

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.

Colac Service Centre

2-6 Rae Street,
Colac 3250
Victoria Australia
Phone: (03) 5232 9400
Fax: (03) 5232 1046
Hours: 8.30 am - 5.00 pm
Monday to Friday

Apollo Bay Service Centre

69 Nelson Street,
Apollo Bay 3233
Victoria Australia
Phone: (03) 5237 6504
Fax: (03) 5237 6734
Hours: 8.30 am - 1.00 pm
Monday to Friday

Postal Address:

PO Box 283, Colac, 3250
Victoria Australia

Email Address:

inq@colacotway.vic.gov.au

Website Address:

www.colacotway.vic.gov.au

Colac Otway Shire ANNUAL REPORT

2004-2005



community spirit
achievement
naturally progressive

contact details

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

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Cr Stuart Hart
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Tamzin Parker & Nicola Muxworthy

Colac Otway Shire
community spirit
achievement
leadership
growth
partnership
naturally progressive
service



content

annual report

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financial statements

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development
working together

we have developed an action plan to further improve our performance.

at a glance

Working Together with the Community

The 2004/2005 financial year saw a marked increase in the level of community consultation undertaken by the Council. An extensive community consultative process was undertaken with over 700 community members contributing to the development of the 2005/2009 Council Plan. The Council and community together identified the following priority areas to be addressed over the four years of the Plan.

- **Roads and Infrastructure**
- **Planning and Development**
 - Colac
 - The Coast
 - The Hinterland
- **Financial Sustainability**
- **Health, Recreation and Community Services**
- **Economic Development**
- **Environment Sustainability**
- **Strong Leadership**

Priority actions have been identified under each area. Implementation of these actions will take place in the context of the Council's 2005 - 2009 Strategic Resource Allocations Plan.

- 2 Our community united to support the residents of those Asian countries devastated by the Boxing Day tsunami. Local organisations, businesses, service clubs, churches, individuals and the Council all worked hard to raise funds and collect goods to be sent to those areas affected.

Strong Leadership

A new Council was elected on 26 November 2004, a new Chief Executive Officer commenced in November 2004 and two new general managers began in early 2005. Together all senior staff and Councillors have worked as a team to develop a strong community leadership focus.

The strong community focus has been achieved through greater emphasis across the organisation on community engagement, team work and the endorsement of and working within the Council and Staff Codes of Conduct.



This fresh team together with the experienced members of staff have brought an increased emphasis on the key areas of customer, community, services and financial responsibility.

Performance

The Auditor-General has provided 24 recommendations in a report about how councils rated in their management of Occupational Health and Safety³ against best practice.

The audit indicated that Colac Otway Shire rated above average compared to all other Victorian councils. We have developed an action plan to further improve our performance.

³ Source: Auditor-General's Report (April 2005) Management of Occupational Health and Safety in Local Government

Summary of Financial Performance

Summary Financial Statements

The following tables are a summary of the Annual Financial Reports and Standard Statements for the year ended 30 June, 2005. Please refer to pages 57 in **SECTION TWO** of the Annual Report for the detailed financial information relating to this Summary.

Statement of Financial Performance

	2004/05	2004/05	Variance			Comments
	Budget	Actual				
	(\$m)	(\$m)	(\$m)	(%)	(F/U) ⁴	
Own-source revenues	20.3	21.9	1.6	7.9	F	
Total Revenues	28.0	31.3	3.3	11.8	F	Recognition of land not previously recognised
Employee expenses	(9.1)	(8.6)	(0.5)	(5.5)	F	
Total expenses	(31.1)	(33.5)	2.4	7.1	U	Provision for landfill rehabilitation
Operating result	(3.1)	(2.2)	0.9	(29.0)	F	

Note: Please refer to the graphs on page 6 for a detailed break up of Council's total revenues and expenses.

Statement of Financial Position

	2004/05	2004/05	Variance			Comments
	Budget	Actual				
	(\$m)	(\$m)	(\$m)	(%)	(F/U)	
Cash	4.3	8.0	3.7	86.0	F	Uncompleted projects carried over to 2005/06
Current assets	6.9	10.3	3.4	49.3	F	Increased cash position
Current liabilities	(3.9)	(4.2)	(0.3)	7.7	U	
Non-current assets	174.0	188.2	14.2	8.2	F	Revaluation of assets
Borrowings	(4.3)	(4.3)	0.0	0.0	-	Retirement of debt as planned
Non-current liabilities	(4.9)	(7.7)	(2.8)	57.1	U	Provision for landfill rehabilitation
Net assets	172.1	186.6	14.5	8.4	F	

Statement of Cash Flows

	2004/05	2004/05	Variance			Comments
	Budget	Actual				
	(\$m)	(\$m)	(\$m)	(%)	(F/U)	
Net operating	5.6	7.8	2.2	39.3	F	
Net investing	(6.4)	(4.9)	1.5	(23.4)	U	
Net financing	(0.5)	(0.5)	0.0	0.0	-	Retirement of debt as planned
Opening cash balance	5.6	5.6	0.0	0.0	-	
Net Cash	4.3	8.0	3.7	86.0	F	Uncompleted projects carried over to 2005/06

Capital Works

	2004/05	2004/05	Variance			Comments
	Budget	Actual				
	(\$m)	(\$m)	(\$m)	(%)	(F/U)	
Renewal	4.5	4.2	(0.3)	(6.7)	U	
Upgrade	1.7	0.7	(1.0)	(58.8)	U	Special charge schemes abandoned or deferred
New	1.1	0.9	(0.2)	(18.2)	U	
Total	7.3	5.8	(1.5)	(20.5)	U	Uncompleted projects carried over to 2005/06

⁴ F = Favourable variances
U = Unfavourable variances

successful high achievement

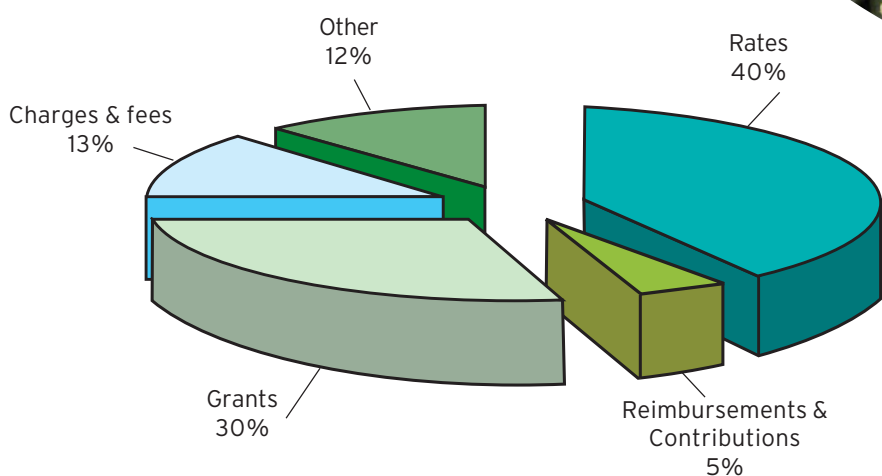


Revenue and Expenditure

Where does Council's revenue come from⁵?

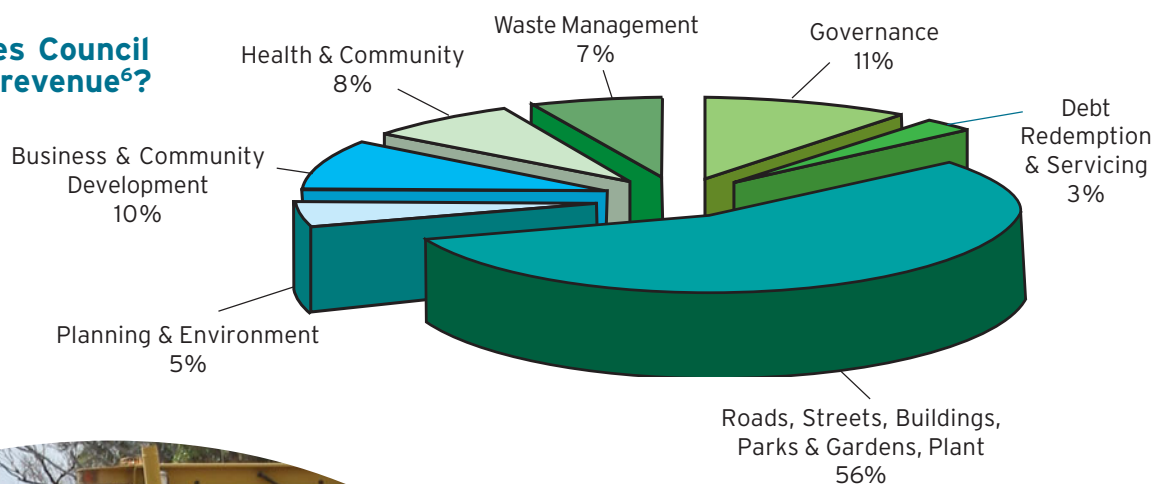
Council continues to be successful in the acquisition of external grants to assist in its works and service programs throughout the year.

The past year has seen 30% of Council's revenue being generated from external sources, which ranks Council at a higher level compared to other Councils throughout the State.



Council achieved a 97% collection result for rates and charges, which again ranks as a high achievement level throughout the State.

Where does Council spend its revenue⁶?



During the 2004/2005 financial year Council spent \$5.2m on infrastructure renewal and upgrade. This helped narrow Council's infrastructure gap.⁷



⁵ Audited Financial Statements
⁶ Audited Financial Statements
⁷ Audited Financial Statements

Impact of Depreciation

Council's depreciation charge is significant compared with other similar sized Victorian Councils.

The primary reasons for this 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, for example over one third of the Shire is non-rateable crown land
- Conservatively higher replacement unit costs
- Comparatively shorter asset lives, reflecting factors such as high rainfall, heavy traffic and a high proportion of maintenance required for unsealed roads

Council has reassessed its road infrastructure accounting methodology as at 30 June 2005 which will see a reduction in depreciation for the 2005/06 financial year.

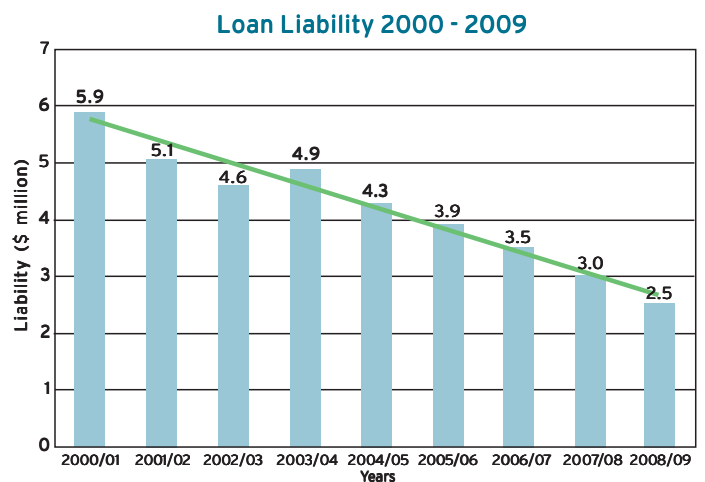
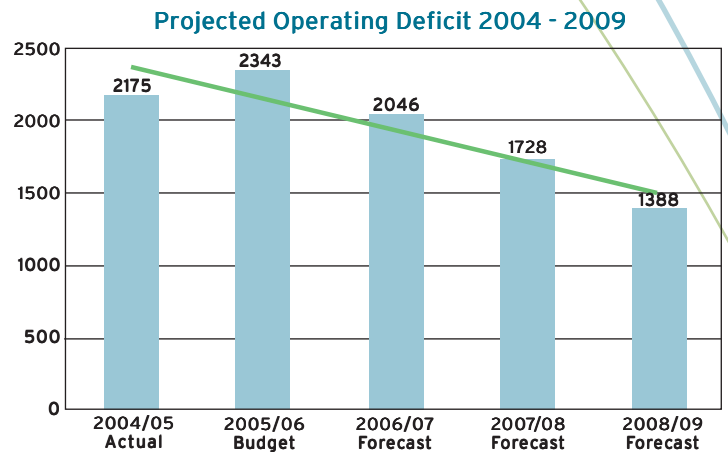
The changes have been made to the accounting methodology to better reflect Council's infrastructure replacement practices.

These changes to Council's infrastructure asset accounting, together with an emphasis on renewal rather than upgrade infrastructure expenditure, will have a direct positive result on decreasing the depreciation charge, improving the operating result and subsequently the long-term financial viability of Council as demonstrated in the graph below⁸.

Loan Liability⁹

As part of Council's debt management strategy, \$0.5m was redeemed on Council's loan liability during the 2004/05 financial year.

Over the past four years Council's loan liability has decreased overall from \$5.9m to \$4.3m. Council's loan liability is forecast to reduce to \$2.5m by 2008/09. Council's loans are well within prudential ratio's set by the Department of Victorian Communities.



5



⁸ Source: 2005/2006 Budget

⁹ Source: Audited Financial Statements and 2005-2009 Strategic Resource Plan

Colac Otway a vibrant & progressive community

The Colac Otway Shire is situated within a two hour drive of Melbourne. The Shire is vibrant and progressive with some of the most picturesque scenery within the State.

Tourism numbers are expected to double in the next five years with a six fold increase projected over the next 30 years.

Population: Projected Population at June 2006 - 21,512
Median age at June 2003 - 39.6 yrs¹⁰

Area: 3,533 (sq kms)

In the northern hinterland agriculture prospers on the fertile plains framed by volcanic lakes and craters. A drive south through Colac leads to the Otway Ranges and one of Australia's most significant cool climate rain forest areas.

The Otway Ranges are important to the Shire and the wider region for tourism, timber and water harvesting activities. During 2004/2005 the State Government announced formation of a 100,000 hectares National Park for the Otway Ranges. This is expected to boost tourism in the Shire.

⁶ Dotted throughout the Shire are many small and historic towns with active community progress associations.

Large Towns: Colac and Apollo Bay
Length of Roads: 1723km of Local Roads
Length of Coast Line: 90 kms.
Sea Port: Apollo Bay
Authorised Landing Areas: Colac and Apollo Bay

vibrant
some of the most picturesque scenery within the State



The Southern area of the Shire includes the coastal township of Apollo Bay, a popular tourist destination, with a population of 1,190 which swells to over 15,000 during the summer holiday period.

The City of Colac is the key industrial, commercial and service centre for the Shire. Colac and the surrounding area has a current population of 10,472¹¹.

The Shire provides diverse employment opportunities through a range of primary industries, tourism, commercial and community services.

Major Employers:

- Colac Area Health
- Wettenhalls Transport
- CRF Colac Otway Pty Ltd. (food processors)
- Colanda Residential Services
- Bulla Dairy Foods
- Associated Kiln Dryers (AKD) Softwoods
- Colac Otway Shire
- Bonlac Foods
- Education Sector¹²

The Colac Otway Shire had an average annual growth rate in 2003/2004 of 1.0% an increase of 0.8% in the preceding 4 years.¹³

¹⁰ Source: Victorian Population Bulletin 2005 department of Sustainability & Environment

¹¹ Source: Department of Sustainability and Environment, Victoria in the Future 2004, printed in the Economic Indicators Bulletin 2003/2004, City of Greater Geelong

¹² Source: Australian Bureau of Statistics 2001 Census

¹³ Source: Australian Bureau of Statistics 2005 Population Growth

mayoral viewpoint



The 2004/2005 financial year has been one of the most exciting and busy years for the Shire.

In early November we welcomed our new Chief Executive Officer, Tracey Slatter and mid November saw us in the midst of Council elections. We welcomed three new councillors Cr. Joe Di Cecco - Otway Ward and Councillors Chris Smith and Geoff Higgins both in the Colac Ward and farewelled Councillors Stephen Hart (Otway Ward) and Helen Paatsch and Jim Ryan (Colac Ward).

I would especially like to thank Councillors Paatsch and Ryan for their long and valuable service to the Colac Otway Shire over the period from 1996 to November 2004.

It was clear from the election process there was a community expectation that we should address roads, infrastructure and strategic land use planning as urgent issues. We listened and now have in place a full complement of planning staff and a monthly stand alone Planning Committee meeting. We also have in place a Roads Committee which meets four times a year. We encourage the community to attend these meetings.

Our community united to support the residents of those Asian countries devastated by the Boxing Day Tsunami. Local organisations, businesses, service clubs, churches, individuals and the Council all worked hard to raise funds and collect goods to be sent to those areas affected. We were truly humbled by this experience and overwhelmed by our community's capacity to give.

This year we have taken a very innovative approach to gathering information from the community as the basis for our 2005 - 2009 Council Plan. A series of five workshops were held in various locations across the Shire. At these workshops participants were invited to comment on the priorities for the Colac Otway Shire for the following four years and to raise issues which may be priorities in the future.

It was a fantastic team exercise. As a Council we were able to get a sense of the key themes and common issues across the Shire. In some respects it became quite clear how diverse our Shire is - each community outlined varying priorities and needs.

The Council Plan is now complete and together with the Strategic Resource Allocation Plan, we have developed a clear and financially sustainable way ahead for the next four years.

The year has presented many opportunities for us to advocate with other levels of government on the issues affecting the Shire. We have advocated for additional funding for tourism, road maintenance, the rehabilitation of Lake Colac, transport, a hydrotherapy pool, improved community transport and the environment just to mention several areas.

We have been successful in gaining major additional funding for the rehabilitation of Lake Colac, road maintenance and renewal and tourism opportunities in the Otway Ranges. We will continue to advocate strongly as a means to securing additional funding and economic opportunities for the municipality.

Lake Colac is one of our Shire's greatest assets. It has long been a place where we have come to relax with family and friends, an area for recreation, and more recently, a place that has become synonymous with celebrating our identity and culture on Australia Day. We are looking forward with great excitement to its regeneration over the next few years.

We are entering an exciting growth period across the Shire with many major businesses opening their doors, increased tourism and development along the coast and increased education opportunities for our young people.

There is still much to do. Our Council Plan now gives us a clear direction, and together with the community, our partners, key stakeholders and the staff of the Colac Otway Shire, we see a positive and exciting future ahead.

Cr. Warren Riches
Mayor

commitments to the community

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 in the future.

8 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.

Our Core Business

To ensure that Council focuses on the provision of services which address the legislated objectives of the Council, all Business Units within the organisation have categorised their activities under one of the following headings:

Statutory Requirement

There are State or Federal Government Legislative requirements that Council provides this service.

Funding Agreement

Council is funded to provide this service on behalf of another organisation.

Council Instigated

Over time Council has recognised a community need for a particular service and in the absence of another provider delivers this service to the community.



▶ **72% of the Colac Otway community were satisfied with our Customer Service.**¹⁴

¹⁴ Source: 2005 Annual Local Government Community Satisfaction Survey

*generate growth in employment
& improve quality of life*

Listening to the Community

The 2004/2005 financial year saw a marked increase in the level of community consultation undertaken by the Council.

Development of the Four Year Council Plan

Council undertook an extensive community consultative process in the development of the 2005/ 2009 Council Plan. As a starting point Councillors developed a list of 63 Priority Issues that needed to be addressed over the next four years by Council and the community.

These priorities were subsequently themed under the following headings:

- Roads and Infrastructure
- Planning and Development
 - Colac
 - The Coast
 - The Hinterland
- Financial Sustainability
- Health, Recreation and Community Services
- Economic Development
- Environment Sustainability
- Strong Leadership

To ensure that we obtained maximum community and stakeholder input, personal invitations to attend community workshops were sent to key stakeholder groups and partner organisations within the municipality.

In addition to the personal invitations, over the three weeks preceding the workshops we undertook an extensive publicity campaign in order to ensure the wider community were aware of and able to attend the scheduled workshops.

Five workshops were held at a variety of times during the day at Colac, Apollo Bay, Birregurra and Beeac. Non resident rate-payer community received surveys.

A total of 200 people from diverse population groupings participated in the community workshops and 500 non resident ratepayers returned surveys.

Following the endorsement of the Draft Plan by the Council, the Plan was placed on display for a four week period ending on 17 June 2005. The purpose of placing the Plan on exhibition was to allow interested parties to make submissions. The availability of the Draft Plan was



advertised through the media and by the use of posters in libraries, post offices, a copy of the Draft Plan was placed on the Council's web site and letters were sent to all non resident rate payers alerting them to the availability of the Draft Plan. Twenty three persons requested hard copies of the Draft Plan and there were two submissions received.

Community Input into Planning Decisions

To ensure that the views of our non resident ratepayer were canvassed Council held four public forums, two in Melbourne and two in Wye River regarding the Wye River, Separation Creek, Kennett River and Skenes Creek Neighbourhood Character Study.

The community were asked to participate in and comment upon the development of the following projects:

- Amendment C17 - Mariner's Vue Project
- Amendment C21 - Apollo Bay and Marengo Neighbourhood Character Study
- Amendment C26 - Barwon Region Water Authority - Service Tank Site, Apollo Bay Nth
- Amendment C29 - Great Ocean Green - Barham Valley
- Amendment C31 - Barwon Region Water Authority - Service Tank Site, Barham Valley Road
- Amendment C35 - Hart and Airey Street, Elliminyt - Rezoning
- Tulloh Street and Beechy Court, Elliminyt Special Charge Scheme
- Borwick & Dowling Street, Colac Special Charge Scheme
- Skenes Creek Street construction
- Wynne Street, Colac Special Charge Scheme
- Gellibrand Television Black Spot Program

Amendments have a minimum exhibition period of four weeks. However Council recommends most exhibition periods be of an eight week period to maximise the opportunity for community awareness and comment. The Great Ocean Green Plan was exhibited for three months in recognition of its significance to the future of Apollo Bay.

working together community, council & services

**Colin Hayman
General Manager
Corporate Services**

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



**Tracey Slatter
Chief Executive Officer**

- Councillor Support
- Strategic Planning
- Internal Audit
- Human Resources
- Risk Management
- Organisation Development
- Communications

**Cr. Brian Crook
Colac Ward**
First elected 2002
Re-elected 2004



**Mayor
Cr. Warren Riches
Warrion Ward**

First elected 1996
Re-elected 1999; 2002, 2004
Mayor 2001 - 2002, 2004 - 2005



**Cr. Geoff Higgins
Colac Ward**
First elected 2004



**Cr. Chris Smith
Colac Ward**
First elected 2004



**The
Colac Otway
Community**

**Cr. Peter Mercer
Murray Ward**

First elected:1996
Re-elected 1999
2002, 2004
Mayor: 2000/2001,
2002/2003



**Cr. Stuart Hart
Otway Ward**
First elected 2002
Re-elected 2004



**Cr. Joe Di Cecco
Otway Ward**
First elected 2004



**Gary Dolan
General Manager
Infrastructure and
Services**

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



**Kelly Grigsby
General Manager
Environment and Planning**

- Statutory Planning and Regulations
- Strategic Landuse Planning
- Building Surveying
- Environmental Management
- Fire Prevention
- Planning Enforcement
- Local Laws



strong leadership

Council Meeting Attendance

The Colac Otway Shire has four Wards and seven Councillors. Colac Ward has three Councillors with 8,544 voters, Otway Ward has two Councillors with 5,828 voters, Murray Ward, one Councillor with 2,664 voters and Warrion Ward one Councillor with 2,988 voters.

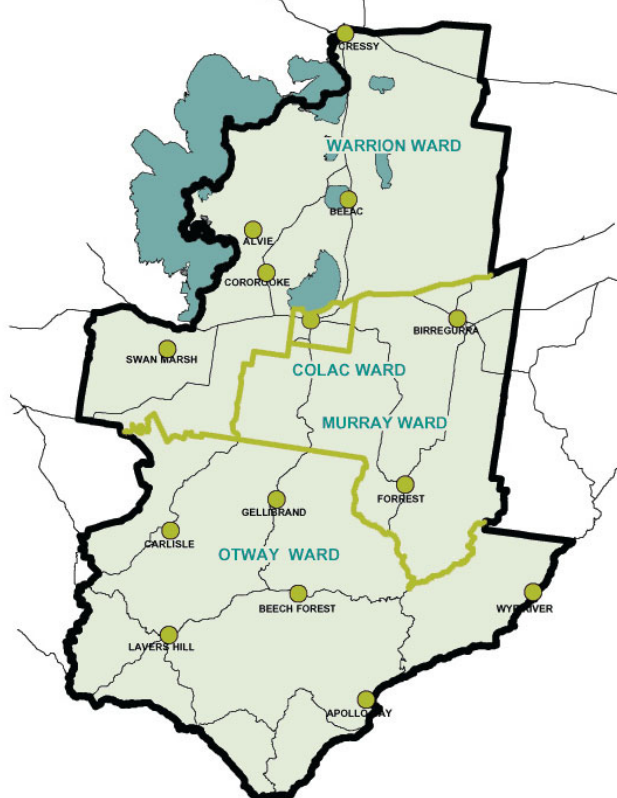
Council conducts business in open and publicly advertised meetings held in Colac and Apollo Bay. In 2004/2005 there were 11 Ordinary Meetings, 8 Special Meetings and 1 Statutory Meeting of Council.

1 July 2004 to 26 November 2004

	Ordinary Meetings	Special Meetings	Statutory Meeting
Number of meetings held	4	6	0
Cr. Peter Mercer	4	6	0
Cr. Warren Riches	4	6	0
Cr. Jim Ryan	4	6	0
Cr. Stephen Hart	4	6	0
Cr. Stuart Hart	4	6	0
Cr. Helen Paatsch	4	6	0
Cr. Brian Crook	4	6	0

26 November to 30 June 2005 following Council election

	Ordinary Meetings	Special Meetings	Statutory Meeting
Number of meetings held	7	2	1
Cr. Peter Mercer	7	2	1
Cr. Warren Riches	7	2	1
Cr. Geoff Higgins	7	2	1
Cr. Joe Di Cecco	7	2	1
Cr. Stuart Hart	7	2	1
Cr. Chris Smith	7	2	1
Cr. Brian Crook	7	1	1



Council's Internal Committees

Councillor	Committee
Cr. Stuart Hart	Audit Committee
Cr. Brian Crook	Audit Committee
Cr. Warren Riches (Chair)	Audit Committee
All Councillors	Chief Executive Officer Appraisal Committee
Cr. Chris Smith Cr. Stuart Hart	Contracts Committee Contracts Committee
All Councillors	Planning Committee
All Councillors	Roads Committee

Special Meetings:

25 May 2004: Draft 2004/2005 Budget (Community consultation).
 11 August 2004: Appointment of the CEO.
 31 August 2004: Consideration of sale of a locomotive J536.
 15 September 2004: Appointment of the Acting CEO.
 13 October 2004: Planning Issues (Permits for decision).
 16 November 2004: Planning Issues (Permits for decision).
 18 May 2005: Draft Council Plan (Community consultation).
 1 June 2005: Draft 2005/2006 Budget (Community consultation).

Statutory Meeting:

1 December 2004: Election of the Mayor.

Agendas and minutes for Council meetings are distributed to community progress associations and are made available to the community from Council's Customer Service Centres at Colac and Apollo Bay.

The community can access minutes and agendas via the web at www.colacotway.vic.gov.au.

listening
*extensive community consultative
 process in development*

Council Representation on Committees

Our Councillors recognise and support the role of community based committees and organisations and therefore annually seek appointments to these committees.



Councillor	Committee
Cr. Peter Mercer	<ul style="list-style-type: none"> Barwon Regional Waste Management Country Fire Authority Region 6 Fire Prevention Colac Otway Shire/Corangamite Local Safety Committee Colac Otway Performing Arts and Cultural Centre Trust Rural Access Advisory Group
Cr. Warren Riches (Mayor)	<ul style="list-style-type: none"> Army Cadet Unit: Colac Australian Local Government Association Bluewater Fitness Centre Advisory Committee Colac Otway Shire/Corangamite Local Safety Committee Colac Otway Performing Arts and Cultural Centre Trust
Cr. Geoff Higgins	<ul style="list-style-type: none"> Apollo Bay Neighbourhood Character Study Steering Committee Bluewater Fitness Centre Advisory Committee (Sub) Colac Otway Shire/Corangamite Local Safety Committee (Sub)
Cr. Joe Di Cecco	<ul style="list-style-type: none"> Apollo Bay Airfield Development Review Apollo Bay Harbour Steering Group Apollo Bay/Kennett River Public Reserve Committee of Management Planning Scheme Review Committee
Cr. Sturat Hart	<ul style="list-style-type: none"> Apollo Bay Harbour Steering Group Apollo Bay Neighbourhood Character Study Steering Committee Apollo Bay Heated Pool Investigation Committee Municipal Emergency Management Planning Committee
Cr. Chris Smith	<ul style="list-style-type: none"> Barnard Trust Committee Lake Colac Co-ordinating Committee Old Beechy Line Committee Police Consultative Committee Planning Scheme Review Committee
Cr. Brian Crook	<ul style="list-style-type: none"> Colac Skate Park Advisory Committee Disability Services Community Forum



49% of Colac Otway residents are presently volunteers or are undertaking unpaid work.¹⁵

chief executive officer reflects

Our Major Challenges in 2004 - 2005

2004/05 has been a year of transition for Colac Otway Shire. When I commenced on the first of November 2004, two of the three General Manager positions were vacant, nearly all planning department positions were unfilled, we faced Council elections within three weeks time and the community were impatient for better support and leadership from us. In the face of these challenges we continued to deliver high quality services and put in place the foundations to take our great Shire further forward.

A new Council ushered in the team theme. We committed to working in partnership - Council, staff and the community.

We recruited actively and gained high calibre people to join our existing strong, positive and committed staff group.

A Council Plan was developed in partnership with the community which set a focussed direction and clear priorities.

We continued to deliver services across the community. For example, 22,946 meals were delivered and 34,955 visits were provided to the frail aged and people with disabilities. We provided 88,452 hours of family day care and maternal and child health nursing services were provided to 263 new babies¹⁶.

A total of 123.6 kms of roads were improved and 85% capital works projects were completed.

We successfully submitted for \$200,000 funding from the State Government to assist with the mammoth task of implementing our Lake Colac Management Plan and we gained commitment from Government and government agencies to work with us and recognise the importance of improving the Lake.

From a financial perspective, the Shire is in a relatively strong position. We are well within prudential borrowing limits, have an asset: liability ratio of 2:1¹⁷, and lower than average rate assessment¹⁸ compared to the State average.

However, the single most significant issue facing our finances is our infrastructure renewal gap, which in 2004/05 is \$5.5 million. Our budget planning work during the latter half of 04/05 sought ways to tackle this issue and increased roads renewal funding of \$1.5M was identified for the 05/06 budget. In addition we planned ways to address other key priorities for the community such as Lake Colac, major strategic planning projects including coastal township structure plans, a Colac Structure Plan and a review of the Shire's Planning Scheme and a review of tourism.

We are now well positioned to deliver on the community's major priorities as identified in the Council Plan while improving the Council's financial position. I look forward to continuing and strengthening the partnership between Council, staff and community for the betterment of our Shire.



Tracey Slatter
Chief Executive Officer



Colac Otway Rates per Assessment are \$975 compared to the State average of \$1048.¹⁹

¹⁶ Source: Colac Otway Shire- User Statistics

¹⁷ Source Municipal Association of Victoria – Media Release 25 June 2005

¹⁸ Source Municipal Association of Victoria – Media Release 25 June 2005

¹⁹ Source Municipal Association of Victoria – Media Release 25 June 2005

implement

policies & programs

Achievements

Council Plan Strategic Objectives	Outcome	At a Glance
Regularly review Council objectives, policies and programs to reflect the evolving views of the community.	Council objectives were reviewed as part of the development of the 2005/ 2009 Council Plan. Policies were reviewed, amended and implemented following endorsement by Council and the Senior Management Team.	✓
In partnership with the community, facilitate a range of opportunities, both external and internal to the organisation, to promote sharing of knowledge with other authorities and individuals.	Regular meetings held with State Government Department Heads, major instrumentalities health service providers, the education sector and community groups. Active succession planning undertaken with support of staff to undertake extra training.	✓
Conduct half yearly Ward forums.	The half yearly Ward Forums were superseded by the five community workshops held in Apollo Bay, Colac, Beeac and Birregurra as part of the development of the 2005/ 2009 Council Plan.	✓
Maintain active membership of the Municipal Association of Victoria, South West Municipalities Group and Australian Local Government Association.	Active membership of the Municipal Association of Victoria, South West Municipalities Group and Australian Local Government Association was maintained at a variety of levels throughout the organisation. The Chief Executive Officer and staff attended forums and workshops on a variety of topics.	✓
Conduct regular meetings and briefings with members of parliament and statutory authorities. Advocate on behalf of the community to other levels of government or other agencies on issues as determined by the Council.	Meetings were held with the Premier, Deputy Premier, and Minister for Local Government, Minister for Victorian Communities, Minister for Transport, and Minister for Environment and Sustainability, Barwon Water in addition to State Government Department Heads.	✓
Meet regularly with the Apollo Bay Chamber of Commerce.	Regular meetings with the Apollo Bay Chamber of Commerce were held.	✓
Implement the Lake Colac Management Plan and Master Plan.	Additional funding secured from the State Government to undertake further capital works on the foreshore including footpaths and landscaping.	✓

✓ Completed → Ongoing ↓ Behind schedule ✗ Deferred

In the Colac Otway Shire - Employee Opinion Survey, Staff rated Overall Satisfaction with the organisation at 66.7%.²⁰



²⁰ Source: Rodski Behavioural Research (November 2004)
– Employee opinion Survey

developing & supporting the community

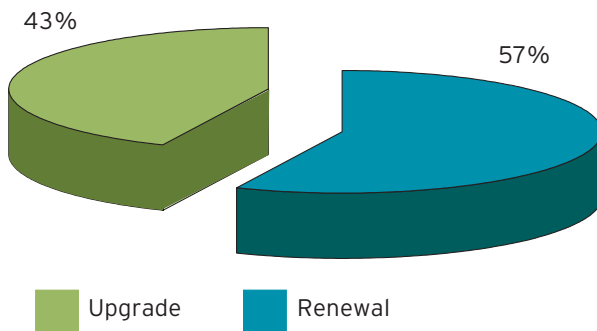
Roads and Infrastructure

The Infrastructure and Services Business Units provide:

- Asset Management
- Capital Works
- Infrastructure Customer Services
- Contract Administration Services

Through the provision of these services the Infrastructure Business Unit strives to achieve a sustainable environment, improvements in community wellbeing and the promotion of economic development.

Percentage of Expenditure on Renewal and Upgrades of Infrastructure



Completed Infrastructure Projects include:

- Cressy Shelford Road widening and upgrade Stages one and two
- Central Reserve - Netball Court Upgrade
- Old Beechy Line Rail Trail - Kawarren to Gellibrand
- Apollo Bay Foreshore Fountain and Pathways
- Kennett River Tennis Court Resurfacing
- Memorial Square - Seating
- Landslip Rehabilitation - Barham River Road, Apollo Bay
- Binns Road Landslip Rehabilitation
- Horden Vale Access Road

In addition this Unit also provides the following services:

The Colac Livestock Selling Centre

The Colac Livestock Selling Centre provides facilities for weekly sales of cattle, sheep and other livestock in the region. Through a scheduled maintenance program for this facility and progressive upgrades to cater for the more demanding requirements of quality service to the users, the Centre aims to improve on its market share.

Apollo Bay Harbour

The Apollo Bay Harbour unit is responsible for the maintenance and minor upgrades within the Harbour and its surrounds to provide a safe facility for the various commercial and recreational users. Through the management agreement between Colac Otway Shire and the Department of Sustainability and Environment, long-term development and improvement opportunities will enhance the harbours unique position.

Waste Management

Council currently provides the following Waste Management Services:

- Household kerbside and roadside waste collection service (Contracted Service)
- Transportation of waste to regional landfills and recycling facilities (Contracted Service)
- Street Litterbin collection (Contracted Service)
- Management of transfer Stations and Landfill (Contracted Service)
- Operation of waste drop off facilities (Contracted Service)
- Compost processing facility (Contracted Service)
- Waste education

Colac Otway Shire Works (COSWORKS)

The COSWORKS Unit undertakes maintenance and capital works activities for the Colac Otway Shire's infrastructure assets and recreation areas including:

- Local Roads and Bridges
- Drains
- Roadside Vegetation
- Parks and Gardens
- Playgrounds

Achievements

Council Plan Strategic Objectives	Outcome	At a Glance
Continue increased funding of infrastructure asset renewal, particularly on rural roads resheeting, drainage, timber bridges and footpaths.	An additional \$1.5m allocated to asset renewal for the 2005/2006 financial year.	✓
Continue to develop and implement an Asset Maintenance and Management system that includes proactive inspection of assets.	Asset Maintenance and Management Software purchased. Bridge data to ascertain condition has been collected whilst road and footpath data is routinely collected.	➔
Implement City Entrances Project (Colac) Stage 1 and 2.	This project has been deferred until the 2005/2006 financial year due to insufficient funding.	✗
Continue the landfill rehabilitation program.	Rehabilitation plans for Beeac, Cressy, Forrest and Gellibrand are completed. Design and tender specifications are being developed for Beeac.	➔
Acquire land for Apollo Bay Transfer Station development.	Waiting for the re-zoning of land prior to purchase negotiations.	➔
Investigate the Regional Saleyards proposal.	Proposal not supported by the majority of Councils in the G21 group. Other options being explored.	✓
Measure quarterly community satisfaction levels with contracted services and input this data into the management of contracts and the formation of Council's budget.	Surveys undertaken quarterly and reported to Council.	➔
Implement Apollo Bay Strategic Footpath Plan.	Strategic Footpath implemented and works continuing as scheduled into 2005/2006.	➔
Implement the Apollo Bay Street Tree Planting Plan.	Tree planting is largely complete. Negotiations with residents have been completed and the remainder of the planting will be undertaken in July 2005.	➔
Continue implementation of Colac Botanic Gardens Master Plan and introduce significant tree replacement program and review living plant collections.	2004/2005 planting and roll out of the sprinkler system has been completed. The ongoing review of the plant collection and replacement of significant trees is continuing as per the schedule.	➔
Advocate for improved infrastructure services - Roads.	New Council Roads Committee instigated with advocacy as part of their role.	✓
Implement the Road Safety Plan in partnership with VicRoads and other agencies.	Council is an active member of the Colac RoadSafe committee and is working with VicRoads on road safety related projects. In addition Council is undertaking a variety of small projects within available funding.	➔
Re-tender Waste Management service.	Service re-tendered.	✓
Annually review and implement Strategic Asset Management Plan, emphasising infrastructure assets. (SAMPLAN)	SAMPLAN reviewed prior to the development of the 2005/2006 budget deliberations by Council.	✓
Investigate modelling of traffic impacts on Colac Otway Shire's road network.	The numbers of traffic counts have been boosted by the purchase of an additional traffic counter. This will allow Council increased access to data on traffic flow across the Shire.	➔

Planning and Development

The Planning & Environment Department strives to achieve good strategic and statutory land-use planning and environmental outcomes for all stakeholders, to ensure Colac Otway is recognised as a better place to live.

Statutory Planning

Council's statutory planning function is concerned with the administration of the planning scheme and associated planning applications and other processes that deliver quality outcomes characterised by:

- Appropriate and timely advice to all stakeholders
- Provision of a planning application assessment process which is responsive to customer service requirements whilst ensuring compliance with land use planning policies
- Excellent customer service with the focus on delivering timely and responsive planning services
- Receptive and valuable resource for external customers through effective engagement and maximizing opportunities for gathering and sharing information and identifying and implementing improved practices and systems

On 27 January at the Ordinary Meeting of Council, it was resolved that a Special Committee of Council known as the Planning Committee be created, pursuant to Section 86(1) of the Local Government Act 1989 as amended.

The purpose and benefits of this resolution was to:

- provide an opportunity for Councillors to focus on planning issues independent of the normal business of Council
- increase Councillor involvement in strategic planning issues
- provide a better opportunity for applicants and others to be heard by the Committee at the stage when an application is being considered

Planning Committee meetings are held every third Wednesday of the month and community members are welcome to attend.

Strategic Planning

Council's strategic planning function is concerned with the provision of a robust policy base to guide decision making. It is also designed to provide services relevant to strategic land use and heritage planning, plus implement strategic land use into the planning scheme in an effective manner that delivers quality outcomes.

- Integrated planning concerned with all dimensions affecting community well-being and quality of life - social, economic, environmental and cultural
- Linking strategies to the coalface - creating tangible and measurable community outcomes at the local level
- Supporting sustainable outcomes by working in partnership with other Council departments, local communities and relevant government agencies and organisations
- Actively engaged in robust community consultation at key stages of planning processes
- Improved quality of decisions and better development outcomes in relation to key economic developments, through the establishment of clear and agreed objectives with measurable outcomes and agreed evaluation processes, in partnership with the community and key stakeholders



Building Services

Building Services is primarily concerned with creating safe built environments through the provision of an effective service. This is achieved through the provision of:

- Building approval and property information requests
- Council consent applications
- General and technical advice in relation to building regulatory requirements

- Resolving building related complaints
- Compliance with swimming pool safety regulations
- Administering and enforcing building standards
- Processing request for copies of building plans
- Building certificates
- Inspections
- Public Information

Achievements

Council Plan Strategic Objectives	Outcome	At a Glance
Undertake a review of on and off-street car parking within Colac.	This review has been incorporated into development of the Colac Structure Plan, which is due to be completed by June 2006.	✘
Complete review of Municipal Strategic Statement.	Review commenced with the consultant and steering committee in place. Workshops have commenced. Report on Municipal Strategic Statement review submitted to Council on 18 May 2005.	➔
Investigate and implement Apollo Bay Car Parking Strategy.	This review has been incorporated into the development of the Apollo Bay Structure Plan.	⬇
Develop local policies for inclusion into the Planning Scheme which will promote sustainable environmental practices.	Deferred until 2005/2006.	✘
Develop Strategy and Structure Plan for Apollo Bay.	This project has commenced with the preparation of tender documents and invitations to tender invited in June 2005. Consultants have been appointed, and a steering committee is being established.	⬇
Undertake and implement Skenes Creek, Wye River, Kennett River, and Separation Creek Neighbourhood Character Assessment Study.	Draft report has been prepared and reviewed by the Department of Sustainability and Environment. Report due to be completed and adopted by Council in September 2005.	➔
Implement Apollo Bay Neighbourhood Character Study.	Apollo Bay Neighbourhood Character Study will be finalised as part of the development of the Apollo Bay Structure Plan.	⬇
Prepare amendments to Planning Scheme including outcomes of the Heritage Study.	Heritage audit project underway to confirm status of heritage sites prior to submitting updated heritage study to Council for adoption and commencement of the Planning Scheme amendment.	➔
Review Open Space and Public Space Strategy.	Project Brief has been prepared and invitations to tender will be invited in August 2005.	➔
Develop Strategy and Structure Plan for Colac.	Deferred until 2005/2006.	✘
Undertake and implement Birregurra and Beac Neighbourhood Character Assessment.	Deferred until 2005/2006.	✘

*improving the overall safety
& wellbeing of residents*

Local Laws

Council’s local laws unit is concerned with delivering local law services which improve the overall safety and well-being of residents through effective enforcement and pro-active regulatory services involving education, information provision and increasing community awareness of civic responsibilities. This is achieved through:

- Enforcement of local law and fire prevention statutory regulations and relevant Acts
- Registration and impoundment of animals
- Animal management (control of livestock)
- School Crossing Supervision
- Signage provided, installed and maintained
- Abandoned vehicles impounded and sold if unclaimed
- Parking Management
- Processing and issuing permits relating to local laws
- Fire Prevention Services
- Management of authorised aircraft landing areas



Achievements

Council Plan Strategic Objectives	Outcome	At a Glance
Support initiatives from Police, Community Consultative Committee, RoadSafe Colac and Local Safety Committee that enhances community safety.	Meetings held regularly with key stakeholders. Working with VicRoads to implement safety initiatives.	➔

✓ Completed ➔ Ongoing ↓ Behind schedule ✗ Deferred

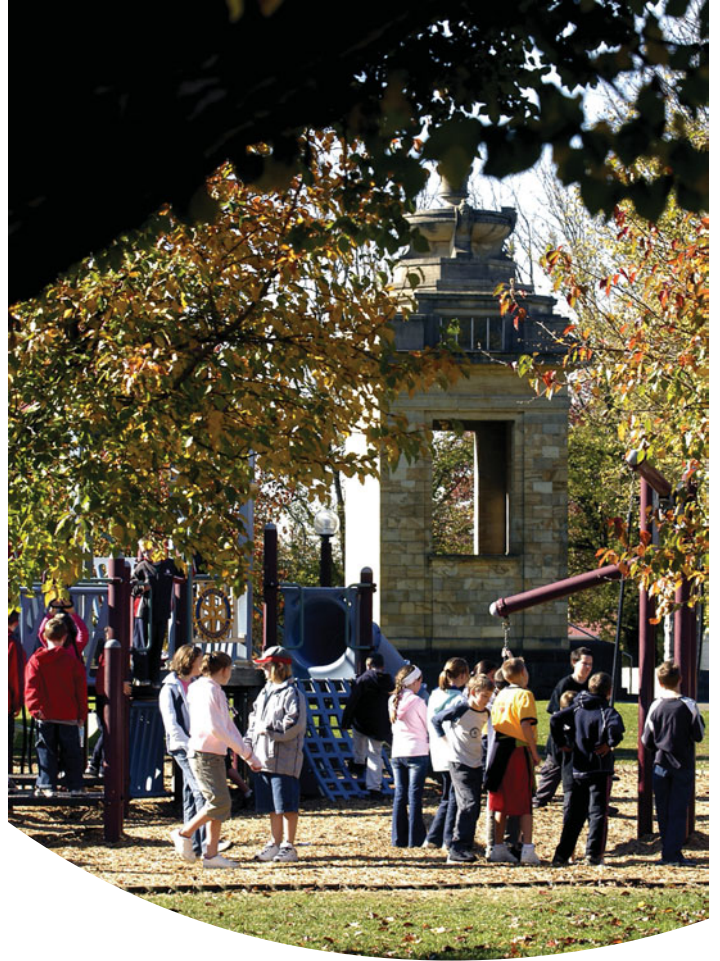


Financial Sustainability

Financial Sustainability is the outcome of an assessment of Council's ability to have sufficient funds to meet all its resource and financing obligations, whether these funds come from user charges or budget sources; and ability to respond to adverse changes in financial conditions.

The Finance Unit's services ensure the financial sustainability of the Council through the following activities:

- Strategic financial planning
- Financial Management and reporting
- Budget preparation and monitoring
- Property and Rates Management
- Compliance with relevant legislation statutory requirements



Achievements

Council Plan Strategic Objectives	Outcome	At a Glance
Maintain internal audit program based on the outcomes of the Risk Assessment Audit.	Internal audits scheduled for 2004/2005 are completed and recommendations and management responses were presented to the Audit Committee.	✓
Ensure regular meetings of the Audit Committee.	Quarterly meetings of Council's Audit Committee have been conducted.	✓
Annually review the 4 Year Strategic Resource Plan.	The 2004/2005 review of the Strategic Resource Allocation Plan was completed and the new Plan forwarded to the Minister for Local Government on 24 June 2005.	✓
Improve Working Capital Position²¹.	In comparison to the 2004 result of 2.01:1 Council is in a better position in 2005 with a result of 2.47:1.	✓
Implement Property Lease Management System.	New Property Lease Management System software purchased. Data awaiting collation prior to entry to software.	➔

✓ Completed ➔ Ongoing ↓ Behind schedule ✗ Deferred

▶ *52% of people think accommodation in the Colac Otway Shire is not affordable for most people who are buying their homes.²²*

sustainability
ability to respond to adverse
changes in financial conditions

²¹ Source: Assessment of Council's ability to meet its current commitments - Councils Audited Financial Statements

²² Source: Savage Sally, Bailey Susan, Fletcher Greg (April 2005) Development of Community Health, Well-Being and Social Capital Indicators for the Colac Otway

Health, Recreation and Community Services

Health, Recreation and Community Services work together to ensure that our community have opportunities to enhance their health, wellbeing and access to support services where needed.

Aged and Disability Services, the Rural Access Program and Community Transports Services:

These services provide accessible, responsive and inclusive services for people who are aged, disabled, their carers and families who are resident within the Shire.

The Out and About Sunday Day Out operates once a month and approximately 250 seniors have taken advantage of the nine outings held in 2004/2005. Outings were to Apollo Bay, Lavers Hill, Warrnambool, Ballarat, Geelong, Lorne, Port Campbell and Camperdown.

Council subsidised a Summer Shuttle Bus which operated for a four week period from Boxing Day 2004 to late January 2005. The Shuttle service operated between the hours of 10.00a.m. and 10.00 p.m. seven days a week between the towns of Skene's Creek, Apollo Bay and Marengo. Over 5,000 individual visitors to the region and local residents accessed the service.

Achievements

Council Plan Strategic Objectives	Outcome	At a Glance
Develop the Access and Inclusion Plan.	Plan Completed and endorsed by Council in December 2004.	✓
Participate in Rural Access Program, to provide access and inclusion for people with all abilities.	There were a number of programs including the 'Meeting Place', Active Participation for people with Disabilities to comment on new projects.	➔

✓ Completed ➔ Ongoing ↓ Behind schedule ✗ Deferred

▶ *The Community Transport Service has over 400 service users, provided 7,385 individual transports, with volunteer drivers giving 1,160 hours of their time for the financial year 2004 to 2005.²³*



²³ Source: Colac Otway Shire- User Statistics (Community Transport)



Family Day Care

The Family Day Care Unit provides an efficient and responsive home-based child care service for children aged one month to 12 years in accordance with standards and policies of the Commonwealth Government, National Childcare Accreditation Council, Family Day Care Victoria and Council.

Maternal and Child Health Service

The Maternal and Child Health Unit provides responsive Maternal and Child Health Services for children from birth to 6 years in accordance with Department of Human Services Maternal and Child Health Service Program Standards, funding agreements and Council's policies.

▶ *57% of men and 63% of women think the quality of primary education in the Shire is improving.²⁴*

Achievements:

Council Plan Strategic Objectives	Outcome	At a Glance
Develop an Early Years Plan.	Plan developed to be endorsed by Council in October 2005.	➔

✓ Completed ➔ Ongoing ↓ Behind schedule ✗ Deferred



²⁴ Source: Savage Sally, Bailey Susan, Fletcher Greg (April 2005) Development of Community Health, Well-Being and Social Capital Indicators for the Colac Otway

Environmental Health Services

The Environmental Health Services Unit provides accessible responsive and dependable environmental health services which complement Council's commitment to the community and its visitors.



Achievements

Council Plan Strategic Objectives	Outcome	At a Glance
Implement Waste Water Management Strategy, including Issues Paper.	Issues papers developed for Forrest and Beeac. Innovative waste water options being prepared for Birregurra. Funding obtained for implementing waste water solutions in other unsewered towns.	➔
Work in partnership with community on social issues including employment and learning, childhood obesity, youth, multi-culturalism, alcohol and drugs, Colanda and other community services.	Employment and Learning worker employed to develop skills for unemployed to match business requirements. Childhood Obesity - Be Active Eat Well project continuing with interventions and programs to reduce childhood obesity. Funding secured for a further 12 months. Youth - Council will seek funding for the employment of a youth worker. Multi- culturalism - Culturally and Linguistically Diverse Network formed to address issues for new migrants. Alcohol and Drugs - forum planned for July 2005.	➔
Implement social, health and wellbeing indicators.	Community health wellbeing and social capital indicators have been developed. Actions and interventions to be implemented over the next three years.	➔
Review and Implement Municipal Public Health Plan.	Working in partnership with Councils under the G21 Alliance to produce a regional health plan.	➔
Develop and implement a sustainability action plan for the organisation and community.	To be developed in 2005/ 2006.	⬇
Advocate for the retention of the Colanda Centre in Colac.	Commenced process of discussions with Government in Community Cabinet in July 2005.	➔
Maintain Commitment to the Barwon Primary Care Forum.	Bi-monthly meetings held with the forum to discuss health planning and implementation of health initiatives.	➔

✓ Completed ➔ Ongoing ⬇ Behind schedule ✗ Deferred

▶ **80% of the community are satisfied with the cleanliness of the public facilities within the Shire.²⁵**

dependable
health services

²⁵ Source: Savage Sally, Bailey Susan, Fletcher Greg (April 2005) Development of Community Health, Well-Being and Social Capital Indicators for the Colac Otway

Recreation (including the Bluewater Fitness Centre)

The Recreation unit provides strategic support to the community that ensures residents and visitors have access to high quality sporting, recreation facilities and activities. This is achieved through the provision of the following services:

- Recreation policy development
- Club organisation support and development
- Project development and management
- Facility and resource management
- Recreation Strategic Plan Development



Achievements

Council Plan Strategic Objectives	Outcome	At a Glance
Review and implement recommendations of the Colac Otway Shire Recreation Needs Strategy Plan.	Funding has been received to undertake the review of the Colac Otway Shire Recreational needs Strategy. Methodology now being determined.	➔
Implement the playground upgrade and maintenance program.	Playground upgrade program is proceeding on schedule. A policy and procedure are being developed for future use.	➔
Implement sustainable sports ground strategy.	This is an ongoing review of fees and charges and the development of policies.	➔
Implement recommendations of the Premier Sport and Recreation Reserve Study.	Project waiting for the final confirmation of Club contribution.	➔
Review, develop and implement plan for Bluewater Fitness Centre operations.	'Step Forward' Staff consultative committee established with the purpose of having a new organisational structure in place by August 2005.	➔
Develop a plan for Bruce Street Landfill.	This objective was to develop an open space strategy for the Bruce Street Land Fill. The development of a strategy for the Bruce Street site now forms part of the review of the Colac Structure Plan.	✘

In addition to the achievements listed above, the Recreation Unit has:

- Ongoing participation in the Club Network initiative which supports community sporting and recreation clubs
- Completion of the Central Reserve Netball Courts and team shelters
- Commencement of the Gellibrand Recreation Reserve Clubroom redevelopment
- Development of master plans for 5 playgrounds within the Colac Neighbourhood Renewal areas
- Continued success of the After School Activity Program with in excess of 600 students participating

▶ **94% of the community are satisfied with their access to health and community services in the Colac Otway Shire.²⁶**

²⁶ Source: Savage Sally, Bailey Susan, Fletcher Greg (April 2005) Development of Community Health, Well-Being and Social Capital Indicators for the Colac Otway

Community Support - Grants and Donations

Council provides grants to community groups for the purpose of undertaking cultural, recreational, environment and community support projects and activities. In the 2004/2005 financial year this amounted to \$120,819.

Organisation	Purpose	Amount
Colac Otway Performing Arts and Cultural Centre Grants (COPACC)		
Arts Colac Inc	Provide exhibition and performances in COPACC in December 04 and March 05	750
Colac Chorale	Host Western District Chorale Championships	1,390
Colac & District Indoor Bowls Association	Conduct international Trans Tasman test series in May 2005	1,323
Colac Music Teachers Association	Present 2005 Colac Eisteddfod	1,417
Colac Players Inc.	Present local productions in COPACC	6,000
Colac South West Primary school	Present school production in COPACC	1,025
Forrest Primary School	Present school production in COPACC	600
Trinity College Colac Inc.	Present 'Jesus Christ Superstar' school production in COPACC	3,300
Recreation Grants		Sub Total \$15,805
Alvie Cricket Club	Complete training facilities, lay new cricket wicket to playing standard.	2,000
Apollo Bay Indoor Soccer Club	Purchase building for clubrooms.	1,046
Carlisle Recreation Reserve	Upgrade rec res assets and bound fencing, repairs to change rooms etc.	2,750
City United Cricket Club Inc.	Upgrade carpet, improve drainage and create underage training wicket	2,562
Colac Braves Baseball Club Inc.	Develop ABF a quality diamond to complete competitions in Colac, providing suitable home ground for Colac baseball.	1,000
Colac Cricket Club Inc.	Upgrade practice wicket.	850
Colac & District Adult Riding Club Inc.	Construct all weather dressage arena.	7,224
Colac Otway Soccer Ass.	Erect equipment storage shed.	1,000
Colac & District Netball Ass. Inc.	Purchase of canteen heating equipment and photocopier.	595
Colac FN Club [Netball]	Upgrade of existing facilities in area of Youth Club used for netball.	2,000
Colac Gun Club Inc.	Remove old bunker, rebuild new bunker to comply with regulations.	6,000
Colac Pony Club Inc.	Construct new canteen and kitchen.	8,000
Forrest Public Hall	Supply and install gas hot water service.	660
Forrest Recreation Reserve COM	Provide all weather venue for patrons at Recreation Reserves.	3,673
Gellibrand Tennis Club	Purchase of new tennis net for club.	125
Irrewarra Cricket Club Inc.	Erect cricket nets fencing and concrete surrounds.	3,707
Otway Cricket Club Inc.	Replace old tank that services kitchen and toilet, replace matting on cricket pitch.	2,454
Otway Plains District 1 st Colac Scout Group	Resurface floor at the 1st Colac Scout Group's rooms.	940
South Colac Sports Club Inc.	Resurface netball court, drainage, kerb and channel.	9,616
Stoneyford Cricket Club Inc.	Provide new water tank, replace front door, vinyl in kitchen, and install locking system to match Colac Otway Shire.	3,831
Warncoort Tennis Club Inc.	Removal of existing concrete, construction of new tennis court.	10,000
Community Grants		Sub Total \$70,033
Apollo Bay Indoor Soccer Club	Purchase new soccer goals and standard first aid kit.	519
Apollo Bay Sailing Club Inc.	Purchase of transportation trailer and ancillary equipment for the Learn to Sail Program.	1,364
Arts Colac Inc	Provide series of workshops with exhibition and performance outcomes for all abilities.	1,000
Apollo Bay Arts	"Warm Winter Words" reading at Apollo Bay.	900
Apollo Bay Board Riders	Learner Surfboards and Ultra Violet Shade tent for "Learn to Surf" program	1,665
Australian Plant Society Colac Otway Group	Hold seminar on native wild flowers on 4th Sept 2004	670
Barwon Downs Hall Committee	Provide a community Christmas event for the Barwon Downs Community to initiate community activities	500
Beeac District News	Assist with re-establishment of ongoing community newsletter.	960
Beeac Progress Association Inc.	Repaint cast iron fence post and light poles in Beeac town park.	160
Birregurra Action Group	Skate Park plans for the erection of skate park in Birregurra.	1,000
Birregurra District Historical Centre	Purchase four drawers fireproof filing safe for archival storage.	1,800
Birregurra Tennis Club Inc	Hire skate equipment and demonstrators for Birregurra Festival.	200
Colac & District Family History Group Inc	Purchase of research materials.	750
Colac & District Historical Society Inc.	Purchase of microfilms to record Colac Herald	1,300
Colac & District Indoor Bias Bowling Association	Assistance towards staging of international bias bowling event.	2,235
Colac & District Pipes & Drums	Recruitment, training and development of young learners.	2,150
Colac Carer Activities	Provide Christmas luncheon for carers.	450
Colac Chorale Inc	Purchase sets of new music.	700
Colac City Band Inc	Equipment purchase and workshops to encourage youth participation.	2,150
Colac Do Care Inc	Facilitate bus outing and lunch for Do Care clients and volunteers in 2004.	500
Colac Police Community Consultative Committee	Provide hiking trip along Beechy Rail Trail for local youth at risk.	1,000
Colac Quilters Inc	Provide metal stands for exhibitions	950
Colac Skate Committee	Provide first aid courses and bus trips.	500
Colac Toy Library Inc	Replace and repair toys.	500
Colac Writers Guild	Provide writers workshop.	200
Cressy and District History Group Inc	Interior painting.	250
Cressy District Action Group	Upgrade of the picnic area with purchase of red gum picnic tables and chairs.	1,298
Forrest & District Neighbourhood Network	To set up neighbourhood news sheet.	400
Friends of Colac Botanic Gardens	Production of brochure for Colac Gardens.	1,250
Gellibrand Kawarren Progress Assoc Inc	Promote Gellibrand inc visit by Great Victorian Bike ride.	600
Harrington Memorial Park COM	Provide a series of events over summer at Wye River.	1,000
Lavers Hill Pool Committee	Carry out community consultation to help set up community telecommunications.	400
Lavers Hill Public Hall	Purchase and install heater in supper room, extend concrete on exterior.	1,250
Otway Health and Community Services	Assist in development of Otway Health Men's Studio inc. equipment.	2,260
Townies for Land care	Create and maintain a realistic coastal demonstration garden.	900.
Wye River Heritage Trail Committee	Development of brochure linking historical trail between Wye River and Separation Creek.	1,250
Sub Total \$34,981		

promote
opportunities for residents & visitors

Economic Development

Economic Development of the Shire is primarily the responsibility of Council's Business and Community Development, Events, Arts and Culture and Tourism Development Units.

Business & Community Development & Events

Business and Community Development facilitates industry and local community initiatives to promote sustainable employment, maintain and develop inclusive culture and recreation facilities and promote social and economic opportunities for residents and visitors.



Achievements

Council Plan Strategic Objectives	Outcome	At a Glance
Develop and implement Council's Festival and Events Strategy.	Project deferred until July 2005.	✘
Continue implementation of Small Town Improvement program in partnership with community Groups.	Gellibrand, Cressy and Forrest Small Town Improvement program completed. Draft Forrest Economic Development Study completed. Carlisle River Township upgrade deferred until 2005/2006 due to delays in grant announcements.	✓
Implement outcomes of the Colac Housing and Accommodation Strategy.	On going discussions with the department of Human Services and housing associations re opportunities for additional affordable housing for Colac.Lake side estate project planning permit issued.	➔
Act on Tertiary Education Options Paper Outcomes.	Proposal prepared and submitted to State Government. Large amount of media coverage re lack of training opportunities in the Shire.	✓
Undertake Apollo Bay Housing and Accommodation Evaluation.	Will form part of the Apollo Bay Structure Plan commencing in 2005/2006.	✘
Implement Economic Development and Tourism Strategy.	Food cluster concept being explored by industry. Draft organic/alternative farming prospectus completed.Skilled Migration Strategy continuing.	➔
Facilitate the marketing and promotion of the competitive strengths of the Shire and Region.	This is occurring as part of the Great South Coast Marketing Strategy where marketing materials and a project officer has been appointed to promote the region as a place to live, work and invest.The Careers In Colac Campaign also promoted Colac Otway Shire as a place to live and work.	➔
Prepare and implement development specification for Apollo Bay Harbour Precinct Plan.	The Department of Sustainability and Environment has committed funding to hand excavate an Aboriginal well and middens as part of the development of the Precinct Plan. This Precinct Plan for the Harbour to form part of the Apollo Bay Structure Plan Review.	➔

✓ Completed ➔ Ongoing ↓ Behind schedule ✘ Deferred

sustainable

benefits to local communities



Tourism

The Tourism Unit's role is to promote sustainable economic development of the tourism industry; facilitate industry and local initiatives which provide benefits to local communities and visitors.

Achievements

Council Plan Strategic Objectives	Outcome	At a Glance
Fund Approved Otway Tourism Inc. Business Plan Action Plan projects.	Completed projects include Otway's Touring Map, Otway Trails templates and branding, networking forums and industry newsletters through Street Life program, GO Marathon marketing activities, contributed to Geelong Otway Tourism off-peak initiatives, sponsorship of Business Awards, jigsaw advertising, upgrade of website.	✓
Implement Food and Wine and Nature Based Tourism Strategy action plans.	Continued support for the Great South Coast Food and Wine Group, including development of a regional Producers Directory. Participated with industry in successful World's Longest Lunch event. Working closely with DSE and Parks Vic on the 'Future for the Otway's' plan actions, including involvement in an industry capacity building project and Great Ocean Walk development.	→
Investigate funding options for tourism in the future.	A Tourism Funding Paper was produced and placed on public display for comment. Submissions were reported to Council in October. In addition to a review of tourism initiated by Council a feasibility study into increased economic activity in Forrest has commenced.	✓
Review Geelong Otway Tourism Agreement subject to satisfactory Memorandum of Understanding.	Satisfactory negotiations were held between Council and Geelong Otway Tourism. Council agreed to resign the MOU in August 2004. Municipal survey was completed.	✓
Implement relevant product development local and regional strategies.	Economic Development and Tourism Strategy - Street Life Business Week activities included industry development, ED Summit held, customer exit survey designed and underway. Small town signage investigations commenced. Old Beechy Line signage and brochure development close to completion. William Buckley signage trail close to completion.	→
Provide a high quality Visitor Information service that meets the changing needs of visitors.	Level Two Accreditation achieved, with new Business and Operations Plans completed. Information materials updated.	→
Continue to maintain and upgrade Visitor Information centre facilities and services.	Both Centres underwent capital improvement upgrades to improve services and facilities. Accommodation referral survey completed and results compiled. GORVIC expansion linked with Apollo Bay Structure plan - no funding to date.	✓

the community has support & access to arts & cultural activities

Arts and Culture Unit (including Colac Otway Performing Arts and Cultural Centre)

The Arts and Culture Unit works to ensure that the community has support and access to arts and cultural activities. This is achieved through the provision of:

- Policy and strategy development in the areas of arts and culture
- Development and project management of arts and culture programs and activities
- Facilitation and co-ordination of funding opportunities for arts and cultural programs and activities
- Professional development community and groups support



Achievements

Council Plan Strategic Objectives	Outcome	At a Glance
Review and implement the recommendations of the Colac Otway Shire Arts and Culture Strategy.	Deferred until 2005/2006	✘
Undertake a Koori Heritage Study.	To commence in 05/06 with research, benchmarking, cultural mapping and gap analysis via community consultation.	✘
Facilitate development of Indigenous Culture and Planning protocols.	Initial steps very promising, excellent feedback from ceremonies at launch of Lake Colac Master Plan and NAIDOC Week. Consultant to be appointed in 05/06 to compile a Koori protocol for Council	➔
Develop the Beechy Line Rail Trail in accordance with the Concept Plan.	Beechy Trail launched by the Premier at Community Cabinet 26 th July 2005 and community opening planned for October 2005. Signage completed, landscaping and art at the Colac gateway completed.	✓
Review, Develop and Implement Council Policies Specific to Arts and Culture.	Ongoing as required.	➔
Youth development programs.	Youth Council is very active in project support and development. SWLLEN meetings attended quarterly, local area working party meetings attended	➔

✓ Completed ➔ Ongoing ↓ Behind schedule ✘ Deferred

▶ **93% of the community are satisfied with the cultural facilities provided by the Shire.²⁷**

²⁷ Source: Savage Sally, Bailey Susan, Fletcher Greg (April 2005) Development of Community Health, Well-Being and Social Capital Indicators for the Colac Otway

Environmental Sustainability

Council's Environment Unit is concerned with the protection and enhancement of the natural environment, achieving environmental sustainability through the adoption of effective ecologically sustainable practices and delivering quality outcomes which are characterised by:

- Education and awareness raising on environmental issues within the community and improvement of community access to information
- Assisting in best practice management of Council assets and environmental management responsibilities
- In partnership with other responsible authorities, collect and utilize environmental data and information

Achievements

Council Plan Strategic Objectives	Outcome	At a Glance
Implement Stormwater Management Plan.	The review of the stormwater management plan is scheduled for completion by October 2005. The stormwater report has been submitted to the Environmental Protection Authority.	➔
Implement Weed Strategy and Roadside Vegetation Management Strategy.	These Strategies have been implemented and a review of the Strategies will take place by June 2006.	➔
Implement outcomes of Three Towns Study - Skenes Creek, Wye River and Kennett River (Coastal Community Revitalisation Project).	The consultant is on schedule to provide costing of the recommendations by the end of July 2005.	➔
Develop Environment Management Strategy.	This Strategy not developed due to lack of resources.	✘
Implement actions from the coastal and marine planning project.	Council has been asked to provide further input into the action the Plan. Information yet to be provided.	➔

✓ Completed ➔ Ongoing ↓ Behind schedule ✘ Deferred

▶ **72% of the community are concerned about the level of energy use (petrol, electricity and gas) in the Shire.²⁸**

²⁸ Source: Savage Sally, Bailey Susan, Fletcher Greg (April 2005) Development of Community Health, Well-Being and Social Capital Indicators for the Colac Otway



council internal support services

Human Resources Management

The Human Resources Unit works to support staff and management in the areas of:

- Employee Relations
- Performance Management Program
- Staff Health and Wellbeing initiatives
- Organisational Development and Training
- Employee Assistance Programs

Industrial and Employee Relations

The Enterprise Agreement that was certified in February 2004 is still current. The Staff Consultative Committee with representatives from Unions and management continues to meet regularly to ensure the obligations and agreements of staff and Council are maintained.

Human Resources Policy and Systems Development

The review and revision of Human Resource policies is ongoing. New policies and/or those reviewed during the past year include:

- Higher Duties Recognition Policy
- Staff Code of Conduct
- Recommencing Work After Prolonged Absence Policy
- Grievance and Discipline Procedure
- Discrimination & Harassment Procedure
- Discrimination & Harassment Policy
- Donating Sick Leave Policy

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 create a safer working environment. Examples of training undertaken during the year include:

- Presentation Skills
- Occupational Health & Safety training (see Risk Management)
- Equal Opportunity Training
- Performance Management workshops
- Intranet Maintenance training
- Leadership & Management Program
- Individual training needs were met to assist Council officers in the performance of their roles

Our Equal Opportunity Program (Committee, Training and any complaints, Statement of Objectives, Assessment of Objectives, Performance Indicators and actions taken to implement the program).

The Committee continues to meet on a regular basis and one of their objectives is to ensure that the Shire continues to be a fair and equitable organisation. The Equal Opportunity Commission of Victoria ran training for all staff, management and Councillors during June 2005. In the past year no claims have been lodged with the committee.

developing & applying
our technological expertise

creating





progressive technological expertise

to improve service delivery and the working environment

Employee Opinion Survey

The Employee Opinion Survey was conducted in December 2004 by Rodski Behavioural Research Group and aligned with the Australian Business Excellence Framework. The Shire's overall result of 66.7% reflects an organisation whose performance in the Best Practice Categories is in the top 50% when compared to other organisations in Rodski's benchmark database. Performance remained stable since the previous survey in December 2003.

The two main areas highlighted by staff for further development were communication and leadership.

As a result, staff were invited to attend focus groups with the Chief Executive Officer to discuss the findings in more depth and propose strategies for continuous improvement. Regular CEO forums have been introduced and the Leadership & Management Program, which was launched in June 2005, is further developing our current and future managers and leaders.

Health and Wellbeing Initiatives

Organisations that have health and fitness initiatives consistently report less absenteeism and greater productivity. The Health & Wellbeing Committee continues to meet on a regular basis.

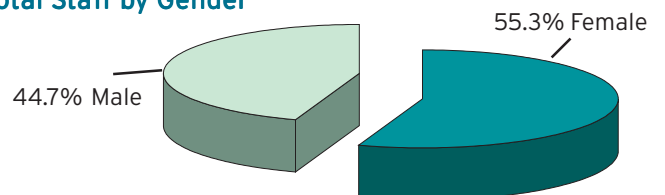
Staff Award & Recognition Program

Council has an ongoing Reward & Recognition Program. This year special mentions were made of 12 employees with 15, 20 and 25 years of service to our community.

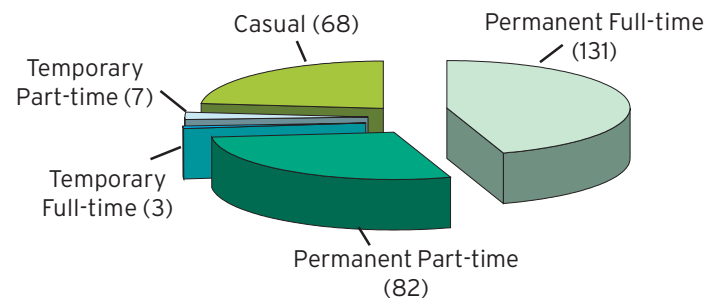
Staffing Profile

Total staff	291
FTE as at 30 June 2005	187.2
Positions Vacant at 30 June (FTE)	6.64
Total FTE	193.84
Staff Turnover (EFT)	26.7
Staff Turnover (%)	13.9

Total Staff by Gender



Staff Numbers by Employment Categories



Senior Staff

Resignations:	Merv Hair	1 October 2004.
	Ron Mildren	3 December 2004.

In the period commencing July 2004, the following officers were in the position of Acting Chief Executive Officer:

Merv Hair	12 July until 1 October 2004 ²⁹
Gary Dolan	18 September 2004 until 11 November 2004.

²⁹ Inconsistency in dates are due to Merv Hair taking annual leave prior to his resignation date.

achievements

Senior Staff Appointments and Qualifications

	Title	Date of Employment	Qualifications
Tracey Slatter	Chief Executive Officer	11 November 2004	Graduate Diploma Business Management. Graduate Diploma Applied Science (Human Services Research).
Colin Hayman	General Manager Corporate Services	31 January 2005	Bachelor of Business in Local Government. Certificate of Business Studies - Accounting.
Kelly Grigsby	General Manager Planning and Environment	11 April 2005	Master of International and Community Development. Graduate Diploma of Development Studies. Diploma of Community Services - Community Development. Contemporary Crime Prevention. Certificate in Early Childhood Studies.
Gary Dolan	General Manager Infrastructure Services	11 October 1993	Bachelor of Engineering, Graduate Diploma of Management (Technology)

Achievements

Council Plan Strategic Objectives	Outcome	At a Glance
Maintain commitment to local and other government employment initiatives.	Year 11 school based apprentices employed at the Bluewater fitness centre.	➔
Continue to develop initiatives that will enhance the skills and performance of employees.	Leadership and management Training being held.	✓
Maintain Colac Otway Shire Customer Service performance Standards.	Customer Service Charter and Standards developed and endorsed by the Senior Management Team.	✓

✓ Completed ➔ Ongoing ↓ Behind schedule ✗ Deferred



development
ongoing implementation of
risk management strategies

Risk Management

The Risk Management Unit provides expertise and assistance with development and ongoing implementation of risk management strategies, policies and procedures.

In addition the Unit manages Council's insurance portfolio and provides advice on litigation, indemnity, public liability and general insurance matters in addition to coordinating the claims management processes.

Risk Management also provides expert advice on Occupational Health and Safety issues and facilitates the ongoing development of the organisation Occupational Health and Safety management system's programs and initiatives in addition to managing the organisation's workers compensation legislative requirements.



Risk Assessment and Minimisation

Council maintains an automated risk management register which is updated regularly by staff and the information is reported quarterly to Councils Audit Committee, Senior Management Team and Risk Management Committee.

- Number of risks in the Council's risk register at 01/07/04 50
- Number of risks at 30/06/05 47
- Number of New risks added during 2004/2005 19
- Number of closed risks during 2004/2005 21

Work Cover

Council works actively to reduce the exposure of employees and the community to potentially harmful situations.

- Number of Workcover claims 01/07/04 to 30/06/05 16
- Numbers of Court Cases open at 01/07/04 Nil
- Number of new cases in 2004/2005 2
- Number of court cases closed at 30/06/05 2

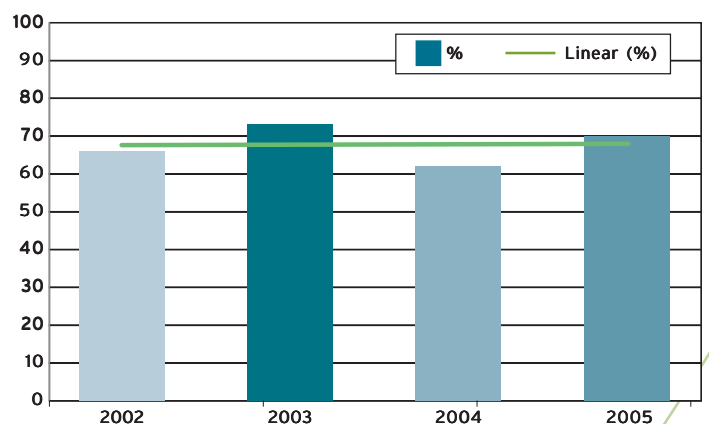
Accreditation and Audits

Participation in a number of accreditation and audit processes is used by Council to improve occupational health and safety for employees and the community.

External Audits undertaken to ensure Council complies with AS/NZ 4360:2004

JMapp Property Risk Management Assessment.	2005	2004
	56.75%	64.89%

Civic Mutual Plus - Insurance Audit 2002/2005



Trends indicate that over the past four years the Colac Otway Shire has averaged 68% for its Civic Mutual Plus Insurance rating which is 4.4% above the State average.



effective systems in place to manage health & safety training initiatives

SafetyMAP Certification Results

The purpose of this audit was to determine whether Colac Otway Shire had satisfied the requirements for SafetyMAP Initial Level Achievement. In accordance with SafetyMAP Standards, the organisation was audited against 18 criteria.

The results of the audit indicated that there were effective systems in place to manage health and safety at Colac Otway Shire. The results confirm that Colac Otway Shire has continued to maintain the standard required for SafetyMAP Initial Level Achievement.

SafetyMAP accredited workplace sites:

- Main Office Building (2 Rae Street, Colac)
- Colac Otway Performing Arts and Cultural Centre
- Library
- Colac Visitors Information Centre
- Aged and Disability Services (Murray Street, Colac)
- Maternal and Child Health Centre
- Bluewater Fitness Centre
- Saleyards
- Pound Rd, Works Depot
- Gellibrand, Works Depot
- Apollo Bay, Works Depot
- Apollo Bay, Customer Service Office
- Great Ocean Road Visitors Information Centre (Apollo Bay)
- Apollo Bay Harbour

Worksafe Inspection Results

There were no Worksafe inspections undertaken during the 2004/2005 financial year.

Auditor-General Audit Review and Results

The Auditor-General undertook a performance audit relating to Occupational Health and Safety in local government. This audit objective was to review the management of Occupational Health and Safety by councils and the impact of the management of municipal councils' productive capacity to deliver goods and services.

The Auditor-General has provided 24 recommendations in the report about how councils can be exemplary in their management of Occupational Health and Safety, which Colac Otway Shire has incorporated into the Risk Management Unit's business plan. Colac Otway Shire was rated above average by the Auditor General's Report.

Staff Occupational Health and Safety Training Initiatives

Due to our strong commitment to Occupational Health and Safety, the following training initiatives have been completed during 2004/2005:

- 26 Staff participated in "Introduction to Occupational Health and Safety", course including identifying and reporting of risks, assessing risk and developing risk controls
- 9 staff participated in "Introduction to Contractor Management" course including induction and instruction to contractors, duty of care for contractors
- 2 staff participated in "Introduction to Risk Management" including framework to manage risk understanding of strategic and operational management of risk

Achievements

Council Plan Strategic Objectives	Outcome	At a Glance
Implement and review program for Business Continuity.	Review of Plans is required to ensure they are current. Workshops will be conducted in August/September 2005. Consultant to be involved in Plan reviews. Information Services Co-ordinator has started to gather and review data.	↓
Maintain organisation and Safety MAP accreditation.	The organisation has maintained SaftyMAP accreditation for 2005.	✓

✓ Completed ➔ Ongoing ↓ Behind schedule ✗ Deferred

Organisation Support

The Organisational Support Unit works with internal business units to ensure that the following activities are achieved

- Council and Business Planning
- Performance Measurement
- Performance Reporting
- Management Research
- Business Development activities (Best Value)

In addition this Unit works with the community, key stakeholders and Council's partners in the development of the Council Plan.



Achievements

Council Plan Strategic Objectives	Outcome	At a Glance
Review Council services in line with the Best Value Program timeframe and communicate improvements to the community.	Review of Corporate Unit complete, awaiting draft report from consultant.Planning and Environment working towards customer consultation.	➔
Review performance indicators in Council Plan and Unit Business Plans.	Review complete, business plan template now provides clearer guidance to the development of performance indicators.	✓
Maintain commitment to the Business Excellence Framework.	Due to changes in senior management the application of the Business Excellence Framework has been placed in recess and will be revisited in March 2006.	✗
Continue commitment to Annual Community Satisfaction Survey and develop implementation plan.	Results of the survey showed significant improvement by Council. Results reported to Council and Staff. Data provided for use in the development of the continuous improvement plans in the business units 2005/2006 plans.	✓

✓ Completed ➔ Ongoing ↓ Behind schedule ✗ Deferred



▶ **A bronze award for excellence in Annual Reporting was achieved by the Colac Otway Shire in the 2005 Australasian Reporting Awards.** ³⁰

³⁰ Australasian Reporting Awards 2005

Communications

The Communications Unit supports the Mayor, Councillors, Chief Executive Officer and Staff by:

- Providing advice relating to internal and community communication and consultation
- Marketing and promoting Council services and events
- Overseeing the maintenance of Council's website and Intranet information



Achievements

Council Plan Strategic Objectives	Outcome	At a Glance
Ensure adequate consultation with non-resident ratepayers.	Non resident ratepayers were surveyed as part of the development of the 2005 - 2009 Council Plan. In addition Council notified this group about the availability of key strategic documents and additional information was provided to them with their rate notice.	➔
Continues commitment to the community consultation policy.	The communication's policy has been reviewed and a new draft policy is currently being prepared so as to better reflect appropriate consultation techniques.	➔

✓ Completed ➔ Ongoing ↓ Behind schedule ✗ Deferred



consultation
working together

*advice relating to
community communication
& consultation*

Information Services

Provide advice and technical assistance to Staff and Councillors relating to Information Technology policies and procedures, technology enhancements and strategic issues.

Information Technology and Geographical Information Systems Unit:

The Information Technology and Geographical Information Systems Unit work to enhance Council's Information Technology infrastructure and systems by:

- Advocates for improved cost-effective telecommunications for the community
- Replacement of ageing Council Information Systems and hardware
- Improvement of the Match Rate of cadastral data and improve the Property Information Project
- Improvement of Infrastructure office systems
- Implementation of Exponare (Mapinfo V8)



Achievements

Council Plan Strategic Objectives	Outcome	At a Glance
Advocate for improved infrastructure services - Telecommunications and television.	Regular meeting held with telecommunication organisations and the G21 regional telecommunications group.	➔
Advocate for improved cost-effective telecommunications.	Television black spot program implemented. Improved television reception provided to Apollo Bay and Lavers Hill. Wye River television booster tower planned and funded. The communities of Gellibrand and Forrest chose not to participate in the television reception booster program.	➔

✓ Completed ➔ Ongoing ↓ Behind schedule ✗ Deferred

Document Management Unit

The Document Management Unit is responsible for the

- Electronic storage of Council information
- Document procedures and ongoing secure storage of Council documents

performance & accountability

Audit Review Activities

Purpose of the Audit Committee

The Audit Committee 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
- Providing a line of communication between Council and the external and internal auditors
- Maintaining an efficient and effective external and internal audit
- Assisting Council in managing its risk
- Ensuring compliance with legislation
- Provision of an effective means of communication between the external auditor, internal audit, management and Council

The Audit Committee continues to meet at least quarterly and currently comprises Cr Brian Crook, Cr Stuart Hart, Cr Warren Riches, Mayor (ex-officio) and one independent (John Warburton, Martoge Pty Ltd). The Chief Executive Officer, General Manager Corporate & Community Services, Manager Finance and Senior Accountant attend all meetings of the Committee to assist with information support. The Mayor is currently chairperson of the Committee.

The performance of the Audit Committee is demonstrated by three key indicators:

- Risk Reduction
- Audit Committee Work Plan
- Audit Committee Charter

Outcomes:

Over the financial year the Audit Committee has dealt with issues including:

- Review of the 2004/2005 External Audit Strategy and a review of Council's Internal Audit Plan
- Monitoring of the Risk Register actions and developments
- Review of National Competition Policy legislative compliance

- Adoption and quarterly reporting of Fraud Control Program
- Review of Waste Disposal Income
- Monitoring Excess Annual Leave
- Review of 2003/2004 Audit Management Letter
- Review of Asset Register
- Review Half Year Financial Report
- Adoption of Waste Management Audit Plan
- Review of recently completed Year 3 Internal Audit projects, including Corporate Governance, Planning and Reporting, Human Resources, Insurance, WorkCover, Payroll, Purchasing, Risk Register Control and Management
- Review of Goods and Services Tax Compliance (limited review)
- Review and endorsement of the 2003/2004 Financial Statements, Standard Statements and Performance Statement
- Co-ordination of recommendations from 2003/2004 Internal audit projects, including Asset Management, Contract Management, COPACC and Bluewater Fitness Centre
- Review of Credit Card Policy
- Review of Internal Financial Reporting in Councils
- Monitoring Insurance Claims
- Review Legislative Compliance Register
- Review 2003/2004 Civic Mutual Plus Audit
- Monitoring Credit Card Usage
- Review Provision for Landfills
- Quarterly reporting of Waste Management Audit Results
- Monitoring International Financial Accounting Standards
- Monitoring progress of Business Continuity Plan
- Development of the 2005/2006 Internal Audit Program

Codes of Conduct

Code of Good Governance

As is required under section 76C of the Local Government Act 1989, the Council Code of Conduct was endorsed by Council on 27 January 2005. The Code aims to embrace the principles of good governance and guide councillor behaviours, accountability and dispute resolution between councillors.

The Colac Otway Shire Code of Conduct incorporates the "minimalist model" Code of Conduct developed by the Good Governance Advisory Group but is far more comprehensive (comprising Local Government Victoria, Municipal Association of Victoria, the Victorian Local Governance Association and Local Government Professionals). Consistent with the advice from the Good Governance Advisory Group, the Colac Otway Shire Council's Code of Conduct incorporates the statutory requirements and also reflects the values and aspirations of the Colac Otway Shire Council.

The process of developing the Code through two workshops with Councillors helped to create shared ownership of the Code among Councillors.

The Colac Otway Shire Council's Code of Conduct also has a section on communication between the Council and the Council's organisation. This section reflects Council's commitment to a strong, open and professional partnership relationship between the Council and the Council organisation.

Staff Code of Conduct:

The Local Government (Democratic Reform) Act, 2003 Section 67.94C, details the Conduct Principles for Council Staff. The Colac Otway Shire Staff Code of Conduct was revised in line with the legislation.

The Code of Conduct pertains to all employees, contractors and volunteers working on behalf of the Council and reflects the underlying principle that all Council business be conducted legally, ethically and with the highest standards of integrity and professionalism.

The Staff Code was developed in consultation with staff and endorsed by the Senior Management Team and distributed to all staff in booklet form during early June 2005.

Policy and Strategy Development

The following policies and strategies were reviewed and or adopted by Council during 2004/2005:

Document	Date Adopted
• Fraud Policy	22 September 2004
• Economic Development and Tourism Strategy	22 September 2004
• Colac Otway Shire Tertiary Opportunity Study	22 September 2004
• Road Management Plan	27 September 2004
• Access and Inclusion Plan	15 December 2004
• Waste Water Issues Paper - Beeac	25 May 2005
• Waste Water Issues Paper - Forrest	25 May 2005
• Feasibility Study into Economic Activity in Forrest (Draft Report)	25 May 2005

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 13 requests during the year for information under the provisions of this 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 2005.



good governance

accountability

Information Privacy Act

Council believes that the responsible handling of personal information is a key aspect of democratic governance and is strongly committed to protecting an individual's right to privacy. Accordingly, Council is committed to full compliance with its obligations under the Information Privacy Act 2000 (Vic) and the Health Records Act 2001. There have been no complaints to Council in relation to the Information Privacy Act during the year ending 30 June 2005.

Local Laws

Council has a number of Local Laws in place:

- Consumption of Liquor in Public Places
- Street Management and Protection of Physical Assets
- Environmental Health
- Colac Livestock Selling centre
- Meeting Procedure
- Municipal Property
- Windrow Burning

Note: All Local Laws will be reviewed by September 2005.

Major Grants and Donations

Organisation	Amount \$
Apollo Bay Chamber of Commerce and Tourism - Community Bus	4,000
Barwon Adolescent Taskforce	800
Corangamite Catchment Rural Counselling Service	1,500
Portsea Children's Holiday Program	1,000
Reconnect.com - Youth service	15,000
Road Safe Colac	5,000
Surf Life Saving Clubs	15,000
Great Ocean Road Marathon	10,000
Total	51,300

Sale of Property

The Council disposed of one parcel of land during 2004/2005. The small parcel of land was situated at 290 Colac Ballarat Road and Council realised \$545.45 for the property.

Council Memberships

Organisation	Amount \$
Barwon Regional Waste Management Group	10,810
Geelong Otway Tourism	49,940
Geelong Regional Alliance (G21)	34,000
Livestock Saleyards Association of Victoria	2,000
Local Government Managers Australia	1,650
Local Government Professionals	650
Municipal Association of Victoria	18,400
Timber Towns Victoria	2,000
VECCI	3,735
Victorian Association of Performing Arts Centres	500
Total	123,685



community

to structure services to meet the needs of the community

informative

Best Value - Business Planning Report

Colac Otway Shire adopted its Best Value Business Statement and five-year program of service reviews in June 2001. Council has incorporated the Best Value philosophy and principles into our Corporate and Business planning process.

We have undertaken extensive community consultation, benchmarking and the identification of best practice in service delivery to structure services to meet the needs of the community.

Status Report on the Best Value Program

Completed service reviews and those scheduled to be completed by 31 December 2005.

Service	Review Program	Status
Customer Services	July 2001 - June 2002	Completed
Bluewater Fitness Centre	July 2001 - June 2002	Completed
Tourism and Visitor Information Centres	July 2001 - June 2002	Completed
Local Laws	July 2001 - June 2002	Completed
Property and Rating	July 2001 - June 2002	Completed
Information Services	July 2002 - June 2003	Completed
Information Technology Document Management Services		
Infrastructure	July 2002 - June 2003	Completed
Asset Management Contract Management Waste Management		
COSWORKS Business Unit	July 2002 - June 2003	Completed
Road Construction Road Maintenance Plant and Equipment Maintenance Bridge Maintenance Parks and Gardens Maintenance		
Colac Livestock Selling Centre	July 2002 - June 2003	Completed
Business and Community Development	July 2003 - June 2004	Completed
Economic Development Arts and Culture COPACC Events Recreation		
Health and Community Services	July 2003 - June 2004	Completed
Family Day Care Maternal and Child Health Services Aged and Disability Services Environmental Health		
Apollo Bay Harbour Management	July 2003 - June 2004	Completed
Planning and Environment	July 2004 - Dec 2005	Due to be completed by 31 Dec 2005
Environmental Services Fire Prevention Strategic and Statutory Planning Building Control		
Corporate Services	July 2004 - Dec 2005	Due to be completed by 31 Dec 2005
Organisation Development Human Resources Financial Services Risk Management Communications		

Services Due for completion before 31 December 2005

The service areas of Planning and Environment and Corporate Services have almost completed their reviews. The Planning and Environment areas are undertaking their community consultation prior to completing their report. The Corporate Services area has completed their report prior to its presentation to Council in August 2005.

Continuous Improvement

In the past 12 months Council's business planning template has been revised to emphasise the Best Value Principles and Factors and work has been undertaken to identify the core business of the Council.

The outcome of directly addressing the Principles and Factors is the development of the business unit's continuous improvement plan. The Continuous Improvement Plan also draws on the Personal Plans of staff, risks identified in the Council's Risk Register and the revision or the creation of new policies, procedures and manuals to develop the financial year actions.

Council monitors its performance through a purpose built performance management software system called PULSE. Staff report quarterly on their progress against the objectives and actions in their continuous improvement plans. These reports are reviewed by the Council's Audit Committee and Council in July, October, January and April of each year.

The Best Value Principles and Factors have become the basis of our every day business planning Council wide. By integrating the Best Value into Council's business planning process Council is in a better position to identify and meet the needs of its community.

Further Information

- A Copy of the full Best Value report or further information about the Colac Otway Shire's application of the Best Value Principles and Factors can be obtained by contacting the Organisation Support Co-Coordinator on 5232 9400 or via email at kathy.gray@colacotway.vic.gov.au

Victorian Local Government Indicators

	2001/2002	2002/2003	2003/2004	2004/2005
Affordability				
Average rates and charges per assessment.	\$773	\$811	\$869	\$907
Average rates and charges per Residential assessment.	\$665	\$688	\$764	\$822
Sustainability				
Average liabilities per assessment.	\$684	(\$752)	\$698	\$885
Operating Result per assessment.	(\$348)	(\$564)	(\$115)	(\$161)
Services				
Average operating expenditure per assessment	\$2,353	\$2,603	\$2,261	\$2,482
Community Satisfaction Survey Index Mean for overall performance generally of the Council.	Index Mean 63	Index Mean 64	Index Mean 62	Index Mean 62
Infrastructure				
Average capital expenditure per assessment	\$449	\$396	\$388	\$429
Renewal Gap Current spending on renewal to Asset base consumed during the year.	0.31:1	0.29:1	0.38:1	0.42:1
Renewal and Maintenance Gap Current spending on renewal plus maintenance to Asset base consumed during the year plus maintenance.	0.47:1	0.45:1	0.51:1	0.56:1
Governance				
Community Satisfaction Survey Index Mean for Council's advocacy and community representation on key local issues.	Index Mean 63	Index Mean 60	Index Mean 62	Index Mean 64
Community Satisfaction Survey Index Mean for Council's engagement in decision making on key local issues.	Index Mean 58	Index Mean 58	Index Mean 56	Index Mean 61



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Understanding the Financial Statements

Introduction

The Financial Report is a key report by the Colac Otway Shire. It shows how Council performed financially during the 2004/2005 financial year and the overall position at the end of the financial year (30 June 2005).

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 37 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, a Statement of Financial Position, a Statement of Changes in Equity and a 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 if 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 the (Deficit) for the year which is the equivalent to the (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
- Other Financial Assets include Long Service Leave Reserves and 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 2005
- Employee Benefits, is the accounting term for accrued Long Service and Annual Leave and staff retirement gratuities
- Interest Bearing Liabilities includes 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 reason 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 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 Fund 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 that 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

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.



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standard statements

for the year ended 30 June 2005

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Notes to Standard Statements

Note 1 Basis of preparation of Standard Statements

Council is required to prepare and include audited Standard Statements within its Annual Report. Four Statements are required - a Standard Statement of Financial Performance, Standard Statement of Financial Position, Standard Statement of Cash Flows, and a Standard Statement of Capital Works, together with explanatory notes.

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

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

The Standard Statements are not a substitute for the General Purpose Financial Statements, which are included on pages 3 to 6 of the Annual Report. They have not been prepared in accordance with all Australian Accounting Standards or other authoritative professional pronouncements.

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

The budget figures included in the Statements are those adopted by Council on 28 July 2004. The budget was based on assumptions that were relevant at the time of adoption of the budget. The Council set guidelines and parameters for revenue and expense targets for both short and long term. The budget did not reflect any changes to equity resulting from asset revaluations, as their impacts were not considered predictable.

Detailed information on the actual financial results are contained in the General Purpose Financial Statements on pages 57 to 60. The detailed budget can be obtained by contacting Council. The Standard Statements must be read with reference to these documents.

Variance explanation

Note	Item	Explanation
1	Non-Recurrent Grants & Subsidies	Port of Apollo Bay funding of \$1,209,000 for East End Jetty reconstruction and dredge repairs not budgeted for. Funding of \$340,000 for construction of Old Beechy Line bridge not budgeted for.
2	Reimbursements & Contributions	Special Charge Schemes for Point, Vista and Otway Avenues abandoned for the value of \$630,000.
3	Donated Property, Plant and Equipment	Additional donated drainage from sub-divisions.
4	Interest	Increased interest income due to improved cash flow.
5	Property, Plant and Equipment not previously recognised	Land and Building assets identified as being owned by Colac Otway Shire.
6	Grants and donations	Additional grants to Reconnect.com, Colac Driver Reviver and Kennett River Surf Life Saving Club.
7	Written Down Value of Assets Sold	Additional plant sold.
8	Property, Plant & Equipment written off	Additional write off of building assets Council is no longer in control of.
9	Landfill Rehabilitation Works	Recognition of Landfill Rehabilitation Liability for planning for the foreseeable and potential costs that continue to be incurred long after the closure of landfills.
10	Loss on Investment in Associates	Corangamite Regional Library Corporation achieving a better than expected financial result.
11	Net increase in Asset Revaluation Reserve	Asset revaluation not budgeted for due to the uncertainty in movements in asset values.
12	Net increase in Asset Replacement Reserves	Contribution towards Car Parking Development Reserve not budgeted.

see overleaf 

Standard Statement of Financial Performance

for the year ended 30 June 2005

		ACTUAL	BUDGET	VARIANCE	VARIANCE
	Note	\$'000	\$'000	\$'000	%
REVENUE FROM ORDINARY ACTIVITIES					
Rates and Charges		12,305	12,313	(8)	(0%)
Grants Commission		4,212	4,187	25	1%
Recurrent Grants & Subsidies		2,143	2,150	(7)	(0%)
Non-Recurrent Grants & Subsidies	1	3,042	1,319	1,723	131%
Charges, Fees & Fines		4,086	4,514	(428)	(9%)
Reimbursements & Contributions	2	1,670	2,254	(584)	(26%)
Proceeds on Sale of Assets		959	900	59	7%
Donated Property, Plant and Equipment	3	296	225	71	32%
Interest	4	386	175	211	121%
Property, Plant and Equipment not previously recognised	5	2,165	0	2,165	-
TOTAL REVENUE FROM ORDINARY ACTIVITIES		31,264	28,037	3,227	12%
EXPENSES FROM ORDINARY ACTIVITIES					
Employee Expenses		8,644	9,091	(447)	(5%)
Depreciation and Amortisation		7,173	7,491	(318)	(4%)
Borrowing Costs		309	309	0	0%
Materials & Services		9,751	10,424	(673)	(6%)
Grants and Donations	6	147	104	43	41%
Plant Costs		788	857	(69)	(8%)
Written Down Value of Assets Sold	7	828	725	103	14%
Property, Plant and Equipment written off	8	2,072	1,327	745	56%
Landfill Rehabilitation Works	9	2,942	0	2,942	-
Loss on Investment in Associates	10	15	50	(35)	(70%)
Other		770	791	(21)	(3%)
TOTAL EXPENSES FROM ORDINARY ACTIVITIES		33,439	31,169	2,270	7%
NET SURPLUS/(DEFICIT) FOR THE REPORTING PERIOD		(2,175)	(3,132)	957	(31%)
MOVEMENTS IN EQUITY					
Net increase in Asset Revaluation Reserve	11	13,810	0	13,810	-
Net increase in Asset Replacement Reserves	12	375	285	90	32%
TOTAL MOVEMENTS DIRECTLY RECOGNISED AS EQUITY		14,185	285	13,900	4,877%
TOTAL CHANGES IN EQUITY		12,010	(2,847)	14,857	(522%)

Standard Statement of Financial Position

for the year ended 30 June 2005

	Note	ACTUAL \$'000	BUDGET \$'000	VARIANCE \$'000	VARIANCE %
ASSETS					
CURRENT ASSETS					
Cash	13	8,021	4,280	3,741	87%
Receivables		2,132	2,090	42	2%
Inventories	14	110	78	32	41%
Prepayments	15	54	419	(365)	(87%)
TOTAL CURRENT ASSETS		10,317	6,867	3,450	50%
NON-CURRENT ASSETS					
Property, Infrastructure, Plant & Equipment		187,611	173,494	14,117	8%
Receivables		69	70	(1)	(1%)
Investment in Associates		508	473	35	7%
TOTAL NON-CURRENT ASSETS		188,188	174,037	14,151	8%
TOTAL ASSETS		198,505	180,904	17,601	10%
LIABILITIES					
CURRENT LIABILITIES					
Payables		2,761	2,716	45	2%
Employee Benefits		842	794	48	6%
Provision for Landfill Rehabilitation	9	134	0	134	-
Interest Bearing Liabilities		443	425	18	4%
TOTAL CURRENT LIABILITIES		4,180	3,935	245	6%
NON-CURRENT LIABILITIES					
Employee Benefits		964	967	(3)	(0%)
Provision for Landfill Rehabilitation	9	2,808	0	2,808	-
Interest Bearing Liabilities		3,976	3,907	69	2%
TOTAL NON-CURRENT LIABILITIES		7,748	4,874	2,874	59%
TOTAL LIABILITIES		11,928	8,809	3,119	35%
NET ASSETS		186,577	172,095	14,482	8%
EQUITY					
Accumulated Surplus		89,948	89,395	553	1%
Asset Revaluation Reserves	16	96,124	82,314	13,810	17%
Other Reserves	17	505	386	119	31%
TOTAL EQUITY		186,577	172,095	14,482	8%

Variance explanation

Note	Item	Explanation
13	Cash	Additional cash due to \$3,730,000 of projects carried over to 2005/2006.
14	Inventories	Increased inventories for road signage as at 30 June 2005.
15	Prepayments	Reduction due to insurance not being prepaid for 2005/2006.
16	Asset Revaluation Reserves	Asset revaluation not budgeted for due to the uncertainty in movements in asset values.
17	Other Reserves	Contribution towards Car Parking Development Reserve.

Standard Statement of Cash Flows

for the year ended 30 June 2005

	Note	ACTUAL	BUDGET	VARIANCE	VARIANCE
		\$'000	\$'000	\$'000	%
CASH FLOWS FROM OPERATING ACTIVITIES					
Rates and Charges		12,420	12,234	186	2%
Government Grants	1	9,976	7,656	2,320	30%
Council User charges and reimbursements received		4,268	4,534	(266)	-6%
Contributions and donations received	2	1,669	2,254	(585)	-26%
Council payments to employees		(8,934)	(9,025)	91	-1%
Council payments to suppliers		(11,168)	(10,996)	(172)	2%
Interest received	4	386	175	211	121%
Interest paid		(317)	(309)	(8)	3%
Council Grants and Donations paid	6	(147)	(104)	(43)	41%
GST paid		516	0	516	-
Other payments		(845)	(791)	(54)	7%
NET CASH PROVIDED BY OPERATING ACTIVITIES		7,824	5,628	2,196	39%
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for asset acquisition	18	(5,778)	(7,277)	1,499	-21%
Proceeds from disposal of assets		959	900	59	7%
NET CASH USED IN INVESTING ACTIVITIES		(4,819)	(6,377)	1,558	-24%
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings		(533)	(533)	0	0%
Proceeds from borrowings		0	0	0	-
Lease Payments		(13)	0	(13)	-
NET CASH USED IN FINANCING ACTIVITIES		(546)	(533)	(13)	0%
Net increase/(decrease) in cash held	13	2,459	(1,282)	3,741	-292%
Cash at the beginning of the year		5,562	5,562	0	0%
CASH AT THE END OF THE YEAR		8,021	4,280	3,741	87%

Variance explanation

Note	Item	Explanation
18	Payments for asset acquisition	Lower capital works due to projects being carried over to 2005/2006.

Standard Statement of Capital Works

for the year ended 30 June 2005

	Note	ACTUAL \$'000	BUDGET \$'000	VARIANCE \$'000	VARIANCE %
CAPITAL WORKS AREA					
Land	19	0	260	(260)	(100%)
Buildings	20	129	300	(171)	(57%)
Roads and Streets	21	2,904	4,089	(1,185)	(29%)
Bridges	22	96	80	16	20%
Footpaths	23	427	212	215	101%
Kerb and Channel	24	18	68	(50)	(74%)
Furniture and Equipment	25	335	214	121	57%
Parks and Gardens	26	241	455	(214)	(47%)
Drainage	27	0	285	(285)	(100%)
Plant and Machinery	28	1,628	1,314	314	24%
TOTAL CAPITAL WORKS		5,778	7,277	(1,499)	(21%)
Represented by:					
Renewal		4,193	4,503	(310)	(7%)
Upgrade		744	1,724	(980)	(57%)
New		841	1,050	(209)	(20%)
		5,778	7,277	(1,499)	(21%)

Variance explanation

Note	Item	Explanation
19	Land	Land for Marengo Transfer Station not purchased.
20	Buildings	Municipal Pound construction deferred until 2005/2006.
21	Roads and Streets	Special Charge Schemes for construction of Point, Vista and Otway Avenues abandoned for the value of \$630,000. Special Charge Schemes for construction of Borwick and Dowling Streets deferred to 2005/2006.
22	Bridges	Additional construction costs for Aire River Bridge.
23	Footpaths	Capitalisation of Old Beechy Line Rail Trail.
24	Kerb and Channel	Lower renewal expenditure
25	Furniture and Equipment	Completion of Television Blackspot Program carried over from 2003/2004 financial year.
26	Parks and Gardens	Colac City Entrance (\$100,000) and Access for All Abilities - Regional Playground deferred to 2005/2006 financial year.
27	Drainage	Maintenance drainage works only required for 2004/2005.
28	Plant and Machinery	Net cost of plant purchases within Budget.



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Certification of Standard Statements

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

PRINCIPAL ACCOUNTING OFFICER *Jamie McE*

Date: 23/09/2005

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

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

We have been authorised by the Council on 23 September 2005 to certify the Financial Statements in their final form.

COUNCILLOR *Paul*

Date: 23/09/2005

COUNCILLOR *Warren Riches*

Date: 23/09/2005

CHIEF EXECUTIVE OFFICER *Lurey Hlatk*

Date: 23/09/2005



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financial statements

for the year ended 30 June 2005

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Statement of Financial Performance

for the year ended 30 June 2005

		2005	2004
	Note	\$'000	\$'000
REVENUE FROM ORDINARY ACTIVITIES			
Rates and Charges	2	12,305	11,660
Grants Commission		4,212	4,046
Recurrent Grants & Subsidies	3	2,143	2,226
Non-Recurrent Grants & Subsidies	3	3,042	3,071
Charges, Fees & Fines	4	4,086	4,027
Reimbursements & Contributions	5	1,670	1,306
Proceeds on Sale of Assets	6	959	1,071
Donated Property, Plant and Equipment		296	743
Interest		386	234
Property, Plant and Equipment not previously recognised	1(c)	2,165	155
TOTAL REVENUE FROM ORDINARY ACTIVITIES		31,264	28,539
EXPENSES FROM ORDINARY ACTIVITIES			
Employee Expenses	7	8,644	8,223
Depreciation and Amortisation	8	7,173	7,114
Borrowing Costs	20	309	372
Materials & Services	9	9,751	10,126
Grants and Donations		147	130
Plant Costs		788	712
Written Down Value of Assets Sold	6	828	992
Property, Plant and Equipment written off	1(c)	2,072	1,612
Landfill Rehabilitation Works	10	2,942	0
Loss on Investment in Associates	13	15	53
Other		770	736
TOTAL EXPENSES FROM ORDINARY ACTIVITIES		33,439	30,070
NET SURPLUS/(DEFICIT) FOR THE REPORTING PERIOD		(2,175)	(1,531)
MOVEMENTS IN EQUITY			
Net increase in Asset Revaluation Reserve	21	13,810	2,025
Net increase in Asset Replacement Reserves	22(b)	375	3
TOTAL MOVEMENTS DIRECTLY RECOGNISED AS EQUITY		14,185	2,028
TOTAL CHANGES IN EQUITY		12,010	497

The accompanying notes form part of this Financial Report.

Statement of Financial Position as at 30 June 2005

	Note	2005	2004
ASSETS			
CURRENT ASSETS		\$'000	\$'000
Cash	11	8,021	5,562
Receivables	12	2,132	2,012
Inventories	14	110	78
Prepayments	15	54	419
TOTAL CURRENT ASSETS		10,317	8,071
NON-CURRENT ASSETS			
Property, Infrastructure, Plant & Equipment	16	187,611	175,535
Receivables	12	69	89
Investment in Associates	13	508	523
TOTAL NON-CURRENT ASSETS		188,188	176,147
TOTAL ASSETS		198,505	184,218
LIABILITIES			
CURRENT LIABILITIES			
Payables	17	2,761	2,716
Employee Benefits	18	842	763
Provision for Landfill Rehabilitation	19	134	0
Interest Bearing Liabilities	20	443	532
TOTAL CURRENT LIABILITIES		4,180	4,011
NON-CURRENT LIABILITIES			
Employee Benefits	18	964	932
Provision for Landfill Rehabilitation	19	2,808	0
Interest Bearing Liabilities	20	3,976	4,333
TOTAL NON-CURRENT LIABILITIES		7,748	5,265
TOTAL LIABILITIES		11,928	9,276
NET ASSETS		186,577	174,942
EQUITY			
Accumulated Surplus		89,948	92,498
Asset Revaluation Reserves	21	96,124	82,314
Other Reserves	22(a)	505	130
TOTAL EQUITY		186,577	174,942

The accompanying notes form part of this Financial Report.

Statement of Changes in Equity

for the year ended 30 June 2005

					2005	2004
	Note	Accumulated Surplus	Asset Replacement Reserves	Asset Revaluation Reserve	Total	
		\$'000	\$'000	\$'000	\$'000	\$'000
Balance at beginning of financial year		92,498	130	82,314	174,942	174,445
Net Surplus/(Deficit)		(2,175)	0	0	(2,175)	(1,531)
Revaluation of Property, Plant and Equipment	16	0	0	13,809	13,809	2,035
Increase/(Decrease) in Share of CRLC Asset Revaluation Reserve	13	0	0	1	1	(10)
Increase/(Decrease) in share of CRLC Asset Replacement Reserve		0	0	0	0	3
Transfers to Reserves	22(b)	(375)	375	0	0	0
Transfer from Reserves	22(b)	0	0	0	0	0
Balance at end of financial year		89,948	505	96,124	186,577	174,942

The accompanying notes form part of this Financial Report.

Statement of Cash Flows

for the year ended 30 June 2005

	Note	2005	2004
		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Rates and Charges		12,420	11,393
Government Grants		9,976	9,855
Council User charges and reimbursements received		4,268	4,384
Contributions and donations received		1,669	1,306
Council payments to employees		(8,934)	(8,301)
Council payments to suppliers		(11,168)	(12,452)
Interest received		386	234
Interest paid		(317)	(379)
Council Grants and Donations paid		(147)	(130)
GST received/(paid)		516	504
Other payments		(845)	(809)
NET CASH PROVIDED BY OPERATING ACTIVITIES	23	7,824	5,605
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for asset acquisition		(5,778)	(5,158)
Proceeds from disposal of assets		959	1,071
NET CASH USED IN INVESTING ACTIVITIES		(4,819)	(4,087)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(533)	(1,366)
Proceeds from borrowings		0	863
Lease Payments		(13)	0
NET CASH USED IN FINANCING ACTIVITIES		(546)	(503)
Net increase in cash held		2,459	1,015
Cash at the beginning of the financial year		5,562	4,547
CASH AT THE END OF THE FINANCIAL YEAR	24	8,021	5,562

Notes to the Financial Statements

for the year ended 30 June 2005

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 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 (Finance and Reporting) Regulations 2004. It has been prepared on an accrual accounting basis under the historical cost convention, with the exception of certain non-current assets which are valued at current cost or market value. The accounting policies have been consistently applied.

(c) Recognition of assets

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

Assets which are no longer under the control of Council or which have been replaced are written off.

(d) 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.

Major depreciation Classes are:	Capitalisation Threshold	Depreciation Method
Buildings	\$500	Straight Line
Furniture and Equipment	\$500	Straight Line
Drainage	\$5,000	Straight Line
Roads and Streets	\$5,000	Straight Line
Improvements to Parks & Gardens	\$500	Straight Line
Bridges	\$5,000	Straight Line
Footpaths	\$500	Straight Line
Kerb and Channelling	\$500	Straight Line
Plant and Machinery	\$500	Reducing Bal.
Equipment Under Lease	\$500	Straight Line

2005 Estimated Useful Life Years	2004 Estimated Useful Life Years
25	25
9-21	9-21
80	80
10-55	10-55
10-100	10-100
50-70	50-70
30-60	30-60
35-45	35-45
5-10	5-10
5-10	5-10

(e) 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, are valued at cost or deemed cost. Deemed cost in relation to an asset, means the carrying amount of the asset as at 1 July 2001.

At balance date, the Council reviewed the carrying values 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 30 June 2005 for the asset classes of Drainage, Roads and Streets, Land, Buildings and Parks and Gardens.

Where assets are revalued, revaluation increments are credited to the 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.

(f) Recoverable Amount of Non-Current Assets

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

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

(g) Land Under Roads

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

(h) Employee Benefits

(i) Long Service Leave

The provision for long service leave is determined in accordance with 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 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 26.

(i) Investments

(i) *General*

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

(ii) *Investment in Associated Entities*

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

(j) Leased Non-current Assets

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

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

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

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

(k) Revenue Recognition

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

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

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

(l) Financial Ratios

For the purposes of the calculation of financial ratios in Note 35, realisable assets have been considered to be those assets which are not subject to any restriction on realisation or use.

(m) Borrowing Costs

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

When borrowing costs are expensed they are distributed to functions based on the use of loan funds by the different functions.

(n) Inventories

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

(o) Cash

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

(p) Receivables

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

(q) Payables and other current liabilities

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

(r) Provision for Landfill Rehabilitation

A liability is recognised in respect of Council's present obligation to rehabilitate landfills. All known costs associated with landfills rehabilitation and aftercare costs have been included in the provision.

(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. The Statement of Cash Flows shows the GST on a gross basis.

(t) Impacts of adopting Australian equivalents to International Financial Reporting Standards.

Following the adoption of Australian equivalents to International Financial Reporting Standards (AIFRS), the Colac Otway Shire will prepare and present its first financial report and other accountability statements in compliance with AIFRS framework for the year ended 30 June 2006.

The 2006 AIFRS compliant financial report will comprise the four existing financial statements, three of which will be renamed, and the notes accompanying those statements. The Statement of Financial Performance will be called the Operating Statement, the Statement of Financial Position becomes the Balance Sheet, and the Statement of Cash Flows becomes the Cash Flow Statement.

Under AIFRS, there are requirements that apply specifically for not-for-profit entities that are not

consistent with IFRS requirements. The Colac Otway Shire has analysed its purpose, objectives, and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently, where appropriate, the Colac Otway Shire has elected to apply options and exemptions within the AIFRS that are applicable to not-for-profit entities.

With certain exceptions, the Colac Otway Shire has recorded transactions and events as though AIFRS had always applied. This practice has extended to comparative information included within the financial report. Most accounting policy adjustments arising from the first time adoption of AIFRS apply retrospectively and have been adjusted against the balance of accumulated funds at 1 July 2004, being the opening balance sheet date for the comparative period.

The comparative information for transactions affected by these Standards is accounted for in accordance with existing Australian Accounting Standards.

The Colac Otway Shire has taken the following steps in managing the transition to AIFRS and has achieved the following milestones:

- established that the Audit Committee is to oversee the transition to, and implementation of AIFRS;
- assessed the impact of changes expected from IFRS; and
- implemented and reviewed AIFRS changes.

This financial report has been prepared in accordance with current Australian Accounting Standards (Australian GAAP) and other financial reporting requirements. A number of differences between current Australian GAAP and AIFRS have been identified as having a potentially material impact on the reported financial position and financial performance.

The following tables outline the estimated significant impacts on the financial position of the Colac Otway Shire as at 30 June 2005 and the current year result had the financial statements been prepared using AIFRS. The estimates disclosed below are Colac Otway Shire's best estimate of the significant quantitative impact of the identified changes as at the date of preparing the 30 June 2005 Financial Report. Actual effects of the transition to AIFRS may differ from the estimates currently disclosed due to:

- changes in facts and circumstances;
- ongoing work being undertaken by the AIFRS project team;
- potential amendments to AIFRS and Interpretations; and
- emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

Reconciliation of total assets and total liabilities as presented under Australian GAAP and that under AIFRS at 1 July 2004

Total liabilities under Australian GAAP	9,276
<u>Estimated AIFRS impact on liabilities</u>	
Employee Benefits	(9)
Total liabilities under AIFRS	9,267

Reconciliation of equity as presented under Australian GAAP and that under AIFRS at 1 July 2004

Total equity under Australian GAAP	174,942
<u>Estimated AIFRS impact on equity</u>	
Accumulated Surplus	9
Total estimated AIFRS impact on equity	9
Total equity under AIFRS	174,951

Reconciliation of net result as presented under Australian GAAP and that under AIFRS

	2005 \$'000
Net result as reported under Australian GAAP	(2,175)
<u>Estimated AIFRS impact on expenses</u>	
Employee Expenses	9
Landfill Rehabilitation Works	893
Total estimated AIFRS impact on net result	902
Net result under AIFRS	(1,273)

Reconciliation of total assets and total liabilities as presented under Australian GAAP and that under AIFRS

	2005 \$'000
Total assets under Australian GAAP	198,505
<u>Estimated AIFRS impact on assets</u>	
Property, Plant and Equipment	
- Parks and Gardens	(936)
- Land	893
Total assets under AIFRS	198,462
Total liabilities under Australian GAAP	11,928
<u>Estimated AIFRS impact on liabilities</u>	
Employee Benefits	(9)
Total liabilities under AIFRS	11,919

Reconciliation of equity as presented under Australian GAAP and that under AIFRS

	2005 \$'000
Total equity under Australian GAAP	186,577
<u>Estimated AIFRS impact on equity</u>	
Accumulated Surplus	911
Asset Revaluation Reserves	(936)
Total estimated AIFRS impact on equity	(25)
Total equity under AIFRS	186,552

Explanatory Notes

Property, Plant and Equipment

The Colac Otway Shire has elected to apply the first-time adoption exemption available under AASB 1 First-time adoption of Australian Equivalent to International Financial Reporting Standards to use a previous GAAP revaluation of Parks and Garden assets as at the 1st July 2004, the date of transition to Australian equivalents to AIFRS as deemed cost at the date of the revaluation, as the revaluation was comparable to the fair value.

The impact of this change is expected to result in a decrease to the carrying amount of the asset of \$936,000 as at 30th of June 2005.

Landfill Rehabilitation Works

Under existing Australian Accounting Standards, the cost associated with restoring an item of property, plant and equipment is not recognised in the cost of an item of property, plant and equipment. On adoption of AIFRS, the costs associated with the rehabilitation of operating landfills (Alvie Landfill) must be included as a component in the cost of the land the landfill is situated in. The landfill rehabilitation component of the asset is measured in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets. The landfill rehabilitation component of the land is then subsequently depreciated over the landfills remaining useful life.

The impact of this change is expected to result in a increase to the carrying amount of land of \$893,000, and a decrease in landfill rehabilitation works expense of \$893,000 as at 30th of June 2005.

Employee Benefits

Under existing Australian Accounting Standards, employee benefits, such as wages, salaries, annual leave, accrued rostered days, are measured at their nominal amount regardless of whether they are expected to be settled within 12 months of the reporting date. On adoption of AIFRS, a distinction is made between short-term and long-term employee benefits and AASB 119 Employee Benefits requires liabilities for short-term employee benefits to be measured at nominal values and liabilities for long-term employee benefits to be measured at present value. AASB 119 defines short-term employee benefits as benefits that fall due wholly within twelve months after the related period of service. Therefore, liabilities for short-term employee benefits are measured at present value where they are expected not to be settled within 12 months of the reporting date.

The effect of the above requirement as at 30 June 2005 is an estimated decrease in employee benefits of \$9,000. For the year ended 30 June 2005, employee benefits expense is expected to decrease by \$9,000.

(u) Comparative Figures

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

(v) Rounding

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

NOTE 2 RATES AND CHARGES

Council uses the Capital Improved Value as the basis of valuation of all properties within the municipality. The valuation base used to calculate general rates for 2004/2005 was \$3,273,739,000 (2003/2004 \$2,239,114,000).

	2005 \$'000	2004 \$'000
Residential	5,459	4,777
Farm	2,542	2,583
Garbage Charge	1,438	1,369
Municipal Charge	1,253	1,347
Commercial	1,318	1,278
Industrial	166	172
Supplementary	129	134
	12,305	11,660

The date of the last general revaluation within the municipality was 1 January 2004, and the valuation first applied to the rating year commencing 1 July 2004.

The date of the next general revaluation within the municipality is 1 January 2006, and the valuation will be first applied in the rating year commencing 1 July 2006.

NOTE 3 GOVERNMENT GRANTS

	2005 Recurrent \$'000	Non-Recurrent \$'000	2004 \$'000
Governance			
- Aged & Home Care	627	9	620
- Family Day Care	371	-	332
- Maternal & Child Health	144	-	108
- Rural Access Project	92	43	105
- Community Transport	65	1	94
- Community Drop in Centre	60	-	38
- Telecommunications	-	38	-
- Delivered Meals	35	-	32
- School Crossings	34	-	35
- Birregurra Sewerage	-	23	-
- Senior Citizens	19	-	19
- Immunisation	16	-	20
- Neighbourhood Renewal	-	16	-
- Mental Health	-	15	-
- Reconnect.com	-	15	-
- Waste Water	-	9	-
- Tobacco Act Administration	3	-	3
- Health Plan	-	-	22
- Partners at Work	-	-	2
	1,466	169	1,430

NOTE 3 GOVERNMENT GRANTS (cont.)

	2005		2004
	Recurrent \$'000	Non-Recurrent \$'000	\$'000
Infrastructure			
- Port of Apollo Bay	525	1,220	1,847
- Federal - Roads to Recovery	-	400	744
- Vic Roads - Better Roads	128	-	348
- Waste Collection	-	50	-
- Aire River Bridge	-	25	-
- State Emergency Service	10	-	10
- Beach Cleaning	8	-	1
- Bus Stop Improvements	-	1	15
- Apollo Bay Boat Ramp	-	-	120
- Armstrong/Pound Rd Splitter Island	-	-	71
- Landfill Closure	-	-	29
- Speed Counter Measure Program	-	-	5
	671	1,696	3,190

NOTE 3 GOVERNMENT GRANTS (cont.)

	2005 Recurrent \$'000	Non-Recurrent \$'000	2004 \$'000
Strategic Development			
- Old Beechy Line Rail Trail	-	385	-
- Television Blackspot Program	-	155	93
- Central Reserve Netball Court	-	100	-
- Hydrotherapy Pool Feasibility Study	-	99	-
- Tourism Events	-	60	-
- Gellibrand Recreation Reserve	-	56	-
- Streetlife	-	49	-
- Commonwealth Games	-	41	-
- Pride of Place	-	40	50
- Neighbourhood House	-	36	-
- Birregurra Heritage Walk	-	20	-
- Lake Colac	-	20	-
- Beech Forest Toilet	-	15	-
- Colac Visitor Information Centre	-	12	-
- Great Ocean Road Visitor Information Centre	-	12	-
- Beeac Hall Upgrade	-	12	-
- Biodiversity Scheme	-	10	49
- Otway Tourism	-	10	-
- Sustaining Sportsground	-	8	-
- Harrington Park	-	8	14
- Lake Colac Bird Sanctuary	-	7	-
- Tertiary Study	-	6	-
- Tour de Skate	-	5	-
- Larpent Hall Upgrade	-	5	10
- Jobs for Young People	-	4	-
- After School Activity Program	-	2	-
- Bluewater Fitness Centre Child Care	6	-	7
- Colac Lawn Tennis All Weather Courts	-	-	80
- New Future for Otways	-	-	65
- Apollo Bay Structure Plan	-	-	60
- Lake Colac Pathway	-	-	52
- Roadside Vegetation Mapping	-	-	30
- Fire Prevention	-	-	25
- Lake Foreshore Master Plan	-	-	25
- Salinity Overlay Grant	-	-	20
- Colac Livestock Selling Centre - Scanning Equipment	-	-	18
- Stormwater Management Plan	-	-	16
- Tertiary Study	-	-	12
- Sudanese Life Skills	-	-	10
- Lake Colac Bird Sanctuary	-	-	7
- Regional Playground	-	-	7
- Water Supply Extension	-	-	6
- Leading on Litter	-	-	6
- Promotional & Marketing Strategy	-	-	6
- Best Farm Management	-	-	5
- Bluewater Fitness Centre - Social & Human Wealth	-	-	3
- Heritage Study	-	-	1
	6	1,177	677
TOTAL	2,143	3,042	5,297

NOTE 3 GOVERNMENT GRANTS (cont.)

	2005 Recurrent \$'000	Non-Recurrent \$'000	2004 \$'000
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:			
Port of Apollo Bay	-	1,175	348
Old Beechy Line Trial	-	385	49
Hydrotherapy Pool Feasibility Study	-	60	-
Events Tourism Plan	-	57	-
Futures for Young Adults	-	43	-
Commonwealth Games	-	41	-
Lake Colac Project	-	20	-
Mental Health	-	15	-
Neighbourhood Renewal	-	15	-
Beech Forest Toilet Area	-	15	-
Waste Water Management Strategy	-	9	-
Birregurra Sewerage	-	6	-
Aged Care Mobile Computing	-	6	-
Tour de Skate	-	5	-
New Otways Future	-	-	65
Apollo Bay Structure Plan	-	-	60
Pride of Place	-	-	35
Biodiversity Scheme	-	-	33
Roadside Vegetation Mapping	-	-	22
Municipal Health Plan	-	-	22
Salinity Overlay	-	-	20
Weight Resistance Program	-	-	14
TOTAL	0	1,852	668
Grants recognised as revenue in previous reporting periods and were expended during the current reporting period in the manner specified by the grantor were:			
Port of Apollo Bay	128	220	208
Old Beechy Line Trail	-	49	151
New Otways Future	-	32	-
Pride of Place	-	35	-
Biodiversity Scheme	-	33	-
Weight Resistance Program	-	14	-
Roadside Vegetation Mapping	-	13	-
Municipal Health Plan	-	10	-
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
TOTAL	128	406	607

NOTE 4 CHARGES, FEES AND FINES

	2005 \$'000	2004 \$'000
Private Works	870	803
Bluewater Fitness Centre	632	633
Home Care and Delivered Meals	494	520
Town Planning and Building	379	410
Saleyards	364	336
Performing Arts Centre	305	305
Waste Disposal	212	240
Parking, Animal Control and Local Laws	160	129
Visitor Information Centres	175	166
Council Properties	98	116
Other	397	369
	4,086	4,027

NOTE 5 REIMBURSEMENTS AND CONTRIBUTIONS

Vicroads Maintenance	934	758
Vicroads Agency Reimbursement	148	139
Road Construction Contributions	176	121
Car Parking Contribution	91	0
Legal Fees Reimbursement	25	56
Special Charge Schemes	0	46
Other	296	186
	1,670	1,306

NOTE 6 DISPOSAL OF ASSETS

<u>Plant and Machinery</u>		
Proceeds From Sales	957	686
Written Down Value of Assets Sold	(822)	708)
Surplus/(Deficit) on Disposal	135	(22)
<u>Land and Buildings</u>		
Proceeds From Sales	1	385
Written Down Value of Assets Sold	(5)	(284)
Surplus/(Deficit) on Disposal	(4)	101
<u>Furniture and Equipment</u>		
Proceeds From Sales	1	0
Written Down Value of Assets Sold	(1)	0
Surplus/(Deficit) on Disposal	0	0
	131	79
TOTAL SURPLUS/(DEFICIT) ON DISPOSAL		
SUMMARY		
Proceeds From Sales	959	1,071
Less: Written Down Value of Assets Sold	(828)	(992)
Surplus/(Deficit) on Disposal	131	79

NOTE 7 EMPLOYEE EXPENSES

	2005 \$'000	2004 \$'000
Wages and Salaries	6,592	6,249
Superannuation	691	650
Annual Leave and Long Service Leave	413	350
Casual Staff	308	314
Training	186	173
Vehicle	185	176
Work Cover Premium	151	194
Fringe Benefits Tax	76	77
Other	42	40
TOTAL	8,644	8,223

NOTE 8 DEPRECIATION AND AMORTISATION

Roads and Streets	4,540	4,469
Buildings	893	952
Plant and Machinery	637	652
Kerb and Channel	338	312
Bridges	211	200
Drains	191	189
Parks and Gardens	158	173
Footpaths	120	111
Furniture and Equipment	67	49
Leased Assets	18	7
TOTAL	7,173	7,114

NOTE 9 MATERIALS AND SERVICES

Waste Management	2,404	2,487
Roads, Parks and Gardens	1,712	1,615
Governance	1,397	1,345
Reconstruction of Breakwater	202	1,094
Arts, Culture and Recreation	303	364
Economic Development	192	357
Insurance Premiums	365	328
Family Day Care	293	286
Bluewater Fitness Centre	240	276
Colac Otway Performing Arts and Culture Centre	297	267
Tourism	338	220
Town Planning	441	202
Port of Apollo Bay	293	183
Delivered Meals	166	174
Environment and Fire Prevention	258	169
Aged and Disability	138	165
Street Lighting	136	145
Council Properties	116	137
Local Laws	93	73
Colac Landfill Reinstatement	0	33
Other	367	206
TOTAL	9,751	10,126

NOTE 10 LANDFILL REHABILITATION WORKS

Liabilities have been estimated for rehabilitation costs required under the Environment Protection Act 1970 in relation to Council landfill sites.

	2005 \$'000	2004 \$'000
Alvie	893	0
Barwon Downs	775	0
Beeac	134	0
Birregurra	377	0
Cressy	153	0
Forrest	213	0
Gellibrand	224	0
Marengo	173	0
	2,942	0
	2,942	0

A contingent liability was disclosed in the previous financial year for Alvie landfill.

NOTE 11 CASH

Cash on hand	6	6
Cash at bank #	6,906	4,501
Cash - on call #	1,109	1,055
	8,021	5,562
	8,021	5,562

Cash is on hand or available on demand.

Non-interest bearing	4	4
Interest bearing at average rate of 5.00% (2003/2004 - 4.50%).	6,906	4,503
Interest bearing at average rate of 5.50% (2003/2004 - 5.50%).	1,111	1,055
	8,021	5,562
	8,021	5,562

Interest rates are variable and reflect current market values.

# Restricted Assets		
Long Service Leave investment	1,109	1,053
	1,109	1,053
	1,109	1,053

Cash is held to specifically meet Council's long service leave liability as required by statute.

Cash included above held in trust:

Recreational Lands Reserve	20	20
Car Parking Developers Reserve	99	9
Trust Deposits	196	275
	315	304
	315	304

The Recreational Lands and the Car Parking Developers Reserves are required to be spent on future developments for recreation and car parking. Trust Deposits are refundable deposits held as guarantees for compliance with Council regulations. It includes deposits paid for building and planning permits.

NOTE 12 RECEIVABLES

	2005 \$'000	2004 \$'000
<u>Current</u>		
Private Works	577	353
User Charges	561	808
Rates & Charges	371	347
Government Grants	94	56
GST Receivable	92	120
Reimbursement Unfunded Superannuation Loan - CRLC	20	19
Other	417	309
	2,132	2,012
<u>Non-Current</u>		
Reimbursement Unfunded Superannuation Loan - CRLC	69	89
TOTAL	69	89

Rates are secured by a charge over each ratepayer's property. Interest is charged on overdue rates at 12.00% (2003/04 11.25%). 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 \$370,643, before any provision for doubtful debts.

NOTE 13 INVESTMENT IN ASSOCIATES

Name of Associate: Corangamite Regional Library Corporation
Principal Activity: Library

Ownership Interest		Carrying Amount		Equity-Accounted Amount	
2005	2004	2005	2004	2005	2004
%	%	\$'000	\$'000	\$'000	\$'000
25.18	25.14	508	523	508	523

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

	2005 Equity-Accounted Amount	2004 Equity-Accounted Amount
Accumulated Surplus Attributable to Associates		
Share of Profit/(Loss)	(15)	(53)
Accumulated Surplus attributable to Associates at beginning of the financial year	(13)	41
Accumulated Surplus attributable to Associates at the end of the financial year	(28)	(12)
Reserves Attributable to Associates		
<u>Asset Replacement Reserve</u>		
Balance at beginning of the financial year	8	5
Share of Increase/(Decrease) in Asset Replacement Reserve	1	3
Balance at the end of the financial year	9	8
<u>Asset Revaluation Reserve</u>		
Balance at beginning of the financial year	527	537
Share of Increase/(Decrease) in Asset Revaluation Reserve	0	(10)
Balance at the end of the financial year	527	527
Reserves attributable to Associates at end of the financial year	536	535
Interest in Associates	508	523

NOTE 14 INVENTORIES

Raw Materials and Stores	72	40
Colac Visitor Information Centre	11	14
Indoor Aquatic Centre	10	14
Great Ocean Road Visitor Information Centre	10	10
Garbage Bins	7	0

**2005
\$'000****2004
\$'000**

110

78

NOTE 15 PREPAYMENTS

Vehicle Registrations	24	28
Councillor Allowances	17	27
Other	13	15
Insurance	0	349

54

419

NOTE 16 PROPERTY, INFRASTRUCTURE, PLANT & EQUIPMENTNon-Current

Land

-at Cost	0	350
-at Independent Valuation 30/6/2005	29,033	0
-at Independent Valuation 30/6/2002	0	18,665

29,033

19,015

Buildings

- at Cost	0	697
- at Independent Valuation 30/6/2005	45,401	0
- at Independent Valuation 30/6/2002	0	29,511
Less: Accumulated Depreciation	(21,244)	(7,293)

24,157

22,915

Plant and Machinery

- at Cost	4,458	2,830
- at Deemed Cost 1/7/2001	3,195	4,860
Less: Accumulated Depreciation	(3,407)	(3,614)

4,246

4,076

Roads and Streets

- at Cost	0	5,111
- at Council Officer Valuation 30/6/2005	138,535	0
- at Council Officer Valuation 30/6/2002	0	179,895
Less: Accumulated Depreciation	(41,750)	(87,799)

96,785

97,207

	2005 \$'000	2004 \$'000
NOTE 16 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (cont.)		
Bridges		
- at Cost	121	0
- at Council Officer Valuation 30/6/2004	13,308	13,368
Less: Accumulated Depreciation	(9,182)	(8,972)
	4,247	4,396
Footpaths		
- at Cost	436	0
- at Council Officer Valuation 30/6/2004	5,782	5,836
Less: Accumulated Depreciation	(2,170)	(2,068)
	4,048	3,768
Kerb and Channelling		
- at Cost	46	0
- at Council Officer Valuation 30/6/2004	14,821	14,830
Less: Accumulated Depreciation	(3,090)	(2,756)
	11,777	12,074
Furniture and Equipment		
- at Cost	857	523
- at Deemed Cost 1/7/2001	196	197
Less: Accumulated Depreciation	(166)	(101)
	887	619
Parks and Gardens		
- at Cost	0	472
- at Council Officer Valuation 30/6/2005	3,694	0
- at Council Officer Valuation 30/6/2002	0	2,363
Less: Accumulated Depreciation	(1,358)	(1,512)
	2,336	1,323
Drainage		
- at Cost	0	145
- at Council Officer Valuation 30/6/2005	15,253	0
- at Council Officer Valuation 30/6/2002	0	15,048
Less: Accumulated Depreciation	(5,269)	(5,080)
	9,984	10,113
Equipment under Lease	187	87
Less: Accumulated Amortisation	(76)	(58)
	111	29
Total Written Down Value of Non-Current Assets	187,611	175,535

NOTE 16 PROPERTY, INFRASTRUCTURE, PLANT AND EQUIPMENT (cont.)

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

	Land \$	Buildings \$	Plant & Machinery \$	Roads & Streets \$	Bridges \$	Footpaths \$	2005 \$'000 Kerb & Channel \$	Furniture & Equipment \$	Parks & Gardens \$	Drainage \$	Equipment under Lease \$	Total \$
Balance at beginning of financial year	19,015	22,915	4,076	97,207	4,396	3,768	12,074	619	1,323	10,113	29	175,535
Additions	0	129	1,628	2,962	121	435	46	335	242	177	100	6,175
Disposals	(6)	0	(821)	0	0	0	0	(1)	0	0	0	(828)
Revaluation increments/decrements	8,744	2,262	0	1,981	0	0	0	0	936	(114)	0	13,809
Asset Write off	(406)	(735)	0	(825)	(59)	(35)	(5)	0	(7)	0	0	(2,072)
Recognition of Assets not previously recognised	1,686	479	0	0	0	0	0	0	0	0	0	2,165
Depreciation expense	0	(893)	(637)	(4,540)	(211)	(120)	(338)	(66)	(158)	(192)	(18)	(7,173)
Balance at end of financial year	29,033	24,157	4,246	96,785	4,247	4,048	11,777	887	2,336	9,984	111	187,611

NOTE 17 PAYABLESCurrent

Trade Creditors
Trust Deposits
Accrued Expenses

2005
\$'000

2004
\$'000

1,992
196
573

2,243
275
198

2,761

2,716

NOTE 18 EMPLOYEE BENEFITSCurrent

Annual Leave
Long Service Leave
Other

674
145
23

626
121
16

842

763

Non-Current

Long Service Leave

964

932

Total

1,806

1,695

Number of employees at year end.

No.
291 (187 EFT)

No.
286 (181 EFT)

NOTE 19 PROVISION FOR LANDFILL REHABILITATIONCurrent

Beeac

134

0

Non-Current

Alvie
Barwon Downs
Birregurra
Cressy
Forrest
Gellibrand
Marengo

893
775
377
153
213
224
173

0
0
0
0
0
0
0

2,808

0

Total

2,942

0

NOTE 20 INTEREST BEARING LIABILITIES (cont.)

	2005	2004
	\$'000	\$'000
(c) Debt Servicing and Redemption for the Year		
Interest - Borrowings	305	307
Interest - Finance lease	4	0
Unfunded Superannuation Liability Interest	0	65
Debt Redemption (Principal) - Borrowings	533	1,453
Debt Redemption (Principal) - Finance Lease	13	0
Proceeds from Borrowings	0	(863)
Total	855	962
The following average interest rates are applicable to:		
Bank Overdraft	9.20%	8.95%
Borrowings	6.58%	7.15%
Finance Lease	8.88%	0.00%

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

NOTE 21 ASSET REVALUATION RESERVE

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

Balance at beginning of financial year	82,314	80,289
Increase/(Decrease) in Share of CRLC Asset Revaluation Reserve	1	(10)
Revaluation of Property, Plant and Equipment	13,809	2,035
Balance at end of financial year	96,124	82,314

80

	Balance at beginning of financial year \$	Increment/ (Decrement) \$	Balance at end of financial year \$
Land	13,485	8,744	22,229
Buildings	6,615	2,262	8,877
Roads and Streets	52,609	1,981	54,590
Bridges	912	0	912
Footpaths	529	0	529
Kerb and Channel	5,124	0	5,124
Furniture and Equipment	293	0	293
Parks and Gardens	552	936	1,488
Drainage	1,668	(114)	1,554
Share of CRLC Asset Revaluation Reserve	527	1	528
	82,314	13,810	96,124

NOTE 22(a) OTHER RESERVES

Asset Replacement Reserves

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

	2005 \$'000	2004 \$'000
Landfill Rehabilitation	120	60
Plant Replacement	41	41
Marengo Transfer Station	225	0
Car Parking	99	9
Recreational Lands	20	20
	505	130

NOTE 22(b) MOVEMENT IN OTHER RESERVES

Landfill Rehabilitation

Balance at beginning of financial year	60	0
Transfer to Accumulated Surplus	0	0
Transfer from Accumulated Surplus	60	60
Balance at end of financial year	120	60

Plant Replacement

Balance at beginning of financial year	41	5
Increase/(Decrease) in Share of CRLC Asset Replacement Reserve	0	3
Transfer to Accumulated Surplus	0	(667)
Transfer from Accumulated Surplus	0	700
Balance at end of financial year	41	41

Marengo Transfer Station

Balance at beginning of financial year	0	0
Transfer to Accumulated Surplus	0	0
Transfer from Accumulated Surplus	225	0
Balance at end of financial year	225	0

Car Parking

Balance at beginning of financial year	9	9
Transfer to Accumulated Surplus	0	0
Transfer from Accumulated Surplus	90	0
Balance at end of financial year	99	9

Recreational Lands

Balance at beginning of financial year	20	20
Transfer to Accumulated Surplus	0	0
Transfer from Accumulated Surplus	0	0
Balance at end of financial year	20	20

Total	505	130
-------	-----	-----

NOTE 23 RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO NET PROFIT/(LOSS)

	2005 \$'000	2004 \$'000
Net Surplus/(Deficit)	(2,175)	(1,531)
Depreciation	7,173	7,114
(Increase)/decrease in Receivables	(90)	(306)
(Increase)/decrease in GST Asset	(10)	67
Increase/(decrease) in Creditors	45	(127)
Increase in Employee Entitlements	111	62
(Increase)/decrease in Prepayments	365	(357)
(Increase)/decrease in Inventories	(32)	(5)
(Profit)/Loss on Sale of Assets	(131)	(79)
	5,256	4,838
Other reconciling items:		
Change in Accumulated Losses - Regional Entities	15	53
Provision for Landfill Rehabilitation	2,942	0
Property, Plant and Equipment not previously recognised	(2,165)	(155)
Property, Plant and Equipment written off	2,072	1,612
Donated Property, Plant and Equipment	(296)	(743)
	2,568	767
Net cash provided by operating activities	7,824	5,605

NOTE 24 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:

Cash	8,021	5,562
Bank Overdraft	0	0
	8,021	5,562

NOTE 25 FINANCING FACILITIES

Bank overdraft facilities

Used Facilities	0	0
Unused Facilities	1,000	1,000
	1,000	1,000

NOTE 26 SUPERANNUATION

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

The Vision Superannuation Fund (the Fund) has two categories of membership, each of which is funded differently.

Vision Super Saver

The Fund's Vision Super Saver 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 (9% in 2003/2004). 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.

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 (Council's share \$863,000 including \$129,468 contributions tax). The funding or "actuarial" shortfall is the amount by which the the current value of assets plus expected future contributions is less than the value of the expected future benefits and expenses. The Vision Fund Defined Benefit Plan is operated as a mutual plan.

Council funded the repayment of the shortfall with a loan.

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:		
	2005 \$'000	2004 \$'000
LASPLAN	482	423
Defined Benefits	209	227
	691	650

NOTE 27 COMMITMENTS FOR CAPITAL AND OTHER EXPENDITURE

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

	2005	2004
	\$'000	\$'000
Waste Management	6,986	9,261
Cleaning	552	180
Old Beechy Line Trail	165	84
Apollo Bay Harbour Navigation Aids	33	24
Apollo Bay Harbour Breakwater	0	185
Colac Netball Court Construction	0	150

7,736 9,884

These expenditures are due for payment:

Not later than one year	2,190	2,493
Later than one year and not later than five years	5,546	7,391

7,736 9,884

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 28 OPERATING LEASE COMMITMENTS

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

Not later than one year	167	166
Later than one year and not later than five years	234	417

401 583

NOTE 29 CONTINGENT LIABILITIES

2005	2004
\$'000	\$'000

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:

Contract performance - Roads Corporation	0	79
--	---	----

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.	0	1,234
--	---	-------

Providing financial assurance for any remedial action, rehabilitation and site aftercare costs. Alvie Landfill rehabilitation has been recognised as a liability in 2004/2005.

Development Agreement	105	35
-----------------------	-----	----

Providing three Residential allotments of Lakeside Estate for meeting employment targets in 2004/2005. In 2004/2005 Council received notification from CRF Pty Ltd that under the agreement the conditions have been satisfied. The Planning Permit for Lakeside Estate was not approved at 30 June 2005.

NOTE 30 NET FAIR VALUES

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

<u>On Statement of Financial Position</u>	2005 Carrying Amount \$'000	2005 Net Fair Value \$'000	2004 Carrying Amount \$'000	2004 Net Fair Value \$'000
FINANCIAL ASSETS				
Cash	8,021	8,021	5,562	5,562
Receivables	2,201	2,201	2,101	2,101
Other Financial Assets	508	508	523	523
TOTAL	10,730	10,730	8,186	8,186
FINANCIAL LIABILITIES				
Payables	2,761	2,761	2,716	2,716
Interest Bearing Liabilities	4,419	3,239	4,865	3,410
TOTAL	7,180	6,000	7,581	6,126

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

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

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

NOTE 31 AUDITORS' REMUNERATION

Remuneration of the auditor of the reporting entity for auditing or reviewing the financial report for the period was \$24,300 (2003/2004 \$23,200).

NOTE 32 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	Brian Crook Chris Smith Geoff Higgins Joe Di Cecco Peter Mercer Stuart Hart Warren Riches Helen Paatsch Jim Ryan Stephen Hart	Period: 27 November 2004 to 30 June 2005 Period: 27 November 2004 to 30 June 2005 Period: 27 November 2004 to 30 June 2005
Chief Executive Officer	Tracey Slatter Gary Dolan (Acting) Merv Hair (Acting) Rob Small	Period: 1 July 2004 to 27 November 2004 Period: 1 July 2004 to 27 November 2004 Period: 1 July 2004 to 27 November 2004 Period: 1 November 2004 to 30 June 2005 Period: 18 September 2004 to 31 October 2004 Period: 12 July 2004 to 17 September 2004 Period: 1 July 2004 to 9 July 2004

(ii) Remuneration of Responsible Persons
Income Range:

\$0 - \$9,999
\$10,000 - \$19,999
\$20,000 - \$29,999
\$30,000 - \$39,999
\$100,000 - \$109,999
\$150,000 - \$159,999

TOTAL

2005 No.	2004 No.
6	0
5	6
1	0
1	1
1	0
0	1
14	8
\$'000	\$'000
262	259

Total Remuneration for the reporting period for Responsible Persons included above, amounted to

NOTE 32 RELATED PARTY DISCLOSURE (cont.)

(iii) Senior Officers Remuneration

The number of senior officers, other than the Chief Executive Officer, whose total remuneration exceeded \$100,000 and all officers who reported directly to the Chief Executive Officer in a management capacity, even if they receive less than \$100,000 per annum during the reporting period, are shown below in their relevant income bands:

Income Range:	2005 No.	2004 No.
\$0 - \$9,999	1	0
\$20,000 - \$29,999	1	0
\$40,000 - \$49,999	2	0
\$60,000 - \$69,999	0	1
\$80,000 - \$89,999	1	1
\$110,000 - \$119,999	0	1
TOTAL	5	3
	\$'000	\$'000
Total Remuneration for the reporting period for Senior Officers included above, amounted to	203	261

(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 33 REVENUE AND EXPENSES BY FUNCTION

	2005 \$'000	2004 \$'000
REVENUE FROM ORDINARY ACTIVITIES		
Rates	10,950	10,356
Grants Commission	2,501	2,385
Governance	3,244	2,673
Infrastructure	11,765	10,604
Strategic Development	2,804	2,521
TOTAL REVENUE FROM ORDINARY ACTIVITIES	31,264	28,539
EXPENSES FROM ORDINARY ACTIVITIES		
Governance	6,497	6,201
Infrastructure	21,682	19,060
Strategic Development	5,260	4,809
TOTAL EXPENSES FROM ORDINARY ACTIVITIES	33,439	30,070
NET SURPLUS/(DEFICIT) FOR THE REPORTING PERIOD	(2,175)	(1,531)

NOTE 34 ASSETS BY FUNCTION

Council assets are applied to its functions as follows:

Governance	9,837	8,618
Infrastructure	182,092	169,438
Strategic Development	6,576	6,162
TOTAL	198,505	184,218

NOTE 35 FINANCIAL RATIOS

(i) Debt servicing ratio (%) (to identify the capacity of Council to service its outstanding debt);

<u>Debt servicing costs</u>	309
Total revenue	31,264

2005

2004

1.0%

1.3%

(ii) Debt commitment ratio (%) (to identify council's debt redemption strategy);

<u>Debt servicing & redemption</u>	855
Rate and Charges revenue (12 months)	12,305

6.9%

8.3%

(iii) Revenue ratio (%) (to identify Council's dependence on non-rate income);

<u>Rate and Charges revenue (12 months)</u>	12,305
Total revenue	31,264

39.4%

40.9%

(iv) Debt exposure ratio (:1) (to identify Council's exposure to debt);

<u>Total indebtedness</u>	11,928
Total realisable assets	55,426

0.22:1

0.20:1

(v) Working capital ratio (:1) (to assess Council's ability to meet current commitments).

<u>Current assets</u>	10,317
Current liabilities	4,180

2.47:1

2.01:1

NOTE 36 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:

	2005	2004
ASSETS		
Current Assets	1,543	1,212
TOTAL ASSETS	1,543	1,212
LIABILITIES		
Current Liabilities	59	502
Non Current Liabilities	11	5
TOTAL LIABILITIES	70	507
NET ASSETS	1,473	705
Accumulated Funds	1,473	705
EQUITY	1,473	705

NOTE 37 REPORTING ENTITY

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



Colac Otway
SHIRE

Naturally Progressive

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 (Finance and Reporting) Regulations 2004, Australian Accounting Standards and other mandatory professional reporting requirements.

PRINCIPAL ACCOUNTING OFFICER *Janie M. O.*

Date: 23/09/2005

In our opinion the accompanying financial statements present fairly the financial transactions of the Colac Otway Shire for the year ended June 2005 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.

We have been authorised by the Council on 23 September 2005 to certify the financial statements in their final form.

COUNCILLOR *Paul*

Date: 23/09/2005

COUNCILLOR *Warren Riches*

Date: 23/09/2005

CHIEF EXECUTIVE OFFICER *Murray Hlatt*

Date: 23/09/2005



AUDITOR GENERAL
VICTORIA

INDEPENDENT AUDIT REPORT

Colac-Otway Shire Council

To the Councillors

Scope

The Financial Report and Standard Statements

The accompanying financial report for the year ended 30 June 2005 of Colac-Otway Shire Council consists of the statement of financial performance, statement of financial position, statement of changes in equity, statement of cash flows, notes to and forming part of the financial report, and the supporting declaration.

The accompanying standard statements for the year ended 30 June 2005 of the Council consists of the standard statement of financial performance, standard statement of financial position, standard statement of cash flows, standard statement of capital works, the related notes and the supporting declaration.

Councillors' Responsibility

The Councillors of Colac-Otway Shire Council are responsible for:

- the preparation and presentation of the financial report and the standard statements, and the information they contain, including accounting policies and accounting estimates
- the maintenance of adequate accounting records and internal controls that are designed to record its transactions and affairs, and prevent and detect fraud and errors.

Audit Approach

As required by the *Audit Act* 1994, an independent audit has been carried out in order to express an opinion on the financial report and standard statements. The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report and standard statements are free of material misstatement.

The audit procedures included:

- examining information on a test basis to provide evidence supporting the amounts and disclosures in the financial report and standard statements
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the Councillors
- obtaining written confirmation regarding the material representations made in conjunction with the audit
- reviewing the overall presentation of information in the financial report and standard statements.



AUDITOR GENERAL
VICTORIA

Independent Audit Report (continued)

These procedures have been undertaken to form an opinion as to whether:

- the financial report is presented in all material respects 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 standard statements are presented fairly in accordance with the basis of preparation described in note 1, comply with the requirements of the *Local Government Act 1989*, and the "actual" amounts are correctly extracted from the financial report. While the standard statements have to be prepared on a basis consistent with the financial report they are not required to meet all of the presentation requirements of Accounting Standards and other mandatory professional reporting requirements.

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

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers are to be exercised. The Auditor-General and his staff and delegates comply with all applicable independence requirements of the Australian accounting profession.

Audit Opinion

In my opinion:

- (a) 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 2005 and its financial performance and cash flows for the year then ended
- (b) the standard statements are presented fairly in accordance with the basis of preparation as described in note 1 to the statements and comply with the requirements of the *Local Government Act 1989*.

MELBOURNE
23 September 2005



JW CAMERON
Auditor-General

Performance Measures for Strategic Objectives

Strategic Objective	Performance Measure	How Data is Reported	2004 - 2005 Targets	2004 - 2005 Actuals
Governance	Number of Best Value Service Reviews completed.	Council Records.	2	0
	Employee Opinion Survey Overall Satisfaction Index.	Rodski Behavioural Research.	700	667
	Staff Turnover Rate.	Council Records.	9%	13.9%
	Civic Mutual Plus Liability Assessment.	Council Records.	62%	70%
	Community Satisfaction Survey Index for Council's advocacy and community representation on key local issues.	Local Government Annual Community Satisfaction Survey	63	64
	Community Satisfaction Survey Index for Council's engagement in decision making on key on key local issues.	Local Government Annual Community Satisfaction Survey	60	61
	Community Satisfaction Survey Index for overall performance of Council.	Local Government Annual Community Satisfaction Survey	65	62
	Community Satisfaction Survey Index Mean for the Key Service Area of Economic Development.	Local Government Annual Community Satisfaction Survey	66	64
	Unemployment rate for Colac Otway Shire.	Department of Employment and Work Place Relations	4.5%	5.6%
Services	Community Satisfaction Survey Index Mean for the Key Service Area of Health and Human Services.	Local Government Annual Community Satisfaction Survey.	76	77
	Number of Community Transport Service Trips per annum.	Council Records.	4,700	7,485
	Community Satisfaction Survey Index Mean for the Key Service Areas of Recreational Facilities.	Local Government Annual Community Satisfaction Survey	72	69
Planning and Environment	Community Satisfaction Survey Index Mean for the Key Service Area of Traffic Management and Parking Facilities.	Local Government Annual Community Satisfaction Survey	60	59
	Community Satisfaction Survey Index Mean for the Key Service Area of Enforcement of By Laws.	Local Government Annual Community Satisfaction Survey	65	67
	Average time taken to process a planning application.	Council records	50 days	77 days
	Community Satisfaction Survey Index mean for the Key Service Area of Town Planning Policy and Approvals.	Local Government Annual Community Satisfaction Survey	57	53
Environmental Health Services	Community Satisfaction Survey Index Mean for the Key Service Area of Waste Management.	Local Government Annual Community Satisfaction Survey	65	70
Customer Satisfaction	Community Satisfaction Survey Index Mean for Council's interaction and responsiveness in dealing with the public.	Local Government Annual Community Satisfaction Survey	75	72
Financial Management	Working Capital Ratio (Current Assets to Current Liabilities).	Audited Financial Statements	1.5:1	2.47:1
	Debt Servicing Ratio (%) (Debt Servicing Costs as a % of rates and charges revenue).	Audited Financial Statements	8.1%	6.9%
Infrastructure and Services	Community Satisfaction Survey Index Mean for the Key Service Areas of Appearance of Public Areas.	Local Government Annual Community Satisfaction Survey	70	70
	Community Satisfaction Survey Index Mean for the Key Service Areas of Local Roads and Footpaths.	Local Government Annual Community Satisfaction Survey	50	44
	Percentage of Capital Works expenditure projects completed.	Council Records	85%	85%
	Asset Sustainability Index.	Audited Financial Statements	80%	79.6%

Notes to and Forming part of the Performance Statement for 2004/2005

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. An amendment to the Local Government Act 1989 (Section 153) ensured that local government develops new performance accountability mechanics that allow for a consistent approach in the collection and reporting of information and community satisfaction. Without comparable figures, a great deal of benefit of measuring performance is lost.

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

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

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

The Victorian Government has recently reviewed the requirements of all Victorian Council's in identifying a standard set of performance indicators and those not forming part on Council's Annual Business Plan are separately reported in the Annual Report.

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:

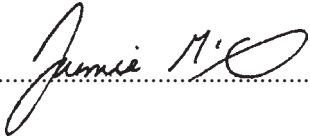
Capital expenditure - is the amount capitalised to the Statement of Financial Position (i.e. the aggregate additions to non current assets for the year) and contributions by Council to major assets not owned by Council

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

In my opinion, the accompanying performance statement of the Colac Otway Shire Council in respect of 2004/2005 financial year has been prepared in accordance with the Local Government Act 1989.


PRINCIPAL ACCOUNTING OFFICER 

Date: 23/09/2005

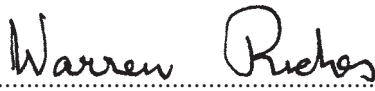
In our opinion, the accompanying performance statement of the Colac Otway Shire Council in respect of 2004/2005 financial year is presented fairly in accordance with the Local Government Act 1989.

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 the Council Plan and describes the extent to which the business plan was met in that year having regard to those targets and measures.

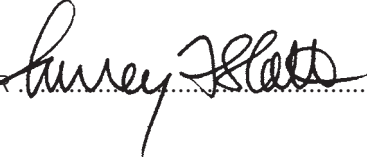
As at the time of signing, we are not aware of any circumstance which would render any particular in the statement to be misleading or inaccurate.

NAME: Brian Crook
COUNCILLOR 

Date: 23/09/2005

NAME: Warren Riches
COUNCILLOR 

Date: 23/09/2005

NAME: Tracey Slatter
CHIEF EXECUTIVE OFFICER 

Date: 23/09/2005



AUDITOR GENERAL
VICTORIA

INDEPENDENT AUDIT REPORT
Colac-Otway Shire Council

To the Councillors

Scope

The Performance Statement

The accompanying performance statement for the year ended 30 June 2005 of Colac-Otway Shire Council consists of the statement, the related notes and the supporting declaration.

Councillors' Responsibility

The Councillors of Colac-Otway Shire Council are responsible for the preparation and presentation of the performance statement and the information it contains.

Audit Approach

As required by the *Local Government Act 1989*, an independent audit has been carried out in order to express an opinion on the performance statement. 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:

- examining information on a test basis to provide evidence supporting the amounts and disclosures in the statement
- obtaining written confirmation regarding the material representations made in conjunction with the audit
- reviewing the overall presentation of information 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.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers are to be exercised. The Auditor-General and his staff and delegates comply with all applicable independence requirements of the Australian accounting profession.

Audit Opinion

In my opinion, the performance statement of Colac-Otway Shire Council in respect of the 30 June 2005 financial year is presented fairly in accordance with the *Local Government Act 1989*.

MELBOURNE
23 September 2005


JW CAMERON
Auditor-General

Local Government Improvement Incentive Program Statement 2004/2005



Colac Otway Shire Council Certification by Chief Executive Officer

Colac Otway Shire Council has complied with 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)*)
- Community Participation (Best Value Principles) in accordance with the *Local Government Act 1989*
- Community Strengthening (Asset Management Reporting) in accordance with the Municipal Association of Victoria's (MAV) STEP program

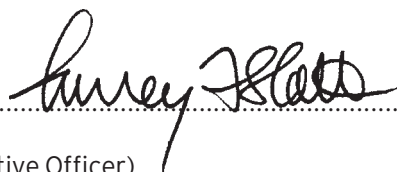
for the financial year 2004/05 as set out below:

1. National Competition Policy	
A. Trades Practices Compliance	Compliant
<i>State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress.</i>	
B. Local Laws Compliance	Compliant
<i>State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress.</i>	
C. Best Value Competitive Neutrality Compliance	Compliant
<i>State whether the Council is compliant or non-compliant for all significant businesses. If non-compliant, justify or cite actions to redress. (If the 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>	
2. Community Participation	
Best Value Principles Compliance	Compliant
<i>State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress.</i>	
3. Community Strengthening	
Asset Management Reporting Compliance	Compliant
<i>State whether the Council is compliant or non-compliant. If non-compliant, justify or cite actions to redress.</i>	

I certify that:

- a) this statement has been prepared in accordance with the 2004/05 Local Government Improvement Incentive guidelines issued in July 2005 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)*, Community Participation (Best Value Principles Reporting) in accordance with the *Local Government Act 1989* (Section 208); and Community Strengthening (Asset Management Reporting) in accordance with the MAV's STEP program and the Department of Victorian Communities' Asset Management Performance Measures Survey; 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: 12/08/2005

