

---

# COLAC OTWAY SHIRE ANNUAL REPORT 2001-2002

## **Colac Service Centre**

2-6 Rae Street, Colac

Phone: 5232 9400

Fax: 5232 1046

Hours: 8.30 am - 5.00 pm  
Monday to Friday

## **Apollo Bay Service Centre**

69 Nelson Street, Apollo Bay

Phone: 5237 6504

Fax: 5237 6734

Hours: 8.30 am - 1.00 pm  
Monday to Friday

**Postal Address:** P.O. Box 283, Colac, 3250

**Email Address:** [inq@colacotway.vic.gov.au](mailto:inq@colacotway.vic.gov.au)

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



# CONTENTS

Page No.

<b>Shire Profile .....</b>	<b>4</b>
<b>Mayor's Message.....</b>	<b>5</b>
<b>Chief Executive Officer's Report .....</b>	<b>7</b>
<b>Our Councillors .....</b>	<b>11</b>
<b>Organisation Structure .....</b>	<b>13</b>
<b>Governance and Risk Management - 2001/2002 Initiatives.....</b>	<b>14</b>
Our Key Result Areas - 2001/02 Council Plan Performance:	
• Community Outcomes .....	16
Community Leadership & Consultation.....	16
Infrastructure.....	16
Planning & Environment.....	17
Business & Community Development .....	18
Health & Community Services.....	21
• Service Planning .....	22
• Organisation Development .....	23
• Financial .....	23
<b>External funding, grants, donations, memberships and subscriptions .....</b>	<b>24</b>
<b>Human Resource Management.....</b>	<b>26</b>
<b>Best Value .....</b>	<b>30</b>
<b>General Information.....</b>	<b>36</b>
Policy Development & Strategies .....	36
Local Laws .....	36
Statutory Information.....	36
Freedom of Information.....	36
Disclosure of Information.....	36
Whistleblowers Protection Act 2000.....	36
Sale of Council Properties .....	37
Major Creditor Payments.....	37
Victorian Local Government Indicators .....	37

## FINANCIAL STATEMENTS

Statement of Financial Performance .....	3
Statement of Financial Position .....	4
Statement of Changes in Equity.....	5
Statement Cash Flows.....	6
Notes to the Financial Statements .....	7
Council Certification of Audited Financial Statements.....	36
Performance Statement.....	37
NCP Statement .....	38

# SHIRE PROFILE

The Colac Otway Shire is one of the most picturesque municipalities in Victoria, covering a diverse area from volcanic lakes, craters and plains in the north, through the hinterland forests of the Otway Ranges to the Great Ocean Road coastline. The Shire provides diverse employment opportunities through a range of primary industries, tourism and commercial and community services.

The northern plains and lakes region and the foothills, from the northern side of the main Otways ridgeline to the Princes Highway, support productive grazing activities, particularly dairying.

A significant part of the Otway Ranges is designated as State Forest, including sites of National and State Rainforest significance. The ranges are also of importance to the municipality and wider region for timber harvesting and water harvesting.

The coastline is recognised as one of the most spectacular in Australia, the visual and environmental features of which are being protected. This area is experiencing increasing demand for tourism and recreation development.

Colac is the key industrial, commercial and service centre for the Shire and surrounding region with a population of 12,000. Apollo Bay is the other major urban centre with a permanent population of 1,000 that swells to over 15,000 during the summer season. The current shire population is 20,207.



## Details

Colac Otway Shire Proclaimed	24/9/94
Area of Shire	3,530 square kms
Road Length (Local Roads)	1,730 kms
Population of Shire (30 June 2001)	20,207
Voters (incl. absentee owners)	20,528
Rateable Property Assessments	13,080
Shire Employee's E.F.T.	178
Council's Rates and Services Charges	\$10.5m
Council Operating Expenditure	\$29.9m
Loan Indebtness	\$5.1m
Total Assets Valuation	\$181.0m

## Our Vision

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

## Our Mission

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

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

## Our Values

- **Partnership**  
We will work in partnership with the community to achieve agreed goals.
- **Consultation**  
We will undertake genuine consultation on key issues as part of our decision making processes to improve the quality, accountability and transparency of those decisions.
- **Service**  
We will promote a culture in which our services respond to community needs and aspirations.

# MAYOR'S MESSAGE



**The 2001/2002 year has been one of growth and increasing optimism for Colac Otway Shire. There has been significant business development in Colac, tourism visitation growth in the Otways and along the coast, and increased Council infrastructure investment in our smaller towns.**

## Overall Performance

The vibrancy being experienced in the Colac Otway Shire has been significantly assisted by Council's achievements in continuing to implement its vision of creating social and economic conditions that generate growth in employment and improve quality of life.

The development of a comprehensive management plan for Lake Colac was one of the year's highlights. With inter-agency cooperation and funding of the project, this sets a framework for the future planning and management of this vital, historically neglected natural asset.

Another key project undertaken during the year was the Apollo Bay and Marengo Neighbourhood Character Study. With significant community input, the outcomes will work their way through to planning scheme amendments that will provide more appropriate land use planning controls, tailored for each of the identified precincts in those towns.

Improved vitality in the building industry with projects to the value of \$64.6 million being implemented, up from the record \$36 million the previous year. The Shire unemployment rate is 1.64% below the Victorian rural average, demonstrating investor confidence in our Shire's future.

In Colac the most significant development of the year was the completion of Regal Cream's \$20 million new facility in Forrest Street, which has now been commissioned and is producing that company's cream, yogurt and related products from that site. The Council also entered into an agreement to sell land to the Mercy Aged and Health Care group to facilitate the redevelopment of the Eventide Hostel and expanded aged care facility.

The challenges now are to source skilled and unskilled labour to service the jobs growth and to overcome a housing shortage for both the rental and owner occupier markets. The Colac Development Committee oversaw the development of a housing

strategy, which is now being implemented. A Labour Taskforce Forum was established during the year, which is pursuing a number of strategies to market Colac Otway and to attract, retain and develop suitable staff.

Our capital works program has achieved a 88.6% completion rate and expenditure on asset maintenance increased for the fourth successive year. Our success in obtaining accelerated payments from the "Roads to Recovery" Program shows the high priority given to our Shire's road network.

Five of the Shire's small towns completed their township masterplans - Beeac, Cressy, Forrest, Lavers Hill and Swan Marsh.

Small town improvement works this year included Council obtaining funding for the development of Rural Transaction Centres at Birregurra and Beeac. Beeac also received an upgrade to the main street footpath, as did Lavers Hill. Birregurra's heritage walk was completed and Cressy's Avenue of Honour was implemented. A State Government grant of \$550,000 was received to fund further infrastructure improvement works in Lavers Hill, Forrest and Birregurra. The new CDMA mobile telecommunications tower at Lavers Hill was commissioned, after Council achieved Federal Government funding for that project.

## Governance

The Council applied its Code of Conduct for Officers and Councillors for the first full year, to further strengthen the MAV Code of Good Governance adopted by Council some years ago.

An internal audit program influenced by the organisation risk assessment process is in place. The Colac Otway Services Board continues to oversee the operation of the Cosworks business unit.

The organisation has implemented a range of mechanisms and projects to achieve continuous improvement and to develop sound human resource management practices. Management systems and an integrated Best Value/Business Planning process are in place. Community consultation forums as part of Best Value service reviews have been conducted.

The Annual Report content has been extended to provide a more comprehensive document, including more thorough reporting on corporate governance issues.

# MAYOR'S MESSAGE

## Partnerships and External Relationships

We believe that building alliances and encouraging inter-agency co-operation are important elements in moving towards a holistic approach to service planning and delivery. This municipality aims to develop effective, collaborative networks.

Colac Otway is an active member of the Municipal Association of Victoria, Timber Towns Victoria and has representation of the Private Forestry Council and the Central Victorian Farm Plantations Committee.

We have partnerships in place with Powercor as the principal sponsor of our business awards and with Telstra in the "Business of the Future" project.

Regionally, Council is a member of the South West Municipalities Group, Geelong Otway Tourism and Corangamite Regional Library Service.

Our Works and Services Unit, Cosworks, has a strategic alliance with CSR Emoleum, through which Council received resealing work to which we contribute plant and labour.

We continue to utilise a range of partnerships to deliver environmental programs and works, this year including the property management planning project, the stormwater management plan and Social Justice Program.

Relationships with key State and Federal Government Departments are effective and healthy, as they are with our Local Members of Parliament, with whom regular meetings are held and whose advocacy on our behalf on issues throughout the year has been appreciated.

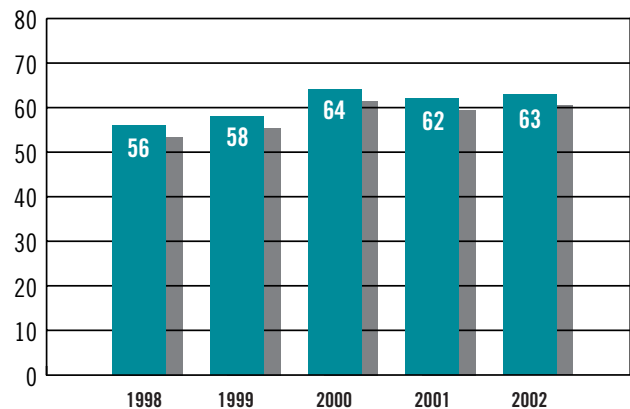
## Constituent Satisfaction Survey Results

The Colac Otway community's perception of Council's overall performance improved marginally from 62% to 63%. The largest individual service improvement was recorded in Economic Development, increasing by 11.8% to 66. Health and Community Services and Customer Contact recorded the highest scores of 76 and 72 respectively. Local Roads and Footpaths and Town Planning are the key service areas requiring improvement.

**1.6% increase from 2001**

**12.5% increase from 1998**

### Overall Performance of Council



These results will influence our service planning, along with research gathered through the Best Value consultation process on an individual service basis.

The past year of achievement has been possible due to the cooperation of the Councillors, excellent working relationship with and commitment from the Council staff and voluntary community development involvement by our various communities.

Our Shire is recognised as one of the best and has been able to attract and hold outstanding staff and officers under the strong leadership of our Chief Executive Officer, Glenn Patterson. We thank them all for their commitment and dedication to our residents.

**Cr. Peter Mercer**

**Mayor**

# CHIEF EXECUTIVE OFFICER'S REPORT



## Key Stakeholder Expectations

This year the Council has delivered a suite of services and programs that respond to the needs of a range of stakeholders.

The community and Council placed most importance on improvement in road maintenance, economic development and environmental management.

The Council has contributed to the State Government's vision that to maintain and sustain economic and social growth, the State must build a creative, knowledge economy based on education, innovation and new technology.

The Victorian Auditor General considers the key challenges for Victorian Local Government to be Best Value, infrastructure renewal and maintenance spending, long term financial planning, infrastructure asset valuation and community consultation, communication and engagement.

All of these expectations have been addressed in the 2001/2002 Council Plan.

## Council Plan Performance

Of the sixty eight 2001/2002 Council Plan action items, sixty six have been completed or fulfilled. Two items were not achieved as outlined in this report. Overall this represents an excellent achievement rate of 97%.

The two items that have not been achieved were the preparation of an Agenda 21 action plan (our Sustainability Program has been approached in a different way after review) and the review of the Municipal Public Health Plan (to be undertaken in 2002/2003).

## Capital Works Performance

Of the 63 projects included in the 2001/2002 capital works program, 11 were of an ongoing nature (that is, there is no defined start or completion date). 6 projects or 11.5% of the program in number were not completed during the financial year. Therefore, the capital works completion rate for the past year has been 88.6%.

Projects that were not started were: Durimbil Avenue drainage, Wye River, Apollo Bay Skatepark and the Red Rock development, in most cases do the complications in the planning stages. Projects started but not completed during the year were: the Apollo Bay Transfer Station land acquisition, Municipal Pound development and Bluewater Fitness Centre disability and first aid room.

## Key Performance Indicators

The Mayor has outlined the key Council achievements of this year. It is important to report on our achievement relative to our key performance indicators, which are included in the performance statement.

In summary, for our Constituent Satisfaction Survey result targets for individual services, we exceeded some and underperformed on others. Generally, the results changed little, with overall satisfaction increasing slightly.

Our Employee Opinion Survey employee satisfaction result was down for the first time in three years on the previous year's result, mainly due to a reduction in employee morale. Overall satisfaction dropped from 91% to 79.5%. The full survey to be conducted in September 2002 will provide further insight into the reasons for this change.

We fell short of our target on the public liability risk management assessment rating dropping from 74% to 66%. This was disappointing given our emphasis on risk management. Civic Mutual Plus amended the liability assessment process for the most recent audit, the first change in six years, to make the assessment more relevant, to reflect contemporary issues. This brought about a decline in nearly all Councils' scores, not due to weaker performance but due to the amended scoring process.

The Asset Sustainability Index target of 60% was not achieved, the actual result being 56%.



# CHIEF EXECUTIVE OFFICER'S REPORT

## 2001/2002 Financial Performance

The Shire's financial performance for 2001/02 is summarised as follows:

**Rate Determination Cash Surplus/(Deficit)** (excluding Port of Apollo Bay) **\$0.7m**

**Rate Determination Cash Surplus/(Deficit)** (including Port of Apollo Bay) **(\$0.4m)**

**Operating Surplus/(Deficit)** (including Port of Apollo Bay) **(\$4.5m)**

The Apollo Bay Harbour incurred an operating deficit of \$1.1m for the year due to grant funds that were received the previous financial year being expended in the 2001/02 financial year.

The Shire continues to incur an operating deficit due to an infrastructure renewal gap (2001/02 : Depreciation \$9.1m, Renewal Expenditure \$4.9m). As part of Council's long term financial strategy, it is intended to narrow this gap over time.

## Long Term Asset and Financial Planning

Our Strategic Asset Management Plan (SAMPLAN) indicates that to meet our asset renewal targets, Council needs to allocate a further \$150,000 per annum for each of the next five years, to maintain that level of spending for years five to ten and to then increase annual spending by \$75,000 in years ten to fifteen.

Our strategic financial plan, which is influenced by SAMPLAN, provides a fifty year outlook and establishes the steps Council needs to take to ensure its long term financial sustainability.

## Infrastructure Renewal and Maintenance Spending

The 2001/2002 year saw continuing expenditure increases by Council to maintain its assets in good order and to replace assets that have worn out.

Compared to expenditure in 1998/1999 footpath maintenance has increased by 33%, road re-sheeting increased by 54%, drainage maintenance by 88% and line marking and signage maintenance by 72%. A further \$500,000 is proposed to be spent on asset maintenance activities in the 2002/2003 financial year.

## Human Resources, Organisation Development and Best Value

A number of Human Resource policies have been developed during the year, outlined in detail in the General Information section of this report.

While remaining high, employee satisfaction has dropped from previous years' levels, with positive (agree/strongly agree) responses being provided to the following statements in our Employee Opinion Survey (EOS):

EOS STATEMENT	2000/2001	2001/2002
This organisation is a good place to work	96.2%	93.55%
I am proud to say I work for the organisation	96.1%	82.26%
Morale is good in the organisation at the present time	80%	62.9%
Overall satisfaction	91%	79.5%

Staff turnover for the previous financial year was 11.63%, well below the industry average of 18%. The quarterly turnover figures were 2.31%, 4.85%, 2.91% and 1.56%.

With the continued implementation of Safetymap to guide our Occupational Health and Safety management, our workcover performance is excellent. Statistics for the year were:

QUARTER	Number of Incidents Reported & Accepted	Lost Hours
June - August	7	4.26
September - December	5	33.40
January - March	3	1.00
April - June	6	18.34

Our Best Value service reviews are progressing in accordance with the Best Value Program.



# CHIEF EXECUTIVE OFFICER'S REPORT

## Future Priorities

Next year's Council Plan reflects our balanced approach to managing the organisation (Balanced Scorecard). Key result areas in that document are: Community Outcomes; Service Planning; Organisation Development; and Financial Management.

**Some of the key projects for the ensuing period are:**

- Implementing the Lake Colac Master Plan
- Implementing the outcomes of the Apollo Bay Neighbourhood Character Assessment Study
- Implementing the Apollo Bay Skatepark
- Implementing our Best Value Program, including significant service reviews of the Asset Maintenance and Waste Management contracts
- Reviewing non core business and large expenditure items
- Committing to achieving the Strategic Asset Management Plan targets
- Delivering the accelerated Roads to Recovery works program and other capital works
- Continuing our Small Town Improvement Program works projects
- Developing and implementing an organisation sustainability program
- Continuing the organisation's improvement projects under the Business Excellence Framework

The key budget features for the ensuing year are:

**Asset maintenance (up approximately \$500,000)**

- Local road maintenance.....up from \$2,144,000 to \$2,430,000
- Drainage maintenance.....up from \$322,500 to \$482,000
- Footpath maintenance .....up from \$118,500 to \$130,000
- Signage/linemarking.....up from \$183,500 to \$203,000
- Rural Sports Ground Upgrade Program .....\$40,000 (new spending)

## Planning

- Neighbourhood Character Assessment Study - Skenes Creek, Kennett River, Wye River/Separation Creek.
- Planning Permit Enforcement - additional officer (within current staff cap), to expand the amount of compliance auditing of planning permit conditions



# CHIEF EXECUTIVE OFFICER'S REPORT

## Environment (new spending)

• Weed enforcement and increased management of Council properties .....	\$23,000
• Colac Botanical Gardens apprenticeship, significant tree replacement .....	\$20,000
• Revegetation of former aggregate stack sites .....	\$5,000
• Energy and water audit .....	\$5,000

## Community support (new spending)

• Minor Recreation Facility and Community Minor Project Funds .....	\$100,000 to \$120,000
• Hard waste collection .....	\$15,000
• COPACC community hire grants .....	\$15,000
• Apollo Bay Surf Lifesaving contribution .....	\$12,000
• New Council funded Apollo Bay school crossing .....	\$7,000
• Apollo Bay Main Street Footpath Cleaning .....	\$5,000

## Other 2002/2003 budget highlights

• Increased insurance costs for premiums and claims .....	\$60,000
• Updating the Municipal Public Health Plan and developing with other agencies a suite of community wellbeing indicators .....	\$20,000
• Making a 5.2% increased contribution to the library service .....	\$10,500
• Undertaking a labour attraction strategy with other Councils .....	\$8,000
• Colac Otway Performing Arts and Cultural Centre (COPACC)'s net cost has reduced from \$130,000 to \$115,000, despite a significant rise in insurance premiums to .....	\$32,000

The key competencies required by our organisation in the future will be the ability to creatively harness emerging technology, undertake long term financial planning, contribute to sustainable growth, further our environmental management role and maximise business and tourism development opportunities.

## Conclusion

The organisation has delivered on its Council Plan and Capital Works obligations, assisted by the dedication of staff and commitment of Councillors.

The organisation has a long term asset management and financial management plan in place, high staff job satisfaction and a positive working environment, clear development strategies and continues to maximise business and community development opportunities through practical projects, supported by significant external funding.

**Glenn Patterson**

Chief Executive Officer

# OUR COUNCILLORS

## **Cr. Peter Mercer** (Mayor 2002/2003)

Meadowell Farm, 160 Meadowell Road  
Colac 3249

Phone: 5236 6246  
Fax: 5236 6546

**Cr. Peter Mercer** is a farmer at Gerangamete with a strong commitment to community. He has served in Local Government most of the period since his election to the former Colac Shire in 1966. Peter has led Council numerous times and is the current Mayor. He is ex-officio on all committee as well as representing Council on the following committees:

Audit Committee, Barwon Regional Waste Management, CFA Region 6 Fire Prevention, Chief Executive Officer Appraisal Committee, Colac Otway Services Board, Colac Otway Shire/Corangamite Local Safety Committee, Contract Committee, Corangamite Regional Library Corporation, Farm Safety Advisory Committee, Friends of Colac Botanic Gardens, Lake Colac Management Plan Steering Committee, Mt. Gellibrand Fire Tower Committee, Municipal Association of Victoria, Municipal Fire Prevention Committee, Ondit Quarry Consultative Committee, Rural Access Advisory Group, South West Municipalities Group.



**Murray Ward**

## **Cr. Helen Paatsch**

13 Fulton Street, Colac 3250

Phone/Fax: 5232 2658  
Phone (Home): 5231 3799  
Mobile: 0407 881 808  
E-mail Address: [fhpaatsch@primus.com.au](mailto:fhpaatsch@primus.com.au)

**Cr. Helen Paatsch's** main interest is in making Colac a better place for her family, Colac and district residents and visitors through economic development, particularly in areas relating to tourism and cultural infrastructure. In her spare time Helen enjoys reading and gardening, works as a volunteer at Colac Visitor Information Centre, is a member of Colac Adult Education book group, Friends of the Botanic Gardens, Otways and Hinterland Tourism Association and is a Barwon Water Board Member. Helen represents Council on the following committees:

Apollo Bay Neighbourhood Character Study Steering Committee, Business Retention Project, Chief Executive Officer Appraisal Committee, Colac Development Committee, COPACC Trust, Geelong Otway Tourism, Lake Colac Management Plan Steering Committee, Timber Towns Committee.



**Colac Ward**

## **Cr. Warren Riches**

"Derrimut"  
465 Ondit Warrion Road  
Warrion 3249

Phone/Fax: 5234 8206  
E-mail Address: [warrenr@swift.net.au](mailto:warrenr@swift.net.au)

**Cr. Warren Riches** has lived in the district all of his life. He is the fourth generation in his family to operate the dairy farm at Ondit. Warren has a strong interest in sport, local media and community groups both in Colac and the northern part of the Shire. Warren was elected president of Victorian Country Cricket League during the past twelve months and is also a member of the Beeac Progress Association, Cressy Communities Activities Group and the Swan Marsh Community Neighbourhood Group. Warren represents Council on the following committees:

Army Cadet Unit: Colac, Chief Executive Officer Appraisal Committee, Lake Colac Management Plan Steering Committee, Leisure Networks, Municipal Aerodrome Committee, Municipal Emergency Management Planning Committee, Municipal Saleyards Association, Municipal Saleyards Committee, Old Beechy Line Committee, Premier Recreation Reserve Committee, Target Sports Club Forum, Tirrengower Drainage Area Advisory Committee.



**Warrion Ward**

# OUR COUNCILLORS

## Cr. Jim Ryan

13 Gravesend Street,  
Colac 3250

Phone (BH): 5231 5399  
Phone (Home): 5231 3620  
Fax: 5231 3442

**Cr. Jim Ryan** served as the first elected mayor for Colac Otway Shire in 1996/97 and has a strong commitment to community. Jim is a solicitor with Colac firm Arundell, Murray and Ryan and has a great interest in the operation of local government. Jim represents Council on the following committees:

Audit Committee, Colac Otway Services Board, Contract Committee, Barnard Trust Committee, Colac Otway Shire/Corangamite Local Safety Committee, COPACC Trust, Disability Services Community Forum, Municipal Aerodrome Committee, Municipal Association of Victoria, Municipal Saleyards Association, Municipal Saleyards Committee, Police Community Consultative Committee, Youth Venue Committee

## Cr. Brian Crook

88 Wilson Street, Colac 3250

Phone (AH): 5231 3885  
Fax (AH): 5231 6954  
Phone (BH): 5232 2640  
Fax (BH): 5232 2635  
Mobile: 0418 997 043  
E-mail Address: [blpcrook@hotmail.com](mailto:blpcrook@hotmail.com)

**Cr. Brian Crook** has several years in both primary and secondary teaching and is presently working in a student support program with the Colac Alternative School. Brian is married with six children and has a particular interest in youth issues across the Shire. Brian was elected to the Colac Otway Shire in March 2002 and represents Council on the following committees:

Colac Skate Park Advisory Committee, Corangamite Catchment Rural Counselling Service, Leisure Networks, Police Community Consultative Committee, Premier Recreation Reserve Committee, Rural Access Advisory Group, Youth Council

## Cr. Stephen Hart

15 Lavers Hill-Cobden Road  
Lavers Hill 3238

Phone: 5237 3109  
Fax: 5237 3107  
Mobile: 0427 055 951  
E-mail Address: [lavershill@bigpond.com](mailto:lavershill@bigpond.com)

**Cr Stephen Hart** lives at Lavers Hill and was elected in March 2002. Stephen is an environmentalist and is also interested in improving Council's consultation, town planning and financial performance. Stephen represents Council on the following committees:

Audit Committee, Chief Executive Officer Appraisal Committee, Apollo Bay Harbour Steering Group, Apollo Bay/Kennet River Public Reserve Committee of Management, Apollo Bay Leisure Centre Committee, Apollo Bay Neighbourhood Character Study Steering Committee, Apollo Bay Swimming Pool Committee, Apollo Bay Pool Investigation Committee, Barwon Regional Waste Management, Cliff Young & Community Recreation Centre Committee, Lavers Hill Swimming Pool Committee of Management.

## Cr. Stuart Hart

15 Berry's Lane  
Gellibrand via Colac 3249

Phone/Fax: 5235 8159  
Mobile: 0427 050 960  
E-mail Address: [shart@swift.net.au](mailto:shart@swift.net.au)

**Cr. Stuart Hart** is a retired financial analyst and has lived in the Gellibrand district for the past 14 years. He is married with one son and has interests in caravanning with his family and scuba diving. Stuart was elected to the Colac Otway Shire in March 2002 and represents Council on the following committees:

Apollo Bay Airfield Development Review, Apollo Bay Harbour Steering Group, Apollo Bay Leisure Centre Committee, Apollo Bay Neighbourhood Character Study Steering Committee, Apollo Bay Swimming Pool Committee, Apollo Bay Pool Investigation Committee, CFA Region 6 Fire Prevention, Lavers Hill Swimming Pool Committee of Management, Mt Gellibrand Fire Tower Committee, Municipal Emergency Management Planning Committee, Otways Tourism Board.



Colac Ward



Colac Ward



Otway Ward



Otway Ward



# ORGANISATION STRUCTURE

## COUNCIL



### Chief Executive Officer **Glenn Patterson**

- Council Support
- Corporate Planning
- Human Resources
- Risk Management
- Organisation Development

Glenn has a Master of Business, Bachelor of Business (Local Government), IMM Continuing Professional Development Certificate and the Frank Rogan Award for Best Student. His professional affiliations include Associate Fellow, AIM (Australian Institute of Management); Associate Member, LGPro (Local Government Professionals); Associate Member, International City Managers' Association; Member, Australian Institute of Company Directors; Member, Municipal Association of Victoria CEO Advisory Panel and Member of the Ministerial Taskforce (2000/2001). Glenn resigned as C.E.O. effective from 13th September, 2002.

### Colac Otway Services Board Cosworks

- Parks & Gardens
- Road Construction
- Road Maintenance
- Plant Maintenance
- Bridge Maintenance
- Saleyards
- Apollo Bay Harbour

### General Manager - Infrastructure & Planning **Tony McGann**

- Asset Management Systems
- Design Contract Supervision
- Waste Management Supervision
- Contract Supervision
- Emergency Management
- Apollo Bay Harbour Planning
- Fleet Management
- Strategic & Statutory Planning
- Building Surveying
- Environmental Management
- Fire Prevention
- Planning Enforcement
- Property Management & Maintenance
- Local Laws

Tony holds a Bachelor of Engineering (Civil) and a Master of Business Administration. He is a Member of the Institute of Engineers and is a Chartered Engineer. Tony also has expertise in civic engineering design and construction and contract management.



### General Manager - Corporate Services **Merv Hair**

- Information Services
- Communications
- Customer Service
- Financial Management
- Rating & Property
- Environmental Health
- Aged & Disability Services
- Family & Children Services
- Economic Development
- Tourism Development
- Arts, Culture & Events
- Recreation & Leisure
- BlueWater Fitness Centre
- Youth
- Library
- VicRoads

Merv holds a Dip. Business Studies, Victoria University and his professional affiliations include Fellow, Local Government Professionals, Local Government Managers Assoc., Institute of Water Management and Member International City Managers Assoc. Merv assumed the role as Acting Chief Executive Officer from 14th September, 2002.



# GOVERNANCE AND RISK MANAGEMENT

## - 2001/2002 INITIATIVES

### Risk Assessment

Colac Otway Shire have maintained a committed and pro-active approach to Risk Management. The past twelve months have allowed a number of key interlinked actions to be implemented. These include:

- Review and implementation of the Risk Management policy
- Development and implementation of Risk Management procedures and guidelines
- Development and implementation of Risk Management assessment matrix
- Review and update of the electronic organisation risk register
- Detailed reporting structure to the Audit Committee

All of the above achievements have been developed and implemented ensuring compliance with Australian Standard AS/NZS 4360:1999.

The work completed in the above-mentioned areas has been received very well by the councils insurer, Civic Mutual Plus.

### Audit Committee

The Annual Plan established by the Audit Committees monitors its administration, reporting, financial management, external and internal audit, compliance with laws and regulations and risk management.

Major projects undertaken by the committee over the past year included National Competition Policy implementation review, Organisational Risk Assessment, Financial Management Review and adoption of 3 year Internal Audit program.

### Colac Otway Services Board

The Board is a Section 86 Special Committee, with delegated authority and a charter, to oversee management of the provider side of our organisation (Cosworks). This Board, through a range of initiatives, maximises the accountability and transparency of Cosworks operations.

The Board comprises two Councillors, the Chief Executive Officer and two private sector representatives.

### Council Triennial Elections

A triennial election of Councillors to the four wards held in March resulted in 13 candidates nominated for 7 vacancies. A contested election was held in each ward. Voter participation at the March 2002 was 77% compared to 77.1% in 1999. Enrolled voters numbered 20433.

### 2001/2002 Council Meeting Attendance by Councillors

Council conducted its business in open and publicly advertised meetings held throughout the Shire at Colac, Apollo Bay, Beeac, Forrest and Wye River. In 2000/2001 there were 12 Ordinary Meetings, 8 Special Meetings and 1 Statutory Meeting of Council.

	Ordinary Meetings	Special Meetings	Statutory Meeting
<b>Number of meetings held</b>	12	8	1
Cr. Peter Mercer	12	8	1
Cr. Helen Paatsch	12	8	1
Cr. Warren Riches	12	8	1
Cr. Jim Ryan	11	8	1
Cr. Carol Wilmink *	8	5	-
Cr. Belinda Murnane *	8	2	-
Cr. Keith Leorke *	8	5	-
Cr. Brian Crook *	4	3	1
Cr. Stephen Hart *	4	3	1
Cr. Stuart Hart *	4	3	1

\* These Councillors did not serve full year due to Council Election held 16 March 2002.

# GOVERNANCE AND RISK MANAGEMENT

## - 2001/2002 INITIATIVES

### Continuous Improvement

An Organisation Improvement Team has been in place for over three years. This team continues to work on specific projects as identified through activities such as benchmarking, Business Excellence Process, Business Planning process and organisational S.W.O.T Analysis.

Most recent projects undertaken by the team include: Business Measurement, Business Continuity, Knowledge Management, Intranet and website update.

As part of the Shires ongoing commitment to continuous improvement the Best Value process has been incorporated into the organisation Business Planning process. This will ensure that areas for improvement are included in Departmental 3-year continuous improvements plans thereby being actionable and measurable.

### Management Systems

The organisation received Initial Level Certification for SafetyMap in late 1998. This certification was confirmed after an audit process in mid 2000, which is valid for 3 years.

COSWorks achieved Quality Assurance certification to international standards in December 1999 and achieved AS/NZ Certified Environmental Management System (E.M.S) in May 2000. Quality Assurance Audits are conducted every 6 months. Combined with SafetyMap, COSWorks has a significant competitive advantage as a result of these accreditations.

The Colac Livestock Selling Centre achieved National Saleyard Quality Assurance accreditation in December 1999. This is not at ISO 9000 level but is a National standard for saleyards. The Colac Livestock Selling Centre also have EU accreditation which it achieved in September 2000. This enables the centre to sell stock eligible for the European export market which involves documentation of identification, separation of stock, and forwarding sale information to the national database to enable tracking of stock history.

### Business Measurement

During 2002/03 the Shire will undertake a detailed review and assessment of the way the organisation is measured. This activity will allow the Shire to develop a suite of indicators to monitor the health of the organisation across all areas. Once complete, the identified indicators will allow quick and easy access to performance information. These indicators will also have the ability to be "dove tailed" into the individual performance management process.

### Business Planning

The organisation has consolidated the Business Planning Process to 10 key operational groups and implemented an improved process. The plans will contain the department service profile, S.W.O.T Analysis, 3-year continuous improvement plan, resourcing and financial information. The business planning process will also include the principles of Best Value.

The adoption of this process has ensured all key information and actions are contained in the one document. Additional activities to support this new process will include Benchmarking & Community Consultation on a regular basis.

To date there have been five areas of council that have been through the new business planning process, these include: Customer Services, Property & Ratings, Local Laws, Bluewater Fitness Centre and Tourism.

### Benchmarking

Council continues to participate in the Super 11 Benchmarking Group. The group consists of 11 rural councils benchmarking services against each other for the purpose of Continuous Improvement.

Council officers have actively participated in a number of working groups including (but not limited to) areas such as Roads Maintenance, Parks and Gardens, Local Laws and others. These benchmarking activities have provided valuable information to support the Councils combined Business Planning/Best Value process.

### Management Review Process

A Management Review Process is in place reporting on a range of operational and strategic management information to the Senior Management Team and Council at different frequencies.

The Chief Executive Officer's monthly Council reports included a summary of performance against Corporate Plan actions, compliance with CEO limitation policies and a year to date financial report.



# OUR KEY RESULT AREAS

## - 2001/02 COUNCIL PLAN PERFORMANCE

### KEY RESULT AREA - COMMUNITY OUTCOMES

#### Community Leadership & Consultation

**Objective:** Colac Otway will provide strategic direction through local representation, advocacy and effective decision making to ensure sustainable development and a quality lifestyle.

#### Highlights 2001/2002:

- A Triennial election of Council in March 2002 was preceded by consultation and information sessions for candidates and the community to ensure that the election of councillors for the next three years was in accordance with relevant legislation.
- Extensive community consultation has been involved in developing major projects including: Rural Access Project, Lake Colac Management Plan, Apollo Bay Harbour Upgrade, Apollo Bay Airfield Review, Colac Housing review, Business Retention Project, Television Black Spot Program, Small Towns Development, Nature Based Tourism Strategy, Waste Water Management Plan and Great Ocean Road Region Strategy.
- The contribution of individuals was again recognised by the Council's Annual Australia Day Citizen Awards presentations. Awards for 2002 were presented to Geoff Brauer - Citizen of the Year, Ben Foley - Young Citizen of the Year, Geoff & Audrey Rankin (Cororooke) - Community Service Award, Liz O'Carroll (Apollo Bay) - Community Service Award.
- Council maintains a network of affiliations with industry peak bodies including the Australian Local Government Association, Municipal Association of Victoria and the South West Municipalities Group of Councils.

#### Challenges & Priorities 2002/2003

- Continue to improve mobile telecommunications throughout the Shire.
- Increase the functionality of Council's upgraded Web site for payments, access to information and forms.

- Review community information sharing and communication processes, including interaction with non-resident ratepayers.

#### Infrastructure

**Objective:** Colac Otway will plan, develop and maintain a network of sustainable infrastructure.

#### Highlights 2001/2002

- Federal Government "Roads to Recovery" funding was fully expended, in fact an accelerated program was achieved.
- Development of a Road Safety Plan with Vicroads.
- Funding for playgrounds was doubled for 2002/03.
- Funding for gravel road resheets was increased by \$200,000 to \$650,000 in 2002/03.
- Funding for drainage maintenance was doubled for 2002/03. The extra expenditure will help address landslide risk in the Otways.
- Planting of street trees in Apollo Bay.
- Completion of 90% of Capital Works projects which were within Council's control and commencement of most of the uncompleted projects.

#### Disappointments 2001/2002

- Failure to construct the Apollo Bay Transfer Station, now scheduled for 2002/03.

#### Challenges and Priorities 2002/2003

- Improvements in asset management in order to limit Council's liability as well as ensure a sustainable asset base. Improvements to include data gathering on asset condition and recording of all inspections and maintenance work.
- Conducting a Best Value Review of Waste Management for the Shire.

# OUR KEY RESULT AREAS

## - 2001/02 COUNCIL PLAN PERFORMANCE

### Planning & Environment

**Objective:** Colac Otway will facilitate sustainable development while protecting and enhancing our natural environment.

#### Highlights 2001/2002:

- Completion of the Apollo Bay Neighbourhood Character Study which will help control the future development of the town.
- Successful operation of the Weeds Consultative Committee.
- Preparation of the C2 Planning Scheme Amendment for the Significant Landscape Overlay.
- Preparation of the C8 Planning Scheme Amendment for the Erosion Management Overlay.
- Review and affirmation by Council of the planning application decision process.
- Adoption of Local Prescriptions for timber harvesting in Colac Otway Shire
- Development of Biodiversity Incentives Scheme.
- Preparation of Stormwater Management Plan.
- Adoption of ESO's, VPO's in C2 Amendment.

#### Disappointments 2001/2002

- Time slippage on the preparation of the Lake Colac Management Plan.

- Time slippage on the completion of the Conservation & Heritage Study.
- Time slippage in Environment Committee formation.
- Time slippage in C8 Amendment.

#### Challenges & Priorities 2002/2003

- Completion of a Neighbourhood Character Study for Skenes Creek.
- Provision of a more effective system to ensure that planning permit conditions are complied with.
- Management of the increase in permit applications which will follow the introduction of the Neighbourhood Character Study in Apollo Bay.
- Management of Council's responsibility with respect to timber harvesting on private land.
- Implementation of recommended priority actions from strategies such as Lake Colac Management Plan and Stormwater Management Plan.
- Strategic Planning, integrating Regional Catchment Strategy into Planning Scheme.
- MSS Review and recommended changes.
- Implementing Actions of C8 Amendment.
- Development of the Apollo Bay Carparking Precinct Plan.



# OUR KEY RESULT AREAS

## - 2001/02 COUNCIL PLAN PERFORMANCE

### Business & Community Development

**Objective:** Colac Otway will facilitate industry and local community initiatives to promote sustainable employment, maintain accessible recreation facilities and promote social and economic opportunities for its residents and visitors.

### Highlights 2001/2002:

#### Economic Development

- Colac Labour Force Forum established
- Council has worked with a number of new and existing investors to ensure their requirements are met with regard to availability of land, infrastructure and labour force. These new investments has seen an increase in employment and to the regional economy
- Continued exploration of opportunities to promote development of 18 hole golf course/resort on Apollo Bay
- Continued lobbying for better telecommunications capability in Colac Otway Shire
- Completion of a feasibility study to investigate development of Apollo Bay airfield
- Lobbying continued for duplication of Princes Hwy from Geelong to Colac
- Gas and sewage extensions pursued for Colac
- Steering committee formed. Expression of Interest documents drafted.
- Pride of Place Master Plans Completed. Many capital works project completed.
- 2001 Business Awards proved a huge success at the new venue of COPACC.

- The Colac Development Committee projects which have been completed include:
- Participation in a Business Retention Study (focusing on retaining dairy farmer expenditure within the Shire)
- Lobbying for the duplication of the Princes Hwy from Geelong to Colac
- Development of a Retail Marketing Strategy for Colac
- Participation on the Lake Colac Management Plan advisory committee
- Colac Housing and Accommodation Strategy
- Participation and sponsorship of the 2001 Colac Otway Business Awards
- Career expo
- Strategy completed and implementation commenced.

#### Tourism

- Both Visitor Information Centres retained their Level 2 Accreditation ratings, offering improved services to visitors and the local community
- Visitor Information Centres recorded strong growth in numbers of visitors through the doors, with the Great Ocean Road centre an increase of 5% on the previous year
- A series of quality visitor materials were produced in partnership with industry
- Development of a niche Nature Based Tourism Strategy, designed to identify sustainable product development and marketing opportunities



# OUR KEY RESULT AREAS

## - 2001/02 COUNCIL PLAN PERFORMANCE

### Tourism (cont'd)

- First stages of development of the new Otways tourism website (to be finalised in Aug 02)
- Funding of \$50,000 successfully received to undertake capital works improvement project at Red Rock, Colac
- Otways branding developed to be utilised in regional promotion and marketing activities
- Colac Otway Tourism undertook a name change to become Otways Tourism Incorporated and adopted a new-look logo
- Participated with Geelong Otway Tourism in an accommodation forecasting statistical project
- Participated in the Geelong Otway Tourism/Otways Tourism membership review process
- Developed regular reporting mechanism to LTA's and community of Otways Tourism activities/projects
- Initiation of regular Apollo Bay and Colac networking and training meetings for local operators, including Accreditation workshops
- Participation in "Tourism Week" activities
- Coordination of the 2002 Worlds Longest Lunch event in Colac
- Organisation of a Food and Wine Tourism workshop for industry
- Represented the region at local, regional and state levels of tourism
- Memorandum of Understanding between Geelong Otway Tourism and Colac Otway Shire developed and signed
- COPACC received \$120,000 from Arts Victoria for state of the art equipment purchase.
- The COPACC Trustees secured sponsorship for the purchase of equipment, landscaping and the program
- FReeZA events were undertaken across the Shire and funding was secured for the 2002-2003 program
- Australia Day Celebrations were conducted in Apollo Bay and Colac
- Financial support was continued to key community festivals across the Shire
- The Lake Colac Arts Project was launched in October 2001
- The Community Minor Projects Fund supported 20 projects throughout Colac Otway
- Substantial funding was received for the Beechy Line Rail Trail Project
- A Sports Expo attracting 800 participants and 30 clubs was held at COPACC
- The Recreation Facilities Grant funded 13 projects throughout Colac Otway
- Blue Water Fitness Best Value Report was developed
- Forrest Recreation Reserve Shelter construction completion
- Confirmation of funding for three projects under SRV

### Culture & Leisure

- COPACC was formally opened by the Hon Richard McGarvie in July 2001
- Federation was celebrated with a major community theatre and exhibition project for and about the residents of the Colac Otway Shire over the last 100 years. The project involved up to 500 members of the community and featured a cast of 100.
- The inaugural COPACC Program Launch was held in February 2002 presenting a calendar year of exciting product

### Disappointments 2001/2002:

#### Tourism

- A Food and Wine Group has not yet been established, as recommended by the Food and Wine Tourism Strategy
- Limited action was taken with regard to improvement or auditing of tourism signage

#### Culture & Leisure

- Lake Colac paving was not completed due to inability to secure tradespeople
- Public arts policy - research completed but policy still to be developed
- Apollo Bay Skate park project completion



# OUR KEY RESULT AREAS

## - 2001/02 COUNCIL PLAN PERFORMANCE

### Challenges & Priorities 2002/2003:

#### Economic Development

- Undertake an Apollo Bay Housing & Accommodation Study
- Continue to implement Colac Housing & Accommodation Study
- Host business planning workshops
- Participate in the Local Learning Employment Network (LLEN)
- Continue to address labour shortages through support of the Colac Labour Force Forum
- Prepare a development specification for Apollo Bay Harbour precinct and invite expressions of interest (this specification will guide appropriate development of the harbour over future years and is important considering the vital role the port plays in the regions economy).
- Continue implementation of Small Town Improvement Program in partnership with community groups (Continue implementation of master plans for Cressy, Beeac, Swan Marsh, Lavers Hill & Forrest; oversee capital works projects for Forrest, Birregurra, Lavers Hill and Cressy; Prepare township master plan for Birregurra)
- Host Rural Community Capacity Building Workshop for small township groups

#### Tourism

- Implement all identified actions within the Otways Tourism Business Plan
- Implement recommendations from Nature Based Tourism Strategy and Food and Wine Tourism Strategy
- Marketing program for branding of the region to all businesses

#### Culture & Leisure

- Koori Protocol development
- Facilitate improved awareness of Koori Heritage
- Completion of Events proforma

- Facilitation and diversification of FReeZA
- Facilitation of Community Festival Training and Connections
- Securement of ongoing sponsorship for COPACC
- Increase COPACC subscribers and facilitate audience development
- Increase function and conference bookings for COPACC
- Develop Memorandum of Understanding with Arts Connection, CCDA
- Facilitate community theatre programs at COPACC
- Development of Public Arts Policy and Art Acquisition Policy
- Review of Arts and Culture Strategy
- Implementation of Lake Colac arts and recreation recommendations
- Facilitation of the Beechy Line development
- Completion of the Apollo Bay Skate Park development
- Facilitation of Sportsground (13 recreation reserves) Masterplan development
- Development of Sustaining Sportsgrounds Management Policy
- In conjunction with key township organisations, further investigate the possibility of an Apollo Bay Indoor Aquatic Facility
- Facilitation of the Skenes Creek to Apollo Bay Bicycle Path Project
- Complete Central Reserve Clubroom Redevelopment, Colac Lawn Tennis Club Court Development and Blue Water Fitness Program Room and Disabled Amenities development, all funded under Sport and Recreation Victoria
- Regional Club Resource Guide publication
- Concept development of Access for All Playground



# OUR KEY RESULT AREAS

## - 2001/02 COUNCIL PLAN PERFORMANCE

### Health & Community Services

**Objective:** Colac Otway will provide support, assistance and advice in the provision of health and community services to youth, aged, families and those with disabilities in partnership with the community and government agencies.

### Highlights 2001/2002:

#### Aged and Disability Services

- Review and extension of the Disability Action Plan to 2003.
- Commencement of the Rural Access Project - Disabilities.
- Primary Care Partnership
- Development of the "Initial Needs Identification"
- Development of Community Health Plan of 2002-2003
- Highly successful Regional Senior's Festival at COPACC.



- Organising regional HACC Assessment Officers training course.
- Obtaining funds for and commencement of a Community Transport System.

#### Environmental Health

- Endorsed Wastewater Management Strategy.
- Wastewater Issues Papers and community consultation for Wye River, Separation Creek, Kennett River and Birregurra.
- Increased Immunisation rates from 80% to 93%.
- Developing Wellbeing Indicators for Health Planning.

#### Family and Children Services

- Completion of Innovative Childcare Care Review.

- In-venue care introduced in Cororooke and Birregurra.
- High level usage of Enhanced Home Visiting Service.
- Continuation of joint activities with Colac Community Health Services, including Maternity Services Enhancement Strategy.

### Disappointments 2001/2002:

- Deferment of the construction of accessible facilities for people with disabilities at the Bluewater Fitness Centre.
- Limited success with adult immunisation programs.
- Still no upgrade for Colac Maternal & Child Health Services.
- The reducing number of volunteers.

### Challenges & Priorities 2002/2003:

- Rural Access Programs and Projects for people with disabilities.
- Complete strategies in the 2000 - 2003 Disability Action Plan.
- Develop the Colac Otway Community Transport Alliance.
- Develop strategies to overcome the dwindling number of volunteers.
- Prepare for and introduce an Accredited Family Day Care Service.
- Complete current wastewater projects and prepare Issues Papers for another round of townships.
- Complete the new Colac Maternal & Child Health Centre.
- Undertake actions in the Barwon Primary Care Partnership Alliance Community Health Plan.
- Increase the rate of adult immunisations.
- Introduce a new Municipal Public Health Plan, using Wellbeing Indicators and results from local Capacity Building projects.
- Food Safety Plans to be prepared by all food premises.
- Smooth introduction of changes to tobacco laws.
- Develop and implement the Drug Strategy and the "Be Active Eat Well Project " in conjunction with other local agencies.

# OUR KEY RESULT AREAS

## - 2001/02 COUNCIL PLAN PERFORMANCE

### KEY RESULT AREA - SERVICE PLANNING

**Objective:** Colac Otway Shire will provide responsive, quality services in accordance with Best Value principles ensuring community expectations are met.

#### Highlights 2001/2002:

- Council has completed the first five scheduled Best Value reviews as detailed in the Best Value timetable. Completed reviews include:
  - BlueWater Fitness Centre
  - Property & Rating
  - Tourism & Visitor Information Centres
  - Customer Services
  - Local Laws

- Council has included the Best Value program as part of the already existing Business Planning Process. This ensures all services are reviewed every three years rather than the 5 year time frame prescribed in the Best Value legislation.
- Outcomes from Best Value reviews are included in Departmental continuous improvement plans.
- Training of a Community Consultation Team within the Shire and the subsequent development of an in-house community consultation pack.
- Constituent Satisfaction Survey resulted in a 1.6% increase over previous year.

#### Challenges & Priorities 2002/2003:

- Continued achievement of Business Planning (including Best Value) timetables and the implementation of associated continuous improvement plans.





# OUR KEY RESULT AREAS

## - 2001/02 COUNCIL PLAN PERFORMANCE

### KEY RESULT AREA - ORGANISATION DEVELOPMENT

**Objective:** Colac Otway Shire will develop an organisation learning culture that values the contribution of its employees and will continuously improve all aspects of organisation performance.

#### Highlights 2001/2002:

- Ongoing commitment of staff development through the Frontline Management Initiative.
- Successful completion of bi-annual Safety Audits for SafetyMAP (Victorian Workcover Authority - Safety Audit System).
- Development and implementation of a comprehensive Risk Management Policy, Guidelines and rating matrix in accordance with Australian Standards.
- Continued support of local employment initiatives (Community Jobs Program).

#### Challenges & Priorities 2002/2003:

- Ongoing management of issues related to the changes associated with Non-Feasance Legislation.



### KEY RESULT AREA - FINANCIAL

**Objective:** Colac Otway Shire will be guided by a strategic financial framework that will ensure long term viability to optimise the use of available funds to meet the service expectations of its residents and customers.

#### Highlights 2001/2002:

- Increased Grants Commission funding.
- Continued monitoring of Cosworks operation by Colac Otway Services Board.
- Reduction in total loan liability.
- Adoption of Council Budget and Annual Report by Council by target dates.
- Revaluation of all properties completed by June 30th.
- Achievement 97.6% collection rate of rates and charges.
- Annual Budget and Council Plan adopted by statutory deadlines.

#### Challenges & Priorities 2002/2003:

- Implement Internal Audit Program.
- Improve Working Capital Ratio (2000/01 1:6 to 1)
- Continue to narrow the gap between capital expenditure and depreciation.
- Update 5 Year Financial Strategic Plan.



# EXTERNAL FUNDING, GRANTS, DONATIONS, MEMBERSHIPS AND SUBSCRIPTIONS

## External Funding

Council has been successful in obtaining external funding from a number of major funding sources during 2001/2002. 26 projects have been funded providing a significant infrastructure boost to the shire. The following projects have been made possible by Federal & State Government:

Funding Source	Purpose	Grant Fund	Total Amount
Department of State & Regional Development	Infrastructure for Forest Industrial Estate	\$200,716	\$350,716
Department of State & Regional Development	Coastal Community Revitalisation Project	\$30,000	\$60,000
Dept. Innovation, Industry & Regional Development	Food & Wine Industry Develop. Workshop	\$2,100	\$3,150
Dept. Natural Resources & Environment	Red Rock Upgrade	\$50,000	\$90,000
Arts Vic - Regional Arts Infrastructure Fund	COPACC Equipment	\$120,000	\$150,000
Vic Roads	Priority Bicycle Projects 2001/2002	\$95,600	\$95,600
Dept. Human Services	Home & Community Care Prog. projects	\$120,902	\$120,902
Dept. Innovation, Industry & Regional Development	Birregurra Heritage Trail	\$20,000	\$30,000
Dept. Innovation, Industry & Regional Development	Beeac Town Development	\$54,000	\$81,000
Dept. Innovation, Industry & Regional Development	Memorial Square Upgrade	\$50,000	\$75,000
Dept. Innovation, Industry & Regional Development	Swan Marsh Town Development	\$7,000	\$10,500
Dept. Sport & Rec. Victoria - Minor Facilities	Premier Recreation Reserve Upgrade	\$50,000	\$94,000
Dept. Sport & Rec. Victoria - Minor Facilities	Colac Lawn Tennis Club	\$50,000	\$55,000
Dept. Sport & Rec. Victoria - Minor Facilities	Sustaining Recreation Res. Project	\$16,500	\$33,000
Dept. Innovation, Industry & Regional Development	Colac V.I.C. Upgrade	\$41,000	\$81,000
Dept. Innovation, Industry & Regional Development	Apollo Bay Foreshore Redevelopment	\$35,375	\$48,400
Dept. Innovation, Industry & Regional Development	2002 Colac Otway Business Awards	\$1,000	\$40,000
Greater Green Triangle Area Consultative Committee	2002 Colac Otway Business Awards	\$1,000	\$40,000
Dept. Innovation, Industry & Regional Development	Beechy Line	\$350,000	\$466,000
- Living Regions Living Suburbs			
Dept. Innovation, Industry & Regional Development	Lavers Hill Township Upgrade	\$259,000	\$259,000
- Timber Towns Support Program			
Dept. Innovation, Industry & Regional Development	Birregurra Township Upgrade	\$165,000	\$165,000
- Timber Towns Support Program			
Dept. Innovation, Industry & Regional Development	Forrest Township Upgrade	\$126,000	\$126,000
- Timber Towns Support Program			
Corangamite Catchment Management Authority	Colac Otway Biodiversity Credits Scheme	\$25,000	\$25,000
Dept. Innovation, Industry & Regional Development	Rural Community Capacity Workshops	\$3,000	\$4,500
Dept. Innovation, Industry & Regional Development	Rural Community Festivals Training	\$10,000	\$15,000

## Grants and Donations

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	\$15,000.00
Barwon Youth Accommodation Service	\$500.00
Birregurra Action Group	\$1,000.00
Colac & District Eventide Hostel	\$4,965.41
Colac Chaplaincy Committee	\$1,000.00
Colac Urban Fire Brigade	\$5,000.00
Corangamite Catchment Rural Counselling Service	\$1,000.00
Portsea Children's Holiday Camp	\$1,000.00
Southern Otway LandCare	\$3,000.00

## Memberships/Subscriptions

Environs Australia	\$300.00
Geelong Otway Tourism	\$35,000.00
Livestock Saleyards Association of Victoria	\$2,112.49
Local Government Professionals	\$500.00
Municipal Association of Victoria	\$18,400.00
Timber Towns Victoria	\$2,000.00
V.E.C.C.I.	\$3,061.00
Victorian Association of Performing Arts Centres	\$500.00
Victorian Municipal Building Surveyors Group Inc	\$400.00

# EXTERNAL FUNDING, GRANTS, DONATIONS, MEMBERSHIPS AND SUBSCRIPTIONS

## Community Minor Projects Fund

Council provided grants totalling approximately \$50,000 for community projects across the Shire. This year 30 projects were funded under this program. Projects funded were:

Name of Organisation	Purpose	Amount
Apollo Bay Arts Inc	Promotional flyers and postcards	\$2,300.00
Apollo Bay Music Festival	Donation for festival	\$17,000.00
Apollo Bay Pre School	Asthma Management Course	\$275.00
Birregurra and District Action Group	Birregurra Weekend Festival	\$1,500.00
Birregurra Mail	Display system for historical records	\$1,350.00
Colac & District Family History Group Inc	Develop Pioneer Register	\$2,500.00
Colac & District Historical Society	Microfilming Colac Herald editorials	\$1,200.00
Colac & District Pipes & Drums Inc	Provision of bagpipes	\$1,875.00
Colac Chorale	Staging of COPACC event	\$1,000.00
Colac City Band	Replace uniforms	\$1,000.00
Colac Community Development Association	Disability theatre development	\$1,540.00
Colac Do Care Inc	May Day Function	\$300.00
Colac Farm Safety Action Group	All Terrain Vehicle Training course	\$600.00
Colac Historical Society	Microfilming editorials	\$1,200.00
Colac Kana Festival	Donation for festival	\$3,000.00
Colac Leisure Runners	Upgrade of equipment	\$500.00
Colac Music Teachers Association	Conduct Colac Eisteddfod	\$1,200.00
Colac Players	Theatre production	\$2,200.00
Colac Quilters Inc	Materials	\$646.58
Colac Toy Library Inc	Increasing services	\$200.00
Colac Writers Guild	Book launch	\$500.00
Cressy Communities Activities Group	Monument and tree planting	\$1,500.00
Eurack Recreation Centre Committee	Back to Centenary of settlement	\$325.00
Friends of Cape Otway Station	Flagstaff Station project	\$385.00
Green Triangle Distributors	Safety vests	\$415.00
Leisure Networks	Conduct triathalon	\$1,000.00
Otway Scenic Circle Association	A Remarkable Feast of Words event	\$450.00
Showlights	Spirit of Christmas festival lights	\$4,430.00
Spirit of Christmas in Colac	Festival donation	\$2,127.00
The Gellibrand Community House	Purchase VCR	\$114.00
		\$52,632.58

## Recreation Facilities Assistance Fund

Recreation facilities throughout the Shire have been upgraded through the allocation of funding under this program. This year 15 projects have been assisted with the allocation of funds as follows:

Name of Organisation	Purpose	Amount
Apollo Bay Youth Club	Indoor cricket nets	\$1,757.00
Beeac Progress Association	Half court installation	\$2,295.00
Birregurra Recreation Reserve	Business plan	\$1,000.00
Birregurra Tennis Club	Repair clubrooms, lines	\$200.00
Colac Indoor Bowls	Hire of BlueWater Fitness Centre Stadium	\$200.00
Colac Little Athletics Club	Long jump pit	\$490.00
Colac Pony Club inc	Power supply	\$4,723.40
Forrest Community Hall	Forest Hall Maintenance	\$1,500.00
Forrest Tennis Club	Tennis court seal and shade area	\$1,320.00
Otway Cricket Club	Storage shed	\$2,770.00
Apollo Bay Families & Babies	Contribution to COPACC production	\$1,000.00
South Colac Sports Club Inc	Netball facilities	\$2,962.00
Kennet River Tennis Club	Steel posts	\$399.55
Western Eagles Football-Netball Club	Netball court seal	\$5,000.00
Yeodene Hall & Rec Reserve	Hall maintenance	\$2,550.00
		\$28,166.95

# HUMAN RESOURCE MANAGEMENT

## Human Resource Policy Development

A complete review and revision of all policies relating to Human Resources commenced this year. At the completion of the review an intranet resource will be available for all staff giving access to the most current and up-to-date policies and procedures.

Policies developed and reviewed during the year include:

- Staff and Councillors Code of Conduct
- a comprehensive email and intranet usage policy
- professional association membership policy
- recruitment and selection policy and procedure
- staff reward and recognition procedure
- Risk Management policy

The Human Resource Department is continuing to develop an integrated competency-based human resource management system. This will result in the alignment of training, recruitment and selection, and performance management to enable the continued development of skilled staff providing services to the community.

## Occupational Health and Safety

### Risk Management

Key activities included:

- the conduct of the organisational risk assessment and subsequent action plan
- development of the Risk Management Policy;
- formation of the Risk Management Committee;
- achievement of SafetyMAP re-certification;
- management of ongoing workcover issues arising from the closure of Western District Meats;
- development of emergency management procedures;
- promotion of community safety and health issues, e.g. Safety Week; and
- conduct of staff and management education in the on-going organisational health and safety program.

### SafetyMAP

SafetyMAP is a self assessment audit tool developed by the Victorian Workcover Authority that enables employers to identify their level of occupational health and safety systems.

Achievement of SafetyMAP certification establishes a level of

achievement for an employer, allows an employer to display the SafetyMAP logo and is seen by the Victorian Workcover Authority and many others as indicating an audited level of performance in occupational health and safety.

In April 1998, Colac Otway Shire was audited by the Victorian Workcover Authority and achieved the Initial Level of SafetyMAP. Audits are conducted bi-annually.

The Colac Otway Shire was involved in an audit for SafetyMAP re-certification during the period June/July 2000. The Shire was successful in meeting the requirements for SafetyMAP Initial Level Certification which is valid for 3 years.

In January 2001, the Minister for Workcover, Bob Cameron attended the Shire and presented the SafetyMAP Initial Level re-certification certificate. The Colac Otway Shire held an Occupational Health and Safety/Workcover seminar for selected local businesses in Colac.

## Performance Management

Performance Management is the process that details the steps required to achieve continuous improvement of the overall performance and development of our people. The benefits of the process are:

- Develops understanding, knowledge of team and individual's role in corporate strategic plan
- Defines accountabilities with all staff focused on shared organisational goals
- Promotes greater self/organisational knowledge of performance against agreed measures
- Enhanced customer focus delivering higher level of customer service
- Improved customer satisfaction

The Performance Management process provides the platform to ensure succession planning is available to all staff. This will ensure the Colac Otway Shire has skilled competent staff providing services to the community whilst continuing to build a profile as an employer of choice. During 2002/03, Colac Otway Shire will be aligning performance management to the business measurement. This will ensure there is a direct link between personal project key performance indicators and organisational key performance indicators.



# HUMAN RESOURCE MANAGEMENT

## Reward and Recognition

Colac Otway Shire is committed to recognising the performance of employees and teams as they complete their required duties. This is reinforced via three key mechanisms:

- The Reward and Recognition Program that is decided based on nominations and the adherence to the Shire's corporate values.
- Incorporating Key Performance Indicators into the Colac Otway Shire Enterprise Bargaining Agreement that allows people to work toward targets. Targets that are completed contribute toward annual salary appraisal percentage increases.
- The application of Australian Quality Council principles to allow comprehensive benchmarking and opportunities for continuous improvement.

## Employment and Training

Our major training initiatives were developed to achieve efficiencies in terms of creating value, increasing and applying

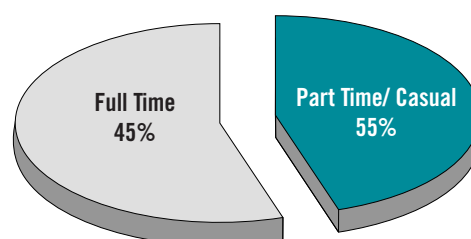
our technological expertise to increase service delivery and creating a safer working environment. An example of the initiatives undertaken include:

- research and development of a training needs analysis to enable alignment of our training efforts to best achieve our corporate strategies to be implemented in 2002/03.
- technical training to provide expertise in our Geographical Information System.
- accredited safety training for staff to provide a safe workplace environment that results in a reduction of our insurance claims.
- Defensive Driver training for all staff having a substantial work requirement to drive Council vehicles this initiative also increases the safety of our workplace and results in a reduction of in insurance claims.
- A number of individual general training needs were met to assist Council officers in the performance of their role.

**Employees by Employee Type and Gender as at 30 June 2002**

	M	F	Total
Full Time+	94	35	129
Part Time/Casual, etc	44	115	159
Totals	138	150	288
Total EFT			174.8

**Employees by Employment Type**



## Equal Employment Opportunity

The Colac Otway Shire actively supports the practice of Equal Employment Opportunity by ensuring 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 ensures quality of opportunity by implementing non-discriminatory processes in all areas of Human Resource

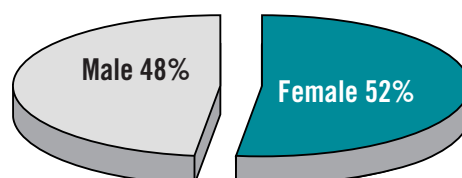
Management, in particular recruitment and selection, conditions of employment and termination, and cessation of employment.

The Equal Employment Opportunity Committee, consisting of trained staff representatives and a senior Management representative, meet regularly to develop and implement policies and procedures associated with EEO.

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

# HUMAN RESOURCE MANAGEMENT

## Employees by Gender



## Colac Otway Shire Job Satisfaction

The Colac Otway Shire conducts an annual Employee Opinion Survey, the results of which are used to assist our organisational development processes and measurement of our achievement of the Key Performance Indicators.

The major survey instrument is being revised to align the questionnaire with the Australian Quality Council Business Excellence Framework. The revised survey will be undertaken later this year (September 2002).

The Mini Employee Opinion Survey was conducted and completed on 31 May 2002.

## Overall Satisfaction Index

Target 2001/2002 **91%**                      Result 2001/2002 **79.57%**

This organisation is a good place to work      - 93.55% agreed

I am proud to say I work for the organisation      - 82.26% agreed

Morale is good in the organisation at the present time      - 62.9% agreed

Of the three areas surveyed and detailed above, overall the organisation scored a high result with a fall in the area of morale which will be further investigated in the revised survey in September 2002.

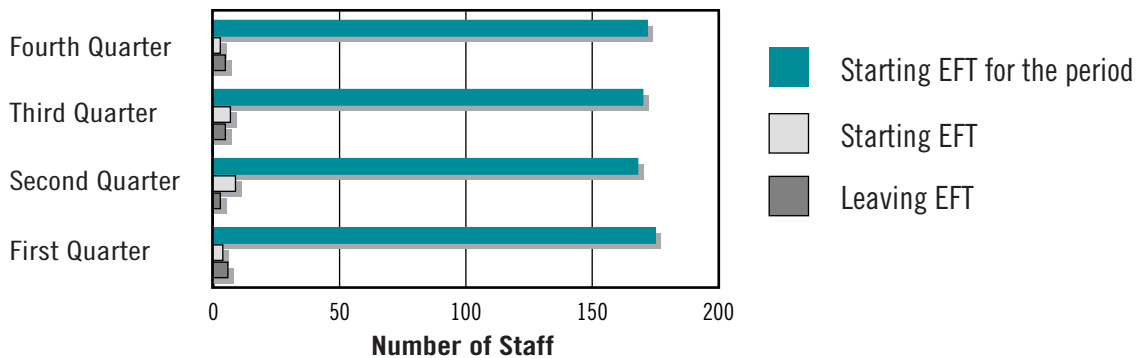
## Colac Otway Shire Employment Turnover

Since 1992, employee turnover across industry groups has been steady at 16 - 17%. The results achieved by the Colac Otway Shire have positive implications in the retention of skills within the organisation and reduced costs in advertising and recruitment.

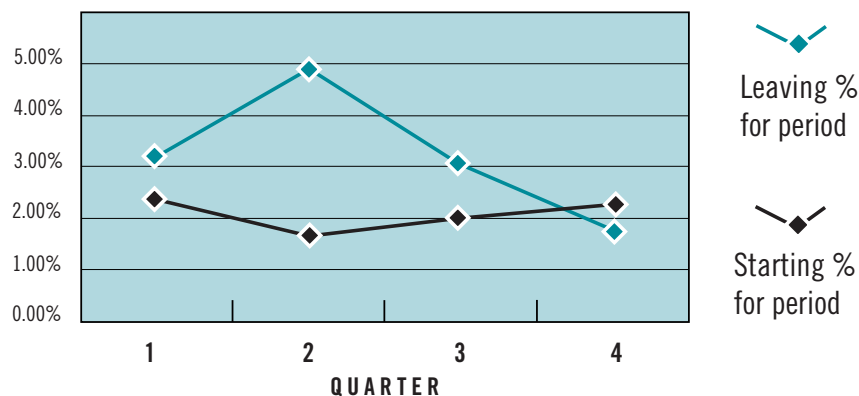
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Leaving EFT	5.41	2.38	3.46	4.00
Starting EFT	4.02	8.32	5.04	2.73
Total EFT for the period	173.68	171.6	173.05	174.8
Leaving % for period	3.10%	1.38%	2.00%	2.28%
<b>Turnover % 2001/02</b>	<b>8.76%</b>			
Starting % for period	2.31%	4.85%	2.91%	1.56%
New Starter % 2001/02	11.63%			

# HUMAN RESOURCE MANAGEMENT

**Staff Turnover for the period ended 30 June 2002**



**Percentage of EFT's Leaving and Starting**



## Community Consultation

A team of five staff members from various departments in the organisation undertook intensive community consultation training. The Community Consultation Team provides a valuable in-house resource to the organisation as we move through the business planning and Best Value review processes. During the training process the team facilitated several consultations in

the form of focus groups and received excellent feedback from the community on the process. Community feedback enables the organisation to apply the principles of Best Value in delivering quality services. The Community Consultation Team will continue to work with Best Value teams to develop appropriate consultation methods including focus groups, surveys, questionnaires, and interviews.



# BEST VALUE

## Best Value Policy and Program Approach

- Colac Otway Shire adopted a detailed Best Value Business Statement and Guidelines in May/ June 2001
- Subsequent reviews of these documents have taken place over the past 18 months to ensure the continuous improvement of the process.
- The most recent review was completed and adopted June 21st 2002. This review sees the existing Business Planning process merged with the Best Value Business Statement and Guidelines
- The merging of the two processes has allowed the total number of service reviews to be clustered into 10 key areas. They are as follows:
  - Corporate
  - Information Services
  - Health and Community services
  - Business and Community Development
  - Infrastructure
  - Planning and Environment
  - Cosworks
  - Livestock Selling Centre
  - Bluewater Fitness Centre
  - Apollo Bay Harbour
- Applying the process as detailed above will ensure all services a reviewed on a three-year cycle rather than the 5-year time frame as prescribed in the Best Value Legislation.

## Status Report on the Best Value Policy and Program

The current status of the of the Best Value reviews and timetable is as follows:

- Number of individual services to be reviewed totals 39. These reviews are being completed in line with Colac Otway Shires Business Planning process which represents ten key areas as listed above
- Reviews completed: Customer Services, Property & Rating, Local Laws, Bluewater Fitness Centre, and Tourism.
- Reviews in progress: Cosworks, Information Services
- Reviews about to start: Infrastructure, Livestock Selling Centre, Apollo Bay Harbour

## Features of the Best Value Program

- Colac Otway Shire has adopted a progressive and balanced approach to Best Value incorporating the key principles of both the Business Planning Process and Best Value. The Shire's complete approach ensures that all of the following

areas are addressed and contained in the final report:

- ⇒ Executive Summary
- ⇒ Vision
- ⇒ Mission
- ⇒ Service Profile
- ⇒ Community Consultation
- ⇒ Benchmarking
- ⇒ S.W.O.T analysis
- ⇒ Continuous improvement recommendations
- ⇒ Marketing and Promotional Plan
- ⇒ 3 year continuous improvement action plan
- ⇒ Resource plan
- ⇒ Reporting requirements
- ⇒ Financial Strategy

Once complete the detailed departmental business plans link directly to the overall council plan whilst also feeding information into the individual performance management plans for Shire employees.

## Resources and Time Involved

By combining the Business Planning and Best Value process together this has ensured that the need for additional resources has been reduced. Having said this there is an increased time demand on those people involved with the completion of business plans. Two areas that have required an increase in resources have been benchmarking and community consultation. The following details Colac Otway Shire's approach to these two areas:

- **Community Consultation:** Colac Otway Shire recognises the importance of good community consultation not only as a principle associated with Best Value but also as a valuable source of information. The Shire has invested both time and money in developing an in house community consultation resource. Five staff have been trained in the principles of effective community consultation and through this training have developed a Community Consultation pack. Both the pack and the skills acquired by these employees can be utilised during the business planning and review process for all areas of council. The focus groups that have been undertaken with the identified stakeholder groups have provided valuable information and been very well received.
- **Benchmarking:** Colac Otway Shire continues to support the "Super 11" benchmarking group. This consists of 11 rural councils and works together to provide valuable comparison information between the councils involved. Benchmarking can at times be difficult as a result of not being able to compare like services. The "Super 11" group tries to bridge this gap.

# BEST VALUE

The main resource required to complete reviews successfully has been people time and trying to balance day to day activities with the requirements of the review. The indicative time to complete each review and business plan thoroughly has been approximately 3-4 months. This estimate takes into account planning, administrative task, internal and external consultations, benchmarking, and team meetings.

- **Benefits:** By applying the previously mentioned approach the Shire is able to align strategy closer to the community

requirements. The process also provides a detailed three-year continuous improvement plan that can be tracked, measured and reported on with relative ease. Also, by having both Business Planning and Best Value aligned the Shires ability to implement a fully integrated budgeting approach over three years has been greatly enhanced.

There are both visible and hidden costs associated with this process and the Shire will always, where possible, identify these costs and budget accordingly.

## Summary Report on Service Reviews

SERVICE	REPORT DETAILS
<b>Service 1 - Bluewater Fitness Centre</b> <b>Size of Service (\$)</b> 2002/03 Budget      \$698,000 <b>Staff EFT</b> 7.5 EFT Staff Between 15-20 Casual/Relief Staff <i>Review Status:</i> COMPLETE	<b>Services Provided</b> <ul style="list-style-type: none"> <li>■ Provision to the Colac Otway region of an indoor heated 25 metre by 6-lane swimming pool, spa, 2-basketball court stadium, gymnasium and dry program facilities.</li> <li>■ Community health and fitness classes including learn to swim classes for local and regional schools.</li> </ul>
<b>Outcomes of the Service Review</b> The outcomes listed below have been identified through the review of Bluewater Fitness and are reflected in the 3-year continuous improvement plan for this department. <ul style="list-style-type: none"> <li>◆ Centre Programming</li> <li>◆ Management Reporting</li> <li>◆ Corporate Sponsorship</li> <li>◆ Energy Conservation</li> <li>◆ Accessibility</li> <li>◆ Income Generation</li> </ul>	<b>Quality &amp; Cost</b> The Blue water fitness centre participates in the Centre for Environmental and Recreational Management (CERM) benchmarking and data analysis. This process measures the service against criteria of 27 areas. The CERM's results along with community feedback and other benchmarking activities have identified areas of opportunity for improvements in the area of quality and cost. This has been captured in the three year continuous improvement plan.
	<b>Responsive to Community Needs</b> Bluewater fitness regularly consults with the community and stakeholders to determine their expectations and where appropriate make the necessary changes. Processes currently in place to facilitate a responsive approach include; Bi-annual surveys, Customer feedback sheets, Customer complaints procedure (24 hour turn around), regular networking with community businesses, sport groups, schools etc.
	<b>Accessible</b> The Centre is the only aquatic facility between Warrnambool and Belmont, serving a wider catchment than the traditional 5km radius. The centre is open 7 days per week with extended opening times during peak summer periods. Stadium usage varies weekdays dependent on gaming schedules. Disabilities access has been planned and catered for whilst programming includes specifics for aged, disabled, children and the wider community.
	<b>Continuous Improvement</b> Council has incorporated the Best Value and Business Planning processes together to ensure that all required actions identified are included in the three-year departmental business plan. This ensures the accountability of all actions. The content of the departmental plan contributes to the overall Council Plan.
	<b>Consultation</b> Blue Water Fitness conducted a community focus group with a representative group from the community. This provided valuable information on where the community would like to see action. This is reflected in the outcomes of the service review and the three year continuous improvement plan.
	<b>Reporting</b> Outcomes and service improvements will be reported to the community via Councils Annual Report, Colac Otway Shire Newsletter, media releases and the Shires web-site.

# BEST VALUE

## Summary Report on Service Reviews

SERVICE	REPORT DETAILS
<b>Service 2 - Customer Services</b> <b>Size of Service (\$)</b> 2002/03 Budget      \$220,000 <b>Staff EFT</b> 3.8 EFT Staff 1 Casual/Relief Staff <i>Review Status:</i> COMPLETE	<b>Services Provided</b> <ul style="list-style-type: none"> <li>■ Cashiering (accept payments and issue receipts)</li> <li>■ Reception (meet and greet customers)</li> <li>■ Telephonists (receive and direct telephone calls to appropriate officers).</li> </ul>
<b>Outcomes of the Service Review</b> The outcomes listed below have been identified through the review of customer services and are reflected in the 3-year continuous improvement plan for this department. <b>Cashiering</b> <ul style="list-style-type: none"> <li>◆ use more than one register at front counter</li> <li>◆ provide directional signs for the customers reference when they enter the building</li> <li>◆ provide a business cashiering line and a general information/ service line</li> <li>◆ investigate the feasibility of pre paid certificates and possible issue of certificates over the Internet</li> <li>◆ extend the range of types of accounts that can be paid at agencies</li> <li>◆ provide more information re entitlements etc for elderly</li> </ul> <b>Reception</b> <ul style="list-style-type: none"> <li>◆ Have receptionist positioned at centre of counter instead of at side</li> <li>◆ provide more accessible layout of public information brochures etc</li> <li>◆ provide a general enquiries/service line</li> </ul> <b>Telephone</b> <ul style="list-style-type: none"> <li>◆ review "on hold" message</li> <li>◆ investigate provision of automated service for public information etc</li> <li>◆ investigate greater availability of information over the internet (eg. certificates)</li> </ul>	<b>Quality &amp; Cost</b> Colac Otway Shire, as a member of the "Super 11 Benchmark Group, was able to benchmark our services against 11 other councils to determine best practice. The activities undertaken confirmed that Customer Services at Colac Otway Shire was consistent and comparative with the other councils.
	<b>Responsive to Community Needs</b> Community feedback confirmed expectations are met. Request management software ensures the timely and effective management of customer requests. Customer services are measured against concise performance standards coupled with "mystery shopper" assessments. Feedback on both areas is fed back to the responsible manager for action.
	<b>Accessible</b> The Customer Services area continues to make improvements where appropriate. Technological advancements have assisted accessibility and include payment options such as Cheque, Cash, Credit Card, debit card, EFTPOS, direct debit, B-Pay. Further investigations are taking place in the area of e-commerce and the possible application for customer service. The service manages approximately 270 calls per month and also provides after hours phone services for the handling of emergencies.
	<b>Continuous Improvement</b> Council has incorporated the Best Value and Business Planning processes together to ensure that all required actions identified are included in the three-year departmental business plan. This ensures the accountability of all actions. The content of the departmental plan contributes to the overall Council Plan.
	<b>Consultation</b> Customer Service conducted a community focus group with a representative group from the community. This provided valuable information on where the community would like to see action. This is reflected in the outcomes of the service review and the three-year continuous improvement plan. A further internal consultation is to take place within the next 12 month period.
	<b>Reporting</b> Outcomes and service improvements will be reported to the community via Councils Annual Report, Colac Otway Shire Newsletter, media releases and the Shires web-site.

# BEST VALUE

## Summary Report on Service Reviews

SERVICE	REPORT DETAILS
<p><b>Service 3 - Local Laws</b></p> <p><b>Size of Service (\$)</b> 2002/03 Budget      \$342,000</p> <p><b>Staff EFT</b> 3.6 EFT Staff 0.3 Casual/Relief Staff</p> <p><i>Review Status:</i>      COMPLETE</p>	<p><b>Services Provided</b></p> <ul style="list-style-type: none"> <li>■ Enforcement of local law, statutory regulations and relevant Acts</li> <li>■ Registration and impoundment of animals</li> <li>■ Parking enforcement</li> <li>■ Provision of school crossing monitoring services</li> <li>■ Signage provided, installed and maintained</li> <li>■ Abandoned vehicles impounded and sold if unclaimed</li> <li>■ Overhanging branches</li> </ul>
<p><b>Outcomes of the Service Review</b></p> <ul style="list-style-type: none"> <li>■ The outcomes listed below have been identified through the review of Local Laws and are reflected in the 3-year continuous improvement plan for this department.</li> </ul> <ul style="list-style-type: none"> <li>◆ Dog attacks and controls</li> <li>◆ Cattle on roads</li> <li>◆ Public safety and risk management (exposure to litigation)</li> <li>◆ School Crossing Control</li> <li>◆ Local Law compliance and enforcement</li> <li>◆ Parking compliance and enforcement</li> <li>◆ Environment protection</li> <li>◆ Dispute resolution</li> </ul>	<p><b>Quality &amp; Cost</b></p> <p>Colac Otway Shire, as a member of the "Super 11 Benchmark Group, was able to benchmark our services against 11 other councils to determine best practice. The activities undertaken confirmed that the service of Local Laws at Colac Otway Shire was consistent and comparative with the other councils.</p>
	<p><b>Responsive to Community Needs</b></p> <p>Local Laws has statutory obligation to respond to matters governed by Councils Local Laws and Statutory Legislation under which it has delegated authority. Priority is always given to matters involving risk to public safety and property.</p>
	<p><b>Accessible</b></p> <ul style="list-style-type: none"> <li>■ All Officers in this area provide the community contact through a number of sources. These include mobile phone contact, direct contact via Shire offices, after hours paging service, Internet and media releases.</li> <li>■ All Officers are identifiable by their Colac Otway Shire uniform.</li> </ul>
	<p><b>Continuous Improvement</b></p> <p>Council has incorporated the Best Value and Business Planning processes together to ensure that all required actions identified are included in the three-year departmental business plan. This ensures the accountability of all actions. The content of the departmental plan contributes to the overall Council Plan.</p>
	<p><b>Consultation</b></p> <p>Local Laws conducted a community focus group with a representative group from the community. This provided valuable information on areas that the community would like to see action. This is reflected in the outcomes of the service review and the three-year continuous improvement plan.</p> <p><b>Reporting</b></p> <p>Outcomes and service improvements will be reported to the community via Councils Annual Report, Colac Otway Shire Newsletter, media releases and the Shires web-site.</p>

# BEST VALUE

## Summary Report on Service Reviews

SERVICE	REPORT DETAILS
<p><b>Service 4 - Property &amp; Rates</b></p> <p><b>Size of Service (\$)</b> 2002/03 Budget      \$526,000 It is anticipated the net cost of providing this service will range from \$203,000 to \$225,000 over the next three years.</p> <p><b>Staff EFT</b> 2.0 EFT Staff 1 Casual/Relief Staff</p> <p>Review Status:      COMPLETE</p>	<p><b>Services Provided</b></p> <ul style="list-style-type: none"> <li>■ Collection of rates and charges</li> <li>■ Property database record maintenance</li> <li>■ Issuing of Land Information Certificates</li> <li>■ Issuing of annual, quarterly and Final rates notices</li> <li>■ Administration and issue of Supplementary valuations and issue of notices</li> <li>■ Administration of Special Charge/Rates schemes</li> <li>■ Allocation of Rural Road Numbers</li> <li>■ Processing of inquiries</li> </ul>
<p><b>Outcomes of the Service Review</b></p> <p>The outcomes listed below have been identified through the review of Property and rates are reflected in the 3-year continuous improvement plan for this department</p> <ul style="list-style-type: none"> <li>◆ The major outcome of the public consultation phase of the review was that Council would consider the appropriateness of its current debt management practices. Comparison data sought from other Councils places particular emphasis upon the debt management practices used by those Councils.</li> </ul>	<p><b>Quality &amp; Cost</b></p> <p>Colac Otway Shire, as a member of the "Super 11 Benchmark Group, is able to benchmark our services against 11 other councils to determine best practice. At the time this report was published the final data was not available for Property &amp; Rates</p>
	<p><b>Responsive to Community Needs</b></p> <p>Community feedback confirmed that the service provided met their expectations. However many people were unaware of the range of functions available to them when processing rates. Property and Rates also operates by using request management software ensuring the timely effective management of customer requests.</p>
	<p><b>Accessible</b></p> <ul style="list-style-type: none"> <li>■ Services can be obtained via a number of mechanisms including; telephone, face-to-face and web-site access.</li> <li>■ In addition to council services, rate payments can be made using the Post Office and CBA.</li> <li>■ Payments can be made by Cheque, Cash, Credit Card, debit card, EFTPOS, direct debit, B-Pay</li> </ul>
	<p><b>Continuous Improvement</b></p> <p>Council has incorporated the Best Value and Business Planning processes together to ensure that all required actions identified are included in the three-year departmental business plan. This ensures the accountability of all actions. The content of the departmental plan contributes to the overall Council Plan.</p>
	<p><b>Consultation</b></p> <p>Property &amp; Rates conducted a community focus group with a representative group from the community. This provided valuable information on areas that the community would like to see action. This is reflected in the outcomes of the service review and the three year continuous improvement plan.</p>
	<p><b>Reporting</b></p> <p>Outcomes and service improvements will be reported to the community via Councils Annual Report, Colac Otway Shire Newsletter, media releases and the Shires web-site.</p>



# BEST VALUE

## Summary Report on Service Reviews

SERVICE	REPORT DETAILS
<p><b>Service 5 - Tourism Development &amp; Visitor Information Centres</b></p> <p>Size of Service (\$) 2002/03 Budget      \$610,000</p> <p><b>Staff EFT</b> 1.6 EFT Staff (Tourism Development) 1.3 EFT Staff (Colac Visitor Information Centre) 4.2 EFT Staff (Great Ocean Road Visitor Information Centre)</p> <p>Review Status:      COMPLETE</p>	<p><b>Services Provided</b></p> <ul style="list-style-type: none"> <li>■ Provision of information for visitors to the region</li> <li>■ Support for local tourism associations and operators</li> <li>■ Production of information materials</li> <li>■ Representation within regional and state tourism initiatives</li> <li>■ Administrative and executive services to local tourism associations and operators</li> <li>■ Representation within regional and state tourism initiatives</li> <li>■ Facilitation of tourism product development</li> <li>■ Strategic tourism planning for Colac Otway Shire</li> </ul>
<p><b>Outcomes of the Service Review</b> The outcomes listed below have been identified through the review of Tourism are reflected in the 3-year continuous improvement plan for this department</p> <p><b>Information Resources</b></p> <ul style="list-style-type: none"> <li>◆ Additional staffing at the Colac VIC will be implemented.</li> <li>◆ Continued development of new information resources.</li> <li>◆ Provision of feedback to land managers.</li> </ul> <p><b>Industry Development</b></p> <ul style="list-style-type: none"> <li>◆ Facilitation of linked communications to operators/Local Tourism Associations and more cohesive promotion of activities.</li> <li>◆ Increase operator awareness of links between tourism/Shire bodies.</li> <li>◆ Implementation of cross-region promotional initiatives.</li> <li>◆ Continued development of industry networking meetings.</li> <li>◆ Review and formalise ticket sale contracts</li> <li>◆ Continue to improve community awareness of tourism as an industry.</li> </ul> <p><b>Tourism Development</b></p> <ul style="list-style-type: none"> <li>◆ Investigation to discover the most appropriate and effective means of dealing with these tourism signage applications.</li> <li>◆ Funding of tourism will undergo a review by Colac Otway Shire within the next twelve months.</li> <li>◆ Participation in the Lake Colac Development Plan process and implementation.</li> </ul>	<p><b>Quality &amp; Cost</b></p> <p>Benchmarking activities undertaken focussed primarily around the operation of the Visitor Information Centres (VIC's). The activities undertaken showed Colac Otway Shire to be of a high standard of service. Efficiencies are comparable in terms of visitor/call numbers to staffing ratio's. Operational funds sourced through local government were comparative with the average being 70% and Colac Otway being 80%. Averages per visitor takings were significantly higher than the other services benchmarked against.</p>
	<p><b>Responsive to Community Needs</b></p> <ul style="list-style-type: none"> <li>■ KPI's are set for all staff including customer's service standards.</li> <li>■ Visitor numbers to the region are measured and benchmarked to ensure service meets demand.</li> <li>■ VIC's are governed by the Better Business Accreditation that sets standards that must be complied with.</li> </ul>
	<p><b>Accessible</b></p> <ul style="list-style-type: none"> <li>■ VIC services are available 7 days/week 9:00am to 5:00pm. This service is located in Colac and Apollo Bay</li> <li>■ Tourism development is available Monday to Friday 8:30am to 5:00pm (or by appointment out of hours)</li> <li>■ Tourism Development is based in Colac and provides services to Apollo Bay 1 day per week.</li> </ul>
	<p><b>Continuous Improvement</b></p> <p>Council has incorporated the Best Value and Business Planning processes together to ensure that all required actions identified are included in the three-year departmental business plan. This ensures the accountability of all actions. The content of the departmental plan contributes to the overall Council Plan.</p>
	<p><b>Consultation</b></p> <p>Tourism conducted a community focus group with a representative group from the community. This provided valuable information on areas that the community would like to see action. This is reflected in the outcomes of the service review.</p>
	<p><b>Reporting</b></p> <p>Outcomes and service improvements will be reported to the community via Councils Annual Report, Colac Otway Shire Newsletter, media releases and the Shires web-site.</p>

# GENERAL INFORMATION

## Policy Development & Strategies

The following policies and strategies were reviewed/adopted by Council during 2001/2002:

- Stormwater Drainage Policy
- Colac Skate Park (Competition Policy)
- Nature Based Tourism Strategy
- Tendering & Contracts Policy
- Best Value
- Wine & Food Strategy
- Risk Management Policy
- Colac Housing & Accommodation Strategy
- Community Consultation Policy

## Local Laws

Council has a number of Local Laws in place:

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 - Amends Local Law 1 & 3
13. Amendment Local Law - Amends Local Law 4

## 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 overseas or interstate travel undertaken during the last twelve months.
- 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 return 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
- Quality and Costs Standards - Best Value

## Freedom of Information Act 1992

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

## Disclosure of Information

In response to requirements of the Local Government Regulations Part 8 Section 21(r), Council has not entered into any contracts which exceed \$100,000 without first conducting a competitive process.

## Whistleblowers Protection Act 2000

The Whistleblowers Protection Act 2001 was implemented on the 1st January 2002. Colac Otway Shire in Nov 2001 adopted a policy of support for the contents of the Act and agreed to the nomination of a co-ordinator to receive disclosures. Copies of the Policy are available from the Shire Offices. No disclosures have been received for the year ending 30th June 2002.



# GENERAL INFORMATION

## Sale of Council Properties

The following properties have been disposed of by Council in the past financial year:

- 86a Murray Street, Colac
- Lots 2 - 7 Chapel Street, Colac
- Lot 2 LP 413157N, Clark Street, Colac
- Lots 1 and 2, Lineens Road, Coragulac

## Major Creditor Payments

The following major creditor payments have been incurred in the past financial year:

Transwest Environmental Services	Waste services	\$1.85m
McConnell Dowell	Plant purchases	\$1.83m
Australian Taxation Office	Employee tax	\$1.7m
Local Authorities Super	LASPLAN and Defined Benefits Superannuation contribution	\$0.82m
Australian Project Solutions P/L	Reconstruction of Harbour Breakwater	\$0.55m
CSR Readymix	Roadworks	\$0.49m
CSR Emoleum Services	Supplies - gravel, rock, etc.	\$0.41m

## Victorian Local Government Indicators

### Affordability

Average Rates and charges per assessment	\$773.17
Average rates and charges per residential assessment	\$664.59

### Sustainability

Average liabilities per assessment	\$683.97
Operating result per assessment	-\$347.57

### Services

Average operating expenditure per assessment	\$2,352.56
Community Satisfaction Rating for Overall Performance generally of the Council	63

### Infrastructure

Average capital expenditure per assessment	\$449.32
--	----------

### Renewal Gap

Current Spending on Renewal to Asset base consumed during the year	0.31 : 1
--	----------

### Renewal & Maintenance Gap

Current Spending on Renewal + Maintenance to Asset base consumed during the year plus maintenance	0.48 : 1
---	----------

### Governance

Community Satisfaction Rating for Council's Advocacy and Community Representation on key local issues	63
Community Satisfaction Rating for Council's Engagement in Decision Making on key local issues	58



## Colac Otway Shire

ABN 32 430 819 755

# AUDITED FINANCIAL STATEMENTS

## For the Year Ended 30 June 2002

# CONTENTS

Page No.

## FINANCIAL STATEMENTS

Statement of Financial Performance .....	3
Statement of Financial Position .....	4
Statement of Changes in Equity.....	5
Statement of Cash Flows.....	6

## NOTES TO FINANCIAL STATEMENTS

1. Significant Accounting Policies .....	7
2. a. Revenue and Expenses 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. Comparison of Actual and Budget Statement of Cash Flows .....	19
c. Reconciliation of Differences Between Rates Determination .....	20
Surplus/(Deficit) and Net Profit/(Loss)	
d. Major Variances Between Actual and Budget Operating Results .....	20
7. Cash .....	21
8. Receivables .....	21
9. Other Financial Assets.....	22
10. Inventories .....	22
11. Prepayments .....	22
12. Property, Plant and Equipment .....	23
13. Payables .....	26
14. Provision for Employee Entitlements.....	26
15. Interest Bearing Liabilities .....	26
16. Borrowing Costs .....	27
17. Net Fair Values .....	27
18. Related Party Transactions .....	28
19. Auditor's Remuneration .....	29
20. Superannuation .....	29
21. Reconciliation of Net Cash Provided by Operating Activities to .....	30
Net Profit/(Loss)	
22. Reconciliation of Cash.....	30
23. Financing Facilities .....	31
24. Financial Ratios.....	31
25. Contingent Liabilities .....	32
26. Commitments for Capital and Other Expenditure .....	32
27. Finance Lease Commitments.....	33
28. Operating Lease Commitments .....	33
29. Port of Apollo Bay .....	33
30. Asset Revaluation Reserve .....	34
31. a. Other Reserves .....	34
b. Movement in Other Reserves .....	34
32. Investment in Associates.....	35
33. Reporting Entity.....	35
Council Certification of Audited Financial Statements .....	36
Performance Statement.....	38
NCP Statement.....	43

**STATEMENT OF FINANCIAL PERFORMANCE**  
FOR THE YEAR ENDED 30 JUNE 2002

**Colac Otway Shire**  
ABN 32 430 819 755

2001			Note	2002	
\$'000	%			\$'000	%
REVENUE FROM ORDINARY ACTIVITIES					
9,576	38	Rates and Charges		10,064	39
2,253	9	Grants Commission		2,410	9
2,797	11	Recurrent Grants & Subsidies	3	3,254	12
3,678	15	Non-Recurrent Grants & Subsidies	3	3,206	12
4,212	17	Charges, Fees & Fines		4,078	16
662	3	Reimbursements		1,146	4
734	3	Contributions		505	2
933	4	Proceeds on Sale of Assets	5	946	4
289	1	Donated Property, Plant and Equipment		132	1
231	1	Interest		133	1
0	0	Property, Plant and Equipment not previously recognised	1(e)	6	0
<u>25,365</u>	<u>100</u>	<b>TOTAL REVENUE FROM ORDINARY ACTIVITIES</b>		<u>25,880</u>	<u>100</u>
EXPENSES FROM ORDINARY ACTIVITIES					
6,638	23	Employee Expenses		7,472	25
8,888	30	Depreciation	4	9,131	30
309	1	Borrowing Costs	15	385	1
9,444	32	Materials & Services		9,988	33
111	0	Grants and Donations		108	0
1,049	4	Plant Costs		988	3
1,000	3	Written Down Value of Assets Sold	5	765	4
0	0	Property, Plant and Equipment Revaluation Decrement	1(e)	90	0
0	0	Property, Plant and Equipment written off	1(e)	371	1
871	3	Property, Plant and Equipment Disposal		386	1
173	1	Share of Loss of Associates	32	38	0
		accounted for using the equity method			
670	2	Other		644	2
<u>29,153</u>	<u>100</u>	<b>TOTAL EXPENSES FROM ORDINARY ACTIVITIES</b>		<u>30,366</u>	<u>100</u>
<u>(3,788)</u>		<b>NET SURPLUS/(DEFICIT)</b>		<u>(4,486)</u>	

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

**STATEMENT OF FINANCIAL POSITION**

AS AT 30 JUNE 2002

**Colac Otway Shire**

ABN 32 430 819 755

2001 \$'000		Note	2002 \$'000
	<b>CURRENT ASSETS</b>		
2,314	Cash	7	2,372
2,232	Receivables	8	2,118
776	Other Financial Assets	9	885
71	Inventories	10	61
155	Prepayments	11	63
5,548	<b>TOTAL CURRENT ASSETS</b>		5,499
	<b>NON-CURRENT ASSETS</b>		
176,358	Property, Infrastructure, Plant & Equipment	12	184,179
143	Receivables	8	126
710	Other Financial Assets	9	846
177,211	<b>TOTAL NON-CURRENT ASSETS</b>		185,151
182,759	<b>TOTAL ASSETS</b>		190,650
	<b>CURRENT LIABILITIES</b>		
1,988	Payables	13	2,179
686	Provision for Employee Entitlements	14	750
22	Lease Liability	27	1
757	Interest Bearing Liabilities	15	533
3,453	<b>TOTAL CURRENT LIABILITIES</b>		3,463
	<b>NON-CURRENT LIABILITIES</b>		
669	Provision for Employee Entitlements	14	774
1	Lease Liability	27	0
5,125	Interest Bearing Liabilities	15	4,592
5,795	<b>TOTAL NON-CURRENT LIABILITIES</b>		5,366
9,248	<b>TOTAL LIABILITIES</b>		8,829
173,511	<b>NET ASSETS</b>		181,821
	<b>EQUITY</b>		
106,018	Accumulated Surplus		101,529
67,485	Asset Revaluation Reserves	30	80,280
8	Other Reserves	31(a)	12
173,511	<b>TOTAL EQUITY</b>		181,821

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



## STATEMENT OF CHANGES IN EQUITY

Colac Otway Shire

ABN 32 430 819 755

2001						2002
		Note	Accumulated Surplus \$'000	Asset Replacement Reserve \$'000	Asset Revaluation Reserve \$'000	Total \$'000
\$'000						
177,096	Balance at beginning of financial year		106,018	8	67,485	173,511
(3,788)	Net Surplus/(Deficit)		(4,486)			(4,486)
0	Revaluation of Property, Plant and Equipment	12			12,625	12,625
222	Increase/(Decrease) in Share of CRLC Asset Revaluation Reserve	32			170	170
(19)	Increase/(Decrease) in Share of CRLC Asset Replacement Reserve			1		1
0	Transfers to Reserves	31(b)	(727)	727		0
0	Transfer from Reserves	31(b)	724	(724)		0
173,511	Balance at end of current year		101,529	12	80,280	181,821

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

**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 30 JUNE 2002

**Colac Otway Shire**  
ABN 32 430 819 755

2001 \$'000		Note	2002 \$'000
	CASH FLOWS FROM OPERATING ACTIVITIES		
9,758	Receipts from ratepayers		10,090
354	Receipts from Abattoir customers		0
5,362	Government Grants		5,664
3,366	Capital grants for asset acquisition		3,206
4,212	Council User charges and reimbursements received		4,153
1,396	Contributions and donations received		1,650
(6,539)	Council payments to employees		(7,348)
(10,879)	Council payments to suppliers		(10,631)
231	Interest received		133
(311)	Interest paid		(392)
(111)	Council Grants and Donations paid		(108)
(73)	GST received/(paid)		31
(670)	Other payments		(645)
6,096	Net cash provided by operating activities	21	5,803
	CASH FLOWS FROM INVESTING ACTIVITIES		
(8,922)	Payments for asset acquisition		(5,800)
933	Proceeds from disposal of assets		946
(7,989)	Net cash used in investing activities		(4,854)
	CASH FLOWS FROM FINANCING ACTIVITIES		
(692)	Repayment of borrowings		(757)
500	Proceeds from borrowings		0
5	Payments for investments		(112)
3	Reduction in Cash Advances		0
(20)	Lease Payments		(22)
(204)	Net cash used in financing activities		(891)
(2,097)	Net increase/(decrease) in cash held		58
4,411	Cash at the beginning of the financial year		2,314
2,314	CASH AT THE END OF THE FINANCIAL YEAR	22	2,372

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

**NOTE**

**1**

**SIGNIFICANT ACCOUNTING POLICIES**

The financial report is for the entity Colac Otway Shire Council, as an individual reporting entity and economic entity. Colac Otway Shire is a local government authority, domiciled in Australia. The principal activities of Council are described in Note 2(c).

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

**(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 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 2001. 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 has been a change to the estimated useful life of Furniture and Equipment. The useful life of Computer Equipment has been increased from 5 years to 9 years in 2001/2002. The useful life of Furniture has been increased from 15 years to 21 years in 2001/2002.

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

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

2001				2002
Estimated Useful Life Years	Major depreciation classes are:	Capitalisation Threshold	Depreciation Method	Estimated Useful Life Years
25	Buildings	\$500	Straight Line	25
5-15	Furniture and equipment	\$500	Straight Line	9-21
80	Drainage	\$5,000	Straight Line	80
10-55	Roads and Streets	\$5,000	Straight Line	10-55
	Improvements to parks & gardens	\$500	Straight Line	10-100
10-100	Bridges	\$5,000	Straight Line	50-70
50-70	Footpaths	\$500	Straight Line	30-60
30-60	Kerb and Channelling	\$500	Straight Line	35-45
35-45	Plant and Machinery	\$500	Reducing Bal.	5-10
5-10	Equipment under lease	\$500	Straight Line	5-10

**(e) Revaluation of Non-Current Assets**

Land and furniture and equipment was revalued to market value at the date of the last general revaluation of property within the municipality. Buildings were revalued at market value and written down current cost at the date of the last general revaluation of property within the municipality. All other non-current assets, other than plant and machinery, were revalued at written down current cost. The last such revaluation was carried out as at 30 June 2002. Plant and machinery were reverted to a deemed cost valuation as at 1 July 2001.

As disclosed additional roads and streets were identified and valued. Land, buildings, furniture and equipment were also written off as incorrectly identified by Council valuation on 1 January 2000.

Deemed cost in relation to an asset, means the carrying amount of the asset as at 1 July 2001. 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.

Revaluation increments are credited to Asset Revaluation Reserve, unless they reverse a previous decrement processed through the Statement of Financial Performance, and decrements are charged to the Statement of Financial Performance, unless they reverse a previous increment credit to the Asset Revaluation Reserve.

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 30 June 2002.

The revaluations of all other non-current assets were recognised at their written down current cost based on sworn Council valuations by Adam Lehmann, Asset Management Engineer, BE(Civil) on 30 June 2002.

**(e) Revaluation of Non-Current Assets (cont'd)**

Subsequent to the initial recognition, all non-current assets, other than plant and machinery, are measured at fair value being the amounts for which the assets could be exchanged between willing parties in an arms length transaction. Revaluations are made with sufficient regularity to ensure that the carrying amount of each non-current asset does not differ materially from its fair value at the reporting date. Annual assessments will be made by Council, supplemented by independent assessments at least every five years for infrastructure and at least three years for all other non-current assets.

This policy was adopted effective from 1 July 2001. The changed policy was adopted to comply with AASB1041 Revaluation of Non-Current Assets, released in July 2001 and applied for the first time to the year ended 30 June 2001.

**(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 at least 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.



**(h) Employee Entitlements (cont'd)**

**(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.

**(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 20.

**(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 Statement of Financial Performance.

**(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 Statement of Financial Performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

**(k) Revenue Recognition**

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

Where contributions recognised as revenues during the year were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in note 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 24, 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.

**(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) Payables and other current liabilities**

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

**(r) Goods and Services Tax**

Revenues, expenses, assets and liabilities are recognised net of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the asset or part of an item of expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the Australian Taxation Office is included as a current asset or liability in the Statement of Financial Position. GST Cash flows are separately included in the Statement of Cash Flows on a net basis.

**(s) Comparative Figures**

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

**(t) Change in Accounting Estimate**

During the year, the Council revalued and reassessed the useful lives of the Furniture and Equipment. The financial effect of this change in accounting estimate for the Furniture and Equipment is a decrease in depreciation and a increase in net assets from operations of \$20,340.

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2002 (CONT'D)

**Colac Otway Shire**  
ABN 32 430 819 755

2001			2002
	NOTE	2(a) REVENUE AND EXPENSES BY FUNCTION	
		REVENUE FROM ORDINARY ACTIVITIES	
\$'000			\$'000
9,643		Rates	10,124
2,253		Grants Commission	2,410
2,512		Governance	2,609
7,965		Infrastructure	7,803
2,992		Strategic Development	2,934
<u>25,365</u>		TOTAL REVENUE FROM ORDINARY ACTIVITIES	<u>25,880</u>
		EXPENSES FROM ORDINARY ACTIVITIES	
6,133		Governance	5,798
19,486		Infrastructure	19,988
3,534		Strategic Development	4,580
<u>29,153</u>		TOTAL EXPENSES FROM ORDINARY ACTIVITIES	<u>30,366</u>
<u>(3,788)</u>		NET SURPLUS/(DEFICIT)	<u>(4,486)</u>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002 (CONT'D)

Colac Otway Shire

ABN 32 430 819 755

NOTE		2(b)	ASSETS BY FUNCTION	
2001			2002	
		Council assets are applied to its functions as follows:		
\$'000	%		\$'000	%
7,233	4	Governance	8,480	4
169,491	93	Infrastructure	175,160	92
6,035	3	Strategic Development	7,010	4
<u>182,759</u>	<u>100</u>	TOTAL	<u>190,650</u>	<u>100</u>

### NOTE 2(c) COMPONENT FUNCTIONS / ACTIVITIES

The activities relating to the municipality's components reported on in the Statement of Financial Performance are as follows:

#### (A) GOVERNANCE

- (1) Executive
- (2) Organisational Development
- (3) Insurance
- (4) Corporate Services
- (5) Information Services
- (6) Property & Customer Relations
- (7) Community Information
- (8) Vic Roads Agency
- (9) Office Accommodation
- (10) Grants and Donations
- (11) Council
- (12) Finance
- (13) Interest
- (14) Overheads
- (15) Pre-Schools
- (16) Family Day Care
- (17) Maternal and Child Health
- (18) Senior Citizens Centre
- (19) Delivered Meals
- (20) Aged and Disability Services
- (21) Libraries
- (22) Public Health
- (23) Local Laws
- (24) Animal Control
- (25) Parking
- (26) School Crossings
- (27) Rural Access Program
- (28) Community Transport
- (29) Community Drop in Centre

#### (B) INFRASTRUCTURE

- (30) Asset Management
- (31) Contract Management
- (32) Local Roads Maintenance
- (33) Drainage Maintenance
- (34) Footpaths, Kerb & Channel Maintenance
- (35) Street Beautification
- (36) Street Lighting
- (37) Road Signs and Marking

#### (B) INFRASTRUCTURE

- (38) Recreation Reserves Maintenance
- (39) Other Parks
- (40) Botanic Gardens
- (41) Memorial Square
- (42) Lakes and Beaches
- (43) Cemeteries
- (44) Waste Management
- (45) Street Sweeping
- (46) Council Properties
- (47) Public Conveniences
- (48) Cosworks Administration
- (49) VicRoads
- (50) Private Works
- (51) Saleyards
- (52) Plant Operation
- (53) Emergency Services

#### (C) STRATEGIC DEVELOPMENT

- (54) Arts and Culture
- (55) Colac Otway Performing Arts and Cultural Centre
- (56) Recreation
- (57) Bluewater Fitness Centre
- (58) Events
- (59) Environment
- (60) Fire Prevention
- (61) Building Control
- (62) Planning
- (63) Economic Development
- (64) Tourism
- (65) Colac Visitor Information Centre
- (66) Great Ocean Road Visitor Information Centre

#### (D) GRANTS COMMISSION

#### (E) RATES & SERVICE CHARGES



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002 (CONT'D)

Colac Otway Shire

ABN 32 430 819 755

2001	NOTE 3	GOVERNMENT GRANTS	2002	
\$'000			Recurrent \$'000	Non-Recurrent \$'000
		<b>Governance</b>		
3	-	Benchmarking Project		
	-	Business Planning Project		2
	-	Intranet Upgrade		18
5	-	Local Learning Program		
495	-	Family Day Care	564	
97	-	Maternal & Child Health	96	
12	-	Senior Citizens	16	
31	-	Delivered Meals	31	
398	-	Aged & Home Care	480	5
10	-	Tobacco Act Administration	9	
40	-	Rural Access Project	83	5
	-	Community Transport	30	31
	-	Community Drop in Centre	25	
8	-	Immunisation	8	
	-	Food Safety Grants		7
36	-	School Crossings	35	
1,135			1,377	68
		<b>Infrastructure</b>		
1,109	-	Local Roads	1,244	
118	-	Vic Roads - Better Roads	35	
1,161	-	Federal - Roads to Recovery		456
45	-	Bridges		
53	-	Lavers Hill Parking/Boardwalk		
33	-	Wye River Boulevard		
2	-	Colac Bus Interchange		64
36	-	Public Hall Upgrades		3
9	-	Apollo Bay Airfield Study		
5	-	Beach Cleaning	5	
1,481	-	Colac Otway Performing Arts and Culture Centre		
7	-	State Emergency Service	9	
904	-	Port of Apollo Bay	577	923
4,963			1,870	1,446
		<b>Strategic Development</b>		
85	-	StreetLIFE Program		65
	-	Small Town Development		550
18	-	Rural Transaction Centre		218
	-	Mobile Phone Infrastructure		70
	-	Business Retention		17
18	-	Tourism		18
	-	Red Rock Development		50
	-	Old Beechy Line Rail Trail		150
61	-	Bicycle Pathways		121
	-	Wye River Playground		50
	-	Forrest Recreation Reserve Shelter		9
	-	Federation Project		35
	-	Lake Foreshore Master Plan		35
	-	COPACC Theatre Equipment		120
	-	Stormwater Management Plan		28
	-	Direct Seeding		23
	-	Biodiversity Scheme		25

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002 (CONT'D)

Colac Otway Shire

ABN 32 430 819 755

2001	NOTE 3	GOVERNMENT GRANTS (CONT'D)	2002
\$'000			Recurrent \$'000
			Non-Recurrent \$'000
	-	Marengo Landfill Rehabilitation	65
	-	Water Supply Extension	43
10	-	Revegetation Program	
16	-	Corangamite Catchment Management Authority	
6	-	Heritage Study	
21	-	Fire Prevention	
20	-	Community Theatre Project	
1	-	School Holiday Program	7
67	-	Colac Skateboard Facility	
25	-	Active Youth Recreation	
29	-	Botanic Gardens	
377			7
6,475		TOTAL	3,254
			1,692
			3,206

### CONDITIONS OVER GRANTS

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:

7	Intranet Upgrade	18
40	Aged & Home Care	1
	Rural Access Program	37
	Community Transport	26
	Community Drop in Centre	25
	Bus Stop Improvements	8
522	Port of Apollo Bay	128
	Direct Seeding	14
	Biodiversity Scheme	24
	Rural Transaction Centre Program	32
	COPACC Theatre Grant	18
	Old Beechy Line Trial	147
	Small Town Development	554
	Red Rock	50
40	Bicycle Pathways	55
15	Family Day Care	
21	Maternal & Child Health	
5	Local Learning Program	
6	Tourism	
29	Botanic Gardens	
9	Apollo Bay Airfield Study	
25	Active Youth Recreation	
719		1,137

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002 (CONT'D)

Colac Otway Shire

ABN 32 430 819 755

2001	NOTE 3	GOVERNMENT GRANTS (CONT'D)	2002
		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:	
		Local Learning Program	5
		Family Day Care	15
		Maternal & Child Health	21
		Rural Access	40
		Aged & Home Care	7
		Botanic Gardens	29
		Apollo Bay Airfield Study	9
		Tourism	6
		Active Youth Recreation	25
		Bicycle Pathways	40
2		Colac Skateboard Facility	
715		Port of Apollo Bay	1,586
717			1,783
	<b>NOTE 4</b>	<b>DEPRECIATION EXPENSES</b>	
\$'000			\$'000
		Depreciation expenses for the period are as follows;	
936		Buildings	1,082
645		Plant	660
6,902		Roads, Streets and Bridges	7,009
62		Furniture and Equipment	30
146		Parks and Gardens	153
187		Drainage	187
10		Equipment Under Lease	10
8,888			9,131
	<b>NOTE 5</b>	<b>SURPLUS/(DEFICIT) ON DISPOSAL OF ASSETS</b>	
		<u>Plant</u>	
933		Proceeds from sales	631
1,000		Less: Carrying Amount of assets sold	694
(67)		Surplus/(Deficit) on Disposal	(63)
		<u>Land and Buildings</u>	
0		Proceeds from sales	305
0		Less: Carrying Amount of assets sold	70
0		Surplus/(Deficit) on Disposal	235
		<u>Furniture and Equipment</u>	
0		Proceeds from sales	10
0		Less: Carrying Amount of assets sold	1
0		Surplus/(Deficit) on Disposal	9
(67)		TOTAL	181

**NOTE 6(a) COMPARISON OF ACTUAL AND BUDGET RESULTS**

	<b>OPERATING</b>			<b>RATE DETERMINATION</b>		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUE FROM ORDINARY ACTIVITIES	\$'000	\$'000	%	\$'000	\$'000	%
Rates & Charges	10,113	10,124	0	10,113	10,124	0
Grants Commission	2,386	2,410	1	2,386	2,410	1
Governance	2,294	2,609	14	2,295	2,609	14
Infrastructure	7,336	7,803	6	7,554	8,389	11
Strategic Development	1,649	2,934	78	1,649	2,934	78
<b>TOTAL REVENUE FROM ORDINARY ACTIVITIES</b>	<b>23,778</b>	<b>25,880</b>	<b>9</b>	<b>23,997</b>	<b>26,466</b>	<b>10</b>
EXPENSES FROM ORDINARY ACTIVITIES						
Governance	5,507	5,798	5	5,567	5,930	7
Infrastructure	20,031	19,988	(0)	15,324	16,380	7
Strategic Development	3,665	4,580	25	3,765	4,544	21
<b>TOTAL EXPENSES FROM ORDINARY ACTIVITIES</b>	<b>29,203</b>	<b>30,366</b>	<b>4</b>	<b>24,656</b>	<b>26,854</b>	<b>9</b>
<b>NET SURPLUS/(DEFICIT)</b>	<b>(5,425)</b>	<b>(4,486)</b>	<b>(17)</b>	<b>(659)</b>	<b>(388)</b>	<b>(41)</b>

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 2002 (CONT'D)

**Colac Otway Shire**

ABN 32 430 819 755

NOTE	6(b)	COMPARISON OF ACTUAL AND BUDGET STATEMENT OF CASH FLOWS	2002	
			BUDGET \$'000	ACTUAL \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from ratepayers		10,033	10,090	
Government Grants		5,435	5,664	
Capital grants for asset acquisition		1,368	3,206	
Council User charges and reimbursements received		4,733	4,153	
Contributions and donations received		1,046	1,650	
Council payments to employees		(7,224)	(7,348)	
Council payments to suppliers		(9,461)	(10,631)	
Interest received		235	133	
Interest paid		(392)	(392)	
Council Grants and Donations paid		(103)	(108)	
GST paid		7	31	
Other receipts		10	0	
Other payments		(1,019)	(645)	
Net cash provided by operating activities		4,668	5,803	
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for asset acquisition		(6,202)	(5,800)	
Proceeds from disposal of assets		850	946	
Net cash used in investing activities		(5,352)	(4,854)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings		(758)	(757)	
Proceeds from borrowings		0	0	
Sale of investments		(24)	(112)	
Reduction in Cash Advances		0	0	
Lease Payments		(22)	(22)	
Net cash used in financing activities		(804)	(891)	
Net increase/(decrease) in cash held		(1,488)	58	
Cash at the beginning of the year		2,314	2,314	
CASH AT THE END OF THE YEAR		826	2,372	



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002 (CONT'D)

Colac Otway Shire

ABN 32 430 819 755

2001	NOTE 6(c)	RECONCILIATION OF DIFFERENCES BETWEEN RATES DETERMINATION SURPLUS (DEFICIT) AND NET PROFIT/(LOSS)	2002
\$'000			\$'000
(2,120)		RATE DETERMINATION SURPLUS/(DEFICIT)	(388)
		Items included in the Rates Determination result which are not included in the Statement of Financial Performance:	
7,989		Capital Expenditure (Net)	4,855
800		Transfers to Reserves	727
(926)		Transfers from Reserves	(724)
692		Debt Redemption	757
(500)		Loan Proceeds	0
			5,615
5,935		Items included in the Statement of Financial Performance which are not included in the Rates Determination:	5,227
(173)		Increase/(Decrease) in Net Assets - CRLC	(38)
(67)		Profit/(Loss) on Sale of Assets	181
289		Donated Property, Plant and Equipment	132
(871)		Property, Plant and Equipment Disposal	(386)
0		Property, Plant and Equipment written off	(371)
0		Property, Plant and Equipment not previously recognised	6
0		Property, Plant and Equipment Revaluation Decrement	(90)
(13)		CRLC Loan Reimbursement	(16)
(8,888)		Depreciation	(9,131)
			(9,713)
(3,788)		NET SURPLUS/(DEFICIT)	(4,486)

### NOTE 6(d) MAJOR VARIANCES BETWEEN ACTUAL AND BUDGET OPERATING RESULT

#### (i) Governance

The actual net cost was an decrease of \$24,000 (-0.8% under budget) due mainly to:

- reduced interest on investment income due to reduced cash flow and interest rates.
- increased transfer to Long Service Leave Reserve.
- additional Family Day Care subsidy received.
- increased net cost of Aged and Disability Services.

#### (ii) Infrastructure

The actual net cost was an decrease of \$510,000 (-4.0% under budget) due mainly to:

- increased income from supervision and design fees.
- increased income from Vicroads Maintenance Contract.
- reduced Waste Management costs.
- increased Plant operation expense including transfer to Plant Replacement Reserve.

#### (iii) Strategic Development

The actual net cost was an decrease of \$370,000 (-18.4% under budget) due mainly to:

- State Government Grants received in advance not expended.
- reduced net cost of COPACC.
- increased Bluewater Fitness Centre operating costs.
- reduced net cost of Building Department.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002 (CONT'D)

Colac Otway Shire

ABN 32 430 819 755

2001 \$'000	NOTE 7	CASH	2002 \$'000
5		Cash on hand	6
2,309		Cash at bank	2,366
<u>2,314</u>			<u>2,372</u>
		Cash is on hand or available on demand.	
3		Non-interest bearing	4
2,311		Interest bearing at average rate of 4.25% (2000/2001 - 4.5%).	2,368
<u>2,314</u>			<u>2,372</u>
		Interest rates are variable and reflect current market values.	
	NOTE 8	RECEIVABLES	
		<u>Current</u>	
271		Rates & Charges	246
361		Government Grants	431
726		User Charges	640
652		Private Works Debtors	214
16		Reimbursement Unfunded Superannuation Loan - CRLC	17
77		GST Asset	46
129		Other Debtors	524
<u>2,232</u>			<u>2,118</u>
		<u>Non-Current</u>	
143		Reimbursement Unfunded Superannuation Loan - CRLC	126
<u>143</u>			<u>126</u>

Rates are secured by a charge over each ratepayer's property.  
Interest is charged on overdue rates at 12.25% (2000/01 11.5%).  
The interest rate increased from 11.5% to 12.25% on the 9 May 2002.  
Rates 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 \$245,657, before any provision for doubtful debts.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002 (CONT'D)

Colac Otway Shire

ABN 32 430 819 755

2001 \$'000	NOTE 9	OTHER FINANCIAL ASSETS	Note	2002 \$'000
776		<u>Current</u> Cash - on call #		885
7		<u>Non Current</u> Cash - on call		10
703		Interest in Corangamite Regional Library Corp.	34	836
710				846
776		# Restricted Assets Long Service Leave investment		885
		Cash is held to specifically meet Council's long service leave liability as required by statute.		
		The average interest rate applicable to cash investments at call is 4.25% (2000/2001 - 4.5%)		
	<b>NOTE 10</b>	<b>INVENTORIES</b>		
56		Raw Materials and Stores		46
13		Great Ocean Road Visitor Information Centre		11
2		Indoor Aquatic Centre		4
71				61
	<b>NOTE 11</b>	<b>PREPAYMENTS</b>		
30		Vehicle Registrations/Insurance		24
27		Councillor Allowances		27
98		Other		12
155				63

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2002 (CONT'D)

**Colac Otway Shire**  
ABN 32 430 819 755

2001 \$'000	NOTE 12	PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT	2002 \$'000
		<u>Non-Current</u>	
		Land	
61		- at Cost	0
18,279		- at Independent Valuation 1/1/2000	0
0		- at Independent Valuation 30/6/2002	19,193
18,340			19,193
		<u>Buildings</u>	
5,806		- at Cost	0
24,629		- at Independent Valuation 1/1/2000	0
0		- at Independent Valuation 30/6/2002	31,534
(6,575)		Less: Accumulated Depreciation	(5,465)
23,860			26,069
		<u>Plant and Machinery</u>	
1,438		- at Cost	0
5,603		- at Independent Valuation 1/1/2000	0
0		- at Deemed Cost 1/7/2001	7,324
(3,057)		Less: Accumulated Depreciation	(3,290)
3,984			4,034
		<u>Roads and Streets</u>	
2,664		- at Cost	0
170,039		- at Independent Valuation 1/1/2000	0
0		- at Independent Valuation 30/6/2002	187,687
(72,446)		Less: Accumulated Depreciation	(83,565)
100,257			104,122
		<u>Parks and Gardens</u>	
231		- at Cost	0
2,057		- at Independent Valuation 1/1/2000	0
0		- at Independent Valuation 30/6/2002	2,404
(1,006)		Less: Accumulated Depreciation	(1,204)
1,282			1,200
		<u>Furniture and Equipment</u>	
127		- at Cost	172
153		- at Independent Valuation 1/1/2000	0
0		- at Independent Valuation 30/6/2002	210
(152)		Less: Accumulated Depreciation	(11)
128			371

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002 (CONT'D)

Colac Otway Shire

ABN 32 430 819 755

2001 \$'000	NOTE 12	PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT	2002 \$'000
		Drainage	
277		- at Cost	0
14,657		- at Independent Valuation 1/1/2000	0
0		- at Independent Valuation 30/6/2002	15,048
			15,048
(4,401)		Less: Accumulated Depreciation	(4,702)
10,533			10,346
		Bridges	
134		- at Cost	0
12,352		- at Independent Valuation 1/1/2000	0
0		- at Independent Valuation 30/6/2002	12,574
			12,574
(8,846)		Less: Accumulated Depreciation	(8,932)
3,640			3,642
		Footpaths	
410		- at Cost	0
4,462		- at Independent Valuation 1/1/2000	0
0		- at Independent Valuation 30/6/2002	5,411
			5,411
(1,716)		Less: Accumulated Depreciation	(2,187)
3,156			3,224
		Kerb and Channelling	
186		- at Cost	0
12,173		- at Independent Valuation 1/1/2000	0
0		- at Independent Valuation 30/6/2002	13,618
			13,618
(1,235)		Less: Accumulated Depreciation	(1,684)
11,124			11,934
87		Equipment under Lease	87
(33)		Less: Accumulated Amortisation	(43)
54			44
176,358		Total Written Down Value of Non-Current Fixed Assets	184,179



**NOTE 12 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (CONT'D)**

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	2002 \$'000											
	Land \$	Buildings \$	Plant and Machinery \$	Roads and Streets \$	Bridges \$	Footpaths \$	Kerb and Channel \$	Furniture and Equipment \$	Parks and Gardens \$	Drainage \$	Equipment under Lease \$	Total \$
Carrying amount at end of previous year	18,340	23,860	3,984	100,257	3,640	3,155	11,125	128	1,282	10,533	54	176,358
Additions	137	1,692	1,404	1,801	361	162	39	172	120	45	0	5,933
Disposals	(70)	0	(694)	0	0	0	0	(1)	0	0	0	(765)
Revaluation increments/(decrements)	853	1,903	0	8,794	(90)	11	1,053	102	(46)	(45)	0	12,535
Asset Write off	(67)	(304)	0	(312)	(68)	(3)	0	0	(3)	0	0	(757)
Recognition of Assets not previously recognised	0	0	0	6	0	0	0	0	0	0	0	6
Depreciation expense	0	(1,082)	(660)	(6,424)	(201)	(101)	(283)	(30)	(153)	(187)	(10)	(9,131)
Carrying amount at end of year	19,193	26,069	4,034	104,122	3,642	3,224	11,934	371	1,200	10,346	44	184,179

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002 (CONT'D)

Colac Otway Shire

ABN 32 430 819 755

2001 \$'000	NOTE 13	PAYABLES	2002 \$'000
		<u>Current</u>	
1,530		Trade Creditors	1,721
134		Accrued Expenses	206
231		Apollo Bay Harbour Creditors	65
86		Trust Deposits	179
0		Superannuation	6
7		Other	2
<u>1,988</u>			<u>2,179</u>
<b>2001</b>	<b>NOTE 14</b>	<b>PROVISION OF EMPLOYEE ENTITLEMENTS</b>	
		<u>Current</u>	
579		Annual Leave	622
107		Long Service Leave	111
0		Other	17
<u>686</u>			<u>750</u>
		<u>Non-Current</u>	
<u>669</u>		Long Service Leave	<u>774</u>
No. 306		Number of employees at year end.	No. 288
<b>2001</b>	<b>NOTE 15</b>	<b>INTEREST BEARING LIABILITIES</b>	
	(a)	Loans	
		<u>Current</u>	
<u>757</u>		Secured	<u>533</u>
		<u>Non-current</u>	
<u>5,125</u>		Secured	<u>4,592</u>
		The bank overdraft (Note 22) and loans are secured over the general rates of the Council.	
		Loans are expected to be settled as follows:	
757		Within 12 months	533
5,125		12 months or more	4,592
<u>5,882</u>			<u>5,125</u>
	(b)	Debt Servicing and Redemption for the Year	
309		Operating Interest Repayments on Loans	385
121		Capitalised Interest Repayments on Loans	0
692		Debt Redemption (Principal)	757
<u>1,122</u>		Total	<u>1,142</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2002 (CONT'D)

**Colac Otway Shire**  
ABN 32 430 819 755

2001	NOTE 15	INTEREST BEARING LIABILITIES (CONT'D)	2002
		The following average interest rates are applicable to:	
8.45%		Bank Overdraft	8.45%
7.41%		Bank Loans	7.33%
		Interest rates on bank loans are fixed. The interest rate on the bank overdraft is variable and reflects current market values.	
	NOTE 16	BORROWING COSTS	
\$'000			\$'000
		Specific borrowing costs were capitalised during the year	
		Capitalised Borrowing costs incurred at cost (Note 15):	
121		- Buildings	0
121			0
	NOTE 17	NET FAIR VALUES	
		The net fair values of financial assets and financial liabilities at the reporting date are as follows:	
		2001	2002
		Carrying Amount	Carrying Amount
		Net Fair Value	Net Fair Value
		\$'000	\$'000
		</	

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

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

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

**NOTE 18 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 Stephen Hart Brian Crook Stuart Hart	(Period: 1 July 2001 - 16 March 2002) (Period: 1 July 2001 - 16 March 2002) (Period: 1 July 2001 - 16 March 2002) (Period: 16 March 2002 - 30 June 2002) (Period: 16 March 2002 - 30 June 2002) (Period: 16 March 2002 - 30 June 2002)
Chief Executive Officer	Glenn Patterson	

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

Income Range:	2001 No.	2002 No.
\$0-\$9,999	0	6
\$10,000 - \$19,999	6	3
\$20,000 - \$29,999	0	0
\$30,000 - \$39,999	1	1
\$140,000 - \$149,999	1	1
<b>TOTAL</b>	<b>8</b>	<b>11</b>
	<b>\$'000</b>	<b>\$'000</b>
Total Remuneration for the reporting period for Responsible Persons included above, amounted to	252	257

- (iii) Senior Officers Remuneration

The number of senior officers, other than the Chief Executive Officer, whose total remuneration exceeded \$80,000 during the reporting period, are shown below in their relevant income bands:

Income Range:	2001 No.	2002 No.
\$80,000 - \$89,999	1	2
\$100,000 - \$109,999	1	2
<b>TOTAL</b>	<b>2</b>	<b>4</b>
	<b>\$'000</b>	<b>\$'000</b>
Total Remuneration for the reporting period for Senior Officers included above, amounted to	201	370

- (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.

**NOTE 19 AUDITOR'S RENUMERATION**

Remuneration of the auditor of the reporting entity for auditing or reviewing the financial report for the period was \$21,150 (2000/2001 \$20,000).

**NOTE 20 SUPERANNUATION**

The council makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund and the Western Australia Local Government Superannuation Plan.

The Local Authorities Superannuation 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. The rate is currently 8% of superannuation salary (8% in 2000/2001). 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 2001/2002 Council's superannuation contributions relating to LASPLAN members' service was \$295,420 (\$254,078 in 2000/2001).

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 2000/2001). During 2001/2002 Council's superannuation contributions relating to that year's defined benefits member's service was \$242,875 (\$244,213 in 2000/2001).

In addition, Council reimburses the Fund for the difference between resignation and retrenchment benefits paid to its retrenched employees. 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 is applied to principal and interest and included in the liability recorded by Council.

During 1999/2000 Council borrowed funds to extinguish the estimated outstanding liability to the Fund for an amount of \$1,705,906.

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 2002 (CONT'D)

Colac Otway Shire

ABN 32 430 819 755

### NOTE 20 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 2000. 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. The Western Australia Local Government Superannuation has one category of membership to which Council contributes superannuation.

#### WALGS Members

The Fund's WALGS 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. The rate is currently 8% of superannuation salary (8% in 2000/2001). 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 2001/2002 Council's superannuation contributions relating to WALGS members' service was \$895 (\$4,652 in 2000/2001).

2001 \$'000	NOTE 21	RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO NET PROFIT/(LOSS)	2002 \$'000
(3,788)		Net Surplus/(Deficit)	(4,486)
8,888		Depreciation	9,131
583		Increase in receivables	100
(73)		Increase in GST Asset	31
3		Decrease in other assets	0
(347)		Decrease in creditors	190
54		Increase in employee entitlements	170
(76)		Increase in prepayments	91
14		Decrease in inventories	10
67		(Profit)/Loss on Sale of Assets	(181)
5,325			5,056
(3)		Other reconciling items:	
20		Cash Advances received	0
173		Lease Payments	0
0		Change in Net Assets - Regional Entities	38
0		Property, Plant and Equipment Revaluation Decrement	90
0		Property, Plant and Equipment not previously recognised	(6)
0		Property, Plant and Equipment written off	371
870		Property, Plant and Equipment disposal	386
(289)		Donated Property, Plant and Equipment	(132)
6,096		Net cash provided by operating activities	5,803
	NOTE 22	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:	
2,314		Cash	2,372
0		Bank Overdraft	0
2,314			2,372



**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2002 (CONT'D)

**Colac Otway Shire**  
ABN 32 430 819 755

2001 \$'000	NOTE 23	FINANCING FACILITIES	2002 \$'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
<u>1,000</u>			<u>1,000</u>
2000	NOTE 24	FINANCIAL INDICATORS	2002
2001			
		(i) Debt servicing ratio (%) (to identify the capacity of a council to service its outstanding debt);	
		Debt servicing costs	385
0.9%	1.7%	Total revenue	25,880
			1.5%
		(ii) Debt commitment ratio (%) (to identify a council's debt redemption strategy);	
		Debt servicing & redemption	1,142
11.0%	11.7%	Rate and Charges revenue (12 months)	10,064
			11.3%
		(iii) Revenue ratio (%) (to identify a council's dependence on non-rate income);	
		Rate and Charges revenue (12 months)	10,064
21.1%	37.8%	Total revenue	25,880
			38.9%
		(iv) Debt exposure ratio ( : 1 ) (to identify a council's exposure to debt);	
		Total indebtedness	8,829
0.20:1	0.19:1	Total realisable assets	56,182
			0.16:1
		(v) Working capital ratio ( : 1 ) (to assess a council's ability to meet current commitments).	
		Current assets	5,499
1.77:1	1.42:1	Current liabilities	3,463
			1.59:1

2001 \$'000	NOTE 25	CONTINGENT LIABILITIES	2002 \$'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	
15		- Department of Conservation and Natural Resources	23
		Scoria pit, Lineens Road, Coragulac	
33		Sandstone pit, Ocean Road, Princetown	
5		Contract performance	
		- Roads Corporation	5
		- Lorne Foreshore Committee of Management	
		- Barwon Water	30
		No material losses are anticipated in respect of any of the above contingent liabilities.	
	<b>NOTE 26</b>	<b>COMMITMENTS FOR CAPITAL AND OTHER EXPENDITURE</b>	
		At the reporting date, the municipality had entered into contracts for the following capital and other expenditures:	
220		Cleaning	350
6,000		Garbage Collection	3,940
1,700		Port of Apollo Bay Construction	0
30		Miscellaneous	0
<u>7,950</u>			<u>4,290</u>
		These expenditures are due for payment:	
3,840		Not later than one year	2,315
4,110		Later than one year and not later than five years	1,975
<u>7,950</u>			<u>4,290</u>
		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.	

2001 \$'000	NOTE 27	FINANCE LEASE COMMITMENTS	2002 \$'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	1
1		Later than one year and not later than five years	0
0		Later than five years	0
25		Minimum Lease Payments	1
(2)		Less: Future finance charges	0
23		Lease Liability	1
22		Classified as:	1
1		Current	0
23		Non-Current	1
<b>NOTE 28 OPERATING LEASE COMMITMENTS</b>			
		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):	
202		Not later than one year	173
341		Later than one year and not later than five years	225
543			398
<b>NOTE 29 PORT OF APOLLO BAY</b>			
		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:	
1,738		ASSETS	
		Current Assets	492
1,738		TOTAL ASSETS	492
237		LIABILITIES	
2		Current Liabilities	77
		Non Current Liabilities	5
239		TOTAL LIABILITIES	82
1,499		NET ASSETS	410
1,499		Accumulated Funds	410
1,499		EQUITY	410

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002 (CONT'D)

Colac Otway Shire

ABN 32 430 819 755

2001 \$'000	NOTE 30	ASSET REVALUATION RESERVE	2002 \$'000
		The Asset Revaluation Reserve records revaluations of non-current assets.	
67,263		Balance at beginning of year	67,485
222		Increase/(Decrease) in Share of CRLC Asset Revaluation Reserve	170
0		Revaluation of Property, Plant and Equipment	12,625
<u>67,485</u>		Balance at end of year	<u>80,280</u>
<b>NOTE 31(a) OTHER RESERVES</b>			
		<u>Asset Replacement Reserves</u>	
		The Asset Replacement Reserves record funds allocated for the future replacement of non-current assets.	
8		Plant Replacement	12
<u>8</u>			<u>12</u>
<b>NOTE 31(b) MOVEMENT IN OTHER RESERVES</b>			
		<u>Plant Replacement</u>	
117		Balance at beginning of year	8
(19)		Increase/(Decrease) in Share of CRLC Asset Replacement Reserve	1
800		Transfer from Accumulated Surplus	(724)
(890)		Transfer to Accumulated Surplus	727
<u>8</u>		Balance at end of year	<u>12</u>
		<u>Recreational Land</u>	
36		Balance at beginning of year	0
(36)		Transfer to Accumulated Surplus	0
<u>0</u>		Balance at end of year	<u>0</u>

2001 \$'000	NOTE 32	INVESTMENT IN ASSOCIATES	2002 \$'000
		Name of Associate: Corangamite Regional Library Corporation	
		Principal Activity: Library	
		Ownership Interest	
		2001 2002	
		% %	
		24.61 24.59	
		Carrying Amount	
		2001 2002	
		\$'000 \$'000	
		703 836	
		Equity-Accounted Amount	
		2001 2002	
		\$'000 \$'000	
		703 836	
		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
(173)		<b>Accumulated Surplus Attributable to Associates</b>	
		Share of Profit/(Loss)	(38)
513		Accumulated Surplus attributable to Associates at the beginning of the financial year	340
340		Accumulated Surplus attributable to Associates at the end of the financial year	302
		<b>Reserves Attributable to Associates</b>	
		<u>Asset Replacement Reserve</u>	
23		Balance at beginning of the financial year	4
(19)		Share of Increase/(Decrease) in Asset Replacement Reserve	1
4		Balance at the end of the financial year	5
		<u>Asset Revaluation Reserve</u>	
137		Balance at beginning of the financial year	359
222		Share of Increase in Asset Revaluation Reserve	170
359		Balance at the end of the financial year	529
363		Reserves attributable to Associates at the end of the financial year	534
703		Interest in Associates	836

**NOTE 33 REPORTING ENTITY**

The registered office of the reporting entity is:  
2-6 Rae Street  
Colac Vic 3250

**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 2002, Australian Accounting Standards and other mandatory professional reporting requirements.

PRINCIPAL ACCOUNTING OFFICER .....

Date: 16/9/2002 .....

*Jamie McCa*

In our opinion the accompanying financial statements present fairly the financial transactions of the Colac Otway Shire for the year ended 30 June 2002 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.

The following Councillors have been authorised by Council on 28 August 2002 to certify the Financial Statements in their final form.

COUNCILLOR .....

Date: 16.9.02 .....

*David Lloyd Hecker*

COUNCILLOR .....

Date: 16 SEPTEMBER 2002 .....

*Alan Ryan*

ACTING CHIEF EXECUTIVE OFFICER .....

Date: 16th September 02 .....

*David*





## AUDITOR-GENERAL'S REPORT

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

### **Matters relating to the electronic presentation of the Audited Financial Report**

This audit report relates to the financial report of Colac-Otway Shire Council for the financial year ended 30 June 2002 included on the Council's web site. The Councillors of the Colac-Otway Shire Council are responsible for the integrity of the Council's web site. I have not been engaged to report on the integrity of the Council's web site. The audit report refers only to the statements named below. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

### **Audit Scope**

The accompanying financial report of Colac-Otway Shire Council for the financial year ended 30 June 2002, comprising a statement of financial performance, 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 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 Accounting Standards and other mandatory professional reporting requirements in Australia and the financial reporting requirements of the *Local Government Act 1989*, so as to present a view which is consistent with my understanding of the Council's financial position, financial performance 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 in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the financial reporting requirements of the *Local Government Act 1989*, the financial position of Colac-Otway Shire Council as at 30 June 2002, its financial performance and cash flows for the year then ended.

MELBOURNE  
20/09/2002

for 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](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

# COLAC OTWAY SHIRE

## PERFORMANCE STATEMENT

### for the year ended 30 June 2002

#### Annual Plan Indicators

Actual Result 2000/2001	Community Satisfaction		CSMP 2001/2002 Indexed mean.	ABP Target 2001/2002	Difference
62	CS.1	Community satisfaction rating for OVERALL PERFORMANCE GENERALLY of the Council.	63	*	
52	CS.2.1	Community satisfaction rating for LOCAL ROADS AND FOOTPATHS.	47	52	-5
75	CS.2.2	Community satisfaction rating for HEALTH AND HUMAN SERVICES.	76	77	-1
72	CS.2.3	Community satisfaction rating for RECREATIONAL FACILITIES.	70	72	-2
67	CS.2.4	Community satisfaction rating for APPEARANCE OF PUBLIC AREAS.	69	*	
60	CS.2.5	Community satisfaction rating for TRAFFIC MANAGEMENT AND PARKING FACILITIES	58	*	
67	CS.2.6	Community satisfaction rating for WASTE MANAGEMENT SERVICES.	62	68	-6
63	CS.2.7	Community satisfaction rating for ENFORCEMENT OF LOCAL LAWS.	64	*	
59	CS.2.8	Community satisfaction rating for ECONOMIC DEVELOPMENT.	66	60	+6
58	CS.2.9	Community satisfaction rating for TOWN PLANNING POLICY AND APPROVALS.	57	60	-3
71	CS.3	Community satisfaction rating for councilis INTERACTION AND RESPONSIVENESS in dealing with the public.	72	*	
64	CS.4	Community satisfaction rating for Councilis ADVOCACY AND COMMUNITY REPRESENTATION on key local issues.	63	65	-2
Actual Result 2000/2001	Financial Management		Actual Result 2001/2002	ABP Target 2001/2002	Difference
11.7%	FP.5	TOTAL DEBT SERVICING COSTS as a % of rates and charges revenue.	11.2%	11.2%	-
1.6:1	FP.4	WORKING CAPITAL RATIO (Current Assets as a % of Current Liabilities)	1.6:1	2:1	-0.4:1

Other Corporate Plan Indicators					
Actual Result 2000/2001	Governance		Actual Result 2001/2002	ABP Target 2001/2002	Difference
96.2%		Employee Opinion Survey Satisfaction Index	80%	91%	-11%
79%		Civic Mutual Plus Liability Assessment	66%	75%	-9%
0		Number of Best Value Reviews completed	5	6	-1
Actual Result 2000/2001	Infrastructure		Actual Result 2001/2002	ABP Target 2001/2002	Difference
77%		Asset Renewal Sustainability Index	68%	83%	-15%

\* No target included in Annual Business Plan.

## COLAC OTWAY SHIRE

### NOTES TO AND FORMING PART OF THE PERFORMANCE STATEMENT FOR 2001/2002

#### **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 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:

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

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

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

#### **Explanation of Major Variances**

The major variations between actual results for the year as compared to Annual Business Plan targets are explained as follows:-

- The Civic Mutual Plus Liability Assessment decreased from target of 75% to actual of 66% due to a more rigorous assessment process.
- The Asset Renewal Sustainability Index decreased from target of 83% to actual of 68% due to a revised basis of calculation .

COLAC OTWAY SHIRE

CERTIFICATION OF PERFORMANCE STATEMENT

In my opinion, the accompanying performance statement of the Colac Otway Shire Council in respect of 2001/2002 financial year has been prepared in accordance with *the Local Government Act 1989*.

PRINCIPAL ACCOUNTING OFFICER .....

Date: 19/09/2002 .....

*Janie Mc*

In our opinion, the accompanying performance statement of the Colac Otway Shire Council in respect of 2001/2002 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 Mr James Ryan .....

Date: 19 SEPTEMBER 2002 .....

NAME PETER BOYD MERCER .....

COUNCILLOR Peter Boyd Mercer .....

Date: 19.09.02 .....

NAME MERV. HAIR .....

ACTING CHIEF EXECUTIVE OFFICER *Merv Hair* .....

Date: 19/09/02 .....



## AUDITOR-GENERAL'S REPORT ON PERFORMANCE STATEMENT

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

### **Matters relating to the electronic presentation of the Audited Performance Statement**

This audit report relates to the performance statement of Colac-Otway Shire Council in respect of the 30 June 2002 financial year included on the Council's web site. The Councillors of the Colac-Otway Shire Council are responsible for the integrity of the Council's web site. I have not been engaged to report on the integrity of the Council's web site. The audit report refers only to the statement named below. An opinion is not provided on any other information which may have been hyperlinked to or from the statement. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited performance statement to confirm the information included in the audited performance statement presented on this web site.

### **Audit Scope**

The accompanying performance statement of Colac-Otway Shire Council in respect of the 30 June 2002 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 the appropriateness of the performance measures contained within the statement, have been undertaken to form an opinion as to whether, in all material respects, the performance statement is presented fairly in accordance with the *Local Government Act 1989*.

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

### **Audit Opinion**

In my opinion, the performance statement of Colac-Otway Shire Council in respect of the 30 June 2002 financial year is presented fairly in accordance with the *Local Government Act 1989*.

MELBOURNE  
20/09/2002

for 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](mailto:comments@audit.vic.gov.au) Website [www.audit.vic.gov.au](http://www.audit.vic.gov.au)

 150  
Years of Auditing in the Public Interest



## National Competition Policy Statement for 2001/02

### Colac Otway Shire Council

#### Certification by Chief Executive Officer

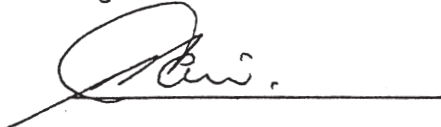
Colac Otway Shire Council has complied with the requirements of National Competition Policy (in accordance with *Competitive Neutrality Policy Victoria 2000*) for the financial year 2001/02 as set out below:

<b>A. Trade Practices Compliance</b> <i>State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress.</i>	Compliant
<b>B. Local Laws Compliance</b> <i>State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress.</i>	Compliant
<b>C. Best Value Competitive Neutrality Compliance</b> <i>State whether the Council is compliant or non-compliant for all significant businesses. If non-compliant, justify or cite actions to redress.</i>	Non compliant SB BWFC Dry area  Application of C.N. measure not in the public interest.  Costs for application of CN measure outweighs benefits

I certify that:

- (a) this statement has been prepared in accordance with the 2001/02 guidelines issued by the Minister for Local Government for reporting on National Competition Policy in accordance with *Competitive Neutrality Policy Victoria 2000* ; and
- (b) this statement presents fairly the Council's implementation of the Policy.

Signed:



(Chief Executive Officer)

Date: 16<sup>th</sup> September 2002,