$80,000 completed</p> <p>- <i>\$15,000 expended. Apollo Bay and Birregurra now developing substitute projects after proposals were deemed non-viable</i></p> <p><i>Target:</i> Complete 4 funded Small Towns Improvement Program projects</p> <p>- <i>2.5 projects completed. Cressy and Beech Forrest projects completed. Carlisle River project undergoing further consultations ahead of final completion. Apollo Bay and Birregurra projects delayed due to lack of matching finding or other support from the State. Kawarren project on hold pending finalisation of State funding agreement</i></p> | 62%      |
| <p><b>Implement the Colac Marketing Strategy</b></p> <p><i>Target:</i> Colac Marketing Strategy priority actions implemented. Meet budget of \$20,000</p> <p><b>Strategy: Grow tourism to support the local economy</b></p>   | 100%     |
| <p><b>Implement the Visiting Friends and Relatives local tourism campaign.</b></p> <p><i>Target:</i> Stage 1 'Love Our Region' campaign launched. 500 members signed up</p> <p>- <i>Campaign more successful than expected, with 590 members signed up</i></p>  | 100%     |
| <p><b>Review the Great Ocean Road Closure for Events Guidelines</b></p> <p><i>Target:</i> Guidelines adopted by Council</p>   | 100%     |



Launch of the 'Love Our Region' campaign. Left to right: Otway Ollie, Adrian Healey, Tourism Development Officer at Colac Otway Shire and Charles La Trobe, Cape Otway Lightstation.

# A PLACE TO LIVE AND GROW

## HIGHLIGHTS

### Bluewater Fitness Centre Redevelopment

Construction commenced in December 2013 on the redevelopment of the Bluewater Fitness Centre, one of the largest capital projects ever undertaken by Council. The \$11.8 million once-in-a-generation project follows many years of planning, lobbying and raising funds. The project will result in a completely redeveloped community facility that will have an expanded sports stadium that includes a new show court. It will have a new gymnasium, program rooms, a warm water program pool and water play area. The entrance/foyer, office areas and amenities will also be refurbished. Approximately 85% of the project budget has been sourced from Federal and State Government programs.

*"This warm water pool means a lot to the Colac Arthritis Self Help Group, and anyone else managing an injury. The warm water takes the weight of the body and allows people to exercise with more freedom of movement."* – Barry Gourley, Colac Arthritis Self Help Group President.



Excavation for the new warm water program pool. Left to right: Russell Whiteford, Bluewater Fitness Centre Manager, Henry Bongers, BDH Constructions, Cr Lyn Russell, Mayor and Cr Brian Crook.

### Central Reserve Master Plan Implementation funded by the Federal Government

Following a sustained collaborative effort by Council and the local community the Federal Government announced a \$2.5 million commitment to the redevelopment of the Central Reserve. The funds will support the implementation of the Master Plan by enabling the redevelopment of the existing grandstand facility, providing quality amenities for sport participants and officials. Further funds will be sought from the State Government to complete an upgrade of netball facilities as well as competition lighting for all sports.

### Municipal Public Health and Wellbeing Plan 2013 – 2017 completed

We completed our Municipal Public Health and Wellbeing Plan 2013 – 2017. The plan focusses on current needs and future directions for our community. The plan was developed in tandem with the development of the G21 Health and Wellbeing Plan, ensuring that many of our local issues are recognised on a regional basis. A number of the initiatives identified for the first year of the Plan have commenced (p 15).

### Consultation improves responsiveness in Maternal and Child Health services

We conducted a shire wide Maternal and Child Health services satisfaction survey and held focus groups with service users. The objective was to improve our responsiveness. Changes implemented as a result of the consultation include appointment scheduling by our customer assist staff and SMS reminders sent to mothers prior to appointments. These changes will reduce the number of missed appointments and increase the consultation time available to our nurses. Early indicators are that the changes are successful and much appreciated by parents.

### Workforce development

#### Skills and Workforce audit

A Skills and Workforce audit of the Colac area was completed as part of the Advancing County Towns project. The audit provided an in-depth analysis of recent developments and trends in the local workforce. It also provided a strong evidence base for the size and nature of the future local workforce needs. The research will be an important resource for businesses, careers teachers and planners. It will also inform our approach to economic development. The next stage of the project has commenced, with workforce plans being developed for ten significant local employers.

# OUR GOAL, SERVICES/ ACTIVITIES & STRATEGIES

## OUR GOAL

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


## SERVICES/ACTIVITIES

- Arts and culture  
(management of COPACC facility)
- Sport and Recreation facilities  
(management of the Bluewater Fitness Centre facility etc.)
- OPASS
  - Community ambassadors  
(improving liveability for older people in small communities)
  - Home Care
  - Home maintenance
  - Meals on wheels
- Maternal and Child Health
- Family Services
- Infrastructure  
(maintaining the built environment):
  - Roads
  - Footpaths
  - Bridges
  - Buildings
  - Parks and gardens

## STRATEGIES

1. Address the health and wellbeing needs of people of all ages and abilities.
2. Advocate for access to an increased range of education and training opportunities.
3. Increase the diversity of arts, culture and social spaces.
4. Maintain existing infrastructure.

# FAST FACTS

**1,632 km** of roads 

---

**558 km** sealed

---

**1,074 km** unsealed

**134** bridges and major culverts maintained

---

**133 km** footpaths 



---

**144** buildings

## SERVICE STATISTICS (COMPARED WITH 2012/13)

 **7,177** community transports provided for older people and people with a disability

---

 **3,000** guideposts replaced 


---

 **1,342 hours** of property maintenance provided

---

 **300 km** centre lines marked on roads 

---

 **300** children registered for Family Day Care

---

**= 2,800** parking bays line marked

---

 **245** birth notifications 

---

**= 40 km** bike lanes line marked 


---

 **2,632** immunisations given 

---

**= 450**  Stop and Give Way intersections line marked

---

 **48 km** of trees trimmed on rural roads

---

 **105 km** of rotary drain cleaning on rural roads

## Careers Expo

More than 500 of the Shire's young people attended the highly successful 2014 Careers Expo. This year's Expo included interactive panel discussions with local employers, allowing students from across the Shire to discuss with employers the key attributes they are seeking in prospective employees. The annual expo program continues to provide direct linkages between industry and our young people.

## Maintaining our infrastructure

Maintaining and renewing our infrastructure is a critical program of works. It ensures that we provide our community with safe roads, footpaths and buildings that recognise social, environmental and user needs.

Highlights in 2013/14 included:

- Inspection of 133 kilometres of footpaths and close to 1,622 kilometres of the local road network
- Approximately 2,820 metres of the footpath network was replaced. Priority areas identified for renewal included parts of pathway along the Great Ocean Road and Hardy Street in Apollo Bay, and in Colac, areas of Queen, Wallace, Murray and Hesse Streets were renewed

- Building maintenance and improvement projects completed included reroofing the Carlisle Recreation Reserve change rooms, refurbishment of the Larpent Public Hall kitchen and new cabinetry for the Beac Tennis Clubrooms.

## DISAPPOINTMENTS

### Funding criteria changed for Family Day Care

Changes to the eligibility criteria for the Commonwealth Community Support Fund will have a direct impact on our ability to maintain Family Day Care services. We are currently reviewing these changes to determine the impact to Council's contribution to Family Day Care.

### Green Feasibility Study delayed

The Green Feasibility Study aimed at developing a "green" branding strategy has been delayed due to late confirmation of funding. The study will encompass Otways' food, wine and tourism. With more Australian and international consumers looking for quality local produce and nature based tourism experiences, this project holds much promise when goes to tender in August 2014.

## CHALLENGES

### Impacts on economic development

Economic developments in Geelong along with global technology developments are predicted to impact the Shire in late 2014.

Development in Geelong means that the market for labour and local goods and services may change and contract in the short-term. Council will be working with State and Federal governments to see how any transition funding can be used to grow new employment opportunities in the Shire. The focus will be on the areas of food processing and tourism.

The progress in communications technology presents opportunities for local businesses if access issues can be overcome. The next Economic Development Strategy will focus on ensuring communication technology remains relevant and current, enhancing our ongoing tourism support work.

### Managing critical elements of the Bluewater Fitness Centre redevelopment

The delivery of the Bluewater Fitness Centre redevelopment project looms as one of the biggest challenges during 2014/15. The complex nature of the build, site conditions, and maintaining budget control are all critical elements which must be managed to achieve a successful outcome for this high profile project.

## THE YEAR AHEAD

- Advancing Country Towns Project completed
- Colac's Trade Training Centre business plan completed
- Open Space implementation plan completed
- Playspace Strategy developed
- Bluewater Fitness Centre redevelopment project completed
- Continue implementation of the Public Health and Wellbeing Plan
- Implement the asset renewal and maintenance program
- Implement the annual Capital Works and Major Projects Program.



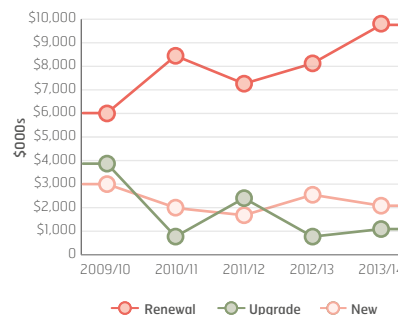
Children from Family Day Care enjoy an outing to visit chickens.

# A Place to Live and Grow - cont.

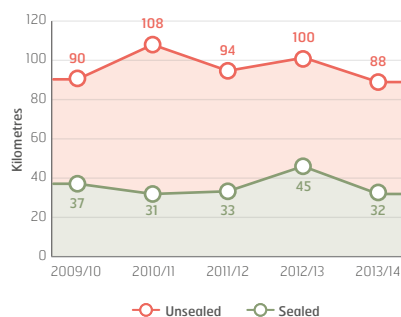
## Capital Works

|                | Renewal '000s  | Upgrade '000s  | New '000s      | Total '000s     |
|----------------|----------------|----------------|----------------|-----------------|
| 2009/10        | \$5,954        | \$3,875        | \$3,063        | \$12,892        |
| 2010/11        | \$8,464        | \$792          | \$2,150        | \$11,406        |
| 2011/12        | \$7,273        | \$2,397        | \$1,754        | \$11,424        |
| 2012/13        | \$8,168        | \$824          | \$2,597        | \$11,589        |
| <b>2013/14</b> | <b>\$9,965</b> | <b>\$1,116</b> | <b>\$2,151</b> | <b>\$13,232</b> |

We continued our strong commitment to the renewal of our assets, with significant spending on bridge replacements, road reconstruction and increases to our building assets.

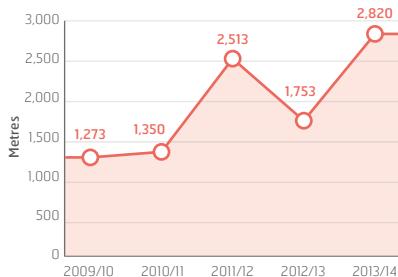


## Road network renewal



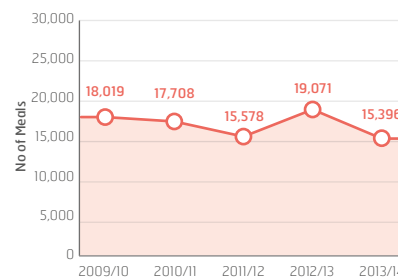
A consistent amount of funding is allocated for road renewal. Fluctuation in the kilometres completed is a reflection of the cost of works being done.

## Footpath repairs



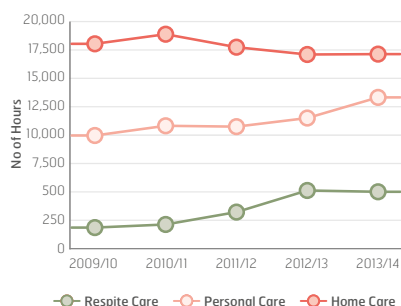
The overall trend reflects the increasing focus on footpaths repairs to ensure community mobility and safety.

## Meals on Wheels delivered



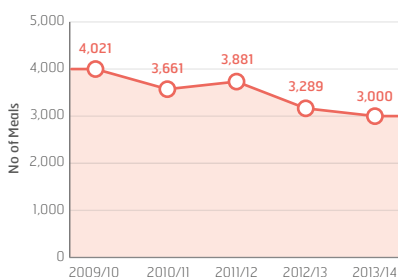
The fluctuation in the number of meals delivered reflects the changing needs of those receiving the service.

## Hours of support for older people



The two significant trends in the data are the increase in demand for personal care for the elderly, along with support for carers via access to respite care for the elderly.

## Maternal and Child Health consultations



The decrease in consultations partly reflects the reduced number of babies born in the last two years; however the decrease also reflects a trend over the last five years in missed appointments for developmental assessments for children aged 3½ to 5 years. *Activity to reverse this trend is noted on page 51.*



## Progress against our 2013/14 commitments:

| Activity  | Progress    |
|---|-------------|
| <b>Strategy: Address the health and wellbeing needs of people of all ages and abilities</b>   |             |
| <b>Develop and implement the Public Health and Wellbeing Plan</b>   | <b>85%</b>  |
| Target: Public Health and Wellbeing Plan developed and adopted by Council and the G21 Alliance  |             |
| - Achieved  |             |
| Target: Community consultation completed for the Early Years Plan, Positive Ageing Strategy, Food Security Plan, Access Equity and Inclusion Plan and the Alcohol and Other Drugs Plan  |             |
| - Food Security Plan consultation completed   |             |
| - Consultation for the Alcohol and Other Drugs Plan not commenced   |             |
| - Consultation 80% completed for remaining plans, with completion expected in August/September 2014. Plans will be presented to Council in late 2014  |             |
| Target: Meet budget of \$40,000 +/- 5% (for all plans)  |             |
| - \$12,602 underspent. Project will be completed from 2014/15 recurrent budget  |             |
| <b>Develop the G21 Physical Activity Strategy</b>   | <b>100%</b> |
| Target: Strategy developed. Meet budget of \$10,000   |             |
| <b>Strategy: Advocate for access to an increased range of education and training opportunities</b>  |             |
| <b>Implement the Workforce and Industry Development Project (Advancing Country Towns)</b>   | <b>45%</b>  |
| Target: Skills and Workforce Audit completed. Meet budget of \$20,000   |             |
| - Achieved  |             |
| Target: Complete 10 Enterprise Level Workforce Development Plans  |             |
| - 5 plans developed. Project stalled in late 2013 pending appointment of suitable consultants. Project will be completed in 2014/15   |             |
| Target: Complete the Green Industry Feasibility Study. Meet budget of \$40,000 +/- 2.5%   |             |
| - Regional Development Victoria did not approve the project plan until June 2014. New project proposal expected to cost up to \$70,000  |             |
| Target: Complete the Trade Training Centre business plan. Meet budget of \$20,000 +/- 2.5%  |             |
| - Legal and governance issues delayed progress between the two school systems, now resolved. Contractor appointed to deliver the plan before 30 September 2014. Budget carried forward to 2014/15   |             |
| <b>Construct Colac Secondary College Community Sports Field</b>   | <b>100%</b> |
| Target: Sports field completed. Meet budget of \$160,000  |             |
| <b>Strategy: Increase the diversity of arts, culture and social spaces</b>  |             |
| <b>Staged implementation of the Beechy Precinct development program</b>   | <b>100%</b> |
| Target: Bluewater Fitness Centre Redevelopment tender for construction awarded. Commence construction by March 2014. Develop and commence implementation of the redevelopment Management Plan   |             |
| - The Centre's dry fitness services were successfully relocated to a temporary venue and have continued to operate throughout the duration of the project   |             |
| <b>Staged implementation of the Open Space Strategy</b>   | <b>75%</b>  |
| Target: Implementation plan developed. Priority actions implemented   |             |
| - Achieved. Priority actions implemented included the Elliminyt Playspace Stage 2 project, Alvie Playground Development, Wye River Open Space Development, Apollo Bay Playground Redevelopment, Pirron Yallock Recreation Reserve Clubrooms Redevelopment and the Botanic Gardens furniture renewal |             |
| Target: Playspace Strategy developed and adopted by Council   |             |
| - Strategy prepared. Draft to go to Council in late 2014  |             |
| Target: Annual parks and gardens rehabilitation program completed. Meet budget of \$50,000  |             |
| - Achieved  |             |
| Target: Annual playground renewal program completed. Meet budget of \$40,000 +/- 5%   |             |
| - Annual Playground renewal program deferred to 2014/15 as funds transferred to the Apollo Bay foreshore playground redevelopment   |             |

## A Place to Live and Grow - cont.

| Activity  | Progress    |
|---|-------------|
| <b>Strategy: Maintain existing infrastructure</b>   |             |
| <b>Implement the asset renewal and maintenance program</b>  | <b>100%</b> |
| <i>Target: Road and Footpath assets inspected in accordance with the Road Management Plan</i>   |             |
| <b>Implement the annual Capital Works and Major Projects Program</b>  | <b>94%</b>  |
| <i>Target: 458 capital projects (asset related works) and 9 major projects completed. Meet revised budget of \$13.289 million +/- 10%</i>   |             |
| <i>- 439 projects completed, resulting in \$57,000 of the Capital Works budget underspent</i>   |             |
| <b>Footpath Renewal Program</b>   | <b>100%</b> |
| <i>Target: 2.5 kilometres (km). All planned works achieved within allocated budget of \$396,000</i>   |             |
| <i>- Achieved 2.82 km. Additional works achieved within budget</i>  |             |
| <b>Annual road resealing program</b>  | <b>100%</b> |
| <i>Target: 30 kilometres (km). All planned works achieved within allocated budget of \$960,000</i>  |             |
| <i>- Achieved 30.5 km. Additional works achieved within budget</i>  |             |
| <b>Bridge Reconstruction Program</b>  | <b>50%</b>  |
| <i>Target: 2 bridge reconstruction projects. Meet budget of \$1 million +/- 5%</i>  |             |
| <i>- 1 bridge reconstructed. 42% of \$1 million budget spent</i>  |             |
| <i>- Rehabilitation of the Sand Road bridge is still in the planning phase and has been carried over to 2014/15 along with the remaining budget</i>   |             |
| <b>Building Renewal Program</b>   | <b>75%</b>  |
| <i>Target: 4 building renewal projects. Meet budget of \$600,000 +/- 5%</i>   |             |
| <i>- Achieved 8 projects. Spent 50% of allocated budget</i>   |             |
| <i>- A number of smaller scale projects were included in the 2013/14 Building Renewal Program which resulted in a greater number of projects being completed. Part of the Building Renewal Program funding has been carried over to 2014/15. These projects will be completed in the first quarter of 2014/15.</i>  |             |
| <b>Sealed road reconstruction program</b>   | <b>100%</b> |
| <i>Target: 4 km of sealed road reconstructed</i>  |             |
| <i>- Achieved 5.6 km within budget</i>  |             |
| <b>Unsealed road resheeting program</b>   | <b>100%</b> |
| <i>Target: 70 km of gravel roads resheeted</i>  |             |
| <i>- Achieved 92.6 km within budget</i>   |             |
| <b>Parks and Gardens maintenance customer satisfaction survey</b>   | <b>0%</b>   |
| <i>Target: Customer satisfaction score &gt;70%</i>  |             |
| <i>- Survey not undertaken due to staff shortages</i>   |             |
| <b>Implement the annual maintenance program</b>   | <b>100%</b> |
| <b>(Baseline performance target has been set at 85% in the Road Management Plan to allow for events outside of Council's control e.g. natural disasters)</b>  |             |
| <i>Target: Maintenance of the following works at 85% as per the Road Management Plan. Meet revised budget of \$1,654,573 +/- 5%</i>   |             |
| <ul style="list-style-type: none"> <li>• Sealed roads e.g. repair of minor potholes etc</li> <li>• Unsealed road maintenance e.g. surface grading etc</li> <li>• Major patching e.g. replacement of failed road surface</li> <li>• Drainage</li> <li>• Tree Maintenance e.g. tree trimming, power line clearance and rural roadside vegetation</li> </ul> |             |
| <i>- Achieved 92%. \$1,615,437 (-2.365%) spent; -\$39,136 within budget tolerance</i>   |             |

# A HEALTHY COMMUNITY AND ENVIRONMENT

## HIGHLIGHTS

### Neighbouring Councils collaborate on major emergency relief and recovery services

We have entered into a Memorandum of Understanding with Surf Coast and Corangamite shires on resource sharing, joint training and planning exercises to strengthen our capacity to provide relief and recovery services to the community in the event of a major emergency. The first of an ongoing series of joint emergency relief centre exercises was held in Anglesea, Surf Coast Shire, in December 2013. Over 100 emergency management personnel participated in the exercise. Joint events will rotate between the three collaborating councils, with the next exercise planned in Corangamite Shire for late 2014 and Colac Otway Shire in late 2015.

### The search for Neighbourhood Safer Places

Council has investigated sites in many towns to determine if they are suitable as a Neighbourhood Safer Place (NSP) in the event of a bushfire. In investigating sites in towns with a lower fire risk, a site in Apollo Bay has been approved as an NSP. Unfortunately, no suitable sites could be found in the highest fire risk towns, largely because of the amount of vegetation that would need to be removed around the sites to make them safe. However, we continue to search for additional NSP's across the municipality.

### Arts exhibition a resounding success

The second annual series of textile and fibre arts exhibitions, workshops, master classes, talks and performances, titled *CrossXpollinatioN*, was a resounding success. It attracted large audiences and critical acclaim from Melbourne and across Victoria.

Exhibited works showcased local and nationally recognised artists at the Colac Otway Performing Arts and Cultural Centre (COPACC) and at Red Rock Regional Theatre and Gallery (RRRTAG). Many local stories of people's connections with textiles were an important aspect of community engagement for *CrossXpollinatioN*.

The project received a \$10,000 financial contribution from Council as well as significant in-kind contributions from many members of the community.



Andrew Beale modelling textile art at Red Rock Regional Theatre and Art Gallery as part of *CrossXpollinatioN*. Photo: Brad Wilson.

### COPACC – Drover Award

COPACC was one of three finalists in the *Drover Award Performing Arts Centre (PAC)* of the Year. The other two finalists were the Theatre Royal in Hobart (population 214,000) and the Mandurah Performing Arts Centre, Western Australia (population 80,000+). This national award recognises the achievements of an outstanding PAC. It is awarded to the presenter who works with producers to provide consistently outstanding production, marketing and management services. Finalists are considered to have achieved exceptional success in audience development and community engagement. COPACC was one of 18 venues nominated for the award from a field of 115 theatres across Australia, which included local government owned and operated, State Government funded and privately owned theatres.

### Restoration of Barongarook Creek Continues

Another 300 metres stretch of Barongarook Creek has been successfully revegetated. An improved weed management regime has been implemented along the entire section of the creek where several stages of revegetation works have been undertaken over the past five years. Council has fully funded these works and remains committed to progressive improvement in accordance with the Lake Colac and Barongarook Creek Weed Control and Revegetation Plan.

## A Healthy Community and Environment - cont.

### Alvie Landfill Rehabilitation Plan Development

A draft rehabilitation plan for the Alvie landfill site has been prepared in consultation with the EPA and the landfill auditor. It is being reviewed prior to finalisation.

The landfill site, currently accepting only inert waste such as timber blocks, concrete and disused bricks, is scheduled for rehabilitation in 2022. Council is exploring the option of using organic material as part of the rehabilitation works.

The recommended option is to decrease the thickness of the clay barrier cap and to build layers of organic material as part of the top soil layer. This would promote future vegetation and restoration of the natural environment. An additional benefit will be cost savings related disposal of our green waste and the cost of buying in top soil.

### Closed Circuit Television cameras for central Colac

In October 2013 the closed-circuit television (CCTV) camera system was officially turned on within the Colac central business district. The \$300,000 project, funded by the State Government's Community Crime Prevention grant program, included the installation of nine cameras. Working closely with Victoria Police, Council was able to provide cameras in areas within the central business district, Memorial Square and the Colac Skate Park with the aim of reducing occurrences of anti-social behaviour.

The CCTV camera system is monitored by Victoria Police, and since installation has been successfully used to improve the safety of our community and deter anti-social behaviours.



Council staff Andrew Barber and Anneke Segrave with Erika Winiata from Colac West Primary School get ready to start planting on National Tree Day.

## DISAPPOINTMENTS

### Delay in the Great South Coast Street Smart Lighting Project

The Street Smart Lighting Project to change our shire's street lights to high efficiency LED globes was delayed.

We were originally planning to use a different type of energy saving globe; however the LED option became available late in the planning stage of the project. The decision was made that the benefit of the higher efficiency LED globes warranted delaying the project. We are purchasing the light globes through a collective arrangement with the five other councils of the Great South Coast alliance. The project will now be completed early in 2014/15.

## CHALLENGES

### Gaining funding for carbon emission efficiency projects

Changes to carbon emission legislation has created uncertainty about the future of the Renewable Energy Target (RET) and associated solar photovoltaic rebates. It will be challenging to obtain further funding to improve the energy and water efficiency and climate resilience of council facilities.

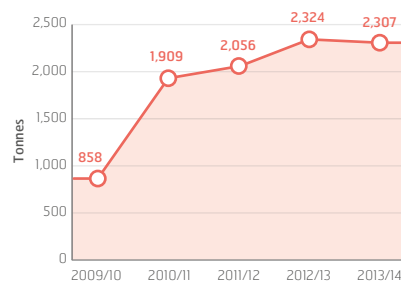
### Revegetation works

Finding the right balance for revegetation along Barongarook Creek and Lake Colac is very difficult. We aim to get a species mix that will grow well but also enhances environmental values, aesthetics, and recreational values.

## THE YEAR AHEAD

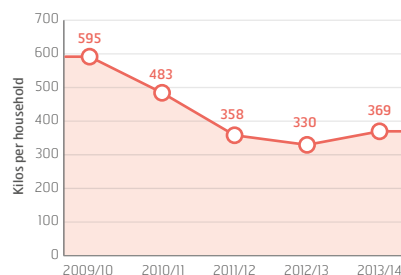
- Implement the Municipal Emergency Management Plan.
- Physical Activity Strategy implementation plan developed.
- Completion of the Bluewater Fitness Centre Redevelopment project and successful occupancy of the new facility.
- Solar Array Installations completed.
- Review of Transfer Station and Landfill long-term strategy in conjunction with Regional Waste Management Group.
- Develop a Domestic Animal Emergency Management Plan.
- Implement the Neighbourhood Safer Places Plan.

### Organic waste diverted from landfill (tonnes)



The trend continued for garden and food waste to be diverted from landfill for composting.

### Household waste to landfill (kilos)



The overall trend for the past 5 years has been a decrease in household waste (non-organics) to landfill. New marketing strategies are being developed to reinvigorate community commitment to recycling.

# OUR GOAL, SERVICES/ ACTIVITIES & STRATEGIES

## OUR GOAL

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

## SERVICES/ACTIVITIES

- Sport and Recreation activities
- Events
- Arts and Culture activities
- Local Laws (keeping the community safe)
- Emergency management coordination
- Environmental Health activities
- Onsite Wastewater Management
- Food inspections
- Immunisation
- Environmental Sustainability
  - Waste Management
  - Water use
  - Power consumption
  - Climate change
  - Street lighting

## STRATEGIES

1. Encourage active participation in recreation, arts and leisure pursuits.
2. Promote respect and inclusion of social and cultural differences.
3. Increase environmental sustainability through direct initiatives and advocacy.
4. Protect and care for the natural environment.
5. Support community safety initiatives, local law enforcement and emergency management.

# FAST FACTS


## SERVICE STATISTICS (COMPARED WITH 2012/13)

 **47** community events delivered, with 80,510 attendances



---

 **462** food safety inspections undertaken


---

 **5** FReeZA events delivered



---

 **4,863** dogs registered 

---

 **1,300** attended FReeZA events


---

 **1,533** cats registered 

---

 **675** events were held at COPACC, with 30,617 attendances


---

 **4,901** trees, grasses and shrubs planted



---

 **18** exhibitions conducted in the COPACC foyer

---



 Weed control conducted on 20 Council managed environmental assets and 236 roadsides of conservation value

---

 **294**  multi-passes were sold at Bluewater Fitness Centre

---

 Various environmental education events held across the shire including, World Environment Day, Earth Hour, National Tree Day, School Tree day, Recreational Fishing Workshops and several school planting activities

 **436** premises  and other outlets selling food

## Progress against our 2013/14 commitments:

| Activity  | Progress    |
|---|-------------|
| <b>Strategy: Encourage active participation in recreation, arts and leisure pursuits</b>  |             |
| <b>Staged implementation of the Active Transport Strategy</b>   | <b>100%</b> |
| <p>Target: Implementation strategy developed</p> <p>- Way finding strategies for Apollo Bay and Colac completed. A number of high priority actions implemented including the manufacture and installation of directional and map-based signage in both towns</p>  |             |
| <b>Strategy: Increase environmental sustainability through direct initiatives and advocacy</b>  |             |
| <b>Solar Array Installations</b>  | <b>0%</b>   |
| <p>Target: Solar panels installed. Meet budget of 260,000 +/- 5%</p> <p>- Project delayed due to timelines associated with the Bluewater Fitness Centre Redevelopment. Project will be completed in the 2014/15 financial year. \$245,000 of the \$260,000 budget carried over to 2014/15</p>   |             |
| <b>Energy Efficient Street Lighting Installation</b>  | <b>0%</b>   |
| <p>Target: Energy efficient lighting installed. Meet budget of \$156,000 +/- 5%</p> <p>- Higher efficiency LED globes became available late in the planning stage of the project, which warranted the delaying the project. The project will be completed early in 2014/15. \$156,000 budget for the project has been delivered to the South West Sustainability Partnership; coordinating body for the project on behalf the six participating Councils.</p> |             |
| <b>Strategy: Protect and care for the natural environment</b>   |             |
| <b>Implement the relevant stages of the Environment Strategy 2010 18</b>  | <b>100%</b> |
| <p>Target: Stage 1 of the Environment Action Plan completed. Meet budget of \$120,000</p>   |             |
| <b>Develop Alvie Landfill Rehabilitation Plan</b>   | <b>100%</b> |
| <p>Target: Alvie Landfill Rehabilitation Plan completed. Environmental Protection Authority approval achieved. Meet budget of \$37,000</p> <p>- Draft rehabilitation plan completed, with the final Plan due by the end of July 2014. Environmental Protection Authority consulted. Project expected to be completed under budget (anticipated to be \$22,000) due to cost savings in the tendering/quote process</p>   |             |
| <b>Strategy: Support community safety initiatives, local law enforcement and emergency management</b>   |             |
| <b>Implement the Municipal Emergency Management Plan</b>  | <b>100%</b> |
| <p>Target: Review and implement the Municipal Fire Management Plan. Meet budget of \$50,000 +/- 5%. Municipal Recovery Plan reviewed by June 2014</p> <p>- \$40,000 of the \$50,000 budget expended as only one Neighbourhood Safer Place was able to be designated at this time. Municipal Recovery Plan reviewed in May 2014</p>  |             |
| <b>Complete a review of Local Laws 1, 2 and 3</b>   | <b>100%</b> |
| <p>Target: Review completed within project timeframe</p>  |             |
| <b>Review and implement the Domestic Animal Management Plan</b>   | <b>100%</b> |
| <p>Target: Review completed. Meet budget of \$50,000</p>  |             |

# OUR FINANCES

## FINANCIAL PERFORMANCE

We are committed to providing accurate, understandable and fair reporting on our financial performance for 2013/14 and our financial position at the end of the period. It also enables an assessment of our ability to deliver current services and maintain existing facilities in the longer-term.

### In brief

We achieved a \$2.74 million surplus in 2013/14, which was \$0.16 million better than budget expectations.

This was due to:

- a reduction in Council's depreciation charge as a result of improved asset monitoring and management
- increased revenue for user fees and charges, the majority of which related to improved Agency payment fees in the Older Persons care programs
- higher rate and investment income than predicted.

These gains were partially offset by a reduction in anticipated grant revenue mostly due to the Victoria Grants Commission ending the annual pre-payment of a portion of funding allocation. The consequence in 2013/14 is a major one-off drop in funding of \$2.8 million.

We ended the financial year with a total cash balance of \$12.82 million compared with \$11.75 million in 2012/13.

Total borrowings remained relatively steady during 2013/14 at \$4.92million. New borrowings totalled \$0.42million and repayments totalled \$0.47million.

## Operating results

We achieved a \$2.74 million surplus for the 2013/14 financial year, a 37% increase over the \$1.72 million for 2012/13. This is due to better asset management resulting in a reduction of depreciation. This is the eighth successive surplus, which is a significant result given the increasing demands on Council services.

We face increased financial constraints. The Financial Assistance Grants from the Federal Government have been frozen at current levels for the next three years. This funding had previously been indexed at the inflation rate. The impact of the freeze on grants is a reduction in excess of \$533,000.

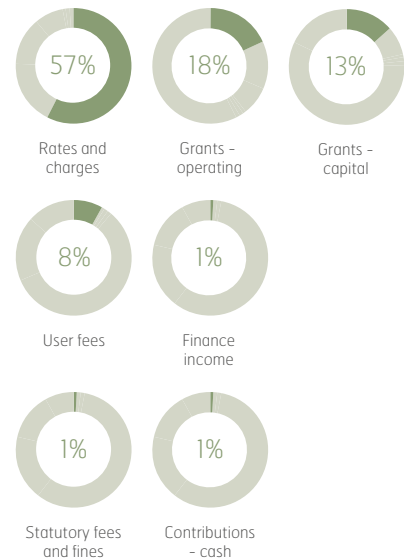
Our major challenge is to deliver a surplus to fund infrastructure renewal requirements whilst maintaining service levels.

## Revenue

Our total revenue for 2013/14 was \$43.97 million compared with \$44.6 million for 2012/13 (detailed in the Comprehensive Income Statement).

An analysis of Council's revenue sources highlights that 88% of our income is derived from three income categories:

| Rates and charges | Operating grants | Capital grants |
|-------------------|------------------|----------------|
| 57%               | 18%              | 13%            |

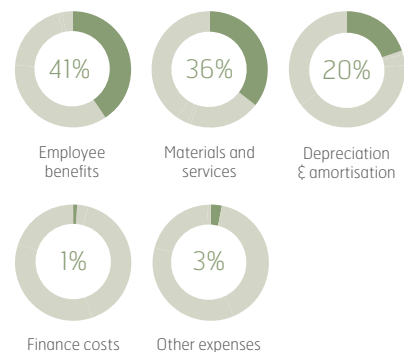


## Expenditure

Our total expenses for 2013/14 were \$41.23 million; \$1.63 million less than the \$42.86 million spent in 2012/13 (detailed in the Comprehensive Income Statement).

An analysis of expenses indicates that 92% are in the following three categories:

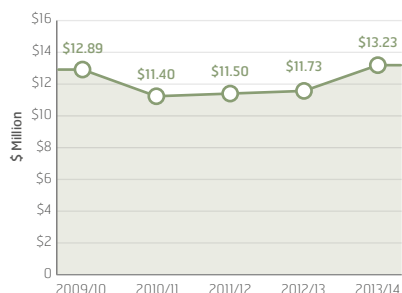
| Employee Benefits | Materials & Services | Depreciation & Amortisation |
|-------------------|----------------------|-----------------------------|
| 41%               | 36%                  | 20%                         |





## Capital Works

In 2013/14 we increased our investment in Capital Works activities by \$1.64 million to a total of \$13.23 million. Renewal and upgrade of our existing assets accounted for \$11.08 million and we spent \$2.15 million on new works. The investment in capital works is a strategic approach to maintaining or renewing the community's existing assets as they age.



Activities included:

- \$4.36 million of road works
- \$2.18 million on redevelopment of the Bluewater Fitness Centre
- \$1.31 million to roof the Colac Regional Saleyards
- \$0.98 million profit on sale of Council's major plant items (includes trucks, grader, mowers, street sweepers, etc.)
- \$0.73 million on footpath works
- \$0.60 million on drainage works.

## Assets

Our total assets are valued at \$293 million; 99% consisting of:

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

## Liabilities

Our total liabilities were \$16.09 million as at 30 June 2014. Liabilities include loans, amounts owed to suppliers, provisions for landfill rehabilitation and amounts owed to employees for leave entitlements.

The overall level of liabilities has increased from 2012/13 by \$1.1million. This is due to an increase in the amount owed to suppliers at 30 June 2014 resulting from the alignment of the payment cycle. These will be paid in early July.

Provisions increased slightly due to allowing for future employee leave liabilities. Offsetting this, our borrowings liability levels decreased from \$4.97 million in 2012/13 to \$4.92 million in 2013/14.

New borrowings of \$0.42 million covered the cost of the energy efficient street light replacement program and the installation of solar panel arrays on Council's Rae Street premises. It is estimated the annual savings will be \$39,000 exceeding the cost of borrowing over the life of these assets.

During 2013/14 Council made total loan repayments (principal and interest) of \$0.47 million, reducing borrowings by \$0.05 million. Current debt levels mean that we are operating well within the prudential ratio limits previously used by the Victorian State Government.

## Loan liability



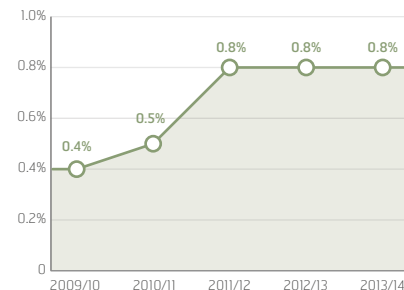
## FINANCIAL INDICATORS

The financial indicators included in this report provide information on performance trends over time.

## Debt Servicing Ratio

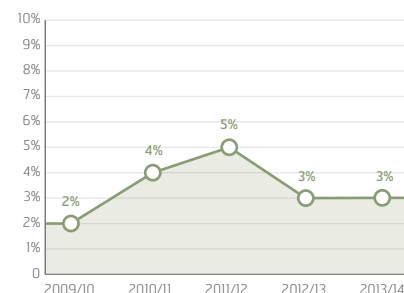
The Debt Servicing Ratio essentially shows how much we spend on maintaining our outstanding debts compared with how much revenue we earn. The lower the ratio, the better off Council is. These debt-servicing costs refer to the payment of interest on loan borrowings, finance lease interest and bank overdraft.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

The ratio of 0.8% is well under the prudential limit of 5% previously set by the Victorian Government and indicates that we are comfortably able to service existing debt levels.



## 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 and 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 Debt Commitment Ratio has remained steady at 3% for 2013/14, well under the 10% limit previously set by the Victorian State Government.

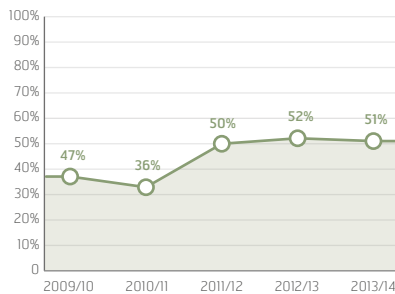


# Our Finances - cont.

## 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.

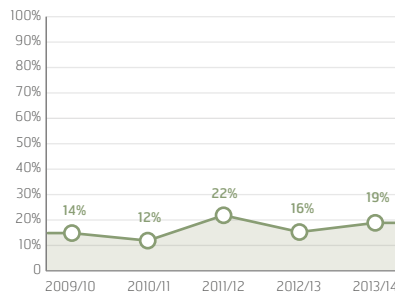
A low ratio can warn of undue reliance on other forms of revenue, which may or may not be sustainable e.g. government grants. The preferred position is for a reliance on rates and other commercial revenue, with a low dependency on government grants.



## Debt Exposure Ratio

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

The ratio remains relatively steady with a minor increase in the current year but is well under the limit of 50% previously 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, councils 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

## Financial Sustainability Risk Matrix

The matrix shows an excellent result for 2013/14, with all indicators at Low risk.

| Indicators              | Colac Otway Result | Risk Levels                |                               |                   |
|-------------------------|--------------------|----------------------------|-------------------------------|-------------------|
|                         |                    | High                       | Medium                        | Low               |
| Underlying Result Ratio | 6.2%               | Negative 10% or less       | Between negative 10% and zero | Greater than zero |
| Liquidity Ratio         | 193%               | Equal to or less than 100% | Between 100% and 150%         | Greater than 150% |
| Indebtedness Ratio      | 27%                | Greater than 60%           | Between 40% and 60%           | Less than 40%     |
| Self-Financing Ratio    | 35%                | Less than 10%              | Between 10% and 20%           | Greater than 20%  |
| Capital Replacement     | 160%               | Equal to or less than 100% | Between 100% and 150%         | Greater than 150% |
| Renewal Gap             | 134%               | Equal to or less than 50%  | Between 50% and 100%          | Greater than 100% |

- 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.

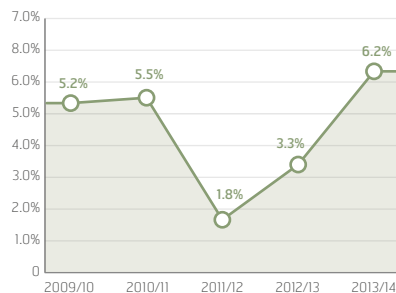
In the following graphs, the figures for the financial years 2009/10 to 2012/13 are taken from the Victorian Auditor-General's (VAG) report.

<http://www.audit.vic.gov.au/publications/20131211-Local-Government/20131211-Local-Government.pdf>

The 2013/14 figures in the graphs are our calculations of the ratios, as the final VAG figures are not due until late 2014.

### Underlying Result Ratio

This ratio includes capital grants that aid in generating an underlying surplus. This can be utilised for new assets or asset renewal. This result places Council within the 'Low' risk category for financial sustainability (p 11).

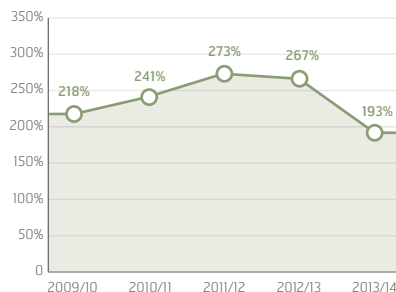


### Liquidity Ratio

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

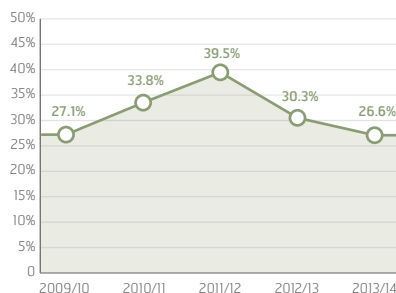
To be considered at Low risk by the Auditor General the ratio must be greater than 150%. This is reflected in Council's Strategic Resource Plan objective to maintain a ratio of at least 150%.

Our current ratio of 193% is a positive result, exceeding the low risk target set by the Auditor General. It means that we have no immediate issue with repaying our liabilities when they fall due.



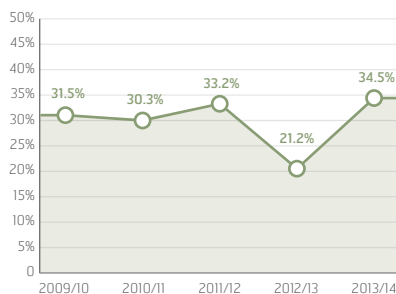
### Indebtedness Ratio

This ratio indicates our ability to repay debt from our own sources of revenue, such as rates and charges. The ratio is comfortably in the low risk category, indicating that we are generating sufficient funds to cover debt without requiring outside assistance.



### Self Financing Ratio

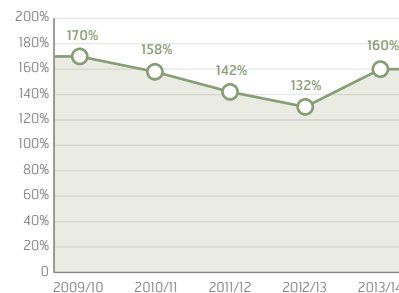
Results indicate that we are generating enough cash from operations to fund the renewal of existing assets. We have moved from 21.2% in 2012/13 to 34.5% in 2013/14 placing Council comfortably in the low risk category. It signifies the strength of our cash flow generated by operations.



### Capital Replacement

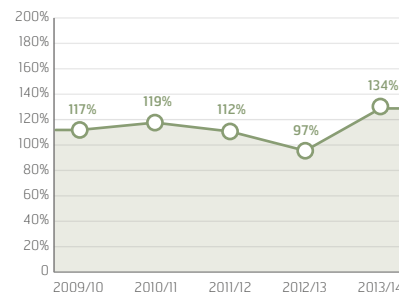
This ratio is about the overall spending on assets, both new and existing. The graph shows that there was a steady decline in the ratio over the four years from 2009/10 to 2012/13, resulting in a medium risk classification.

We have addressed this risk by a strong focus on asset management, resulting in a low risk classification in 2013/14.



### Renewal Gap

This ratio is about the renewal and upgrade of our existing assets (i.e. replacing one asset with another of the same or better quality). A significant rise in the ratio for 2013/14 places us firmly in the low risk category.



# UNDERSTANDING THE FINANCIAL STATEMENTS

## Introduction

The financial statements show Council's performance during 2013-2014 and our overall financial position as at 30 June 2014.

We present our financial report in accordance with the Australian Accounting Standards. Particular terms required by the standards may not be familiar to some readers. Our commitment is to be as transparent as possible. It is in this context that the following explanations have been developed to assist readers understand and analyse the financial report.

The financial report comprises three sets of statements:

- Standard Statements (p 66)
- General Purpose Financial Statements (p 76)
- Performance Statement (p 152)

## Standard Statements

The Standard Statements disclose information in a different format to that presented in the General Purpose Financial Statements.

The Standard Statements provide a comparison between the actual results for the year and the original budget set at the beginning of the financial year. All major differences (variances) greater than 10% or \$500,000, whichever is the lower, are explained in accompanying notes.

There are four different statements:

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

## The Standard Income Statement

The Standard Income Statement, sometimes referred to as a Profit and Loss Statement, 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 capital works; the expenditure incurred in the purchase of or building of assets.

The key figure is the surplus or (deficit) for the year which is the equivalent to the profit or (loss) 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 value of all of Council's assets, less our liabilities.

## 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 as it is prepared on an accrual accounting basis i.e. with debtors (amounts owed to Council but not yet received) and creditors (amounts Council owes but has not yet paid) included, rather than a cash basis. The amounts disclosed in the standard cash flow statement are gross value, which includes Goods and Services Tax (GST) where applicable.

## The Standard Statement of Capital Works

The Statement of Capital Works sets out the expenditure on building or buying property, infrastructure, plant and equipment and investment property by each broad type of asset. It also shows how much we have spent on renewing, upgrading or creating new assets.

## Annual Financial Report

The Annual Financial Report contains the General Purpose Financial Statements. The data throughout this report includes all entities controlled by Council; in essence, a consolidated or combined position. It covers the functions of the Colac Otway Shire Council and those of the Port of Apollo Bay. To understand the activities of the Port in isolation, refer to Note 45 of the General Purpose Financial Statements.

Council's financial report has two main sections, the Report and the Notes. There are four Statements and 45 notes. These are prepared by Council staff and reviewed by Council and Council's Audit Committee. They are also audited by the Victorian Auditor-General.

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

The Notes detail Council's accounting policies and give further information about the make-up of the values contained in the statements.

## Comprehensive Income Statement

This statement includes all sources of income, less all operating expenses incurred in delivering Council services. It also includes depreciation of the value of buildings, roads, footpaths, drains and all other assets used to deliver Council services. These assets are depreciated over their life as they are used. Capital costs or new assets acquired or created during the year are excluded from the statement.

Preparation of the statement is on an 'accrual' basis. This means that all income and costs for the year are recognised even though the income may not have been received (interest on bank deposits), or expenses not paid (invoices not received for goods and services already used).

The key figure to look at is the surplus/ (deficit) for the year. A surplus is positive as it means that revenue was greater than expenses. Continual deficits (losses) may raise questions about Council's ability to be financially viable in the longer-term.

## Balance Sheet

The Balance Sheet is a one-page summary of our financial position as at 30 June each financial year. It shows what we own (assets) and what we owe (liabilities). The bottom line of this statement is net assets or the 'net worth' of Council.

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

## Current and Non-Current Assets

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

## Current and Non-Current Liabilities

- Trade and other payables are monies owed by Council as at 30 June each financial year
- Trust funds and deposits are monies received and held by Council
- Provisions include landfill rehabilitation works and employee benefits, such as accrued long service and annual leave
- Interest bearing liabilities includes loans repaid over a set period of time. Lease liabilities 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 each financial year. The net value of Council is also synonymous with total equity.

## Total Equity

- Asset revaluation reserve is the difference between the previously recorded value of property and infrastructure assets and their current valuations
- Other reserves are allocations of the accumulated surplus to specific projects
- Accumulated surplus is the value of all net assets accumulated over time.

## Statement of Changes in Equity

The value of total equity, as set out in the balance sheet, changes during the year. The statement shows the values of each change along with how and why.

The main reasons for changes in equity are:

- 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 occurs to ensure that assets are correctly valued at current replacement value.

## Statement of Cash Flows

The Statement of Cash Flows 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.

The amounts disclosed in the Cash Flow Statement are at gross value including GST where applicable. Our cash flows 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 monies owed 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 from Council's bank account to staff, creditors and other persons. It does not include the costs associated with the creation of assets.

## Our Finances - cont.

### 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. It also includes 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 Statement of Cash Flows is our total cash at the end of the financial year.

The Statement of Cash Flows is important as it shows the source our funds and details how they are spent.

### Notes to the Accounts

The Notes are an important and informative section of the report. The Australian Accounting Standards are not prescriptive on a lot of issues. 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 Statement of Cash Flows.

Where Council wishes to disclose other information that cannot be incorporated in 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
- Financial performance indicators.

The Notes should be read in conjunction 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 Council's progress for the financial year against the Strategic Performance Indicators adopted as part of the annual budget. They include financial and non-financial data.

Our external auditors review the evidence and accuracy of the results.

### 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. It assures 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 confirming 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 Auditor's Report provides an external opinion on the financial statements. The opinion covers statutory and professional requirements as well as addressing the fairness aspects of the financial statements.



Barongarook Creek. Photo: Barry Rayner.

# STANDARD STATEMENTS CONTENTS

---

|  |          |
|--|----------|
| NOTES TO THE STANDARD STATEMENTS         | OVERLEAF |
| STANDARD INCOME STATEMENT                | 66       |
| STANDARD BALANCE SHEET                   | 69       |
| STANDARD CASH FLOW STATEMENT             | 71       |
| STANDARD STATEMENT OF CAPITAL WORKS      | 73       |
| CERTIFICATION OF THE STANDARD STATEMENTS | 75       |

---

## NOTE 1 BASIS OF PREPARATION OF STANDARD STATEMENTS

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

These statements and supporting notes form a special purpose financial report prepared to meet the requirements of the *Local Government Act 1989* and Local Government (Finance and Reporting) Regulations 2004.

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

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

The Standard Statements compare the Council's financial plan, expressed through its budget, with actual performance. The *Local Government Act 1989* requires explanation of any material variances. The Council has adopted a materiality threshold of greater than 10 per cent or \$500,000 whichever ever is the greater. 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 10 July 2013.

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 within. Council's detailed budget can be obtained by contacting Council or through the Council's website: [www.colacotway.vic.gov.au](http://www.colacotway.vic.gov.au)

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

# STANDARD STATEMENTS



# STANDARD INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

|  | Note | Actual<br>\$'000 | Budget<br>\$'000 | Variance<br>\$'000 | Variance<br>%   |
|--|------|------------------|------------------|--------------------|-----------------|
| <b>Income</b>  |      |                  |                  |                    |                 |
| <b>Operating Income:</b>   |      |                  |                  |                    |                 |
| Rates and charges  |      | 25,055           | 24,652           | 403                | 1.6%            |
| Statutory fees and charges   |      | 501              | 462              | 39                 | 8.4%            |
| User fees and charges  |      | 3,497            | 3,187            | 310                | 9.7%            |
| Contributions - Cash   | 1    | 251              | 129              | 122                | 94.9%           |
| Grants - operating   | 2    | 7,960            | 9,792            | (1,832)            | (18.7%)         |
| Reimbursements   | 3    | 194              | 92               | 102                | 110.0%          |
| Finance Revenue  | 4    | 572              | 368              | 204                | 55.3%           |
| Other Revenue  |      | 90               | 94               | (5)                | (5.0%)          |
| <b>Total operating revenues</b>  |      | <b>38,119</b>    | <b>38,776</b>    | <b>(657)</b>       | <b>(1.7%)</b>   |
| <b>Expenses</b>  |      |                  |                  |                    |                 |
| Employee benefits  | 5    | (16,723)         | (15,841)         | (882)              | (5.6%)          |
| Materials and services   | 6    | (14,661)         | (13,189)         | (1,472)            | (11.2%)         |
| Depreciation and amortisation  | 7    | (8,263)          | (9,635)          | 1,372              | 14.2%           |
| Finance expenses   |      | (336)            | (353)            | 17                 | 5.0%            |
| Other expenses   |      | (1,242)          | (1,185)          | (57)               | (4.8%)          |
| <b>Total operating expenses</b>  |      | <b>(41,225)</b>  | <b>(40,203)</b>  | <b>(1,021)</b>     | <b>(2.5%)</b>   |
| <b>Operating Surplus (deficit)</b>   |      | <b>(3,107)</b>   | <b>(1,427)</b>   | <b>(1,679)</b>     | <b>(117.6%)</b> |
| <b>Capital revenue</b>   |      |                  |                  |                    |                 |
| Share of net profits of associates and joint ventures accounted for by the equity method | 8    | 46               | -                | 46                 | 100.0%          |
| Net Gain on disposal of Property, plant, equipment and infrastructure                    | 9    | 97               | 154              | (57)               | (37.1%)         |
| Grants - Capital   | 10   | 5,705            | 3,850            | 1,855              | 48.2%           |
| <b>Total capital revenue</b>   |      | <b>5,848</b>     | <b>4,004</b>     | <b>1,844</b>       | <b>46.1%</b>    |
|  |      |                  |                  |                    | <b>0%</b>       |
| <b>Surplus (deficit) for the year</b>  |      | <b>2,741</b>     | <b>2,577</b>     | <b>165</b>         | <b>6.4%</b>     |

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

# STANDARD INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

## Variance Notes

| Note | Item                 | Explanation   |
|------|----------------------|---|
| 1    | Contributions - Cash | <p>Contributions - cash shows a \$122,000 or 94.9% variance above original budget. The major variances here include:</p> <ul style="list-style-type: none"> <li>→ \$37,080 which Council received from the Barwon Regional Waste Management Group for Waste Management tidy bins and educational programs which was not budgeted for;</li> <li>→ \$45,000 in total received by Council from 8 other regional municipalities for Environmental Services projects for which Colac Otway Shire was the lead agency, which was not in budget;</li> <li>→ \$23,000 received by Council from the Surf Coast Shire Council as a contribution towards the shared costs of Fire &amp; Emergency Protection Services which was not budgeted for; and</li> <li>→ \$21,000 received by Council from the trustees of the Barnard Trust - a total of \$46,000 was received but only \$25,000 was budgeted.</li> </ul> <p>These amounts were partially offset by Council not receiving a budgeted amount of \$10,000 in contributions relating to recreation projects which were unfinished at 30 June.</p>  |
| 2    | Grants - operating   | <p>Grants operating show a variance of \$1.832million (18.7%) below budget anticipations. There are a number of smaller individual variances totalling to this, the major variances include:</p> <ul style="list-style-type: none"> <li>→ Victoria Grants Commission funding (including both the Untied Base Grant and the Local Roads Funding Grant) is \$2.91 million below budget expectations. This is due to the budget including the anticipation that a full year's allocation would be received during the 2013/14 year. In actuality, the Federal Government made the decision to pre-pay 50% of the 2013/14 allocation on 30 June 2013, which was then included in the 2012/13 Financial Statements. The Federal Government then made the decision not to make any pre-payment in 2013/14;</li> <li>→ Council budgeted to receive \$420,000 for the receipt of Pension Concession rebates from the State Government. Whilst this was budgeted as being grant income, it is actually rates receipt income. Council has received this funding and it has been recorded as rate income in the financial statements rather than as grant income;</li> <li>→ Council had originally budgeted to receive \$323,724 for Contracted Home Care Services. Due to operational changes in the service Council received only \$65,411; and</li> <li>→ Council budgeted to receive \$150,000 for Strategic Planning Projects (CBD Entrance Project) which due to timing issues was not received by June 30.</li> </ul> <p>These reductions were partially offset by increased grant funding received in other areas, including:</p> <ul style="list-style-type: none"> <li>→ Council received \$1.346million in unbudgeted Local Roads and Bridges funding;</li> <li>→ \$171,000 additional funding for Strategic Projects;</li> <li>→ \$158,951 additional funding for Environmental Projects; and</li> <li>→ \$77,500 additional funding for the Port of Apollo Bay.</li> </ul> |
| 3    | Reimbursements       | <p>Reimbursements show a \$102,00 or 110% variance above budget. There are a number of smaller individual variances totalling to this. The major of these include:</p> <ul style="list-style-type: none"> <li>→ Legal cost recoveries being \$56,147 higher than originally budgeted - this relates largely to increased collections from rate recovery actions;</li> <li>→ An unbudgeted reimbursement from Council facility tenants for facility maintenance of \$29,417; and</li> <li>→ Increased reimbursements from various insurance claims of \$23,394.</li> </ul>   |
| 4    | Finance Revenue      | <p>Finance Revenue shows a \$204,000 or 55.3% variance above budget. The variance is a result of Council generating higher than anticipated investment income from having generally higher investment balances throughout the year.</p>   |

# STANDARD INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

## Variance Notes

| Note | Item   | Explanation   |
|------|--|---|
| 5    | Employee benefits  | <p>Whilst Employee Benefits show a 5.6% variance above budget, the \$ variance is \$882,000. The variance can be contributed to the following major variances:</p> <ul style="list-style-type: none"> <li>→ Long Service Leave costs were \$244,176 above budget;</li> <li>→ Travel payments for Contracted Home Care Services by Council staff was \$192,087 over initial budget (much of this is attributable to uncertainty concerning the NDIS when budgeting);</li> <li>→ Superannuation contributions were \$116,411 above budget;</li> <li>→ Aged &amp; Disability wages were \$92,383 over budget; and</li> <li>→ Sick leave expenditure was \$64,962 above budget.</li> </ul>  |
| 6    | Materials and services   | <p>Materials and Services shows a significant variance of \$1.472million (11.2%) over budget. There are a number of smaller variances totalling to this. The major of these include:</p> <ul style="list-style-type: none"> <li>→ There was a total of \$756,195 worth of works which was originally budgeted as being capital expenditure which was on closer inspection operating expenditure. This was due to the nature of budgeting bulk works programs and then allocating individual jobs after the adoption of the budget. This included building maintenance of \$215,000 and infrastructure maintenance of \$503,176;</li> <li>→ Legal Fees incurred by Council were \$193,594 over budget;</li> <li>→ The wholesale cost of purchasing tickets for V/Line services and tourism sites for resale at Council's Visitor Information Centres was \$113,560 over the original budgeted amount. This extra expense has been offset by an increase in sales;</li> <li>→ Contributions to Environmental projects were \$122,307 over budget;</li> <li>→ Light Fleet operations were \$66,312 over budget;</li> <li>→ Debt collection costs totalled \$59,162 over initial budget due to increased activity;</li> <li>→ Council subscriptions and memberships were \$59,142 higher than expectations. This included over-runs on subscriptions such as the Great South Coast group membership, a subscription fee to a rates modelling software service which was unbudgeted, and some unanticipated Information Technology subscriptions;</li> <li>→ Insurance costs were \$53,543 over budget;</li> <li>→ Utility costs incurred by Council were \$47,492 over initial budget.</li> </ul> |
| 7    | Depreciation and amortisation  | <p>Depreciation shows a sizeable \$1.37million (14.2%) variance below budget. The variance has arisen as a result of a complete review of Council's depreciation methodology arising from the implementation of Council's new Asset Management System. This system allows Council much more accuracy in calculating depreciation against each individual asset rather than groups of assets, resulting in a much more accurate calculation of depreciation.</p>   |
| 8    | Share of net profits of associates and joint ventures accounted for by the equity method | <p>Council's share of net profits in associates and joint ventures accounted for by the equity method relates to Council's investment in the Corangamite Regional Library Corporation. This investment share is subject to many influences external to Council and is therefore notoriously difficult to budget for. Council originally budgeted for no movement in its equity investment in the Library Corporation, but the actual result showed a \$46,000 increase in the investment.</p>   |
| 9    | Net Gain on disposal of Property, plant, equipment and infrastructure                    | <p>Council initially budgeted to receive net income of \$154,000 from the disposal of Property, plant, equipment and infrastructure, but due to market conditions and the condition of the disposed assets realised only \$97,000. This was a result of Council receiving a gross amount of \$116,000 less than budgeted.</p>   |
| 10   | Grants - Capital   | <p>Capital Grants show a \$1.855million (48.2%) variance above original budget. The variance includes:</p> <ul style="list-style-type: none"> <li>→ Additional Commonwealth roads funding of \$1.32million;</li> <li>→ Additional infrastructure funding via State Government funding streams of \$1.773million; and</li> <li>→ Additional State Government funding for environmental programs (Street Lighting) of \$261,000.</li> </ul> <p>These were offset by an amount of \$1.65million which was budgeted to be received by the Port of Apollo Bay for the completion of dredge works which was not received due to the project not being completed at 30 June.</p>   |

# STANDARD BALANCE SHEET

AS AT 30 JUNE 2014

|   | Note | Actual<br>\$'000 | Budget<br>\$'000 | Variance<br>\$'000 | Variance<br>% |
|---|------|------------------|------------------|--------------------|---------------|
| <b>Assets</b>                                 |      |                  |                  |                    |               |
| <b>Current assets</b>                         |      |                  |                  |                    |               |
| Cash and cash equivalents                     | 11   | 12,815           | 7,488            | 5,327              | 71%           |
| Trade receivables                             | 12   | 2,576            | 3,519            | (944)              | (27%)         |
| Inventories                                   | 13   | 182              | 158              | 24                 | 15%           |
| Other assets                                  | 14   | 102              | -                | 102                | 100%          |
| <b>Total current assets</b>                   |      | <b>15,675</b>    | <b>11,166</b>    | <b>4,509</b>       | <b>40%</b>    |
| <b>Non-current assets</b>                     |      |                  |                  |                    |               |
| Trade receivables                             |      | 12               | -                | 12                 | 100%          |
| Investment in associates                      |      | 398              | 383              | 15                 | 4%            |
| Property, infrastructure, plant and equipment |      | 276,966          | 287,040          | (10,074)           | (4%)          |
| <b>Total non-current assets</b>               |      | <b>277,376</b>   | <b>287,423</b>   | <b>(10,047)</b>    | <b>(3%)</b>   |
| <b>Total assets</b>                           |      | <b>293,051</b>   | <b>298,589</b>   | <b>(5,538)</b>     | <b>(2%)</b>   |
| <b>Liabilities</b>                            |      |                  |                  |                    |               |
| <b>Current liabilities</b>                    |      |                  |                  |                    |               |
| Trade and other payables                      | 15   | 2,670            | 2,066            | 604                | 29%           |
| Trust funds and deposits                      | 16   | 248              | 216              | 32                 | 15%           |
| Provisions                                    | 17   | 4,670            | 4,132            | 537                | 13%           |
| Interest-bearing loans and borrowings         | 18   | 552              | 636              | (84)               | (13%)         |
| <b>Total current liabilities</b>              |      | <b>8,140</b>     | <b>7,050</b>     | <b>1,090</b>       | <b>15%</b>    |
| <b>Non-current liabilities</b>                |      |                  |                  |                    |               |
| Trade and other payables                      | 15   | -                | 86               | (86)               | (100%)        |
| Provisions                                    | 17   | 3,582            | 4,217            | (635)              | (15%)         |
| Interest-bearing loans and borrowings         | 18   | 4,365            | 4,283            | 82                 | 2%            |
| <b>Total non-current liabilities</b>          |      | <b>7,947</b>     | <b>8,586</b>     | <b>(639)</b>       | <b>(7%)</b>   |
| <b>Total liabilities</b>                      |      | <b>16,087</b>    | <b>15,635</b>    | <b>451</b>         | <b>3%</b>     |
| <b>Net Assets</b>                             |      | <b>276,964</b>   | <b>282,953</b>   | <b>(5,990)</b>     | <b>(2%)</b>   |
| <b>Equity</b>                                 |      |                  |                  |                    |               |
| Accumulated surplus                           |      | 114,457          | 123,932          | (9,475)            | (8%)          |
| Reserves                                      |      | 162,506          | 159,022          | 3,485              | 2%            |
| <b>Total Equity</b>                           |      | <b>276,964</b>   | <b>282,953</b>   | <b>(5,990)</b>     | <b>(2%)</b>   |

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

# STANDARD BALANCE SHEET

AS AT 30 JUNE 2014

## Variance Notes

| Note | Item                                  | Explanation  |
|------|---------------------------------------|--|
| 11   | Cash and cash equivalents             | Cash and cash equivalents show a significant variance ahead of budget of \$5.327 million at 30 June 2014. The majority of this relates to the fact that Council budgeted its opening cash balance for the year to be \$6.792million, but the actual figure was \$11.745million. This was due to a number of projects budgeted in the previous year not occurring.  |
| 12   | Trade receivables                     | Trade receivables are notoriously difficult to budget accurately as they are significantly affected by the business cycle and debt collection levels across the year. Council originally budgeted to have \$3.519million in outstanding debtors at the end of the year, based upon historical movements, but in reality had only \$2.575million outstanding at 30 June 2014.   |
| 13   | Inventories                           | Inventories predominately relate to stock of diesel fuel Council has on hand. Council budgeted to hold \$158,000 of stock on hand at the end of the year, but actually had \$182,000 on hand. This again can be a difficult item to budget for as the volume can be significantly affected by deliveries at the end of June and the timing of stock issues.  |
| 14   | Other assets                          | Other Assets relates to Accrued Income. Again it is very difficult to budget for these due to their rather transient nature. Council did not include any Accrued Income in its budget, but actually held \$102,000 in accruals at 30 June 2014.  |
| 15   | Trade and other payables              | Trade and other payables are again a difficult item to budget for due to the fact that they are directly affected by the business cycle and payment dates, much of which is beyond the direct control of Council (i.e. when we are billed by customers). Council originally budgeted to have total outstanding creditor payments (both current and non-current) of \$2.151million but had at the end of the year an actual amount of \$2.670million. All of these creditors are current and will be paid within the first quarter of the 2014-2015 year.   |
| 16   | Trust funds and deposits              | Trust funds and deposits relate to funds held by Council as security for compliance or statutory requirements by customers. Council budgeted to refund an amount of Trust Funds and deposits throughout the year as those compliance and statutory requirements were fulfilled. However no Trust funds or deposits were refunded during 2013-14.   |
| 17   | Provisions                            | Overall combining both current and non-current provisions gives an insignificant variance of 1% below budget. However, the split between current and non-current shows that Council has budgeted for significantly less in current provision than actual and significantly more in non-current provisions than actual. The budget split was based upon historical movements. When the actual calculations were undertaken it became clear that there had been a significant movement from non-current to current (in both employee leave provisions and landfill rehabilitation provisions) whilst maintaining the overall variance at a very low level. |
| 18   | Interest-bearing loans and borrowings | When combining both current and non-current interest bearing loans and borrowings we see an extremely small variance of just \$2,000 to budget. However, as with provisions, there is a difference between the actual split between current and non-current and the budgeted split between current and non-current. On closer inspection, it appears that the budget did not take into account all repayment timings as they fell due.   |

# STANDARD CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

|   | Note      | Actual<br>\$'000 | Budget<br>\$'000 | Variance<br>\$'000 | Variance<br>% |
|---|-----------|------------------|------------------|--------------------|---------------|
| <b>Cash flows from operating activities</b>                       |           |                  |                  |                    |               |
| General rates and charges   |           | 24,953           | 24,307           | 647                | 3%            |
| Statutory fees and fines  | 19        | 560              | 462              | 98                 | 21%           |
| User charges and other fines (inclusive of GST)                   | 20        | 3,966            | 5,145            | (1,179)            | (23%)         |
| Contributions - cash (inclusive of GST)                           | 1         | 263              | 141              | 122                | 86%           |
| Grants (inclusive of GST)   | 2,10      | 15,537           | 13,710           | 1,828              | 13%           |
| Reimbursements (inclusive of GST)                                 | 3         | 26               | 102              | (76)               | (74%)         |
| Finance revenue   | 4         | 572              | 368              | 204                | 55%           |
| Other income (inclusive of GST)                                   | 21        | 176              | 104              | 72                 | 70%           |
| Net GST refund /(payment)   |           | 2,195            | 2,086            | 109                | 5%            |
| Payments to employees<br>(including redundancies and GST)         | 5         | (16,768)         | (15,409)         | (1,360)            | (9%)          |
| Payments to suppliers (inclusive of GST)                          |           | (15,042)         | (14,454)         | (588)              | (4%)          |
| Other payments  |           | (1,288)          | (1,303)          | 15                 | 1%            |
| <b>Net cash provided by (used in) operating activities</b>        |           | <b>15,150</b>    | <b>15,258</b>    | <b>(108)</b>       | <b>(1%)</b>   |
| <b>Cash flows from investing activities</b>                       |           |                  |                  |                    |               |
| Proceeds from property, plant and equipment                       | 9         | 407              | 522              | (115)              | (22%)         |
| Payments for property, plant and equipment                        |           | (14,086)         | (14,618)         | 531                | 4%            |
| <b>Net cash provided by (used in) investing activities</b>        |           | <b>(13,680)</b>  | <b>(14,096)</b>  | <b>416</b>         | <b>3%</b>     |
| <b>Cash flows from financing activities</b>                       |           |                  |                  |                    |               |
| Finance costs   |           | (343)            | (353)            | 11                 | 3%            |
| Trust funds and deposits  | 22        | -                | (58)             | 58                 | 100%          |
| Proceeds from interest bearing loans and borrowings               |           | 416              | 416              | -                  | 0%            |
| Repayment of interest bearing loans and borrowings                |           | (473)            | (471)            | (2)                | (0%)          |
| <b>Net cash provided by (used in) financing activities</b>        |           | <b>(400)</b>     | <b>(467)</b>     | <b>67</b>          | <b>14%</b>    |
| Net increase (decrease) in cash and cash equivalents              | 23        | 1,071            | 696              | 375                | 54%           |
| Cash and cash equivalents at the beginning of the financial year  | 24        | 11,745           | 6,792            | 4,952              | 73%           |
| <b>Cash and cash equivalents at the end of the financial year</b> | <b>25</b> | <b>12,816</b>    | <b>7,488</b>     | <b>5,327</b>       | <b>71%</b>    |

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

# STANDARD CASH FLOW STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2014

### Variance Notes

| Note | Item   | Explanation   |
|------|--|---|
| 19   | Statutory fees and fines   | Statutory fees & fines shows a \$98,000 or 21% cash variance above budget. The major movements here include:<br>→ Infringement income was \$44,309 higher than anticipated;<br>→ Health registrations were \$18,496 above budget; and<br>→ Town Planning Fees were \$9,316 more than anticipated.   |
| 20   | User charges and other fines (inclusive of GST)                  | User charges and other fines shows a significant cash flow variance of \$1.179million below budget. The budget called for significant movements in debtor balances in this item. In reality there was minimal movement in debtors arising concerning User Charges.  |
| 21   | Other income (inclusive of GST)                                  | Other income shows a significant cash flow variance at 92% below budget. The budget called for a large amount of miscellaneous cash receipting here, however the majority of the income recorded as other income related to accrued income, which had no cash flow effect in the current year.  |
| 22   | Trust funds and deposits   | Council budgeted to incur a net refund of \$58,000 of Trust Funds and Deposits during 2013-14. Trust Funds and Deposits are largely made up of compliance and statutory items held by Council in relation to works undertaken by the community. As such the movement of Trust Funds and Deposits largely beyond Council's direct control. In reality there was zero net cash movement in Trust Funds and Deposits for 2013-14.  |
| 23   | Net increase (decrease) in cash and cash equivalents             | The variance from actual to budget in Net increase in cash held is a result of the items listed in all notes in this report.  |
| 24   | Cash and cash equivalents at the beginning of the financial year | Cash and cash equivalents at the start of the year was originally budgeted at \$6.792million, but was in reality \$11.745million - a significant variance of \$4.952million. This is due to a number of capital and operating projects and items which were budgeted to occur in 2012-13 not being completed in that year, resulting in the closing cash balance for 2012-13 (and hence the opening cash balance for 2013-14) being significantly higher than was estimated at the time of formulating the annual budget. |
| 25   | Cash and cash equivalents at the end of the financial year       | Cash and cash equivalents at the start of the year was originally budgeted at \$6.792million, but was in reality \$11.745million - a significant variance of \$4.952million. This is due to a number of capital and operating projects and items which were budgeted to occur in 2012-13 not being completed in that year, resulting in the closing cash balance for 2012-13 (and hence the opening cash balance for 2013-14) being significantly higher than was estimated at the time of formulating the annual budget. |

# STANDARD STATEMENT OF CAPITAL WORKS

AS AT 30 JUNE 2014

|                                | Note | Actual<br>\$'000 | Budget<br>\$'000 | Variance<br>\$'000 | Variance<br>% |
|--------------------------------|------|------------------|------------------|--------------------|---------------|
| <b>Capital Works Area</b>      |      |                  |                  |                    |               |
| Bridges and culverts           | 26   | 347              | 1,000            | (653)              | (65%)         |
| Buildings                      | 27   | 3,245            | 875              | 2,370              | 271%          |
| Outdoor furniture              | 28   | -                | 100              | (100)              | (100%)        |
| Drainage                       | 29   | 73               | 540              | (467)              | (87%)         |
| Footpaths                      | 30   | 718              | 396              | 322                | 81%           |
| Kerb and channelling           | 31   | 27               | 75               | (48)               | (65%)         |
| Other structures               | 32   | 23               | 371              | (348)              | (94%)         |
| Plant, furniture and equipment | 33   | 4,289            | 5,402            | (1,113)            | (21%)         |
| Roads & traffic network        |      | 4,510            | 4,530            | (20)               | (0%)          |
| <b>Total capital works</b>     |      | <b>13,232</b>    | <b>13,289</b>    | <b>(57)</b>        | <b>(0%)</b>   |
| <b>Represented by:</b>         |      |                  |                  |                    |               |
| Renewal                        |      | 9,965            | 9,798            | 167                | 2%            |
| Upgrade                        | 34   | 1,116            | 3,447            | (2,331)            | (68%)         |
| New                            | 35   | 2,151            | 44               | 2,107              | 4789%         |
| <b>Total capital works</b>     |      | <b>13,232</b>    | <b>13,289</b>    | <b>(57)</b>        | <b>(0%)</b>   |



# STANDARD STATEMENT OF CAPITAL WORKS

AS AT 30 JUNE 2014

## Variance Notes

| Note | Item                           | Explanation  |
|------|--------------------------------|--|
| 26   | Bridges and culverts           | This variance is due to the carrying forward of uncompleted works during the year. These works will be completed in the 2014-15 year. The carried forward projects are Sand Road Bridge (\$280K), Lyness Road Bridge (\$320K) and Cape Otway Road Bridge (\$10k).  |
| 27   | Buildings                      | This variance is due to the extra spending associated with the continuation of projects which have been carried forward. These projects include Bluewater Fitness Centre (\$1.564m) and Livestock Selling Centre Roof (\$1.305m).  |
| 28   | Outdoor furniture              | There has been a change in the classification of outdoor furniture and it has been moved to Plant, furniture and equipment and other.  |
| 29   | Drainage                       | The variance in Drainage is due to the roadside drainage works being classified as a maintenance activity rather than capital.   |
| 30   | Footpaths                      | The variance in footpaths relates to the uncompleted projects from previous years and an additional project funded from the Small Town Improvement Programme. The carried forward projects are Old Beechy Rail Trail (\$137k) and the Forrest Streetscape Project (\$127K). The additional project is the construction of the Sylvester Street, Apollo Bay footpath (\$22k). |
| 31   | Kerb and channelling           | This variance is due to operation reasons and the total budgeted expense was not reached.  |
| 32   | Other structures               | The variance in this area is due to the change in classification of a number of asset types and the elimination of the other structures category. The majority of this budget has been moved into the Plant, furniture and equipment area.   |
| 33   | Plant, furniture and equipment | The variance in this area is due to the change in classification of a number of asset types. The elimination and break up of the Outdoor furniture category and the Other structures category has made a significant change to this area. The continuation of the Harbour Dredge project (\$2.245m) is a contributing factor in this change as well.                         |
| 34   | Upgrade                        | Council has budgeted to complete \$3.447m of upgrade works this year but due to operational needs and classification of these works the total spend has reduced to \$1.116m.   |
| 35   | New                            | Council has budgeted to complete \$44k of new works this year but due to operational needs and the reclassification of these works the total spend has increased to \$2.151m.  |

# 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.



Ashley Roberts B.Com CPA  
Principal Accounting Officer

10 September 2014

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 10 September 2014 to certify the standard statements in their final form.



Michael Delahunty  
Councillor

10 September 2014



Stephen Hart  
Councillor

10 September 2014



Ms Sue Wilkinson  
Chief Executive Officer

10 September 2014

# FINANCIAL REPORT CONTENTS

---

|                                |    |
|--------------------------------|----|
| COMPREHENSIVE INCOME STATEMENT | 76 |
| BALANCE SHEET                  | 77 |
| STATEMENT OF CHANGES IN EQUITY | 78 |
| STATEMENT OF CASH FLOWS        | 79 |
| NOTES TO FINANCIAL STATEMENTS  | 80 |

---

## NOTES TO FINANCIAL STATEMENTS

|   |     |
|---|-----|
| Introduction  | 80  |
| Note 1 Significant accounting policies  | 81  |
| Note 2 Rates and charges  | 92  |
| Note 3 Statutory fees and fines   | 93  |
| Note 4 User fees  | 93  |
| Note 5 Grants   | 94  |
| Note 6 Contributions  | 96  |
| Note 7 Net gain/(loss) on disposal of property, infrastructure, plant and equipment                       | 97  |
| Note 8 Other income   | 97  |
| Note 9 Employee costs   | 98  |
| Note 10 Materials and services  | 98  |
| Note 11 Bad and doubtful debts  | 98  |
| Note 12 Depreciation and amortisation   | 99  |
| Note 13 Borrowing costs   | 100 |
| Note 14 Other expenses  | 101 |
| Note 15 Investment in associates  | 101 |
| Note 16 Cash and cash equivalents   | 102 |
| Note 17 Trade and other receivables   | 103 |
| Note 18 Inventories   | 103 |
| Note 19 Other assets  | 103 |
| Note 20 Property, plant and equipment, infrastructure   | 104 |
| Note 21 Intangible assets   | 115 |
| Note 22 Trade and other payables  | 115 |
| Note 23 Trust funds and deposits  | 116 |
| Note 24 Provisions  | 116 |
| Note 25 Interest-bearing loans and borrowings   | 118 |
| Note 26 Reserves  | 119 |
| Note 27 Adjustments directly to equity  | 121 |
| Note 28 Reconciliation of cash flows from operating activities to surplus (deficit)                       | 122 |
| Note 29 Reconciliation of cash and cash equivalents   | 122 |
| Note 30 Financing arrangements  | 122 |
| Note 31 Restricted assets   | 123 |
| Note 32 Superannuation  | 123 |
| Note 33 Commitments   | 126 |
| Note 34 Operating leases  | 127 |
| Note 35 Contingent liabilities and contingent assets  | 127 |
| Note 36 Financial Risk Management   | 128 |
| Note 37 Auditors' remuneration  | 134 |
| Note 38 Events occurring after balance date   | 134 |
| Note 39 Related party transactions  | 134 |
| Note 40 Joint venture information   | 136 |
| Note 41 Income and expenses by function/activities  | 137 |
| Note 42 Financial ratios (Performance indicators)   | 138 |
| Note 43 Capital expenditure   | 142 |
| Note 44 Special committees and other activities - excluded from financial report                          | 144 |
| Note 45 Special committees and other activities - included in the financial report.<br>Port of Apollo Bay | 145 |
| Certification of the Financial Report   | 149 |

# FINANCIAL REPORT

# COMPREHENSIVE INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

|   | Note  | 2014<br>\$'000  | 2013<br>\$'000  |
|---|-------|-----------------|-----------------|
| <b>Income</b>   |       |                 |                 |
| Rates and charges   | 2     | 25,055          | 23,349          |
| Statutory fees and fines  | 3     | 501             | 677             |
| User fees   | 4     | 3,497           | 3,703           |
| Contributions - cash  | 6 (a) | 251             | 181             |
| Contributions - non-monetary assets   | 6 (b) | -               | 243             |
| Grants - Operating (recurrent)  | 5     | 5,907           | 8,534           |
| Grants - Operating (non-recurrent)  | 5     | 2,053           | 900             |
| Grants - Capital (recurrent)  | 5     | 2,303           | 1,366           |
| Grants - Capital (non-recurrent)  | 5     | 3,402           | 4,455           |
| Net gain/(loss) on disposal of property, infrastructure, plant and equipment              | 7     | 97              | 43              |
| Other income  | 8     | 855             | 1,130           |
| Share of net profits of associates and joint ventures accounted for by the equity method  | 15    | 46              | -               |
| <b>Total income</b>   |       | <b>43,967</b>   | <b>44,581</b>   |
| <b>Expenses</b>   |       |                 |                 |
| Employee costs  | 9     | (16,723)        | (16,231)        |
| Materials and services  | 10    | (14,661)        | (13,927)        |
| Property, plant, equipment and infrastructure written off                                 | 20    | -               | (1,595)         |
| Bad and doubtful debts  | 11    | (62)            | -               |
| Depreciation and amortisation   | 12    | (8,263)         | (9,430)         |
| Borrowing costs   | 13    | (336)           | (298)           |
| Other expenses  | 14    | (1,181)         | (1,351)         |
| Share of net (losses) of associates and joint ventures accounted for by the equity method |       | -               | (25)            |
| <b>Total expenses</b>   |       | <b>(41,226)</b> | <b>(42,857)</b> |
| <b>Surplus/(deficit) for the year</b>   |       | <b>2,741</b>    | <b>1,724</b>    |
| <b>Other comprehensive income</b>   |       |                 |                 |
| <b>Items that will not be reclassified to surplus or deficit in future periods</b>        |       |                 |                 |
| Net asset revaluation increment/(decrement)   | 20    | (5,013)         | 3,898           |
| <b>Total comprehensive result</b>   |       | <b>(2,272)</b>  | <b>5,622</b>    |

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

# BALANCE SHEET

AS AT 30 JUNE 2014

|   | Note | 2014<br>\$'000 | 2013<br>\$'000 |
|---|------|----------------|----------------|
| <b>Assets</b>                                 |      |                |                |
| <b>Current assets</b>                         |      |                |                |
| Cash and cash equivalents                     | 16   | 12,815         | 11,745         |
| Trade and other receivables                   | 17   | 2,576          | 4,638          |
| Inventories                                   | 18   | 182            | 157            |
| Other assets                                  | 19   | 102            | -              |
| <b>Total current assets</b>                   |      | <b>15,675</b>  | <b>16,540</b>  |
| <b>Non-current assets</b>                     |      |                |                |
| Trade and other receivables                   | 17   | 12             | -              |
| Investments in regional library corporation   | 15   | 398            | 351            |
| Property, infrastructure, plant and equipment | 20   | 276,748        | 276,990        |
| Intangible assets                             | 21   | 218            | 315            |
| <b>Total non-current assets</b>               |      | <b>277,376</b> | <b>277,656</b> |
| <b>Total assets</b>                           |      | <b>293,051</b> | <b>294,196</b> |
| <b>Liabilities</b>                            |      |                |                |
| <b>Current liabilities</b>                    |      |                |                |
| Trade and other payables                      | 22   | 2,670          | 1,597          |
| Trust funds and deposits                      | 23   | 248            | 256            |
| Provisions                                    | 24   | 4,670          | 3,873          |
| Interest-bearing loans and borrowings         | 25   | 552            | 473            |
| <b>Total current liabilities</b>              |      | <b>8,140</b>   | <b>6,199</b>   |
| <b>Non-current liabilities</b>                |      |                |                |
| Provisions                                    | 24   | 3,582          | 4,262          |
| Interest-bearing loans and borrowings         | 25   | 4,365          | 4,501          |
| <b>Total non-current liabilities</b>          |      | <b>7,947</b>   | <b>8,763</b>   |
| <b>Total liabilities</b>                      |      | <b>16,087</b>  | <b>14,962</b>  |
| <b>Net Assets</b>                             |      | <b>276,964</b> | <b>279,234</b> |
| <b>Equity</b>                                 |      |                |                |
| Accumulated surplus                           |      | 114,457        | 110,118        |
| Reserves                                      | 26   | 162,506        | 169,116        |
| <b>Total Equity</b>                           |      | <b>276,964</b> | <b>279,234</b> |

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

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

|   | Note  | Total<br>\$'000 | Accumulated<br>Surplus<br>\$'000 | Revaluation<br>Reserve<br>\$'000 | Other<br>Reserves<br>\$'000 |
|---|-------|-----------------|----------------------------------|----------------------------------|-----------------------------|
| <b>2014</b>                                 |       |                 |                                  |                                  |                             |
| Balance at beginning of the financial year  |       | 279,234         | 110,118                          | 155,434                          | 13,682                      |
| Comprehensive result                        | 26    | 2,742           | 2,742                            | -                                | -                           |
| Net asset revaluation increment/(decrement) | 26(a) | (5,012)         | -                                | (5,012)                          | -                           |
| Transfers to other reserves                 | 26(b) | -               | (11,123)                         | -                                | 11,123                      |
| Transfers from other reserves               | 26(b) | -               | 12,721                           | -                                | (12,721)                    |
| <b>Balance at end of the financial year</b> |       | <b>276,964</b>  | <b>114,457</b>                   | <b>150,422</b>                   | <b>12,085</b>               |
| <b>2013</b>                                 |       |                 |                                  |                                  |                             |
| Balance at beginning of the financial year  |       | 270,980         | 108,244                          | 151,793                          | 10,944                      |
| Adjustment made directly to equity          | 27    | 2,631           | 2,888                            | (257)                            | -                           |
| Comprehensive result                        |       | 1,724           | 1,724                            | -                                | -                           |
| Net asset revaluation increment/(decrement) | 26(a) | 3,898           | -                                | 3,898                            | -                           |
| Transfers to other reserves                 | 26(b) | -               | (10,046)                         | -                                | 10,046                      |
| Transfers from other reserves               | 26(b) | -               | 7,307                            | -                                | (7,307)                     |
| <b>Balance at end of the financial year</b> |       | <b>279,234</b>  | <b>110,118</b>                   | <b>155,434</b>                   | <b>13,682</b>               |

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

# STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

|   | Note      | 2014<br>Inflows/<br>(Outflows)<br>\$'000 | 2013<br>Inflows/<br>(Outflows)<br>\$'000 |
|---|-----------|--|--|
| <b>Cash flows from operating activities</b>                         |           |  |  |
| Rates and charges   |           | 24,953                                   | 23,152                                   |
| Statutory fees and fines  |           | 560                                      | 713                                      |
| User fees   |           | 3,966                                    | 3,945                                    |
| Contributions   |           | 263                                      | 183                                      |
| Grants - operating  |           | 9,825                                    | 10,769                                   |
| Grants - capital  |           | 5,712                                    | 4,040                                    |
| Interest  |           | 572                                      | 463                                      |
| Other receipts  |           | 202                                      | 663                                      |
| Net GST refund/payment  |           | 2,195                                    | 1,686                                    |
| Employee costs  |           | (16,768)                                 | (18,890)                                 |
| Material and consumables  |           | (8,673)                                  | (8,376)                                  |
| External contracts  |           | (5,527)                                  | (6,312)                                  |
| Utilities   |           | (842)                                    | (1,390)                                  |
| Other payments  |           | (1,288)                                  | (1,147)                                  |
| <b>Net cash provided by (used in) operating activities</b>          | <b>28</b> | <b>15,150</b>                            | <b>9,498</b>                             |
| <b>Cash flows from investing activities</b>                         |           |  |  |
| Payments for property, infrastructure, plant and equipment          | 43        | (14,073)                                 | (12,467)                                 |
| Payments for Intangible Assets                                      |           | (14)                                     | -  |
| Proceeds from sale of property, infrastructure, plant and equipment |           | 407                                      | 610                                      |
| Trust funds and deposits  |           | -  | 3  |
| <b>Net cash provided by (used in) investing activities</b>          |           | <b>(13,680)</b>                          | <b>(11,854)</b>                          |
| <b>Cash flows from financing activities</b>                         |           |  |  |
| Finance costs   |           | (343)                                    | (298)                                    |
| Proceeds from borrowings  |           | 416                                      | 1,178                                    |
| Repayment of borrowings   |           | (473)                                    | (392)                                    |
| <b>Net cash provided by (used in) financing activities</b>          |           | <b>(400)</b>                             | <b>488</b>                               |
| Net increase (decrease) in cash and cash equivalents                |           | 1,071                                    | (1,869)                                  |
| Cash and cash equivalents at the beginning of the financial year    |           | 11,745                                   | 13,613                                   |
| <b>Cash and cash equivalents at the end of the financial year</b>   | <b>29</b> | <b>12,815</b>                            | <b>11,745</b>                            |
| Financing arrangements  | 30        |  |  |
| Restrictions on cash assets   | 31        |  |  |

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



# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Introduction

### (a)

The Colac Otway Shire Council Council was established by an Order of the Governor in Council on 23 September 1994 and is a body corporate.

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

### (b)

The purpose of the Council is to:

- provide for the peace, order and good government of its municipal district;
- to promote the social, economic and environmental viability and sustainability of the municipal district;
- to ensure that resources are used efficiently and effectively and services are provided in accordance with the Best Value Principles to best meet the needs of the local community;

- to improve the overall quality of life of people in the local community;
- to promote appropriate business and employment opportunities;
- to ensure that services and facilities provided by the Council are accessible and equitable;
- to ensure the equitable imposition of rates and charges; and
- to ensure transparency and accountability in Council decision making.

The following information is provided:

#### 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)

These financial statements are a general purpose financial report that consists of a Comprehensive Income Statement, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows, 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.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 Significant accounting policies

### (a) Port of Apollo Bay

The Council is the appointed Port Manager for the Port of Apollo Bay entity. All transactions between the Port of Apollo Bay and Council have been eliminated in full. Please see Note 45 for further details.

### (b) Basis of accounting

This financial report has been prepared under the historical cost convention, except where specifically stated in notes 1(i), 1(k), 1(m), 1(v), 1(x), 1(y), and 1(z).

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

All entities controlled by Council that have material assets or liabilities, such as Special Committees of Management, have been included in this financial report. All transactions between these entities and the Council have been eliminated in full. Details of entities not included in this financial report based on their materiality are detailed in Note 44.

### (c) Change in accounting policies

#### *AASB 13 Fair Value Measurement*

Council has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements. The fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other A-IFRS require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 Share-based Payment, leasing transactions that are within the scope of AASB 17 Leases, and measurements that have some similarities to fair value but not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, Council has not made any new disclosures required by AASB 13 for the 2013 comparative period (please see Note 20).

Other than the additional disclosures, the application of AASB 13 has not had any material impact on the amounts recognised in the financial statements.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, Council has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, Council determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

#### *AASB 119 Employee Benefits*

Council has employed the amended requirements of AASB119 for the first time during 2013-14. Whilst all of the leave provisions to which employees retain an unquestioned right to access will remain as a current liability, the standard requires that Council assess its current provision for leave liability to show what can reasonably be expected to be settled within the next 12 months and what may reasonably be expected to settle after 12 months. Council has made this assessment for the liability balances as at 30 June 2014 as shown in Note 24(a).

### (d) 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.

# NOTES TO THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2014

### Note 1 Significant accounting policies - continued

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

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

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

#### *User fees and fines*

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

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

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

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

#### *Rental*

Rents are recognised as revenue when the payment is due or the payment is received, whichever first occurs. Rental payments received in advance are recognised as a prepayment until they are due.

#### *Interest*

Interest is recognised as it is earned.

#### *Dividends*

Dividend revenue is recognised when the Council's right to receive payment is established.

#### *Other Income*

Other income is measured at the fair value of the consideration received or receivable and is recognised when Council gains control over the right to receive the income.

### **(e) Trade and other receivables and inventories**

#### *Trade 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 has occurred.

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.

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

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

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

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

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

Major depreciation periods used are listed below. Following a review of council's asset management strategy, a comparison of the depreciation periods between the current and prior year are provided:

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 Significant accounting policies - continued

|  | Average<br>Depreciation<br>period <b>2014</b> | Range<br>Depreciation<br>period <b>2014</b> | Range<br>Depreciation<br>period 2013 |
|--|---|---|--------------------------------------|
| <b>Property</b>                          |   |   |                                      |
| <b>Land</b>                              |   |   |                                      |
| land                                     | -   | -   | 10 - 100 years                       |
| land under roads                         | -   | -   | 10 - 100 years                       |
| land improvements                        | -   | -   | -                                    |
| <b>Buildings</b>                         |   |   |                                      |
| buildings                                | 57 years                                      | 10 - 180 years                              | 50 - 100 years                       |
| shelters                                 | 57 years                                      | 10 - 90 years                               | -                                    |
| <b>Furniture, plant and equipment</b>    |   |   |                                      |
| <b>Furniture</b>                         |   |   |                                      |
| artwork                                  | 37 years                                      | 0 - 100 years                               | 3 - 21 years                         |
| furniture                                | 11 years                                      | 5 - 30 years                                | 3 - 21 years                         |
| playground equipment                     | 16 years                                      | 10 - 40 years                               | 3 - 21 years                         |
| <b>Plant</b>                             |   |   |                                      |
| fixed plant                              | 18 years                                      | 3 - 50 years                                | 2 - 10 years                         |
| fleet                                    | 3 years                                       | 3 - 30 years                                | 2 - 10 years                         |
| major plant                              | 18 years                                      | 3 - 50 years                                | 2 - 10 years                         |
| minor plant                              | 14 years                                      | 3 - 10 years                                | 2 - 10 years                         |
| <b>Equipment</b>                         |   |   |                                      |
| appliances                               | 4 years                                       | 3 - 60 years                                | 3 - 21 years                         |
| fixed equipment/fixtures                 | 10 years                                      | 5 - 55 years                                | 3 - 21 years                         |
| information technology                   | 5 years                                       | 3 - 21 years                                | 5 - 10 years                         |
| leased plant and equipment               | -   | -   | 3 - 21 years                         |
| <b>Infrastructure</b>                    |   |   |                                      |
| <b>Roads and tarmac</b>                  |   |   |                                      |
| road and tarmac formation and earthworks | -   | -   | -                                    |
| road and tarmac pavements                | 78 years                                      | 10 - 80 years                               | 12 - 60 years                        |
| road and tarmac substructure             | -   | -   | 12 - 60 years                        |
| road and tarmac seal                     | 15 years                                      | 10 - 60 years                               | 12 - 60 years                        |
| kerb and channel                         | 80 years                                      | 45 - 80 years                               | 35 - 80 years                        |
| footpaths and cycle ways                 | 38 years                                      | 15 - 50 years                               | 30 - 80 years                        |
| <b>Bridges</b>                           |   |   |                                      |
| bridges deck                             | 46 years                                      | 10-70 years                                 | 50 - 70 years                        |
| bridges substructure                     | 46 years                                      | 10-70 years                                 | 50 - 70 years                        |
| major culverts                           | 67 years                                      | 50 - 70 years                               | 50 - 70 years                        |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 Significant accounting policies - continued

|  | Average<br>Depreciation<br>period <b>2014</b> | Range<br>Depreciation<br>period <b>2014</b> | Range<br>Depreciation<br>period 2013 |
|--|---|---|--------------------------------------|
| <b>Drainage</b>                        |   |   |                                      |
| open drainage network                  | 85 years                                      | 10 - 100 years                              | 100 years                            |
| pit and pipe network                   | 85 years                                      | 40 - 100 years                              | 100 years                            |
| water retention structures             | 85 years                                      | 80 - 100 years                              | 100 years                            |
| <b>Other infrastructure structures</b> |   |   |                                      |
| gardens and landscaping                | 11 years                                      | 5 - 25 years                                | -                                    |
| playing surfaces                       | 19 years                                      | 10 - 70 years                               | -                                    |
| retaining structures                   | 30 years                                      | 10 - 45 years                               | -                                    |
| maritime infrastructure                | 85 years                                      | 25 - 100 years                              | 30 - 160 years                       |
| aerodromes                             | 30 years                                      | 25 - 100 years                              | 12 - 60 years                        |
| off street car parks                   | 30 years                                      | 25 - 100 years                              | 12 - 60 years                        |
| <b>Intangible assets</b>               |   |   |                                      |
| software                               | 5 years                                       | 5 years                                     | 5 years                              |

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

|  | 2014 Under<br>New Policy<br>\$'000 | 2014 Under<br>Previous Policy<br>\$'000 | Difference<br>\$'000 |
|--|------------------------------------|---|----------------------|
| Changes in depreciation expense attributable to change in policy |                                    |   |                      |
| <b>Buildings</b>   |                                    |   |                      |
| Buildings  | 1,038                              | 1,566                                   | (528)                |
| <b>Plant and equipment</b>                                       |                                    |   |                      |
| Plant, Machinery and Equipment                                   | 1,109                              | 807                                     | 302                  |
| Fixtures, Fittings and Furniture                                 | 439                                | 498                                     | (59)                 |
| Furniture  | 391                                | 269                                     | 122                  |
| <b>Infrastructure</b>  |                                    |   |                      |
| Roads  |                                    |   |                      |
| - Pavement   | 1,537                              | 2,970                                   | (1,433)              |
| - Seal   | 1,736                              | 2,003                                   | (267)                |
| Bridges  | 396                                | 317                                     | 79                   |
| Footpaths and Cycle Ways   | 290                                | 310                                     | (20)                 |
| Other Infrastructure   | 230                                | 150                                     | 80                   |
| Kerb & Channel   | 258                                | 305                                     | (47)                 |
| Drainage   | 319                                | 291                                     | 28                   |
| Maritime Infrastructure  | 409                                | 409                                     | 0                    |
| <b>Total</b>   | <b>8,152</b>                       | <b>9,895</b>                            | <b>(1,743)</b>       |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 Significant accounting policies - continued

### (g) 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.

### (h) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred. It is Council's policy not to capitalise borrowing costs as part of a qualifying asset constructed by Council.

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

### (i) Recognition and measurement of assets

#### (i) Acquisition

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

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

The following classes of assets have been recognised in Note 20. Council has reviewed its asset management strategy redefining its asset classes and components.

In accordance with Council's policy, the threshold limits detailed below have applied when recognising assets at asset class and component levels where appropriate. Full comparison of thresholds are provided between the current and prior year.

|                                       | Threshold Limit<br>2014<br>\$ | Threshold Limit<br>2013<br>\$ |
|---------------------------------------|-------------------------------|-------------------------------|
| <b>Property</b>                       |                               |                               |
| <b>Land</b>                           |                               |                               |
| land                                  | 1                             | 1                             |
| land under roads                      | 1                             | 1                             |
| land improvements                     | 5,000                         | 5,000                         |
| <b>Buildings</b>                      |                               |                               |
| buildings                             | 5,000                         | 5,000                         |
| shelters                              | 5,000                         | -                             |
| <b>Furniture, plant and equipment</b> |                               |                               |
| <b>Furniture</b>                      |                               |                               |
| artwork                               | 4,000                         | -                             |
| furniture                             | 4,000                         | 1,000                         |
| playground equipment                  | 4,000                         | 1,000                         |
| <b>Plant</b>                          |                               |                               |
| fixed plant                           | 10,000                        | 1,000                         |
| fleet                                 | 10,000                        | 1,000                         |
| major plant                           | 10,000                        | 1,000                         |
| minor plant                           | 4,000                         | 1,000                         |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 Significant accounting policies - continued

|  | Threshold Limit<br>2014<br>\$ | Threshold Limit<br>2013<br>\$ |
|--|-------------------------------|-------------------------------|
| <b>Equipment</b>                         |                               |                               |
| appliances                               | 4,000                         | 1,000                         |
| fixed equipment/fixtures                 | 4,000                         | 1,000                         |
| information technology                   | 4,000                         | 1,000                         |
| leased plant and equipment               | 4,000                         | 1,000                         |
| <b>Infrastructure</b>                    |                               |                               |
| <b>Roads and tarmac</b>                  |                               |                               |
| road and tarmac formation and earthworks | 10,000                        | 10,000                        |
| road and tarmac pavements                | 10,000                        | 10,000                        |
| road and tarmac substructure             | 10,000                        | 10,000                        |
| road and tarmac seal                     | 10,000                        | 10,000                        |
| kerb and channel                         | 2,500                         | 10,000                        |
| footpaths and cycle ways                 | 2,500                         | 10,000                        |
| <b>Bridges</b>                           |                               |                               |
| bridges deck                             | 10,000                        | 10,000                        |
| bridges substructure                     | 10,000                        | 10,000                        |
| major culverts                           | 10,000                        | 10,000                        |
| <b>Drainage</b>                          |                               |                               |
| open drainage network                    | 10,000                        | 10,000                        |
| pit and pipe network                     | 10,000                        | 10,000                        |
| water retention structures               | 10,000                        | 10,000                        |
| <b>Other infrastructure structures</b>   |                               |                               |
| gardens and landscaping                  | 10,000                        | -                             |
| playing surfaces                         | 10,000                        | -                             |
| retaining structures                     | 10,000                        | -                             |
| maritime infrastructure                  | 50,000                        | 10,000                        |
| aerodromes                               | 10,000                        | 10,000                        |
| off street car parks                     | 10,000                        | 10,000                        |
| <b>Intangible assets</b>                 |                               |                               |
| software                                 | 4,000                         | 1,000                         |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 Significant accounting policies - continued

### (ii) Revaluation

Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the amount for which the assets could be exchanged between knowledgeable parties. Subsequent to the initial recognition of assets, non-current physical assets, other than plant and equipment, are measured at their fair value, being the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 2 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 reserve 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 reserve 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.

During the period Council reassessed its methodology of valuing footpaths. Previously Council's valuation of footpaths was based upon a unit rate being applied to a linear metreage area. Council deemed this to not be truly representative of the area or value of footpaths, so resolved to change this methodology to that where a unit rate is applied to a square metreage. The effect of this is to significantly increase the volume of the footpath assets and hence the value. The change in valuation is shown below:

|  | \$'000 |
|--|--------|
| 2014 Written Down Valuation via square metreage method | 10,121 |
| 2014 Written Down Valuation via linear metreage method | 7,494  |
| Difference   | 2,628  |

### (iii) Land under roads

Council recognises land under roads it controls at cost.

### (j) 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.

### (k) Financial assets

Financial assets are valued at fair value, being market value, at balance date. Any unrealised gains and losses on holdings at balance date are recognised as either a revenue or expense.

### (l) Investments

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

### (m) 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.

### (n) 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).

### (o) Employee costs

The calculation of employee benefits includes all relevant on-costs and are calculated as follows at reporting date:

#### (i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulated sick leave expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee services up to the reporting date, classified as current liabilities and measured at their nominal values.

Liabilities that are not expected to be wholly settled within 12 months of the reporting date are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.



# NOTES TO THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2014

### Note 1 Significant accounting policies - continued

#### (ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits.

Current Liability - unconditional LSL representing 7 years is disclosed as a current liability even when the council does not expect to settle the liability within 12 months because it will not have the unconditional right to defer settlement of the entitlement should an employee take leave within 12 months.

The components of this current liability are measured at :

- present value - component that is not expected to be settled within 12 months.
- nominal value - component that is expected to be settled within 12 months.

Classification of employee costs:

Non-current liability - conditional LSL representing less than 7 years is disclosed as a non - current liability. There is an unconditional right to defer settlement of the entitlement until the employee has completed the requisite years of service.

This non-current LSL liability is measured at present value. Gain or loss following revaluation of the present value of non-current LSL liability due to changes in bond interest rates is recognised as an other economic flow.

#### (iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The council recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

#### (iv) Employee benefits on-costs

Employee benefits on-costs (payroll tax, workers compensation, superannuation, annual leave and long service leave accrued while on LSL taken in service) are recognised separately from provision for employee benefits.

#### (v) Superannuation

The amount charged to the Comprehensive Operating Statement in respect of superannuation represents contributions made or due by Colac Otway Shire Council to the relevant superannuation plans in respect to the services of Colac Otway Shire Council's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that Colac Otway Shire Council is required to comply with.

#### (p) Leases

##### Finance leases

Leases of assets where substantially all the risks and rewards incidental to ownership of the asset, are transferred to the Council are classified as finance leases. Finance leases are capitalised, recording an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments, including any guaranteed residual value. Lease payments are allocated between the reduction of the lease liability and the interest expense. Leased assets are depreciated on a straight line basis over their estimated useful lives to the Council where it is likely that the Council will obtain ownership of the asset or over the term of the lease, whichever is the shorter. Leased assets are currently being amortised over a 1 to 3 year period.

##### Operating leases

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

#### (q) Leasehold improvements

Leasehold improvements are recognised at cost and are amortised over the unexpired period of the lease or the estimated useful life of the improvement, whichever is the shorter. At balance date, leasehold improvements are amortised over a 1 to 3 year period.

#### (r) 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.

#### (s) 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.

#### (t) Web site costs

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

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

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

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

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 Significant accounting policies - continued

### (v) 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.

### (w) 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.

### (x) 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.

### (y) 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 by way of note and presented inclusive of the GST payable.

### (z) Pending Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to the Council but are not yet effective.

They have not been adopted in preparation of the financial statements at reporting date.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 (aa)

| Pronouncement                | Summary  | Application Date | Impact on Council   |
|------------------------------|--|------------------|---|
| AASB 9 Financial Instruments | <p>AASB 9 standard is one of a series of amendments that are expected to eventually completely replace AASB 139. During 2010-11, the standard will be expanded to include new rules on measurement of financial liabilities and hedge accounting. Currently the existing provisions of AASB 139 will continue to apply in these areas.</p> <p>AASB 9 simplifies the classifications of financial assets into those to be carried at amortised cost and those to be carried at fair value – the ‘available for sale’ and ‘held-to-maturity’ categories no longer exists. AASB 9 also simplifies requirements for embedded derivatives and removes the tainting rules associated with held-to-maturity assets.</p> <p>The new categories of financial assets are:</p> <ul style="list-style-type: none"> <li>• Amortised cost – those assets with ‘basic’ loan features’.</li> <li>• Fair value through other comprehensive income – this treatment is optional for equity instruments not held for trading (this choice is made at initial recognition and is irrevocable).</li> <li>• Fair Value through profit and Loss – everything that does not fall into the above two categories.</li> </ul> <p>The following changes also apply:</p> <ul style="list-style-type: none"> <li>• Investments in unquoted equity instruments must be measured at fair value. However, cost may be the appropriate measure of fair value where there is insufficient more recent information available to determine a fair value.</li> <li>• There is no longer any requirement to consider whether ‘significant or prolonged’ decline in the value of financial assets has occurred. The only impairment testing will be on those assets held at amortised cost, and all impairments will be eligible for reversal.</li> </ul> <p>Similarly, all movements in the fair value of a financial asset now go to the income statement, or, for equity instruments not held for trading, other comprehensive income. There is no longer any requirement to book decrements through the income statement, and increments through equity.</p> | 1-Jul-15         | <p>The impact is not likely to be extensive in the local government sector. Although it will vary considerably between entities. While the rules are less complex than those of AASB 139, the option to show equity instruments at cost has been largely removed, which is likely to lead to greater volatility within the income statement. However it may also lead to an improved financial position for some entities.</p> <p>This will also create a requirement to measure some instruments annually that has not previously existed.</p> |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 (aa) - continued

| Pronouncement                                     | Summary   | Application Date | Impact on Council   |
|---|---|------------------|---|
| AASB 10 Consolidated Financial Statements         | <p>This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities.</p> <p>The AASB has issued an exposure draft ED 238 Consolidated Financial Statements – Australian Implementation Guidance for Not-for-Profit Entities that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.</p> <p>This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines 'control' as requiring exposure or rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities.</p> <p>The AASB has issued an exposure draft ED 238 Consolidated Financial Statements – Australian Implementation Guidance for Not-for-Profit Entities that explains and illustrates how the principles in the Standard apply from the perspective of not-for-profit entities in the private and public sectors.</p> | 1-Jul-14         | The AASB have finalised deliberations on ED 238 and any modifications made to AASB 10 for not-for-profit entities, Council will need to re-assess the nature of its relationships with other entities, including those that are currently not consolidated. |
| AASB 11 Joint Arrangements                        | <p>This Standard deals with the concept of joint control, and sets out a new principles-based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.</p>  | 1-Jul-14         | The AASB have finalised deliberations and any modifications made to AASB 11 for not-for-profit entities, Council will need to assess the nature of arrangements with other entities in determining whether a joint arrangement exists in light of AASB 11.  |
| AASB 12 Disclosure of Interests in Other Entities | <p>This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 Separate Financial Statements and AASB 131 Interests in Joint Ventures.</p> <p>The exposure draft ED 238 proposes to add some implementation guidance to AASB 12, explaining and illustrating the definition of a 'structured entity' from a not-for-profit perspective.</p>  | 1-Jul-14         | Impacts on the level and nature of the disclosures will be assessed based on the eventual implications arising from AASB 10, AASB 11 and AASB 128 Investments in Associates and Joint Ventures.   |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 1 (aa) - continued

| Pronouncement   | Summary   | Application Date | Impact on Council   |
|---|---|------------------|---|
| AASB 127<br>Separate<br>Financial<br>Statements   | This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. | 1-Jul-14         | The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not for profit entities. |
| AASB 128<br>Investments in<br>Associates and<br>Joint Ventures  | This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.  | 1-Jul-14         | The impact of this standard will need to be assessed in line with the final deliberations by the AASB on the application of this standard to not for profit entities. |
| AASB 1053<br>Application of<br>Tiers of Australian<br>Accounting<br>Standards and<br>AASB 2010-2<br>Amendments<br>to Australian<br>Accounts<br>Standard arising<br>from Reduced<br>Disclosure<br>Requirements | These standards set out the tiers of financial reporting and the reduced disclosure framework.  | 1-Jul-14         | Council has yet to determine the impact of this standard.   |

## 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 of the land plus buildings and other improvements.

The valuation base used to calculate general rates for 2013/14 was \$5,402 million (2012/13 \$5,635 million). The 2013/14 and 2012/13 rate in the Capital Improved Value dollar are as follows.

| Differential rate   | 2013/14  | 2012/13  |
|---|----------|----------|
| Residential Colac   | 0.004034 | 0.003759 |
| Residential Colac East, Colac West, Elliminyt                   | 0.004034 | -        |
| Residential Balance of Shire                                    | 0.003429 | 0.003195 |
| Rural Farm  | 0.003187 | 0.002970 |
| Holiday Rental  | 0.004034 | 0.003759 |
| Commercial /Industrial Colac, Colac East, Colac West, Elliminyt | 0.006656 | 0.006203 |
| Commercial /Industrial Balance of Shire                         | 0.005648 | 0.005263 |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 2 Rates and charges - continued

|                           | 2014<br>\$'000 | 2013<br>\$'000 |
|---------------------------|----------------|----------------|
| Residential               | 11,926         | 11,021         |
| Farm/Rural                | 5,539          | 5,172          |
| Garbage charge            | 2,697          | 2,610          |
| Commercial/Industrial     | 2,630          | 2,457          |
| Municipal charge          | 2,241          | 2,066          |
| Special rates and charges | 22             | 23             |
|                           | <b>25,055</b>  | <b>23,349</b>  |

The date of the latest general revaluation of land for rating purposes within the municipal district was 1st January 2014, and the valuation will be first applied in the rating year commencing 1st July 2014.

The date of the previous general revaluation of land for rating purposes within the municipal district was 1st January 2012, and the valuation first applied to the rating period commencing 1st July 2012.

## Note 3 Statutory fees and fines

|                               | 2014<br>\$'000 | 2013<br>\$'000 |
|-------------------------------|----------------|----------------|
| Town planning fees            | 142            | 128            |
| Health regulations            | 140            | 117            |
| Infringements and costs       | 120            | 167            |
| Building permits              | 76             | 72             |
| Land information certificates | 22             | 16             |
| Freedom of information        | 1              | 1              |
| Special charges schemes       | -              | 176            |
|                               | <b>501</b>     | <b>677</b>     |

## Note 4 User fees

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| Aged services fees                                 | 758            | 668            |
| Colac livestock selling centre fees                | 578            | 549            |
| Leisure centre fees                                | 475            | 812            |
| Visitor information centre fees                    | 398            | 389            |
| Colac Otway Performing Arts & Cultural Centre fees | 338            | 341            |
| Parking, animal control and local laws fees        | 206            | 200            |
| Waste disposal fees                                | 193            | 180            |
| Other fees and charges                             | 184            | 281            |
| Council properties fees and rental                 | 169            | 166            |
| Port of Apollo Bay fees                            | 93             | 96             |
| Recreation fees                                    | 87             | -              |
| Town planning and building services fees           | 18             | 21             |
|  | <b>3,497</b>   | <b>3,703</b>   |

# NOTES TO THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2014

### Note 5 Grants

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| Grants were received in respect of the following: |                |                |
| <b>Summary of grants</b>                          |                |                |
| State funded grants                               | 7,748          | 7,926          |
| Federally funded grants                           | 5,918          | 7,107          |
| Others  | -              | 222            |
| <b>Total Grants</b>                               | <b>13,665</b>  | <b>15,255</b>  |
| <b>Recurrent</b>                                  |                |                |
| <b>Capital</b>                                    |                |                |
| Commonwealth Government - Roads to recovery       | 1,303          | 1,366          |
| State Government - Country Roads & Bridges        | 1,000          | -              |
| <b>Total recurrent capital</b>                    | <b>2,303</b>   | <b>1,366</b>   |
| <b>Operating</b>                                  |                |                |
| Victorian Grants Commission - Untied Base Grant   | 1,637          | 3,264          |
| Aged & Disabled Services                          | 1,467          | 1,407          |
| Victorian Grants Commission - Local Roads Grant   | 1,280          | 2,264          |
| Port Management                                   | 780            | 780            |
| Family & Community Services                       | 521            | 584            |
| Recreation & Culture                              | 105            | 104            |
| Environment Protection & Services                 | 57             | 57             |
| Administration                                    | 41             | 55             |
| Community Safety                                  | 19             | 19             |
| <b>Total recurrent operating</b>                  | <b>5,907</b>   | <b>8,534</b>   |
| <b>Total recurrent grants</b>                     | <b>8,210</b>   | <b>9,900</b>   |
| <b>Non-recurrent grants</b>                       |                |                |
| <b>Capital</b>                                    |                |                |
| Recreation & Culture                              | 2,576          | 2,007          |
| Local Roads & Bridges                             | 421            | -              |
| Environment Protection & Services                 | 261            | -              |
| Business & Economic Services                      | 85             | 190            |
| Community Safety                                  | 60             | -              |
| Commonwealth Government - Bridges                 | -              | 361            |
| Port of Apollo Bay                                | -              | 1,657          |
| Traffic & Street Management                       | -              | 240            |
| <b>Total non-recurrent capital grants</b>         | <b>3,403</b>   | <b>4,455</b>   |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 5 Grants - continued

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| <b>Non-recurrent operating grants</b>  |                |                |
| Recreation & Culture   | 1,365          | 36             |
| Business & Economic Services   | 339            | 205            |
| Environment Protection & Services  | 220            | 549            |
| Administration   | 75             | 36             |
| Aged & Disabled Services   | 47             | 73             |
| Family & Community Services  | 7              | 1              |
| <b>Total non-recurrent operating grants</b>  | <b>2,053</b>   | <b>900</b>     |
| <b>Total non-recurrent grants</b>  | <b>5,456</b>   | <b>5,355</b>   |
| <b>Total grants</b>  | <b>13,666</b>  | <b>15,255</b>  |
| <b>Conditions on grants</b>  |                |                |
| Grants recognised as revenue during the year that were obtained on condition that they be expended in a specified manner that had not occurred at balance date were: |                |                |
| Local Roads & Bridges  | 884            | 148            |
| Recreation & Culture   | 570            | 762            |
| Business & Economic Services   | 499            | -              |
| Aged & Disabled Services   | 17             | 37             |
| Family & Community Services  | 5              | -              |
| Port Management  | -              | 1,570          |
| Environment Protection & Services  | -              | 521            |
| Traffic & Street Management  | -              | 70             |
|  | <b>1,975</b>   | <b>3,108</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:                        |                |                |
| Port Management  | 1,570          | -              |
| Recreation & Culture   | 762            | 1,119          |
| Environment Protection & Services  | 391            | 52             |
| Local Roads & Bridges  | 138            | 210            |
| Traffic & Street Management  | 70             | 1,470          |
| Aged & Disabled Services   | 37             | 299            |
| Business & Economic Services   | -              | 392            |
| Family & Community Services  | -              | 346            |
| Community Development  | -              | 123            |
|  | <b>2,968</b>   | <b>4,011</b>   |
| <b>Net increase (decrease) in restricted assets resulting from grant revenues for the year:</b>  | <b>(993)</b>   | <b>(903)</b>   |



# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 6 Contributions

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| <b>(a) Cash</b>                                |                |                |
| Recreational, leisure and community facilities | 101            | 66             |
| Waste management                               | 91             | 58             |
| Community day care                             | 58             | 50             |
| Other  | 1              | -              |
| Parks, open space and streetscapes             | -              | 7              |
| <b>Total</b>                                   | <b>251</b>     | <b>181</b>     |
| <b>(b) Non-monetary assets</b>                 |                |                |
| Drainage                                       | -              | 81             |
| Roads  | -              | 73             |
| Footpaths and trails                           | -              | 48             |
| Other  | -              | 39             |
| Land under roads                               | -              | 2              |
| <b>Total</b>                                   | <b>-</b>       | <b>243</b>     |
| <b>Total contributions</b>                     | <b>251</b>     | <b>424</b>     |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 7 Net gain/(loss) on disposal of property, infrastructure, plant and equipment

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| <b>Proceeds for sale</b>  |                |                |
| <b>Plant furniture and equipment</b>  |                |                |
| Fleet   | 224            | 569            |
| Major Plant   | 181            | -              |
| Furniture   | 2              | -              |
| <b>Total plant, furniture and equipment</b>   | <b>407</b>     | <b>569</b>     |
| <b>Total proceeds of sale</b>   | <b>407</b>     | <b>569</b>     |
| <b>Write down value of assets disposed</b>  |                |                |
| <b>Property</b>   |                |                |
| Buildings   | -              | 32             |
| Total Property  | -              | 32             |
| <b>Plant furniture and equipment</b>  |                |                |
| Fleet   | 168            | 488            |
| Major Plant   | 142            | -              |
| Furniture   | -              | 5              |
| <b>Total plant, furniture and equipment</b>   | <b>310</b>     | <b>494</b>     |
| <b>Total write down value of assets disposed</b>  | <b>310</b>     | <b>526</b>     |
| <b>Total net gain/(loss) on disposal of property, infrastructure, plant and equipment</b> | <b>97</b>      | <b>43</b>      |

## Note 8 Other income

|                                     | 2014<br>\$'000 | 2013<br>\$'000 |
|-------------------------------------|----------------|----------------|
| Interest                            | 427            | 375            |
| Reimbursements                      | 194            | 436            |
| Interest on rates                   | 144            | 127            |
| Private works                       | 43             | 37             |
| Other                               | 26             | 20             |
| Licensing fees                      | 21             | 23             |
| Discount received                   | -              | 92             |
| State Revenue Office valuation fees | -              | 20             |
| <b>Total other income</b>           | <b>855</b>     | <b>1,130</b>   |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 9 Employee costs

|                                     | 2014<br>\$'000 | 2013<br>\$'000 |
|-------------------------------------|----------------|----------------|
| Wages and salaries                  | 12,234         | 12,096         |
| Annual leave and long service leave | 1,718          | 1,360          |
| Superannuation                      | 1,318          | 1,255          |
| Casual staff                        | 439            | 566            |
| Sick leave                          | 381            | 339            |
| Other                               | 255            | 233            |
| Fringe benefits tax                 | 195            | 197            |
| WorkCover                           | 183            | 185            |
| <b>Total employee costs</b>         | <b>16,723</b>  | <b>16,231</b>  |

## Note 10 Materials and services

|                                     | 2014<br>\$'000 | 2013<br>\$'000 |
|-------------------------------------|----------------|----------------|
| Contractors                         | 5,697          | 5,422          |
| Plant and equipment maintenance     | 1,745          | 1,782          |
| Services                            | 1,485          | 1,375          |
| Materials                           | 1,312          | 1,152          |
| Utilities                           | 1,057          | 1,194          |
| Subscriptions and memberships       | 1,018          | 988            |
| Consultants                         | 676            | 690            |
| Insurances                          | 532            | 435            |
| Legal costs                         | 286            | 156            |
| Agency staff                        | 276            | 184            |
| Advertising                         | 259            | 206            |
| Training costs                      | 223            | 225            |
| Hire costs                          | 86             | 117            |
| Permits                             | 9              | 1              |
| <b>Total materials and services</b> | <b>14,661</b>  | <b>13,927</b>  |

## Note 11 Bad and doubtful debts

|                                     | 2014<br>\$'000 | 2013<br>\$'000 |
|-------------------------------------|----------------|----------------|
| Other debtors                       | 62             | -              |
| <b>Total bad and doubtful debts</b> | <b>62</b>      | <b>-</b>       |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 12 Depreciation and amortisation

|                                       | 2014<br>\$'000 | 2013<br>\$'000 |
|---------------------------------------|----------------|----------------|
| <b>Property</b>                       |                |                |
| <b>Buildings</b>                      |                |                |
| Buildings                             | 987            | 1,048          |
| Shelters                              | 51             | -              |
| <b>Buildings</b>                      | <b>1,038</b>   | <b>1,048</b>   |
| <b>Total Property</b>                 | <b>1,038</b>   | <b>1,048</b>   |
| <b>Plant and Equipment</b>            |                |                |
| <b>Plant, machinery and equipment</b> |                |                |
| Fleet                                 | 580            | -              |
| Major Plant                           | 503            | 909            |
| Minor plant                           | 26             | -              |
| <b>Plant, machinery and equipment</b> | <b>1,109</b>   | <b>909</b>     |
| <b>Furniture</b>                      |                |                |
| Furniture                             | 327            | 313            |
| Artwork                               | 2              | -              |
| Playground equipment                  | 62             | -              |
| <b>Furniture</b>                      | <b>391</b>     | <b>313</b>     |
| <b>Equipment</b>                      |                |                |
| Information technology                | 201            | -              |
| Fixed equipment/fixture               | 159            | -              |
| Appliance                             | 79             | -              |
| <b>Equipment</b>                      | <b>439</b>     | <b>-</b>       |
| <b>Outdoor furniture</b>              | <b>-</b>       | <b>286</b>     |
| <b>Total plant and equipment</b>      | <b>1,939</b>   | <b>1,508</b>   |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 12 Depreciation and amortisation - continued

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| <b>Infrastructure</b>                      |                |                |
| Seal                                       | 1,736          | -              |
| Pavement                                   | 1,537          | 4,977          |
| <b>Roads</b>                               | <b>3,273</b>   | <b>4,977</b>   |
| Bridges                                    | 343            | 304            |
| Major culverts                             | 53             | -              |
| <b>Bridges</b>                             | <b>396</b>     | <b>304</b>     |
| <b>Footpaths and cycle ways</b>            | <b>290</b>     | <b>253</b>     |
| <b>Kerb and channel</b>                    | <b>258</b>     | <b>244</b>     |
| <b>Other infrastructure structures</b>     |                |                |
| Playing surfaces                           | 133            | -              |
| Gardens and landscaping                    | 53             | -              |
| Retaining structures                       | 44             | -              |
| <b>Other infrastructure structures</b>     | <b>230</b>     | <b>-</b>       |
| <b>Other structures</b>                    | <b>-</b>       | <b>270</b>     |
| <b>Drainage</b>                            | <b>319</b>     | <b>267</b>     |
| <b>Maritime infrastructure</b>             | <b>410</b>     | <b>445</b>     |
| <b>Total infrastructure</b>                | <b>5,175</b>   | <b>6,760</b>   |
| <b>Intangible assets</b>                   |                |                |
| Software                                   | 111            | 113            |
| <b>Total depreciation and amortisation</b> | <b>8,263</b>   | <b>9,430</b>   |

Total depreciation and amortisation has decreased for the 2014 year when compared to 2013 due to a review of asset useful lives. The details and effect of this review can be seen in note 1(f).

## Note 13 Borrowing costs

|                            | 2014<br>\$'000 | 2013<br>\$'000 |
|----------------------------|----------------|----------------|
| Interest - Borrowings      | 336            | 298            |
| <b>Total finance costs</b> | <b>336</b>     | <b>298</b>     |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 14 Other expenses

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| Grants and donations paid                 | 691            | 437            |
| Councillors' allowances                   | 242            | 286            |
| Waste management charge                   | 101            | 104            |
| Fire services levy                        | 53             | -              |
| Auditors' remuneration                    | 37             | 50             |
| Royalties and commissions                 | 20             | 25             |
| Animal registration levy                  | 20             | 17             |
| Bank guarantee call                       | -              | 88             |
| Bad debts written off                     | -              | 1              |
| Landfill rehabilitation provision expense | -              | 252            |
| Other                                     | 17             | 91             |
| <b>Total other expenses</b>               | <b>1,181</b>   | <b>1,351</b>   |

## Note 15 Investment in associates

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| The investment in an associate accounted for by the equity method is:   |                |                |
| - Corangamite Regional Library Corporation  | 397            | 351            |
| <b>Corangamite Regional Library Corporation</b>   |                |                |
| 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 2013/2014 (2012/2013 23.9%). |                |                |
| <b>Council's share of accumulated surplus(deficit)</b>  |                |                |
| Council's share of accumulated surplus/(deficit) at start of year   | (153)          | (134)          |
| Reported surplus/(deficit) for year   | 46             | (13)           |
| Transfers (to) from reserves  | -              | (8)            |
| Equity share adjustment (based on population)   | -              | 3              |
| <b>Council's share of accumulated surplus/(deficit) at end of year</b>  | <b>(107)</b>   | <b>(153)</b>   |
| <b>Council's share of reserves</b>  |                |                |
| Council's share of reserves at start of year  | (504)          | (506)          |
| Transfers (to) from reserves  | -              | (8)            |
| Equity share adjustment (based on population)   | -              | 10             |
| <b>Council's share of reserves at end of year</b>   | <b>(504)</b>   | <b>(504)</b>   |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 15 Investment in associates - continued

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| <b>Movement in carrying value of specific investment</b>               |                |                |
| Carrying value of investment at start of year                          | 351            | 377            |
| Share of surplus/(deficit) for year                                    | 46             | (13)           |
| Equity share adjustment (based on population)                          | -              | (12)           |
| <b>Carrying value of investment at end of year</b>                     | <b>397</b>     | <b>351</b>     |
| <b>Council's share of expenditure commitments</b>                      |                |                |
| Operating commitments  | 15             | 30             |
| <b>Council's share of expenditure commitments at end of year</b>       | <b>15</b>      | <b>30</b>      |
| <b>Council's share of contingent liabilities and contingent assets</b> |                |                |
| There are no known contingencies outstanding as at 30 June 2014.       | -              | -              |

## Note 16 Cash and cash equivalents

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| Term deposits   | 11,648         | -              |
| Cash at bank  | 1,161          | 11,739         |
| Cash on hand  | 6              | 6              |
|   | <b>12,815</b>  | <b>11,745</b>  |
| Councils cash and cash equivalents are subject to a number of internal and external restrictions that limit amounts available for discretionary or future use. These include: |                |                |
| - Reserve funds allocated for specific future purposes (Note 31)  | 12,085         | 13,682         |
| - Trust funds and deposits (Note 23)  | 248            | 256            |
| <b>Restricted Funds</b>   | <b>12,333</b>  | <b>13,938</b>  |
| <b>Total unrestricted cash and cash equivalents</b>   | <b>482</b>     | <b>(2,194)</b> |
| <b>Total Cash</b>   | <b>12,815</b>  | <b>11,745</b>  |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 17 Trade and other receivables

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| <b>Current</b>                                |                |                |
| Rates debtors                                 | 1,478          | 1,377          |
| Government grants                             | 415            | 2,349          |
| Net GST receivable                            | 271            | 295            |
| Other debtors                                 | 262            | 348            |
| Other infringements                           | 120            | 91             |
| Special rate schemes                          | 71             | 163            |
| Parking infringement debtors                  | 20             | -              |
| Loans and advances to community organisations | -              | 16             |
| Provision for doubtful debts - other debtors  | (61)           | (1)            |
|   | <b>2,576</b>   | <b>4,638</b>   |
| <b>Non-current</b>                            |                |                |
| Special rate scheme                           | 12             | -              |
|   | <b>12</b>      | <b>-</b>       |
| <b>Total</b>                                  | <b>2,588</b>   | <b>4,638</b>   |

## Note 18 Inventories

|                                   | 2014<br>\$'000 | 2013<br>\$'000 |
|-----------------------------------|----------------|----------------|
| Inventories held for sale         | 150            | 141            |
| Inventories held for distribution | 32             | 16             |
| <b>Total inventories</b>          | <b>182</b>     | <b>157</b>     |

## Note 19 Other assets

|                             | 2014<br>\$'000 | 2013<br>\$'000 |
|-----------------------------|----------------|----------------|
| Accrued income              | 102            | -              |
| <b>Total accrued income</b> | <b>102</b>     | <b>-</b>       |



# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 20 Property, infrastructure, plant and equipment

|                                  | 2014<br>\$'000 | 2013<br>\$'000 |
|----------------------------------|----------------|----------------|
| <b>Summary</b>                   |                |                |
| at cost                          | 32,562         | 30,888         |
| Less accumulated depreciation    | 12,314         | 10,857         |
|                                  | <b>20,248</b>  | <b>20,031</b>  |
| at fair value as at 30 June 2012 | 35,030         | 331,856        |
| Less accumulated depreciation    | 11,835         | 104,284        |
|                                  | <b>23,195</b>  | <b>227,572</b> |
| at fair value as at 30 June 2013 | 43,947         | 43,978         |
| Less accumulated depreciation    | 15,202         | 14,591         |
|                                  | <b>28,745</b>  | <b>29,387</b>  |
| at fair value as at 30 June 2014 | 299,049        | -              |
| Less accumulated depreciation    | 94,489         | -              |
|                                  | <b>204,560</b> | -              |
| <b>Total</b>                     | <b>276,747</b> | <b>276,990</b> |
| <b>Property</b>                  |                |                |
| <b>Land</b>                      |                |                |
| at fair value as at 30 June 2012 | -              | 35,528         |
|                                  | -              | <b>35,528</b>  |
| at fair value as at 30 June 2014 | 22,579         | -              |
|                                  | <b>22,579</b>  | -              |
| Land under roads                 |                |                |
| at cost                          | 224            | 224            |
|                                  | <b>224</b>     | <b>224</b>     |
| <b>Total Land</b>                | <b>22,803</b>  | <b>35,752</b>  |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 20 Property, infrastructure, plant and equipment - continued

|                                  | 2014<br>\$'000 | 2013<br>\$'000 |
|----------------------------------|----------------|----------------|
| <b>Buildings</b>                 |                |                |
| at cost                          | -              | 210            |
| Less accumulated depreciation    | -              | 1              |
|                                  | -              | <b>209</b>     |
| at fair value as at 30 June 2012 | -              | 61,539         |
| Less accumulated depreciation    | -              | 35,786         |
|                                  | -              | <b>25,753</b>  |
| at fair value as at 30 June 2014 | 59,598         | -              |
| Less accumulated depreciation    | 32,148         | -              |
|                                  | <b>27,450</b>  | -              |
| <b>Total Buildings</b>           | <b>27,450</b>  | <b>25,962</b>  |
| <b>Total Property</b>            | <b>50,253</b>  | <b>61,714</b>  |

Details of the Council's land and buildings and information about the fair value hierarchy as at 30 June 2014 are as follows:

| Fair value reconciliation   | Level 1 | Level 2       | Level 3       |
|-----------------------------|---------|---------------|---------------|
| Land - Non specialised      | -       | 15,549        | -             |
| Land - Specialised          | -       | -             | 7,030         |
| Buildings - Non specialised | -       | 15,767        | -             |
| Buildings - Specialised     | -       | -             | 11,683        |
| <b>Total</b>                | -       | <b>31,316</b> | <b>18,713</b> |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 20 Property, infrastructure, plant and equipment - continued

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| <b>Plant and Equipment</b>              |                |                |
| <b>Plant and machinery</b>              |                |                |
| at cost                                 | 11,075         | 9,497          |
| Less accumulated depreciation           | 5,196          | 4,275          |
|   | <b>5,879</b>   | <b>5,222</b>   |
| <b>Equipment</b>                        |                |                |
| at cost                                 | 4,149          | -              |
| Less accumulated depreciation           | 2,282          | -              |
|   | <b>1,867</b>   | <b>-</b>       |
| <b>Outdoor furniture</b>                |                |                |
| at cost                                 | -              | 4,222          |
| Less accumulated depreciation           | -              | 2,507          |
|   | <b>-</b>       | <b>1,715</b>   |
| <b>Fixtures, fittings and furniture</b> |                |                |
| at cost                                 | 4,749          | 2,031          |
| Less accumulated depreciation           | 2,958          | 940            |
|   | <b>1,791</b>   | <b>1,091</b>   |
| <b>Computers and telecommunications</b> |                |                |
| at cost                                 | 952            | -              |
| Less accumulated depreciation           | 613            | -              |
|   | <b>339</b>     | <b>-</b>       |
| <b>Total Plant and Equipment</b>        | <b>9,876</b>   | <b>8,028</b>   |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 20 Property, infrastructure, plant and equipment - continued

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| <b>Infrastructure</b>                              |                |                |
| at cost  | -              | 3,288          |
| Less accumulated depreciation                      | -              | 218            |
|  | -              | <b>3,070</b>   |
| at fair value as at 30 June 2012                   | -              | 174,623        |
| Less accumulated depreciation                      | -              | 47,788         |
|  | -              | <b>126,835</b> |
| <b>Roads and tarmac</b>                            |                |                |
| at fair value as at 30 June 2014                   | 171,036        | -              |
| Less accumulated depreciation                      | 41,586         | -              |
|  | <b>129,450</b> | -              |
| <b>Total road infrastructure</b>                   | <b>129,450</b> | <b>129,905</b> |
| <b>Bridges</b>                                     |                |                |
| at fair value as at 30 June 2013                   | 19,467         | 19,467         |
| Less accumulated depreciation                      | 6,016          | 5,620          |
|  | <b>13,451</b>  | <b>13,847</b>  |
| <b>Total bridge infrastructure</b>                 | <b>13,451</b>  | <b>13,847</b>  |
| <b>Footpaths and cycle ways</b>                    |                |                |
| at cost  | -              | 537            |
| Less accumulated depreciation                      | -              | 8              |
|  | -              | <b>529</b>     |
| at fair value as at 30 June 2012                   | -              | 10,534         |
| Less accumulated depreciation                      | -              | 2,854          |
|  | -              | <b>7,680</b>   |
| at fair value as at 30 June 2014                   | 18,480         | -              |
| Less accumulated depreciation                      | 8,359          | -              |
|  | <b>10,121</b>  | -              |
| <b>Total Footpath and cycleways infrastructure</b> | <b>10,121</b>  | <b>8,209</b>   |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 20 Property, infrastructure, plant and equipment - continued

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| <b>Drainage</b>                              |                |                |
| at fair value as at 30 June 2013             | 24,480         | 24,511         |
| Less accumulated depreciation                | 9,186          | 8,971          |
|  | <b>15,294</b>  | <b>15,540</b>  |
| <b>Total drainage infrastructure</b>         | <b>15,294</b>  | <b>15,540</b>  |
| <b>Kerb and channel</b>                      |                |                |
| at cost                                      | -              | 91             |
| Less accumulated depreciation                | -              | -              |
|  | <b>-</b>       | <b>91</b>      |
| at fair value as at 30 June 2012             | -              | 20,665         |
| Less accumulated depreciation                | -              | 8,155          |
|  | <b>-</b>       | <b>12,510</b>  |
| at fair value as at 30 June 2014             | 27,357         | -              |
| Less accumulated depreciation                | 12,397         | -              |
|  | <b>14,960</b>  | <b>-</b>       |
| <b>Total kerb and channel infrastructure</b> | <b>14,960</b>  | <b>12,601</b>  |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 20 Property, infrastructure, plant and equipment - continued

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| <b>Other infrastructure structures</b> |                |                |
| at cost                                | 4,401          | 9,055          |
| Less accumulated depreciation          | 1,265          | 2,907          |
| <b>Total other infrastructure</b>      | <b>3,136</b>   | <b>6,148</b>   |
| <b>Marine infrastructure</b>           |                |                |
| at fair value as at 30 June 2012       | 35,030         | 28,967         |
| Less accumulated depreciation          | 11,834         | 9,700          |
|  | <b>23,195</b>  | <b>19,267</b>  |
|  | -              | -              |
| <b>Total marine infrastructure</b>     | <b>23,195</b>  | <b>19,267</b>  |
| <b>Total Infrastructure</b>            | <b>209,608</b> | <b>205,517</b> |

| Fair value reconciliation | Level 1  | Level 2  | Level 3        |
|---------------------------|----------|----------|----------------|
| Roads                     | -        | -        | 129,450        |
| Bridges                   | -        | -        | 13,451         |
| Footpaths and Cycle ways  | -        | -        | 10,121         |
| Drainage                  | -        | -        | 15,294         |
| Kerb and Channel          | -        | -        | 14,960         |
| Marine Infrastructure     | -        | -        | 23,195         |
| Other infrastructure      | -        | -        | 3,136          |
| <b>Total</b>              | <b>-</b> | <b>-</b> | <b>209,608</b> |

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| <b>Works in progress</b>                                   |                |                |
| Buildings at cost  | 3,577          | 1,156          |
| Shelters at cost   | 28             | -              |
| Outdoor furniture  | -              | 5              |
| Roads at cost  | 404            | 9              |
| Footpaths at cost  | 66             | 22             |
| Other structures   | -              | 188            |
| Fixed plant, furniture and equipment                       | 189            | 170            |
| Plant and minor equipment                                  | 2,400          | 181            |
| Bridges at cost  | 347            | -              |
| <b>Total Works in progress</b>                             | <b>7,011</b>   | <b>1,731</b>   |
| <b>Total property, infrastructure, plant and equipment</b> | <b>276,748</b> | <b>276,990</b> |

# NOTES TO THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2014

### Note 20 Property, infrastructure, plant and equipment - continued

#### Valuation basis

##### *Non-specialised land, non-specialised buildings*

Non-specialised land and non-specialised buildings are valued using the market based direct comparison method. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.

For non-specialised land and non-specialised buildings, an independent valuation was performed by Mr Steven Davey – Certified Practising Valuer – API Member No. 63379 of Opteon Property to determine the fair value using the market based direct comparison method. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. From the sales analysed, an appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2014.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market based direct comparison approach.

##### *Specialised land and specialised buildings*

The market based direct comparison method is also used for specialised land although is adjusted to reflect the specialised nature of the assets being valued. For Council specialised buildings, the depreciated replacement cost method is used, adjusting for the associated depreciations. Specialised assets contain significant, unobservable adjustments, therefore these assets are classified as Level 3 fair value measurements.

An adjustment is made to reflect a restriction on the sale or use of an asset by Council. The adjustment is an allowance made to reflect the difference in value between unrestricted assets and those held by the Council which are impacted by external restraints on their use.

An independent valuation of Council's specialised land and specialised buildings was performed by Mr Steven Davey – Certified Practising Valuer – API Member No. 63379 of Opteon Property. The valuation was performed using either the market based direct comparison method or depreciated replacement cost, adjusted for restrictions in use. The effective date of the valuation is 30 June 2014.

##### *Land Under Roads*

Land under roads is valued at fair value 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. This adjustment is an unobservable input in the valuation. The adjustment has no impact on the comprehensive income statement.

##### *Infrastructure*

Infrastructure is valued using the depreciated replacement cost method. This cost represents the replacement cost of the building/component after applying depreciation rates on a useful life basis. Replacement costs relate to costs to replace the property to an "as new" standard. Economic obsolescence has also been factored into the depreciated replacement cost calculation.

Where it has not been possible to examine hidden works such as structural frames and floors, the use of reasonable materials and methods of construction have been assumed bearing in mind the age and nature of the building. The estimated cost of reconstruction including structure services and finishes, also factors in any heritage classifications as applicable.

Infrastructure assets contain significant unobservable adjustments, therefore these assets are classified as Level 3.

A valuation of Council's, infrastructure assets was performed by Adam Lehmann (BEng). The valuation was performed based on the depreciated reproduction cost of the assets. The effective date of the valuation is 30 June 2014.

There were no changes in valuation techniques throughout the period to 30 June 2014. For all assets measured at fair value, the current use is considered the highest and best use.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 20 Property, infrastructure, plant and equipment - continued

### Reconciliation of Level 3 fair value

| 2014   | Specialised Land and Land Improvements | Specialised Buildings | Infrastructure |
|--|--|-----------------------|----------------|
| Opening Balance                                    | 16,493                                 | 11,352                | 205,516        |
| Depreciation                                       | -                                      | (441)                 | (5,176)        |
| Assets adjustments during the course of operations | -                                      | -                     | -              |
| Impairment Loss                                    | -                                      | -                     | -              |
| Revaluation  | (5,229)                                | 757                   | 1,920          |
| Acquisitions/(Disposals)                           | -                                      | 15                    | 4,880          |
| Transfers  | (4,234)                                | -                     | 2,467          |
| <b>Closing Balance</b>                             | <b>7,030</b>                           | <b>11,683</b>         | <b>209,607</b> |

### Description of significant unobservable inputs into level 3 valuations

|  | Significant Unobservable Inputs         | Range  | Sensitivity  |
|--|---|--|--|
| Specialised Land and Land Improvements | Extent and impact of restriction of use | \$1 - \$270/m <sup>2</sup><br>Average (\$48)                       | Increase or decrease in the extent of restriction would result in a significantly higher or lower fair value                   |
| Specialised Buildings                  | Direct cost per square metre            | \$200 - \$2,250/m <sup>2</sup><br>Average (\$1,735m <sup>2</sup> ) | Increase or decrease in the direct cost per square metre adjustment would result in a significantly higher or lower fair value |
|  | Useful life of specialised buildings    | 40 - 100 Years   | Increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower fair value      |
| Roads                                  | Direct cost per square metre            | \$2.45 - \$46.80/m <sup>2</sup>                                    | Increase or decrease in the extent of restriction would result in a significantly higher fair or lower value                   |
|  | Useful life of infrastructure           | 10 - 80 years  | Increase or decrease in the estimated useful life would result in a significantly higher or lower fair value                   |
| Bridges                                | Direct cost per square metre            | \$2.45 - \$161.42/m <sup>2</sup>                                   | Increase or decrease in the extent of restriction would result in a significantly higher fair or lower value                   |
|  | Useful life of infrastructure           | 10 - 70 years  | Increase or decrease in the estimated useful life would result in a significantly higher or lower fair value                   |



# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 20 Property, infrastructure, plant and equipment - continued

|                          | Significant Unobservable Inputs | Range                             | Sensitivity  |
|--------------------------|---------------------------------|-----------------------------------|--|
| Footpaths and Cycle ways | Direct cost per square metre    | \$7.00 - \$90.00/m <sup>2</sup>   | Increase or decrease in the extent of restriction would result in a significantly higher fair or lower value |
|                          | Useful life of infrastructure   | 15 - 50 years                     | Increase or decrease in the estimated useful life would result in a significantly higher or lower fair value |
| Drainage                 | Direct cost per square metre    | \$2.45 - \$161.42/m <sup>2</sup>  | Increase or decrease in the extent of restriction would result in a significantly higher fair or lower value |
|                          | Useful life of infrastructure   | 10 - 100 years                    | Increase or decrease in the estimated useful life would result in a significantly higher or lower fair value |
| Kerb and Channel         | Direct cost per square metre    | \$87.52 - \$161.42/m <sup>2</sup> | Increase or decrease in the extent of restriction would result in a significantly higher fair or lower value |
|                          | Useful life of infrastructure   | 10 - 180 years                    | Increase or decrease in the estimated useful life would result in a significantly higher or lower fair value |
| Marine Infrastructure    | Direct cost per square metre    | \$2.45 - \$161.42/m <sup>2</sup>  | Increase or decrease in the extent of restriction would result in a significantly higher fair or lower value |
|                          | Useful life of infrastructure   | 25 - 100 years                    | Increase or decrease in the estimated useful life would result in a significantly higher or lower fair value |
| Other infrastructure     | Direct cost per square metre    | \$2.45 - \$161.42/m <sup>2</sup>  | Increase or decrease in the extent of restriction would result in a significantly higher fair or lower value |
|                          | Useful life of infrastructure   | 5 - 100 years                     | Increase or decrease in the estimated useful life would result in a significantly higher or lower fair value |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 20 Property, infrastructure, plant and equipment - continued

|  | Balance at beginning of financial year | Acquisition of assets | Revaluation Increments (decrements)<br>(Note 26) | Depreciation and amortisation<br>(Note 12) | Written down value of disposals<br>(Note 7) | Transfers      | Balance at end of financial year |
|--|--|-----------------------|--|--|---|----------------|----------------------------------|
| 2014   | \$'000                                 | \$'000                | \$'000   | \$'000                                     | \$'000                                      | \$'000         | \$'000                           |
| <b>Property</b>  |  |                       |  |  |   |                |                                  |
| Land - non specialised                                     | 19,035                                 | -                     | (3,486)  | -  | -   | -              | 15,549                           |
| Land - specialised   | 16,493                                 | -                     | (5,229)  | -  | -   | (4,234)        | 7,030                            |
| Land under roads   | 224                                    | -                     | -  | -  | -   | -              | 224                              |
| <b>Total land</b>  | <b>35,752</b>                          | <b>-</b>              | <b>(8,715)</b>                                   | <b>-</b>                                   | <b>-</b>                                    | <b>(4,234)</b> | <b>22,803</b>                    |
| Buildings - specialised                                    | 11,352                                 | 15                    | 757  | (441)                                      | -   | -              | 11,683                           |
| Buildings - non specialised                                | 14,610                                 | 177                   | 1,025  | (597)                                      | -   | 552            | 15,767                           |
| <b>Total buildings</b>                                     | <b>25,962</b>                          | <b>192</b>            | <b>1,782</b>                                     | <b>(1,038)</b>                             | <b>-</b>                                    | <b>552</b>     | <b>27,450</b>                    |
| <b>Total property</b>                                      | <b>61,714</b>                          | <b>192</b>            | <b>(6,933)</b>                                   | <b>(1,038)</b>                             | <b>-</b>                                    | <b>(3,682)</b> | <b>50,253</b>                    |
| <b>Plant and Equipment</b>                                 |  |                       |  |  |   |                |                                  |
| Equipment  | 1,091                                  | 238                   | -  | (439)                                      | -   | 1,316          | 2,206                            |
| Plant, machinery and equipment                             | 5,222                                  | 1,554                 | -  | (1,109)                                    | (310)                                       | 522            | 5,879                            |
| Furniture  | 1,715                                  | 95                    | -  | (391)                                      | -   | 371            | 1,791                            |
| <b>Total plant and equipment</b>                           | <b>8,029</b>                           | <b>1,887</b>          | <b>-</b>   | <b>(1,939)</b>                             | <b>(310)</b>                                | <b>2,209</b>   | <b>9,876</b>                     |
| <b>Infrastructure</b>                                      |  |                       |  |  |   |                |                                  |
| Roads  | 129,903                                | 4,107                 | (420)  | (3,273)                                    | -   | (867)          | 129,450                          |
| Bridges  | 13,847                                 | -                     | -  | (396)                                      | -   | -              | 13,451                           |
| Footpaths and cycle ways                                   | 8,210                                  | 651                   | 1,522  | (290)                                      | -   | 28             | 10,121                           |
| Kerb and channel   | 12,601                                 | 26                    | 818  | (258)                                      | -   | 1,772          | 14,960                           |
| Drainage   | 15,541                                 | 73                    | -  | (319)                                      | -   | -              | 15,294                           |
| Other infrastructure structures                            | 6,148                                  | 23                    | -  | (230)                                      | -   | (2,806)        | 3,136                            |
| Marine infrastructure                                      | 19,267                                 | -                     | -  | (409)                                      | -   | 4,338          | 23,195                           |
| <b>Total infrastructure</b>                                | <b>205,517</b>                         | <b>4,880</b>          | <b>1,920</b>                                     | <b>(5,176)</b>                             | <b>-</b>                                    | <b>2,466</b>   | <b>209,608</b>                   |
| <b>Works in progress</b>                                   |  |                       |  |  |   |                |                                  |
| Buildings  | 1,156                                  | 3,052                 | -  | -  | -   | (603)          | 3,605                            |
| Roads  | 9                                      | 404                   | -  | -  | -   | (9)            | 404                              |
| Footpaths  | 22                                     | 66                    | -  | -  | -   | (23)           | 66                               |
| Outdoor furniture  | 5                                      | -                     | -  | -  | -   | (5)            | -                                |
| Other structures   | 188                                    | -                     | -  | -  | -   | (188)          | -                                |
| Fixed plant, furniture and equipment                       | 170                                    | 184                   | -  | -  | -   | (164)          | 190                              |
| Bridges  | -                                      | 347                   | -  | -  | -   | -              | 347                              |
| Plant and minor equipment                                  | 181                                    | 2,219                 | -  | -  | -   | -              | 2,400                            |
| <b>Total works in progress</b>                             | <b>1,731</b>                           | <b>6,272</b>          | <b>-</b>   | <b>-</b>                                   | <b>-</b>                                    | <b>(992)</b>   | <b>7,011</b>                     |
| <b>Total property, plant and equipment, infrastructure</b> | <b>276,991</b>                         | <b>13,232</b>         | <b>(5,013)</b>                                   | <b>(8,153)</b>                             | <b>(310)</b>                                | <b>-</b>       | <b>276,748</b>                   |

### (a) Impairment losses

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

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

# NOTES TO THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2014

### Note 20 Property, infrastructure, plant and equipment - continued

|  | Balance at beginning of financial year | Acquisition of assets | Assets adjustments during the course of operations (Note 27) | Non-monetary assets contributed | Revaluation Increments (decrements) (Note 26) | Depreciation and amortisation (Note 12) | Written down value of disposals (Note 7) | Asset losses recognised in profit and loss | Transfers    | Balance at end of financial year |
|--|--|-----------------------|--|---------------------------------|---|---|--|--|--------------|----------------------------------|
| 2013   | \$'000                                 | \$'000                | \$'000   | \$'000                          | \$'000  | \$'000                                  | \$'000                                   | \$'000                                     | \$'000       | \$'000                           |
| <b>Property</b>  |  |                       |  |                                 |   |   |  |  |              |                                  |
| Land   | 35,991                                 | -                     | (463)  | -                               | -   | -                                       | -  | -  | -            | 35,528                           |
| Land under roads   | 221                                    | -                     | -  | 3                               | -   | -                                       | -  | -  | -            | 224                              |
| <b>Total land</b>  | <b>36,212</b>                          | <b>-</b>              | <b>(463)</b>   | <b>3</b>                        | <b>-</b>                                      | <b>-</b>                                | <b>-</b>                                 | <b>-</b>                                   | <b>-</b>     | <b>35,752</b>                    |
| Buildings  | 27,720                                 | 211                   | -  | -                               | -   | (1,048)                                 | (32)                                     | -  | (889)        | 25,962                           |
| <b>Total buildings</b>                                     | <b>27,720</b>                          | <b>211</b>            | <b>-</b>   | <b>-</b>                        | <b>-</b>                                      | <b>(1,048)</b>                          | <b>(32)</b>                              | <b>-</b>                                   | <b>(889)</b> | <b>25,962</b>                    |
| <b>Total property</b>                                      | <b>63,932</b>                          | <b>211</b>            | <b>(463)</b>   | <b>3</b>                        | <b>-</b>                                      | <b>(1,048)</b>                          | <b>(32)</b>                              | <b>-</b>                                   | <b>(889)</b> | <b>61,714</b>                    |
| <b>Plant and Equipment</b>                                 |  |                       |  |                                 |   |   |  |  |              |                                  |
| Plant, machinery and equipment                             | 4,710                                  | 1,910                 | -  | -                               | -   | (909)                                   | (489)                                    | -  | -            | 5,222                            |
| Fixtures, fittings and furniture                           | 1,042                                  | 346                   | -  | -                               | -   | (314)                                   | (5)                                      | -  | 22           | 1,091                            |
| Outdoor furniture  | 1,878                                  | 22                    | -  | -                               | -   | (286)                                   | -  | -  | 101          | 1,715                            |
| <b>Total plant and equipment</b>                           | <b>7,630</b>                           | <b>2,279</b>          | <b>-</b>   | <b>-</b>                        | <b>-</b>                                      | <b>(1,508)</b>                          | <b>(493)</b>                             | <b>-</b>                                   | <b>124</b>   | <b>8,028</b>                     |
| <b>Infrastructure</b>                                      |  |                       |  |                                 |   |   |  |  |              |                                  |
| Roads  | 128,420                                | 4,364                 | 3,351  | 73                              | -   | (4,977)                                 | -  | (1,476)                                    | 148          | 129,903                          |
| Bridges  | 11,219                                 | 1,705                 | -  | -                               | 1,226   | (304)                                   | -  | -  | -            | 13,847                           |
| Footpaths and cycle ways                                   | 7,925                                  | 426                   | -  | 48                              | -   | (253)                                   | -  | -  | 63           | 8,210                            |
| Other structures   | 4,650                                  | 1,008                 | -  | -                               | -   | (270)                                   | -  | -  | 760          | 6,148                            |
| Drainage   | 13,174                                 | -                     | -  | 81                              | 2,671   | (267)                                   | -  | (119)                                      | 1            | 15,541                           |
| Kerb and channelling                                       | 12,754                                 | 52                    | -  | 39                              | -   | (244)                                   | -  | -  | -            | 12,601                           |
| Marine infrastructure                                      | 19,711                                 | -                     | -  | -                               | -   | (445)                                   | -  | -  | -            | 19,267                           |
| <b>Total infrastructure</b>                                | <b>197,854</b>                         | <b>7,556</b>          | <b>3,351</b>   | <b>241</b>                      | <b>3,898</b>                                  | <b>(6,760)</b>                          | <b>-</b>                                 | <b>(1,595)</b>                             | <b>973</b>   | <b>205,517</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>-</b>                                   | <b>(207)</b> | <b>1,731</b>                     |
| <b>Total property, plant and equipment, infrastructure</b> | <b>269,675</b>                         | <b>11,725</b>         | <b>2,888</b>   | <b>243</b>                      | <b>3,898</b>                                  | <b>(9,316)</b>                          | <b>(526)</b>                             | <b>(1,595)</b>                             | <b>-</b>     | <b>276,990</b>                   |

#### (a) Impairment losses

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

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

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 21 Intangible assets

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| Software developed in-house                    |                |                |
| <b>Gross carrying amount</b>                   |                |                |
| Balance at 1 July 2012                         | 621            | -              |
| Other  | -              | -              |
| Balance at 1 July 2013                         | 622            | -              |
| Other  | 14             | -              |
| <b>Balance at 1 July 2013</b>                  | <b>635</b>     | <b>-</b>       |
| <b>Accumulated amortisation and impairment</b> |                |                |
| Balance at 1 July 2012                         | 193            | -              |
| Amortisation expense                           | 113            | -              |
| Balance at 1 July 2013                         | 306            | -              |
| Amortisation expense                           | 111            | -              |
| <b>Balance at 30 June 2014</b>                 | <b>417</b>     | <b>-</b>       |
| Net book value at 30 June 2013                 | 316            | -              |
| <b>Net book value at 30 June 2014</b>          | <b>218</b>     | <b>-</b>       |

## Note 22 Trade and other payables

|                                       | 2014<br>\$'000 | 2013<br>\$'000 |
|---------------------------------------|----------------|----------------|
| Trade payables                        | 1,446          | 1,185          |
| Accrued expenses                      | 1,224          | 412            |
| <b>Total trade and other payables</b> | <b>2,670</b>   | <b>1,597</b>   |

# NOTES TO THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2014

### Note 23 Trust funds and deposits

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| Refundable planning deposits                 | 106            | 106            |
| Refundable landscaping and bond deposits     | 65             | 52             |
| Refundable contract deposits                 | 33             | 71             |
| Refundable builders footpath deposits        | 17             | 15             |
| Refundable cemetery deposits                 | 14             | -              |
| Refundable re-erection of dwellings deposits | 13             | 13             |
| <b>Total trust funds and deposits</b>        | <b>248</b>     | <b>256</b>     |

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

### Note 24 Provisions

|   | Annual leave<br>\$'000 | Long service<br>leave<br>\$'000 | Time in lieu<br>leave<br>\$'000 | Landfill<br>restoration<br>\$'000 | Total<br>\$'000 |
|---|------------------------|---------------------------------|---------------------------------|-----------------------------------|-----------------|
| <b>2014</b>   |                        |                                 |                                 |                                   |                 |
| Balance at beginning of the financial year  | 1,368                  | 2,718                           | 103                             | 3,945                             | 8,134           |
| Additional provisions   | 1,084                  | 640                             | -                               | (25)                              | 1,699           |
| Amounts used  | (1,219)                | (292)                           | (41)                            | -                                 | (1,552)         |
| Increase in the discounted amount arising because of time and the effect of any change in the discount rate | (1)                    | (29)                            | -                               | -                                 | (30)            |
| <b>Balance at the end of the financial year</b>   | <b>1,231</b>           | <b>3,038</b>                    | <b>62</b>                       | <b>3,920</b>                      | <b>8,251</b>    |
| <b>2013</b>   |                        |                                 |                                 |                                   |                 |
| Balance at beginning of the financial year  | 1,306                  | 2,336                           | -                               | 3,693                             | 7,335           |
| Additional provisions   | 1,202                  | 573                             | 103                             | 252                               | 2,130           |
| Amounts used  | (1,140)                | (191)                           | -                               | -                                 | (1,331)         |
| <b>Balance at the end of the financial year</b>   | <b>1,368</b>           | <b>2,718</b>                    | <b>103</b>                      | <b>3,945</b>                      | <b>8,134</b>    |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 24 Provisions - continued

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| <b>(a) Employee provisions</b>  |                |                |
| <b>Current provisions expected to be settled within 12 months</b>                           |                |                |
| Annual leave  | 1,132          | 1,368          |
| Long service leave  | 157            | 2,402          |
| Time in lieu leave  | 62             | 103            |
|   | <b>1,351</b>   | <b>3,873</b>   |
| <b>Current provisions expected to be settled after 12 months</b>                            |                |                |
| Long service leave  | 2,595          | -              |
| Annual leave  | 99             | -              |
|   | <b>2,694</b>   | <b>-</b>       |
| <b>Total Current provisions</b>   | <b>4,045</b>   | <b>3,873</b>   |
| <b>Non-current</b>  |                |                |
| Long service leave  | 286            | 316            |
| <b>Total Non-Current Provisions</b>   | <b>286</b>     | <b>316</b>     |
| Aggregate carrying amount of employee provisions:   |                |                |
| Current   | 4,045          | 3,873          |
| Non-current   | 286            | 316            |
|   | <b>4,331</b>   | <b>4,190</b>   |
| The following assumptions were adopted in measuring the present value of employee benefits: |                |                |
| Weighted average increase in employee costs   | 3.60%          | 3.60%          |
| Weighted average discount rates   | 3.13%          | 3.14%          |
| Weighted average settlement period  | 12 mths        | 12 mths        |

### (b) Land fill restoration

Council controls five landfill sites. Of these only one, the Alvie Landfill, is licenced by the Environment Protection Authority Victoria and is legally required to be rehabilitated.

Council is obligated to restore Alvie landfill site to a particular standard. Current projections indicate that the site will cease operation in 2023 and restoration work is expected to commence shortly thereafter. The forecast life of the site is based on current estimates of remaining capacity and the forecast rate of infill.

The provision for landfill restoration has been calculated based on the present value of the expected cost of works to be undertaken. The expected cost of works has been estimated based on current understanding of work required to reinstate the site to a suitable standard. Accordingly, the estimation of the provision required is dependent on the accuracy of the forecast timing of the work, work required and related costs.

The provision for landfill restoration includes rehabilitation costs for all landfill sites, including those that are not licenced by the Environment Protection Agency Victoria.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 24 Provisions - continued

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| <b>(c) Provision for landfill restoration</b> |                |                |
| Current                                       | 624            | -              |
| Non-current                                   | 3,295          | 3,945          |
|   | <b>3,920</b>   | <b>3,945</b>   |

## Note 25 Interest-bearing loans and borrowings

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| <b>Current</b>  |                |                |
| Borrowings - secured  | 552            | 473            |
| Bank overdraft  | -              | -              |
|   | <b>552</b>     | <b>473</b>     |
| <b>Non-current</b>  |                |                |
| Borrowings - secured  | 4,365          | 4,501          |
| <b>Total</b>  | <b>4,917</b>   | <b>4,974</b>   |
| The maturity profile for Council's borrowings is:                   |                |                |
| Less than 6 months  | 269            | 231            |
| Later than six months less than one year                            | 283            | 242            |
| Later than one year and not later than two years                    | 591            | 509            |
| Later than two years and not later than five years                  | 2,052          | 1,767          |
| Later than five years   | 1,721          | 2,225          |
|   | <b>4,917</b>   | <b>4,974</b>   |
| <b>Interest bearing loans and borrowing movements</b>               |                |                |
| Opening Interest-bearing loans and borrowings                       | 4,974          | 4,188          |
| New loans taken up during year                                      | 416            | 1,178          |
| Repayment of loan principal   | (473)          | (392)          |
| <b>Closing Interest-bearing loans and borrowings</b>                | <b>4,917</b>   | <b>4,974</b>   |
| Aggregate carrying amount of interest-bearing loans and borrowings: |                |                |
| Current   | 552            | 473            |
| Non-current   | 4,365          | 4,501          |
|   | <b>4,917</b>   | <b>4,974</b>   |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 26 Reserves

|   | Balance at beginning<br>of reporting period | Increment    | (decrement)    | Balance at end of<br>reporting period |
|---|---|--------------|----------------|---------------------------------------|
| (a) Asset revaluation reserves          | \$'000                                      | \$'000       | \$'000         | \$'000                                |
| <b>2014</b>                             |   |              |                |                                       |
| <b>Property</b>                         |   |              |                |                                       |
| Buildings                               | 7,025                                       | 704          | -              | 7,729                                 |
| Land                                    | 27,438                                      |              | (8,715)        | 18,724                                |
| Shelters                                | -   | 1,078        | -              | 1,078                                 |
| Land improvements                       | 552   | -            | -              | 552                                   |
| Share of CRLC asset revaluation reserve | 450   | -            | -              | 450                                   |
| Fixed plant, furniture and equipment    | 293   | -            | -              | 293                                   |
| Heritage buildings                      | -   | -            | -              | -                                     |
|   | <b>35,758</b>                               | <b>1,783</b> | <b>(8,715)</b> | <b>28,825</b>                         |
| <b>Infrastructure</b>                   |   |              |                |                                       |
| Roads                                   | 89,112                                      | -            | (420)          | 88,692                                |
| Bridges                                 | 9,008                                       | -            | -              | 9,008                                 |
| Kerb and channelling                    | 7,686                                       | 818          | -              | 8,504                                 |
| Drainage                                | 6,500                                       | -            | -              | 6,500                                 |
| Marine Infrastructure                   | 5,443                                       | -            | -              | 5,443                                 |
| Footpaths and cycle ways                | 1,927                                       | 1,522        | -              | 3,449                                 |
|   | <b>119,676</b>                              | <b>2,340</b> | <b>(420)</b>   | <b>121,596</b>                        |
| <b>Total asset revaluation reserves</b> | <b>155,434</b>                              | <b>4,123</b> | <b>(9,135)</b> | <b>150,421</b>                        |
| <b>2013</b>                             |   |              |                |                                       |
| <b>Property</b>                         |   |              |                |                                       |
| Land                                    | 27,438                                      | -            | -              | 27,438                                |
| Buildings                               | 7,025                                       | -            | -              | 7,025                                 |
| Land improvements                       | 552   | -            | -              | 552                                   |
| Share of CRLC asset revaluation reserve | 450   | -            | -              | 450                                   |
| Fixed plant, furniture and equipment    | 293   | -            | -              | 293                                   |
|   | <b>35,758</b>                               | <b>-</b>     | <b>-</b>       | <b>35,758</b>                         |
| <b>Infrastructure</b>                   |   |              |                |                                       |
| Roads                                   | 89,369                                      | -            | (257)          | 89,112                                |
| Bridges                                 | 7,781                                       | 1,226        | -              | 9,008                                 |
| Kerb and channelling                    | 7,686                                       | -            | -              | 7,686                                 |
| Drainage                                | 3,829                                       | 2,671        | -              | 6,500                                 |
| Marine Infrastructure                   | 5,443                                       | -            | -              | 5,443                                 |
| Footpaths and cycle ways                | 1,927                                       | -            | -              | 1,927                                 |
|   | <b>116,035</b>                              | <b>3,898</b> | <b>(257)</b>   | <b>119,676</b>                        |
| <b>Total asset revaluation reserves</b> | <b>151,793</b>                              | <b>3,898</b> | <b>(257)</b>   | <b>155,434</b>                        |

The asset revaluation reserve is used to record the increased (net) value of Council's assets over time.



# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 26 Reserves - continued

|                                 | Balance at beginning<br>of reporting period<br>\$'000 | Increment<br>\$'000 | (decrement)<br>\$'000 | Balance at end of<br>reporting period<br>\$'000 |
|---------------------------------|---|---------------------|-----------------------|---|
| <b>(b) Other reserves</b>       |   |                     |                       |   |
| <b>2014</b>                     |   |                     |                       |   |
| Carried Forward Projects        | 6,447   | 6,010               | (6,447)               | 6,010   |
| Port of Apollo Bay              | 3,520   | -                   | (1,912)               | 1,609   |
| Kerbside bin replacement        | 939   | 374                 | -                     | 1,313   |
| Long Service Leave reserve      | 972   | 611                 | (292)                 | 1,292   |
| Landfill rehabilitation (Alvie) | 581   | 57                  | -                     | 638   |
| Recreational lands              | 545   | 87                  | (35)                  | 597   |
| Colac livestock selling centre  | 245   | 599                 | (580)                 | 264   |
| Rehabilitation reserve          | 160   | -                   | -                     | 160   |
| Plant replacement               | 127   | 3,363               | (3,387)               | 104   |
| Car parking                     | 128   | -                   | (50)                  | 78  |
| Tirrengower Drainage Scheme     | 18  | 22                  | (19)                  | 21  |
| <b>Total Other reserves</b>     | <b>13,682</b>   | <b>11,123</b>       | <b>(12,721)</b>       | <b>12,085</b>                                   |
| <b>2013</b>                     |   |                     |                       |   |
| Carried Forward Projects        | 3,264   | 3,183               | -                     | 6,447   |
| Port of Apollo Bay              | 1,522   | 1,998               | -                     | 3,520   |
| Long Service Leave reserve      | 2,243   | 325                 | (1,596)               | 972   |
| Kerbside bin replacement        | 606   | 333                 | -                     | 939   |
| Landfill rehabilitation (Alvie) | 524   | 57                  | -                     | 581   |
| Recreational lands              | 586   | 7                   | (48)                  | 545   |
| Colac livestock selling centre  | 472   | 572                 | (799)                 | 245   |
| Rehabilitation reserve          | 160   | -                   | -                     | 160   |
| Car parking                     | 128   | -                   | -                     | 128   |
| Plant replacement               | 1,309   | 3,548               | (4,730)               | 127   |
| Tirrengower Drainage Scheme     | 30  | 23                  | (34)                  | 18  |
| Unfunded superannuation reserve | 100   | -                   | (100)                 | -   |
| <b>Total Other reserves</b>     | <b>10,944</b>   | <b>10,046</b>       | <b>(7,307)</b>        | <b>13,682</b>                                   |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 27 Adjustments directly to equity

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| (i) Correction of Revaluation Reserve Decrement - Roads      |                | (257)          |
| (ii) Assets unrecognised through change in Accounting Policy |                |                |
| Land   | -              | (463)          |
| (iii) Assets found through revaluation / review              |                |                |
| Roads  |                |                |
| Formation  | -              | 898            |
| Pavement   | -              | 1,998          |
| Seal   | -              | 455            |
|  | -              | <b>2,631</b>   |

(i) An error was discovered in the Asset Revaluation Reserve for the Port of Apollo Bay where a negative revaluation accumulation was being carried forward. This error has been corrected to equity.

(ii) Council implemented its accounting policy in 2013/14 regarding the valuation of land relating to road reserve splays. These had previously been erroneously valued and included as land assets. The value of these road splays was deemed to be nil and removed from the balance sheet.

(iii) Council Undertook an assessment of all assets during the year as part of its move to a new asset management system.

As a result of this analysis it was discovered that there were a number of road assets which were under control of Council which had not been recorded on Council's Roads Assets Register. These road assets were added to Council's Road Assets Register.

A valuation of these discovered road assets was performed by Mr Adam Lehmann (BEng). The valuation was performed based on the depreciated reproduction cost of the assets. The effective date of the valuation is 30 June 2014.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 28 Reconciliation of cash flows from operating activities to surplus (deficit)

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| Surplus/(deficit) for the year   | 2,741          | 1,724          |
| Depreciation/amortisation  | 8,263          | 9,430          |
| Net GST receipts and payments from financing and investment activities     | 952            | 700            |
| Finance costs  | 336            | 298            |
| Share of result of associate   | (46)           | 26             |
| Profit/(loss) on disposal of property, plant and equipment, infrastructure | (97)           | (43)           |
| Contributions Non-monetary assets  | -              | (243)          |
| Property, plant and equipment, infrastructure written off                  | -              | 1,595          |
| <b>Change in assets and liabilities:</b>                                   |                |                |
| (Increase)/decrease in trade and other receivables                         | 2,050          | (1,182)        |
| Increase/(decrease) in trade and other payables                            | 970            | (3,639)        |
| Increase/(Decrease) in provisions  | 117            | 800            |
| Decrease in prepayments  | -              | 12             |
| (Decrease)/increase in trust items   | (8)            | -              |
| (Increase)/decrease in inventories   | (25)           | 21             |
| Increase/(decrease) in accrued income                                      | (102)          | -              |
| <b>Net cash provided by/(used in) operating activities</b>                 | <b>15,151</b>  | <b>9,498</b>   |

## Note 29 Reconciliation of cash and cash equivalents

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| Cash and cash equivalents (see Note 16) | 12,815         | 11,745         |
| Less bank overdraft                     | -              | -              |
|   | <b>12,815</b>  | <b>11,745</b>  |

## Note 30 Financing arrangements

|                          | 2014<br>\$'000 | 2013<br>\$'000 |
|--------------------------|----------------|----------------|
| Used facilities          | -              | -              |
| <b>Unused facilities</b> | <b>1,050</b>   | <b>1,050</b>   |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 31 Restricted assets

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| Council has cash and cash equivalents (Note 16) that are subject to restrictions.<br>As at the reporting date, Council had legislative restrictions in relation to reserve funds |                |                |
| Recreational Lands Reserves (Note 26)  | 597            | 545            |
| Other Reserve funds (Note 26)  | 11,488         | 13,137         |
| Trust funds and deposits (Note 23)   | 248            | 256            |
|  | <b>12,333</b>  | <b>13,938</b>  |

Other Reserves includes Council's discretionary reserve funds which are set aside for specific purposes by Council. These are considered restricted as a Council resolution is required for them to applied to different uses.

## Note 32 Superannuation

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| Council made contributions to the following funds:                                     |                |                |
| <b>Defined benefit fund</b>  |                |                |
| Employee contributions to Local Authorities Superannuation Fund (Vision Super)         | 185            | -              |
| Employer contributions to Local Authorities Superannuation Fund (Vision Super)         | 127            | 331            |
|  | <b>313</b>     | <b>331</b>     |
| <b>Accumulation funds</b>  |                |                |
| Employee contributions payable to Local Authorities Superannuation Fund (Vision Super) | 376            | -              |
| Employer contributions payable to Local Authorities Superannuation Fund (Vision Super) | 1,126          | 1,056          |
|  | <b>1,502</b>   | <b>1,056</b>   |

# NOTES TO THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2014

### Note 32 Superannuation - continued

Colac Otway Shire Council makes the 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 Colac Otway Shire Council and the Colac Otway Shire 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 made or due.

#### Accumulation

The Fund's accumulation category, Vision MySuper/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 2014, this was 9.25% required under Superannuation Guarantee legislation). Our commitment to defined contribution plans is limited to making contributions in accordance with our minimum statutory requirements. 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 2014, the Superannuation Guarantee contribution rate is legislated to increase to 9.5%, and will progressively increase to 12% by 2019. Based on announcements included in the May 2014 Federal Budget, this progressive increase to 12% will be delayed until 2022.

#### Defined Benefit

As provided under Paragraph 34 of AASB 119, Council does not use defined benefit accounting for its defined benefit obligations under the Fund's Defined Benefit category. This is because the Fund's Defined Benefit category is a multi-employer sponsored plan.

As a multi-employer sponsored plan, the Fund was established as a mutual scheme to allow for the mobility of the workforce between the participating employers without attaching a specific liability to particular employees and their current employer. Therefore, there is no proportional split of the defined benefit liabilities, assets or costs between the participating employers as the defined benefit obligation is a floating obligation between the participating employers and the only time that the aggregate obligation is allocated to specific employers is when a call is made. As a result, the level of participation of Council in the Fund cannot be measured as a percentage compared with other participating employer. While there is an agreed methodology to allocate any shortfalls identified by the Fund Actuary for funding purposes, there is no agreed methodology to allocate benefit liabilities, assets and costs between the participating employers for accounting purposes. Therefore, the Actuary is unable to allocate benefit liabilities, assets and costs between employers for the purposes of AASB 119.

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. The Fund's employer funding arrangements comprise of three components (which are detailed below) are:

1. Regular contributions - which are ongoing contributions needed to fund the balance of benefits for current members and pensioners;
2. Funding calls - which are contributions in respect of each participating employer's share of any funding shortfalls that arise; and
3. Retrenchment increments - which are additional contributions to cover the increase in liability arising from retrenchments.

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.

#### Employer contributions

##### *Regular contributions*

On the basis of the results of the most recent full actuarial investigation conducted by the Fund's Actuary as at 31 December 2011, Colac Otway Shire Council makes employer contributions to the Fund's Defined Benefit category at rates determined by the Fund's Trustee. For the year ended 30 June 2014, this rate was 9.25% of members' salaries. This rate increased to 9.5% on 1 July 2014 and is expected to increase in line with the required Superannuation Guarantee contribution rate.

In addition, Colac Otway Shire 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).

#### Funding calls

The Fund is required to comply with the superannuation prudential standards. Under the superannuation prudential standard SPS 160, the Fund is required to target full funding of its vested benefits. There may be circumstances where:

- a fund is in an unsatisfactory financial position at an actuarial investigation (i.e. its vested benefit index (VBI) is less than 100% at the date of the actuarial investigation); or
- a fund's VBI is below its shortfall limit at any time other than at the date of the actuarial investigations.

At 30 June 2014 the fund's VBI was 104%.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 32 Superannuation - continued

If either of the above occur, the fund has a shortfall for the purposes of SPS 160 and the fund is required to put a plan in place so that the shortfall is fully funded within three years of the shortfall occurring. There may be circumstances where the Australian Prudential Regulation Authority (APRA) may approve a period longer than three years.

The Fund monitors its VBI on a quarterly basis and the Fund has set its shortfall limit at 97%.

In the event that the Fund Actuary determines that there is a shortfall based on the above requirement, the Fund's participating employers (including Colac Otway Shire Council) are required to make an employer contribution to cover the shortfall. The methodology used to allocate the shortfall was agreed in 1997 to fairly and reasonably apportion the shortfall between the participating employers.

Using the agreed methodology, the shortfall amount is apportioned between the participating employers based on the pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund's defined benefit category, together with the employer's payroll at 30 June 1993 and at the date the shortfall has been calculated.

The pre-1 July 1993 and post-30 June 1993 service liabilities of the Fund are based on:

- The service periods of all active members split between the active members pre-1 July 1993 and post-30 June 1993 service period;
- The service periods of all deferred members split between the deferred members pre-1 July 1993 and post-30 June 1993 service period; and
- The pensioner (including fixed term pension) liabilities which are allocated to the pre-1993 period.

Due to the nature of the contractual obligations between the participating employers and the Fund, and that the Fund includes lifetime pensioners and their reversionary beneficiaries, it is unlikely that the Fund will be wound up. In the unlikely event that the Fund is wound up and there is a surplus in the Fund, the surplus cannot be applied for the benefit of the defined benefit employers where there are on-going defined benefit obligations. The surplus would be transferred to the fund accepting those defined benefit obligations (including the lifetime pension obligations) of the Fund.

In the event that a participating employer is wound-up, the defined benefit obligations of that employer will be transferred to that employer's successor.

### *Differences between calculations*

The Fund surplus or deficit (i.e. the difference between fund assets and liabilities) is calculated differently for funding purposes (i.e. calculating required contributions), for the calculation of accrued benefits as required in AAS 25 and for the values needed for the AASB 119 disclosure in the Colac Otway Shire 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.

### **Retrenchment increments**

During 2013/2014, Colac Otway Shire Council was not required to make payments to the Fund in respect of retrenchment increments (\$0 in 2012/2013). Colac Otway Shire Council's liability to the Fund as at 30 June 2014, for retrenchment increments, accrued interest and tax is \$0 (\$0 in 2012/2013).

### **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 2011<br>\$'000 |
|---|-----------------------|
| Net Market Value of Assets  | 4,315,324             |
| Accrued Benefits<br>(per accounting standards)  | 4,642,133             |
| Difference between<br>Assets and Accrued Benefits   | (326,809)             |
| Vested Benefits<br>(Minimum sum which must<br>be paid to members when<br>they leave the fund)                                   | 4,838,503             |
| The financial assumptions<br>used to calculate the<br>Accrued Benefits for the<br>defined benefit category<br>of the Fund were: |                       |
| Net Investment Return   | 7.50% p.a.            |
| Salary Inflation  | 4.25% p.a.            |
| Price Inflation   | 2.75% p.a.            |

The next full actuarial investigation of the Fund's liability for accrued benefits will be based on the Fund's position as at 30 June 2014. The anticipated completion date of this actuarial investigation is 19 December 2014.

There were \$123,546 contributions outstanding and no loans issued from or to the above schemes as at 30 June 2014.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 33 Commitments

The Council has entered into the following commitments

|  | Not later than<br>1 year<br>\$'000 | Later than<br>1 year and not<br>later than<br>2 years<br>\$'000 | Later than<br>2 years and not<br>later than<br>5 years<br>\$'000 | Later than<br>5 years<br>\$'000 | Total<br>\$'000 |
|--|------------------------------------|---|--|---------------------------------|-----------------|
| <b>2014</b>                              |                                    |   |  |                                 |                 |
| <b>Operating</b>                         |                                    |   |  |                                 |                 |
| Waste management                         | 2,185                              | 2,138   | 2,129  | 6,689                           | 13,140          |
| Cleaning contracts for council buildings | 305                                | 314   | -  | -                               | 620             |
| Information systems & technology         | 96                                 | 99  | 310  | -                               | 505             |
| Consultancies                            | 354                                | 10  | -  | -                               | 363             |
| Street Lighting                          | 126                                | 130   | 11   | -                               | 267             |
| <b>Total</b>                             | <b>3,066</b>                       | <b>2,691</b>  | <b>2,450</b>   | <b>6,689</b>                    | <b>14,895</b>   |
| <b>Capital</b>                           |                                    |   |  |                                 |                 |
| Building and other structures            | 9,077                              | -   | -  | -                               | 9,077           |
| Plant and equipment                      | 831                                | -   | -  | -                               | 831             |
| Civil works                              | 51                                 | -   | -  | -                               | 51              |
| <b>Total</b>                             | <b>9,959</b>                       | <b>-</b>  | <b>-</b>   | <b>-</b>                        | <b>9,959</b>    |
|  | <b>13,024</b>                      | <b>2,691</b>  | <b>2,450</b>   | <b>6,689</b>                    | <b>24,854</b>   |
| <b>2013</b>                              |                                    |   |  |                                 |                 |
| <b>Operating</b>                         |                                    |   |  |                                 |                 |
| Waste management                         | 1,902                              | 1,978   | 6,246  | 4,584                           | 14,710          |
| Cleaning contracts for council buildings | 297                                | 309   | -  | -                               | 606             |
| Consultancies                            | 380                                | 24  | -  | -                               | 404             |
| Meals for delivery                       | 214                                | -   | -  | -                               | 214             |
| Street Lighting                          | 95                                 | 99  | -  | -                               | 194             |
| Property valuation services              | 105                                | 70  | -  | -                               | 175             |
| Information systems & technology         | 122                                | -   | -  | -                               | 122             |
| <b>Total</b>                             | <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           |
| Building and other structures            | 1,492                              | -   | -  | -                               | 1,492           |
| Footpaths and cycle ways                 | 94                                 | -   | -  | -                               | 94              |
| <b>Total</b>                             | <b>4,544</b>                       | <b>-</b>  | <b>-</b>   | <b>-</b>                        | <b>4,544</b>    |
|  | <b>7,659</b>                       | <b>2,480</b>  | <b>6,246</b>   | <b>4,584</b>                    | <b>20,969</b>   |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 34 Operating leases

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| At the reporting date, the Council had the following obligations under non-cancellable operating leases for the lease of equipment and land and buildings for use within Council's activities (these obligations are not recognised as liabilities): |                |                |
| Not later than one year  | 68             | 132            |
| Later than one year and not later than five years  | 71             | 101            |
| Later than five years  | 230            | -              |
|  | <b>369</b>     | <b>233</b>     |

## Note 35 Contingent liabilities and contingent assets

### Contingent liabilities

#### Superannuation

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

#### Public Liability

Council has an outstanding public liability claim likely to involve litigation over the coming year. It is Council's opinion that in the case of a judgment being recorded against Council that Council's insurer would cover the bulk of the claim, with Council contributing the policy excess only (\$20,000).

#### Professional Indemnity

Council has no recognised contingent liabilities relating to Professional Indemnity.

#### Legal Matters

Council is involved in a small number of minor legal matters which are of an ongoing nature. At 30 June 2014 Council is unable to reliably estimate the outcome of these and as such has not recognised any contingent liabilities for them.

#### Contingent assets

Council has not provided for any contingent assets.



# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 36 Financial Risk Management

### (a) Accounting Policy, terms and conditions

| Recognised financial instruments      | Note | Accounting Policy  | Terms and Conditions   |
|---------------------------------------|------|--|--|
| <b>Financial assets</b>               |      |  |  |
| Cash and cash equivalents             | 16   | Cash on hand and at bank and money market call account are valued at face value.   | On call deposits returned a floating interest rate of 2.5% (3.1% in 2012/2013). The interest rate at balance date was 3.67% (2.75% in 2012/2013).  |
|                                       |      | Interest is recognised as it accrues.  | Funds returned fixed interest rate of between 4.09% (4.5% in 2012/2013), and 3.35% (4.1% in 2012/2013) net of fees.  |
|                                       |      | Investments and bills are valued at cost.  | No investments were made in managed funds in 2013/2014 or 2012/2013  |
|                                       |      | Investments are held to maximise interest returns of surplus cash.<br>Interest revenues are recognised as they accrue.   |  |
|                                       |      | Managed funds are measured at market value.  |  |
| <b>Trade and other receivables</b>    |      |  |  |
| Other debtors                         | 17   | Receivables are carried at amortised cost using the effective interest method.<br>A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred.<br>Collectability of overdue accounts is assessed on an ongoing basis. | General debtors are unsecured and arrears attract an interest rate of Nil% (Nil% in 2012/2013). Credit terms are based on 30 days.<br>Arrears on rates attract an interest rate of 11.5% (10.5% in 2012/2013).<br>Arrears on special charges attract an interest rate of 9.2% (9.2% in 2012/2013). |
| <b>Financial Liabilities</b>          |      |  |  |
| Trade and other payables              | 22   | Liabilities are recognised for amounts to be paid in the future for goods and services provided to Council as at balance date whether or not invoices have been received.  | General Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.   |
| Interest-bearing loans and borrowings | 25   | Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and recognised as part of payables.  | Borrowings are secured by way of mortgages over the general rates of the Council.<br>The weighted average interest rate on borrowings is 6.97% (6.97% in 2012/2013).   |
|                                       |      | Finance leases are accounted for at their principal amount with the lease payments discounted to present value using the interest rates implicit in the leases.  | As at balance date, the Council had no finance leases.   |
| Bank overdraft                        | 29   | Overdrafts are recognised at the principal amount. Interest is charged as an expense as it accrues.  | The overdraft has not been utilised for this or the previous financial year and is subject to annual review.<br>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 2014

## Note 36 Financial Risk Management - continued

### (b) Interest Rate Risk

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

|   | Fixed interest maturing in:         |                             |                                |                                |                                   | Total<br>\$'000 |
|---|-------------------------------------|-----------------------------|--------------------------------|--------------------------------|-----------------------------------|-----------------|
|   | Floating<br>interest rate<br>\$'000 | 1 year<br>or less<br>\$'000 | Over 1 to<br>5 years<br>\$'000 | More than<br>5 years<br>\$'000 | Non-interest<br>bearing<br>\$'000 |                 |
| <b>2014</b>                               |                                     |                             |                                |                                |                                   |                 |
| <b>Financial assets</b>                   |                                     |                             |                                |                                |                                   |                 |
| Cash and cash equivalents                 | 12,809                              | -                           | -                              | -                              | 6                                 | 12,815          |
| Trade and other receivables               | -                                   | 1,478                       | -                              | -                              | 1,097                             | 2,576           |
| <b>Total financial assets</b>             | <b>12,809</b>                       | <b>1,478</b>                | <b>-</b>                       | <b>-</b>                       | <b>1,103</b>                      | <b>15,391</b>   |
| Weighted average interest rate            | 2.50%                               | 11.5%                       |                                |                                |                                   |                 |
| <b>Financial liabilities</b>              |                                     |                             |                                |                                |                                   |                 |
| Trade and other payables                  | -                                   | -                           | -                              | -                              | 2,670                             | 2,670           |
| Trust funds and deposits                  | -                                   | -                           | -                              | -                              | 248                               | 248             |
| Interest-bearing loans and borrowings     | -                                   | 552                         | 2,644                          | 1,721                          | -                                 | 4,917           |
| <b>Total financial liabilities</b>        | <b>-</b>                            | <b>552</b>                  | <b>2,644</b>                   | <b>1,721</b>                   | <b>2,918</b>                      | <b>7,835</b>    |
| Weighted average interest rate            |                                     | 7.24%                       | 7.26%                          | 6.84%                          |                                   |                 |
| <b>Net financial assets (liabilities)</b> | <b>12,809</b>                       | <b>926</b>                  | <b>(2,644)</b>                 | <b>(1,721)</b>                 | <b>(1,815)</b>                    | <b>7,555</b>    |
| <b>2013</b>                               |                                     |                             |                                |                                |                                   |                 |
| <b>Financial assets</b>                   |                                     |                             |                                |                                |                                   |                 |
| Cash and cash equivalents                 | 11,739                              | -                           | -                              | -                              | 6                                 | 11,745          |
| Trade and other receivables               | -                                   | 1,377                       | -                              | -                              | 3,261                             | 4,638           |
| <b>Total financial assets</b>             | <b>11,739</b>                       | <b>1,377</b>                | <b>-</b>                       | <b>-</b>                       | <b>3,267</b>                      | <b>16,383</b>   |
| Weighted average interest rate            | 3.10%                               | 11.5%                       |                                |                                |                                   |                 |
| <b>Financial liabilities</b>              |                                     |                             |                                |                                |                                   |                 |
| Trade and other payables                  | -                                   | -                           | -                              | -                              | 1,597                             | 1,597           |
| Trust funds and deposits                  | -                                   | -                           | -                              | -                              | 256                               | 256             |
| Interest-bearing loans and borrowings     | -                                   | 473                         | 2,276                          | 2,226                          | -                                 | 4,975           |
| <b>Total financial liabilities</b>        | <b>-</b>                            | <b>473</b>                  | <b>2,276</b>                   | <b>2,226</b>                   | <b>1,852</b>                      | <b>6,827</b>    |
| Weighted average interest rate            |                                     | 6.97%                       | 6.97%                          | 6.97%                          |                                   |                 |
| <b>Net financial assets (liabilities)</b> | <b>11,739</b>                       | <b>904</b>                  | <b>(2,276)</b>                 | <b>(2,226)</b>                 | <b>1,415</b>                      | <b>9,556</b>    |

# NOTES TO THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2014

### Note 36 Financial Risk Management - 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<br>as per Balance Sheet |                | Aggregate net fair value |                |
|---------------------------------------|---|----------------|--------------------------|----------------|
|                                       | 2014<br>\$'000                                | 2013<br>\$'000 | 2014<br>\$'000           | 2013<br>\$'000 |
| <b>Financial assets</b>               |   |                |                          |                |
| Cash and cash equivalents             | 12,815  | 11,745         | 12,815                   | 11,745         |
| Trade and other receivables           | 2,576   | 4,637          | 2,576                    | 4,637          |
| <b>Total financial assets</b>         | <b>15,391</b>                                 | <b>16,382</b>  | <b>15,391</b>            | <b>16,382</b>  |
| <b>Financial liabilities</b>          |   |                |                          |                |
| Trade and other payables              | 2,670   | 1,597          | 2,670                    | 1,596          |
| Trust funds and deposits              | 248   | 256            | 248                      | 256            |
| Interest-bearing loans and borrowings | 4,917   | 4,975          | 4,917                    | 4,770          |
| <b>Total financial liabilities</b>    | <b>7,835</b>                                  | <b>6,827</b>   | <b>7,835</b>             | <b>6,622</b>   |

#### (d) Credit Risk

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

#### (e) Risks and mitigation

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

##### Market risk

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

##### Interest rate risk

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

Our loan borrowings are sourced from major Australian banks by a tender process. Council's overdrafts are arranged with Commonwealth bank. We manage interest rate risk on our net debt portfolio by:

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

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

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

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

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

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 36 Financial Risk Management - 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.

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 35.

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| <b>Movement in Provisions for Doubtful Debts</b> |                |                |
| Balance at the beginning of the year             | 1              | 1              |
| New Provisions recognised during the year        | 60             | -              |
| <b>Balance at end of year</b>                    | <b>61</b>      | <b>1</b>       |

### 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:

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| Current (not yet due)                      | 1,303          | 1,942          |
| Past due by up to 30 days                  | 560            | 1,052          |
| Past due after 30 days                     | 713            | 1,643          |
| Past due by more than 1 year               | 12             | -              |
| <b>Total Trade &amp; Other Receivables</b> | <b>2,588</b>   | <b>4,637</b>   |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 36 Financial Risk Management - continued

### Liquidity risk

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

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

To help reduce these risks we:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained;
- have readily accessible standby facilities and other funding arrangements in place;
- have a liquidity portfolio structure that requires surplus funds to be invested within various bands of liquid instruments;
- monitor budget to actual performance on a regular basis; and

- set limits on borrowings relating to the percentage of loans to rate revenue and percentage of loan principal repayments to rate revenue.

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

The table below lists the contractual maturities for Financial Liabilities.

These amounts represent undiscounted gross payments including both principal and interest amounts.

|                                       | 6 months<br>or less<br>\$'000 | 6-12<br>months<br>\$'000 | 1-2<br>years<br>\$'000 | 2-5<br>years<br>\$'000 | >5<br>years<br>\$'000 | Contracted<br>Cash Flow<br>\$'000 |
|---------------------------------------|-------------------------------|--------------------------|------------------------|------------------------|-----------------------|-----------------------------------|
| <b>2014</b>                           |                               |                          |                        |                        |                       |                                   |
| Trade and other payables              | 2,670                         | -                        | -                      | -                      | -                     | 2,670                             |
| Trust funds and deposits              | 248                           | -                        | -                      | -                      | -                     | 248                               |
| Interest-bearing loans and borrowings | 269                           | 283                      | 591                    | 2,052                  | 1,721                 | 4,917                             |
| <b>Total financial liabilities</b>    | <b>3,187</b>                  | <b>283</b>               | <b>591</b>             | <b>2,052</b>           | <b>1,721</b>          | <b>7,835</b>                      |
| <b>2013</b>                           |                               |                          |                        |                        |                       |                                   |
| Trade and other payables              | 1,597                         | -                        | -                      | -                      | -                     | 1,597                             |
| Trust funds and deposits              | 256                           | -                        | -                      | -                      | -                     | 256                               |
| Interest-bearing loans and borrowings | 231                           | 242                      | 509                    | 1,767                  | 2,225                 | 4,974                             |
| <b>Total financial liabilities</b>    | <b>2,083</b>                  | <b>242</b>               | <b>509</b>             | <b>1,767</b>           | <b>2,225</b>          | <b>6,827</b>                      |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 36 Financial Risk Management - 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 -1% in market interest rates (AUD) from year-end rates of 2.5%.

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.

|                                       | \$'000 | Interest rate risk |                  |                   |                  |
|---------------------------------------|--------|--------------------|------------------|-------------------|------------------|
|                                       |        | -1%                |                  | +1%               |                  |
|                                       |        | -100 basis points  |                  | -100 basis points |                  |
|                                       |        | Profit<br>\$'000   | Equity<br>\$'000 | Profit<br>\$'000  | Equity<br>\$'000 |
| <b>2014</b>                           |        |                    |                  |                   |                  |
| <b>Financial assets</b>               |        |                    |                  |                   |                  |
| Cash and cash equivalents             | 12,815 | (128)              | (128)            | 128               | 128              |
| Trade and other receivables           | 2,576  | (26)               | (26)             | 26                | 26               |
| <b>Financial liabilities</b>          |        |                    |                  |                   |                  |
| Interest-bearing loans and borrowings | 4,917  | (49)               | (49)             | 49                | 49               |
| <b>2013</b>                           |        |                    |                  |                   |                  |
| <b>Financial assets</b>               |        |                    |                  |                   |                  |
| Cash and cash equivalents             | 11,745 | (235)              | (235)            | 117               | 117              |
| Trade and other receivables           | 4,638  | (75)               | (75)             | 37                | 37               |
| <b>Financial liabilities</b>          |        |                    |                  |                   |                  |
| Interest-bearing loans and borrowings | 4,974  | 99                 | 99               | (50)              | (50)             |

### (g) Fair Value Hierarchy

All financial assets carried at fair value are measured at quoted prices in active markets for identical assets or liabilities.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 37 Auditors' remuneration

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| Internal audit fees                                  | 54             | 33             |
| External audit fees                                  | 35             | 33             |
| Fees for other services provided by internal auditor | -              | 2              |
| <b>Later than five years</b>                         | <b>89</b>      | <b>68</b>      |

## Note 38 Events occurring after balance date

Council intends to participate in the Local Government Funding Vehicle as issued by the Municipal Association of Victoria. This involves taking up a bond to the value of \$1.0 million over a five year period at an estimated interest rate of 4.02%. Council estimates that the bond issue will occur in September 2014.

## Note 39 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 (Mayor)<br>Councillor Stephen Hart<br>Councillor Brian Crook<br>Councillor Chris Smith<br>Councillor Michael Delahunty<br>Councillor Mick McCrickard (Term ended 31/07/2013)<br>Councillor Terry Woodcroft<br>Councillor Frank Buchanan (Elected from 28/08/2013) |
| <b>Chief Executive Officer</b> | Mr Rob Small   |

### (ii) Remuneration of Responsible Persons

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

|   | 2014<br>No. | 2013<br>No. |
|---|-------------|-------------|
| \$1 - \$9,999   | 54          | 33          |
| \$10,000 - \$19,999   | 35          | 33          |
| \$20,000 - \$29,999   | -           | 2           |
| \$30,000 - \$39,999   | 35          | 33          |
| \$40,000 - \$49,999   | -           | 2           |
| \$60,000 - \$69,999   | 35          | 33          |
| \$210,000 - \$219,999   | -           | 2           |
|   | <b>9</b>    | <b>11</b>   |
|   | \$'000      | \$'000      |
| Total Remuneration for the reporting year for Responsible Persons included above amounted to: | 462         | 493         |

# NOTES TO THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2014

### Note 39 Related party transactions - continued

(iii) No retirement benefits have been made by the Council to a Responsible Person. (2012/2013 \$0).

(iv) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting year (2012/2013 \$0).

#### (v) Other Transactions

No transactions other than remuneration payments or the reimbursement of approved expenses were entered into by Council with Responsible Persons, or Related Parties of such Responsible Persons during the reporting year (2012/2013 \$0).

#### (vi) Senior Officers Remuneration

A Senior Officer other than a Responsible Person, is an officer of Council who:

- a) has management responsibilities and reports directly to the Chief Executive Officer; or
- b) whose total annual remuneration exceeds \$133,000.

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

| Income range:  | 2014<br>No. | 2013<br>No. |
|--|-------------|-------------|
| \$70,000 - \$79,999  | 1           | -           |
| \$140,000 - \$149,999  | 1           | 1           |
| \$150,000 - \$159,999  | 1           | -           |
| \$170,000 - \$179,999  | -           | 2           |
| \$180,000 - \$189,999  | 1           | 1           |
| \$190,000 - \$199,999  | 1           | -           |
| \$200,000 - \$209,999  | 1           | -           |
|  | <b>6</b>    | <b>4</b>    |
|  | \$'000      | \$'000      |
| Total Remuneration for the reporting year for Senior Officers included above, amounted to: | 968         | 683         |



# NOTES TO THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2014

### Note 40 Joint venture information

*Disclose all assets and liabilities in relation to joint ventures*

Council has an 50% interest in the Colac Community Library and Learning Centre, whose principal activity is to construct and operate a joint use library facility.

The Colac Otway Shire Council's share of construction was \$3,300,000 with venture partners, Victorian Department of Education and Early Childhood Development and the Colac Secondary college.

Council accounts for its interests in the joint venture by applying the proportionate consolidation method and by combining Council's share of each of the assets, liabilities, incomes and expenses of the jointly controlled entity with similar items line by line in council's financial statements.

|   | 2014<br>\$'000 | 2013<br>\$'000 |
|---|----------------|----------------|
| Council's share of assets employed in the joint venture is: |                |                |
| Buildings   | 2,736          | 3,013          |
| Furniture   | 99             | 107            |
| Intangibles (Software)                                      | 37             | 38             |
| <b>Total non current assets</b>                             | <b>2,872</b>   | <b>3,158</b>   |
| <b>Share of total assets of joint venture</b>               | <b>2,872</b>   | <b>3,158</b>   |
| <b>Net Interest in joint venture</b>                        | <b>50%</b>     | <b>50%</b>     |

Intangible assets are being amortised over the useful life the right to access operating software used to manage the library operations.

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 41 Income and expenses by function/activities

|                                       | Infrastructure and Services Department |                 | Corporate and Executive Departments |                | Sustainable Planning and Development Department |                | Total          |                |
|---------------------------------------|--|-----------------|-------------------------------------|----------------|---|----------------|----------------|----------------|
|                                       | 2014<br>\$'000                         | 2013<br>\$'000  | 2014<br>\$'000                      | 2013<br>\$'000 | 2014<br>\$'000                                  | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 |
| Total Expenses                        | 12,575                                 | 11,202          | 22,668                              | 31,593         | 6,065   | 1,785          | 41,308         | 44,581         |
| Total Income                          | (11,536)                               | (22,846)        | (30,639)                            | (14,690)       | (1,873)   | (5,321)        | (44,048)       | (42,857)       |
| <b>Surplus/(deficit) for the year</b> | <b>1,039</b>                           | <b>(11,643)</b> | <b>(7,971)</b>                      | <b>16,903</b>  | <b>4,192</b>                                    | <b>(3,536)</b> | <b>(2,740)</b> | <b>1,724</b>   |

Due to the construction of Council's Asset Data Council is unable to accurately allocate assets across functions.

### *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 units:

- 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 Department includes the following units:

- 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 2014

### Note 42 Financial ratios (Performance indicators)

#### (a) Debt servicing ratio

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

|                      | 2014<br>\$'000 | 2014<br>(%) | 2013<br>\$'000 | 2013<br>(%) | 2012<br>\$'000 | 2012<br>(%) |
|----------------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Debt servicing costs | 336            |             | 298            |             | 341            |             |
| Total revenue        | 43,967         | = 0.76%     | 44,581         | = 0.67%     | 43,600         | = 0.78%     |

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)

|                                   | 2014<br>\$'000 | 2014<br>(%) | 2013<br>\$'000 | 2013<br>(%) | 2012<br>\$'000 | 2012<br>(%) |
|-----------------------------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Debt servicing & redemption costs | 809            |             | 730            |             | 998            |             |
| Rate revenue                      | 25,055         | = 3.23%     | 23,349         | = 3.13%     | 21,789         | = 4.58%     |

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)

|               | 2014<br>\$'000 | 2014<br>(%) | 2013<br>\$'000 | 2013<br>(%) | 2012<br>\$'000 | 2012<br>(%) |
|---------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Rate revenue  | 22,358         |             | 20,739         |             | 21,789         |             |
| Total revenue | 43,967         | = 50.85%    | 44,581         | = 46.52%    | 43,600         | = 49.98%    |

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

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 42 Financial ratios (Performance indicators) - continued

### (d) Debt exposure ratio

(to identify Council's exposure to debt)

|                         | 2014<br>\$'000 | 2014<br>(%) | 2013<br>\$'000 | 2013<br>(%) | 2012<br>\$'000 | 2012<br>(%) |
|-------------------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Total indebtedness      | 16,087         | = 19.28%    | 14,962         | = 16.23%    | 16,760         | = 21.57%    |
| Total realisable assets | 83,431         |             | 92,186         |             | 77,709         |             |

For the purpose 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 31) 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.

### (e) Working capital ratio

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

|                     | 2014<br>\$'000 | 2014<br>(%) | 2013<br>\$'000 | 2013<br>(%) | 2012<br>\$'000 | 2012<br>(%) |
|---------------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Current assets      | 15,675         | = 192.56%   | 16,540         | = 266.82%   | 17,258         | = 273.03%   |
| Current liabilities | 8,140          |             | 6,199          |             | 6,321          |             |

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)

|   | 2014<br>\$'000 | 2014<br>(%) | 2013<br>\$'000 | 2013<br>(%) | 2012<br>\$'000 | 2012<br>(%) |
|---|----------------|-------------|----------------|-------------|----------------|-------------|
| Current assets  | 15,675         | = 290.87%   | 16,540         | = 435.62%   | 17,258         | = 283.43%   |
| Current liabilities<br>(excluding Long Service Leave) | 5,389          |             | 3,797          |             | 6,089          |             |

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

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

# NOTES TO THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2014

### Note 42 Financial ratios (Performance indicators) - continued

#### Additional Ratios

The following six financial sustainability ratios are based on the industry accepted ratios developed by the Victorian Auditor General's Office.

#### (g) Underlying Result

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

|                               | 2014<br>\$'000 | 2014<br>(%) | 2013<br>\$'000 | 2013<br>(%) | 2012<br>\$'000 | 2012<br>(%) |
|-------------------------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Adjusted Net Operating Result | 2,741          | = 6.2%      | 1,481          | = 3.3%      | 820            | = 1.9%      |
| Total Underlying Revenue      | 43,967         |             | 44,338         |             | 43,194         |             |

#### (h) Liquidity Ratio

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

|                     | 2014<br>\$'000 | 2014<br>(%) | 2013<br>\$'000 | 2013<br>(%) | 2012<br>\$'000 | 2012<br>(%) |
|---------------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Current assets      | 15,675         | = 192.56%   | 16,540         | = 266.82%   | 17,258         | = 273.03%   |
| Current liabilities | 8,140          |             | 6,199          |             | 6,321          |             |

#### (i) Indebtedness Ratio

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

|                         | 2014<br>\$'000 | 2014<br>(%) | 2013<br>\$'000 | 2013<br>(%) | 2012<br>\$'000 | 2012<br>(%) |
|-------------------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Non-Current Liabilities | 7,947          | = 26.6%     | 8,763          | = 30.9%     | 10,691         | = 40.6%     |
| Own-Sourced Revenue     | 29,908         |             | 28,358         |             | 26,325         |             |

#### (j) Self-Financing Ratio

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

|                          | 2014<br>\$'000 | 2014<br>(%) | 2013<br>\$'000 | 2013<br>(%) | 2012<br>\$'000 | 2012<br>(%) |
|--------------------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Net Operating Cash Flows | 15,150         | = 34.5%     | 9,498          | = 21.4%     | 14,748         | = 34.1%     |
| Underlying Revenue       | 43,941         |             | 44,338         |             | 43,194         |             |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 42 Financial ratios (Performance indicators) - continued

### (k) Capital Replacement Gap Ratio

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

|                             | 2014<br>\$'000 | 2014<br>(%) | 2013<br>\$'000 | 2013<br>(%) | 2012<br>\$'000 | 2012<br>(%) |
|-----------------------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Capital Spend               | 13,232         | = 160.1%    | 11,726         | = 124.3%    | 12,394         | = 143.0%    |
| Depreciation & amortisation | 8,263          |             | 9,430          |             | 8,665          |             |

### (l) Renewal Gap Ratio

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

|                             | 2014<br>\$'000 | 2014<br>(%) | 2013<br>\$'000 | 2013<br>(%) | 2012<br>\$'000 | 2012<br>(%) |
|-----------------------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Renewal & Upgrade Spend     | 11,081         | = 134.1%    | 9,129          | = 96.8%     | 9,710          | = 112.1%    |
| Depreciation & amortisation | 8,263          |             | 9,430          |             | 8,665          |             |

# NOTES TO THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2014

### Note 43 Capital expenditure

| Capital expenditure areas               | Note | 2014<br>\$'000 | 2013<br>\$'000 |
|---|------|----------------|----------------|
| Buildings                               |      | 3,245          | 1,359          |
| <b>Buildings</b>                        |      | <b>3,245</b>   | <b>1,359</b>   |
| Appliance                               |      | 150            | -              |
| Information technology                  |      | 61             | -              |
| Fixed Equipment/fixture                 |      | 54             | 517            |
| <b>Equipment</b>                        |      | <b>265</b>     | <b>517</b>     |
| Playground equipment                    |      | 237            | -              |
| Furniture                               |      | 8              | 27             |
| Artwork                                 |      | 7              | -              |
| <b>Furniture</b>                        |      | <b>252</b>     | <b>27</b>      |
| Major plant                             |      | 3,221          | 2,047          |
| Fleet                                   |      | 544            | -              |
| Minor plant                             |      | 7              | -              |
| <b>Plant</b>                            |      | <b>3,772</b>   | <b>2,047</b>   |
| Pavement                                |      | 3,024          | -              |
| Seal                                    |      | 1,285          | -              |
| Formation                               |      | 201            | 4,374          |
| <b>Roads and tarmac</b>                 |      | <b>4,510</b>   | <b>4,374</b>   |
| Bridges                                 |      | 347            | 1,705          |
| <b>Bridges</b>                          |      | <b>347</b>     | <b>1,705</b>   |
| <b>Footpaths, cycle ways and trails</b> |      | <b>718</b>     | <b>448</b>     |
| <b>Kerb and channel</b>                 |      | <b>27</b>      | <b>52</b>      |
| Pit and pipe network                    |      | 73             | -              |
| <b>Drainage</b>                         |      | <b>73</b>      | <b>-</b>       |
| Retaining structures                    |      | 15             | -              |
| Playing surfaces                        |      | 8              | -              |
| Gardens and landscaping                 |      | -              | 1,196          |
| <b>Other infrastructure structures</b>  |      | <b>23</b>      | <b>1,196</b>   |
| <b>Total capital works</b>              |      | <b>13,232</b>  | <b>11,725</b>  |
| Represented by:                         |      |                |                |
| <b>Renewal</b>                          |      |                |                |
| Renewal of infrastructure               |      | 5,062          | 5,498          |
| Renewal of plant and equipment          |      | 4,044          | 2,135          |
| Renewal of property and buildings       |      | 859            | 535            |
| <b>Total renewal</b>                    |      | <b>9,965</b>   | <b>8,168</b>   |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 43 Capital expenditure - continued

| Capital expenditure areas   | Note  | 2014<br>\$'000 | 2013<br>\$'000 |
|---|-------|----------------|----------------|
| <b>Upgrade</b>  |       |                |                |
| Upgrade of property and buildings   |       | 983            | 720            |
| Upgrade of plant and equipment  |       | 19             | 140            |
| Upgrade of infrastructure   |       | 114            | 101            |
| <b>Total upgrade</b>  |       | <b>1,116</b>   | <b>960</b>     |
| <b>New</b>  |       |                |                |
| New property and buildings  |       | 1,403          | 103            |
| New plant and equipment   |       | 227            | 318            |
| New infrastructure  |       | 521            | 2,176          |
| <b>Total new</b>  |       | <b>2,151</b>   | <b>2,597</b>   |
| <b>Total capital works</b>  |       | <b>13,232</b>  | <b>11,725</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   |       | 13,232         | 11,726         |
| Asset revaluation movement  | 26(a) | (5,012)        | 3,898          |
| Contributions - non-monetary assets   | 6(b)  | -              | 243            |
| Assets written off  | 20    | -              | (1,595)        |
| Written down value of assets sold   | 7     | (310)          | (526)          |
| Depreciation/amortisation (excluding intangibles)   | 12    | (8,152)        | (9,430)        |
| <b>Net movement in property, plant and equipment, infrastructure</b>  | 20    | <b>(242)</b>   | <b>4,315</b>   |



# NOTES TO THE FINANCIAL REPORT

## FOR THE YEAR ENDED 30 JUNE 2014

### Note 43 Capital expenditure - continued

#### (a) Asset renewal expenditure

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) Asset upgrade expenditure

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) Asset expansion expenditure

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.

#### (d) New asset expenditure

Expenditure which creates a new asset that provides a new service that did not previously exist. New asset expenditure does not have any element of renewal, expansion or upgrade of existing assets. New capital expenditure may or may not result in additional revenue for council and will result in an additional burden for future operation, maintenance and capital renewal.

Expenditure which creates a new asset that provides a new service that did not previously exist. New asset expenditure does not have any element of renewal, expansion or upgrade of existing assets. New capital expenditure may or may not result in additional revenue for council and will result in an additional burden for future operation, maintenance and capital renewal.

### Note 44 Special committees and other activities - excluded from financial report

Council has control of the following section 86 Committees of Management. The financial transactions of these committees are not material and have not been included in council's financial results.

|   |   |
|---|---|
| Alvie Recreation Reserve Committee of management            | Kennett River Tennis Reserve Committee of management      |
| Barongarook Hall & Tennis Reserve Committee of management   | Larpent Hall Committee of management                      |
| Barwon Downs Hall Committee of management                   | Lavers Hill Hall Committee of management                  |
| Beech Forest Hall Committee of management                   | Lavers Hill Waterhole Reserve Committee of management     |
| Beech Forest Recreation Reserve Committee of management     | Old Beechy Rail Trail Committee of management             |
| Birregurra Public Hall Committee of management              | Pennyroyal Hall Committee of management                   |
| Carlisle River Recreation Reserve Committee of management   | Pirron Yallock Recreation Reserve Committee of management |
| Chapple Vale Public Hall Committee of management            | Stoneyford Hall Committee of management                   |
| Colac Municipal Aerodrome Committee of management           | Swan Marsh Hall & Tennis Reserve Committee of management  |
| Cororooke Hall Committee of management                      | Tirrengower Drainage Committee of management              |
| Cressy Hall Committee of management                         | Warncoort Tennis Reserve Committee of management          |
| Eurack Public Hall & Tennis Reserve Committee of management | Warrion Hall Committee of management                      |
| Irrewillipe Hall & Reserve Committee of management          | Yeo Recreation Reserve Committee of management            |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 45 Special committees and other activities - included in the financial report. Port of Apollo Bay

The council is the Port Manager for the Port of Apollo Bay. The Income Statement, Balance Sheet, Cash flow Statement and capital expenditure areas for the Port of Apollo Bay entity only, have been provided below. The information has been prepared in accordance with Australian Accounting Standards. After taking in account the inter-entity eliminations, the information below forms part of the combined financial statements of the Colac Otway Shire Council.

|  | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------------|----------------|
| <b>Comprehensive Income Statement</b>  |                |                |
| <b>Income</b>  |                |                |
| User fees  | 96             | 96             |
| Grants - operating   | 780            | 780            |
| Grants - capital   | -              | 1,657          |
| Net gain/(loss) on disposal of property, infrastructure, plant and equipment | -              | 12             |
| Other income   | 43             | 39             |
| <b>Total income</b>  | <b>919</b>     | <b>2,584</b>   |
| <b>Expenses</b>  |                |                |
| Depreciation and amortisation  | (637)          | (555)          |
| Employee benefits  | (394)          | (398)          |
| Materials and services   | (192)          | (148)          |
|  | (3)            | -              |
| <b>Other expenses</b>  | <b>(4)</b>     | <b>(4)</b>     |
|  | <b>(1,230)</b> | <b>(1,105)</b> |
| <b>Surplus /(Deficit)</b>  | <b>(311)</b>   | <b>1,479</b>   |
| Net asset revaluation increment/(decrement)                                  | 19             | -              |
| <b>Comprehensive result</b>  | <b>(292)</b>   | <b>1,479</b>   |
| <b>Balance Sheet</b>   |                |                |
| <b>Assets</b>  |                |                |
| <i>Current assets</i>  |                |                |
| Trade and other receivables  | 1,596          | 3,520          |
| <b>Total current assets</b>  | <b>1,596</b>   | <b>3,520</b>   |
| <i>Non-current assets</i>  |                |                |
| Property, infrastructure, plant and equipment                                | 22,379         | 20,779         |
| <b>Total non-current assets</b>  | <b>22,379</b>  | <b>20,779</b>  |
| <b>Total assets</b>  | <b>23,975</b>  | <b>24,299</b>  |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 45 Special committees and other activities - included in the financial report. Port of Apollo Bay - continued

|                                      | 2014<br>\$'000 | 2013<br>\$'000 |
|--------------------------------------|----------------|----------------|
| <b>Balance Sheet - continued</b>     |                |                |
| <b>Liabilities</b>                   |                |                |
| <i>Current liabilities</i>           |                |                |
| Trade and other payables             | 12             | 53             |
| Provisions                           | 80             | 59             |
| <b>Total current liabilities</b>     | <b>93</b>      | <b>112</b>     |
| <i>Non-current liabilities</i>       |                |                |
| Provisions                           | -              | 12             |
| <b>Total non-current liabilities</b> | <b>-</b>       | <b>12</b>      |
| <b>Total liabilities</b>             | <b>93</b>      | <b>125</b>     |
| <b>Net Assets</b>                    | <b>23,882</b>  | <b>24,175</b>  |
| <b>Equity</b>                        |                |                |
| Accumulated surplus                  | 18,384         | 18,695         |
| Reserves                             | 5,498          | 5,480          |
| <b>Total Equity</b>                  | <b>23,882</b>  | <b>24,175</b>  |

|  | 2014<br>Inflows/<br>(Outflows) | 2013<br>Inflows/<br>(Outflows) |
|--|--------------------------------|--------------------------------|
| <b>Cash Flow Statement</b>                                 |                                |                                |
| <b>Cash flows from operating activities</b>                |                                |                                |
| Grants (inclusive of GST)                                  | 780                            | 2,561                          |
| User charges and other fines (inclusive of GST)            | 92                             | 105                            |
| Interest   | 43                             | -                              |
| Net GST refund/payment                                     | -                              | (120)                          |
| Other payments   | (4)                            | (4)                            |
| Utilities (inclusive of GST)                               | (15)                           | -                              |
| External contracts (inclusive of GST)                      | (78)                           | -                              |
| Payments to suppliers (inclusive of GST)                   | (147)                          | (108)                          |
| Payments to employees (including redundancies)             | (379)                          | (392)                          |
| <b>Net cash provided by (used in) operating activities</b> | <b>(486)</b>                   | <b>(519)</b>                   |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 45 Special committees and other activities - included in the financial report. Port of Apollo Bay - continued

|   | 2014<br>Inflows/<br>(Outflows) | 2013<br>Inflows/<br>(Outflows) |
|---|--------------------------------|--------------------------------|
| <b>Cash Flow Statement - continued</b>  |                                |                                |
| <b>Cash flows from investing activities</b>                                   |                                |                                |
| Payments for property, infrastructure, plant and equipment (inclusive of GST) | (2,219)                        | (145)                          |
| Proceeds from sale of property, infrastructure, plant and equipment           | -                              | 58                             |
| <b>Net cash provided by (used in) investing activities</b>                    | <b>(2,219)</b>                 | <b>(87)</b>                    |
| Cash advance held by management authority                                     | 1,925                          | (1,955)                        |
| <b>Cash flows from financing activities</b>                                   | <b>1,925</b>                   | <b>(1,955)</b>                 |
| Net increase (decrease) in cash and cash equivalents                          | -                              | -                              |
| Cash and cash equivalents at the beginning of the financial year              | -                              | -                              |
| <b>Cash and cash equivalents at the end of the financial year</b>             | <b>-</b>                       | <b>-</b>                       |

|   | Total         | Accumulated<br>Surplus | Asset<br>Revaluation<br>Reserve |
|---|---------------|------------------------|---------------------------------|
| <b>Statement of Changes in Equity</b>       |               |                        |                                 |
| <b>2014</b>                                 |               |                        |                                 |
| Balance at beginning of the financial year  | 24,175        | 18,695                 | 5,480                           |
| Comprehensive result                        | (311)         | (311)                  | -                               |
| Net asset revaluation increment/(decrement) | 19            | -                      | 19                              |
| <b>Balance at end of the financial year</b> | <b>23,882</b> | <b>18,384</b>          | <b>5,498</b>                    |
| <b>2013</b>                                 |               |                        |                                 |
| Balance at beginning of the financial year  | 22,696        | 17,216                 | 5,223                           |
| Comprehensive result                        | 1,479         | 1,479                  | -                               |
| <b>Balance at end of the financial year</b> | <b>24,175</b> | <b>18,695</b>          | <b>5,480</b>                    |

# NOTES TO THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2014

## Note 45 Special committees and other activities - included in the financial report. Port of Apollo Bay - continued

|   | Total | Accumulated Surplus | Asset Revaluation Reserve |
|---|-------|---------------------|---------------------------|
| <b>Capital expenditure areas</b>  |       |                     |                           |
| Plant and minor equipment   |       | 2,219               | 136                       |
| <b>Total capital works</b>  |       | <b>2,219</b>        | <b>136</b>                |
| Represented by:   |       |                     |                           |
| Renewal of plant and equipment  |       | 2,219               | 136                       |
| <b>Total capital works</b>  |       | <b>2,219</b>        | <b>136</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   |       | 2,219               | 86                        |
| Asset revaluation movement  |       | 19                  | -                         |
| Depreciation/amortisation   |       | (637)               | (555)                     |
| Written down value of assets sold   |       | -                   | (40)                      |
| <b>Net movement in property, plant and equipment, infrastructure</b>  |       | <b>1,600</b>        | <b>(509)</b>              |

# CERTIFICATION OF THE FINANCIAL REPORT

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



Ashley Roberts B.Com CPA  
Principal Accounting Officer

10 September 2014

In our opinion the accompanying financial statements present fairly the financial transactions of Cola Otway Shire Council for the year ended 30 June 2014 and the financial position of the Council as at that date.

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

We have been authorised by the Council on 10 September 2014 to certify the financial statements in their final form.



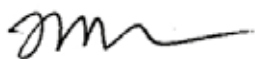
Cr Michael Delahunty  
Councillor

10 September 2014



Cr Stephen Hart  
Councillor

10 September 2014



Ms Sue Wilkinson  
Chief Executive Officer

10 September 2014

## INDEPENDENT AUDITOR'S REPORT

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

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

The accompanying financial report for the year ended 30 June 2014 of the Colac-Otway Shire Council which comprises comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of the significant accounting policies and other explanatory information, and the certification of the financial report has been audited.

The accompanying standard statements for the year ended 30 June 2014 of 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 standard statement have been audited.

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

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

- the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1989*
- the standard statements in accordance with the basis of preparation as described in note 1 to the statements and the requirements of the *Local Government Act 1989*.

The Councillors are responsible for such internal control as the Councillors determine is necessary to enable the preparation and fair presentation of the financial report and standard statements 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 financial report and standard statements 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 financial report and standard statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and standard statements. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report and standard statements, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report and standard statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Councillors, as well as evaluating the overall presentation of the financial report and standard statements.

## 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 financial report presents fairly, in all material respects, the financial position of the Colac-Otway Shire Council as at 30 June 2014 and of 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*
- (b) the standard statements present fairly, in all material respects, in accordance with the basis of preparation as described in Note 1 to the statements and the requirements of the *Local Government Act 1989*.

### *Basis of Accounting for Standard Statements*

Without modifying my opinion, I draw attention to Note 1 to the standard statements, which describes the basis of accounting. The standard statements are prepared to meet the requirements of the *Local Government Act 1989*. As a result, the standard statements may not be suitable for another purpose.

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

This auditor's report relates to the financial report and standard statements of the Colac-Otway Shire Council for the year ended 30 June 2014 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 financial report and standard statements are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and standard statements to confirm the information contained in the website version of the financial report and standard statements.

MELBOURNE  
12 September 2014

  
Dr Peter Frost  
Acting Auditor General



# PERFORMANCE STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

| Pillars | Strategic Performance Indicators | Target | Result | Outcome | Comments |
|---------|----------------------------------|--------|--------|---------|----------|
|---------|----------------------------------|--------|--------|---------|----------|

## Good Governance

|   |  |  |  |              |   |
|---|--|--|--|--------------|---|
| <p>Good Governance means we care about and are responsive to the community, encourage democratic participation and involve people in decisions that affect them. We strive for excellence in financial management and council services, and always look for better ways to do things.</p> | Liquidity Ratio  | >150%                                      | 193%                                     | Achieved     |   |
|   | Outstanding rates, charges and fees as a proportion of rates, charges and fees | <4%  | 5.90%                                    | Not Achieved | Non payment of rates charges and fees was higher than anticipated                 |
|   | Underlying Result  | Greater than \$-1.3million                 | -\$0.91million                           | Achieved     | Improved Asset Management practices led to a significant reduction in expenditure |
|   | Audit Opinion Issued on Financial Statements                                   | Compliance with all statutory requirements | All statutory requirements complied with | Achieved     |   |
|   | Councillor attendance at Council meetings                                      | 95.0%                                      | 96.6%                                    | Achieved     |   |

## A Planned Future

|  |  |                                |                                |              |  |
|--|--|--------------------------------|--------------------------------|--------------|--|
| <p>A planned future creates an attractive shire with quality buildings and spaces, accessible travel and transport, and a community that has the services, and facilities it needs now and in the future; supports a prosperous economy where trade, manufacturing and business activity flourishes.</p> | Delivery of Business Development Events                | 16 Events held during the year | 12 Events held during the year | Not Achieved | More than one event per month was overly ambitious and beyond the resources of the Economic Development Unit to achieve.   |
|  | Planning Permits processed within statutory timeframes | >70%                           | 62%                            | Not Achieved | Not achieved; however the result was a significant improvement from 2012/13. Causes included planning staff still having to manually load applications because electronic lodgement was not popular with the general community. The Planning Unit was also adversely affected by system changes and staff vacancies. |

# PERFORMANCE STATEMENT (CONT.)

FOR THE YEAR ENDED 30 JUNE 2014

| Pillars | Strategic Performance Indicators | Target | Result | Outcome | Comments |
|---------|----------------------------------|--------|--------|---------|----------|
|---------|----------------------------------|--------|--------|---------|----------|

## A Place to Live and Grow

|   |  |                 |            |              |   |
|---|--|-----------------|------------|--------------|---|
| A place to live and grow is a community where people feel cared for and supported; where buildings and spaces facilitate creativity, social activity and enrichment of life, and people have access to gain the skills and education needed to reach their potential. | Percentage of Capital Works projects attributed to the pillar completed                              | >85%            | 95.20%     | Achieved     |   |
|   | Capital Works projects attributed to this pillar actual expenditure compared to budgeted expenditure | >85%            | 100%       | Achieved     |   |
|   | Asset renewal sustainability index   | 100%            | 134.1%     | Achieved     |   |
|   | Actual expenditure on road maintenance as compared to budget for road maintenance                    | +/- 5% variance | -6.1%      | Not Achieved | Road Maintenance budget of \$2,573,534 was underspent by \$155,952 primarily due to resources being diverted to deal with emergency response related to storm damage. |
|   | Efficiency of Older Persons and Support Services as assessed by net cost to Council                  | < \$0           | -\$323,343 | Not Achieved | Reduced reimbursements of costs of providing Aged and Disability support resulted in a net cost to Council of \$323,343.  |

## A Healthy Community and Environment

|   |  |                 |             |          |                              |
|---|--|-----------------|-------------|----------|------------------------------|
| A healthy community and environment actively connects and includes people of all ages and backgrounds and promotes a healthy and vibrant community life in a clean, safe, and sustainable environment | Exhibition of community and professional artists at the Colac Otway Performing Arts and Cultural Centre (COPACC) | >100 artists    | 300 artists | Achieved |                              |
|   | Community Grants Programme 100% subscribed and committed to  | +/- 5% variance | -1.4%       | Achieved | Budget underspent by \$1,910 |
|   | Festival and Events Support Programme 100% subscribed and committed to   | +/- 5% variance | 0.0%        | Achieved |                              |

# CERTIFICATION OF THE PERFORMANCE STATEMENT

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.



Ashley Roberts B.Com CPA  
Principal Accounting Officer

10 September 2014

In our opinion the accompanying Performance Statement of the Colac Otway Shire Council in respect of the 2013/2014 financial year is presented fairly in accordance with Section 132 of the *Local Government Act 1989* .

The statement outlines the separately identified Key Strategic Activities contained in the budget under Section 127 of the *Local Government Act 1989* and describes the actual results achieved in the financial year.

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

We have been authorised by the Council on 10 September to certify the Performance Statement in its final form.



Cr Michael Delahunty  
Councillor

10 September 2014



Cr Stephen Hart  
Councillor

10 September 2014



Ms Sue Wilkinson  
Chief Executive Officer

10 September 2014

## INDEPENDENT AUDITOR'S REPORT

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

#### *The Performance Statement*

The accompanying performance statement for the year ended 30 June 2014 of the Colac-Otway Shire Council which comprises the statement, the related notes and the certification of performance statement has been audited.

#### *The Councillors' Responsibility for the Performance Statement*

The Councillors of the 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 to enable the preparation and fair presentation of the performance statement that is free from 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.

## 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.

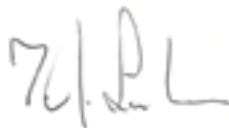
### *Auditor's Opinion*

In my opinion, the performance statement of the Colac-Otway Shire Council in respect of the 30 June 2014 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 2014 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  
12 September 2014

  
Dr Peter Frost  
Acting Auditor General

# ACRONYMS AND DEFINITIONS

|            |  |
|------------|--|
| BWFC       | Bluewater Fitness Centre   |
| CAR        | Corrective Action Request  |
| CBD        | Central Business District  |
| CCTV       | Closed-circuit television  |
| CEO        | Chief Executive Officer  |
| COPACC     | Colac Otway Performing Arts & Cultural Centre                      |
| Co-PYLIT   | Colac Police Youth Liaison Team                                    |
| COShealth  | Colac Otway Shire Health and Wellbeing Program                     |
| DHS        | Victorian Government Department of Human Services                  |
| EA         | Staff 3-year enterprise agreement                                  |
| EFT        | Equivalent Full Time employees                                     |
| GCC        | Global Corporate Challenge®  |
| HACC       | Home and Community Care  |
| MAV        | Municipal Association of Victoria                                  |
| NDIS       | National Disability Insurance Scheme                               |
| NDIA       | National Disability Insurance Agency                               |
| NSP        | Neighbourhood Safer Places   |
| FOI        | Freedom of Information   |
| G21        | Geelong Regional Alliance  |
| IBAC       | Independent Broad-based Anti-corruption Commission                 |
| ICLEI      | International Council for Environmental Initiatives                |
| Interplan® | Council's Corporate Performance Management software system         |
| JMAPP      | Jardine Municipal Asset Protection Package                         |
| LED        | Light Emitting Diode   |
| LGEEP      | Local Government Energy Efficiency Program                         |
| LMI        | Liability Mutual Insurance   |
| LGPRF      | Victorian Local Government Performance Reporting Framework         |
| LTFP       | Long Term Financial Plan   |
| MAV        | Municipal Association of Victoria                                  |
| OH&S       | Occupational Health and Safety                                     |
| OPASS      | Council's Older Persons and All Support Service                    |
| PES®       | Council's Corporate Personnel Evaluation software system           |
| RET        | Renewable Energy Target  |
| RRRTAG     | Red Rock Regional Theatre and Art Gallery                          |
| SafetyMAP  | Accreditation through the Victorian WorkCover Authority            |
| SRP        | Strategic Resource Plan  |
| TRIM       | Council's electronic records management system                     |
| VAGO       | Victorian Auditor General's Office                                 |
| VCAT       | Victorian Civil and Administrative Tribunal                        |
| WHK        | Accounting and financial advisors                                  |
| Wi-Fi      | Local area wireless technology allowing connection to the internet |

# SUSTAINABILITY INDEX

## SOCIAL

### Staff

|                                  |        |
|----------------------------------|--------|
| - Staff code of conduct          | 14     |
| - Human resources                | 14     |
| - Learning and development       | 15     |
| - Occupational health and safety | 14     |
| - Policy commitment              | 14     |
| - Tertiary support               | 15, 21 |

### Society

|  |    |
|--|----|
| - Community grants                       | 15 |
| - Planning and support for our community | 15 |
| - Positive Ageing Ambassador Program     | 15 |

## ENVIRONMENT

|  |    |
|--|----|
| - Energy use and generation              |    |
| - Large Scale Solar Photovoltaic Project | 16 |
| - Reduction in electricity consumption   | 16 |
| - Environmental policy commitment        | 16 |
| - Greenhouse gas emissions               | 16 |
| - Organic waste and recycling            | 57 |
| - Solar hot water systems installed      | 16 |
| - Water use                              | 17 |

---

## ECONOMIC DEVELOPMENT

|                            |    |
|----------------------------|----|
| - Business development     | 18 |
| - Long Term financial plan | 18 |
| - Procurement              | 18 |
| - Regional engagement      | 18 |
| - Sustainable growth       | 17 |
| - Sustainable labour force | 18 |

# GENERAL INDEX

|   |          |       |  |
|---|----------|-------|--|
| <b>A</b>  |          |       |  |
| - A Healthy Community and Environment             | 56       |       |  |
| - A Place to Live and Grow                        | 51       |       |  |
| - A Planned Future                                | 45       |       |  |
| - About this Annual Report                        | 1        |       |  |
| - Acronyms and definitions                        | 157      |       |  |
| - Appreciating our staff                          | 23       |       |  |
| - Audit committee                                 | 32       |       |  |
| - Auditor General's report                        | 155, 156 |       |  |
| <b>B</b>  |          |       |  |
| - Business planning                               | 35       |       |  |
| <b>C</b>  |          |       |  |
| - Calendar of events                              | 5        |       |  |
| - Chief Financial Officer's report                | 11       |       |  |
| - Civic Awards                                    | 42       |       |  |
| - Committees of Council                           | 31       |       |  |
| - Conflict of interest                            | 26       |       |  |
| - Continuous improvement                          | 36       |       |  |
| - Corporate governance                            | 25       |       |  |
| - Council meetings                                | 28       |       |  |
| - Council representation on other committees      | 32       |       |  |
| - Council's role                                  | 25       |       |  |
| - Council's relationship to the Executive         | 26       |       |  |
| - Councillor attendance at meetings               | 28       |       |  |
| - Councillor code of conduct                      | 28       |       |  |
| - Councillors                                     | 32       |       |  |
| - Councillor support and remuneration             | 30       |       |  |
| <b>D</b>  |          |       |  |
| - Decision making                                 | 26       |       |  |
| <b>E</b>  |          |       |  |
| - Executive management team                       | 19       |       |  |
| <b>F</b>  |          |       |  |
| - Financial indicators                            | 60       |       |  |
| - Financial performance                           | 59       |       |  |
| - Financial statements                            | 76       |       |  |
| - Financial sustainability indicators             | 61       |       |  |
| <b>G</b>  |          |       |  |
| - Good Governance                                 | 41       |       |  |
| - Grants and donations                            | 38       |       |  |
| <b>I</b>  |          |       |  |
| - In brief  |          | Intro |  |
| <b>L</b>  |          |       |  |
| - Legislative compliance                          |          | 37    |  |
| - Carers Recognition                              |          | 37    |  |
| - Domestic animal management plan                 |          | 38    |  |
| - Equal Opportunity                               |          | 38    |  |
| - Freedom of information                          |          | 37    |  |
| - Information Privacy                             |          | 37    |  |
| - Protected Disclosure                            |          | 37    |  |
| - Road management                                 |          | 38    |  |
| - Local laws                                      |          | 26    |  |
| <b>M</b>  |          |       |  |
| - Major Projects                                  |          | 13    |  |
| - Mayor and CEO message                           |          | 7     |  |
| <b>O</b>  |          |       |  |
| - Occupational health and safety                  |          | 14    |  |
| - Organisation structure                          |          | 20    |  |
| - Our people                                      |          | 21    |  |
| <b>P</b>  |          |       |  |
| - Performance statement                           |          | 152   |  |
| - Policies, strategies and plans                  |          | 27    |  |
| - Public access to registers and documents        |          | 39    |  |
| <b>R</b>  |          |       |  |
| - Risk management                                 |          | 34    |  |
| - Risk insurance                                  |          | 34    |  |
| <b>S</b>  |          |       |  |
| - Shire profile                                   |          | 1     |  |
| - Standard statements                             |          | 66    |  |
| - Sustainability report                           |          | 14    |  |
| - Sustainability index                            |          | 158   |  |
| <b>U</b>  |          |       |  |
| - Understanding the financial statements          |          | 63    |  |
| <b>V</b>  |          |       |  |
| - Victorian local government indicators           |          | 40    |  |
| - Vision, mission, values and strategic direction |          | Intro |  |
| <b>Y</b>  |          |       |  |
| - Year in review                                  |          | 3     |  |
| - Youth council                                   |          | 43    |  |



## CONTACTING OUR COUNCILLORS

### Cr Lyn Russell - Mayor

Telephone: 5232 9405  
5231 5191 (AH)  
Mobile: 0488 352 583  
Email: [councillor.russell@colacotway.vic.gov.au](mailto:councillor.russell@colacotway.vic.gov.au)

### Cr Frank Buchanan - Deputy Mayor

Mobile: 0437 780 070  
0455 949 212  
Email: [frank.buchanan@colacotway.vic.gov.au](mailto:frank.buchanan@colacotway.vic.gov.au)

### Cr Brian Crook

Telephone: 5232 9410  
5231 3885 (AH)  
Mobile: 0448 352 583  
Email: [councillor.crook@colacotway.vic.gov.au](mailto:councillor.crook@colacotway.vic.gov.au)  
[bcrook88@gmail.com](mailto:bcrook88@gmail.com)

### Cr Michael Delahunty

Telephone: 5232 9408  
Mobile: 0409 155 904  
Email: [councillor.delahunty@colacotway.vic.gov.au](mailto:councillor.delahunty@colacotway.vic.gov.au)

### Cr Stephen Hart

Telephone: 5232 9406  
5237 3196 (AH & BH)  
Mobile: 0407 962 412  
Email: [lavershill7@bigpond.com](mailto:lavershill7@bigpond.com)

### Cr Chris Smith

Telephone: 5232 9411  
5235 1255 (AH & BH)  
Mobile: 0419 351 255  
Email: [cjmjsmith@bigpond.com](mailto:cjmjsmith@bigpond.com)

### Cr Terry Woodcroft

Telephone: 5232 9407  
Mobile: 0417 559 258  
Email: [councillor.woodcroft@colacotway.vic.gov.au](mailto:councillor.woodcroft@colacotway.vic.gov.au)



# Colac Otway

SHIRE

## **Colac Service Centre**

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

## **Apollo Bay Service Centre**

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

**Postal Address** PO Box 283 Colac Vic 3250

**Email Address** [inq@colacotway.vic.gov.au](mailto:inq@colacotway.vic.gov.au)

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