



Colac Otway
SHIRE

'Naturally Progressive'

ANNUAL REPORT

1999 - 2000

Our Vision:

Colac Otway be recognised as a progressive community, proud of its achievements and creating social and economic conditions that generate growth in employment and improve quality of life.



Mission Statement

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

Providing community development and support services

Managing Council's infrastructure and the natural environment

Facilitating strategic economic development.

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

Service Centres

2 - 6 Rae Street
Colac 3250

69 - 71 Nelson Street
Apollo Bay 3233

Telephone

03 52 329 400

Postal Address

PO BOX 283 Colac Victoria 3250

Email

inq@colacotway.vic.gov.au

Website

www.colacotway.vic.gov.au



Colac Otway Shire

- an overview

Introduction

Since its establishment on September 23, 1994, Colac Otway Shire has rapidly developed as a strong municipality with a progressive community of diverse interests.

The Otways, coastal attractions surrounding Apollo Bay, the Great Ocean Road to the south and volcanic country and inland lakes to the north, provide unique natural assets for a growing tourism industry within the Shire.

The Shire's economic development is supported substantially by the strength and sustainable growth in tourism, dairy, timber and fishing industries, together with a manufacturing base of food and timber processing.

Protection of the environment is a high priority of Council and the community, with a major focus on recycling being adopted in the Shire's waste management plan.

Colac Otway Shire is located within two hours of Melbourne and other major Victorian centres and offers quality retail, recreational, educational and sporting facilities.

Ward Boundaries

Colac Otway Shire covers an area of 3,530 sq kms, with a population of 20,630 living in urban settlements and throughout rural areas.

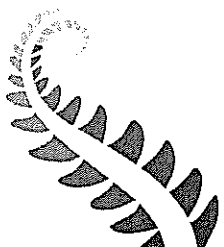
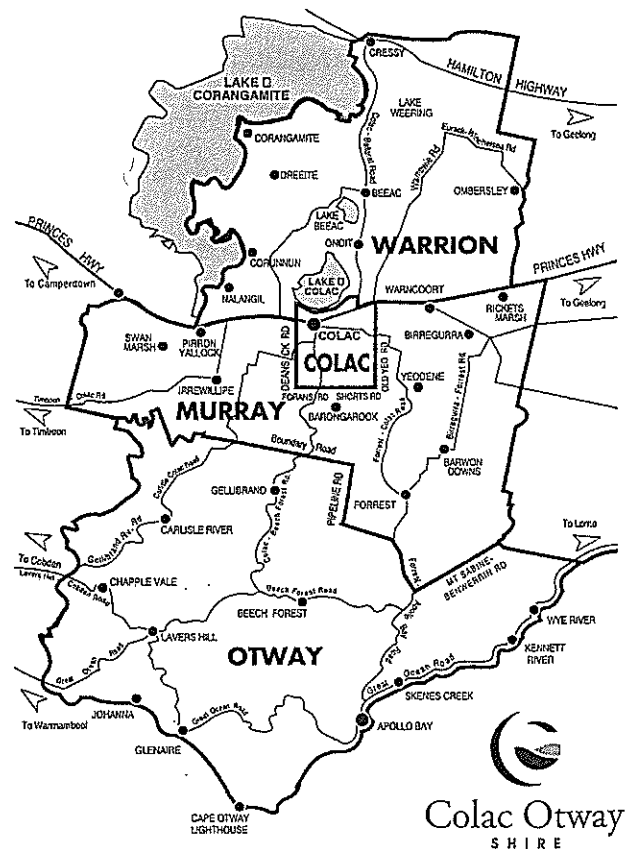
Colac and Apollo Bay are the Shire's major centres and are the operational bases for numerous services, businesses and industries.

The municipality is divided into four wards which enables equitable representation for electoral purposes. The ward boundaries were reviewed during 1999 and a decision reached to retain the existing ward boundaries.

The Colac Ward encompasses the Colac township, Elliminyt and outskirts and its residents are represented by three Councillors.

The Otway Ward which extends across the Otway Ranges and entire coastal region of the Shire is represented by two Councillors.

The Warrion Ward to the north of the municipality and the Murray Ward which covers much of the central region are both represented by one Councillor each.



Councillors

Term of Office: 20 March 1999 – 19 March 2002.

Mayor

Cr. Peter Mercer Murray Ward

Councillors

Cr. Jim Ryan Colac Ward
Cr. Belinda Murnane Colac Ward
Cr. Helen Paatsch Colac Ward
Cr. Warren Riches Warrion Ward
Cr. Carol Wilmink Otway Ward
Cr. Keith Leorke Otway Ward

Council throughout the year reviewed its Corporate Plan and confirmed a new 3 year Business Plan. Key Actions within the Corporate Plan have considered the priorities set by the community at a number of meetings with Councillors and staff.

Council responded to the results of the State Customer Satisfaction Survey by prioritising actions and expenditure in areas where results indicated that Council was being requested to do more. The outcome was a 10% overall improvement in community satisfaction levels.

Council has strengthened its consultative role in the community by rotating Council meetings each alternate month around the Shire.

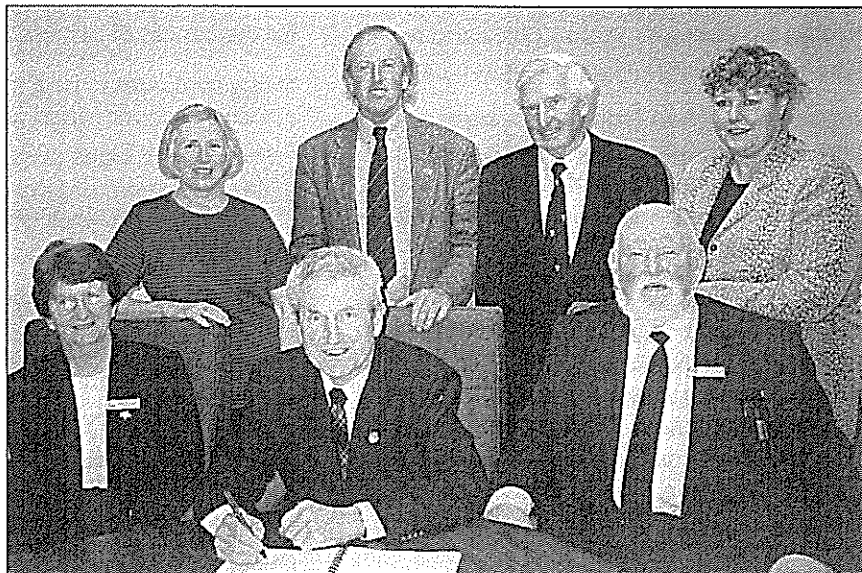
Direct contact with the community has been in the form of discussions, forums and public meetings with newsletters and media releases informing residents of Council's operations and activities.

The Ordinary Meeting of Colac Otway Shire Council is held on the 4th Wednesday of each month at 4.00 pm and is open to the public.

Councillors also attend briefing sessions with Council's senior managers to ensure regular communication regarding administrative and operational issues and developments.

Committees of Council include the Audit Committee, Contracts Committees, Colac Otway Tourism Board and the Colac Otway Services Board.

Councillors have continued to participate in regular regional meetings, training programs and workshops addressing current issues that will affect decisions and their representative roles within the Colac Otway Shire.



From the Mayor's Desk

Our priority is the implementation of strategic documents which are the result of community input and consultation.

The most obvious is the Colac Otway Performing Arts and Cultural Centre (COPACC) with its magnificent rammed earth walls.

There appears to be a general optimism in our municipality. Much of this leads from our Shire's Economic Development Unit which has assisted with the long-awaited food processing plant on the former abattoir site. Pearsons Engineering, a New Zealand Company have also established their Australian distribution centre in Colac.

The Planning Department has seen an unprecedented number of planning applications largely along the coast where tourism is attracting a variety of activities.

Our C2 amendment to the Planning Scheme is now at Victorian Civil and Administrative Tribunal following a considerable amount of energy being used to balance the conflicting views of conservation and the farmers' right to farm.

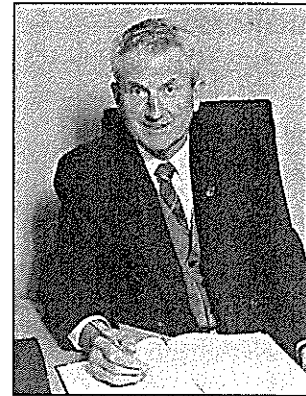
Advocacy is a key part of Local Government's role in the democratic process. In this role the Shire has promoted our need for natural gas and we now have the prospect of TXU piping of natural gas to Colac by mid 2001.

Subject to the community's wishes, Barwon Water will instigate a sewerage scheme at Skenes Creek and we are also investigating improved TV reception in rural areas.

Our Small Town Improvement Program has been given a boost in a partnership with the State Government's StreetLife initiative. We are hopeful that the Regional Forest Agreement decisions will see an inflow of grants into affected townships.

Our Business Unit, Cosworks, is at arms length from Council competing on an equal basis with private enterprise. It is one of the few Local Government Business Units to achieve quality assurance, SafetyMAP and Environment Management Systems certification which, combined with VicRoads pre-qualification, puts them in an enviable position. Their profits have enabled us to spend increasing amounts on our unsealed roads.

Congratulations are also in order for our Human Services and Health Department in being recognised as equal first in a statewide survey of Local Government services.



Many aged people can only remain in their homes because of the dedicated work of our Aged and Disability Services. At the other end of the age spectrum many parents would find it difficult without our Family Day Care Services and the guidance of the Maternal and Child Health Nurses.

The Colac Community Health Services Unit and the Colac Toy Library Committee are working together to extend the Toy Library services to all our youngsters.

The Shire is conscious of the needs of all age groups and after extensive research and consultation we are able to call tenders for the Colac Skatepark and hopefully Apollo Bay's will soon follow.

It was disappointing that the popular Freeza events could not happen so frequently this year.

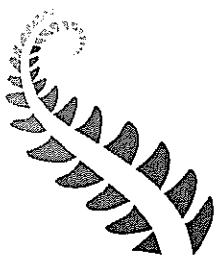
We appreciate the selfless voluntary work that goes on in our community. All are characterised by a tremendous spirit of generosity and willingness to work for the benefit of our less fortunate.

Safety continues to be a major emphasis in the Shire's activities with increased funding for our road network, their drains, signage and roundabouts. The control of dairy herds on roads continues to be a balancing act between the desires of motorists and the rights of farmers.

I thank my fellow Councillors for their continuing efforts and availability and their desire and ability to evaluate and endorse new ideas.

The proposals that have come forward and their willingness to have full genuine community consultation has enabled the Shire to achieve many goals.

We thank all staff members for their efforts and in particular I thank Glenn Patterson, the Chief Executive who has strongly led management.



Chief Executive Officer's Report



The organisation has experienced a year of positive change and achievement.

It was pleasing for us to achieve a 10% improvement in overall community satisfaction levels, building on the previous year's gain. Our Health and Community Services rated at the highest level of our like group of Councils across the State.

Employee satisfaction has been maintained at last year's high levels, with positive responses being provided to the following statements in our Employee Opinion Survey, as examples:

- | | |
|---|-----|
| • Work Satisfaction | 93% |
| • Organisation is a good place to work | 97% |
| • I am proud to say I work for the organisation | 95% |

This environment creates a powerful base for optimising individual effort and organisational performance, which has contributed to the improvement in the community's perception of our performance.

Organisation Improvement

The Council was the first local government authority in Victoria to achieve Level 1 SafetyMap certification, an example of the organisation's focus on best practice. We received re-certification this financial year. This is complemented by Cosworks (the civil engineering unit) being Quality Assured and having an accredited

Environment Management System and the organisation's use of the Australian Quality Council Business Excellence Framework.

Our first Best Value service review of the Council's Asset Maintenance functions delivered by Cosworks, is complete. As a result, improvements have been captured, benchmarks established, new measures developed and service levels adjusted to more closely meet community needs.

The Shire takes the opportunity to be a community leader through its coordination of the delivery of a range of business and management development programs.

The Shire has also established innovative work arrangements through its new Enterprise Bargaining Agreement that complements the organisation's focus on performance standards and reward and recognition. Flexibility has been introduced through initiatives such as an extensive offsite work policy and a range of family-friendly work arrangements.

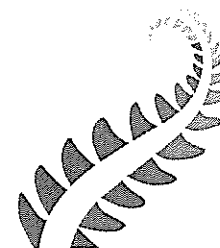
Other performance indicators that confirm our improvement in the organisation's health and service performance include improved WorkCover performance, decreased absenteeism and staff turnover, improved asset renewal effort and Capital Works implementation.

A range of good governance initiatives has been implemented:

- Development of Governance policies (Ends, CEO limitations and CEO/Council linkages)
- Strengthened Audit Committee and internal audit processes
- Continuation of an independent Board to oversee Cosworks

Economic Development

Economic development is high on the agenda with activity focussed on agriculture, industry and tourism, formalised under the Strategic Development Master Plan.



Like all rural municipalities, employment is the underlying factor to the future and Colac Otway Shire has stepped beyond the traditional role and facilitated a new export quality abattoir for Colac. This \$9 million, two-year project was successfully implemented this year when Council's operation ceased in March, being replaced by the new export standard facility, providing Coles Supermarkets' lamb needs. This project secured 150 jobs for Colac.

Further growth is anticipated at the abattoir when the new company moves to a second shift which would lift employment numbers to approximately 285 and increase the value of turnover per year from \$57 million to over \$100 million.

Colac has also attracted new developments in aged-care facilities, engineering and further expansion in established food processing industries.

Tourism along the coast has also brought a wealth of planning applications. In the past two years \$20 million worth of projects have come to fruition in that area.

The Colac Otway community are seeing their dream come to reality as construction of our \$5 million Colac Otway Performing Arts and Cultural Centre (COPACC) commences, to be completed by December 2000. A \$2 million grant from the State's Community Support Fund has allowed this exciting development to proceed. Features of the new centre are a 350-seat auditorium for block buster cinema releases and the performing arts, a 120-seat cinema, café, meeting rooms, historical centre, exhibition gallery and kitchen.

The Shire has also been successful in gaining funding for a range of tourism, arts and recreation projects that have enhanced community and civic infrastructure. Colac Otway Shire has been the most successful municipality in obtaining state government grants through the State's Rural Community Development Scheme and Community Support Fund, obtaining over \$5 million State funding in five years, for a variety of projects.

Cosworks – Local Government's Civil Engineering success story

Cosworks successful operations have this year contributed \$600,000 in net profit on turnover of \$6,500,000.

This income is only available as Cosworks successfully tendered for and profitably implemented a range of external works.

Much of Cosworks growth over the past three years has been due to successful partnering with local contractors and building on a partnership agreement with CSR Emoleum Road Services.

Cosworks has carried out works in other municipalities in partnership with CSR Emoleum achieving profit margins of 15% or above, providing a return to Council not otherwise available to invest in Colac Otway infrastructure.

An independent Board with Council and private sector representatives oversees the operation of Cosworks to ensure a commercial and service approach is taken to manage the unit.

A significant factor in Cosworks gaining contracts has been the development of a Quality Assurance System, Safety MAP Accreditation, VicRoads Prequalification status and the development of an Environment Management System. These initiatives make it one of the first contractors or Councils in Victoria to develop this complete suite of management systems.

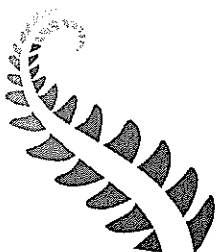
Benchmarking unit costs, radically changing previous work practices and conditions of employment, rationalising plant and equipment to improve plant utilisation and developing working relationships with suppliers and sub-contractors, has made Cosworks very competitive.

Greenscheme

Only 40% of the Shire's waste goes to landfill since the inception of the Shire's new Greenscheme waste management scheme. Residents have learnt how to divide their household waste into inert, organic and recyclables.

Colac Otway is one of the first municipalities to recycle its organic waste into compost. Twelve months into the scheme the compost is being used for a number of commercial horticultural applications.

There has also been a significant increase in the quantity of recyclables being collected. The cost of cartage to landfill has been reduced, as the compost material is recycled within the Shire.



This innovative approach to waste management is being done in partnership with Transwest that has since won an award for their specially-designed collection vehicles.

Financial Management

Council this year prepared a new three-year rating strategy to commence on 1 July 2000, a refreshed five-year capital investment plan and three-year financial plan, supported by a rigorous business planning process. The rating strategy took the results of the property revaluation into account, as the revaluation produced significant increases in value along the coast.

This year we delivered additional service in priority areas of asset renewal (\$285,000), economic development (\$521,000), community development funding (\$60,000) and food safety implementation (\$50,000). This additional spending was well in excess of the additional revenue generated from the 6.9% rate increase of \$560,000.

Next year's budget builds on these themes, emphasising Environmental Management, Waste Management and Asset renewal requirements. The proposed additional asset maintenance expenditure will achieve an Asset Renewal Sustainability Index of 94%.

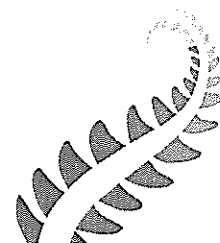
Despite undertaking major projects such as the Colac abattoir, the Colac Otway Performing Arts and Community Centre and the largest capital works program in our history, the Council is conservatively geared with borrowings within the industry prudential ratio limits.

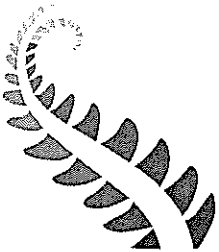
The organisation has had another successful year, assisted by the dedication of staff, commitment of Councillors and the co-operative relationship that exists between the Executive and Council. The organisation is financially sound, has clear direction and strategy and has continued to maximise its opportunities through practical achievements.



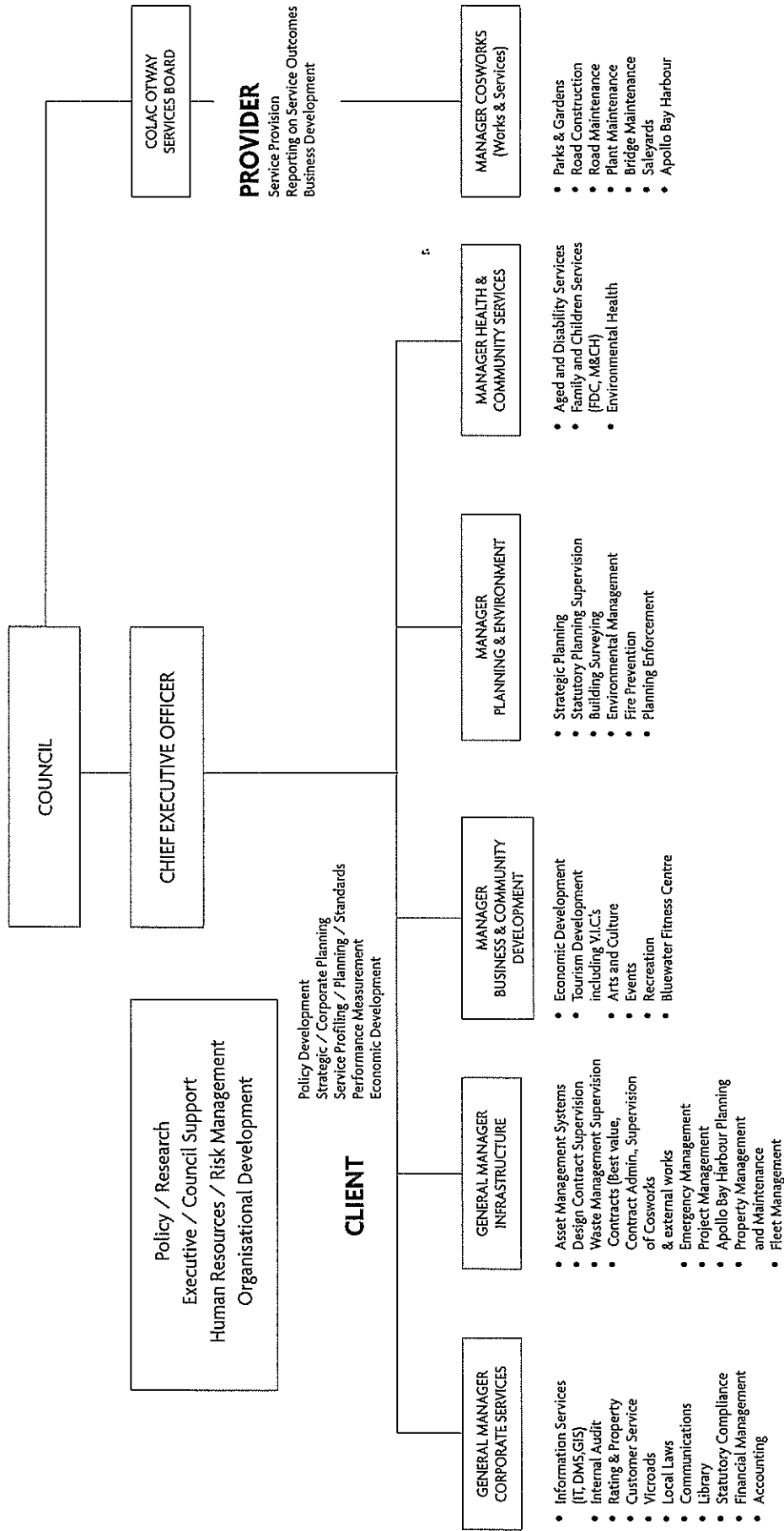
Glenn Patterson

Chief Executive Officer

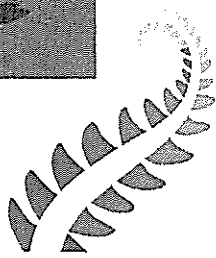
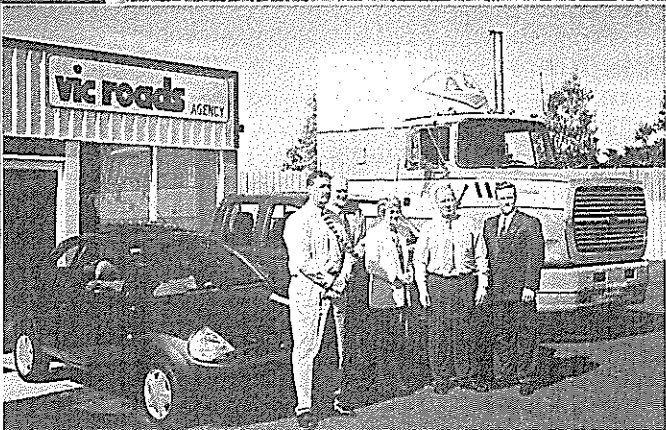
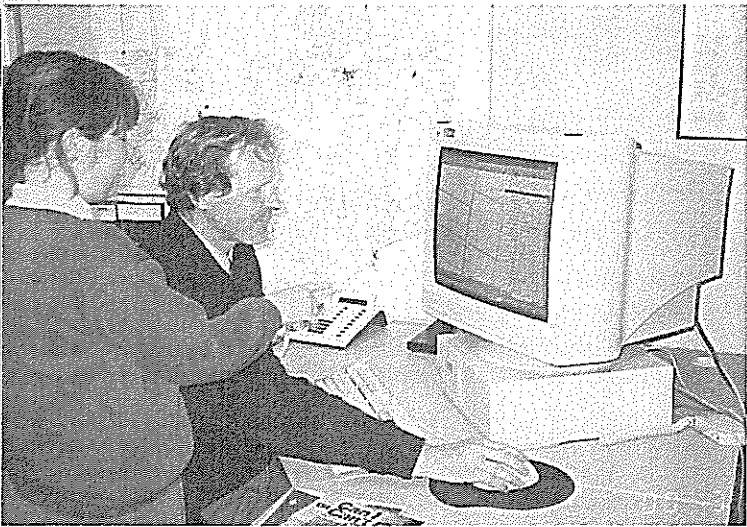


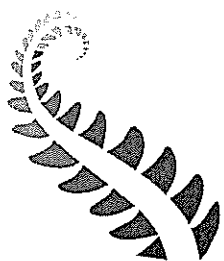
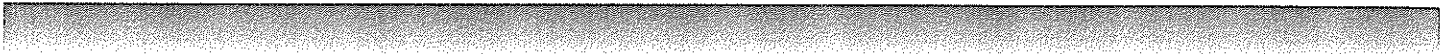


COLAC OTWAY SHIRE ORGANISATION STRUCTURE



Governance





1999 - 2000 Year in Review

Governance

Community Leadership

Council has maintained many partnership links with Federal and State Government Departments which has resulted in positive strategy outcomes and an improvement in funding. Representation through the South-West Municipalities Group and the Municipal Association of Victoria has enabled Council to advocate on major issues of Best Value, Road Funding, Rail Services, Regional Forest Agreements and Tourism.

Community Funding

Allocations to the Minor Recreation Facilities and Minor Projects Community Funds were increased to \$120,000 during 1999/2000 and over fifty projects were funded. These funds have greatly enhanced community programs and facilities throughout the Shire.

Small Town Improvement

Council's commitment to the Small Town Improvement Program was increased to \$250,000. Support was also encouraged from community groups and funding was approved for the following projects:

Beeac – Playground

Cressy – Toilet Block Lighting

Forrest Shop - Sealed Carpark

Gellibrand – Footpath, Playground and Toilet

Lavers Hill – Carpark

Kennett River – Picnic Area

Wye River – Morley Avenue Kerb and Bus Parking Area on the Great Ocean Road

Volunteer and Individual Achievements

Council gave recognition to individual achievements and voluntary contributions through Australia Day Awards and Civic Receptions.

Australia Day Awards were presented to:

Citizen of the Year	Ted Ivermee
Young Citizen of the Year	Leigh Moneghetti
Community Service Award	Betty and Tassie Whelan
Sporting Service Award	Arthur Watson

Volunteers throughout the Shire provide valuable support to residents and Council. Cr Peter Mercer recognised this contribution at functions held at Colac and Apollo Bay during May.

Youth Encouragement Award

Benn Dullard received the 1999 Youth Encouragement Award for his academic achievements and community involvement. The award recognises Benn's high level of commitment and excellence in the fields of endeavour and his interest in the Shire community.

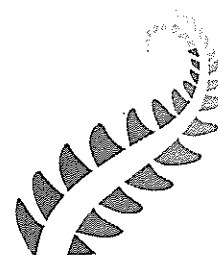
Open Day and Displays

Community consultation was a key objective during the past year with an Open Day held during March. Council has been visible with displays at Agricultural Shows in Colac and Apollo Bay and the many festivals held throughout the Shire.

Community Forums, open Council meetings, community newsletters, New Residents' Guides and Meet the Mayor sessions have provided opportunities for Council to consult with its citizens. Best Value principles will see this consultation increase as Council seeks to meet the community needs in future service delivery.

Community Forums

Forums were held throughout the year to discuss key issues including Corporate Plan, Budget, Strategic Development Master Plan, Apollo Bay Streetscape, Colac Business Development Levy, Colac Otway Planning Scheme, Skateboard Parks in Colac and Apollo Bay, Colac Premier Playing Reserve and Disability Services Action Plan. All forums enabled Council to consider community input into the relevant project.



Financial Management

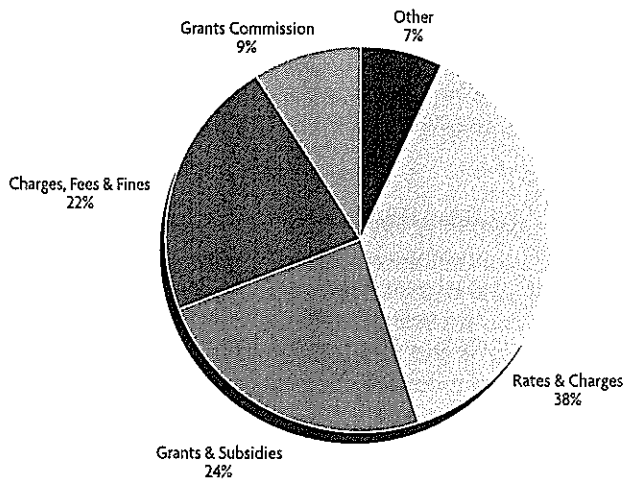
The 1999/2000 Budget was adopted by Council on 7 July, 1999.

Priority areas for resource allocation in the Budget were:

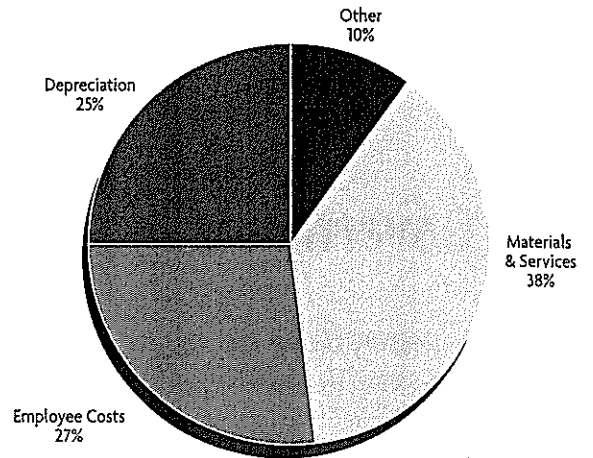
- Economic Development
- Tourism Development
- Environmental Management
- Recreation/Arts
- Infrastructure Asset maintenance

There was an increase of approximately 6.9% or \$560,000 in the level of rates and charges.

Total Operating Revenue of approximately \$23m (excluding abattoir operations) consisted of the following sources:



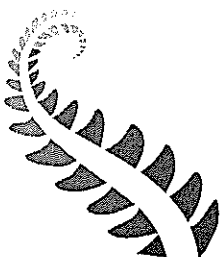
Total Operating Expenditure of \$25.5m (excluding abattoir operations) consisted of:



Council has disclosed an operating deficit of \$6.1m as compared to a cash surplus of \$0.2m with the major reasons for the variance being:

- the gap between depreciation (\$6.4m) and net capital expenditure (\$4.0m),
- abnormal items of \$3.4m relating to Non-Current Assets Revaluation Decrement.

The revaluation of Council property, plant and equipment resulted in total Written Down Value of Non Current Fixed Assets increasing from \$127.1m to \$177.0m.



Contract Management

The total number of contracts let during the financial year was twenty.

This number was a reduction on the previous year, due to the abolition of CCT.

Significant contracts let during 1999/2000 were:

- Colac Otway Performing Arts and Cultural Centre construction.
- Colac Memorial Square Toilet Block reconstruction
- Marengo Landfill rehabilitation

Preparation of the Best Value program for review of services is currently being prepared, for submission to Department of Infrastructure by the 31 December, 2000.

The Best Value review of the Asset Maintenance contract was completed by 30 June 2000.

The review was very successful, with many alterations and adjustments included in the rewritten and repriced specification of works, which reflected community expectations.

The contract monitoring process applied to five service contracts, (Asset Maintenance, Cleaning Service, Waste Collection Bluewater Fitness Centre and Saleyards Operations) has been continuing with results showing good service delivery with high quality standards achieved.

Customer surveys have been conducted on a quarterly basis. Reports from these surveys continue to give valuable feedback on contract performance and customer perception of service quality.

Organisational Development

Council's Senior Management Team has approved for the Australian Quality Council [AQC] to help us implement AQC Framework 2000 Guided Self-assessment as the platform for our continuous improvement strategy.

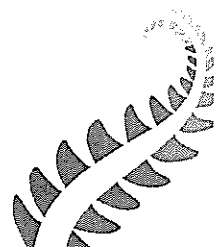
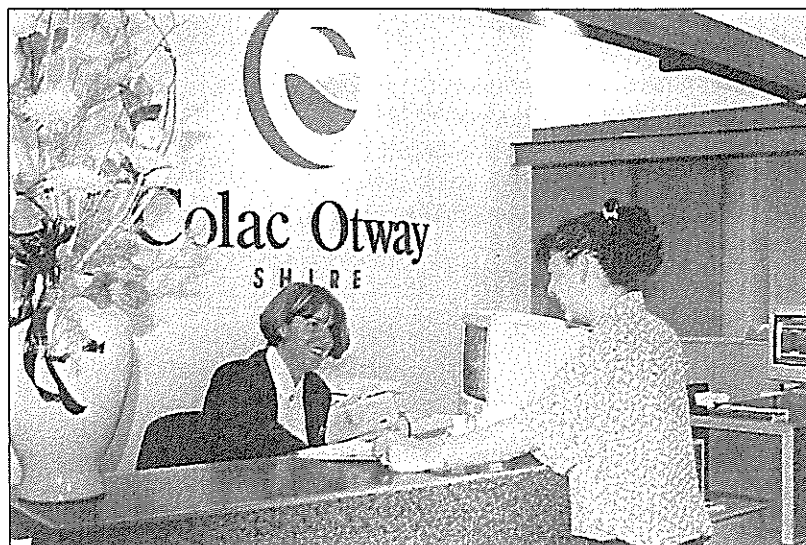
This involved surveying managers, team leaders and staff on seven categories of organisational performance.

Separate workshops were conducted for senior managers, team leaders and staff. The workshops provided an understanding of the Business Excellence principles as they apply to our organisation and were used to collect data on high impact areas identified as requiring improvement.

Our organisational improvement team will use the data to develop an improvement action plan that is linked to the organisation's "Best Value" strategy.

We have also developed our improvement efforts with a revamped performance management process involving individual coaching for all staff in line with their personal development plans and job requirements.

The organisation's Enterprise Bargaining Agreement has been finalised and also includes continuous improvement and customer service performance targets linked to salary increases.



Community Support

This year has seen the development of a number of strategies and projects. A Disability Action Plan was prepared in consultation with community groups, people with disabilities and their carers. This plan looks at access issues, services and community development.

A Waste Water Management Plan for the Shire and a specific plan for Skenes Creek was developed to establish a safe and environmentally sustainable effluent disposal for the future. These strategies will be implemented over the next few years.

Sharps safety was addressed in a strategy which increased the number of community based disposal units and provided for safe collection protocols amongst public service agencies.

Aged and Disability Services

Council has experienced a marked growth in the number of clients using its Aged and Disability Services. This has led to increases in home care, personal care and delivered meals.

There has also been an increase in clients who have complex needs. These people are assisted through Community Care Packages that are provided through the Commonwealth Government.

New home care staff are being trained through the Commonwealth Traineeship Scheme to ensure that a high standard of care is maintained.

Environmental Health

Food safety continues to take precedence in environmental health activities. A food safety officer was employed to assist food premises proprietors with their Food Safety Plans. The "YES" campaign was launched to acknowledge the effort that proprietors had put into preparing their plans.

Family Day Care

This year has seen a growing demand for family day care in Colac and a number of the rural townships. There is a constant need for family day care givers. Any person interested in this service opportunity should contact Council's family day care unit.

Maternal & Child Health

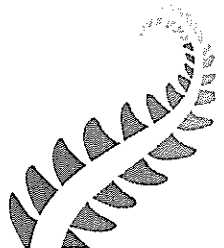
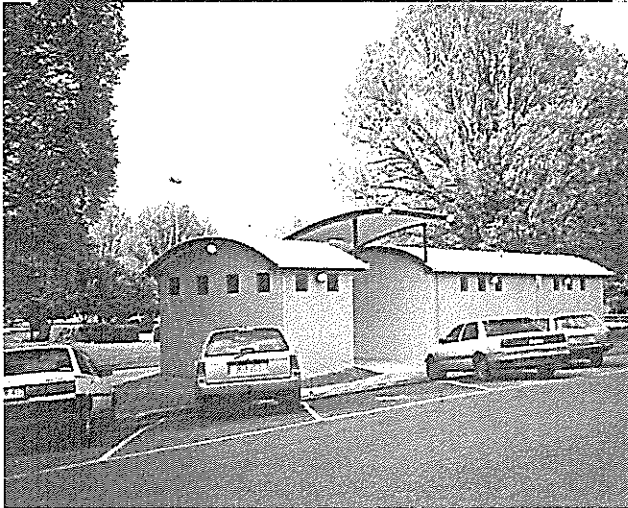
A high standard of service and care continues to be provided throughout the Shire. There have been positive changes with the services in Apollo Bay, Birregurra and Beeac moving into local community health service centres. The relocation to those new, purpose built centres has been well received by the families.

Immunisation is now provided from the Apollo Bay centre.

Council continues to look for a suitable site in Colac to replace the Queen Street centre. The proposed centre needs to be centrally located and will need to provide an area for playgroups, baby changing and feeding facilities.



Infrastructure



Infrastructure

Asset Management

The strategic asset management Plan 1999-2000 resulted in budget allocations for infrastructure maintenance increasing:

- Gravel road re-sheeting up by \$200,000
- Footpath maintenance up by \$30,000
- Drainage up by \$25,000
- Sign maintenance up by \$10,000

Service Monitoring

The Shire has continued the practice of carrying out telephone surveys of customers to measure satisfaction for the following services:

- Roads and Parks maintenance
- Blue Water Fitness Centre
- Waste Management
- Cleaning Services

The results of these surveys, together with the Contract Manager's appraisal are then used to highlight areas where improvements can be made.

Capital Works

Major projects completed include: (Gross)

- Colac Otway Performing Arts and Cultural Centre (partial completion) \$1,600,000
- Apollo Bay Streetscape \$700,000
- Speedway Road reconstruction \$200,000
- Irrewillipe Road, Bungador, reconstruction \$200,000
- Colac and Apollo Bay Litter traps \$190,000
- Memorial Square Toilet Block \$160,000
- Rae/Corangamite St roundabout \$80,000
- Skenes/Grant St roundabout \$80,000
- Marengo landfill rehabilitation (Stage 1) \$50,000
- Binns Road, Cape Horn landslip repairs \$30,000
- Daffy Access, Gellibrand bridge reconstruction \$30,000

Waste Management

Council's Greenscheme introduced , in 1998, consolidated in 1999/2000 and has been well accepted by the community.

Composting of household organic waste commenced at the Alvie site following construction of the plant. This means that all organic waste deposited into the yellow side of the split bin is now turned into compost for re-use.

This material would previously have been placed into landfill.

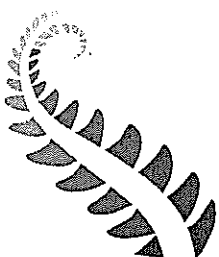
Approximately 60% of all household waste is now composted.

Municipal Emergency Management

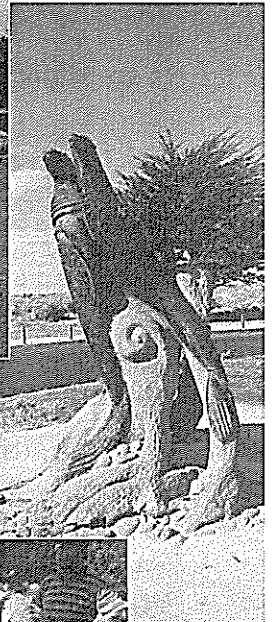
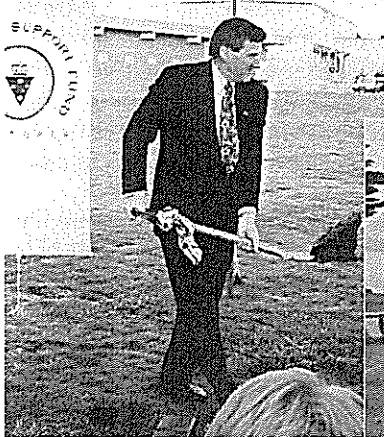
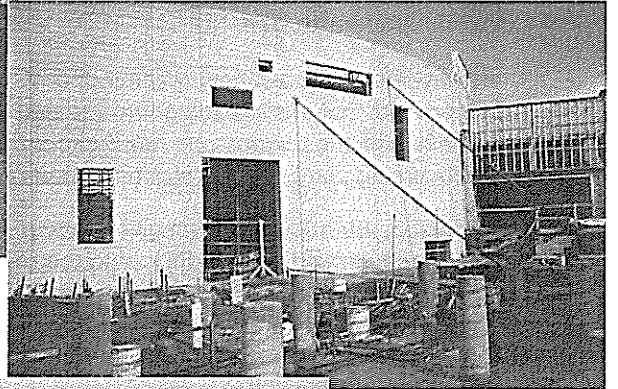
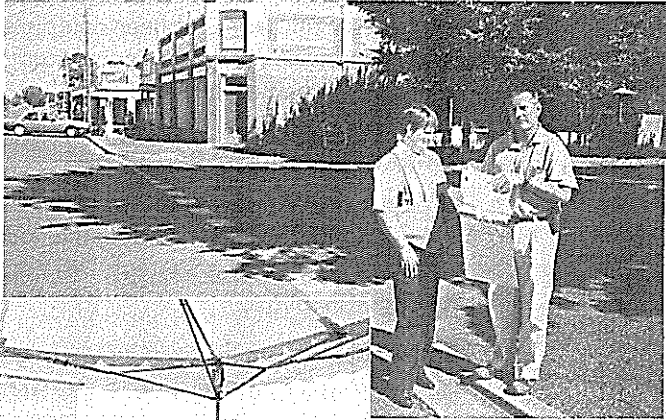
The Municipal Emergency Management Planning committee meets quarterly.

The objective of the Municipal Emergency Management Plan are to:

- Implement measures to prevent or reduce the causes or effects of emergencies.
- Manage arrangements for the utilisation and implementation of municipal resources in response to emergencies.
- Manage support that may be provided to or from adjoining municipalities
- Assist the affected community to recover following the emergency.
- Complement other local, regional and state planning arrangements.
- The Municipal Emergency Management Plan is reviewed and updated annually prior to the fire season.



Strategic Development



Strategic Development

Economic and Tourism Development

Council has achieved a major goal in the completion and opening of CRF (Colac Otway) Pty Ltd, the new meat processing plant, the opening of Pearsons Engineering in Colac and the completion of the Strategic Development Master Plan.

There have been a substantial number of other developments that are still going through negotiation, one of which being the possible development of a new milk processing plant in Colac by United Dairy Power.

Considerable attention has been given to tourism development within the Shire including the successful accreditation of the two Visitor Information Centres and the introduction of a referral service and closing down of the booking system through the Centres. Both Centres have seen an increase in visitor numbers through the 12 months and a substantial increase in retail sales through both Centres.

Arts and Culture

The major focus on the arts and culture area has related to Colac Otway Performing Arts and Cultural Centre and the major input into the Project Control Group from an arts and culture perspective.

This project is presently on schedule with the project due to be completed early December 2000.

Other major activities undertaken through the financial year include:

- Colac Lake Arts Project
- Planning for Olympic Torch visit to Colac
- Review and implementation of the Recreation Strategy
- Major input the Strategic Development Master Plan

Recreation

Council has been successful in achieving funding for skateparks both at Apollo Bay and Colac. Development tenders for the Colac skatepark have been sought.

The actual location of the skatepark in Apollo Bay has yet to be discussed with the Department of Natural Resources and Environment and the Apollo Bay and Kennett River Foreshore Committee of Management.

The Apollo Bay Pool Feasibility Study has been completed to the first stage level which has recommended that there is a substantial need for a

programmed type of facility to be either provided or upgraded in Apollo Bay. The second stage is yet to be completed which will analyse the viability of such a project.

Substantial strategic work has been completed during the year including the Sporting Capital Study, Target Sport Study and the Beechy Line Study.

Strategic Planning

A substantial amount of strategic work has been completed during the year including the finalisation and adoption by Council of the Strategic Development Master Plan in April.

The preparation of a major amendment to the New Format Planning Scheme relating to the extension of environmental overlay controls and reconsideration of zoning mainly relating to the Environmental Rural Zone in the southern portion of the municipality were also significant projects. This amendment has been through a public exhibition stage and is now waiting a panel hearing which is due to be heard in August 2000.

The Shire's Heritage Study has progressed through the second stage which is critically assessing all buildings, sites, places and precincts that were highlighted in the draft environmental history which was completed as part of Stage 1 of the Municipal Heritage Study.

Environment

Substantial strategic work and on-ground work have been completed within the Environmental Unit, including the development and completion of the wetlands area at Kennett River, the installation of litter traps both at Colac and Apollo Bay and the adoption of the Shire's Weed Management Strategy.

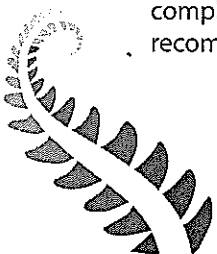
Council has received funding from both the National Heritage Trust and the Corangamite Catchment Management Authority.

Colac Abattoir Business Saved

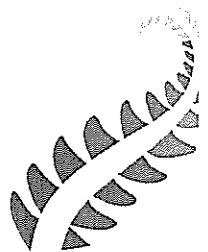
Council in August 1999 entered into a development agreement with CRF (Colac Otway) for the building of a \$9m food processing plant, which commenced operation in May 2000.

The new facility culminated two years of negotiations by council to retain an abattoir facility in Colac, which not only means an increasing employment base but also sees Colac as a significant export market base for processed meat through Coles Supermarkets Australia.

Council is proud to record that the new food processing plant is locally owned and operated.



General Information



Funding

External Funding - Special Projects

Council is reliant on external funding for many Special Projects and during the past year the following projects have been made possible by Federal and State government.

Shared Bicycle Path between Apollo Bay & Marengo
Vicroads funded \$45,000 Total \$55,000

StreetLIFE

Department of State Development funded \$10,000
Total \$20,000

Kennett River Picnic Area & Access Track

Department of State & Regional Development – Rural
Community Development Scheme funded \$30,700
Total \$61,400

Gellibrand Hall Improvements

Department of State & Regional Development – Rural
Community Development Scheme funded \$9,000
Total \$18,000

Barongarook Hall Improvements

Department of State & Regional Development – Rural
Community Development Scheme funded \$3,600
Total \$5,135

Lavers Hill Hall Improvements

Department of State & Regional Development – Rural
Community Development Scheme funded \$2,450
Total \$3,900

Farm Safety – Tractor Runovers

Dept Human Services – Injury Prevention Funding
funded \$4,000 Total \$4,000

Childhood Injury Prevention Promotion

Dept Human Services – Injury Prevention Funding
funding \$2,700 Total \$2,700

Birregurra Hall Improvements

Department of State & Regional Development – Rural
Community Development Scheme funded \$4,400
Total \$7,400

Cororooke Hall Improvements

Department of State & Regional Development – Rural
Community Development Scheme funded \$5,500
Total \$11,000

Rex Norman Reserve Upgrade

Department of State & Regional Development – Rural
Community Development Scheme funded \$25,290
Total \$51,580

Parkinson Street Upgrade (Colac)

Department of State & Regional Development - Priority
Project funded \$45,000 Total \$90,000

Colac Abattoir

Business Victoria \$250,000

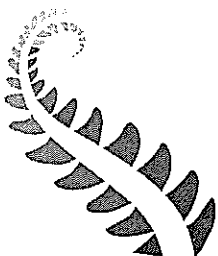
Roundabout Grant & Skene Streets

VicRoads \$92,000 Total \$92,000

Environmental Projects

Corangamite Catchment Management Authority

Funded \$60,000 Total \$250,000



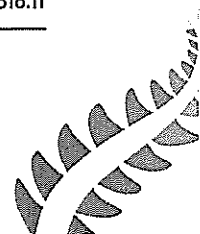
Community Minor Projects Fund

The 1999/2000 Community Minor Project Fund provided over \$50,000 funding for community and cultural projects within the Shire.

This year 38 projects were funded under this program. In many cases this funding was supported by direct contributions from the community in cash and kind bring the value of the projects to over \$200,000.

Projects funded were:

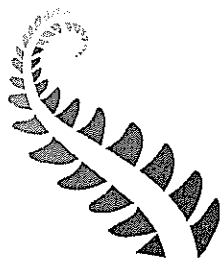
Name of Organisation	Purpose	Amount
Apollo Bay & District Historical Society Inc	History of Apollo Bay	\$4,000.00
Apollo Bay Arts Council	Local Writers Book	\$1,000.00
Apollo Bay Music Festival	Sponsorship	\$6,000.00
Apollo Bay Theatre (TSO)	Performance	\$1,200.00
Barwon Psychiatric Resources Council	Boat	\$500.00
Bay Party Safe	Youth Events	\$750.00
Birregurra Craft Group	Wall Hanging	\$250.00
Birregurra Preschool Centre Inc	Gymkana	\$1,000.00
Carols by the Sea	Music Sponsorship	\$500.00
Colac & District Family History Group Inc	Data Base	\$240.00
Colac & District Pipes & Drums Inc	Instruments	\$2,000.00
Colac Apex Club	Colac Kana Festival	\$2,000.00
Colac Arthritis Self Help Group	First Aid Training	\$120.00
Colac City Band	Uniforms	\$1,060.00
Colac Community Development Association	Street Theatre for Festivals	\$1,925.00
Colac Do Care Inc	Volunteer Luncheon	\$450.00
Colac Farm Safety Action Group	Safety Promotion	\$1,000.00
Colac Field & Game	State Championships Sponsorship	\$500.00
Colac Golf Club	Sponsorship	\$1,000.00
Colac Historical Society	Microfilming	\$860.00
Colac Oral History	Oral History	\$370.00
Colac Otway on Target	Sponsorship	\$1,000.00
Colac Public Radio	Equipment	\$1,060.00
Colac Quilters Inc	Wall Hanging	\$1,077.11
Colac Rock 'N' Roll Club Inc	Equipment	\$1,080.00
Colac Toy Library Inc	Equipment/Strategy	\$3,725.00
Colac Writers Guild	Writers Workshops	\$1,000.00
Cressy & District History Group	Historical Centre	\$616.00
Gellibrand Kawarren Progress Association	Historic Rail Relocation	\$1,902.00
Lavers Hill P-12 College	Otway Ridge Festival	\$500.00
Lavers Hill Progress Association	Landscaping	\$2,000.00
Leisure Networks	Triathlon	\$1,000.00
Otway Harvest Festival	Sponsorship	\$1,500.00
Otway Health & Community Services	Apollo Bay Playgroup	\$530.00
Polwarth & District Tennis Association	Junior Tennis Clinics	\$200.00
St Andrews Uniting Church	Spirit of Christmas Festival	\$6,000.00
St John Ambulance	Uniforms	\$1,120.00
Winchelsea & Dist Hospital (Hesse Rural Health)	Fencing	\$1,783.00
		\$52,818.11



1999/2000 Recreation Facilities Assistance Fund

Recreation facilities throughout the Shire have been upgraded through the allocation of funding under this program. This year 16 projects have been assisted with the allocation of funds as follows:

Name of Organisation	Purpose	Amount
Apollo Bay Cricket Club	Net Reconstruction	\$4,150.00
Australian Women's Cricket Assoc.	" Sponsorship	\$500.00
Barwon Downs Tennis Club	Clubroom Upgrade	\$750.00
Colac City Band	Band Room Upgrade	\$800.00
Colac Croquet Club	Storage Shed	\$900.00
Colac Scout Group	Clubhouse Upgrade	\$1,000.00
Colac Yacht Club	Hot Water Supply Upgrade	\$1,570.20
Cressy Bowling Club	Netting	\$3,600.00
Forrest Rec Reserve	Canteen Upgrade	\$560.00
Forrest Tennis Club	Court Resurfacing	\$1,800.00
Gellibrand Tennis Club	Minor Works	\$500.00
Karwarren Tennis Club	Kitchen Upgrade	\$250.00
Lake Colac Rowing Club	Boat Ramp	\$3,800.00
St Andrews Croquet Club	Bowling Green Works	\$2,000.00
Warrion Public Hall	Minor Works	\$825.00
Wingeel Tennis Club	Court Resurfacing	\$5,311.79
TOTAL		\$28,311.99



Employment and Training

Equal Employment Opportunity

The scope of this policy is to ensure all applicants and employees are treated on their ability to carry out the functions of a position and not on any presumed or real attributes that may be thought to affect job performance.

Council will ensure quality of opportunity by implementing non-discriminatory processes in all areas of Human Resource Management, but in particular:

- Recruitment and Selection
- Conditions of Employment
- Termination and cessation of employment

The Colac Otway Shire has established an EEO committee which consists of trained staff representatives as well as a CEO representative from Senior Management.

Regular meetings have been held to develop an Equal Employment Opportunity Program.

No claims have been lodged with the committee over the past year.

Employees by Employee Type and Gender as at 30 June 2000

	M	F	Total
Full Time+	90	34	124
Part Time/Casual etc	43	122	165
Totals	133	156	289
Total EFT			173.17

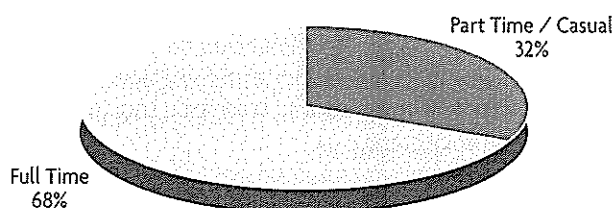
Colac Otway Shire Employment Turnover

The following statistics indicate the level of employee turnover in the past year.

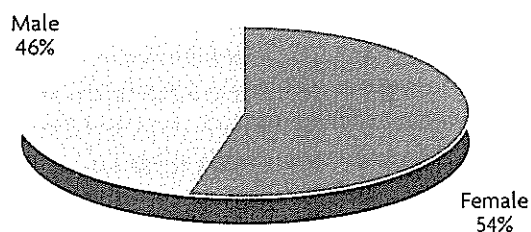
1/07/99-31/12/99	7.7%
1/01/00-30/06/00	5.7%
<hr/>	
Total for Financial Year	13.4%

According to the 1999/2000 Australian Benefits Review, employee turnover, across industry groups, has been steady at 16 - 17% per annum since 1992.

Employees by Employment Type



Employees by Gender



SafetyMAP

Occupational Health & Safety

The Council's commitment to Occupational Health & Safety continues to develop with the achievement of SafetyMAP Re-Accreditation – Initial Level in all areas of operation.

This result indicates that there are effective systems in place to manage health and safety at Colac Otway Shire Council.

This achievement provides many benefits to Council such as cost efficiencies, performance verification, recognition, competitive advantages and demonstrates a commitment to due diligence and continuous improvement.

Customer Service Charters

A new Customer Service Charter was adopted by Council in December 1999. The Charter provides guarantees of service to all customers. No claims have been lodged for non-compliance with the Charter.

Freedom of Information

The Freedom of Information Act 1992 requires Council to make available information and documentation where such information and documentation is not exempted by the Legislation.

Council received three requests during the year for information relative to the Freedom of Information Act 1982.

Disclosure of Information

In response to requirements of the Local Government Regulations Section 88 Part 1, Council has not entered into any contracts which exceed \$100,000 without first conducting a competitive process, not being subcontracts under existing 'in-house' contracts.

National Competition Compliance

Competitive Neutrality

Council's organisational structure is based on Model 2 Competitive Neutrality Principles which applies to businesses which are non-commercial and have been subject to competitive tendering. Council applied competitive neutral pricing principles to all in-house bids and Model 2 activities to reflect all costs contributions for net advantages impacted by government ownership. Council has had no instances of non-compliance with competitive neutrality principles in this past year. Council has not applied any subsidy to any in-house business units in the 1999/2000 financial year. Council has not had any referral to investigations of the Department of Treasury and Finance in relation to the implementation of competitively neutral pricing principles.

Council in December 1999 adopted amendments to existing Local Laws and adopted new Local Laws to comply with Policy principles.

Policy Development and Strategies

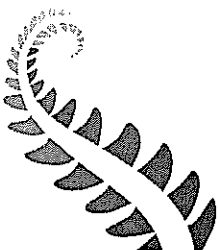
Strategic Asset Management Plan – February 2000
Weeds Management Strategy – March 2000
Strategic Development Master Plan – April 2000
Old Beechy Line Concept Plan – June 2000
Central Reserve Master Plan – June 2000
2000-2002 Rating Strategy – June 2000
2000-2003 Corporate and Business Plan – June 2000
Five Year Capital Investment Plan – June 2000

Community consultation has continued to be a major focus in Council's ongoing policy development. All policies presented to Council have been publicised to allow the community a period of time to respond either in writing or verbally in regard to the policy content.

All submissions have been considered and necessary amendments made prior to the adoption of policies.

The following policies have been adopted during the 1999/2000 financial year:

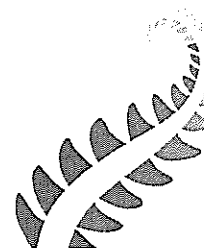
Local Law No 11 - December 1999
Local Law No 12 Amendment - October 1999
Customer Service Charter - December 1999
COPACC Business Plan - December 1999
Competitive Purchasing Policy - November 1999
Disability Action Plan 2000/2002 - February 2000



Statutory Information

Where applicable, the following details can be obtained by contacting the Chief Executive Officer.

- Operating Statement.
- Statement of Financial Position.
- Notes to the Financial Statements for each of the following entities: (i) trust funds (ii) leases (iii) joint ventures.
- Details of current allowances fixed for the Mayor, Deputy Mayor and Councillors under Section 74 of the Act.
- Details of senior officers current gross salaries, allowances and other benefits for the current financial year and two previous financial years plus details of overseas or interstate travel undertaken in an official capacity by Councillors or any members of Council staff in the previous 12 months.
- Names of Council officers who are required to submit a return of interest during the financial year and the dates these returns were submitted.
- Names of Councillors who submitted returns of interest during the financial year and the dates these returns were submitted.
- Agendas and minutes for ordinary and special meetings kept under Section 93 of the Act except where such minutes relate to parts of meetings which have been closed to members of the public under Section 89 of the Act.
- Major committees established by Council and the committee's purpose
- Major committees established by Council which were abolished or ceased to function during the financial year.
- Minutes of meetings of special committees established under Section 86 of the Act except where such minutes related to parts of meetings which have been closed to members of the public under Section 89 of the Act.
- Applications for enrolment on the voters roll under Section 12 and 13 of the Act for the immediate past roll and the next roll being prepared.
- Register of delegations kept under Section 87 of the Act.
- Register of delegations kept under Section 88 of the Act.
- Submissions received under Section 223 of the Act during the previous 12 months.
- Agreements to establish regional corporations under Section 196 of the Act.
- Guarantees given by a Council under Section 197 of the Act.
- Register of leases entered into by Council.
- Register of authorised officers appointed under Section 224 of the Act and
- Register of competitive tendering



Local Laws

1. Consumption of Liquor in Public Places
2. Street Management and Protection of Physical Assets
3. Environmental Health
4. Meeting Procedure
5. Municipal Property
6. Livestock on Roads
7. Windrow Burning
8. Colac Livestock Selling Centre
9. Meeting Procedure (Amendment)
10. Petitions
11. Livestock
12. Amendment Local Law

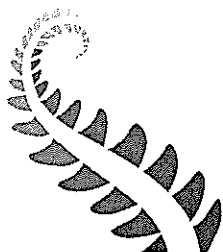
Donations and Grants

The Local Government Regulations 1990 requires that Donations Grants, Memberships and Subscriptions made to external bodies be listed in the Annual Report. The following list is provided:

Apollo Bay Foreshore Committee of Management	\$10,000.00
Barwon Youth Accommodation Service	\$500.00
Colac & District Eventide Hostel	\$4,379.86
Colac Urban Fire Brigade	\$10,000.00
Corangamite Catchment Rural Counselling Service	\$1,000.00
Municipal Engineering Foundation Victoria	\$1,000.00
Potsea Children's Holiday Camp	\$1,000.00
Rural Health Scholarship Foundation of Victoria	\$500.00
South West & Wimmera Cultural Heritage Program	\$2,500.00

Memberships/Subscriptions

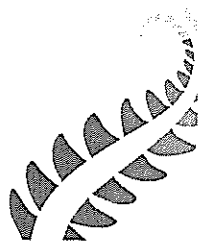
Municipal Association of Victoria	\$18,400.00
Timber Towns Victoria	\$2,000.00
V.E.C.C.I.	\$2,256.00

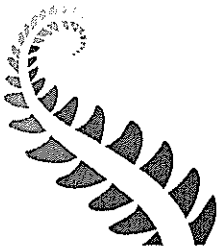
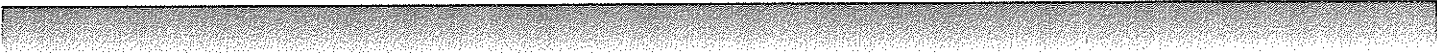


Financial Statements

COLAC OTWAY SHIRE

Audited Financial Statements
For The Year Ended 30 June 2000





COLAC OTWAY SHIRE

CONTENTS

Operating Statement	3
Statement of Financial Position	4
Statement of Changes in Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	
1. Significant Accounting Policies	7
2. a. Revenue and Expenditure by Function	13
b. Assets by Function	14
c. Component Functions/Activities	14
3. Government Grants	15
4. Depreciation Expenses	17
5. Surplus/Deficit on Disposal of Assets	17
6. a. Comparison of Actual and Budget Results	18
b. Reconciliation of Differences Between Rates Determination	19
Surplus/(Deficit) and Increase/(Decrease) in Net Assets from Operations Before Abnormal and Extraordinary Items	
c. Major Variances Between Actual and Budget Operating Results	19
7. Abnormal Items	20
8. Cash	20
9. Receivables	20
10. Investments	21
11. Inventories	21
12. Prepayments	21
13. Other	21
14. Property, Plant and Equipment	22
15. Creditors	23
16. Provision for Employee Entitlements	24
17. Borrowings	24
18. Borrowing Costs	25
19. Net Fair Values	25
20. Related Party Transactions	26
21. Superannuation	27
22. Reconciliation of Net Cash Provided by Operating Activities to	28
Increase/(Decrease) in Net Assets from Operations	
23. Reconciliation of Cash	28
24. Financing Facilities	29
25. Financial Indicators	29
26. Contingent Liabilities	30
27. Commitments for Capital and Other Expenditure	30
28. Finance Lease Commitments	31
29. Operating Lease Commitments	31
30. Port of Apollo Bay	31
31. Colac Abattoir	32
32. Asset Revaluation Reserve	33
33. a. Balance of Reserves	33
b. Movement in Reserves	33
34. Investment in Associates	34
Council Certification of Audited Financial Statements	35
1. Auditor General's Report	36
Colac Otway Shire Performance Statement	37
1. Notes to and Forming Part of the Performance Statement for 1999/2000	40
2. Certification of Performance Statement	42
3. Auditor General's Report on Performance Statement	43
NCP Statement for Financial Year 1999/2000	44

COLAC OTWAY SHIRE

**OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2000**

1999		Note	2000	
\$'000	%		\$'000	%
OPERATING REVENUE				
8,203	24	Rates and Charges	8,997	27
1,850	5	Grants Commission	1,964	6
2,454	7	Revenue Grants & Subsidies	2,652	8
705	2	Non-Recurrent Grants & Subsidies	2,783	8
4,130	12	Charges, Fees & Fines	4,890	15
1,158	3	Reimbursements	613	2
158	0	Contributions	345	1
3	0	Profit on Sale of Assets	0	0
0	0	Donated Property, Plant and Equipment	362	1
220	1	Interest	260	1
277	1	Other	36	0
-----	-----		-----	-----
19,158	55	TOTAL OPERATING REVENUE EXCLUDING ABATTOIR OPERATIONS	22,902	69
15,826	45	Abattoir Revenue	10,585	31
-----	-----		-----	-----
34,984	100	TOTAL OPERATING REVENUE	33,487	100
-----	-----		-----	-----
OPERATING EXPENSES				
6,016	16	Employee Costs	6,815	19
4,708	13	Depreciation	6,393	18
251	1	Debt Servicing	298	1
7,707	21	Materials & Services	9,662	26
1,386	4	Plant Costs	1,507	4
0	0	Loss on Sale of Assets	25	0
888	2	Other	802	2
-----	-----		-----	-----
20,956	57	TOTAL OPERATING EXPENSES EXCLUDING ABATTOIR OPERATIONS	25,502	70
15,722	43	Abattoir Expenses	10,715	30
-----	-----		-----	-----
36,678	100	TOTAL OPERATING EXPENSES	36,217	100
-----	-----		-----	-----
(1,694)		INCREASE/(DECREASE) IN NET ASSETS FROM OPERATIONS BEFORE ABNORMAL AND EXTRAORDINARY ITEMS	(2,730)	
(48)		Abnormal Items	(3,374)	
-----			-----	
(1,742)		INCREASE/(DECREASE) IN NET ASSETS FROM OPERATIONS	(6,104)	
=====			=====	

The above Operating Statement should be read in conjunction with the accompanying notes.

COLAC OTWAY SHIRE

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2000**

1999 \$'000		Note	2000 \$'000
CURRENT ASSETS			
3,841	Cash	8	4,172
2,103	Receivables	9	2,737
1,568	Investments	10	1,693
823	Property, Plant & Equipment	14	940
250	Inventories	11	85
92	Prepayments	12	79
3	Other	13	3
<hr/>			
8,680	TOTAL CURRENT ASSETS		9,709
NON-CURRENT ASSETS			
127,128	Property, Plant & Equipment	14	176,966
165	Receivables	9	147
643	Investments	10	712
3	Other	13	0
<hr/>			
127,939	TOTAL NON-CURRENT ASSETS		177,825
<hr/>			
136,619	TOTAL ASSETS		187,534
<hr/>			
CURRENT LIABILITIES			
726	Bank Overdraft		705
1,651	Creditors	15	2,316
1,364	Provision for Employee Entitlements	16	914
19	Lease Liability	28	20
611	Borrowings	17	684
<hr/>			
4,371	TOTAL CURRENT LIABILITIES		4,639
NON-CURRENT LIABILITIES			
152	Provision for Employee Entitlements	16	386
43	Lease Liability	28	23
4,425	Borrowings	17	5,390
<hr/>			
4,620	TOTAL NON-CURRENT LIABILITIES		5,799
<hr/>			
8,991	TOTAL LIABILITIES		10,438
<hr/>			
127,628	NET ASSETS		177,096
<hr/>			
EQUITY			
115,819	Accumulated Funds		109,679
11,691	Asset Revaluation Reserves	32	67,264
118	Other Reserves	33(a)	153
<hr/>			
127,628	TOTAL EQUITY		177,096
<hr/>			

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

COLAC OTWAY SHIRE

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2000**

1999						2000
		Note	Accumulated Surplus \$'000	Asset Replacement Reserve \$'000	Asset Revaluation Reserve \$'000	Total \$'000
129,370	Balance at end of previous year		115,818	118	11,692	127,628
(1,742)	Increase/(Decrease) in Net Assets from Operations		(6,104)			(6,104)
0	Revaluation of Property, Plant and Equipment	14	-		55,435	55,435
0	Increase/(Decrease) in Share of CRLC Asset Revaluation Reserve	34			137	137
0	Transfers to Reserves	33(b)	(500)	500		0
0	Transfer from Reserves	33(b)	465	(465)		0
-----			-----	-----	-----	-----
127,628	Balance at end of current year		109,679	153	67,264	177,096
=====			=====	=====	=====	=====

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

COLAC OTWAY SHIRE

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2000**

1999	Note	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
\$'000		\$'000
8,321 Receipts from ratepayers		8,623
12,689 Receipts from Abattoir customers		7,732
5,000 Government Grants		5,260
9 Capital grants for asset acquisition		2,139
4,130 Council User charges and reimbursements received		4,890
3,084 Abattoir User charges received		2,727
1,316 Contributions and donations received		958
(15,383) Council payments to suppliers and employees		(17,567)
(15,711) Abattoir payments to suppliers and employees		(10,704)
220 Interest received		260
(237) Interest paid		(286)
277 Other receipts		161
(835) Other payments		(786)
-----		-----
2,880 Net cash provided by operating activities	22	3,407
-----		-----
CASH FLOWS FROM INVESTING ACTIVITIES		
(2,680) Payments for asset acquisition		(5,182)
954 Proceeds from disposal of assets		1,232
-----		-----
(1,726) Net cash used in investing activities		(3,950)
-----		-----
CASH FLOWS FROM FINANCING ACTIVITIES		
(524) Repayment of borrowings		(612)
2,800 Proceeds from borrowings		1,650
(1,894) Repayment of Unfunded Superannuation Liability		0
(16) Purchase of investments		(235)
3 Reduction in Cash Advances		3
(23) Lease Payments		(19)
-----		-----
346 Net cash provided in financing activities		787
-----		-----
1,500 Net increase/(decrease) in cash held		244
3,030 Cash at the beginning of the year		4,530
-----		-----
4,530 CASH AT THE END OF THE YEAR	23	4,774
=====		=====

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

(a) The Local Government Reporting Entity

All funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report. In the process of reporting on the municipality as a single unit, all transactions and balances between Council business units have been eliminated. Accordingly, the activities of the Port of Apollo Bay for the period and the activities of Western District Meat Packing Co. for the period to 31 March 2000 are included in these financial statements.

(b) Basis of accounting

This financial report is a general purpose report that has been prepared in accordance with applicable Australian Accounting Standards, other mandatory professional reporting requirements, Local Government Act 1989 and the Local Government Regulations 1990. It has been prepared on an accrual accounting basis under the historical cost convention, with the exception of certain non-current assets which are valued at current cost or market value. The accounting policies have been consistently applied.

(c) Recognition of assets

Assets acquired during the reporting period are initially recorded at cost. Cost includes all costs incidental to the acquisition and installation ready for use. Where assets are constructed by Council, cost includes an appropriate share of variable and fixed overheads including interest on borrowed funds.

(d) Depreciation of non-current assets

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

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

There is no depreciation charged for assets disposed of during the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)

1999	(d)	Depreciation of non-current assets (cont'd)			2000
Estimated Useful Life Years	Major depreciation classes are:	Capitalisation Threshold	Depreciation Method	Estimated Useful Life Years	
34	Buildings	\$500	Straight Line	25	
6-10	Furniture and equipment	\$500	Straight Line	5-15	
80	Drainage	\$5,000	Straight Line	80	
10-80	Roads and Streets	\$5,000	Straight Line	10-55	
	Improvements to parks & gardens	\$500	Straight Line	10-100	
5-100	Bridges	\$5,000	Straight Line	50-70	
40-80	Footpaths	\$500	Straight Line	30-60	
30-50	Kerb and Channelling	\$500	Straight Line	35-45	
50	Plant and Machinery	\$500	Reducing Bal.	5-10	
5-10					

(e) Revaluation of Non-Current Assets

All non-current assets, other than receivables and investments, are revalued to their current cost less accumulated depreciation at the date of each general revaluation of property within the municipality. The last such revaluation was carried out as at 1 January 2000. As disclosed in Note 7 and 14, additional land, drainage and bridges were identified and valued. Buildings, roads and streets, footpaths and parks and gardens improvements were also written off as incorrectly identified by Council valuation on 30 June 1997.

Current cost in relation to an asset, means the lowest cost at which the gross service potential of the asset could currently be obtained in the normal course of operations.

To the extent that a revaluation increment does not reverse a prior revaluation decrement which has been recognised as an expense in the operating statement, the decrement is debited to that reserve. Otherwise the decrement is recognised as an expense in the operating statement. To the extent that a revaluation decrement does not reverse a prior revaluation increment which has been recognised as a revenue in the operating statement, the increment is credited to that reserve. Otherwise the increment is recognised as a revenue in the operating statement.

Land and furniture and equipment were recognised at market value and buildings were recognised at market value and written down current cost based on sworn valuations by Landlink Property Group (Qualified Valuers) on 1 January 2000.

The revaluations of all other property, plant and equipment were recognised at their written down current cost based on sworn Council valuations by Bryan Cooley, Asset Management Co-Ordinator, BE(Civil) on 1 January 2000. A downwards revaluation adjustment was made for furniture and equipment, bridges and footpaths on 1 January 2000 (Note 7).

The revaluation was made in accordance with the Local Government Act 1989 to revalue property, plant and equipment every two years.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)

(f) Recoverable Amount of Non-Current Assets

Where the carrying amount of a non-current asset is greater than its recoverable amount the asset is revalued to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets.

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows arising from its continued use and subsequent disposal.

The recoverable amount test does not apply to Council as the service potential of its non-current assets are primarily related to the provision of goods and services rather than the generation of net cash flows.

(g) Land Under Roads

Council has deferred the recognition of land under roads as an asset until 31 December 2002 due to the present lack of a reliable valuation methodology. This is in accordance with AAS27 'Accounting for Local Governments'.

(h) Employee entitlements

(i) Long Service Leave

The provision for long service leave is determined in accordance with Australian Accounting Standard AAS30 'Accounting for Employee Entitlements'. Long service leave entitlements payable are assessed at each reporting date, having regard to current rates of pay, oncosts and other factors including experience of employee departure and their periods of service. Long service leave entitlements later than one year have been measured at the present value of the estimated future cash outflows to be made for these entitlements. The current long service leave provision is the amount expected to be taken by employees who have reached 10 years of service, having regard to past experience of employee long service leave taken. Commonwealth Bond Rates are used for discounting future cash flows.

(ii) Other Leave and Entitlements

Council employees accrue annual leave entitlements in accordance with Australian Accounting Standard AAS30 'Accounting for Employee Entitlements'. Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to the reporting date. Such accruals are assessed at each reporting date, having regard to current rates of pay and oncosts and are provided for at their nominal values.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)

(iii) Superannuation

The superannuation expense for the reporting period is the amount of the statutory contribution the municipality makes to the superannuation plan which provides benefits to its employees. Details of those arrangements are set out in note 21.

(i) Investments

(i) General

Investments other than as set out at (ii) below, are brought to account at cost. Interest revenues are recognised as they accrue.

(ii) Investment in Associated Entities

The interest in the Corangamite Regional Library Corporation is stated at Council's equity interest in the underlying net assets of the Library. The equity interest is calculated on the basis of the ratio it contributes to the operating costs of the service. Annual contributions to the Library are recognised as expenses in the operating statement.

(j) Leased Non-current Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets (finance leases), and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. An asset and liability are established at the present value of minimum lease repayments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

Leased assets are amortised on a straight line basis over the term of the leases or where it is likely that Council will obtain ownership of the asset, the life of the assets.

Operating lease payments are charged to the operating statement in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)

(k) Grants & donations

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

Where contributions recognised as revenues during the year were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in note 3. That note also discloses the amount of contributions recognised as revenues in previous years which were obtained in respect of the municipality's operations for the current year.

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

(l) Financial Ratios

For the purposes of the calculation of financial ratios in Note 25, realisable assets have been considered to be those assets which are not subject to any restriction on realisation or use.

(m) Borrowing Costs

Borrowing Costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets. Borrowing costs included in the cost of qualifying non-current assets are those that would have been avoided if the expenditure on the construction of the assets had not been made.

When borrowing costs are expensed they are distributed to functions based on the use of loan funds by the different functions. No borrowing costs were included in non-current assets during the period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)

(n) Inventories

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

(o) Cash

For purposes of the Statement of Cash Flows, cash includes cash deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

(p) Receivables

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

(q) Creditors and other current liabilities

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

(r) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(s) Change in Accounting Estimate

During the year, Council revalued and reassessed the useful lives of Property, Plant and Equipment. The financial effect of this change in accounting estimate in future years is an increase in depreciation and a corresponding decrease in net assets from operations before abnormal items of \$1,733,000.

COLAC OTWAY SHIRE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)**

1999	Note	2000
NOTE	2(a)	REVENUE AND EXPENDITURE BY FUNCTION
OPERATING REVENUE		
\$'000		\$'000
8,269	Rates	8,913
1,850	Grants Commission	1,964
2,096	Governance	2,021
5,886	Infrastructure	7,866
1,057	Strategic Development	2,137
-----		-----
19,158	TOTAL OPERATING REVENUE EXCLUDING ABATTOIR OPERATIONS	22,901
15,826	Abattoir Revenue	10,585
-----		-----
34,984	TOTAL OPERATING REVENUE	33,486
-----		-----
OPERATING EXPENSES		
5,444	Governance	4,972
13,074	Infrastructure	16,366
2,438	Strategic Development	4,163
-----		-----
20,956	TOTAL OPERATING EXPENDITURE EXCLUDING ABATTOIR OPERATIONS	25,501
15,722	Abattoir Expenditure	10,715
-----		-----
36,678	TOTAL OPERATING EXPENDITURE	36,216
-----		-----
(1,694)	INCREASE/(DECREASE) IN NET ASSETS FROM OPERATIONS BEFORE ABNORMAL AND EXTRAORDINARY ITEMS	(2,730)
(48)	Abnormal Items	(3,374)
-----		-----
(1,742)	INCREASE/(DECREASE) IN NET ASSETS FROM OPERATIONS	(6,104)
=====		=====

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)

NOTE	2(b)	ASSETS BY FUNCTION	2000	
		Council assets are applied to its functions as follows:		
1999			\$'000	%
\$'000	%			
8,425	6	Governance	7,668	4
121,928	89	Infrastructure	172,861	92
6,266	5	Strategic Development	7,005	4
-----	-----		-----	-----
136,619	100	TOTAL	187,534	100
=====	=====		=====	=====

NOTE 2(c) COMPONENT FUNCTIONS/ACTIVITIES

The activities relating to the municipality's components reported on in the operating statement are as follows:

- | | |
|--|--|
| (A) GOVERNANCE | (B) INFRASTRUCTURE |
| (1) Executive | (36) Recreation Reserves Maintenance |
| (2) Organisational Development | (37) Other Parks |
| (3) Insurance | (38) Botanic Gardens |
| (4) Corporate Services | (39) Memorial Square |
| (5) Information Services | (40) Lakes and Beaches |
| (6) Property & Customer Relations | (41) Cemeteries |
| (7) Community Information | (42) Waste Management |
| (8) Vic Roads Agency | (43) Street Sweeping |
| (9) Office Accommodation | (44) Council Properties |
| (10) Grants and Donations | (45) Civic Hall |
| (11) Council | (46) Public Conveniences |
| (12) Finance | (47) Cosworks Administration |
| (13) Interest | (48) VicRoads |
| (14) Overheads | (49) Private Works |
| (15) Pre-Schools | (50) Saleyards |
| (16) Family Day Care | (51) Plant Operation |
| (17) Maternal and Child Health | (52) Emergency Services |
| (18) Senior Citizens Centre | |
| (19) Delivered Meals | (C) STRATEGIC DEVELOPMENT |
| (20) Aged and Disability Services | (53) Arts and Culture |
| (21) Libraries | (54) Recreation |
| (22) Public Health | (55) Bluewater Fitness Centre |
| (23) Local Laws | (56) Events |
| (24) Animal Control | (57) Environment |
| (25) Parking | (58) Fire Prevention |
| (26) School Crossings | (59) Building Control |
| (27) Colac Abattoir | (60) Planning |
| | (61) Economic Development |
| (B) INFRASTRUCTURE | (62) Tourism |
| (28) Asset Management | (63) Colac Visitor Information Centre |
| (29) Contract Management | (64) Great Ocean Road Visitor Information Centre |
| (30) Local Roads Maintenance | |
| (31) Drainage Maintenance | (D) GRANTS COMMISSION |
| (32) Footpaths, Kerb & Channel Maintenance | |
| (33) Street Beautification | (E) RATES & SERVICE CHARGES |
| (34) Street Lighting | |
| (35) Road Signs and Marking | |

COLAC OTWAY SHIRE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)**

1999	NOTE	3	GOVERNMENT GRANTS	2000	
				Recurrent \$'000	Non-Recurrent \$'000
\$'000			Governance		
22			- Business Planning Project		
2			- Other		
297			- Family Day Care	344	
72			- Maternal & Child Health	74	
12			- Senior Citizens	12	
31			- Delivered Meals	31	
379			- Aged & Home Care	400	
15			- Immunisation	8	
50			- Library		
36			- School Crossings	36	
-----				-----	-----
916				905	0
-----				-----	-----
			Infrastructure		
1,055			- Local Roads	1,071	
0			- Vic Roads Roads		137
420			- Vic Roads - Better Roads	103	
0			- Footpaths		45
0			- Pedestrian Crossings		9
0			- Public Hall Upgrades		22
0			- Apollo Bay Streetscape		50
0			- Beach Cleaning	4	
0			- Road Safety		6
0			- Waste Management		70
0			- Colac Otway Performing Arts and Culture Centre		569
0			- Business Victoria - Abattoir Infrastructure		250
6			- State Emergency Service	6	
545			- Port of Apollo Bay	563	1,293
-----				-----	-----
2,026				1,747	2,451
-----				-----	-----
			Strategic Development		
15			- Planning Reform		
16			- Strategic Development Master Plan		61
25			- Heritage Study		
0			- StreetLIFE Program		10
0			- Tourism		11
37			- Apollo Bay Market		12
9			- Premier Playing Field		2
10			- Bicycle Strategy		
0			- Apollo Bay Pool Feasibility Study		15
0			- Lake Colac Foreshore Arts Project		30
9			- Revegetation Program		4
60			- Corangamite Catchment Management Authority		59
23			- Weed Management		24
7			- Fire Prevention		30
0			- Colac Skateboard Facility		2
0			- Barongarook Creek Reserve Upgrade		15
0			- Small Town Improvement Program		57
6			- Other		
-----				-----	-----
217				0	332
-----				-----	-----
3,159			TOTAL	2,652	2,783
=====				=====	=====

COLAC OTWAY SHIRE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)**

1999	NOTE	3	GOVERNMENT GRANTS	2000
\$'000			CONDITIONS OVER GRANTS	\$'000
			Grants recognised as revenues during the reporting period which were obtained on the condition that they be expended in the manner specified by the grantor but had yet to be applied in that manner, are included in income as at the reporting date and were:	
60			Corangamite Catchment Management Authority	0
25			Heritage Study	0
0			Colac Skateboard Facility	2
128			Port of Apollo Bay	1,422
15			Planning Reform	0
16			Strategic Development Master Plan	0
-----				-----
244				1,424
=====				=====
			Grants or contributions recognised as revenues in previous reporting periods and were expended during the current reporting period in the manner specified by the grantor were:	
0			Corangamite Catchment Management Authority	60
12			Forest/Eco Centre	0
5			Flood Plain Management Project	0
4			Revegetation Program	0
6			Heritage Study	25
2			Tree Victoria	0
0			Planning Reform	15
0			Strategic Development Master Plan	16
106			Port of Apollo Bay	128
-----				-----
135				244
=====				=====

COLAC OTWAY SHIRE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)**

1999 \$'000	NOTE	4	DEPRECIATION EXPENSES	2000 \$'000
			Depreciation expenses for the period are as follows;	
530			Buildings	444
575			Plant	438
3,284			Roads, Streets and Bridges	5,172
77			Furniture and Equipment	58
79			Parks and Gardens	97
153			Drainage	174
10			Equipment Under Lease	10
-----				-----
4,708				6,393
=====				=====
	NOTE	5	SURPLUS ON DISPOSAL OF ASSETS	
			<u>Plant</u>	
816			Proceeds from sales	1,216
833			Less: Carrying Amount of assets sold	1,242
-----				-----
(17)			Surplus on Disposal	(26)
-----				-----
			<u>Land and Buildings</u>	
132			Proceeds from sales	16
118			Less: Carrying Amount of assets sold	16
-----				-----
14			Surplus on Disposal	0
-----				-----
			<u>Furniture and Equipment</u>	
6			Proceeds from sales	1
0			Less: Carrying Amount of assets sold	0
-----				-----
6			Surplus on Disposal	1
-----				-----
-----				-----
3			TOTAL	(25)
=====				=====

COLAC OTWAY SHIRE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)

NOTE 6(a) COMPARISON OF ACTUAL AND BUDGET RESULTS

2000

	OPERATING			RATE DETERMINATION		
	BUDGET \$'000	ACTUAL \$'000	VARIANCE %	BUDGET \$'000	ACTUAL \$'000	VARIANCE %
OPERATING REVENUE						
Rates & Charges	8,793	8,913	1	8,793	8,913	1
Grants Commission	1,949	1,964	1	1,949	1,964	1
Governance	1,857	2,021	9	3,044	3,740	23
Infrastructure	7,263	7,866	8	7,003	7,649	9
Strategic Development	1,420	12,722	796	3,320	13,722	313
TOTAL OPERATING REVENUE	21,282	33,486	57	24,109	35,988	49
OPERATING EXPENSES						
Governance	4,695	4,972	6	7,113	7,440	5
Infrastructure	15,004	16,366	9	12,252	11,224	(8)
Strategic Development	3,263	14,878	356	6,413	16,867	163
TOTAL OPERATING EXPENSES	22,962	36,216	58	25,778	35,531	38
INCREASE/(DECREASE) IN NET OPERATIONS EXCLUDING ABATTOIR OPERATIONS	(1,680)	(2,730)	63	(1,669)	457	(127)

The comparison of actual and budgeted net operations excludes the budgeted operations of the Abattoir as the Council's budget is exclusive of the activities of the Abattoir. A comparative budget did not exist to compare actuals against.

COLAC OTWAY SHIRE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)**

1999	NOTE	6(b)	RECONCILIATION OF DIFFERENCES BETWEEN RATES DETERMINATION SURPLUS/(DEFICIT) AND INCREASE/ (DECREASE) IN NET ASSETS FROM OPERATIONS BEFORE ABNORMAL AND EXTRAORDINARY ITEMS	2000
\$'000				\$'000
1,704			RATE DETERMINATION SURPLUS/(DEFICIT)	457

			Items included in the rates determination result which are not included in the operating statement:	
1,702			Capital Expenditure (Net)	3,972
505			Transfers to Reserves	500
(624)			Transfers from Reserves	(465)
524			Debt Redemption	612
(2,800)			Loan Proceeds	(1,650)
49			Voluntary Redundancy Payments	0
1,706			Repayment of Council Superannuation Liability	0
188			Repayment of CRLC Superannuation Liability	0
				2,969

2,954			Items included in the operating statement which are not included in the rates determination:	3,426
57			Increase/(Decrease) in Net Assets - CRLC	(69)
3			Profit/(Loss) on Sale of Assets	(25)
0			Donated Property, Plant and Equipment	362
0			Superannuation Expense Adjustment	(15)
0			CRLC Loan Reimbursement	(16)
(4,708)			Depreciation	(6,393)
				(6,156)

(1,694)			INCREASE/(DECREASE) IN NET ASSETS FROM OPERATIONS BEFORE ABNORMAL AND EXTRAORDINARY ITEMS	(2,730)
=====				

**NOTE 6(c) MAJOR VARIANCES BETWEEN ACTUAL AND BUDGET
OPERATING RESULT**

- (i) **Governance**
The actual net cost was an increase of \$113,000 (+4.0% over budget) due mainly to Council's share of the Corangamite Regional Library Corporation decrease in Net Assets from Operations.
- (ii) **Infrastructure**
The actual net cost was an increase of \$759,000 (+9.8% over budget) due mainly to:
- increased depreciation expense on revalued infrastructure assets based on higher values.
 - increased capital grants received for Port of Apollo Bay.
- (iii) **Strategic Development**
The actual net cost was an increase of \$53,000 (+17.0% over budget) due mainly to:
- operations of the Colac Abattoir.
 - increased infrastructure works on the Colac Abattoir.
 - increased operating expenditure on Apollo Bay Streetscape.

COLAC OTWAY SHIRE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)**

1999 \$'000	NOTE	7	ABNORMAL ITEMS	2000 \$'000
			The operating result has been achieved after including the following abnormal items:	
(49)			Redundancy payments	0
(138)			Superannuation Adjustment	0
0			Property, Plant and Equipment Revaluation Decrement (Note 1(e))	(3,391)
580			Property, Plant and Equipment not previously recognised (Note 1(e))	7,886
(441)			Property, Plant and Equipment written off (Note 1(e))	(7,869)
-----				-----
(48)				(3,374)
=====				=====
	NOTE	8	CASH	
16			Cash on hand	5
3,825			Cash at bank	4,167
-----				-----
3,841				4,172
=====				=====
			Cash is on hand or available on demand.	
2			Non-interest bearing	3
3,839			Interest bearing at average rate of 5.5% (1998/99 - 4.3%).	4,169
-----				-----
3,841				4,172
=====				=====
			Interest rates are variable and reflect current market values.	
	NOTE	9	RECEIVABLES	
			<u>Current</u>	
941			Abattoir Debtors	354
(53)			Less: Provision for Doubtful Debts	0
-----				-----
888				354
270			Rates & Charges	274
0			Government Grants	449
255			User Charges	575
591			Private Works Debtors	742
1			Pensioner Remissions	230
23			Reimbursement Unfunded Superannuation Loan - CRLC	25
75			Other Debtors	88
-----				-----
2,103				2,737
=====				=====
			<u>Non-Current</u>	
165			Reimbursement Unfunded Superannuation Loan - CRLC	147
-----				-----
165				147
=====				=====

Rates are secured by a charge over each ratepayer's property. Interest is charged on overdue rates at 12.3% (1998/99 12.3%). Rates are due for payment in a lump sum on 15 February or by instalments due on 30 September, 30 November, 28 February and 31 May. The amount of overdue rates upon which interest is being charged is \$274,550, before any provision for doubtful debts.

COLAC OTWAY SHIRE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)**

1999 \$'000	NOTE	10	INVESTMENTS	Note	2000 \$'000
1,568			<u>Current</u> Cash - on call #		1,693
=====					=====
38			<u>Non Current</u> Cash - on call		39
605			Interest in Corangamite Regional Library Corp.	34	673
-----					-----
643			"		712
=====					=====
			# Restricted Assets		
748			Long Service Leave investment		748
=====					=====
			Cash is held to specifically meet Council's long service leave liability as required by statute.		
			The average interest rate applicable to cash investments call is 5.5% (1998/99 - 4.3%)		
	NOTE	11	INVENTORIES		
52			Raw Materials and Stores		61
173			Abattoir		0
23			Great Ocean Road Visitor Information Centre		16
0			Colac Visitor Information Centre		6
2			Indoor Aquatic Centre		2
-----					-----
250					85
=====					=====
	NOTE	12	PREPAYMENTS		
32			Vehicle Registrations/Insurance		31
12			Computer Maintenance Contract		0
14			Construction		0
0			Councillor Allowances		24
34			Other		24
-----					-----
92					79
=====					=====
	NOTE	13	OTHER		
			<u>Current</u>		
3			Cash Advances		3
=====					=====
			<u>Non-Current</u>		
3			Cash Advances		0
=====					=====

COLAC OTWAY SHIRE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)**

1999 \$'000	NOTE	14	PROPERTY, PLANT AND EQUIPMENT	2000 \$'000
			<u>Current</u>	
			Fleet Vehicles	
899			- at Cost	611
(76)			- at Council Valuation 1/1/2000	329
-----				-----
823			Total Written Down Value of Current Fixed Assets	940
=====				=====
			<u>Non-Current</u>	
			Land	
43			- at Cost	50
11,884			- at Independent Valuation 30/6/1997	0
1,990			- at Independent Valuation 30/6/1998	0
250			- at Independent Valuation 30/6/1999	0
0			- at Independent Valuation 1/1/2000	18,279
-----				-----
14,167				18,329
-----				-----
790			Buildings	
15,611			- at Cost	1,610
1,280			- at Independent Valuation 30/6/1997	0
330			- at Independent Valuation 30/6/1998	0
0			- at Independent Valuation 30/6/1999	0
(1,045)			- at Independent Valuation 1/1/2000	24,629
-----				-----
16,966			Less: Accumulated Depreciation	(5,639)
-----				-----
5,672			Plant and Machinery	20,600
0			- at Cost	396
(2,681)			- at Council Valuation 1/1/2000	5,274
-----				-----
2,991			Less: Accumulated Depreciation	(2,818)
-----				-----
810			Roads and Streets	2,852
100,435			- at Cost	325
0			- at Council Valuation 30/6/1997	0
(32,064)			- at Council Valuation 1/1/2000	171,086
-----				-----
69,181			Less: Accumulated Depreciation	(66,324)
-----				-----
133			Parks and Gardens	105,087
1,405			- at Cost	58
0			- at Council Valuation 30/6/1997	0
(843)			- at Council Valuation 1/1/2000	2,076
-----				-----
695			Less: Accumulated Depreciation	(871)
-----				-----
-----				1,263
-----				-----

COLAC OTWAY SHIRE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)**

1999 \$'000	NOTE	14	PROPERTY, PLANT AND EQUIPMENT	2000 \$'000
			Furniture and Equipment	
262			- at Cost	77
301			- at Independent Valuation 30/6/1997	0
0			- at Independent Valuation 1/1/2000	153
(140)			Less: Accumulated Depreciation	(90)
423				140
			Drainage	
143			- at Cost	16
8,857			- at Council Valuation 30/6/1997	0
0			- at Council Valuation 1/1/2000	14,657
(3,085)			Less: Accumulated Depreciation	(4,214)
5,915				10,459
			Bridges	
120			- at Cost	17
7,257			- at Council Valuation 30/6/1997	0
0			- at Council Valuation 1/1/2000	12,410
(3,852)			Less: Accumulated Depreciation	(8,687)
3,525				3,740
			Footpaths	
3			- at Cost	299
5,938			- at Council Valuation 30/6/1997	0
0			- at Council Valuation 1/1/2000	4,462
(606)			Less: Accumulated Depreciation	(1,619)
5,335				3,142
			Kerb and Channelling	
152			- at Cost	70
8,377			- at Council Valuation 30/6/1997	0
0			- at Council Valuation 1/1/2000	12,173
(674)			Less: Accumulated Depreciation	(953)
7,855				11,290
87			Equipment under Lease	87
(12)			Less: Accumulated Amortisation	(23)
75				64
127,128			Total Written Down Value of Non-Current Fixed Assets	176,966

NOTE 15 CREDITORS

Current

1,140	Trade Creditors	2,026
161	Accrued Expenses	112
12	Apollo Bay Harbour Creditors	165
316	Abattoir Creditors	6
4	Superannuation	1
18	Other	6
1,651		2,316

COLAC OTWAY SHIRE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)**

1999 \$'000	NOTE	16	PROVISION FOR EMPLOYEE ENTITLEMENTS	2000 \$'000
			<u>Current</u>	
529			Annual Leave - Council	552
596			Long Service Leave - Council	362
170			Annual Leave - Abattoir	0
5			Public Holidays - Abattoir	0
51			Sick Leave - Abattoir	0
13			Rostered Days Off - Abattoir	0
----- 1,364 =====				----- 914 =====
			<u>Non-Current</u>	
----- 152 =====			Long Service Leave - Council	----- 386 =====
	NOTE	17	BORROWINGS	
		(a)	Loans	
			<u>Current</u>	
611 =====			Secured	684 =====
			<u>Non-current</u>	
4,425 =====			Secured	5,390 =====
			The bank overdraft (Note 24), which relates to the operations of the Abattoir, and loans are secured over the general rates of the Council.	
			Loans are repayable as follows:	
611			Not later than one year	684
632			Later than one year and not later than two years	742
677			Later than two years and not later than three years	516
438			Later than three years and not later than four years	557
464			Later than four years and not later than five years	449
2,214			Later than five years	3,126
----- 5,036 =====				----- 6,074 =====
		(b)	Debt Servicing and Redemption for the Year	
251			Interest Repayments on Loans	298
0			Interest Repayments on Loans	82
524			Debt Redemption (Principal)	612
----- 775 =====			Total	----- 992 =====
			The following average interest rates are applicable to:	
7.45%			Bank Overdraft	9.20%
8.50%			Bank Loans	7.65%

Interest rates on bank loans are fixed. The interest rate on the bank overdraft is variable and reflects current market values.

COLAC OTWAY SHIRE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)**

1999 \$'000	NOTE	18	BORROWING COSTS	2000 \$'000
			Specific borrowing costs were capitalised during the year	
			Capitalised Borrowing costs incurred at cost (Note 14):	
0			- Buildings	80
0			- Footpaths	2
----- 0				----- 82

NOTE 19 NET FAIR VALUES

The net fair values of financial assets and financial liabilities at the reporting date are as follows:

	1999		2000	
	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000
<u>On balance sheet</u>				
FINANCIAL ASSETS				
Cash	3,841	3,841	4,172	4,172
Receivables	2,268	2,268	2,884	2,884
Investments	2,211	2,211	2,405	2,405
	----- 8,320	----- 8,320	----- 9,461	----- 9,461
FINANCIAL LIABILITIES				
Bank Overdraft	727	727	705	705
Creditors	1,651	1,651	2,316	2,316
Lease Liability	62	73	43	49
Borrowings	5,036	5,214	6,074	4,046
	----- 7,476	----- 7,665	----- 9,138	----- 7,116

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

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

The net fair value of fixed rate borrowings has been measured by discounting contracted future cash flows by prevailing market interest rates.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)

NOTE 20 RELATED PARTY DISCLOSURE

(i) Names of persons holding the position of a Responsible Person at the Colac Otway Shire Council during the reporting period are:

Councillors	Peter Mercer Helen Paatsch Jim Ryan Warren Riches Carol Wilmink Belinda Murnane Keith Leorke
Chief Executive Officer	Glenn Patterson

(ii) Remuneration of Responsible Persons in bands of \$10,000

Income Range:	1999 No.	2000 No.
\$0-\$9,999	2	0
\$10,000 - \$19,999	7	6
\$20,000 - \$29,999	1	0
\$30,000 - \$39,999	0	1
\$110,000 - \$119,999	1	0
\$120,000 - \$129,999	0	1
TOTAL	11	8
Total Remuneration for the reporting period for Responsible Persons included above, amounted to	238	237

(iii) Senior Officers Remuneration

The number of senior officers, other than the Chief Executive Officer, whose total remuneration exceeded \$70,000 during the reporting period, are shown below in their relevant income bands:

Income Range:	1999 No.	2000 No.
\$70,000 - \$79,999	3	1
\$80,000 - \$89,999	1	2
\$90,000 - \$99,999	2	0
TOTAL	6	3
Total Remuneration for the reporting period for Senior Officers included above, amounted to	489	243

(iv) There were no retirement benefits paid by the Council in connection with the retirement of Responsible Persons of the Council.

(v) No loans have been made, guaranteed or secured by the Council to a Responsible Person of the Council during the reporting period.

(vi) There are no other related party transactions requiring disclosure.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)**

NOTE 21 SUPERANNUATION

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

LASPLAN Members

The Fund's LASPLAN category receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with the Superannuation Guarantee Legislation (7% in 1999/2000). No further liability accrues to Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the fund.

During 1999/2000 Council's superannuation contributions relating to LASPLAN members' service was \$164,601 (\$135,439 in 1998/1999).

Defined Benefits Members

Council makes employer contributions to the defined benefits category of the Fund at rates determined by the Fund's Trustee. The rate is currently 9.25% of superannuation salary (9.25% in 1998/99). During 1999/2000 Council's superannuation contributions relating to that year's defined benefits member's service was \$281,451 (\$256,862 in 1998/99).

In addition, Council reimburses the Fund for the difference between resignation and retrenchment benefits paid to employees retrenched during the year. Employees also 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.

In 1996/97 Council brought to account, as an abnormal expense item, a liability of \$1,608,143 including \$209,758, for its share of the Fund's unfunded superannuation liability relating to benefits accrued for past service as at 30 June 1997. Interest is applied by the Fund on outstanding balances at the annual earning rate of the Fund. Federal tax (currently equivalent to 17.65%) is applied to principal and interest and is included in the liability recorded by Council.

During 1999/2000 Council paid \$18,743, including \$2,812 tax, to the Fund, over and above its annual employer contributions to fund ongoing service, to reduce its superannuation liability for past service and retrenchment increments (\$1,705,906, including \$255,922 tax, in 1998/99). Council borrowed funds for this purpose.

Council has an ongoing obligation to share in the future experience of the Fund. Favourable or unfavourable variations may arise should the experience of the Fund differ from the assumptions made by the Fund's actuary in estimating the Fund's accrued benefits liability.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)

NOTE 21 SUPERANNUATION

The most recent full actuarial review of the Fund was undertaken by the Fund's actuary, Grant Harslett, FIA, FIAA, of Towers Perrin, as at 30 June 1998. The Fund's liability for accrued benefits was determined by reference to expected future salary levels and by application of a market-based risk-adjusted discount rate and relevant actuarial assumptions. It was determined that the net assets of the Fund, which includes amounts owed by Council to the Fund, were more than sufficient to meet the accrued benefits of the Fund's defined benefit category members. A further full actuarial review as at 30 June 2000 is currently being undertaken by the actuary. As at the date of signing of the Financial Statements the results of the review were not available.

Council's past service liability to the Fund as at 30 June 2000, including retrenchments, accrued interest and tax, is \$898 (\$4,679 at 30 June 1999).

1999 NOTE 22 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO INCREASE/(DECREASE) IN NET ASSETS FROM OPERATIONS 1999

\$'000		\$'000
(1,742)	Increase/(Decrease) in Net Assets from Operations	(6,104)
4,708	Depreciation	6,393
53	Provision for Doubtful Debts	(53)
(25)	Increase in receivables	(563)
9	Decrease in other assets	3
(1,979)	Increase in creditors	665
126	Decrease in employee entitlements	(215)
(43)	Increase in prepayments	(7)
126	Decrease in inventories	165
5	Increase in other liabilities	0
(3)	(Profit)/Loss on Sale of Assets	25
1,235		309
	Other reconciling items:	
(3)	Cash Advances received	(3)
23	Lease Payments	20
(58)	Change in Net Assets - Regional Entities	69
0	Property, Plant and Equipment Revaluation Decrement	3,391
(580)	Property, Plant and Equipment not previously recognised	(7,886)
441	Property, Plant and Equipment written off	7,869
0	Donated Property, Plant and Equipment	(362)
(72)	Recognition of Leased Asset	0
1,894	Repayment of Unfunded Superannuation Liability	0
2,880	Net cash provided by operating activities	3,407

NOTE 23 RECONCILIATION OF CASH

Cash at the end of the period as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

3,841	Cash	4,172
1,416	Investments	1,307
(727)	Bank Overdraft	(705)
4,530		4,774
4,530		4,774

COLAC OTWAY SHIRE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)**

1999	NOTE	24	FINANCING FACILITIES	2000
\$'000				\$'000
			The following overdraft facilities were available to Council as at 30 June:	
			<u>Council</u>	
0			Used Facilities	0
1,000			Unused Facilities	1,000
-----				-----
1,000				1,000
=====				=====
			<u>Abattoir</u>	
727			Used Facilities	705
273			Unused Facilities	295
-----				-----
1,000				1,000
=====				=====
	NOTE	25	FINANCIAL INDICATORS	
			(i) Debt servicing ratio (%)	
			(to identify the capacity	
			of a council to service	
			its outstanding debt);	
0.7%		251	Debt servicing costs	380
		34,984	Total revenue	33,487
				1.1%
			(ii) Debt commitment ratio (%)	
			(to identify a council's debt	
			redemption strategy);	
9.4%		775	Debt servicing & redemption	992
		8,203	Rate and Charges revenue (12 months)	8,997
				11.0%
			(iii) Revenue ratio (%)	
			(to identify a council's	
			dependence on non-rate	
			income);	
23.4%		8,203	Rate and Charges revenue (12 months)	8,997
		34,984	Total revenue	33,487
				26.9%
			(iv) Debt exposure ratio (1 :)	
			(to identify a council's	
			exposure to debt);	
0.21:1		8,991	Total indebtedness	10,438
		43,433	Total realisable assets	52,644
				0.20:1
			(v) Working capital ratio (: 1)	
			(to assess a council's	
			ability to meet current	
			commitments).	
1.99:1		8,680	Current assets	9,709
		4,371	Current liabilities	4,639
				2.09:1

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)

1999 \$'000	NOTE	26	CONTINGENT LIABILITIES	2000 \$'000
			Details and estimates of maximum amounts of contingent liabilities, classified in accordance with the party whom the liability could arise, are as follows:	
			<u>Council</u>	
			Council has provided contract performance guarantees. The details and extent of Council's exposure at the reporting date are as follows:	
23			Rehabilitation bond - Department of Conservation and Natural Resources Scoria pit, Lineens Road, Coragulac	23
15			- Department of Energy and Minerals Sandstone pit, Ocean Road, Princetown	15
34			Contract performance - Roads Corporation	38
			No material losses are anticipated in respect of any of the above contingent liabilities.	
	NOTE	27	COMMITMENTS FOR CAPITAL AND OTHER EXPENDITURE	
			At the reporting date, the municipality had entered into contracts for the following capital and other expenditures:	
40			Plant Purchase	0
0			Construction	3,300
0			Lease	730
390			Cleaning	200
7,880			Garbage Collection	8,000
172			GIS Development	0
290			Infrastructure Development	0
2,143			Miscellaneous	425
----- 10,915 =====				----- 12,655 =====
			These expenditures are due for payment:	
2,965			Not later than one year	5,975
2,925			Later than one year and not later than two years	2,430
5,025			Later than two years and not later than five years	4,250
0			Later than five years	0
----- 10,915 =====				----- 12,655 =====
			In addition to the above, there are contracts for the provision of goods and services at Schedule of Rates for a period not later than one year.	

COLAC OTWAY SHIRE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)**

1999 \$'000	NOTE	28	FINANCE LEASE COMMITMENTS	2000 \$'000
			At the reporting date, the municipality had the following obligations under finance leases, which includes equipment (the sum of which is recognised as a liability after deduction of future lease finance charges included in the obligation):	
24			Not later than one year	24
49			Later than one year and not later than five years	25
0			Later than five years	0
----- 73			Minimum Lease Payments	----- 49
(11)			Less: Future finance charges	(6)
----- 62			Lease Liability	----- 43
=====				=====
			Classified as:	
19			Current	20
43			Non-Current	23
----- 62				----- 43
=====				=====
	NOTE	29	OPERATING LEASE COMMITMENTS	
			At the reporting date, the municipality had the following obligations under non-cancellable operating leases which include computer equipment and photocopiers (these obligations are not recognised as a liability):	
119			Not later than one year	221
127			Later than one year and not later than five years	483
0			Later than five years	280
----- 246				----- 984
=====				=====
	NOTE	30	PORT OF APOLLO BAY	
			The Council controls the Port of Apollo Bay Committee of Management. The assets and liabilities of the Committee have been included in Council's financial statements and are summarised below:	
			ASSETS	
356			Current Assets	1,957
1			Non Current Assets	1
----- 357			TOTAL ASSETS	----- 1,958
=====				=====
			LIABILITIES	
28			Current Liabilities	186
1			Non Current Liabilities	1
----- 29			TOTAL LIABILITIES	----- 187
=====				=====
----- 328			NET ASSETS	----- 1,771
=====				=====
328			Accumulated Funds	1,771
----- 328			EQUITY	----- 1,771
=====				=====

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)

1999 \$'000	NOTE	31	ABATTOIR	2000 \$'000
			(a) Closure of Business	
			Council purchased the net assets, excluding employee entitlements, of Western District Meat Packing Co. on 19 January 1998. Council ceased operating the Abattoir on 31 March 2000.	
			(b) Trading Profit and Loss Statement	
			The trading result of the Abattoir for the year (period 1/7/1999 - 31/3/2000) has been included in Council's Operating Statement and is summarised below:	
			REVENUE	
12,688			Sales	7,732
3,138			Charges & Fees	2,853
-----				-----
15,826			TOTAL REVENUE	10,585
(7,674)			LESS: COST OF GOODS SOLD	(4,149)
-----				-----
8,152			GROSS PROFIT FROM TRADING	6,436
			EXPENSES	
5,152			Employee Costs	4,284
3			Depreciation	8
2,179			Materials & Services	2,189
714			Other	85
-----				-----
(8,048)			TOTAL EXPENSES	(6,566)
-----				-----
104			TRADING PROFIT/(LOSS)	(130)
=====				=====
			(c) Contingent Liabilities	
			(i) At balance date Council continued to provide guarantees in respect of trade or business with creditors. These guarantees were cancelled on 8 August 2000. The details and extent of Council's exposure at the reporting date are as follows:	
350			Livestock and	350
50			merchandise	50
			purchases	
-----				-----
400				400
=====				=====

COLAC OTWAY SHIRE

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)**

1999 \$'000	NOTE	32	ASSET REVALUATION RESERVE	2000 \$'000
11,692			Balance at beginning of year	11,691
0			Increase/(Decrease) in Share of CRLC Asset Revaluation Reserve	137
0			Revaluation of Property, Plant and Equipment	55,435
----- 11,692 =====			Balance at end of year	----- 67,263 =====
	NOTE	33(a)	BALANCE OF RESERVES	
			<u>Asset Replacement Reserves</u>	
82			Plant Replacement	117
36			Recreational Land	36
----- 118 =====				----- 153 =====
	NOTE	33(b)	MOVEMENT IN RESERVES	
			<u>Plant Replacement</u>	
26			Balance at beginning of year	82
500			Transfer from Accumulated Surplus	500
(444)			Transfer to Accumulated Surplus	(465)
----- 82 =====			Balance at end of year	----- 117 =====
			<u>Recreational Land</u>	
31			Balance at beginning of year	36
5			Transfer from Accumulated Surplus	0
0			Transfer to Accumulated Surplus	0
----- 36 =====			Balance at end of year	----- 36 =====

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2000 (CONT'D)

1999 \$'000	NOTE	34	INVESTMENT IN ASSOCIATES	2000 \$'000
			Name of Associate: Corangamite Regional Library Corporation	
			Principal Activity: Library	
			Ownership Interest	
			Carrying Amount	
			Equity-Accounted Amount	
			1999 2000 1999 2000 1999 2000	
			% % \$'000 \$'000 \$'000 \$'000	
			24.88 24.90 605 673 605 673	
			=====	=====
			The above investment comprises an interest in the unaudited equity of the associate. The balance date of the investment is 30 June.	Equity-Accounted Amount
			Accumulated Surplus Attributable to Associates	
	58		Share of Decrease in Net Assets from Operations	(69)
			Accumulated Surplus attributable to Associates at the beginning of the financial year	582
	524			-----
	582		Accumulated Surplus attributable to Associates at the end of the financial year	513
	-----			-----
			Reserves Attributable to Associates	
			<u>Asset Replacement Reserve</u>	
	23		Balance at the end of the financial year	23
	-----			-----
	23			23
			<u>Asset Revaluation Reserve</u>	
	0		Balance at beginning of the financial year	0
	0		Share of Increase in Asset Revaluation Reserve	137
	-----			-----
	0		Balance at the end of the financial year	137
	-----			-----
	23		Reserves attributable to Associates at the end of the financial year	160
	-----			-----
	605		Interest in Associates	673
	=====			=====

COLAC OTWAY SHIRE

CERTIFICATION OF FINANCIAL STATEMENTS

In my opinion the accompanying financial statements have been prepared in accordance with the Local Government Act 1989, the Local Government Regulations 1990, Australian Accounting Standards and other mandatory professional reporting requirements.

PRINCIPAL ACCOUNTING OFFICER *H. Stevenson*

Date: *12/9/2000*

In our opinion the accompanying financial statements present fairly the financial transactions of the Colac Otway Shire for the year ended 30 June 2000 and the financial position of the Council as of that date.

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

COUNCILLOR *Mr James Ryan*

Date: *13. Sept. 2000*

COUNCILLOR *Helen Patrick*

Date: *13-9-2000*

PRINCIPAL ACCOUNTING OFFICER *H. Stevenson*

Date: *13/9/2000*



AUDITOR GENERAL
VICTORIA

AUDITOR-GENERAL'S REPORT

To the responsible Ministers and the Councillors of Colac-Otway Shire Council

Audit Scope

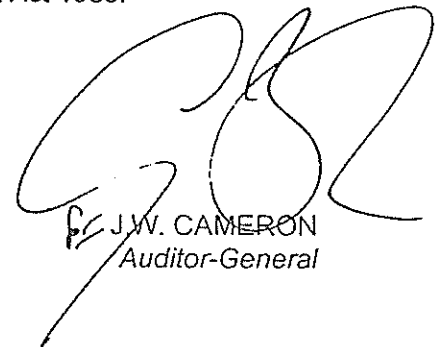
The accompanying financial report of Colac-Otway Shire Council for the financial year ended 30 June 2000, comprising operating statement, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, has been audited. The Councillors are responsible for the preparation and presentation of the financial report and the information it contains. An independent audit of the financial report has been carried out in order to express an opinion on it to the responsible Ministers and the Councillors as required by the *Audit Act* 1994.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and complies with the requirements of the *Local Government Act* 1989, so as to present a view which is consistent with my understanding of the Council's financial position, the results of its operations and its cash flows.

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

Audit Opinion

In my opinion, the financial report presents fairly the financial position of Colac-Otway Shire Council as at 30 June 2000 and the results of its operations and its cash flows for the year ended on that date in accordance with Australian Accounting Standards and other mandatory professional reporting requirements and complies with the requirements of the *Local Government Act* 1989.



J.W. CAMERON
Auditor-General

MELBOURNE
28/9/2000

**COLAC OTWAY SHIRE
PERFORMANCE STATEMENT
for the year ended 30 June 2000**

Annual Plan Indicators

Financial Performance		Actual Result 1999/00	ABP Target 1999/00	Difference
FP.1	% ACHIEVEMENT of budgeted OPERATING SURPLUS / (DEFICIT) (actual against original budget)	160.3%	95.0%	65.3%
FP.2	OPERATING SURPLUS/(DEFICT) as a % of TOTAL RECURRENT REVENUE.	-8.6%	-12.0%	3.4%
FP.3*	% CHANGE IN NET ASSETS from previous year	38.83%	-3.05%	41.88%
FP.4*	WORKING CAPITAL RATIO current assets as a % of current liabilities.	201.0%	167.0%	34.0%
FP.5	TOTAL DEBT SERVICING COSTS as a % of rates and charges revenue.	10.7%	11.3%	-0.6%
FP.6	% OF RATES, FEES AND CHARGES OUTSTANDING at 30 June 2000.	11.2%	13.0%	-1.8%
Community Satisfaction		CSMP April 2000 Indexed mean.	ABP Target 1999/00	Difference
CS.1	Community satisfaction rating for OVERALL PERFORMANCE GENERALLY of the Council.	64	65	-1
CS.2*	Community satisfaction rating for overall performance in KEY SERVICE AREAS AND RESPONSIBILITIES.	63	59	4
CS.2.1	Community satisfaction rating for LOCAL ROADS AND FOOTPATHS.	50	52	-2
CS.2.2 *	Community satisfaction rating for HEALTH AND HUMAN SERVICES.	77	72	5
CS.2.3	Community satisfaction rating for RECREATIONAL FACILITIES.	69	65	4
CS.2.4	Community satisfaction rating for APPEARANCE OF PUBLIC AREAS.	70	65	5
CS.2.5 *	Community satisfaction rating for TRAFFIC MANAGEMENT AND PARKING FACILITIES.	60	61	-1
CS.2.6	Community satisfaction rating for WASTE MANAGEMENT SERVICES.	60	55	5
CS.2.7	Community satisfaction rating for ENFORCEMENT OF LOCAL LAWS.	66	65	1
CS.2.8	Community satisfaction rating for ECONOMIC DEVELOPMENT.	59	55	4
CS.2.9	Community satisfaction rating for TOWN PLANNING POLICY AND APPROVALS.	60	60	0
CS.3	Community satisfaction rating for council's INTERACTION AND RESPONSIVENESS in dealing with the public.	70	74	-4
CS.4	Community satisfaction rating for Council's ADVOCACY AND COMMUNITY REPRESENTATION on key local issues.	65	62	3

Rates Management		Actual Result 1999/00	ABP Target 1999/00	Difference
RM.1	% MOVEMENT in rates and charges REVENUE from previous year.	9.7%	7.0%	2.7%
RM.2	Rates and charges REVENUE per ASSESSMENT.	\$711.11	\$697.00	\$14.11
RM.3	Rates and charges REVENUE per CAPITA.	\$435.60	\$427.00	\$8.60
RM.4	Rates and charges REVENUE as a % of CIV – TOTAL.	0.62%	0.61%	0.01%
RM.5*	Rates and charges DECLARDED on the MEDIAN PROPERTY VALUE – residential.	\$602.57	\$576.00	\$26.57
RM.6	AVERAGE rates and charges per ASSESSMENT – residential.	\$568.46	\$605.00	-\$36.54
RM.7*	Rates and charges DECLARED as a % OF CIV – farms.	0.35%	0.38%	-0.03%
RM.8	Rates and charges DECLARED as a % of CIV – commercial / industrial.	1.11%	1.0%	0.11%
RM.9	Rates and charges REVENUE AS A % of TOTAL recurrent REVENUE.	28.7%	48.0%	-19.3%
RM.10	GENERAL PURPOSE GRANTS per CAPITA.	\$95.09	\$87.00	\$8.09
Capital Expenditure		Actual Result 1999/00	ABP Target 1999/00	Difference
CE.1	Capital expenditure per assessment.	\$411.44	\$316.00	\$95.44
CE.2	Recurrent surplus / (deficit) as a % of capital expenditure.	20.3%	30.0%	-9.7%
CE.3	% of capital expenditure, internally funded.	71.8%	73.0%	-1.2%
CE.4	% achievement of capital program.	84.7%	90.0%	-5.3%
CE.5	Ratio of capital expenditure to total depreciation.	0.81	1.00	-0.19
Operating Costs		Actual Result 1999/00	ABP Target 1999/00	Difference
OC.1	% CHANGE in net recurrent EXPENDITURE per ASSESSMENT from previous year.	-10.8%	4.0%	-14.8%
OC.2	% CHANGE in net recurrent EXPENDITURE per CAPITA from previous year.	-11.2%	4.0%	-15.2%
OC.3	Net recurrent EXPENDITURE per ASSESSMENT.	\$2,137.97	\$1,130.00	\$1,007.97
OC.4	Net recurrent EXPENDITURE per CAPITA.	\$1,309.66	\$693.00	\$616.66
Other Corporate Plan Indicators				
Governance		Actual Result 1999/00	ABP Target 1999/00	Difference
	Employee Opinion Survey Satisfaction Index	97.40%	94.00%	3.40%
	Percentage compliance with Customer Action Request System (CORS) response time	33.0%	100.0%	-67.0%
	Civic Mutual Plus Liability Assessment	71.0%	85.0%	-14.0%
	Cost per contact hour for Home Care Services	\$23.37	\$30.00	-\$6.63
	Average number of Maternal & Child Health consultations per EFT nurse per month	313	205	108
	Cost of Environmental Health Services per capita	\$13.95	\$10.00	\$3.95

Infrastructure		Actual Result 1999/00	ABP Target 1999/00	Difference
	Asset Renewal Sustainability Index	86	46.8	38.8
	Percentage of unsealed network provided with a gravel re-sheet each year	14.30%	14.00%	0.30%
	Percentage of sealed network that is resealed each year	8.30%	8.10%	0.20%
	Building maintenance as a percentage of total value of Buildings Portfolio	0.57%	0.69%	-0.12%
	Number of infrastructure maintenance complaints	975	800	175
	Amount of household waste to landfill per tenement receiving kerbside collection	0.64 m ³	1.8m ³	-1.16 m ³
	Percentage of household garbage recycled	32%	40%	-8%

* These indicators were not included in Council's Corporate & Business Plan

The above Performance Statement should be read in conjunction with the accompanying notes.

COLAC OTWAY SHIRE

NOTES TO AND FORMING PART OF THE PERFORMANCE STATEMENT FOR 1999/2000

Introduction to the Performance Statement

The Victorian Government is of the view that it is reasonable to expect all councils to collect and publish performance information. The Government has amended the Local Government Act (Section 153 of the Local Government Act 1989) to ensure that local government develops new performance accountability mechanisms which allow for a consistent approach in the collection and reporting of information regarding financial performance, operating costs and community satisfaction. Without comparable figures, a great deal of benefit of measuring performance is lost.

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

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

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

Common Terms

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

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

Assessments – or rate notices.

Budget – refers to the originally published budget of the Council.

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

Capital Improved Value – is the sum which land, might be expected to realise, at the time of valuation, if offered for sale on any reasonable terms and conditions, which a genuine seller might in ordinary circumstances be expected to require. This applies to all property sectors.

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

Internal funding – is the sum of the operating surplus before abnormal items, depreciation of all assets and transfers from reserves, less profit / (loss) on asset sales.

Median residential property – is the “mid point” of the values for residential properties such that exactly half of the values of residential properties have greater values than that point or dollar figure and half have smaller values. It is NOT the average (or arithmetic mean).

Net recurrent expenditure – Recurrent expenditure less recurrent grants for specific purposes.

Non recurrent depreciation- Depreciation on infrastructure and heritage assets only.

Non recurrent items – are profit / (loss) on asset sales, grants for specific purposes and depreciation on infrastructure and heritage assets.

Population – estimated total residential population of the municipality as at 30 June of the previous year, as published by the ABS in “Regional Population Growth” catalogue no. 3218.0 or “Population by Age and Sex” catalogue no. 3235.2.

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

Recurrent expenditure – is operating expenditure less non-recurrent items such as depreciation on infrastructure and heritage assets.

Recurrent revenue – is operating revenue less non-recurrent items such as specific non-recurrent (capital) grants; and profit / loss on sale of assets.

Recurrent surplus / deficit – recurrent revenue less recurrent expenditure.

Summary of Explanation of Variations

Major variations between actual results for the year as compared to Annual Business Plan Targets for FP.2, FP.4, RM.9 AND OC.1 to OC.4 have occurred as a result of including the operations of the Colac Abattoir as a Business Unit of Council.

Council Survey

A Council Survey that was to measure the following indicators was not conducted due to budgetary constraints:

- Effectiveness in community consultation
- Aged & Disability Services
- Family & Children Services
- Public Health Services
- Recreation facilities, programs and projects
- Arts & Culture facilities, programs and projects
- Environmental management

COLAC OTWAY SHIRE

CERTIFICATION OF PERFORMANCE STATEMENT

In my opinion, the accompanying performance statement of the Colac Otway Shire Council in respect of 1999/2000 financial year has been prepared in accordance with *the Local Government Act 1989*.

PRINCIPAL ACCOUNTING OFFICER *M. Stevenson*

Date: *13.19.2000*

In our opinion, the accompanying performance statement of the Colac Otway Shire Council in respect of 1999/2000 financial year is presented fairly in accordance with *the Local Government Act 1989*.

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

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

NAME ... *WILLIAM JAMES RYAN*

COUNCILLOR ... *W. James Ryan*

Date: *13. September 2000*

NAME *HELEN PAATSCH*

COUNCILLOR ... *Helen Paatsch*

Date: *13-9-2000*



AUDITOR GENERAL
VICTORIA

**AUDITOR-GENERAL'S REPORT
ON PERFORMANCE STATEMENT**

To the responsible Ministers and the Councillors of Colac-Otway Shire Council

Audit Scope

The accompanying performance statement of Colac-Otway Shire Council in respect of the 1999-2000 financial year has been audited. The Councillors are responsible for the preparation and presentation of the statement and the information it contains. An independent audit of the statement has been carried out in order to express an opinion on the statement to the responsible Ministers and the Councillors as required by the *Local Government Act 1989*.

The *Local Government Act 1989* requires the performance statement to outline the performance targets and measures set out in relation to the achievement of the business plan as described in the council's corporate plan submitted to the responsible Minister and to describe the extent to which the business plan was met having regard to those targets and measures.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the performance statement is free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the statement. These procedures, which did not extend to an assessment of the relevance or appropriateness of the performance measures contained within the statement, have been undertaken to form an opinion as to whether, in all material respects, the performance statement is presented fairly in accordance with the *Local Government Act 1989*.

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

Qualification


The Colac-Otway Shire has submitted to the responsible Minister a corporate plan incorporating a business plan for the 1999-2000 financial year and related performance targets and measures by which the Shire's performance may be judged in relation to the achievement of the business plan. However, the following performance measures set out in the corporate plan were not provided in the Shire's performance statement:

- Effectiveness in community consultation;
- Aged and disability services;
- Family and children services;
- Public health services;
- Recreation facilities, programs and projects;
- Arts and culture facilities, programs and projects; and
- Environmental management.

Audit Opinion

In my opinion, except for the effect of the matter referred to above, the performance statement of the Colac-Otway Shire in respect of the 1999-2000 financial year is presented fairly in accordance with the *Local Government Act 1989*. However, the performance statement, which incorporates only some of the performance targets and measures included in the Council's business plan, is supported by appropriate records of results achieved in respect of the financial year.

MELBOURNE
28/9/2000



J.W. CAMERON
Auditor-General

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

NCP Statement for Financial Year 99/00
Certification



COLAC OTWAY SHIRE COUNCIL

Colac Otway Shire Council – NCP certification by Chief Executive Officer	
<p>Colac Otway Shire Council, a party to the 1999 Competition Principles Agreement with the State of Victoria (“the Agreement”), has implemented the Agreement for the financial year 1999/2000 as set out below*</p> <p>Further particulars of the Council’s compliance in relation to each clause are provided in appendices* provided to the minister.</p>	
Competition Code	Compliant
Competitive Neutrality	Compliant
Local Laws	Compliant
<p>I certify that:</p> <ol style="list-style-type: none"> the NCP statement has been prepared in accordance with the guidelines issued by the Minister for reporting on the implementation of the agreement; and the NCP statement presents fairly the Council’s implementation of the agreement. <p>(signed)  Chief Executive Officer</p> <p>Date :29-8-2000</p>	