

*Naturally
Progressive*



Colac Otway Shire

2002/2003
ANNUAL REPORT



Colac Otway
SHIRE

'Naturally Progressive'

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Photography by Michael Rayner, Stewart Milligan & Trevor Pendock

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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.

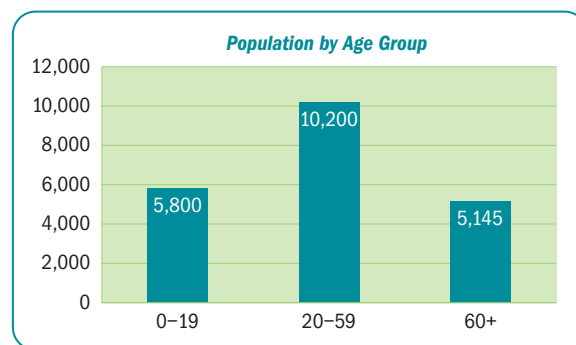
A significant part of the Otway Ranges is designated as State Forest, including sites of National and State Rainforest significance. The ranges are also of importance to the municipality and wider region for timber harvesting and water harvesting.

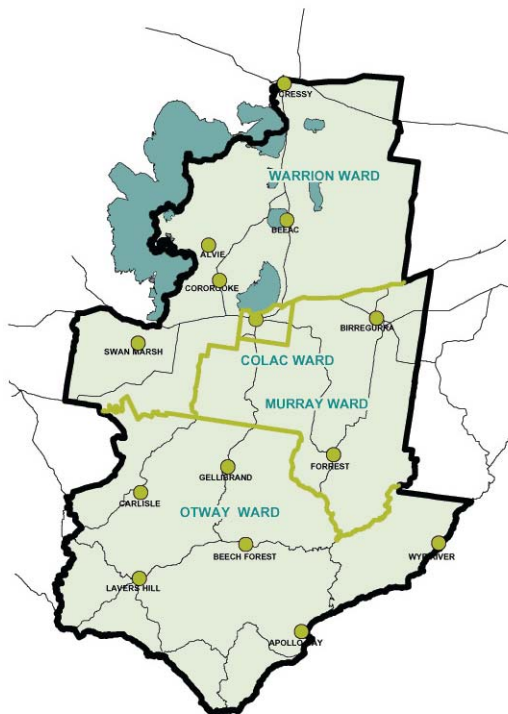
The coastline is recognised as one of the most spectacular in Australia, the visual and environmental features of which are being protected. This area is experiencing increasing demand for tourism and recreation development.

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 total population of the municipality is 21,145.

Profile

Colac Otway Shire Proclaimed	24/9/94
Area of Shire	3,530 square kms
Road Length (Local Roads)	1,730 kms
Voters (incl. absentee owners)	20,433
Rateable Property Assessments	13,094
Employees EFT	174.97
Council's Rates & Services Charges	\$10.9m
Council Operating Expenditure	\$33.7m
Loan Indebtness	\$4.6m
Total Assets Valuation	\$184.3m
Building Permits issued (July 2002–June 2003)	557 – \$49m
Planning Permits issued (July 2002–June 2003)	520 – \$19m
Population of Shire (30 June 2002)	21,145





Our Vision

Colac Otway be recognised as a progressive community, proud of its achievements in using a triple bottom line approach in creating balanced 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

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

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

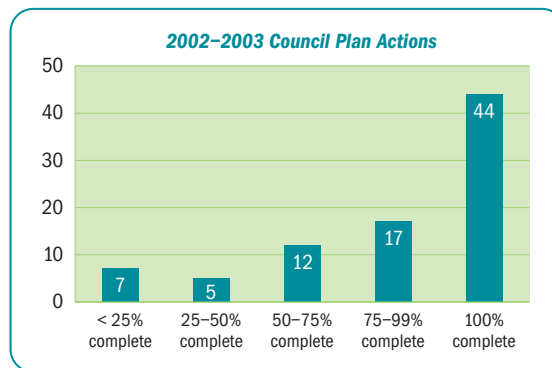
It is my pleasure to report to the Colac Otway community on the significant achievements of the Colac Otway Shire during the 2002/2003 financial year. The Annual Report reflects upon the highlights, disappointments, challenges and priorities set by Council in its Council Plan adopted June 2002. Council's overall performance is summarised as follows:

Council Plan Performance

Of the eighty five 2002/2003 Council Plan key actions, 72% (61 projects) have been completed or nearing completion. 28% (24 projects) were not achieved to a satisfactory level of completion due to budgetary constraints or are actions over a 3 year period and are carried over to the 2003/04 year.

Major projects completed during the year included Lake Colac Master Plan, Apollo Bay Neighbourhood Character Study, Apollo Bay Car Parking Precinct Study, Rehabilitation of Colac Landfill Site, Colac Otway Stormwater Management Study and major traffic management expenditure.

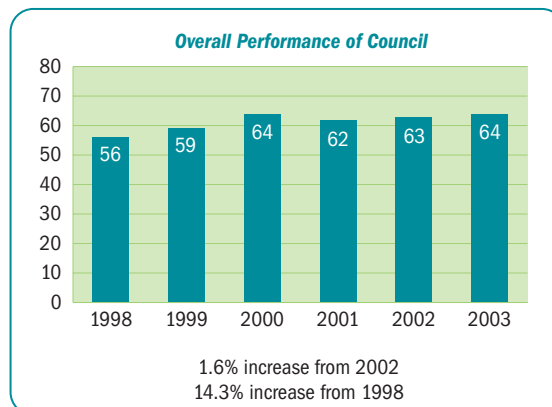
Major items that have not been achieved during the past year include completion of the Apollo Bay Harbour Development Plan, improved television reception across the Shire, construction of the Apollo Bay Transfer Station, inability to review the Municipal Public Health Plan, Apollo Bay Housing Strategy deferred.



Source: Business Measurement System

Constituent Satisfaction Survey Results

The Colac Otway communities perception of Council's overall performance improved marginally from 63 to 64. Areas perceived to have improved during the past year include waste management, recreation facilities, customer contact and local roads and footpaths. Services perceived to require further improvement include Council advocacy, economic development, local laws, traffic management and parking facilities, town planning policy and approvals.



Source: State Survey

Leadership

Council during the year conducted ward forums in each of Council's 4 wards to seek feedback on Council's performance and issues relating to maintenance and service provision. These forums proved valuable in the development of Council's 2003/04 Plan and Budget priorities. Council also continued its support to the development of small towns and communities through its Small Town Improvement Program. Council not only provided seeding fund for small town projects but also allocated over \$100,000 through its Community Minor Projects Funds, Recreation Facilities Assistance Fund and COPACC Community Hire Fund.

Community Support and Recognition

Council was once again proud to be associated with the Australia Day Council in recognising the contribution of individuals within its communities by awarding the Citizen of the Year Award for 2003 to Frank Lawrence of Colac and Young Citizen of the Year Award to Kepler Ryan of Colac. Council also was successful in receiving a 3 year community commitment from the State Government for funding the development of a community transport network to assist those unable to access commercial transport services for every day access to health, community and shopping activities. The newly created transport service is progressively expanding from Colac and Apollo Bay townships to smaller communities within the Shire.

Sustainability

Council has made significant representations throughout the past year in the areas of sustaining employment and environment in the areas of timber harvesting, tourism development and the improvement to Lake Colac and its environs. Council will be challenged during ensuing years to obtain guarantees of funding and support for industries dislocated by the Victoria State Government's decision to cease native forest logging in the Otways from 2008 and significant funding to undertake major projects in the rehabilitation of Lake Colac and its environs.

Council joined the International Council for Local Environmental Initiatives which entitled Council to a grant of \$4,000 to undertake an Energy Audit. Council also joined the Cities for Climate Protection Program and completed Milestones 1 and 2.

Economic Development

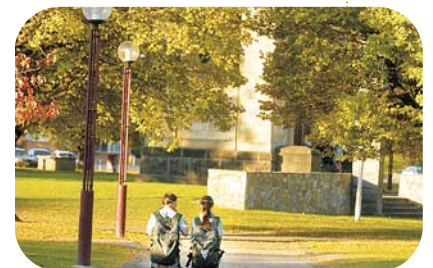
Council has achieved significant success in building a confidence within the municipality for the expansion of existing industries and the attraction of new industries. Colac Otway Shire presents significant advantages in available land for industry and housing development, ample supply of clean water and comprehensively serviced townships, particularly in Colac and Apollo Bay for the relocation of industry and potential employees. This attraction brings with it challenges in the provision of appropriately zoned residential and industrial land and the provision of appropriate housing for the location of an increasing population. During the year Council consideration was given to the development of a Labour Attraction Study and the investment in a Regional Marketing Program.

Positive Population Growth

Colac Otway Shire leads the South West Region with a positive population growth of 4.6% for the period 2000–2002 compared to a regional growth of 2.9%. This growth along with a new level of interest in investment activity and inquiries supports Council's increased investment in economic development and strategic planning.

Key Stakeholder Expectations

Council in its planning for the ensuing financial year, considered community feedback from Constituent Satisfaction Surveys, Best Value Consultation sessions, Municipal Ward Forums and external enquiries for investment opportunities within the Colac Otway Shire and as a result has placed a significant importance on improved infrastructure development, maintenance and social opportunities within the Colac Otway Shire. Improved infrastructure programs currently underway include sewerage of small towns within the Shire, extension of natural gas connection to local communities, improvements to streetscapes in major towns, support for the completion of the Great Ocean Road Strategy and provision of increased asset renewal funding over the next 5 to 10 years.



Mayor's Message

The success of Council requires significant co-operation at the policy and administration levels. Council in October 2002, recognised the significant contribution made to the Colac Otway community by volunteers involved in community transport, visitor information centres, meals on wheels services, recreation reserve committees and the various community organisations including Country Fire Authority, CWA, Red Cross, Do Care, Health and Community Centre Auxiliary Committees and local services clubs.

Council also recognises the commitment provided to the Colac Otway Shire by Chief Executive Officer, Glenn Patterson, who resigned from Council in September 2002 after 4½ years service. Council welcomed new Chief Executive Officer, Rob Small in March 2003. Council recognises the excellent contribution made over the past financial year by all employees of the Colac Otway Shire, particularly those who have filled acting roles in the absence of key permanent appointments of senior staff.



Cr. Jim Ryan (Mayor)
Colac Ward



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

First elected 1996. Re-elected 1999; 2002. Mayor: 1996/1997, 2003/2004.

Committees:

Audit Committee, CEO Appraisal Committee, Australian Local Government Association, Barnard Trust Committee, Colac Otway Shire/Corangamite Local Safety Committee, COPACC Trust, Disability Services Community Forum, Municipal Association of Victoria, Municipal Saleyards Association, Municipal Saleyards Committee, Police Community Consultative Committee, South West Municipalities Group.

Cr. Peter Mercer

Phone: 5236 6246
Fax: 5236 6546



Murray Ward

First elected 1996. Re-elected 1999; 2002. Mayor: 2000/2001, 2002/2003.

Committees:

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

Cr. Warren Riches

Phone/Fax: 5234 8206
E-mail: warren@swift.net.au



Warrior Ward

First elected 1996. Re-elected 1999; 2002. Mayor: 2001/2002.

Committees:

Army Cadet Unit: Colac, BlueWater Fitness Centre Advisory Committee, Chief Executive Officer Appraisal Committee, Leisure Networks, Municipal Aerodrome Committee, Old Beechy Line Committee, Premier Recreation Reserve Committee, Target Sports Club Forum, Tirrengower Drainage Area Advisory Committee.

Cr. Stephen Hart

Phone: 5237 3109
Fax: 5237 3107
Mobile: 0427 055951
E-mail: lavershill@bigpond.com



Otway Ward

Elected 2002.

Committees:

Audit Committee, Chief Executive Officer Appraisal Committee, Apollo Bay Harbour Steering Group, Apollo Bay Neighbourhood Character Study Steering Committee, Cliff Young & Community Recreation Centre Committee, Lavers Hill Swimming Pool Committee of Management.

Cr. Stuart Hart

Phone/Fax: 5235 8159
Mobile: 0427 050960
Email: shart@swift.net.au



Otway Ward

Elected 2002.

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, Contract Committee, Municipal Emergency Management Planning Committee, Otways Tourism Inc., Wye River/Separation Creek Foreshore Committee.

Cr. Helen Paatsch

Phone/Fax: 5232 2658
Phone (Home): 5231 3799
Mobile: 0407 881808
E-mail: fhpaatsch@primus.com.au



Colac Ward

First elected 1996. Re-elected 1999; 2002. Mayor: 1999/2000.

Committees:

Apollo Bay Neighbourhood Character Study Steering Committee, Chief Executive Officer Appraisal Committee, Colac Development Committee, Community Transport Steering Committee, COPACC Trust, Geelong Otway Tourism, Lake Colac Co-ordinating Committee, Timber Towns Committee.

Cr. Brian Crook

Phone (AH): 5231 3885
Phone (BH): 5232 2640
Fax (AH): 5231 6954
Mobile: 0418 997043
E-mail: blpcrook@hotmail.com



Colac Ward

Elected 2002.

Committees:

Colac Skate Park Advisory Committee, Corangamite Catchment Rural Counselling Service, Chief Executive Officer Appraisal Committee, Youth Council.

Chief Executive's Overview

The Annual Report provides an important scorecard to the residents and ratepayers of the Colac Otway Shire and I am pleased to present the 2002/2003 Report which records the successes, disappointments and future challenges facing the Shire in the year ahead.

Key Stakeholders' Expectations

Council's 2002/2003 Council Plan highlighted the medium term challenges of Council as being:

- Ensuring the long term financial health of the organisation
- Strategically managing planning and development to achieve ecological sustainable development
- Continued community leadership in considering the needs and views of the Colac Otway Shire residents delivering and facilitating services aligned to the communities needs through the implementation of the Best Value program
- Encouraging Colac Otway stakeholders participation in decision making
- Building an organisational culture of excellence

Key actions addressing these challenges were set out in Council's Plan and Business Unit Business Plans and their implementation monitored throughout the year and progress regularly reported to the Senior Management Team and Council. The contents of this Annual Report provides detail of Council achievements in meeting the above challenges.

Management Reporting

The Chief Executive Officer reports monthly, quarterly and half yearly through the Council Agenda, Website and Newsletters on the performance of the organisation against key actions listed in the Corporate Plan. Ward Forums were used for the first time during the year to also share information with and report to the community.

Informing our Community

A major upgrade of the Council Website has greatly enhanced the communities access to Council information and opportunity to register personal requests for information or action to be undertaken on a particular matter.

Two community newsletters were circulated during the year together with a number of new information brochures on Council contacts and services. Council averaged four media releases per week on Council activities and reviewed its Community Consultation Policy to allow more time to comment on Council Policy documents where the consultation period extended over a public holiday period.

Capital Works Performance

Of the 74 projects included in the 2002/03 program, 15 were of an ongoing nature (that is no defined start or completion date). 8 projects of the program in number were not completed within the financial year. The capital works completion rate for the past year has been 85% for the program. Projects that were not started include Borwick and Dowling Streets Special Charge Schemes for street construction, Hordern Vale Access Road renewal/upgrade, establishment of a new Municipal Animal Pound, Lavers Hill Community Hall upgrade, establishment of the Apollo Bay Transfer Station, Birregurra Business Centre footpath replacement and sale of Lakeside Estate Property.

Long Term Infrastructure Financial Planning

Council is pursuing the objectives of the Strategic Asset Management Plan (SAMPlan) to meet asset renewal targets. The adopted plan indicated that Council requires to allocate \$150,000 per annum over the next 4 years, to maintain that level of commitment to asset renewal for a further 5 years, then increase this spending by a further \$75,000 per year for the following 5 years. Council expenditure for 2002/03 Asset Renewal was \$2.36m.

SAMPlan provided an influence to this strategic financial plan with a long term view to establishing the steps Council needs to take to ensure its long term asset sustainability.

Infrastructure Renewal and Maintenance Spending

The 2002/03 saw continuing expenditure increases by Council to maintain its assets in good order and to replace assets that have worn out. Expenditure for 2002/03 increased by \$200,000 for unsealed pavement maintenance.

Chief Executive's Overview

The addition of an Asset Inspection in 2002/03 is enabling better asset data collection and providing objective input to future maintenance programs in several key areas including gravel road reconstruction, drainage, vegetation control and footpath condition improvements.

Additional allocations have been provided for gravel road reconstructions, vegetation control, footpath renewal programs in 2003/04. This however is being offset to some extent through traffic management requirements and material price increases.

Council will continue to focus on asset renewal projects within the capital works program and implementation of a number of road and bridge renewal projects under the Roads to Recovery program.

Colac Otway Services Board

The Board was disbanded in May 2003 after overseeing the management of contracts of the provider side of the organisation, particularly during the period of Compulsory Competitive Tendering. The Board completed its role during the year when the Cosworks Operation Contract expired and Cosworks became an "in-house" team.

Business Planning including Best Value Reviews

Management for the first time during 2002/03 prepared its ten business unit business plans on a new template integrating the business planning and best value processes into one review. This process has ensured that the principles of the Best Value Guidelines are integrated into Council's Business Planning program. This process has reduced the recommended five year cycle of Best Value reviews down to a three year cycle with five reviews being undertaken during the past year, including Information Services, Infrastructure, Cosworks and Colac Livestock Selling Centre.

Human Resources/Organisational Development

Considerable review has taken place throughout the year of systems, policies and resources associated with employee engagement and identification of development opportunities for both individuals and the organisation.

An Employee Opinion Survey conducted in November 2002 was for the first time aligned to the Australian Business Excellence Framework. This allowed Council to have a more detailed analysis of the data completed that in turn will provide valuable continuous improvement opportunities in Organisation Development. The outcome of the survey resulted in a score of 689 out of a possible 1000 points. This result was 46 points short of an award level and placed Council in the top 10–15 Councils in Australia undertaking this survey for the first time.

Employment over the past two financial years has seen effective full-time staff numbers remain at 175 employees. Turnover during the past year was recorded at 11.06% a small increase on the previous year. The organisation is looking forward to 2003/04 with the introduction of new systems including the completion of a CD for induction programs for new employees, purchase of new performance management software for regular appraising of staff and the development of new software for business measurement which will assist in aligning key actions throughout the organisation with personal performance.

Strategic Development

Council has foreseen the need to ensure strategic planning and economic development programs meet the needs of the expectations of Colac Otway communities to the future. The adoption by Council of their Apollo Bay Neighbourhood Character Study during 2002 and the Apollo Bay Carparking Strategy have been achieved as outcomes of Council's Municipal Strategic Strategy which is currently being reviewed. Council continues to experience pressure in applications for planning and building permits throughout the Shire and additional resources and commitment have been required to meet this increasing demand.

Conclusion

The organisation has again achieved a high level of constituent satisfaction results and employee surveys indicate the commitment that staff provide the Colac Otway community. The Council Plan and Business Plans key actions have been achieved where possible and detailed attention has been given to long term asset management and financial management programs.

Rob Small
Chief Executive Officer



Financial Performance

Operating Result

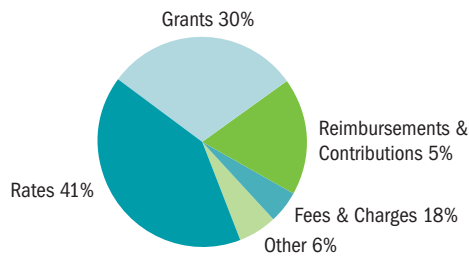
The Shire's financial performance for 2002/03 is summarised as follows:

Rate Determination Cash Surplus/(Deficit) (excluding Port of Apollo Bay)	(\$0.5m)
Rate Determination Cash Surplus/(Deficit) (including Port of Apollo Bay)	(\$0.6m)
Operating Surplus/(Deficit) (including Port of Apollo Bay)	(\$7.4m)

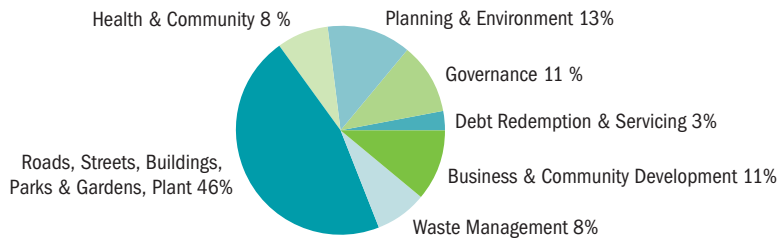
The Shire continues to incur an Operating Deficit due to an Infrastructure Renewal Gap (2002/03: Depreciation \$8.1m Renewal Expenditure \$4.0m). As part of Council's long term financial strategy, it is intended to narrow this gap over time. Council incurred a loss on disposal of assets of \$1.8m. This "once off" loss was due to the sale of the Lions Club Senior Citizens Village to Mercy Aged Care. Although the land and buildings were valued at \$2.1m in Council's balance sheet, only the land could be sold and the buildings were transferred to Mercy Aged Care at no cost as they were a community asset funded by community donations.

Revenue and Expenditure

Where does Council's revenue come from?



Where does Council spend its revenue?



Council continues to be successful in the acquisition of external grants to assist in its works and service program throughout the year. The past year has seen 30% of Council's revenue being generated from external sources which ranks at a high level compared to other Councils throughout the state. Council also achieved a 97.1% collection result for rates and charges which again ranks as a high achievement level throughout the State.

Total expenditure increased from \$30.4m in 2001/02 to \$34.1m in 2002/03. The two major factors in this increase were the written down value of assets sold (\$3.0m) and written down value of assets replaced (\$1.2m).

Impact of Depreciation

Council's depreciation charge is significant compared with other similar sized Victorian Councils. The primary reasons are outlined in relation to Council's:

- Relatively larger infrastructure asset base compared to other rural Councils of similar size
- Reduced capacity to raise revenue for infrastructure renewal due to a relatively low population/rate base, e.g. high forestation
- Conservatively higher replacement unit costs, supported by current cost data
- Comparatively shorter asset lives, reflecting factors such as high rainfall, heavy traffic and a high proportion of maintenance required for unsealed roads

Expenditure emphasis on replacement and upgrade rather than maintaining existing infrastructure assets will have a direct positive bearing on decreasing the depreciation charge, improving the operating result and improving the longer-term financial viability of Council.

Loan Liability

As part of Council's debt management strategy, a further \$0.5m has been repaid on Council's loan liability. Over the past 3 years, Council's loan liability has decreased from \$6.1m to \$4.6m. However, Council may have to borrow approximately \$0.9m in the 2003/04 financial year to repay its share of the Defined Benefits Superannuation Scheme shortfall. Even with this proposed borrowing, Council remains well within the limits of all 3 Prudential Ratios as set by the Department of Infrastructure.

Working Capital

Council's working capital ratio which assesses ability to meet current commitments has improved from 1.42:1 to 1.69:1 over the past 2 years. However, Council is aiming to achieve the State average of 2:1 within the next 3 years as part of its financial strategy.



Organisation Structure

Council



Chief Executive Officer Rob Small

- Council Support
- Strategic Planning
- Internal Audit

Rob has an honours Degree in Horticulture, holds qualification as a Chartered Secretary and a Diploma in Business Studies. He has professional affiliations to Local Government Professionals, Local Government Managers Association and is a World Commissioner on the Horticultural Federations of Parks & Recreation Administration.

Organisation Support Team

- Human Resources
- Risk Management
- Organisation Development
- Communications

General Manager Corporate Services Merv Hair



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

Merv holds a Diploma of Business Studies from Victoria University and his professional affiliations include Fellow, Local Government Professionals; Local Government Managers Association; Institute of Water Management and Member International City Managers Assoc.

General Manager Infrastructure Services Gary Dolan



- Asset Management Systems
- Capital Works Programs
- Design Contract Supervision
- Waste Management Supervision
- Contract Supervision
- Emergency Management
- Fleet Management
- Property Management & Maintenance
- Apollo Bay Harbour Planning
- Parks and Gardens
- Road Construction & Maintenance
- Plant Maintenance
- Bridge Maintenance
- Saleyards

Gary holds a Bachelor of Engineering and a Graduate Diploma of Management (Technology). He has professional affiliations with the Association of Professional Engineers, Scientists and Managers, Australia.

General Manager Planning & Environment (New Position)

- Statutory Planning & Regulations
- Building Surveying
- Environmental Management
- Fire Prevention
- Planning Enforcement
- Local Laws

Governance Policies

In December 2002, Council reviewed its Good Governance Policy which is based on the premise that Council acts in trusteeship for Colac Otway Shire residents and ratepayers. The Policy focus is on principles of governance with an emphasis on accountability, leadership, community responsiveness and pro-activity.

Council also reviewed the Code of Ethics and Proper Practice which is a statement of how Council and Councillors will act in working together and with the wider community. The Code outlines values and behaviours of Council in regard to:

- Community expectations
- Confidentiality
- Communication
- Pro-activity
- Relationships between Council and staff
- Collective decision making

Councillors are remunerated on an annual basis and the Mayoral allowance was set at \$36,000 in March 2003 with Councillor allowances \$12,000.

2002/2003 Council Meeting Attendance by Councillors

Council conducted its business in open and publicly advertised meetings held in Colac and Apollo Bay. In 2002/2003 there were 12 Ordinary Meetings, 3 Special Meetings and 1 Statutory Meeting of Council. Council also held Ward Forums in each of the four wards to informally discuss issues with the community and provide and receive feedback.

Number of meetings held	Ordinary Meetings	Special Meetings	Statutory Meeting
	12	3	1
Cr. Peter Mercer	12	3	1
Cr. Warren Riches	12	3	1
Cr. Jim Ryan	12	3	1
Cr. Stephen Hart	12	3	1
Cr. Stuart Hart	12	3	1
Cr. Helen Paatsch	11	2	1
Cr. Brian Crook	6	3	0



Customer Service Charter

The Customer Service Charter outlines Council's commitment to ensuring customers using Council facilities or services receive quality, efficient and responsive service. The Charter covers specific areas of accessibility, consultation, visitor acknowledgment and handling of telephone, correspondence and account enquiries.



Source: State Survey CS.3



Chief Executive Officer and Staff Delegation

Council has a formal Instrument of Delegation which provides the Chief Executive Officer with power to implement actions on behalf of Council in the implementation of policies, local laws and various Acts of Parliament. The Chief Executive Officer further delegates some of these powers to staff throughout the organisation.

Instruments of Delegation are reviewed twice yearly to improve efficiencies in managing Council's operations.

Continuous Improvement

Colac Otway Shire is committed to continuous improvement and uses the Australian Business Excellence Framework to identify areas for improved organisational performance and operational efficiency. The framework measures the organisation against seven key categories – Leadership & Innovation; Strategy and Planning Processes; Data, Information & Knowledge; People; Customer and Market Focus; Processes, Products and Services; Business Results.

Further improvement opportunities are identified through the Best Value reviews, the annual Customer Satisfaction Surveys and Council's Ward Forums. The most recent projects undertaken by the Organisation Improvement Project teams include: Business Measurement, Business Continuity, Database Integration and the Website enhancement.

Outcomes from all Best Value reviews have been incorporated into the Business Planning process to ensure areas for improvement are actioned and measured as part of the Business Units' 3 year continuous improvement plans.

Council and Business Planning

The Council Plan is a three year plan confirming Council's commitment to the Colac Otway community. The Plan incorporates an Annual Plan and a five year Financial Plan. The Council Plan is prepared on a balanced focused basis recognising that Council aims to be even-handed in its approach to achieve desired outcomes. Key objectives within the Plan are listed under Service Planning, Community Outcomes, Organisation Development and Financial Sustainability.

Key objectives within the Council Plan continue to be reflected in Business Unit Business Plans to ensure Council's policy decisions are aligned with continuous improvement action plans, resource and financial plans. The Unit Business Plans support Council's continuous improvement plan the principles of Best Value.

Progress on key objectives from the Council Plan are reported quarterly to Council and the community. Business Unit Business Plans are monitored and reported regularly to Senior Management through the recently developed Business Measurement System "Pulse".

Risk Management

Colac Otway Shire have maintained a committed and pro-active approach to Risk Management over the past year which has reflected in a significant improvement in Council's Civic Mutual Plus Liability Assessment.

The following initiatives undertaken during the year have been developed and implemented ensuring compliance with AS/NZS 4360:1999:

- Regular review and implementation of strategies which will lead to a downgrading of high risks in Council's Risk Register
- Conduct of Risk Management Workshops with community organisations relating to public liability and community insurance
- Development of a Risk Management Resource Kit
- Organisational Audit practices
- Business Continuity Management
- OH&S, SafetyMAP and WorkCover

Strategic Planning Process

Council Plan 2002–2005

The 2002–2005 Council Plan is a three-year plan, confirming our commitments to the Colac Otway community, identifying our vision and providing clear direction to the organisation. The Council Plan outlines the three year goals and objectives against which it's performance will be measured.

Council reviews its vision and goals annually by consulting with its community and stakeholders, and ensuring legislative and policy obligations are met.



Business Unit Plans

The Business Plans provide detailed Unit objectives, actions, resources, and financial budgets to achieve the goals of the Council Plan.

The Business Plans also include strategies which are aligned to the Best Value principles of consultation, responsiveness, continuous improvement, accessibility, reporting, quality and cost.

The Annual Budget is developed to achieve outcomes of Business Plan objectives.



Monitoring Performance

Annual objectives and key actions are monitored through a business measurement system to ensure performance targets are met and that Council is achieving its commitments to their community and its stakeholders.



Annual Report 2002–03

This Annual Report provides an important scorecard to the community and stakeholders of Colac Otway Shire and is a key reporting tool to measure Council's performance and financial result for the year.

The Report also reflects on the highlights, disappointments, challenges and priorities set by Council in its Council Plan.

Organisational Audit Practices

Council's Audit Committee has met regularly throughout the year and exists for the purposes of:

- Acting as a Committee of Council to assist in discharging Council's responsibilities as they relate to the organisation's accounting policies, management systems, internal controls and financial reporting

Actions arising from the Committee's agenda over the past year include:

- Review and endorsement of the 2001/2002 Financial Statements and Performance Statement
- Monitoring of the Risk Register actions and developments
- Monthly review of operational Financial Management, including:
 - Statement of Financial Position
 - Cash Management and Debt Management
 - Capital Works Program Analysis
 - Co-ordination of recently completed Internal Audit projects, including Saleyards, Port of Apollo Bay, Airfield Management, Cash Management and Waste Management
 - Review and response to the Cosworks Business Unit Operations Audit
 - Review of National Competition Policy legislative compliance
 - Review of the financial options for implementation of Colac Landfill Rehabilitation
 - Endorsement of Guidelines – Sale of Council land
 - Recommendation of submission regarding UIG31 Accounting for Goods and Services Tax
 - Review of Asset Inspection and Tree Inspection process



Internal audit is a significant component of Council's risk management framework. Internal audits were conducted in the following service areas during the year:

- Colac Livestock Selling Centre
- Port of Apollo Bay Harbour
- Airfield Management
- Case Management
- Cosworks Operations
- Waste Management Services

Internal audit provides Council and management with assurances that systems and internal controls are adequate to minimise risk and litigation.

Business Continuity Management

The organisation has commenced the development of a Business Continuity Management Plan to reduce our risk and ensure essential service provision to the community in the event of a major disaster. The objectives of the Plan will be to:

- Ensure the health and safety of our staff and community
- Protect our revenue streams
- Protect the organisation's reputation and legal standing
- Provide clear direction and assurance to our staff
- Minimise costs associated with repair and recovery from damage

OH&S, SafetyMAP and WorkCover

Successful audits were conducted in September 2002 and May 2003 which enabled Council to successfully comply with accreditation.

Cosworks achieved re-accreditation in Quality Assurance and Environmental Management Systems during the year. Combined with SafetyMAP accreditation, Cosworks has a significant competitive advantage as a result of these achievements.

The Colac Livestock Selling Centre achieved National Saleyard Quality Assurance re-accreditation and EU re-accreditation which enables the centre to sell stock eligible for the European export market.

Workcover annual review of all claims have been conducted and site safety assessments have commence on worksites within the Shire. With the continued implementation of SafetyMAP to guide our Occupational Health and Safety management, our WorkCover performance is excellent.

Number of incidents reported and accepted

2001/2002	21
2002/2003	8

Insurances – Community & Public Liability Impacts

Council has worked with the community to reduce the impact of increasing insurance liability and enhancing their opportunity to gain insurance cover through the insurance industry.

Initiatives undertaken included:

- Preparation of Risk Management Resource Kit
- Conduct of Community Risk Management Workshops
- Lobby MAV and Insurers on behalf of community groups

Our Performance – 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 2002/2003

- Council formally introduced Ward Forums in each Ward to receive specific comments from the community in planning Council's Works Program for 2003/04
- Best Value Service Review consultations were conducted for 4 service areas with community representatives, providing important feedback for better service outcomes
- Council's Website was upgraded, providing greater access to Council information particularly for absentee property owners
- Extensive community consultation has been involved in major projects including: Lake Colac Management Plan, Apollo Bay Neighbourhood Character Study, Beechy Line Conservation Strategy, Television Blackspot Program, Sustainable Sports Ground Development, Small Towns Waste Water Treatment, Otway Ward Rating Review
- The contribution of individuals were again recognised by the council's Annual Australia Day Citizens Awards presentations. Awards for 2003 were presented to Frank Lawrence (Colac) – Citizen of the Year, Kepler Ryan (Colac) – Young Citizen of the Year, Pat Heffernan (Colac) and Irene Newton (Apollo Bay) – Community Service Award and Jim Ryan (Colac) – Sporting 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

Disappointments 2002/2003

- Failure to achieve better Television Services across the Shire – now scheduled for 2003/04

Challenges and Priorities 2003/2004

- Increase Constituent Satisfaction Index levels for advocacy and community representation on key issues
- Prepare for November 2004 Election of Councillors for a four year term
- Review Council's current Rating Strategy prior to preparation of 2004/05 Budget
- Continue commitment to community consultation policy



Source: State Survey CS.4



Our Performance – Community Outcomes

Infrastructure

Objective

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

Highlights 2002/2003

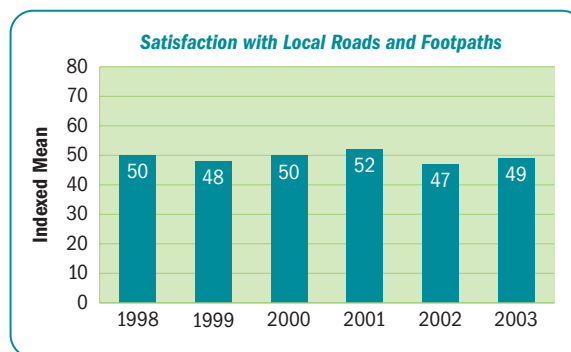
- Completion of 85% of Capital Works projects which were within Council's control and commencement of most of the other uncompleted projects
- Commencement of Bruce Street Landfill rehabilitation project, adjacent to Lake Colac
- Completion of Best Value Review for the Asset Management, Capital Works, Contract Management and Waste Management areas of the Infrastructure Unit
- Increased funding for gravel road reconstructions up to \$715,000 for 2003/04 from \$650,000 in 2002/03
- Successful Better Roads Grant Applications enabling approximately \$470,000 worth of works to be undertaken on State Impacted Timber Roads, and \$450,000 of improvements to key Blackspot intersections within Colac
- Implementation of a number of Road to Recovery Projects and securing of contracts facilitating continuation of program into 2003/04
- Completion of Apollo Bay Streetscape Improvement works with the addition of road asphalt and linemarking of the Great Ocean Road through the business area

Disappointments 2002/2003

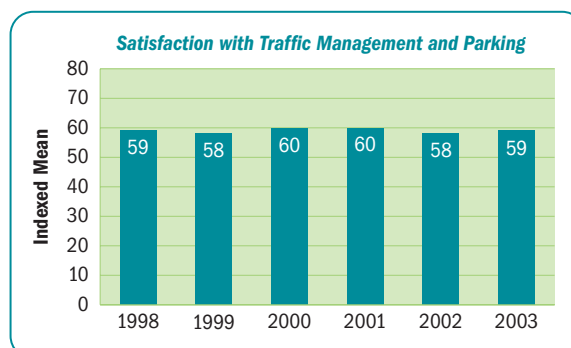
- Construction of the Apollo Bay Transfer Station has not yet been achieved. This will be a focus for priorities in 2003/04
- Implementation of Special Charge Schemes for Borwick and Dowling Streets in Colac. Works will be undertaken to facilitate these projects for 2004/05

Challenges & Priorities 2003/2004

- Timely development of Road Asset Management Plans and Policies to guide future asset development and maintenance practices
- To secure land for the development of Apollo Bay Transfer Station, and commencement of construction for facility
- Implementation of new Waste Management Contract to coincide with completion of existing contract



Source: State Survey CS.2.1



Source: State Survey CS.2.5

Our Performance – Community Outcomes

Planning & Environment

Objective

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

Highlights 2002/2003

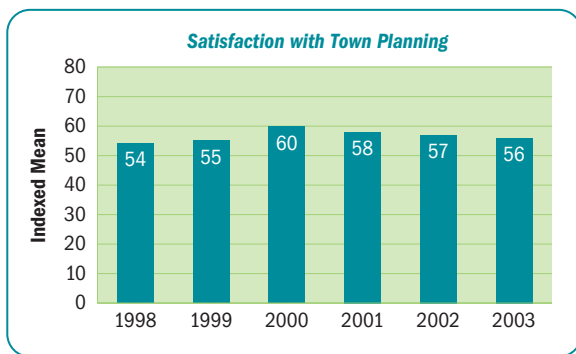
- Adoption by Council of the Apollo Bay Neighbourhood Character Study which will help control the future development of the town
- Preparation of C8 (Environment Management Overlay) amendment including exhibition period
- Adoption by Council of the Apollo Bay Carparking Strategy to provide a framework for future planning permit applications within Apollo Bay business area
- Adoption and launching of the Lake Colac Management Plan by Ian Kiernan of Clean Up Australia
- Adoption of Coastal Community Revitalisation Project
- Adoption of the Colac Otway Stormwater Management Plan

Disappointments 2002/2003

- Apollo Bay Neighbourhood Character Study not becoming an incorporated document to the Planning Scheme
- Apollo Bay Carparking Strategy not becoming an incorporated document to the Planning Scheme
- Time slippage on preparation of Municipal Strategic Statement
- Lack of progress on Skenes Creek, Kennet River and Wye River and separation Creek Neighbourhood Character Studies

Challenges & Priorities 2003/2004

- Progression of implementation of recommended priority actions from strategies such as Lake Colac Management Plan and Stormwater Management Plan
- Timely preparation of planning scheme amendments including outcomes of the Conservation and Heritage Study
- Implementation of the outcomes of the Coastal Community Revitalisation Project
- Review of the Apollo Bay Structure Plan



Source: State Survey CS.2.9



Source: State Survey CS.2.7



Our Performance – Community Outcomes

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 2002/2003

Economic Development

- Labour attraction study undertaken and continued facilitation of labour force forum
- Continued implementation of Small Town Improvement Program in partnership with community groups
- Implementation of Colac housing strategy recommendations and undertaking of Apollo Bay housing strategy
- Continued low unemployment rates of 5.8% compared to State average of 6.7%

Tourism

- Level 2 “Better Business” Accreditation for the Great Ocean Road and Colac Visitor Information Centres maintained
- Otways Tourism Business Plan Action Plan projects were funded and implemented with approximately 90% of projects completed
- Food and Wine Strategy action plan implemented with approximately 70% of actions completed

Culture & Leisure

- Sport and Recreation Victoria Funding secured for the Central Reserve Netball Court and Skatepark seating development and the Access for All Botanic Gardens Playground development
- Ongoing significant upgrades to playground facilities across the Shire
- Youth Council planned and implemented a range of activities including National Youth Week March 2003 and FReeZa events
- Completion and formal opening of the Apollo Bay Skate Park, December 2002
- Funding from the Department of Innovation, Industry and Regional Development of \$350,000 to further develop the Beechy Line Rail Trail project
- Completion of Public Art projects in collaboration with the communities of Lavers Hill and Cressy
- Australia Day celebrations conducted in Apollo Bay and Colac
- COPACC Trustees secured substantial sponsorship to support the COPACC theatre season
- Hosting of the significant annual State wide conference of the Victorian Association of Performing Arts Centres and Regional Arts Victoria at COPACC
- Substantial increases in patronage (29%) and bookings (45%) of COPACC including live theatre season

Disappointments 2002/2003

Economic Development

- Apollo Bay Housing Strategy not completed due to budget constraints
- Apollo Bay Harbour Expression of Interest not called due to need for archaeological research

Tourism

- A limited number of Nature Based Tourism Strategy actions have been implemented due to extensive changes within the Department of Sustainability and Environment and Parks Victoria, and the announcement of a new Otways National Park

Culture & Leisure

- Delay in appointing a Consultant to commence Sustainable Recreation Reserves Strategy
- Public Arts Policy was not completed

Our Performance – Community Outcomes

Challenges & Priorities 2003/2004

Economic Development

- Review Colac Development Committee
- Develop and implement Business Events and Programs
- Continue implementation of Small Town Improvement Program in partnership with community groups
- Implement Colac Housing & Accommodation Strategy
- Act on Tertiary Education Options Discussion Paper Outcomes
- Develop Apollo Bay Housing & Accommodation Strategy
- Review Economic Development and Tourism Strategy
- Facilitate the marketing and promotion of the competitive strengths of the shire/region

Tourism

- Fund Otways Tourism Business Plan Action Plan projects
- Implement Food and Wine and Nature Based Tourism Strategy action plans
- Review community and council funding of tourism budget

Culture & Leisure

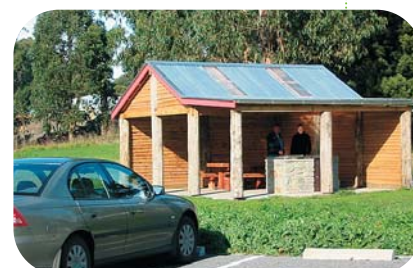
- Sustainable Recreation Reserve Policy and Practices development and implementation
- Implementation and review of the Bluewater Fitness Centre Business Plan to encourage greater diversity of use
- Development of a Colac Otway Shire Recreation Strategy 2004–2010
- Development of an Indigenous Protocol
- Development of the Beechy Line Rail Trail between Colac and Beech Forest
- Development and implementation of the Colac Otway Festival and Events Policy
- Complete the Public Arts Policy
- Development of the Arts and Culture Strategy 2004–2010



Source: State Survey CS.2.8



Source: State Survey CS.2.3



Our Performance – Community Outcomes

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 2002/2003

Aged and Disability Services

- Working with the Colac Otway Primary Care Alliance on local projects
- The “Age to Be” seniors festival week attracted and entertained more than 600 people
- Significant increase in centre based meals. Up to 70 people per fortnight

Environmental Health

- Completion of Milestones 1 and 2 of the Cities for Climate Protection Program
- Preliminary work for the sewerage of Skenes Creek and Birregurra has been completed
- Completion of food plans for all food premises and retail businesses and ongoing food safety education
- National Immunisation Achievement Award received for the most significant increase in immunisation rates
- Community Transport Service initiated assisting 135 transports each month

Rural Access Program

- Access & Equity Policy completed
- Implementation of TTY & FM hearing aids at the Colac Office and Colac VIC
- Purchase of a Beach Wheel Chair for Apollo Bay residents and visitors
- Inc-Fest 2002 – Celebration of All Abilities held in Colac
- “Having A Say” Conference attracted more than 450 participants over three days
- Completion of the universally accessible changing facilities and development of the “Meeting Place” project at the Blue Water Fitness Centre

Family and Children Services

- Completion of the Maternity Services Enhancement Strategy
- Commencement of the Queen Street Maternal & Child Health redevelopment
- Commencement of the Country Kids Oral Health Project with the Royal Children’s Hospital

Disappointments 2002/2003

- Deferred Municipal Public Health Plan to 2003/04
- Deferred Wellbeing Indicators to 2003/04
- The reducing number of volunteers

Our Performance – Community Outcomes

Challenges & Priorities 2003/2004

- Prepare Municipal Public Health Plan and Wellbeing Indicators
- Completion of the Queen Street Maternal & Child Health Centre
- Develop an Early Years Action Plan
- Achieve a high score for Home Care Services in the National Standards Instrument Accreditation program
- Attempt to increase the number of volunteers
- Attain accreditation for Family Day Care
- Commencement of the Skenes Creek sewerage system and work with Birregurra community to finalise a sewerage option
- Complete the Wastewater Issues Papers for Beeac, Forrest Gellibrand and Cressy, and work with coastal township communities to identify the most appropriate option for wastewater disposal
- Develop a Sustainability Action Plan for Council
- To commence a number of interventions in the Be Active Eat Well Project including the “Walking School Bus”
- Prepare a Disability Action Plan for 2003–2006
- To develop the Community Transport Alliance



Source: State Survey CS.2.2



Our Performance – Service Planning

Service Planning

Objective

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

Highlights 2002/2003

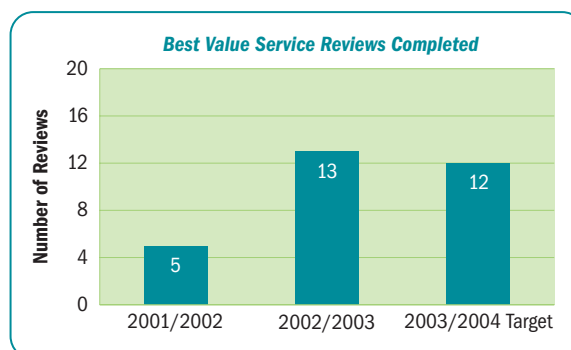
- Council has completed the scheduled Best Value reviews for 13 service areas which equate to 5 reviews as detailed in the Best Value timetable. Completed reviews include:
 - Waste Management Service
 - Information Services
 - Cosworks
 - Colac Livestock Selling Centre
 - Infrastructure Services
- Council has incorporated the Best Value program into the 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
- Customer Satisfaction Survey resulted in a 1.6% increase over previous year
- Outcomes from Best Value reviews and the Customer Satisfaction Survey are included in Departmental continuous improvement plans
- 44 Contracts have been subjected to a public tendering process during the year

Challenges & Priorities 2003/2004

- Continued achievement of Business Planning (including Best Value) timetables and the implementation of associated continuous improvement plans
- Re-tender Waste Management Services
- Improve on-line service delivery to the community by promoting the use of broadband technology



Source: State Survey CS.2.6



Source: Council Records

Our Performance – Organisation Development

Organisation Development

Objective

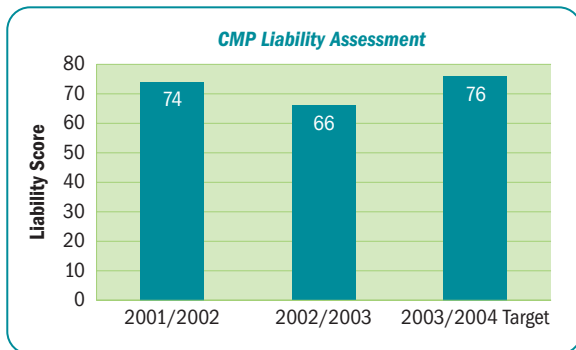
Colac Otway Shire will develop an organisation learning culture that values the contribution of its employees and will continuously improve all aspects of organisation performance.

Highlights 2002/2003

- 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)
- Continued support of local employment initiatives (Community Jobs Program)
- Assessment undertaken of all services to ensure compliance with National Competition Policy requirements
- CMP Liability score increased from 66 to 76 which is the 28th highest score in the State

Challenges & Priorities 2003/2004

- Ongoing management of issues related to the changes associated with the implementation of the Road Management Act
- Establish Business Continuity Management Plan
- Re-accreditation of SafetyMAP



Source: CMP Audit



Our Performance – Financial

Financial

Objective

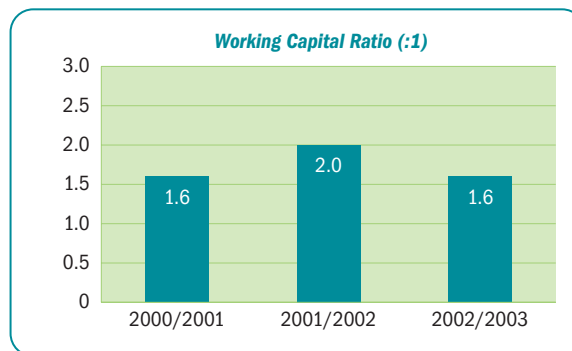
Colac Otway Shire will be guided by a strategic financial framework that will ensure long term viability to optimise the use of available funds to meet the service expectations of its residents and customers.

Highlights 2002/2003

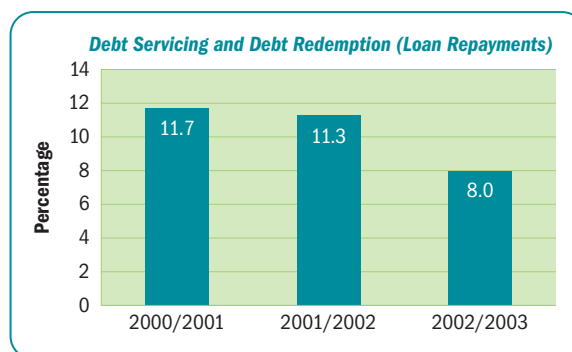
- Reduction in total loan liability from \$5.1m to \$4.6m
- Adoption of Council Budget, Annual Plan and Annual Report by Council by statutory deadlines
- Achievement 97.1% collection of rates and charges
- Conduct of five internal audits (Cash Management, Colac Livestock Selling Centre, Airfield Management, Port of Apollo Bay Operations and Waste Management)
- Approximately \$90,000 earned in interest on investments

Challenges & Priorities 2003/2004

- Update 5 Year Financial Strategic Plan
- Improve Working Capital Ratio to 2:1
- Conduct further internal audits
- Continue to narrow infrastructure renewal gap
- Conduct general revaluation of all properties
- Fund Defined Benefit Superannuation Liability



Source: Audited Financial Statements



Source: Audited Financial Statements

Colac Otway Shire adopted its Best Value Business Statement and five year program of service reviews in June 2001. Council has incorporated the legislated Best Value philosophy and principles into our Corporate and Business Planning process. We will research the service needs of our community now and for the future; agree on service requirements; deliver what is agreed; evaluate and report on service delivery performance; and make a commitment to continuously improve service delivery. We will benchmark our services against our competitors and high performing organisations. Our program will be regularly reviewed to ensure that we continue to deliver services that are needed, accessible, responsive and cost effective to our community.

Status Report on the Best Value Policy and Program

Due to the demand on time and resources for review of the Apollo Bay Harbour Management, this service review will be undertaken in the 2003/2004 financial year.

Service reviews that have been undertaken or are proposed to be undertaken by Council are listed below:

Service	Review Program	Status
Customer Services	July 2001 – June 2002	Completed
BlueWater Fitness Centre	July 2001 – June 2002	Completed
Tourism & Visitor Information Centres	July 2001 – June 2002	Completed
Local Laws	July 2001 – June 2002	Completed
Property & Rating	July 2001 – June 2002	Completed
Information Services	July 2002 – June 2003	Completed
<ul style="list-style-type: none"> Information Technology Document Management Services Community Information 		
Infrastructure	July 2002 – June 2003	Completed
<ul style="list-style-type: none"> Asset Management Contract Management Waste Management 		
Cosworks Business Unit	July 2002 – June 2003	Completed
<ul style="list-style-type: none"> Road Construction Road Maintenance Plant & Equipment Maintenance Bridge Maintenance Parks & Gardens Maintenance 		
Colac Livestock Selling Centre	July 2002 – June 2003	Completed
Business & Community Development	July 2003 – June 2004	
<ul style="list-style-type: none"> Economic Development Arts & Culture COPACC Events Recreation 		
Health & Community Services	July 2003 – June 2004	
<ul style="list-style-type: none"> Family Day Care Maternal & Child Health Services Aged & Disability Services Environmental Health 		
Apollo Bay Harbour Management	July 2003 – June 2004	
Planning & Environment	July 2004 – June 2005	
<ul style="list-style-type: none"> Environmental Services Fire Prevention Strategic & Statutory Planning Building Control 		
Corporate Services	July 2004 – June 2005	
<ul style="list-style-type: none"> Executive Services Corporate Services Organisation Development Human Resources Financial Services Risk Management 		



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 Shires complete approach ensures that all of the following areas are addressed and contained in the final report:

- Executive Summary
- Vision
- Mission
- Service Profile including Responsiveness and Accessibility
- Community Consultation
- Benchmarking
- SWOT analysis
- Continuous improvement recommendations
- Marketing and Promotional Plan
- 3 year Continuous Improvement Action Plan
- Resource Plan
- Reporting requirements
- Financial Strategy

Actions and key performance indicators for each service are monitored through Council's "Pulse" Business Measurement System.

Resources and Time Involved

The combining of our Business Planning and Best Value programs together has strengthened both processes and has ensured that the need for additional resources has been reduced however there is an increased time demand involved with benchmarking and community consultation depending on the type of consultation suited to individual services and relevant user groups. The following details Colac Otway Shires 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 developed an in-house community consultation resource consisting of four staff who have been trained in the principles of effective community consultation.

In addition to our internal Consultation Group, external facilitators have been engaged during the past year in our Waste Management and Asset Management Service Reviews to ensure transparency and a balanced approach is shown in our current political climate.

The focus groups have been undertaken at various locations throughout the municipality with the involvement of Council officers, community representatives, service providers, industry experts and Councillors. The forums have proved a valuable source of information in continually improving quality service and value for money.

- **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.

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 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.

Further Information

- Further information about Best Value at Colac Otway Shire can be obtained by contacting the Organisation Development Co-Ordinator on 5232 9400.
- kerrie.addison@colacotway.vic.gov.au

Service

Report Details

Waste Management

Waste Management includes the administration and monitoring of the service contract which provides for household garbage and recycling collection and disposal, street litter bin clearance, landfill and transfer stations operations, composting facilitation, education, waste minimisation and data management.

Outcomes of the Service Review Principles

	Standard & performance indicators	Targets	Actual Performance & Trends	Comment
(a) Quality and Cost Standards 208B(a)	Annual Community Satisfaction Survey Index	Year 2004 – 65	Year 2003 – 63 Year 2002 – 62 Year 2001 – 67 Year 2000 – 60 Year 1999 – 51	Nil
<i>Factors:</i>				
<ul style="list-style-type: none"> • Best on offer 208C(a) • Value for money 208C(b) • Community expectations and values 208C(c) • Affordability and accessibility 208C(d) • Local employment 208C(e) 	Monthly Contract Performance Rating	> 95%	April 2003 – 92% March 2003 – 92% February 2003 – 92% January 2003 – 91% December 2003 – 90%	Nil
	Cost of kerbside collection including all waste management services per tenement per annum	2003/04 – \$212.90	2002/03 – \$205.85	3.43% increase
	Cost of waste management service per assessment	2003/04 – \$59.78	2002/03 – \$54.58	9.52% increase
(b) Responsive to Community Needs 208B(b)	Future service profile requirements have been identified from consultation with the service users and considered in the specification of the new Waste Management Service contract/s to be re-tendered April 2004. Cost/benefit analyses for several options will be assessed by Council to ensure community needs are addressed within resources available.			
	In addition, results from the annual Community Satisfaction Survey are also evaluated and taken into consideration in the delivery of this service. All customer enquiries are actioned within 24 hours.			
(c) Accessible 208B(c)	Weekly kerbside collection service for organic and inert material to four service areas – urban, rural north, rural south and coastal. Fortnightly collection to Gellibrand and Kawarren. Paper and cardboard collection is provided monthly and commingled recyclables are collected twice monthly in the above areas. Beech Forest, Lavers Hill and Carlisle River are provided with a divided collection vehicle and recycling trailer for four hours fortnightly. A divided container is located at the former Gellibrand landfill each fortnight to enable residents to dispose of their waste. Hardwaste collections are currently being provided at Marengo, Apollo Bay, Barwon Downs, Birregurra, Beeac, Cressy and Gellibrand. Forrest received a hardwaste collection in 2001/02.			
	Transfer Station Opening Hours:			
	<ul style="list-style-type: none"> • Alvie – 977 Corangamite Lake Road, Alvie • Birregurra – Scoullers Road, Birregurra • Marengo – Roberts Road, Marengo 	<ul style="list-style-type: none"> 9 am – 3 pm Mon – Fri 10 am – 2 pm Sat & Sun 10am – 4pm first Friday of month 10am – 4pm every Sunday 10 am – 2 pm Mon, Wed, Fri & Sun 26 Dec to Easter Mon – 7 days/week 		
(d) Continuous Improvement 208B(d)	The Best Value review identified a need for greater flexibility in service delivery and this will be considered as part of the new tender specification. A strong emphasis on education and waste minimisation has also been identified and this will be addressed through local shows & displays, schools programs, community information sessions, open days and demonstrations.			
(e) Consultation 208B(e)	Extensive stakeholder consultation was undertaken during the Best Value review comprising community forums with residents from the urban/rural areas, the coastal community and a reference group with waste industry representatives. Councillors were also represented at all forums. In addition, Council used the State Government Annual Community Satisfaction Survey to gain insight into residents opinions in regard to waste management service.			
(f) Reporting 208B(f)	Best Value outcomes and service improvements will be reported to the community and stakeholders through Council's Annual Report, Shire Newsletters, media releases and our website.			

Best Value Report

Service	Report Details																																												
Information Services including Document Management, Community Information and	Information Services includes records management and communications activities and information technology software applications and hardware support.																																												
Outcomes of the Service Review Principles	<table border="1"> <thead> <tr> <th>Standard & performance indicators</th> <th>Targets</th> <th>Actual Performance & Trends</th> <th>Comment</th> </tr> </thead> <tbody> <tr> <td>Document Management</td> <td></td> <td></td> <td></td> </tr> <tr> <td>• Incoming information managed and distributed daily</td> <td>By 2pm</td> <td>2002 – By 2pm</td> <td></td> </tr> <tr> <td>• Cost of service per EFT</td> <td>\$1,359</td> <td>2002 – \$1,279</td> <td>2003 – 173.3 EFT 2002 – 178.0 EFT</td> </tr> <tr> <td>Communications</td> <td></td> <td></td> <td></td> </tr> <tr> <td>• Number of media releases weekly</td> <td>5</td> <td>2002 – 4</td> <td></td> </tr> <tr> <td>• Cost of service per Shire population</td> <td>\$5.00</td> <td>2002 – \$5.60</td> <td>2003 – 20,624 Pop. 2002 – 20,207 Pop.</td> </tr> <tr> <td>Information Technology</td> <td></td> <td></td> <td></td> </tr> <tr> <td>• Continuity of service – IT uptime in business hours</td> <td>> 99%</td> <td>N/A</td> <td></td> </tr> <tr> <td>• Match rate for GIS maps</td> <td>> 95%</td> <td>2002 – 95%</td> <td></td> </tr> <tr> <td>• Cost of service per PC</td> <td>\$5,342</td> <td>2002 – \$5,046</td> <td>2003 – 120 PCs 2002 – 120 PCs</td> </tr> </tbody> </table>	Standard & performance indicators	Targets	Actual Performance & Trends	Comment	Document Management				• Incoming information managed and distributed daily	By 2pm	2002 – By 2pm		• Cost of service per EFT	\$1,359	2002 – \$1,279	2003 – 173.3 EFT 2002 – 178.0 EFT	Communications				• Number of media releases weekly	5	2002 – 4		• Cost of service per Shire population	\$5.00	2002 – \$5.60	2003 – 20,624 Pop. 2002 – 20,207 Pop.	Information Technology				• Continuity of service – IT uptime in business hours	> 99%	N/A		• Match rate for GIS maps	> 95%	2002 – 95%		• Cost of service per PC	\$5,342	2002 – \$5,046	2003 – 120 PCs 2002 – 120 PCs
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• Cost of service per Shire population	\$5.00	2002 – \$5.60	2003 – 20,624 Pop. 2002 – 20,207 Pop.																																										
Information Technology																																													
• Continuity of service – IT uptime in business hours	> 99%	N/A																																											
• Match rate for GIS maps	> 95%	2002 – 95%																																											
• Cost of service per PC	\$5,342	2002 – \$5,046	2003 – 120 PCs 2002 – 120 PCs																																										
(b) Quality and Cost Standards 208B(a)																																													
<i>Factors:</i>																																													
• Best on offer 208C(a)																																													
• Value for money 208C(b)																																													
• Community expectations and values 208C(c)																																													
• Affordability and accessibility 208C(d)																																													
• Local employment 208C(e)																																													
(b) Responsive to Community Needs 208B(b)	Internal service response is delivered in line with Colac Otway Shire Performance Standards and monitored through quarterly internal audits. External customer needs are identified through consultation forums and surveys. As a result of Best Value Review, Council will improve on-line service delivery to the community by providing use of broadband technology.																																												
(c) Accessible 208B(c)	Records management is available during business hours and a staff member always attends the unit. Electronic filing system is accessible to all PC users. Communications unit is available during business hours and externally by telephone, fax and e-mail. Information Technology support is available at all times during business hours and after hours/weekend support in the case of emergency. All systems are accessible to authorised users either locally or remotely for at least 18 hours per day, 7 days per week.																																												
(d) Continuous Improvement 208B(d)	The following improvement opportunities for each area were identified as a result of the Best Value Review and have been included in 3 Year Continuous Improvement Action Plans: <ul style="list-style-type: none"> • Advocate for improved telecommunication infrastructure services • Implementation of mobile computing • Integration of new imagery for towns and coastal areas • Improve on-line service delivery to the community • Enhance Council's IT infrastructure and systems to maximise performance • Extend central document management storage system and archive Council information • Continue commitment to Community Consultation Policy • Promote the Shire's corporate documents and its successes and achievements • Continue to provide current and accurate information via Council's website. 																																												
(e) Consultation 208B(e)	An internal consultation forum was conducted with a selection of system users and an internal survey was distributed to all staff to assess service and systems provided. An external survey was conducted for the communication service with Progress Associations, media contacts, print providers and journalists. Ongoing consultation has been included in each of the service plans.																																												
(f) Reporting 208B(f)	Best Value outcomes and service improvements will be reported to the community and stakeholders through Council's Annual Report, Shire Newsletters, media releases, website and intranet.																																												

Service

Report Details

Cosworks Business Unit

Cosworks is Colac Otway Shire's works and services business unit and provides Council's road construction and maintenance programs, plant and equipment maintenance, bridge and parks & gardens maintenance programs, capital works program, VicRoads maintenance contract and external private works.

Outcomes of the Service Review Principles

(c) Quality and Cost Standards 208B(a)

Factors:

- Best on offer 208C(a)
- Value for money 208C(b)
- Community expectations and values 208C(c)
- Affordability and accessibility 208C(d)
- Local employment 208C(e)

Standard & performance indicators	Targets	Actual Performance & Trends	Comment
Quality Assurance Accreditation	Maintain accreditation	2003 – 2 successful audits (3 year renewal) 2002 – 2 successful audits	Nil
Environmental Management Systems Accreditation	Maintain accreditation	2003 – 2 successful audits 2002 – 2 successful audits	Nil
SafetyMAP Accreditation	Maintain accreditation	2003 – 2 successful audits 2002 – 2 successful audits	Nil
Full cost recovery on contracts	95%	2003 – 100% 2002 – 100%	5 % above target 5 % above target

(b) Responsive to Community Needs 208B(b)

Cosworks operates from three depots located at Colac, Gellibrand and Apollo Bay and this enables timely response to any request. Cosworks provides a Duty Officer 7 days a week, 24 hours a day to respond to Council after hours emergencies via a paging system. Additional to this Cosworks provides the same level of availability for any Emergency Management incidents to assist emergency services.

All services delivered by Cosworks are subject to the normal response times within Colac Otway Shire's Performance Standards and are monitored through the Colac Otway Request System (CORS).

Cosworks operates under accreditation in Quality Assurance ISO9002, Environment Management Systems ISO4001 and Safety MAP – Initial Level. This level of accreditation ensures that service delivery complies with all aspects of specification requirements nominated for Council programs and projects and external works. Maintaining accreditation in the three areas requires external audits to be conducted every six months. Consequently there are six external audits of Cosworks work practices and processes every 12 months.

(c) Accessible 208B(c)

Cosworks two administration centres operate Monday to Friday and are located in Colac and Apollo Bay. Administration staff are available during normal business hours in Colac and from 8.30 am to 1pm in the Apollo Bay office.

Council's Colac Customer Service Centre also provides customer service support to the Cosworks Business Unit.

(d) Continuous Improvement 208B(d)

Maintaining accreditation in QA, EMS and Safety MAP with six external audits annually is one of the main drivers ensuring our work practices and processes are maintained and improved. Work procedures for road safety signage, cement stabilisation, environmental controls and major drainage works have been reviewed and documented in the last twelve months. Cosworks have worked on a number of initiatives over the past twelve months and the results are becoming evident. The appointment of an Asset Inspector in September 2002 has enabled the formulation of a more relevant annual programs for resheeting, resealing and major drainage works.

Risk Management issues have highlighted the need for documented asset conditions. The inspections have generated a list of major footpath replacements required and the top four locations have been reconstructed. This will be an ongoing annual program and this strategy will gradually be applied to all asset types as asset condition data becomes available.

After trialling a road maintenance unit called a Jetpatcher some 18 months ago with excellent results, Cosworks now utilise this machine on reseal preparation. Additionally, a leaf suction machine is now used in autumn to minimise problems caused by leaf litter from deciduous trees. Cosworks are awaiting delivery of an offset slasher as part of the Plant Replacement Program. This machine will increase productivity and quality due to the increased and offset cutting width.

The Plant Replacement Program is to be completely reviewed for 2003/2004 and future years to address the changing maintenance techniques and operational issues.

(e) Consultation 208B(e)

Consultation forums were undertaken with key stakeholders and customers including Vicroads and DNRE, community resident and ratepayers groups to assess the services delivery by Cosworks. The outcomes from the meeting were a need to increase funding in the maintenance budget in the areas of gravel road resheeting and grading maintenance, vegetation control, drainage maintenance and streetscape maintenance. There also was a lack of understanding of Council's customer request system which was clarified.

Colac Otway Shire is a member of the Super 11 Benchmarking Group, which comprises of eleven similar rural Councils across Victoria. This group carries out annual surveys on road and drainage maintenance by surveying over 300 residents in each municipality. The questions cover grading, resheeting, sealed road repairs, linemarking, guide posts, streetsweeping and urban and rural drainage. Colac Otway Shire received the highest average score across the full range of questions for 2003.

(f) Reporting 208B(f)

Best Value outcomes and service improvements will be reported to the community and stakeholders through Council's Annual Report, Shire Newsletters, media releases, website and intranet.

Best Value Report

Service	Report Details			
Colac Livestock Selling Centre (CLSC)	Colac Livestock Selling Centre provides facilities for weekly sales of cattle, sheep and other livestock in the region.			
Outcomes of the Service Review Principles	Standard & performance indicators	Targets	Actual Performance & Trends	Comment
(d) Quality and Cost Standards 208B(a)	National Saleyards Quality Assurance accreditation	Maintain annual accreditation	2003 – successful audit 2002 – successful audit	Nil Nil
<i>Factors:</i>	Full cost recovery achieved on operation expenses	100%	2003 – 100 % 2002 – 100 %	\$50,000 “profit” \$36,000 “profit”
<ul style="list-style-type: none"> • Best on offer 208C(a) • Value for money 208C(b) • Community expectations and values 208C(c) • Affordability and accessibility 208C(d) • Local employment 208C(e) 				
(b) Responsive to Community Needs 208B(b)	<p>The CLSC services the needs of the farming community and is utilised 24 hours a day, 7 days a week. Additionally the surrounding properties are farm activity based, thereby minimising the potential for conflict over land use.</p> <p>Sale Days are on a Thursday but stock movement through the facility occurs on most days of the week with the peak period being Tuesday to Friday.</p>			
(c) Accessible 208B(c)	<p>The CLSC is located on the Ballarat Road, only a short distance from the Princes Highway, the CLSC is easily accessed by trucks and vehicles using the facility.</p> <p>Staff are in attendance all weekdays and are required to attend to requests for service by users outside normal working hours. If required, staff attend out of hours requests for activities such as herding of stock for collection, feeding.</p>			
(d) Continuous Improvement 208B(d)	<p>The CLSC has accreditation in National Saleyards Quality Assurance and EU Accreditation which has annual external audits. Maintaining accreditation is the main driver of continuous improvement at the facility.</p> <p>As a result of the Best Value review, provision of a roofed sale area with soft flooring in the yards was highlighted as the most important issue to address to ensure the long-term viability of the facility.</p> <p>The Department of Primary Industries has directed the implementation of the National Livestock Identification Scheme in January 2004. The introduction of scanners, software and infrastructure alterations and additions to facilitate NLIS at CLSC by this date will be the major focus for the next financial year. Implementation of NLIS across the whole farming community and awareness education are major concerns with the revised implementation date.</p>			
(e) Consultation 208B(e)	<p>A consultation forum was undertaken with key stakeholders and users of the facility including agents, buyers, transporters, producers, VFF and Council. A survey questionnaire was also distributed over two sale days and mailed to approximately 30 regular users of the facility.</p> <p>Satisfaction with service level for courtesy of staff, handling of livestock, amenities and agent service, returned an average score of 3.8 with 3 being adequate and 4 being good. The area of promotion received a score of 3 and requires attention. In summary, the level of service provided at the facility was good and the provision of a roofed sale area with soft flooring in the yards was highlighted as the most important issue to address to ensure the long-term viability of the facility.</p>			
(f) Reporting 208B(f)	Best Value outcomes and service improvements will be reported to the community and stakeholders through Council’s Annual Report, Shire Newsletters, media releases, website and intranet.			

Service

Report Details

Infrastructure Services including Asset Management & Contract Administration

Infrastructure Services includes management of all Council's assets and maintenance programs, land sales, fleet management, lease agreement register, capital works programs, engineering survey and design, contract administration and tendering process.

Outcomes of the Service Review Principles

(e) Quality and Cost Standards 208B(a)

Factors:

- Best on offer 208C(a)
- Value for money 208C(b)
- Community expectations and values 208C(c)
- Affordability and accessibility 208C(d)
- Local employment 208C(e)

Standard & performance indicators	Targets	Actual Performance & Trends	Comment
Annual Community Satisfaction Survey Index – Local Roads and Footpaths	50	2003 – 49 2002 – 47 2001 – 52 2002 – 50	Nil
Asset Sustainability Index	80	2002/03 – 78 2001/02 – 56	Nil
% capital works expenditure projects completed	90%	2002/03 – 85% 2001/02 – 90%	Nil

(b) Responsive to Community Needs 208B(b)

As per Council's Customer Service Performance Standards, all phone calls are returned within 24 hours, correspondence and e-mails are dealt with as soon as possible or within 7 days. The Colac Otway Request System is used to manage all customer requests. Quarterly internal audits are undertaken to ensure that the quality of service is maintained at a high level.

(c) Accessible 208B(c)

Asset management, capital works and contract administration services, including provision of information, advice and complaint handling, are carried out at the Customer Service Centre, Rae Street, Colac. Direct enquiries can be made from Monday to Friday 8.30 am to 5.15 pm and also by phone, fax and e-mail. After hours enquiries are forwarded to the Customer Services paging system.

(d) Continuous Improvement 208B(d)

The Best Value review identified a need for greater community awareness of the services provided by the Infrastructure department, especially asset management, capital works and the advocacy role. Customer service was also identified as an improvement opportunity in response times for call returns and modification of the customer tracking system.

Improvement opportunities identified for Contract administration include enhancing the current internal process and developing a feedback service for advising unsuccessful tenderers. Further, an internal project group will be established to enable information sharing, issue discussion, consistency and compliance with standards.

(e) Consultation 208B(e)

Consultation forums were undertaken for Contracts Administration, Asset Management and Capital Works with internal and external customers including representatives from community groups, progress associations and councillors. Those who attended provided excellent input and actively participated in the review process.

(f) Reporting 208B(f)

Best Value outcomes and service improvements will be reported to the community and stakeholders through Council's Annual Report, Shire Newsletters, media releases, website and intranet.

Human Resource Management

Council recognises that its success is largely dependant upon the skill, ability and commitment of its employees.

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
- Motivation to achieve higher levels of efficiency and effectiveness
- Identification of training and development needs of employees
- Set personal and developmental goals
- Recognise and reward achievements

Personal key performance indicators are aligned with unit action plans, thus ensuring organisational indicators are achieved.

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.

Employee Satisfaction

Colac Otway Shire conducts an annual Employee Opinion Survey to assist our organisational development processes. This year Council used a survey instrument that was aligned to the Australian Business Excellence Framework. This has allowed Council to have a more detailed analysis of the data completed that in turn provides valuable continuous improvement opportunities.

The result equates to a numeric figure of 689 out of a possible 1000 points. This result is 46 points short of an award level and puts the Shire in the top 10–15 councils in Australia. The alignment to the Business Excellence Framework also allows Council to be benchmarked against both private and other public sector high performing organisations.

Training and Development

Our major training initiatives are developed to achieve efficiencies in terms of creating value, developing and applying our technological expertise to improve service delivery and creating a safer working environment. An example of initiatives undertaken during the year include:

- Research and development of a training needs analysis to enable alignment of our training efforts to best achieve our corporate strategies for 2003/04.
- Accredited safety training for staff to provide a safe workplace environment that results in reduction of our insurance claims.
- Defensive Driver Training for all staff having a work requirement to drive Council vehicles. This initiative also increases the safety of our workplace and results in a reduction of our insurance claims.
- Staff development through the Australian Institute of Management – Frontline Management Initiative.
- A number of individual general training needs were met to assist Council officers in the performance of their role.

Council acknowledges our staff's high quality of skills and knowledge, at the same time recognising continual development, particularly in the area of Information Technology, Management and Negotiation Skills.

Human Resource Management

Occupational Health & Safety

Colac Otway Shire is committed to providing and maintaining a safe and healthy work environment for its staff, contractors, volunteers and community. Human Resources and OH&S work closely together to develop policies, provide counselling and safety advice and relevant information. We have an Employee Assistance Program which is available to all employees to access.

Equal Employment Opportunity

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 equality 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.

Industrial and Employee Relations

Council's 3 year Enterprise Agreement will expire in August 2003. The Staff Consultative Committee has been working with representatives from Unions and Management to negotiate a new agreement for the next three years.

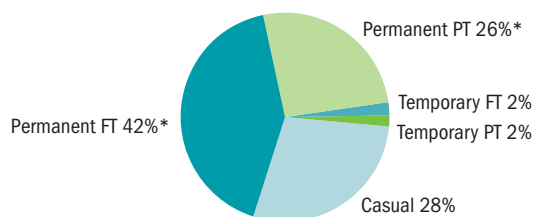
Employment

Employees by Employee Type and Gender as at 30 June 2003

	Male	Female	Total
Permanent Full Time	90	33	123
Permanent Part Time	7	70	77
Temporary Full Time	4	2	6
Temporary Part Time	2	3	5
Casual	33	51	84
Totals	136	159	295
Total EFT	100.45	74.52	174.97



Employees by Employment Type



* Permanent staff make up 68% of Council's workforce. Temporary and Casual staff includes short-term work when permanent staff are on leave, etc.



Human Resource Management

Colac Otway Shire Employment Turnover

The following statistics indicate the level of employee turnover for the past two financial years.

	Employee Turnover	
	2001/02	2002/03
Full Time Effective (EFT)	174.8	174.97
Turnover (EFT)	17.4	19.35
Turnover %	9.95%	11.06%

Exit Interviews are undertaken, analysed and action taken when necessary. Although there is an increase in turnover rates compared to 2001/02, exit interview data shows the reasons for leaving have been for career advancement or personal reasons.

Human Resource Policy & Systems Development

A review and revision of policies relating to Human Resources occurred throughout the year and included:

- Recruitment and selection policy and procedure
- Staff recognition program
- Equipment use policy
- Information sharing
- Customer Service Performance Standards
- PayGlobal Software (Human Resource Information System) purchased – new technology which will assist in managing staff, performance and developmental needs

The HR Unit recognises the continuing process of reviewing, updating and developing policies to reflect changes in the work environment and organisational needs.

Local Government Induction CD

The Local Government Induction CD project was a cooperative project between the South West HR Forum, Deakin Prime and the Department of Industrial Relations. The funding for this new initiative was received from the Victorian Government's Department of Innovation, Industry and Regional Development – Partners at Work Program.

The CD provides improved access to relevant, up-to-date and timely information to assist new employees being inducted into Local Government and to refresh existing employees' knowledge of workplace conditions of employment, Occupation Health and Safety risks, organisation policies, structure, operations and general information. The CD does not replace the personal support offered to new employees by the organisation but it becomes an important resource to provide consistent information to all new employees.

By presenting the information at various times over the first three months it ensures new employees are not overwhelmed in their new position and the information can be learned gradually.

Policy Development & Strategies

The following policies and strategies were reviewed/adopted by Council during 2002/2003:

- Investment Attraction Policy
- Disability Access & Inclusion Policy

Local Laws

Council has a number of Local Laws in place:

- | | |
|--|--|
| 1. Consumption of Liquor in Public Places | 8. Colac Livestock Selling Centre |
| 2. Street Management and Protection of Physical Assets | 9. Meeting Procedure (Amendment) |
| 3. Environmental Health | 10. Petitions |
| 4. Meeting Procedure | 11. Livestock |
| 5. Municipal Property | 12. Amendment Local Law – Amends Local Law 1 & 3 |
| 6. Livestock on Roads | 13. Amendment Local Law – Amends Local Law 4 |
| 7. Windrow Burning | |

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 21 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.

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
- Special committees established by Council which were abolished or ceased to function during the financial year
- Minutes of meetings of special committees established under Section 86 of the Act except where such minutes related to parts of meetings which have been closed to members of the public under Section 89 of the Act
- List of contracts valued at \$100,000 or more where Council entered into during the financial year without first going to tender
- 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



General Information

- Register of delegations kept under Section 87, 88, 89 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
- Register of leases entered into by Council
- Register of authorised officers appointed under Section 224 of the Act

Whistleblowers Protection Act 2000

The Whistleblowers Protection Act 2001 was implemented on the 1 January 2002. Colac Otway Shire, in November 2001, adopted a policy of support for the contents of the Act and agreed to the nomination of a co-ordinator to receive disclosures. No disclosures have been received for the year ending 30 June 2003.

Sale of Land

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

- Dorans Road Quarry, Coragulac
- Mercy Aged Care 83 Queen St, Colac
- 120A Wilson Street Colac
- Part of 14 Pascoe St, Apollo Bay

Major Creditor Payments

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

Transwest Environmental Services	Waste Services	\$2.24m
Australian Taxation Office	Employee Tax	\$1.70m
Local Authorities Super	Superannuation Contributions	\$0.88m
R Slater & Sons P/L	Colac Landfill Rehabilitation Project	\$0.88m
CSR Ready Mix	Roadworks	\$0.57m
CSR Emoluem Road Services	Supplies – gravel, rock, etc.	\$0.47m

Victorian Local Government Indicators

The following state-wide indicators are required by the Minister for Local Government.

	2000/01	2001/02	2002/03
Affordability			
Average rates and charges per assessment	\$731.44	\$773.17	\$811.19
Average rates and charges per Residential assessment	\$648.79	\$664.59	\$688.05
Sustainability			
Average liabilities per assessment	\$712.11	\$683.97	-\$751.80
Operating result per assessment	N/a	-\$347.57	-\$563.93
Services			
Average operating expenditure per assessment	\$2,258.43	\$2,352.56	\$2,602.84
Community Satisfaction Rating for Overall Performance generally of the Council	64	63	64
Infrastructure			
Average capital expenditure per assessment	\$699.19	\$449.32	\$396.29
<i>Renewal Gap</i> Current spending on renewal to Asset base consumed during the year	N/a	0.31:1	0.29:1
<i>Renewal & Maintenance Gap</i> Current spending on renewal + maintenance to Asset base consumed during the year plus maintenance	N/a	0.47:1	0.45:1
Governance			
Community Satisfaction Rating for Council's Advocacy and Community Representation on key local issues	64	63	60
Community Satisfaction Rating for Council's Engagement in Decision Making on key local issues	N/a	58	58

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 2002/2003. 33 Projects have been funded by providing significantly infrastructure boost to the shire. The following projects have been made possible by Federal and State Government:

Funding Source	Purpose	Grant	Total Cost
Community Support Fund	Lavers Hill Timber Icon	\$6,800	\$6,800
Community Support Fund	Bluewater Fitness Centre Extension	\$27,100	\$83,700
Corangamite Catchment Management Authority	Water Supply Extension	\$6,000	\$10,500
Corangamite Catchment Management Authority	Stormwater Management Plan	\$7,500	\$7,500
Corangamite Catchment Management Authority	Lake Colac Bird Sanctuary	\$2,000	\$3,200
Country Fire Authority	Fire Access Track	\$12,900	\$19,000
Dept. for Victorian Communities	Lake Foreshore Master Plan	\$10,000	\$32,800
Dept. of Environment and Heritage	Pollutant Catchment	\$2,700	\$2,700
Dept. of Human Services	Home Care Software	\$2,000	\$13,000
Dept. of Human Services	Drop In Centre – Young Persons Fitness	\$10,000	\$10,000
Dept. of Human Services	Food Safety	\$1,500	\$1,500
Dept. of Infrastructure	Heritage Study	\$3,000	\$22,000
Dept. of Infrastructure	Bus Stop Improvements	\$32,000	\$32,600
Dept. of Innovation, Industry & Regional Development	Partners At Work	\$17,500	\$18,400
Dept. of Innovation, Industry & Regional Development	Rural Access – Project – Incfest	\$2,500	\$5,900
Dept. of Innovation, Industry & Regional Development	StreetLIFE Program	\$3,000	\$8,600
Dept. of Innovation, Industry & Regional Development	Beeac Footpath	\$2,000	\$14,900
Dept. of Innovation, Industry & Regional Development	Paradise Picnic Ground	\$8,000	\$12,900
Dept. of Innovation, Industry & Regional Development	Cressy Intersection Landscaping	\$8,000	\$26,600
Dept. of Innovation, Industry & Regional Development	Cressy Youth Art Project	\$8,000	\$8,000
Dept. of Sport and Recreation	Central Res. Social Clubrooms Upgrade	\$50,000	\$150,000
Dept. of Sport & Recreation, Community Support Fund	Apollo Bay Skateboard Facility	\$87,000	\$212,500
Dept. of Sustainability and Environment	Breakwater – Port of Apollo Bay	\$80,000	\$80,000
Dept. of Sustainability and Environment	Phillips Track Upgrade	\$270,000	\$270,000
EPA Victoria	Lake Colac Wetland Development	\$72,500	\$153,400
Municipal Association of Victoria	Debtor Payment Facility	\$3,000	\$15,000
National Heritage Trust	Good Neighbour Program	\$2,300	\$2,300
Vicroads	Various roundabouts	\$382,600	\$382,600
Vicroads	Bicycle Lanes – Princes Hwy West	\$22,400	\$22,300
Vicroads	Hart/Wilson Sts Intersection	\$73,600	\$73,600
Vicroads	Bicycle Lanes – Bruce/Marriner Streets	\$11,700	\$11,000
Victorian Health Foundation Promotion	Community Transport – Walk School Bus	\$30,000	\$30,000
Your Employment Solutions	Community Transport – Work for the Dole	\$10,500	\$10,500
		\$1,268,100	\$1,753,800

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 Chamber of Commerce	\$3,000
Apollo Bay/Kennett River Foreshore Committee	\$15,000
Colac Secondary School Chaplaincy Committee	\$1,000
Colac Urban Fire Brigade	\$5,000
Municipal Engineering Foundation Victoria	\$909
Portsea Children's Holiday Program	\$1,000
Surf Life Saving Victoria	\$12,000
	\$37,909

Council Memberships/Subscriptions

Geelong Otway Tourism	\$40,440
Livestock Saleyards Association of Victoria	\$2,001
Local Government Professionals	\$500
Municipal Association of Victoria	\$18,400
Timber Towns Victoria	\$2,000
VECCI	\$3,053
Victorian Association of Performing Arts Centres	\$500
	\$66,894

Community Grants

Community Minor Projects Fund

Council provided grants totalling approximately \$25,000 for community projects across the Shire. This year 22 projects were funded under this program. Projects funded were:

Name of Organisation	Purpose	Amount
Apollo Bay Indoor Soccer Club	Upgrade of equipment	\$600.00
Apollo Bay Sail Club Inc.	Host State Titles	\$5,000.00
Beeac Progress Association	Iron Heritage Lamp	\$1,000.00
Colac & District Family History Group Inc.	Upgrade equipment	\$1,500.00
Colac & District Historical Society	Upgrade equipment	\$3,890.00
Colac Botanic Cafe & Gallery	Upgrade lighting	\$800.00
Colac Carers Activities	Christmas luncheon	\$375.00
Colac Community Development Association	Assist volunteer network	\$1,800.00
Colac Do Care Inc.	Function to recognise service	\$600.00
Colac Players	In Your Dreams Production	\$800.00
Colac Rock 'N' Roll Club Inc.	Extend size of stage	\$520.00
Colac Ten Pin Bowling Association	Country Ten Pin Bowling Cup	\$400.00
Colac Toy Library Inc.	Upgrade toys	\$500.00
Colac Urban Fire Brigade	Fire Safety Education in the Community	\$250.00
Colac Writers Guild	Publication of "In The Black Room"	\$500.00
Cressy Bowling Club Inc.	Upgrade table cloths	\$720.00
Gateway Support Services	School holiday program	\$700.00
Leisure Networks Association Inc.	All Abilities Triathlon	\$500.00
Neighbourhood House	Family Bike Day	\$250.00
Neolith Productions	Romeo and Juliet Production	\$272.73
Wingeeel Rural Fire Brigade	Second tanker for Wingeeel Fire Brigade	\$4,000.00
Wyndinina Kindergarten	Emergency asthma management course	\$275.00
		<u>\$25,252.73</u>

Recreation Facilities Assistance Fund

Recreation facilities throughout the Shire have been upgraded through the allocation of funding under this program. This year 24 projects have been assisted with the allocation of funds as follows:

Name of Organisation	Purpose	Amount
Alvie Football Netball Club	Resurfacing Netball Court	\$6,000.00
Apollo Bay Mechanics Hall	Extension of storage shed	\$4,400.00
Apollo Bay Mechanics Institute	Upgrade hall	\$4,400.00
Barwon Downs Tennis Club	Seating	\$1,432.00
Beeac Community Centre	Building maintenance	\$1,500.00
Beeac Tennis Club Inc.	Court surface improvements	\$2,616.00
Birregurra Bowling Club	Car park upgrade	\$281.00
Birregurra Recreation Reserve	Upgrade equipment	\$8,645.00
Carlisle River Hall Committee	Paint hall	\$1,792.00
City United Cricket Club	Practice wickets upgrade	\$2,000.00
Colac & District Hockey Association Inc.	Replace goals	\$1,136.00
Colac Anglers Club	Equipment upgrade	\$600.00
Colac Croquet Club	Replacement of net posts	\$500.00
Colac Lawn Tennis Club	Vinyl floor	\$1,013.00
Colac Little Athletics Club	Upgrade equipment	\$1,000.00
Colac Pony Club inc	Flooring repairs	\$675.00
Cressy Bowling Club Inc.	Hot Water Service	\$675.00
Hordern Vale Hall Committee	Stabilise building	\$1,500.00
Irrewarra Recreation Reserve	Resurface Netball Court	\$6,415.00
Kennett River Surf Lifesaving Club Inc.	Upgrade facilities	\$4,000.00
Lake Colac Rowing Club	Upgrade security	\$976.00
Lavers Hill Public Hall	Hot Water Service	\$1,000.00
South Colac Sports Club Inc.	Resurface Netball Court	\$2,000.00
Warrion Cricket Club	Remove hardwicket	\$2,397.00
		<u>\$56,953.00</u>

COPACC Community Hire Fund

Name of Organisation	Amount
Colac Chorale	\$100.00
Colac Custom Car Club	\$800.00
Colac Disability Network	\$2,300.00
Colac Juvenile Diabetes Group	\$100.00
Colac Music Teachers	\$800.00
Colac Players	\$4,600.00
Forrest Primary School	\$600.00
Helping Australia Sing	\$600.00
Marlene Dance School – Jazz it up	\$1,300.00
VAPAC Showcase	\$700.00
	<u>\$11,900.00</u>

Glossary of Terms

Best Value	Striving to provide enhanced services that meet the needs of the community
CD	Computer Disk
CFA	Country Fire Authority
CLSC	Colac Livestock Selling Centre
CMP	Civic Mutual Plus
COPACC	Colac Otway Performing Arts & Cultural Centre
CORS	Colac Otway Request System
Cosworks	Colac Otway Shire's Works & Services Unit
CSS	Community Satisfaction Survey
DNRE	Department of Natural Resources & Energy
EEO	Equal Employment Opportunity
EFT	Equivalent Full Time
EMS	Environmental Management Systems
EPA	Environment Protection Authority
EU	European Accreditation
FReeZa	Music and cultural events for young people funded by State Government
Frontline Management	Australian Institute of Management Training & Development Program
GIS	Geographic Information System
IT	Information Technology
LGPro	Local Government Professionals Inc.
MAV	Municipal Association of Victoria
Milestones 1 & 2	Cities for Climate Protection Program stages of achieving environmental sustainability
NLIS	National Livestock Identification Scheme
OH & S	Occupational Health & Safety
PayGlobal	Human Resources Information System
PC	Personal Computer
QA	Quality Accreditation
Roads to Recovery Program	Federal Government Funding Program
SafetyMAP	Safety Management Achievement Program
SAMPlan	Strategic Asset Management Plan
Super 11 Benchmarking Group	Benchmarking group comprising 11 Rural Shire Council's of similar size
TTY	Tele Typewriter – Communication tool for hearing impaired
VAPAC	Victorian Association of Performing Arts Centres
VECCI	Victorian Employers Chamber of Commerce and Industry
VFF	Victorian Farmers Federation



Understanding the Financial Statements

Introduction

The Financial Report is a key report by the local government of Colac Otway. It shows how Council performed financially during the 2002/2003 financial year and the overall position at the end of the financial year (30 June 2003).

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

What is Contained in the Annual Financial Report?

Council's financial report has two main sections, namely; the Report and the Notes. There are four Statements and 33 Notes. These are prepared by Council's staff, examined by the Council Audit Committee and Council, and then are audited by the Victorian Auditor-General.

The four Statements included in the first few pages of the report are the Statement of Financial Performance, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows.

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

1. Statement of Financial Performance

The Statement of Financial Performance measures Council's performance over the year and shows it a profit or a loss has been made in delivering services.

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

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

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

The key figure to look at is **(Deficit) for year** which is the equivalent to the profit or (loss) of Council for the year. A deficit means that the expenses were greater than revenue.

2. Statement of Financial Position

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

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

The components of the Statement of Financial Position are described here.

- **Current and Non-Current Assets**
 - **Cash** includes cash and investments, i.e. cash held in the bank and in petty cash and the market value of Council's investments.
 - **Receivables** are monies owed to Council by Ratepayers and others.

Understanding the Financial Statements

- **Other Financial Assets** include Long Service Leave Reserves, investments in Corangamite Regional Library Corporation.
 - **Other** is inventory and accounts which have been prepaid.
 - **Fixed Property, Plant and Equipment** is the largest component of Council's worth and represents the value of all land, buildings, roads, vehicles, equipment, etc. which has been built up by Council over many years.
- **Current and Non-Current Liabilities**
 - **Payables** are those to whom Council owes money as at 30 June.
 - **Employee Benefits** is the accounting term for accrued Long Service and Annual Leave and staff retirement gratuities.
 - **Interest Bearing Liabilities** include loans which are repaid over a set period of time.
 - **Lease Liabilities** are leases of assets where ownership of the asset is transferred to the Council.
 - **Net Assets**

This term is used to describe the difference between the value of **Total Assets** and the value of **Total Liabilities**. It represents the net worth of Council as at 30 June. The net value of the Council is also synonymous with Total Equity.
 - **Total Equity**
 - **Asset Revaluation Reserve** is the difference between the previously recorded value of assets and their current valuations.
 - **Other Reserves** are allocations of the Accumulated Surplus to specific projects.
 - **Accumulated Surplus** is the value of all net assets accumulated over time.

3. Statement of Changes in Equity

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

The main reasons for a change in equity stem from:

- The 'profit and loss' from operations, described in the **Statement as Operating (Deficit) for the year**.
- The use of monies from Council's reserves.
- Revaluation of the assets; this takes place every three years as a matter of course. It also occurs when existing assets are taken up in the books for the first time.

4. Statement of Cash Flows

The Statement of Cash Flows summarises Council's cash payments and cash receipts for the year. This Statement is presented according to a very specific Accounting Standard and needs some care in analysis. The values may differ from those shown in the Statement of Financial Performance because the Statement of Financial Performance is prepared on an accrual accounting basis.

Cash in the Statement refers to Bank Deposits and other forms of highly liquid investments that can readily be converted to cash, such as cash invested with Funds Managers.

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

- **Cash Flows from Operating Activities**
 - **Receipts** – All cash received into Council's bank account from Ratepayers and others who owed money to Council. Receipts also include the interest earnings from Council's cash investments. It does not include the costs associated with the sale of assets.
 - **Payments** – All cash paid by Council from its bank account to staff, creditors and other persons. It does not include the costs associated with the creation of assets.



Understanding the Financial Statements

- **Cash Flows from Investing Activities**

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

- **Cash Flows from Financing Activities**

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

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

Notes to the Accounts

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

Apart from the accounting policies, the Notes also give details behind many of the summary figures contained in the Statements. The Note numbers are shown beside the relevant items in the Statement of Financial Performance, Statement of Financial Position and the Statement of Cash Flows.

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

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

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

Statements by Principal Accounting Officer and Councillors

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

The **Certification of Councillors** is made by two Councillors on behalf of Council that, in their opinion, the Financial Statements are fair and not misleading.

Auditor General's Report

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



Colac Otway Shire

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2003

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Statement of Financial Performance for the Year Ended 30 June 2003

2002		Note	2003	
\$'000	%		\$'000	%
REVENUE FROM ORDINARY ACTIVITIES				
10,064	39		10,891	41
2,410	9		2,315	9
3,254	12	3	3,733	13
3,206	12	3	2,203	8
4,078	16		4,878	18
1,146	4		957	4
505	2		134	1
946	4	5	1,239	5
132	1		87	0
133	1		187	1
6	0	1(f)	73	0
25,880	100		26,697	100
EXPENSES FROM ORDINARY ACTIVITIES				
7,472	25		8,699	26
9,131	30	4	8,093	24
385	1	15	336	1
9,988	33		10,424	30
108	0		88	0
988	3		1,170	3
765	4	5	3,041	9
90	0	1(f)	0	0
757	2	1(f)	1,232	4
38	0	32	262	1
644	2		737	2
30,366	100		34,082	100
(4,486)			(7,385)	
MOVEMENTS IN EQUITY				
12,795		30	9	
1		31(b)	0	
12,796			9	
8,310			(7,376)	

The accompanying notes form part of this Financial Report.

Statement of Financial Position as at 30 June 2003

2002 \$'000		Note	2003 \$'000
ASSETS			
CURRENT ASSETS			
2,372	Cash	7	3,542
2,118	Receivables	8	1,755
885	Other Financial Assets	9	1,003
61	Inventories	10	74
63	Prepayments	11	61
5,499	TOTAL CURRENT ASSETS		6,435
NON-CURRENT ASSETS			
184,179	Property, Infrastructure, Plant & Equipment	12	177,162
126	Receivables	8	108
846	Other Financial Assets	9	585
185,151	TOTAL NON-CURRENT ASSETS		177,855
190,650	TOTAL ASSETS		184,290
LIABILITIES			
CURRENT LIABILITIES			
2,179	Payables	13	2,757
750	Employee Benefits	14	731
1	Lease Liability	27	0
533	Interest Bearing Liabilities	15	660
3,463	TOTAL CURRENT LIABILITIES		4,148
NON-CURRENT LIABILITIES			
774	Employee Benefits	14	902
4,592	Interest Bearing Liabilities	15	4,795
5,366	TOTAL NON-CURRENT LIABILITIES		5,697
8,829	TOTAL LIABILITIES		9,845
181,821	NET ASSETS		174,445
EQUITY			
101,529	Accumulated Surplus		94,151
80,280	Asset Revaluation Reserves	30	80,289
12	Other Reserves	31(a)	5
181,821	TOTAL EQUITY		174,445

The accompanying notes form part of this Financial Report.

Statement of Changes in Equity for the Year Ended 30 June 2003

2002		Note	Accumulated Surplus \$'000	Asset Replacement Reserve \$'000	Asset Revaluation Reserve \$'000	2003 Total \$'000
\$'000						
173,511	Balance at beginning of financial year		101,529	12	80,280	181,821
(4,486)	Net Surplus/(Deficit)		(7,385)			(7,385)
12,625	Revaluation of Property, Plant and Equipment	12				0
170	Increase/(Decrease) in Share of CRLC Asset Revaluation Reserve	32			9	9
1	Increase/(Decrease) in Share of CRLC Asset Replacement Reserve					0
0	Transfers to Reserves	31(b)	(691)	691		0
0	Transfer from Reserves	31(b)	698	(698)		0
181,821	Balance at end of financial year		94,151	5	80,289	174,445

The accompanying notes form part of this Financial Report.

Statement of Cash Flows for the Year Ended 30 June 2003

2002 \$'000		Note	2003 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
10,090	Rates and Charges		10,833
5,664	Government Grants		6,048
3,206	Capital grants for asset acquisition		2,734
4,153	Council User charges and reimbursements received		4,891
1,650	Contributions and donations received		1,091
(7,348)	Council payments to employees		(7,814)
(10,631)	Council payments to suppliers		(10,934)
133	Interest received		187
(392)	Interest paid		(342)
(108)	Council Grants and Donations paid		(88)
31	GST received/(paid)		(104)
(645)	Other payments		(736)
5,803	Net cash provided by operating activities	20	5,766
CASH FLOWS FROM INVESTING ACTIVITIES			
(5,800)	Payments for asset acquisition		(5,189)
946	Proceeds from disposal of assets		1,239
(4,854)	Net cash used in investing activities		(3,950)
CASH FLOWS FROM FINANCING ACTIVITIES			
(757)	Repayment of borrowings		(533)
0	Proceeds from borrowings		0
(112)	Payments for investments		(112)
(22)	Lease Payments		(1)
(891)	Net cash used in financing activities		(646)
58	Net increase/(decrease) in cash held		1,170
2,314	Cash at the beginning of the financial year		2,372
2,372	CASH AT THE END OF THE FINANCIAL YEAR	21	3,542

The accompanying notes form part of this Financial Report.

Notes to the Financial Statements for the Year Ended 30 June 2003

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) Change of Accounting Policies

In accordance with Accounting Standard AASB 1028 Employee Benefits', on 1 July 2002 the Colac Otway Shire changed its policy for recognising provisions for annual leave. Under the new policy the amount of the provision is calculated using the remuneration rate expected to apply at the time of settlement, rather than the remuneration rate that applies at reporting date.

There was no effect on opening retained earnings from this change in accounting policy.

(d) 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.

(e) Depreciation of non-current assets

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

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

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

2002					2003	
Estimated Useful Life		Capitalisation	Depreciation		Estimated Useful Life	
Years	Major depreciation classes are:	Threshold	Method		Years	
25	Buildings	\$500	Straight Line		25	
9-21	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	
10-100	Improvements to parks & gardens	\$500	Straight Line		10-100	
50-70	Bridges	\$5,000	Straight Line		50-70	
30-60	Footpaths	\$500	Straight Line		30-60	
35-45	Kerb and Channelling	\$500	Straight Line		35-45	
5-10	Plant and Machinery	\$500	Reducing Bal.		5-10	
5-10	Equipment under lease	\$500	Straight Line		5-10	

(f) Revaluation of Non-Current Assets

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

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

In addition, Council undertakes a formal revaluation of land, buildings and infrastructure assets on a regular basis every three years. The valuation is performed by experienced Council officers and independent experts. The last revaluation occurred on the 30 June 2002.

Notes to the Financial Statements for the Year Ended 30 June 2003

Where assets are revalued, 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.

(g) 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.

(h) Land Under Roads

Council has deferred the recognition of land under roads as an asset until at least 31 December 2006 due to the present lack of a reliable valuation methodology. This is in accordance with AAS27 "Accounting for Local Governments".

(i) Employee Benefits

(i) Long Service Leave

The provision for long service leave is determined in accordance with AASB Accounting Standard AASB1028 'Employee Benefits'. Long service leave entitlements payable are assessed at each reporting date, having regard to expected rates of pay, oncosts and other factors including experience of employee departure and their periods of service. Long service leave entitlements later than one year have been measured at the present value of the estimated future cash outflows to be made for these entitlements. The current long service leave provision is the amount expected to be taken by employees who have reached 10 years of service, having regard to past experience of employee long service leave taken. Commonwealth Bond Rates are used for discounting future cash flows.

(ii) Other Leave and Entitlements

Council employees accrue annual leave entitlements in accordance with AASB Australian Accounting Standard AASB1028 'Employee Benefits'. 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 expected rates of pay and oncosts expected to be paid on settlement.

(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 19.

(j) 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.

(k) 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.

(l) 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.

Notes to the Financial Statements for the Year Ended 30 June 2003

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.

(m) Financial Ratios

For the purposes of the calculation of financial ratios in Note 23, realisable assets have been considered to be those assets which are not subject to any restriction on realisation or use.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

(t) Comparative Figures

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

(u) Rounding

Unless otherwise stated, amounts in the Financial Report have been rounded to the nearest thousand dollars.

NOTE 2(a): REVENUE AND EXPENSES BY FUNCTION

2002 \$'000		2003 \$'000
	REVENUE FROM ORDINARY ACTIVITIES	
10,124	Rates	10,966
2,410	Grants Commission	2,315
2,609	Governance	2,498
7,803	Infrastructure	8,601
2,934	Strategic Development	2,317
25,880	TOTAL REVENUE FROM ORDINARY ACTIVITIES	26,697
	EXPENSES FROM ORDINARY ACTIVITIES	
5,798	Governance	6,934
19,988	Infrastructure	21,292
4,580	Strategic Development	5,856
30,366	TOTAL EXPENSES FROM ORDINARY ACTIVITIES	34,082
(4,486)	NET SURPLUS/(DEFICIT)	(7,385)

Notes to the Financial Statements for the Year Ended 30 June 2003

NOTE 2(b): ASSETS BY FUNCTION

2002			2003	
\$'000	%		\$'000	%
		Council assets are applied to its functions as follows:		
8,480	4	Governance	7,888	4
175,160	92	Infrastructure	170,082	92
7,010	4	Strategic Development	6,320	4
190,650	100	TOTAL	184,290	100

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	(B) INFRASTRUCTURE (cont.)
(1) Executive	(36) Street Lighting
(2) Organisational Development	(37) Road Signs and Marking
(3) Insurance	(38) Recreation Reserves Maintenance
(4) Corporate Services	(39) Other Parks
(5) Information Services	(40) Botanic Gardens
(6) Property & Customer Relations	(41) Memorial Square
(7) Community Information	(42) Lakes and Beaches
(8) Vic Roads Agency	(43) Cemeteries
(9) Office Accommodation	(44) Waste Management
(10) Grants and Donations	(45) Street Sweeping
(11) Council	(46) Council Properties
(12) Finance	(47) Public Conveniences
(13) Interest	(48) Cosworks Administration
(14) Overheads	(49) Vicroads
(15) Pre-Schools	(50) Private Works
(16) Family Day Care	(51) Saleyards
(17) Maternal and Child Health	(52) Plant Operation
(18) Senior Citizens Centre	(53) Emergency Services
(19) Delivered Meals	
(20) Aged and Disability Services	(C) STRATEGIC DEVELOPMENT
(21) Libraries	(54) Arts and Culture
(22) Public Health	(55) Colac Otway Performing Arts and Cultural Centre
(23) Local Laws	(56) Recreation
(24) Animal Control	(57) Bluewater Fitness Centre
(25) Parking	(58) Events
(26) School Crossings	(59) Environment
(27) Rural Access Program	(60) Fire Prevention
(28) Community Transport	(61) Building Control
(29) Community Drop in Centre	(62) Planning
	(63) Economic Development
(B) INFRASTRUCTURE	(64) Tourism
(30) Asset Management	(65) Colac Visitor Information Centre
(31) Contract Management	(66) Great Ocean Road Visitor Information Centre
(32) Local Roads Maintenance	
(33) Drainage Maintenance	(D) GRANTS COMMISSION
(34) Footpaths, Kerb & Channel Maintenance	
(35) Street Beautification	(E) RATES & SERVICE CHARGES

Notes to the Financial Statements for the Year Ended 30 June 2003

NOTE 3: GOVERNMENT GRANTS

2002		2003	
		Recurrent \$'000	Non-Recurrent \$'000
\$'000			
	<i>Governance</i>		
485	– Aged & Home Care	518	2
564	– Family Day Care	381	
96	– Maternal & Child Health	98	
88	– Rural Access Project	89	3
61	– Community Transport	62	40
35	– School Crossings	35	
31	– Delivered Meals	31	
16	– Senior Citizens	17	
	– Partners at Work Grant		18
8	– Immunisation	11	
	– Festivals Training		10
25	– Community Drop in Centre		10
9	– Tobacco Act Administration	8	
	– Debtor Payment Facility		3
7	– Food Safety Grants		1
18	– Intranet Upgrade		
2	– Business Planning Project		
1,445		1,250	87
	<i>Infrastructure</i>		
1,244	– Local Roads	1,525	
1,500	– Port of Apollo Bay	530	83
456	– Federal – Roads to Recovery		552
35	– Vic Roads – Better Roads	396	
	– Roundabouts		381
	– Hart/Wilson Street Intersection		74
	– Memorial Square Power Upgrade		50
	– Bicycle Lanes		34
64	– Bus Stop Improvements		32
9	– State Emergency Service	9	
5	– Beach Cleaning	5	
3	– Public Hall Upgrades		
3,316		2,465	1,206
	<i>Strategic Development</i>		
	– Phillips Track Upgrade		270
150	– Old Beechy Line Rail Trail		225
	– Apollo Bay Skateboard Facility		87
	– Lake Colac Wetland Development		73
	– Central Reserve Social Rooms		50
	– Colac VIC Remedial Works		40
	– Coastal Community Revitalisation		30
	– Bluewater Fitness Centre – First Aid Rooms		27
	– Birregurra Heritage Walk		20
7	– School Holiday Program	18	
	– Fire Prevention		13
35	– Lake Foreshore Master Plan		10
	– Paradise Picnic Grounds		8
	– Cressy Intersection Landscaping		8
	– Cressy Youth Art Project		8
	– Sustaining Sportsground		8
28	– Stormwater Management Plan		8
	– Timber Icon Project		7
43	– Water Supply Extension		6
65	– StreetLIFE Program		3

continues

Notes to the Financial Statements for the Year Ended 30 June 2003

2002 \$'000		2003	
		Recurrent \$'000	Non-Recurrent \$'000
	<i>Strategic Development (cont.)</i>		
	- Heritage Study		3
	- Beeac Footpath		2
	- Harrington Park		2
	- Lake Colac Bird Sanctuary		2
550	- Small Town Development		
218	- Rural Transaction Centre		
121	- Bicycle Pathways		
120	- COPACC Theatre Equipment		
70	- Mobile Phone Infrastructure		
65	- Marengo Landfill Rehabilitation		
50	- Red Rock Development		
50	- Wye River Playground		
35	- Federation Project		
25	- Biodiversity Scheme		
23	- Direct Seeding		
18	- Tourism		
17	- Business Retention		
9	- Forrest Recreation Reserve Shelter		
1,699		18	910
6,460	TOTAL	3,733	2,203

CONDITIONS ON GRANTS

Grants recognised as revenues during the reporting period which were obtained on the condition that they be expended in a specified manner that had not occurred as at the reporting date were:

128	Port of Apollo Bay	208
147	Old Beechy Line Trial	200
	Lake Colac Wetland Development	73
	Hart/Wilson Street Intersection	72
	Roads to Recovery	49
	Walking School Bus	30
	Bicycle Lanes	12
	Fire Access Tracks	12
554	Small Town Development	
55	Bicycle Pathways	
50	Red Rock	
37	Rural Access Program	
32	Rural Transaction Centre Program	
26	Community Transport	
25	Community Drop in Centre	
24	Biodiversity Scheme	
18	Intranet Upgrade	
18	COPACC Theatre Grant	
14	Direct Seeding	
8	Bus Stop Improvements	
1	Aged & Home Care	
1,137	TOTAL	656

continues

Notes to the Financial Statements for the Year Ended 30 June 2003

2002 \$'000		2003 \$'000
	<i>Grants recognised as revenue in previous reporting periods and were expended during the current reporting period in the manner specified by the grantor were:</i>	
1,586	Port of Apollo Bay	128
	Old Beechy Line Trial	26
	Small Town Development	248
	Bicycle Pathways	55
	Red Rock	50
	Rural Access Program	21
	Rural Transaction Centre Program	32
	Community Transport	19
	Community Drop in Centre	13
	Biodiversity Scheme	11
	Intranet Upgrade	18
	COPACC Theatre Grant	18
	Direct Seeding	14
	Bus Stop Improvements	8
7	Aged & Home Care	1
40	Rural Access	
40	Bicycle Pathways	
29	Botanic Gardens	
25	Active Youth Recreation	
21	Maternal & Child Health	
15	Family Day Care	
9	Apollo Bay Airfield Study	
6	Tourism	
5	Local Learning Program	
1,783	TOTAL	662

NOTE 4: DEPRECIATION AND AMORTISATION

2002 \$'000		2003 \$'000
1,082	Buildings	919
660	Plant and Machinery	662
7,009	Roads, Streets and Bridges	6,112
30	Furniture and Equipment	43
153	Parks and Gardens	161
187	Drains	188
10	Leased Assets	8
9,131	TOTAL	8,093

Notes to the Financial Statements for the Year Ended 30 June 2003

NOTE 5: DISPOSAL OF ASSETS

2002 \$'000		2003 \$'000
	<i>Plant and Machinery</i>	
631	Proceeds from sales	907
694	Less: Written down value of assets sold	900
(63)	Surplus/(Deficit) on Disposal	7
	<i>Land and Buildings</i>	
305	Proceeds from sales	330
70	Less: Written down value of assets sold	2,139
235	Surplus/(Deficit) on Disposal	(1,809)
	<i>Furniture and Equipment</i>	
10	Proceeds from sales	2
1	Less: Written down value of assets sold	2
9	Surplus/(Deficit) on Disposal	0
181	TOTAL	(1,802)
	SUMMARY	
946	Proceeds from sales	1,239
765	Less: Written down value of assets sold	3,041
181	Surplus/(Deficit) on Disposal	(1,802)

Deficit on Disposal of Land and Buildings is due to the sale of property at 83-86 Queen Street being the Lions Club Senior Citizens Village. The land and buildings had a written down value of \$2.1m comprising of \$1.76m for Buildings and \$0.25m for Land.

The Buildings were a community asset funded by community donations and were recognised as a non-current asset in Council's Statement of Financial Position in accordance with Australian Accounting Standards.

The land was sold to Mercy Aged Care for \$230,000 and the control of the buildings was transferred to Mercy Aged Care for no consideration.

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

	OPERATING			RATE DETERMINATION		
	BUDGET \$'000	ACTUAL \$'000	VARIANCE %	BUDGET \$'000	ACTUAL \$'000	VARIANCE %
REVENUE FROM ORDINARY ACTIVITIES						
Rates & Charges	10,763	10,966	2	10,764	10,966	2
Grants Commission	2,308	2,315	0	2,308	2,315	0
Governance	2,688	2,498	(7)	2,688	2,498	(7)
Infrastructure	7,429	8,601	16	6,754	7,900	17
Strategic Development	2,205	2,317	5	2,205	2,317	5
TOTAL REVENUE FROM ORDINARY ACTIVITIES	25,393	26,697	5	24,719	25,996	5
EXPENSES FROM ORDINARY ACTIVITIES						
Governance	6,223	6,934	11	6,480	6,786	5
Infrastructure	19,478	21,292	9	13,173	13,007	(1)
Strategic Development	5,261	5,856	11	6,163	6,817	11
TOTAL EXPENSES FROM ORDINARY ACTIVITIES	30,962	34,082	10	25,816	26,610	3
NET SURPLUS/(DEFICIT)	(5,569)	(7,385)	33	(1,097)	(614)	(44)

Notes to the Financial Statements for the Year Ended 30 June 2003

NOTE 6(b): COMPARISON OF ACTUAL AND BUDGET STATEMENT OF CASH FLOWS

	2003	
	BUDGET \$'000	ACTUAL \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Rates and Charges	10,667	10,833
Government Grants	5,767	6,048
Capital grants for asset acquisition	2,251	2,734
Council User charges and reimbursements received	4,122	4,891
Contributions and donations received	1,017	1,091
Council payments to employees	(7,502)	(7,814)
Council payments to suppliers	(11,101)	(10,934)
Interest received	175	187
Interest paid	(348)	(342)
Council Grants and Donations paid	(97)	(88)
GST paid	0	(104)
Other receipts	10	0
Other payments	(837)	(736)
Net cash provided by operating activities	4,124	5,766
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for asset acquisition	(5,609)	(5,189)
Proceeds from disposal of assets	875	1,239
Net cash used in investing activities	(4,734)	(3,950)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(533)	(533)
Proceeds from borrowings	0	0
Sale of investments	40	(112)
Lease Payments	(1)	(1)
Net cash used in financing activities	(494)	(646)
Net increase/(decrease) in cash held	(1,104)	1,170
Cash at the beginning of the year	2,372	2,372
CASH AT THE END OF THE YEAR	1,268	3,542

NOTE 6(c): RECONCILIATION OF DIFFERENCES BETWEEN RATES DETERMINATION SURPLUS/(DEFICIT) AND NET PROFIT/(LOSS)

2002 \$'000		2003	
(388)	RATE DETERMINATION SURPLUS/(DEFICIT)	\$'000	\$'000
	<i>Items included in the Rates Determination result which are not included in the Statement of Financial Performance:</i>		(614)
4,855	Capital Expenditure (Net)	3,950	
727	Transfers to Reserves	691	
(724)	Transfers from Reserves	(698)	
757	Debt Redemption	533	
0	Loan Proceeds	0	
			4,476
5,227			3,862
	<i>Items included in the Statement of Financial Performance which are not included in the Rates Determination:</i>		
(38)	Increase/(Decrease) in Net Assets – CRLC	(262)	
181	Profit/(Loss) on Sale of Assets	(1,803)	
132	Donated Property, Plant and Equipment	87	
(386)	Property, Plant and Equipment Disposal	(1,232)	
(371)	Property, Plant and Equipment written off	0	
6	Property, Plant and Equipment not previously recognised	73	
(90)	Property, Plant and Equipment Revaluation Decrement	0	
(16)	CRLC Loan Reimbursement	(17)	
(9,131)	Depreciation	(8,093)	
			(11,247)
(4,486)	NET SURPLUS/(DEFICIT)		(7,385)

Notes to the Financial Statements for the Year Ended 30 June 2003

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

(i) Governance

The actual net cost was an increase of \$401,000 (25.5% over budget) due mainly to:

- recognition of Defined Benefits Unfunded Superannuation liability
- decrease in Net Assets of the Corangamite Regional Library Corporation

(ii) Infrastructure

The actual net cost was an increase of \$642,000 (5.3% over budget) due mainly to:

- increased Private Works income
- deficit on sale of property at 83-86 Queen Street (See Note 5)

(iii) Strategic Development

The actual net cost was an increase of \$483,000 (15.8% over budget) due mainly to:

- increased Town Planning expenses
- Colac Landfill Rehabilitation works in advance

NOTE 7: CASH

2002 \$'000		2003 \$'000
6	Cash on hand	6
2,366	Cash at bank	3,536
2,372		3,542
Cash is on hand or available on demand.		
4	Non-interest bearing	4
2,368	Interest bearing at average rate of 4.25% (2001/2002 - 4.25%)	3,538
2,372		3,542

Interest rates are variable and reflect current market values.

NOTE 8: RECEIVABLES

2002 \$'000		2003 \$'000
CURRENT		
246	Rates & Charges	304
431	Government Grants	161
640	User Charges	529
214	Private Works	505
17	Reimbursement Unfunded Superannuation Loan - CRLC	18
46	GST Receivable	150
524	Other	88
2,118		1,755
NON-CURRENT		
126	Reimbursement Unfunded Superannuation Loan - CRLC	108
126	TOTAL	108

Rates are secured by a charge over each ratepayer's property. Interest is charged on overdue rates at 11.25% (2001/02 12.25%). The interest rate decreased from 12.25% to 12.0% on the 25 August 2002. The interest rate decreased to 11.5% on the 18 December 2002, then decreased again to 11.0% on the 24 March 2003. The interest rate increased from 11.0% to 11.25% on the 26 of June 2003. Rates are due for payment in a lump sum on 15 February or by instalments due on 30 September, 30 November, 28 February and 31 May. The amount of overdue rates upon which interest is being charged is \$304,275, before any provision for doubtful debts.

Notes to the Financial Statements for the Year Ended 30 June 2003

NOTE 9: OTHER FINANCIAL ASSETS

2002 \$'000		Note	2003 \$'000
CURRENT			
885	Cash – on call*		1,003
NON-CURRENT			
10	Cash – on call		2
836	Interest in Corangamite Regional Library Corp.	32	583
846			585
* Restricted Assets			
885	Long Service Leave investment		1,003

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 4.75% (2001/2002 – 4.5%)

NOTE 10: INVENTORIES

2002 \$'000		2003 \$'000
46	Raw Materials and Stores	47
11	Great Ocean Road Visitor Information Centre	13
4	Indoor Aquatic Centre	14
61		74

NOTE 11: PREPAYMENTS

2002 \$'000		2003 \$'000
24	Vehicle Registrations/Insurance	25
27	Councillor Allowances	27
12	Other	9
63		61

Notes to the Financial Statements for the Year Ended 30 June 2003

NOTE 12: PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT

2002 \$'000		2003 \$'000	2003 \$'000
NON-CURRENT			
<i>Land</i>			
0	- at Cost	0	
19,193	- at Independent Valuation 30/6/2002	18,844	
19,193			18,844
<i>Buildings</i>			
0	- at Cost	231	
31,534	- at Independent Valuation 30/6/2002	29,770	30,001
(5,465)	Less: Accumulated Depreciation		(6,351)
26,069			23,650
<i>Plant and Machinery</i>			
0	- at Cost	1,610	
7,324	- at Deemed Cost 1/7/2001	5,947	7,557
(3,290)	Less: Accumulated Depreciation		(3,474)
4,034			4,083
<i>Roads and Streets</i>			
0	- at Cost	2,731	
187,687	- at Independent Valuation 30/6/2002	183,166	185,897
(83,565)	Less: Accumulated Depreciation		(85,584)
104,122			100,313
<i>Parks and Gardens</i>			
0	- at Cost	306	
2,404	- at Independent Valuation 30/6/2002	2,382	2,688
(1,204)	Less: Accumulated Depreciation		(1,352)
1,200			1,336
<i>Furniture and Equipment</i>			
172	- at Cost	257	
210	- at Independent Valuation 30/6/2002	202	459
(11)	Less: Accumulated Depreciation		(52)
371			407
<i>Drainage</i>			
0	- at Cost	20	
15,048	- at Independent Valuation 30/6/2002	15,048	15,068
(4,702)	Less: Accumulated Depreciation		(4,891)
10,346			10,177
<i>Bridges</i>			
0	- at Cost	72	
12,574	- at Independent Valuation 30/6/2002	12,537	12,609
(8,932)	Less: Accumulated Depreciation		(9,105)
3,642			3,504
<i>Footpaths</i>			
0	- at Cost	94	
5,411	- at Independent Valuation 30/6/2002	5,335	5,429
(2,187)	Less: Accumulated Depreciation		(2,265)
3,224			3,164
<i>Kerb and Channelling</i>			
0	- at Cost	24	
13,618	- at Independent Valuation 30/6/2002	13,618	13,642
(1,684)	Less: Accumulated Depreciation		(1,994)
11,934			11,648
87	Equipment under Lease		87
(43)	Less: Accumulated Amortisation		(51)
44			36
184,179	Total Written Down Value of Non-Current Fixed Assets		177,162

continues

Notes to the Financial Statements for the Year Ended 30 June 2003

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

	2003											
	Land \$'000	Buildings \$'000	Plant and Mach- inery \$'000	Roads and Streets \$'000	Bridges \$'000	Foot- paths \$'000	Kerb and Channel \$'000	Furniture and Equip- ment \$'000	Parks and Gardens \$'000	Drainage \$'000	Equipment under Lease \$'000	Total \$'000
Balance at beginning of financial year	19,193	26,069	4,034	104,122	3,642	3,224	11,934	371	1,200	10,346	44	184,179
Additions	25	293	1,611	2,731	72	94	24	101	306	19	0	5,276
Disposals	(374)	(1,765)	(900)	0	0	0	0	(2)	0	0	0	(3,041)
Revaluation increments/ (decrements)	0	0	0	0	0	0	0	0	0	0	0	0
Asset Write off	0	(28)	0	(1,119)	(10)	(46)	0	(20)	(9)	0	0	(1,232)
Recognition of Assets not previously recognised	0	0	0	73	0	0	0	0	0	0	0	73
Depreciation expense	0	(919)	(662)	(5,494)	(200)	(108)	(310)	(43)	(161)	(188)	(8)	(8,093)
Balance at end of financial year	18,844	23,650	4,083	100,313	3,504	3,164	11,648	407	1,336	10,177	36	177,162

NOTE 13: PAYABLES

2002 \$'000		2003 \$'000
	CURRENT	
1,721	Trade Creditors	2,026
206	Accrued Expenses	495
65	Apollo Bay Harbour Creditors	19
179	Trust Deposits	211
6	Superannuation	6
2	Other	0
2,179		2,757

NOTE 14: EMPLOYEE BENEFITS

2002 \$'000		2003 \$'000
	CURRENT	
622	Annual Leave	612
111	Long Service Leave	101
17	Other	18
750		731
	NON-CURRENT	
774	Long Service Leave	902
No.		No.
288 (174.8 EFT)	Number of employees at year end	295 (175 EFT)

Notes to the Financial Statements for the Year Ended 30 June 2003

NOTE 15: INTEREST BEARING LIABILITIES

(a) Loans

2002 \$'000		2003 \$'000
	CURRENT	
0	Unfunded Superannuation	86
533	Borrowings – Secured	574
533		660
	NON-CURRENT	
0	Unfunded Superannuation	777
4,592	Borrowings – Secured	4,018
4,592		4,795
	The bank overdraft (Note 22) and loans are secured over the general rates of the Council.	
	Loans are expected to be settled as follows:	
533	Within 12 months	660
4,592	12 months or more	4,795
5,125		5,455

(b) Debt Servicing and Redemption for the Year

2002 \$'000		2003 \$'000
385	Operating Interest Repayments on Loans	336
757	Debt Redemption (Principal)	533
1,142	Total	869
	The following average interest rates are applicable to:	
8.45%	Bank Overdraft	8.45%
7.33%	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: NET FAIR VALUES

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

	2002		2003	
	Carrying Amount \$'000	Net Fair Value \$'000	Carrying Amount \$'000	Net Fair Value \$'000
FINANCIAL ASSETS				
Cash	2,372	2,372	3,542	3,542
Receivables	2,244	2,244	1,863	1,863
Other Financial Assets	1,731	1,731	1,588	1,588
TOTAL	6,347	6,347	6,993	6,993
FINANCIAL LIABILITIES				
Bank Overdraft	0	0	0	0
Payables	2,179	2,179	2,757	2,757
Lease Liability	1	1	0	0
Interest Bearing Liabilities	5,125	3,474	5,455	3,724
TOTAL	7,305	5,654	8,212	6,481

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.

Notes to the Financial Statements for the Year Ended 30 June 2003

NOTE 17: 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 Stephen Hart Brian Crook Stuart Hart
Chief Executive Officer	Rob Small (Period: 20 Mar 2003 – 30 June 2003) Merv Hair – Acting (Period: 14 Sept 2003 – 19 Mar 2003) Glenn Patterson (Period: 1 July 2002 – 13 Sept 2002)

- (ii) Remuneration of Responsible Persons

Income Range:	2002 No.	2003 No.
\$0 – \$9,999	6	0
\$10,000 – \$19,999	3	6
\$20,000 – \$29,999	0	0
\$30,000 – \$39,999	1	2
\$40,000 – \$49,999	0	1
\$80,000 – \$89,999	0	1
\$140,000 – \$149,999	1	0
TOTAL	11	10
	\$'000	\$'000
Total Remuneration for the reporting period for Responsible Persons included above, amounted to	257	264

- (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:	2002 No.	2003 No.
\$80,000 – \$89,999	2	3
\$100,000 – \$109,999	2	0
TOTAL	4	3
	\$'000	\$'000
Total Remuneration for the reporting period for Senior Officers included above, amounted to	370	255

- (iv) No retirement benefits have been paid by the Council to a Responsible Person.
- (v) No loans have been made, guaranteed or secured by the Council to a Responsible Person during the reporting period.
- (vi) There are no other related party transactions requiring disclosure.

NOTE 18: AUDITORS' REMUNERATION

Remuneration of the auditor of the reporting entity for auditing or reviewing the financial report for the period was \$21,800 (2001/2002 \$21,150).

NOTE 19: SUPERANNUATION

The council makes employer superannuation contributions in respect of its employees to the Local Authorities Superannuation Fund.

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 9% of superannuation salary (8% in 2001/2002). 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.

Notes to the Financial Statements for the Year Ended 30 June 2003

Defined Benefits Members

The Council makes employer contributions to the defined benefits category of the Fund at rates determined by the Fund's Trustee on the advice of the actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Fund's actuary as at 31 December 2002, the Trustee has determined that the Council should make the following contributions:

- 9.25% of members (same as previous year);
- the difference between resignation and retrenchment benefits paid to its retrenched employees (same as previous year)
- Council's share of the funding shortfall in the Local Authorities Superannuation Fund Defined Benefit Plan of \$127m at 31 December 2002 (Councils share \$863,000 including \$129,468 contributions tax). The funding or "actuarial" shortfall is the amount by which the current value of assets plus expected future contributions is less than the value of the expected future benefits and expenses. The Local Authorities Superannuation Fund Defined Benefit Plan is operated as a mutual plan.

It has yet to be determined by the Council the method of repayment of the funding shortfall and is subject to advice by the Municipal Association of Victoria.

The Fund's liability for accrued benefits was determined in the 31 December 2002 actuarial investigation pursuant to the requirements of Australian Accounting Standard AAS25 as follows:

	31-Dec-02 \$'000
Net Market Value of Assets	2,013,748
Accrued Benefits (per accounting standards)	2,085,204
Difference between Assets and Accrued Benefits	(71,456)
Vested Benefits	2,013,156

Details of contributions to superannuation funds during the year are as follows:

	2002 \$	2003 \$
LASPLAN	295,420	360,312
Defined Benefits	242,875	249,047
	538,295	609,359

NOTE 20: RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO NET PROFIT/(LOSS)

	2002 \$'000	2003 \$'000
(4,486)	Net Surplus/(Deficit)	(7,385)
9,131	Depreciation	8,093
100	Decrease in receivables	485
31	Increase in GST Asset	(103)
190	Increase in creditors	578
0	Increase in interest bearing liabilities	863
170	Increase in employee entitlements	108
91	Decrease in prepayments	2
10	Increase in inventories	(12)
(181)	(Profit)/Loss on Sale of Assets	1,803
5,056		4,432
	<i>Other reconciling items:</i>	
38	Change in Net Assets – Regional Entities	262
90	Property, Plant and Equipment Revaluation Decrement	0
(6)	Property, Plant and Equipment not previously recognised	(73)
757	Property, Plant and Equipment written off	1,232
(132)	Donated Property, Plant and Equipment	(87)
5,803	Net cash provided by operating activities	5,766

Notes to the Financial Statements for the Year Ended 30 June 2003

NOTE 21: 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:

2002 \$'000		2003 \$'000
2,372	Cash	3,542
0	Bank Overdraft	0
2,372		3,542

NOTE 22: FINANCING FACILITIES

2002 \$'000		2003 \$'000
	<i>Bank overdraft facilities</i>	
0	Used Facilities	0
1,000	Unused Facilities	1,000
1,000		1,000

NOTE 23: FINANCIAL RATIOS

2001	2002		2003
		(i) Debt servicing ratio (%) (to identify the capacity of Council to service its outstanding debt);	
1.7%	1.5%	<u>Debt servicing costs</u> Total revenue	<u>336</u> 26,697 1.3%
		(ii) Debt commitment ratio (%) (to identify council's debt redemption strategy);	
11.7%	11.3%	<u>Debt servicing & redemption</u> Rate and Charges revenue (12 months)	<u>869</u> 10,891 8.0%
		(iii) Revenue ratio (%) (to identify Council's dependence on non-rate income);	
37.8%	38.9%	<u>Rate and Charges revenue (12 months)</u> Total revenue	<u>10,891</u> 26,697 40.8%
		(iv) Debt exposure ratio (:1) (to identify Council's exposure to debt);	
0.19:1	0.16:1	<u>Total indebtedness</u> Total realisable assets	<u>9,845</u> 54,148 0.18:1
		(v) Working capital ratio (:1) (to assess Council's ability to meet current commitments)	
1.42:1	1.59:1	<u>Current assets</u> Current liabilities	<u>6,435</u> 4,148 1.55:1

NOTE 24: CONTINGENT ASSETS

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

2002 \$'000		2003 \$'000
	A W Nicholson Pty Ltd – Construction of Colac Otway Performing Arts and Culture Centre	108

Colac Otway Shire is currently seeking to claim amounts for defects in the construction of Colac Otway Performing Arts and Culture Centre. These claims are yet to be agreed with by A W Nicholson Pty Ltd.

Notes to the Financial Statements for the Year Ended 30 June 2003

NOTE 25: CONTINGENT LIABILITIES

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

Council has provided contract performance guarantees. The details and extent of Council's exposure at the reporting date are as follows:

2002 \$'000		2003 \$'000
23	Rehabilitation bond – Department of Conservation and Natural Resources Scoria pit, Lineens Road, Coragulac Sandstone pit, Ocean Road, Princetown	
5	Contract performance – Roads Corporation	79
30	– Lorne Foreshore Committee of Management – Barwon Water	30
	No material losses are anticipated in respect of any of the above contingent liabilities.	
	Landfill Assurance – Alvie Landfill, obligations under S.194(2A) and 21 of Environment Protection Act effective 1 July 2002.	1,310
	Providing financial assurance for any remedial action, rehabilitation and site aftercare costs. The maximum costs have been estimated over the useful life of the Alvie Landfill.	
	Development Agreement – CRF Foods Pty Ltd	35
	Providing three Residential allotments of Lakeside Estate for possibility of meeting employment targets in 2003/2004. Subsequent to balance date Council received notification from CRF Pty Ltd that under the agreement the conditions have been satisfied.	

NOTE 26: COMMITMENTS FOR CAPITAL AND OTHER EXPENDITURE

At the reporting date, the municipality had entered into contracts for the following capital and other expenditures:

2002 \$'000		2003 \$'000
3,940	Garbage Collection	1,800
0	Conns Lane Bridge	250
0	Apollo Bay Harbour Boat Ramp	200
350	Cleaning	175
0	Birregurra Footpath	133
4,290		2,558
	These expenditures are due for payment:	
2,315	Not later than one year	2,558
1,975	Later than one year and not later than five years	0
4,290		2,558

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.

NOTE 27: FINANCE LEASE COMMITMENTS

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):

2002 \$'000		2003 \$'000
1	Not later than one year	0
0	Later than one year and not later than five years	0
0	Later than five years	0
1	Minimum Lease Payments	0
0	Less: Future finance charges	0
1	Lease Liability	0
	Classified as:	
1	Current	0
0	Non-Current	0
1		0

Notes to the Financial Statements for the Year Ended 30 June 2003

NOTE 28: OPERATING LEASE COMMITMENTS

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

2002		2003
\$'000		\$'000
173	Not later than one year	159
225	Later than one year and not later than five years	66
398		225

NOTE 29: PORT OF APOLLO BAY

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

2002		2003
\$'000		\$'000
ASSETS		
492	Current Assets	537
492	TOTAL ASSETS	537
LIABILITIES		
77	Current Liabilities	58
5	Non-Current Liabilities	4
82	TOTAL LIABILITIES	62
410	NET ASSETS	475
410	Accumulated Funds	475
410	EQUITY	475

NOTE 30: ASSET REVALUATION RESERVE

2003

The Asset Revaluation Reserve records revaluations of non-current assets.

2002		2003
\$'000		\$'000
67,485	Balance at beginning of financial year	80,280
170	Increase/(Decrease) in Share of CRLC Asset Revaluation Reserve	9
12,625	Revaluation of Property, Plant and Equipment	0
80,280	Balance at end of financial year	80,289

	Balance at beginning of financial year \$	Increment/ (Decrement) \$	Balance at end of financial year \$
Land	13,485		13,485
Buildings	6,615		6,615
Roads and Streets	52,609		52,609
Footpaths	10		10
Kerb and Channel	4,520		4,520
Furniture and Equipment	293		293
Parks and Gardens	552		552
Drainage	1,668		1,668
Share of CRLC Asset Revaluation Reserve	528	9	537
	80,280	9	80,289

NOTE 31(a): OTHER RESERVES

Asset Replacement Reserves

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

2002		2003
\$'000		\$'000
12	Plant Replacement	5
12		5

Notes to the Financial Statements for the Year Ended 30 June 2003

NOTE 31(b): MOVEMENT IN OTHER RESERVES

Plant Replacement

2002		2003	
\$'000		\$'000	
8	Balance at beginning of financial year		12
1	Increase/(Decrease) in Share of CRLC Asset Replacement Reserve		0
(724)	Transfer from Accumulated Surplus		(698)
727	Transfer to Accumulated Surplus		691
12	Balance at end of financial year		5

NOTE 32: INVESTMENT IN ASSOCIATES

Name of Associate: Corangamite Regional Library Corporation

Principal Activity: Library

2002		2003	
\$'000	%	\$'000	%
	24.59		24.99
	Ownership Interest		
836	Carrying Amount	583	
836	Equity-Accounted Amount	583	

The above investment comprises an interest in the unaudited equity of the associate. The balance date of the investment is 30 June.

2002		2003	
\$'000		\$'000	
	Accumulated Surplus Attributable to Associates		
(38)	Share of Profit/(Loss)	(262)	
340	Accumulated Surplus attributable to Associates at the beginning of the financial year	303	
303	Accumulated Surplus attributable to Associates at the end of the financial year	41	
	Reserves Attributable to Associates		
	<i>Asset Replacement Reserve</i>		
4	Balance at beginning of the financial year	5	
1	Share of Increase/(Decrease) in Asset Replacement Reserve	0	
5	Balance at the end of the financial year	5	
	<i>Asset Revaluation Reserve</i>		
359	Balance at beginning of the financial year	528	
170	Share of Increase in Asset Revaluation Reserve	9	
528	Balance at the end of the financial year	537	
533	Reserves attributable to Associates at the end of the financial year	542	
836	Interest in Associates	583	

NOTE 33: REPORTING ENTITY

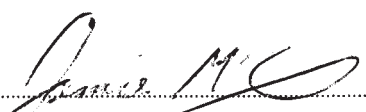
The registered office of the reporting entity is:

2-6 Rae Street
Colac Vic 3250

COLAC OTWAY SHIRE

CERTIFICATION OF FINANCIAL STATEMENTS


In my opinion the accompanying financial statements have been prepared in accordance with the Local Government Act 1989, the Local Government Regulations 2002, Australian Accounting Standards and other mandatory professional reporting requirements.

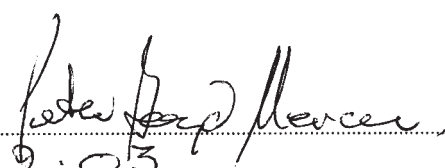
PRINCIPAL ACCOUNTING OFFICER 
Date: 03.09.2003


In our opinion the accompanying financial statements present fairly the financial transactions of the Colac Otway Shire for the year ended 30 June 2003 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 27 August 2003 to certify the Financial Statements in their final form.

COUNCILLOR 
Date: 3 September 2003

COUNCILLOR 
Date: 3.9.03

CHIEF EXECUTIVE OFFICER 
Date: 03/09/03



AUDITOR GENERAL VICTORIA

AUDITOR-GENERAL'S REPORT

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

Audit Scope

The accompanying financial report of Colac-Otway Shire Council for the financial year ended 30 June 2003, 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.

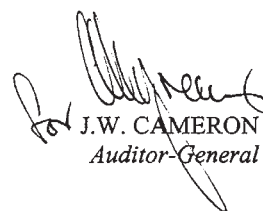
The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in 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 and its financial performance and 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 2003 and its financial performance and cash flows for the year then ended.

MELBOURNE
17 September 2003



J.W. CAMERON
Auditor-General

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

Auditing in the Public Interest

Performance Statement for the Year Ended 30 June 2003

Annual Plan Indicators

Actual Result 2001/2002	Community Satisfaction		CSMP 2002/2003 Indexed mean	ABP Target 2002/2003	Difference
63	CS.1	Community satisfaction rating for Overall Performance Generally of the Council	64	*	
47	CS.2.1	Community satisfaction rating for Local Roads and Footpaths	49	52	-3
76	CS.2.2	Community satisfaction rating for Health and Human Services	75	77	-2
70	CS.2.3	Community satisfaction rating for Recreational Facilities	71	72	-1
69	CS.2.4	Community satisfaction rating for Appearance of Public Areas	69	*	
58	CS.2.5	Community satisfaction rating for Traffic Management and Parking Facilities	59	*	
62	CS.2.6	Community satisfaction rating for Waste Management Services	63	68	-5
64	CS.2.7	Community satisfaction rating for Enforcement of Local Laws	63	*	
66	CS.2.8	Community satisfaction rating for Economic Development	64	66	-2
57	CS.2.9	Community satisfaction rating for Town Planning Policy and Approvals	56	60	-4
72	CS.3	Community satisfaction rating for Council's Interaction and Responsiveness in dealing with the public	74	*	
63	CS.4	Community satisfaction rating for Council's Advocacy and Community Representation on key local issues	60	65	-5

Actual Result 2001/2002	Financial Management		Actual Result 2002/2003	ABP Target 2002/2003	Difference
11.2%	FP.5	Total Debt Servicing Costs as a % of rates and charges revenue	8.0%	7.5%	+0.5%
1.6:1	FP.4	Working Capital Ratio (Current Assets as a % of Current Liabilities)	1.7:1	2:1	-0.3:1

Other Corporate Plan Indicators

Actual Result 2001/2002	Governance		Actual Result 2002/2003	ABP Target 2002/2003	Difference
80%		Employee Opinion Survey Satisfaction Index	†	91%	0%
66%		Civic Mutual Plus Liability Assessment	76%	71%	+5%
5		Number of Best Value Reviews completed	4	5	-1

Actual Result 2001/2002	Infrastructure		Actual Result 2002/2003	ABP Target 2002/2003	Difference
68%		Asset Renewal Sustainability Index	76%	69%	7%

* No target included in Annual Business Plan.

† The 2002 Employee Opinion Survey was conducted on a changed model in accordance with the Australian Business Excellence Framework.

Performance Statement for the Year Ended 30 June 2003

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.

Certification of Performance Statement

COLAC OTWAY SHIRE

CERTIFICATION OF PERFORMANCE STATEMENT

In my opinion, the accompanying performance statement of the Colac Otway Shire Council in respect of 2002/2003 financial year has been prepared in accordance with *the Local Government Act 1989*.

PRINCIPAL ACCOUNTING OFFICER

Date:

Jamie Mc

In our opinion, the accompanying performance statement of the Colac Otway Shire Council in respect of 2002/2003 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

COUNCILLOR

Date:

Jim Ryan

Jim RYAN

15 September 2003

NAME

COUNCILLOR

Date:

Peter Bond Mercer

PETER BOND MERCER

15.9.03

NAME

CHIEF EXECUTIVE OFFICER

Date:

Rob Smay

Rob Smay

15.09.03



AUDITOR GENERAL VICTORIA

AUDITOR-GENERAL'S REPORT

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

Audit Scope

The accompanying performance statement of Colac-Otway Shire Council in respect of the financial year ended 30 June 2003 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.

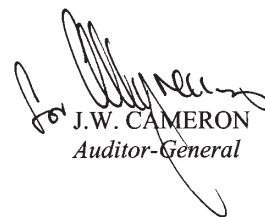
The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the performance statement is free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures 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 financial year ended 30 June 2003 is presented fairly in accordance with the *Local Government Act 1989*.

MELBOURNE
17 September 2003



J.W. CAMERON
Auditor-General

Local Government Improvement Incentive Program Statement – 2002/03

Colac Otway Shire Council

Certification by Chief Executive Officer

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

- National Competition Policy (in accordance with *National Competition Policy and Local Government – A Revised Statement of Victorian Government Policy (January 2002)*);
- Best Value (Ministerial Code of Reporting Best Value Principles) in accordance with the *Ministerial Code of Reporting Best Value Principles*; and
- Asset Management (Asset Management Reporting) in accordance with the Municipal Association of Victoria's (MAV) STEP program

for the financial year 2002/03 as set out below:


1.	<p>.....NATIONAL COMPETITION POLICY.....</p> <p>A. Trade Practices Compliance</p> <p><i>State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress.</i></p>	Compliant
	<p>B. Local Laws Compliance</p> <p><i>State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress.</i></p>	Compliant
	<p>C. Best Value Competitive Neutrality Compliance</p> <p><i>State whether the Council is compliant or non-compliant for all significant businesses. If non-compliant, justify or cite actions to redress. (If Council has scheduled, but not yet completed Best Value reviews for all of its significant businesses, this does not in itself constitute non-compliance).</i></p>	Non Compliant
2.	<p>.....BEST VALUE.....</p> <p>Ministerial Code of Reporting Best Value Principles Compliance</p> <p><i>State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress.</i></p>	Compliant
3.	<p>.....ASSET MANAGEMENT.....</p> <p>Asset Management Reporting Compliance</p> <p><i>State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress.</i></p>	Compliant

Local Government Improvement Incentive Program Statement – 2002/2003

I certify that:

- a) this statement has been prepared in accordance with the 2002/03 Local Government Improvement Incentive guidelines issued by the Minister for Local Government (April 2003) for reporting on the following three criteria :- National Competition Policy in accordance with *National Competition Policy and Local Government – A Revised Statement of Victorian Government Policy (January 2002)*, Best Value (Best Value Principles Ministerial Code of Reporting) in accordance with the *Ministerial Code of Reporting Best Value Principles*, as published in the Victoria Government Gazette dated 30 November 2000; and Asset Management (Asset Management Reporting) in accordance with the MAV's STEP program; and
- b) this statement presents fairly the Council's implementation of the National Competition Policy, Best Value Principles and Asset Management Plans.

Signed:


(Chief Executive Officer)

Date: 30/06/03

Our Vision

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

Colac Service Centre

2-6 Rae Street, Colac

Phone: 5232 9400

Fax: 5232 1046

Hours: 8.30am – 5.00pm Monday to Friday

Apollo Bay Service Centre

69 Nelson Street, Apollo Bay

Phone: 5237 6504

Fax: 5237 6734

Hours: 8.30am – 1.00pm Monday to Friday

Postal Address: PO Box 283, Colac 3250

Email Address: inq@colacotway.vic.gov.au

Website Address: www.colacotway.vic.gov.au



Colac Otway
SHIRE

'Naturally Progressive'