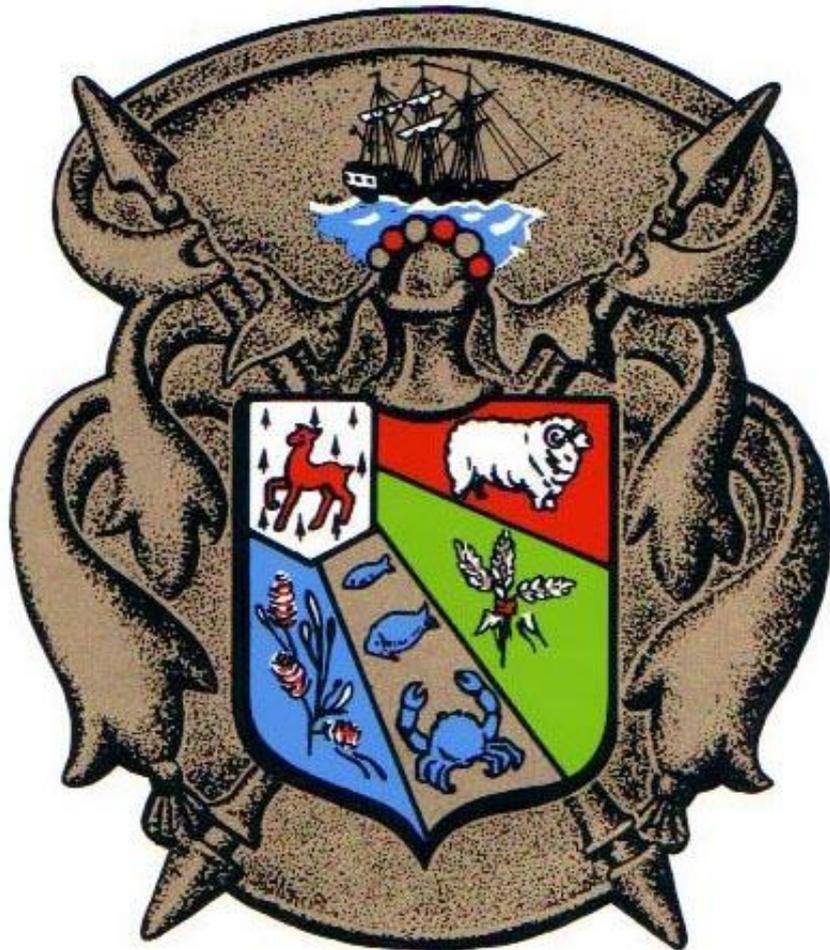


DISTRICT COUNCIL OF



FRANKLIN HARBOUR

Annual Report 2011/2012

Resolution
226/11/12

Vision

A proud, growing and unified community benefiting from a diverse and environmentally sustainable economic base.

Mission Statement

The District Council of Franklin Harbour will provide our community with:

- ~ A high standard of essential services in an efficient manner
- ~ Positive leadership
- ~ Representation of our needs to the wider population
- ~ Stimulus for economic growth
- ~ Sound management of our valuable natural environment

Council Goals

Community Wellbeing

Maximise the benefit to the community from improved community services

Economic Wellbeing

To foster a diverse and growing economic base that results in an increase in employment and population

Natural and Built Environment

Maintain our high quality living environment

Governance and Organisation

A professional, effective and customer oriented organisation playing the leading role in community development

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MAYOR'S REPORT

2011/2012 saw the completion of the biggest project, the Cowell-Kimba Road sealing that the Franklin Harbour Council has undertaken. Council thanks must go to the staff as this was a job well done.

Council undertook to change our rating structure going from Site Value to Capital Value. The change is in line with most of the State and helps to reflect a more fair rating system.

Council has undertaken various planning processes including the town, Lucky Bay and Port Gibbon. The requirements of State and Federal Governments make these plans necessary. Council has found as opportunities for grant funding are announced at short notice we need to be ready to apply for the funds. All these plans need extensive public consultation, which need extended time.

The ferry is back and good to see as it is a major help to local business. Plans for the Lucky Bay Port are being investigated and proving to be a very slow process. Use of the Cowell-Kimba Road by the Ore Company IronClad is being reviewed by Council.

We have had a major staff change in the past 12 months with the appointment of Terry Barnes as our new Chief Executive Officer with Bruce Francis retiring after 26 years in this position. Council wishes him well in the future. Council has seen some changes as Terry Barnes sets his standards.

The CWMS process is still underway and we hope to see the tender costs in the near future to allow final decisions to be made. Lucky Bay continues to challenge Council but Council believes there is some light at the end of the tunnel. Various schemes to secure ownership of shack sites have been put up and the shack owners will have to decide which they prefer. The free holding of Port Gibbon is now complete.

The District has had two good seasons and with employment at Iron Duke the Council District is in a sound position. Tourism is a key to the towns businesses and it is good to see these are strong.

Council wishes all well for the future.

Eddie Elleway
MAYOR

CHIEF EXECUTIVE OFFICER'S REPORT

I am very pleased and proud to give this, my first annual report for the District Council of Franklin Harbour.

After almost 27 years of service to this Community, Mr. Bruce Francis retired during the year and I was fortunate to be offered the Chief Executive Officer's position. I have been in local government for almost 38 years, 32 of them in senior positions, but not at a coastal council so I am on a steep learning curve.

Council has taken the deliberate decision to try and position itself favourably, so if/when the mining exploration comes to fruition, Cowell will not be placed under too much social and infrastructure pressure.

To this end, Council decided during the year to:

- Pursue the Community Wastewater Management Scheme
- Do a whole town design for street lighting
- Do a whole town drainage kerb-seal and reseal design
- Do a whole town audit and design for traffic control signs
- Apply for "A Places for People Grant" to complete one stage of the Foreshore Masterplan.
- Engage the services of a full time Compliance Officer to be shared with the District Councils of Cleve and Kimba
- Engage the services of a contract Environmental Health Officer

Management Plans for the Lucky Bay Shack Coast area and Port Gibbon settlement have been completed and we now have to decide priorities for development of these areas.

After several years of lying idle, the Franklin Harbour Development Plan has been resurrected. The State Government, some years ago initiated what it termed the Better Development Plan process. This is a programme requiring all Councils to upgrade their Development Plans to a format, structure and definitions to be identical. Some years ago, this process ceased in Franklin Harbour, but now it is in the final stages of consultation.

Council has also been involved in "assisting the community" in regard to the:

- Proposed Marine Parks
- Franklin Harbour becoming an aquaculture zone and
- Adjustment to the snapper fishery restrictions.

Two major road construction projects have been completed over the past couple of years. These being the construction and sealing of the Lucky Bay Road and the Cowell/Kimba Road. The maintenance of these roads, which total 58.5kms will be a massive burden on Council in the future, consequently it resolved to transfer this responsibility to the State. We are confident the Lucky Bay Road will be accepted, but not the Cowell/Kimba Road.

Mining is developing a bigger profile for this area, with iron ore planned to be exported from the upgraded Lucky Bay ferry port/harbour and the planned extraction of iron ore from Bangalo. A \$2.2 million grant has been received by Council for the upgrade of the Lucky Bay Ferry Port. Council must be on the front foot with these major developments to ensure the fabric of our community is not damaged. While these developments have significant potential positives, there are also potential negatives.

Two major issues have arisen which will in all probability have a negative effect on Franklin Harbour Council. These are:

- The decision by the State, to alter the funding arrangements for the Regional Development Australia Boards. These Boards play a major role in Regional Development for instance, our Board, the RDA – Whyalla and Eyre Peninsula developed the grant submission which attracted the \$2.2m for the \$15 million Lucky Bay project

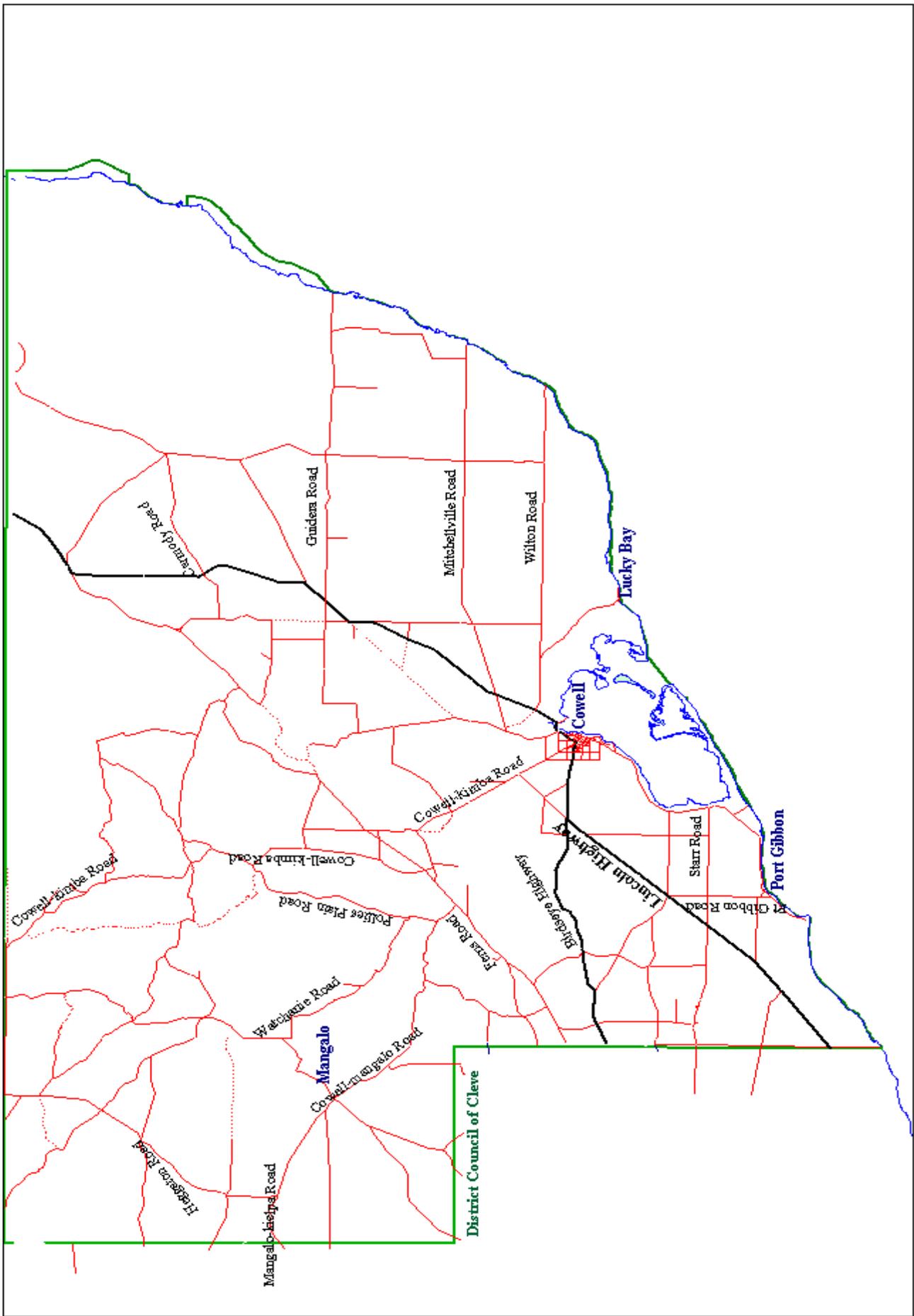
And

- A few ratepayers in the Hundreds of Mangalo and Heggaton partitioned the Boundary Adjustment Facilitation Panel to transfer those hundreds from Franklin Harbour to Cleve Council. We do live in a democracy, so Council must now put all its energies into putting a case against the proposal.

There is plenty happening in Franklin Harbour, the elected body has members who are sincere about their community and all staff have been wonderful and have a great work ethic.

I am in a new Local Government and physical environment and loving it!

T.D. Barnes
CHIEF EXECUTIVE OFFICER



COUNCIL STRUCTURE

The District Council of Franklin Harbour has six elected members. The term of the new Council commenced from 13 November 2010, for a four year term.

The December 2010 Council meeting elected the following:-

Mayor	Councillor Eddie Elleway
Deputy Mayor	Councillor Gavin Jackson

The Elected Members of Council are:-

Mayor	Cr. Eddie Elleway	Yabmanna	8628 5037
Deputy Mayor	Cr. Gavin Jackson	Mt. Millar Via Cowell	8628 5028
	Cr. Bob Udy	Unit 32 Cowell Cottages	0427 348 933
	Cr Allan Zerna	Lincoln Highway, Cowell	89629 2088
	Cr. Shaun Hornhardt	4 Smith Road, Cowell	8629 2226
	Cr. Robert Starr	Cowell	8628 5005

The elected members determine Council policies and programmes, which are implemented by Council's Senior Managers and the workforce as per the decision making structure represented in the Annual Information Statement.

The next periodical election is scheduled for November 2014.

MEMBERS' ALLOWANCES

The following Members' Allowances have been determined for the term of the current Council:-

Mayor	\$22,151- per annum
Deputy Mayor	\$ 6,668- per annum
Councillors	\$ 5,335- per annum

Allowances are payable quarterly in arrears.

COMMITTEE ALLOWANCES

Audit Committee - Independent Audit Committee Member
\$2,000 per annum

SENIOR EXECUTIVE OFFICERS' REMUNERATION

Council's Senior Executive Officers are as follows:-

Chief Executive Officer – TD Barnes	L.G. Superannuation scheme 9.3% of Salary Telephone Provision Subsidised House Rental
Works Manager – DC Petty	MOA; AS 7.2 + EBA LG Superannuation Scheme 9.3% of Salary Subsidised House Rental Telephone Provision
Finance Manager – BM Clelland	MOA, AS 6.3 + EBA LG Superannuation Scheme 9.3% of Salary Subsidised House Rental

Council's Fringe Benefit Tax Liability for the year ended 31 March 2012 in respect to the above benefits was \$439.00.

REGISTERS

Council has compiled the following Registers in accordance with the provision of the Local Government Act 1999:-

- * Register of Public Roads
- * Register of Community Land
- * Register of Interests – Elected Members
- * Register of Allowances and Benefits
- * Register of Interests – Senior Staff
- * Register of Salaries
- * Register of By-Laws
- * Register of Hazardous Substances

CODES OF PRACTICE

Council has adopted the following Codes of Practice in accordance with the Provisions of the Local Government Act:-

- * Code of Conduct for Employees
- * Code of Conduct for Council Members
- * Code of Practice for Public Access to Council and Committee Meetings and access to Minutes and Documentation.

POLICY MANUAL

Council has adopted the following policies which form Council's Policy Manual:-

- * Building Inspection Policy
- * Occupational Health, Safety & Welfare and Injury Management Policy
- * Occupational Health, Safety & Welfare Consultation Policy
- * Accident/Incident Reporting Policy
- * Emergency Facilities and Procedures Policy
- * Hazardous/Dangerous Substances Policy
- * Asbestos Policy
- * Confined Space policy
- * Training and Development Policy
- * Personal Protection Equipment policy
- * Inclement Weather Policy
- * Isolated/Remote Work policy
- * Non Smoking Policy
- * Aids/Hepatitis B Policy
- * Manual Handling Policy
- * Rating Policy
- * Competitive Tendering, Contracting-out of Services, Purchasing, Sale and Disposal of Land and other Assets Policy
- * Rural Salt Drainage Policy
- * Roadside Vegetation Management Policy
- * Council Members' and Staff Insurance Policy
- * Licences Issue Policy
- * Council Seal policy
- * Travel and Accommodation Policy
- * Public Consultation Policy
- * Internal Control Policy
- * Contractor Management Policy
- * Caretaker Policy
- * Council Member Conduct Complaint Handling Policy
- * Customer Complaints Policy
- * Elected Members Allowances and Support Policy
- * Fraud and Corruption Policy
- * Good Governance and Administrative Practice Policy
- * Internal Review of Council Decisions Policy
- * Order Making Policy
- * Privacy Policy
- * Public Consultation Policy
- * Records Management Policy
- * Risk Management Policy
- * Treasury Management Policy

These Policies are reviewed regularly

STRATEGIC MANAGEMENT PLAN

In accordance with the provisions of Section 122 of the Local Government Act 1999, Council has developed a Strategic Plan, and following widespread Community Consultation, the plan was adopted by Council at its August 2002 meeting, and reviewed in the Budget deliberations each year since.

The Strategic Plan provides a focus for Council's operations, and provides the Vision, Goals and Objectives of our community.

Operational Summary

Objectives		Progress 2011/2012
Goal 1 – Maximise the benefit to the community from improved community services.		
1.02.01	Review aged services requirement in collaboration with service providers	Not Achieved
1.03.05	Investigate the recommendations of the Eyre Peninsula Sport, Recreation and Open Space Strategy	Not Achieved
Goal 2– To foster a diverse and growing economic base that results in an increase in employment and population		
2.01.06	Investigate new, and support ongoing opportunities for annual events	Achieved – provide support to local groups for annual events held
2.02.01	Support existing and new mining operations and options	Achieved
Goal 3 – Maintain our high quality living environment		
3.01.01	Establish a community waste water management scheme that includes the reuse of waste water.	Consultants preparing final design stage in readiness for next round of public consultation
Goal 4 - A professional, effective and customer oriented organisation playing the lead role in community development		
4.01.05	Implement and maintain Records Management System in line with State Records guidelines	Achieved – Records Management Module purchased and records changed to new system
4.04.01	Develop individual staff development programs to develop a skilled human resource base	Partially achieved – Training Needs Analysis completed by individual employees
4.05.02	Maintain ongoing liaison with other levels of Government and develop positive working relationships	Achieved

Goals for 2012/2013

Objectives	Goals for 2012/2013	
Goal 1 –	Maximise the benefit to the community from improved community services.	
1.02.010	Review aged services requirements in collaboration with service providers	
1.03.05	Investigate the recommendations of the Eyre Peninsula Sport, Recreation and Open Space Strategy	
Goal 2 –	To foster a diverse and growing economic base that results in an increase in employment and population	
2.01.01	Continue to support and further develop a multi-function visitor information centre linked to the aquaculture industry, fishing, environment, farming, local history and mining	
2.01.02	Maintain and update the roadside visitor information bay promoting the attractions of the area and improve tourism signage linked to regional tourism themes	
Goal 3 –	Maintain our high quality living environment	
3.06.04	Review Council's road priorities	
3.06.05	Promote Road Traffic Safety in the community	
3.08.02	Develop an Asset Management Plan for the establishment, upgrade and maintenance of Council buildings, town parks and gardens	
Goal 4 -	A professional, effective and customer oriented organisation playing the lead role in community development	
4.03.01	Pursue opportunities for sharing of resources, plant and equipment amongst neighbouring Councils	
4.04.01	Develop individual staff development programs to develop a skilled human resource base	

RATES REBATES

Section 23(4) of the Local Government (Implementation) Act 1999, required Council to submit to the presiding members of both Houses of Parliament a report relevant to rate rebates for retirement villages and related matters.

During the 2011/2012 Financial Year, no applications for rebates of rates under Section 166(1) (h) of the Local Government Act 1999 were received.

SUBSIDIARIES

Council has not established any Subsidiaries pursuant to Section 42 of the Local Government Act, 1999.

APPLICATION OF COMPETITION PRINCIPLES

During the 2011/2012 Financial Year, Council has not conducted any significant business activities or maintained any By-Laws which require reporting pursuant to the Revised Clause 7 Statement on the Application of Competition Principles to Local Government under the Competition Principles' Agreement.

CONFIDENTIALITY PROVISIONS

Pursuant to the provisions of Section 90 (2) of the Local Government Act 1999, a Council or Council Committee may order that the public be excluded from attendance at a meeting in order to receive, consider or discuss a matter confidentially. Section 91 (7) of the Local Government Act 1999 provides that a Council may keep a document or minutes of such consideration, review or discussion, confidential.

These provisions were used once by Council during the 2011/2012 financial year.

ELECTOR REPRESENTATION

Council's representation quota (electors per member) is 205. The average representation quota for councils of a similar size and type is 150.

Council completed a review of Elector Representation and composition pursuant to Section 12(4) of the Local Government Act 1999, as amended, in January 2006. Council is required to conduct such a review at least once every eight years.

Public notice of the review was given via the placement of notices in the Government Gazette, the Advertiser and the local Eyre Peninsula Tribune, and a period of six weeks was provided for written submission to be made to Council. Any person or organisation making a submission was given the opportunity to appear personally or by representation before Council.

Council was obliged to consider any submissions received prior to preparing a report on its proposal for Elector Representation and composition. That report was again publicly notified with a further period of three weeks given for public comment and further submissions. The final report and proposal then required the approval and endorsement of the State Electoral Commission.

INTERNAL REVIEW OF COUNCIL'S ACTIONS

Pursuant to Section 270 of the Local Government Act 1999, Council has established procedures for the review of decisions of the Council, employees of the Council or other persons acting on behalf of the Council.

In accordance with Section 270(8) of the Act, Council reports that no applications for review of decisions were received for the 2011/2012 financial year.

COMMUNITY LAND MANAGEMENT PLANS

All land except roads held as at 1 January 2000 is classified as "community land" unless Council resolves to exclude it from that classification. The intention behind the legislation is that Council, in consultation with the community, should determine which land should or should not be classified as community land.

Where the land is under the care, control and management of a Council, but is not owned by the Council, the Council cannot resolve to exclude the land from classification as community land without the approval of the relevant Minister.

Management Plans are required for land that is, or is to be, occupied under a lease of licence of land that has been, or is to be, specifically modified or adapted for the benefit or enjoyment of the community. Such plans have to be prepared for land held as at 1st January 2000 by the 1st January 2005, and land acquired after 1st January 2000, as soon as practicable after the requirement for the plan arises.

A person must not use community land for a business purpose unless the use is approved by Council. The Council cannot approve the use of community land for a business purpose contrary to the provisions of the management plan.

As required under the Local Government (Implementation) Regulations 1999, Council completed a register of all Council and Community lands prior to the 1st January 2003. Community Land Management Plans were completed in January 2006.

ADMINISTRATION AND FINANCE

Finance

Rates, Income and Expenditure are fully reported in the Annual Financial Statements, which are included with this annual report.

Human Resources

A range of Human Resource issues have been addressed during the year:-

- a/ Training and Development - Council actively supports the ongoing training of elected members and employees, and will continue to access appropriate programs offered by accredited training providers.
- b/ Equal Employment Opportunities - Council has adopted appropriate policies and procedures to comply with the legislative requirements of E.E.O.
- c/ Occupational Health and Safety – Council has maintained its maximum rebate status under the Local Government Association Workers' Compensation Scheme, and with the co-operation and dedication of our workforce, Council has further extended the period of no claims on the scheme to more than 17 years.

Freedom of Information

This information summary is published by the District Council of Franklin Harbour in accordance with the requirements of the Freedom of Information Act 1991.

Council welcomes enquiries under the Freedom of Information Act.

Policy and Administrative Documents

The District Council of Franklin Harbour policies and administrative documents are listed separately in this Annual Report, and include:

- Ordinary Council Meeting Agendas
- Committee Minutes
- Council By-Laws
- Policy Manual
- Annual Financial Statements
- Development Plan
- Committee Agendas
- Budget Statements
- Ordinary Council Meeting Minutes
- Annual Report
- Assessment Book

These documents are available for public inspection at the Council office between 9am and 5pm Monday to Friday. Members of the public may also purchase copies of these documents at the prescribed fee, from the Chief Executive Officer.

Freedom of Information enquiries or requests must be addressed to:

The Chief Executive Officer
District Council of Franklin Harbour
PO Box 71
COWELL SA 5602

Council received one (1) application under the Freedom of Information Act 1991 in relation to the Motor home Park.

2011/2012 HIGHLIGHTS AND EVENTS

2011/2012 Budget and Rates

The Council meeting held on 10 August adopted the 2011/2012 Budget and declared the rates for the new financial year.

The Budget includes total revenue of \$3,110,255. Major capital expenditure items are Local Road Construction of \$517,000 and purchase of plant and equipment \$373,000. Total rate revenue to be raised is budgeted at \$954,500 – which represents an increase of approximately 2% over the 2010/2011 rate revenue collected.

A review of Council's rating structure was carried out throughout 2011/2012 with Council resolving to adopt a new system of rating based on capital values and using land use and zoning for differential rating.

COUNCIL STAFF

This year there were a number of changes to the workforce.

Sharmain Turner, Administration Officer resigned in September 2011 and as a result the position was advertised and successfully filled by Julie Beinke. Julie has over 13 years experience in Local Government.

Council have also employed two school based trainees, Abby Hanlon-Barnett is employed in the Administration Department and Brooke Turner is employed through the kindergarten.

After 26 years of service the Chief Executive Officer, Bruce Francis retired. This position has been successfully filled by Terry Barnes who commenced with Council in January 2012.

BUILDING DEVELOPMENT STATISTICS

During the 2011/2012 financial year there were 52 Development Applications lodged for Council approval.

These included:

- | | |
|--------------------------------------|---------------------------|
| • 12 New and relocated dwellings | \$1,790,819 |
| • 3 Commercial Buildings/Extensions | \$130,879 |
| • 18 Domestic Extensions/Renovations | \$343,850 |
| • 19 Garages/Carports/swimming pools | <u>\$159,162</u> |
| Total Developments: | <u>\$2,583,872</u> |

ANNUAL INFORMATION STATEMENT

The Council's Structure and Functions



Council's overall structure is set out in the above chart and is based around two departments. The senior management team comprises the Chief Executive Officer, the Finance Manager and the Works Manager.

The Administration and Services Department has a staff of five, and is based in the Council Office, 6 Main Street, Cowell SA 5602. The Works Department has a staff of ten, and is based at the Council Depot, Schumann Road Cowell SA 5602.

Council's functions are governed by the provisions of the Local Government Act, 1999, and are grouped as follows:-

- ADMINISTRATION
- PUBLIC ORDER AND SAFETY
- HEALTH
- SOCIAL SECURITY AND WELFARE
- HOUSING AND COMMUNITY AMENITIES
- PROTECTION OF THE ENVIRONMENT N.E.C.
- SPORT AND RECREATION
- FUEL AND ENERGY
- AGRICULTURAL SERVICES
- MINING, MANUFACTURING AND CONSTRUCTION
- TRANSPORT AND COMMUNICATION
- ECONOMIC AFFAIRS
- OTHER PURPOSES

Council is involved in these functions to varying degrees, determined by Community demand and legislative requirements.

The Effect of Council's Functions on the Public

All of Council's functions have a direct impact on the residents of this district. Service provision functions such as road construction and maintenance, library services, and refuse collection have a direct effect on the users of those services. Legislative functions such as Building Control, Dog Control and Planning provisions also have an effect on all residents, but in a less obvious way.

The elected members of Council determine the policies and functions of Council within the provisions of the Local Government Act. The Senior Management team provides advice to the elected members, and oversee the implementation of the policies and functions determined by Council, within the overall Budget adopted by Council.

Public Participation in Council Policy Development

Members of the public have access to the elected members of Council. There are six elected members who are elected for a four year term. Councillors represent the whole of the district (i.e. no wards), and following each election they elect a Mayor from within their number.

Council holds regular monthly meetings scheduled for the second Wednesday of each month. Agenda notices are prepared during the week prior to the Council meeting, and members of the public may submit correspondence to Council for inclusion on the agenda, provided such correspondence is received no later than the Thursday prior to the Council meeting.

Council's Standing Committees meet as required:-

<u>COMMITTEE</u>	<u>MEMBERSHIP</u>
Assessment Revision Committee	the Whole Council
Finance Committee	the Whole Council
Works and Machinery Committee	Crs. Udy, Jackson, Starr and Elleway
Audit Committee	Crs Elleway, Udy and Hornhardt and Mr John Ewen (I M)

Submissions can be made direct to elected members on any issue, or presented by correspondence. In addition, deputations can address Council meetings by prior arrangement with elected members or the Chief Executive Officer. Council meetings are open to the public; however some confidential matters may be discussed in camera. Members in the Public Gallery may address Council meetings at the discretion of the Mayor.

Description of the Kind of Documents Held By Council

The District Council of Franklin Harbour holds the following kinds of documents:-

Hard Copy Files

A/ Policy and Administrative Documents

1. Ordinary Council Meeting and Development Assessment Panel Meeting Agendas - these summarise the business to be dealt with at each ordinary Council meeting.
2. Ordinary Council Meeting and Development Assessment Panel Meeting Minutes - these record the business and resolutions of each ordinary Council Meeting.
3. The Policy Manual - this records the general policies and delegated authorities of Council.
4. Council's Strategic Plan – provides a focus for Council's operations and provides the Vision, Goals and Objectives of our community.
5. The Budget Statement - this is the annual Budget adopted for the current financial year as the basis for setting rates.
6. Annual Financial Statements - these record financial results and position of Council each financial year.
7. Council By-Laws - a record of By-Laws adopted by Council pursuant to the provisions of the Local Government Act.
8. The Annual Report - this is an annual report of Council's activities for the information of residents and other interested parties.
9. The Assessment Book - This details property ownership and valuation records.
10. The Development Plan - this details Planning and Zoning policies which guide the Development Assessment Panel in development matters pursuant to the Development Act.

B/ General Correspondence

These are items of correspondence on a range of functional matters dealt with by Council.

These documents are filed and stored in the Council Office, except for very early minute books which are held by the State Archives.

As General Correspondence items become out of date, they may be disposed of in accordance with procedures recommended by the Local Government Records Management Group.

Computerised Information Files

1. Property Information files are held on Council's computer system.
2. Financial and Accounting Information - is processed and stored on Council's computer system.

This information is backed up on Computer tapes and stored in the Council strongroom. This information is also available on hard copy.

B.M. CLELLAND
FINANCE MANAGER

WORKS MANAGER'S REPORT

It is with some sadness that I advise this will be my final report for the District Council of Franklin Harbour. I retire on 24 October 2012.

Local Government is under ever increasing pressure to improve the handling of waste. The State, through the Environment Protection Authority is forcing Councils to recycle with a view to having zero waste in the future. To date, the EPA has been quite reasonable with the conditions placed on the licence for our land fill. This will be changing, consequently, this Council and the District Councils of Cleve and Kimba are investigating the feasibility of sharing a garbage compactor and various levels of recycling.

In addition to patrol grading and general maintenance the following road construction was carried out:

Beach Road

Various sections between Cowell and the Knob Beach that laid water, slippery when wet and generally rough or dangerous were sheeted with rubble that was accessed in Frank Wildman's and Steven Carmody's properties, improving the drainage, safety and ride quality of the road.

Cowell Mangalo Road

The first 4km from the Cowell Kimba road was resheeted using rubble accessed from Geoff Piggott's property.

Lucky Bay Boulevard

The full length from Shack 1 to Shack 125 was resheeted with crushed rubble accessed from Alan Zerna's pit and crushed by PL Norris and Son. Raising the height of the road (reducing flooding of the road), improving ride ability and the general alignment of the road.

Misery Corner Road

Sections of this road was sheeted over using rubble raised in Eddie Elleway's property, also Peter Norris cut down a section of dangerous rock protruding from the road just over the crest of a hill.

Heggaton Road

Sections of road around Pushbike corner that had broke out into bulldust holes was repaired and a hill and the approach to the intersection of Mangalo Kielpa Road sheeted using crushed rubble from the Heggaton Pit.

Mangalo Kielpa

Slippery section so this road was sheeted over and a creek crossing widened that had received damage during heavy rain earlier in the year.

Cowell Kimba Road

Council financed the resealing of 8km of this road from Danger Corner almost to Chase Road.

The section of road was showing stress from the lack of binder with stone stripping from the running surface and pothole appearing along sections.

Jones Road

A floodway was constructed across the Jones Road at Jones's property to drain saline water into a drain on Mr. Nield's property. Extensive sheeting over sand holes also occurred on this road.

Mt Desperate Road

Sheeting over slippery sections and extending drainage pipes at creek crossings to improve carriageway width for safer crossing of farm machinery was also done.

CCTV

After a number of vandalism incidents, Council decided to install CCTV at the Institute, Council Office and public toilets at the Lions Park. The results from the installation have been that vandalism in the areas of coverage has reduced dramatically.

I would like to finish by thanking the elected members for their support, the administration staff for their support and especially the outside boys. They are a good bunch of men willing to do the little extra things that go unnoticed or unappreciated.

I have enjoyed by time at Franklin Harbour Council.

Dennis Petty
WORKS MANAGER

2011/2012 ANNUAL BUSINESS PLAN



District Council of Franklin Harbour 2011 – 2012 Annual Business Plan



District Council of Franklin Harbour
PO Box 71
COWELL SA 5602

www.franklinharbour.sa.gov.au

Phone: (08) 8629 2019

Fax: (08) 8629 2152

Email: council@franklinharbour.sa.gov.au

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INTRODUCTION

The purpose of this Plan is to address the activities Council intends to undertake in the ensuing 2011/2012 financial year to achieve its objectives, and the measures both financial and non-financial it will use to assess this. The Council will measure performance against objectives by the successful completion of all projects on time and within Budget.

It has, and will continue to be a main goal of Council to expand the economic well being of the community and to provide quality services. At the same time this has to be done keeping in mind Council's limited human and financial resources. As such, Council needs to continue to provide value for money and effectiveness of service delivery.

PROFILE

Located on the eastern side of the Eyre Peninsula and bordering the Spencer Gulf, the District Council of Franklin Harbour is home to an estimated population of 1,350 people and covers an area of 3,283 square kilometres. Cowell is the major centre in the district, which also comprises the holiday areas of Lucky Bay and Port Gibbon and the localities of Elbow Hill, Mitchellville and Mangalo.

STRATEGIC DIRECTIONS

The District Council of Franklin Harbour adopted its 2009-2014 Strategic Plan in June 2009. Amongst the obligations when adopting its Plan was the consideration of regional, state and national objectives and strategies relevant to the social, physical, environmental development and management of Council's area of responsibility. The plan identifies key issues and projects which will provide for a range of services and facilities while ensuring the ongoing sustainability and prosperity of Franklin Harbour. The plan is subject to regular review.

VISION

"A PROUD, GROWING AND UNIFIED COMMUNITY BENEFITING FROM A DIVERSE AND ENVIRONMENTALLY SUSTAINABLE ECONOMIC BASE."

CORE VALUES & PRINCIPLES

The values and principles which guide all of Council and which are reflected in the Strategic Plan are as follows:

- We will deliver an excellent standard of essential services in an efficient manner
- We will facilitate a growing and sustainable economy and employment base to ensure the long term survival and prosperity of the community
- We represent the needs of our community to the wider population
- We preserve and enhance our heritage and environment
- We will ensure the long term financial security of the Council through excellent forward planning and management

STRATEGIC PLAN GOALS AND STRATEGIES

GOAL 1 - COMMUNITY WELLBEING

Maximise the benefit to the community from improved community services.

- 1.01** Ensure the delivery of appropriate health services to the community
- 1.02** Maximise the provision of aged care facilities and services
- 1.03** Provide high quality sporting and recreational facilities
- 1.04** Support the development and retention of the areas youth
- 1.05** Improve the educational opportunities available to the community
- 1.06** Facilitate improvements or increases in community services

GOAL 2 - ECONOMIC WELLBEING

To foster a diverse and growing economic base that results in an increase in employment and population

- 2.01** Maximise the potential of the tourism industry
- 2.02** Facilitate the further development of our mining sector

- 2.03 Support the growth of the aquaculture industry
- 2.04 Expand our aged care / retirement industry
- 2.05 Assist the expansion of the agricultural sector
- 2.06 Provide appropriate infrastructure for economic development
- 2.07 Development of seaside areas in a sustainable manner
- 2.08 Increase the size of our commercial and retail sector
- 2.09 Ensure the adequate provision of power and water supplies
- 2.10 Maximise the benefits to our community from relationships with appropriate organisations

GOAL 3 – NATURAL AND BUILT ENVIRONMENT

Maintain our high quality living environment

- 3.01 Effectively manage the waste of the area
- 3.02 Protect and enhance our foreshore, coast and marine areas
- 3.03 Preservation of the built and natural heritage of the area
- 3.04 Recognise and value the Indigenous heritage and culture of the area
- 3.05 Enhance the aesthetics of our townships environment
- 3.06 Provide high quality footpaths and roads
- 3.07 Ensure the public conveniences are located appropriately and are of a high standard
- 3.08 Increase the number and standard of parks and gardens in our area
- 3.09 Implement best practice stormwater management techniques

GOAL 4 – GOVERNANCE AND ORGANISATION

A professional, effective and customer oriented organisation playing the lead role in community development

- 4.01 Maximisation of Council service delivery
- 4.02 Improve the image and profile of Council through effective communication
- 4.03 Effective utilisation of Council plant and equipment
- 4.04 Encourage staff development in a safe working environment
- 4.05 Provide strong leadership to our community
- 4.06 Support and recognise the efforts of local volunteers

Council is currently developing a range of long term management plans which supplement and run alongside Council's five year Strategic Plan. These other complimentary plans are called the ten year Long Term Financial Management Plan and the ten year Infrastructure and Asset Management Plan. Such plans will assist Council in renewing/replacing its major assets and infrastructure and the long term Financial Plan will help Council adequately fund assets now and into the future. This will ensure Council's financial sustainability.

FINANCIAL SUSTAINABILITY

An independent major inquiry into the sustainability of the long-term financial performance and position of Councils in South Australia has been completed with many recommendations for changes to improve Local Governments short and long term financial sustainability.

It was pleasing to report that this Council was placed in the **“Sustainable with a substantial margin of comfort” financial sustainability category**. It has been suggested that the implementation of recommendations from the enquiry will maintain Council's present good financial health and sustainability in the longer term.

Council is committed to maintaining this level and ensuring its long term financial sustainability. Council's financial sustainability is dependent on ensuring that, on average over time, its expenses are at least matched by its revenue. In addition, capital expenditure on existing infrastructure and other assets should be optimised.

COUNCIL SERVICES AND RESPONSIBILITIES

Councils are required to provide certain services under various Acts of Parliament including the Local Government Act. The District Council of Franklin Harbour also provides a number of other services.

Required Services:

These are some of the services that Councils must provide for:

- Planning
- Building and Development
- Environmental Health Services
- Fire Prevention
- Dog and Cat Management

Other Services:

In addition to the above the District Council of Franklin Harbour provides the following types of services for the benefit of the ratepayers and the community:

- Street Lighting;
- Roads Construction and Maintenance;
- Waste Management Facilities;
- Health Services;
- School/Communities Libraries Support;
- Recreation Facilities;
- Reserves and Picnic Areas;
- Playgrounds;
- Accommodation;
- Town Rubbish Collection and Town Recycling;
- Tourism;
- Economic Development; and
- Cemeteries.

HOW DOES COUNCIL DETERMINE WHAT SERVICES IT WILL PROVIDE?

Council's Strategic and other Long Term Plans outline the longer-term objectives and priorities for the community. These Plans plus the Council Budget determine the infrastructure needs and services Council will provide, including the costs required to deliver these services.

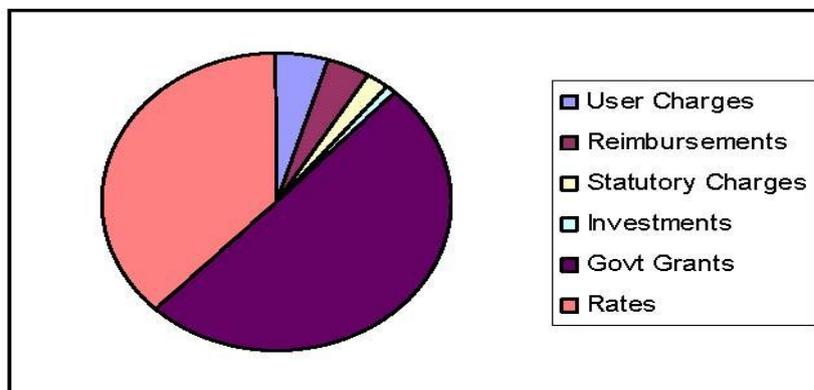
Council adopted the initial Strategic Plan in May 2002 following extensive Community consultation. A further comprehensive review of the Plan was completed in May 2009. The full list of the achievements from the previous year is available in Council's Annual Report available from the office or at www.franklinharbour.sa.gov.au.

HOW DOES COUNCIL PAY FOR THESE SERVICES

Council has limited options to pay for these services. It receives substantial State and Federal grants and subsidies. Council can raise income by some fee paying activities (eg hire of community facilities, maintenance fees, private works and rentals). However, Council's primary source of raising income is a property-based tax – Council Rates.

COUNCIL'S OPERATING REVENUE

Council rate revenue makes up approximately 37% of annual operating revenue. Other sources of income include government grants 54%, investments 1%, user charges 5%, reimbursements 1% and statutory charges 2%.



GRANT FUNDING

Local Government receives three (3) types of grant funding:

- GENERAL PURPOSE FINANCIAL ASSISTANCE AND LOCAL ROADS GRANTS (Federal)
 - Council has complete discretion as to expenditure of funds received
- SPECIFIC PURPOSE GRANTS (State and Federal)
 - Which are to be spent on specific projects or programs
- 'CORE' ROADS TO RECOVERY GRANTS (Federal)
 - While funds received are to be spent on road projects, Council has complete discretion on whether such spending is on maintaining, renewing or upgrading roads.

HOW DOES COUNCIL DETERMINE WHAT RATES I WILL PAY?

Rate income is generated by the broad application of fundamental principles of taxation (fairness and equity, simplicity, ability to pay and efficiency) with a view to achieving an equitable distribution of the rates burden amongst ratepayers, covering general cost movements, including labour and non-labour costs and being sufficient to cover new initiatives.

Following a comprehensive, independent review in early 2011, Council adopted Capital Values as provided by the State Government Valuer Generals Department on all properties in the Council District. Council determines what revenue is required for Council operations in the District for each financial year in the form of a Council Budget. Differential rates in the dollar are then declared by Council for all properties in the area. Differential rates will be based on land use and zoning of the property.

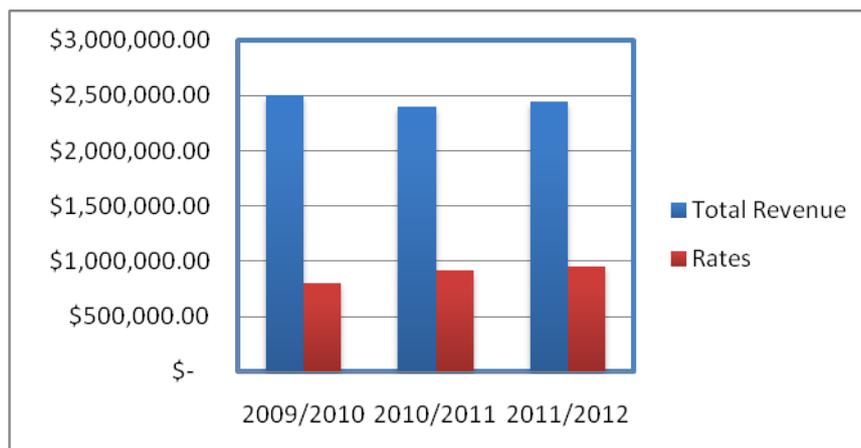
For example – a property has a capital value of \$100,000 and Council declares a rate in the dollar of 0.7800 cents, that property will pay \$100,000 x 0.7800cents = \$780.00.

In the last five years capital value on properties in the Council area has risen by 32.35%. This does not mean that the Council rates have increased by this percentage.

Council reduces or increases the rate in the dollar to meet revenue requirements. In 2010/2011 Council reduced the rural rate in the dollar by approximately 10.6%.

In 2010/2011 Council's rate revenue was \$912,041 and Council has resolved that in the 2011/2012 financial year an approximate 4.6% increase (CPI + 1%) will apply to raise rate revenue of approximately \$954,000.

OPERATING REVENUE AND RATES REVENUE FOR FINANCIAL YEARS 2009/10 – 2010/11 AND PROPOSED FOR 2011/12



METHOD USED TO VALUE LAND

The Council may adopt one of three (3) valuation methodologies to value the properties in its area. They are:

- Capital Value – the value of the land and all improvements on the land
- Site Value – the value of the land and any improvements which permanently affect the amenity of use of the land, such as drainage works, but excluding the value of buildings and other improvements.
- Annual Value – a valuation of the rental potential of the property.

The District Council of Franklin Harbour has decided to use capital value as the basis for valuing land within its Council area. Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

- The equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth.
- Property value is a relatively good indicator of wealth and capital value provides a fair indicator of overall property value.
- The distribution of property values throughout the Council area is such that some ratepayers will pay more and some less depending on fluctuations of property value. Please note that Council is only proposing to increase its rate revenue by approximately 4.6% in line with Council's CPI cost increase for the past year.

RATING INFORMATION FOR 2011/2012

In setting its rates for the 2011/2012 financial year the Council considered the following:

- The current economic climate and relevant factors such as inflation and interest rates.
- The specific issues faced by our community, which are the effects of seasonal variations for the farming community.
- The need to continue to replace and upgrade infrastructure assets that include both plant and machinery and our road network.
- The objective of attracting and continuing to attract and support business activity to generate economic development.
- Council's strategic plan and the meeting of those objectives.
- The budget for the 2011/2012 financial year and the long-term financial plans.
- Householders, businesses and primary producers.
- The broad principal of achieving equity in the distribution of rates.
- Minimising the level of general rates required by levying fees and charges for goods and services where that is possible.
- Setting fees and charges to recover the full cost of operating or providing the services of goods, with provision for concessions to those members of the community unable to readily meet the full cost.
- Taking into account changes to Council valuations by the Valuer-General.
- Submissions made during the Public Consultation process.

ADOPTION OF VALUATIONS

The Council has adopted the valuations made by the Valuer-General effective as at 1st July 2011. If a ratepayer is dissatisfied with the valuation made by the Valuer-General then the ratepayer may object to the Valuer-General in writing, within 60 days of receiving notification of the valuation, explaining the basis for the objection to **State Valuation Office, GPO Box 1354, ADELAIDE SA 5001** or email lsgobjections@sa.gov.au.

BUSINESS IMPACT STATEMENT

The Council has considered the impact of rates on all businesses in the Council area, and in particular primary production. Council has also considered the equity of the distribution of the rate burden between ratepayers; Council's policy on facilitating local economic development; current local, state and national economic conditions; changes in the valuation of business and primary production properties; and specific Council projects for the coming year and specific infrastructure maintenance issues.

COUNCIL'S REVENUE RAISING POWERS

All land within a Council area, except for land specifically exempt (eg Crown Land, Council occupied land and other land prescribed in the Local Government Act 1999 – refer Section 147 of the Act), is rateable. The Local Government Act provides for a Council to raise revenue for the broad purposes of the Council through a general rate, which applies to all rateable properties, or through differential general rates, which apply to classes of properties. In addition, Council can raise separate rates, for specific areas of the Council or services rates or charges for specific services. Council also raises revenue through fees and charges, which are set giving consideration to the cost of the service provided and any equity issues. The list of applicable fees and charges is available at the Council Office, 6 Main Street Cowell.

DIFFERENTIAL RATES

In accordance with the provisions of Section 153 of the Local Government Act 1999 Council has decided to impose differential general rates on the following properties, based on land use and zoning.

Land Use / Zone	Approximate Number of Properties
Residential	577
Commercial – Shop	14
Commercial – Office	1
Commercial – Other	32
Commercial (Bulk Handling) Zone	3
Industry – Light	3
Industry – Other	1
Primary Production	296
Vacant Land	165
Other	10

The use or zoning of the land is used as the factor to levy differential rates. If a ratepayer believes that a particular property has been wrongly identified by the Council as to its use or zoning then they may object to the Council within 21 days of being notified. A ratepayer may discuss the matter with the Chief Executive Officer on 8629 2019 in the first instance.

It is important to note that the lodgement of an objection does not change the due date for payment of rates.

FIXED CHARGE

As well as a differential rate, Council may impose a fixed charge on rateable land within its area. Council has agreed to introduce a fixed charge in lieu of a minimum rate as part of the 2011/2012 rate declaration. Council believes this will provide a more equitable level of rating throughout the district.

SERVICE CHARGE

The Council provides a weekly household refuse collection service in the towns of Cowell, Port Gibbon and Lucky Bay. The full cost of operating this service for this financial year is budgeted to be \$120,000. Council will recover this cost through a service charge of \$170 for each occupied residential property in Cowell and Port Gibbon. A service charge of \$250 is also charged on commercial properties (Aquaculture) in the Cowell Township. The Lucky Bay rental charge is \$130 to cover the permanent and seasonal refuse collection service.

LATE PAYMENT OF RATES

The Local Government Act provides that Councils impose a fine of 2% on any instalment unpaid after the due date. At the expiration of each full month from the due date, interest is charged at the prescribed percentage of the total in arrears and unpaid rates. This does not include interest from previous months.

Council issues a final notice for payment of rates when rates are overdue, ie unpaid by the due date. Should rates remain unpaid more than 21 days after the issue of the final notice, then the Council may refer the debt to a debt collection agency for collection. The debt collection agency charges collection fees that are recoverable from the ratepayer.

When Council receives a payment in respect of overdue rates Council applies the money received as follows:

- First - to satisfy any costs awarded in connection with court proceedings;
- Second – to satisfy any interest costs;
- Third – in payment of any fines imposed;
- Fourth – in payment of rates, in chronological order (starting with the oldest account first).

In order to raise the funds required for this year's Budget, Council will increase rate revenue by approximately 4.6%.

Council collects and pays on behalf of the State Government a Natural Resources Management Levy that replaces the previous Eyre Peninsula Catchment Water Management Levy and the levy Council used to pay to the Animal and Plant Control Board. This levy is shown on the Council rate notice. Council has been advised and have budgeted \$55,380 for 2011/2012, slightly more than last year.

Council has considered the impact of the approximately 4.6% increase in rate revenue and weighed that up with the increasing costs of providing services.

RATE CONCESSIONS

Recipients of the following cards or income may be eligible for Council Rate concessions:

- Holders of current Centre Link or Veteran Affairs, Pension Cards Gold Card, (TPI, EDA, WW) and State Concession Card apply through Revenue SA on 1300 650 950.
- Self funded retirees who hold a current Senior's card apply through Revenue SA on 1300 366 150
- Centre Link allowances and low income earners who qualify can apply through their local CYFS Office.

Ratepayers should not withhold payment of Rates that are due as penalties apply to overdue rates. A refund will be paid to the eligible person if Council is advised that a concession applies and the Rates have already been paid.

POSTPONEMENT OF RATES FOR SENIORS

Section 182A of the Local Government Act 1999, that allows eligible Senior Ratepayers to postpone a proportion of their council rates each financial year commencing 2007/2008, provides for a threshold amount of rates that cannot be postponed. The threshold is set at \$500.00 or if a pension concession is provided that would be reduced to a \$310.00 threshold annually. The outstanding rates will attract interest (ie the scheme is non-concessional) and will remain a charge on the property until the property is sold or that person no longer lives on the property or becomes ineligible to continue the postponement. For further information and details please contact the Chief Executive Officer, District Council of Franklin Harbour PO Box 71, Cowell SA 5602 or on 8629 2019.

PAYMENT OF RATES

The Council has decided that payment of rates will be by four instalments due on 15 September 2011, 15 December 2011, 15 March 2012, and 15 June 2012.

Payment can be made at the Council Office, 6 Main Street, Cowell during normal office hours 9.00 am to 5.00 pm Monday to Friday, by cash, cheque or most credit cards, or can be made by post to PO Box 71, Cowell SA 5602 by cheque or money order payable to the District Council of Franklin Harbour. Payments may also be made by direct Bank Transfer, and anyone wishing to use this facility should contact the Council office on 8629 2019.

SALE OF LAND FOR NON-PAYMENT OF RATES

The Local Government Act 1999 provides that Council may sell any property where the Rates have been in arrears for three years or more.

The council required to notify the owner of the land of its intention to sell the land. Provide the owner with details of the outstanding amounts and advise the owner of its intention to sell the land if payment is not received within one month.

Except in extraordinary circumstances or approval has been granted for postponement of Rates, the Council enforces the sale of land for non-payment of Rates.

REBATE OF RATES

The Local Government Act 1999 requires Council's to rebate the rates payable on some land. Specific provision is made for land used for Health Services, Community Services, Religious purposes, Public Cemeteries and Education Institutions.

The Council under Section 166 of the Local Government Act 1999 may apply discretionary rebates.

DIFFICULTY IN PAYING RATES

Rates are payable in full or by four separate quarterly instalments. However, Section 182 of the Local Government Act 1999 permits the Council on the application of a Ratepayer to partially or wholly remit Rates or to postpone Rates on the basis of hardship.

If any ratepayer is experiencing financial difficulties and would like to discuss an alternative agreeable payment plan this flexibility is also available.

Contact the District Council of Franklin Harbour on 8629 2019 for a confidential discussion.

COUNCIL'S MAIN OBJECTIVES FOR THE 2011/2012 FINANCIAL YEAR

In accordance with objective 2.06 – Provide appropriate infrastructure for economic development, the following major activities and works are planned – re-sheeting of various sections of the local road network identified in Council's five (5) year Works Plan, including Beach Road, Cowell to Mangalo Road and Lucky Bay Boulevard.

Some town street sealing projects in Council's five (5) year Works and Machinery Program have been delayed pending clarification of any trenching required if the Community Wastewater Management Scheme (CWMS) proceeds during the 2011/2012 year.

Other road construction works proposed for 2011/2012 include drainage work on sections of Misery Corner Road and Heggaton Road.

Plant replacement in accordance with Council's five (5) year Works and Machinery Plan will be the replacement of two vehicles and replacement of the backhoe for approximately \$150,000.

In accordance with objective 3.01 – Effectively manage the waste of the area, Council is required to meet the tough new guidelines introduced by the Environment Protection Authority (EPA) for the operation of Waste Disposal sites. Costs in this area have increased significantly in recent years. During 2011/2012 Council will continue to develop some recycling services to limit the amount of waste going into landfill. This will also extend the life of the Cowell Refuse site.

Objective 3.09 – Implement best practice stormwater management techniques, in 2010/2011 Council considered Concept Designs from our Consultants for the proposed Community Wastewater Management Scheme (CWMS) for the town of Cowell. The project is currently subject to community consultation, and Council anticipates making a decision on the proposed CWMS in the near future.

SUMMARY OF PLANNED INCOME, EXPENSES & CAPITAL EXPENDITURE

Major income expected in 2011 – 2012 is as follows:

Financial Assistance Grants	\$905,000
Rates Income	\$954,000
Waste Management Charges	\$88,000
Roads to Recovery Grants	\$186,000
Local Roads Grant	\$230,000
SA Adjustment Grant	\$102,000

Major planned expenses or items additional to the normal operational amounts in 2011-2012 are:

Insurance	\$93,000
Land/Building Maintenance	\$152,500
Waste Pickup, Recycling & Refuse Depot	\$99,500
Parks & Gardens Maintenance	\$42,000

Council's planned capital expenditure for 2011 – 2012 is set out as follows:

Depot Wash Bay	\$25,000
Waste Depot Shed & Fence	\$15,000
Maintenance Backhoe	\$125,000
Vehicles	\$25,000
Computer Upgrade	\$8,000
Road re-sheeting/Major repairs	\$780,000
Street Kerbing	\$50,000

UNIFORM PRESENTATION OF COUNCIL FINANCES

The Local Government Association's Meeting in March 2006 resolved that Council budgets include a high level summary of both operating and capital investment activities prepared on a uniform and consistent basis. The primary objective of this arrangement is to ensure that Council's provide a common 'core' of financial information, to enable more meaningful comparisons of each Council's finances. Long term Financial Plans and Annual Financial statements are summarised on the same basis.

The table below summarises Council's finances using the uniform approach. Attachment A provides an explanation of the terms used in the table.

DISTRICT COUNCIL OF FRANKLIN HARBOUR	2009-10	2010/11	2011/2012
	ACTUAL	REVISED	PRELIMINARY BUDGET
	\$'000	\$'000	\$'000
Income	2,564	2,821	2,074
<i>less</i> Expenses	(2,494)	(2,976)	(3,010)
Operating Surplus / (Deficit)	70	(155)	(936)
Less: Net Outlays on Existing Assets			
Capital Expenditure on Renewal/Replacement of Existing Assets	142	435	373
<i>less</i> Depreciation, Amortisation and Impairment Expenses	(915)	(1,118)	(1,015)
<i>less</i> Proceeds from Sale of Replaced Assets	(49)	(132)	(120)
Net Outlays on Existing Assets	(822)	(815)	(762)
Less: Net Outlays on New and Upgraded Assets			
Capital Expenditure on New/Upgraded Assets	2,112	797	542
<i>Less</i> Amounts received specifically for New / Upgraded Assets	(930)	(30)	-
<i>less</i> Proceeds from Sale of Surplus Assets	(89)	-	-
Net Outlays on New and Upgraded Assets	1,093	767	542
Net Lending / (Borrowing) for Financial Year	(201)	(107)	(716)

A component of general purpose financial assistance grants normally due in 2009 – 10 was received early (in June 2009) and was recorded as income in 2008- 2009. Accordingly, 2009-10 to 2011-12 data does not provide a helpful understanding of the underlying performance of Council.

Overall, the budget for 2011-12 shows a "net borrowing" of \$716,000.

A "net borrowing" result in a particular year means that the sum of operating expenses plus net capital outlays on assets exceeds income, thus requiring the shortfall to be financed by borrowings (or a run down in the level of cash and investments).

A "net lending" result in a particular year means that income exceeds the sum of operating expenses plus net capital outlays on assets. This results in an overall reduction in the outstanding level of borrowings (or an increase in the level of cash and investments).

2010 – 2011 ACHIEVEMENTS

Council considers it important that the Annual Business Plan for 2011 – 2012 provides an assessment of the extent to which Council's objectives for 2010 – 2011 are being attained. The following provides a progress report on items identified in the 2010 – 2011 Annual Business Plan.

- **Objective 1.02.01 – Review** aged services requirement in collaboration with service providers - **Not completed**
- **Objective 1.04.03 – Support** the ongoing activities of the Youth Advisory Committee and assist in identifying and addressing relevant issues – **Annual Funding provided to support activities**
- **Objective 2.05.06 – Acknowledge** the likelihood of impacts from climate change and promote education for landowners to adopt new management methods and technologies to adjust accordingly and to benefit from those changes – **completed climate change exercise with Mutual Liability Scheme**
- **Objective 2.06.04 – Seal** the Cowell to Kimba Road – **Achieved**
- **Objective 2.09.01 – Support** the development of further alternative energy generation facilities in the region – **Joined the Zen Solar Power Council Program**
- **Objective 3.01.01 – Establish** a community waste water management scheme that includes the reuse of waste water – **Progressing – report completed, in public consultation phase**
- **Objective 3.05.05 – Provide** a free annual “Clean Up Week” refuse pick up service to encourage fire prevention and town presentation – **Not complete**
- **Objective 4.05.01 – Actively** participate in regional governance forums – **Mayor E Elleway now Senior Vice President of the Eyre Peninsula Local Government Association**

Attachment A – Uniform Presentation of Finances Explanatory Notes

UNIFORM PRESENTATION OF FINANCES	2009-10	2010-11	
	Actual	Estimate	
	\$'000	\$'000	
Income	←		
less Expenses	←		
OPERATING SURPLUS / (Deficit)	←		
Less: Net Outlays on Existing Assets			
Capital Expenditure on Renewal / Replacement of Existing Assets	←		
less Depreciation, Amortisation and Impairment Expenses	←		
less Proceeds from Sale of Replaced Assets			
Net Outlays on Existing Assets	←		
Less: Net Outlays on New and Upgraded Assets			
Capital Expenditure on New / Upgraded Assets	←		
less Amounts received specifically for New / Upgraded Assets	←		
less Proceeds from Sale of Surplus Assets			
Net Outlays on New and Upgraded Assets	←		
Net Lending / (Borrowing) for Financial Year	←		

Income available for delivery of services. Includes all grants except those received specifically to acquire or enhance assets.

Cost of Services, including depreciation expenses.

The extent to which income is sufficient or insufficient (bracketed) to fund the cost of services. Operating Surplus / (Deficit) is the key measure of a Council's financial performance.

Expenditure which returns the service potential of existing assets up towards that which they had originally.

Depreciation and amortisation expenses represent the systematic allocation of the depreciable amount of assets over their useful lives. Impairment recognises other diminutions in the carrying amount of assets.

Consistent negative net outlays on existing assets (bracketed) indicates that, overall, existing assets may be deteriorating at a greater rate than expenditure on their renewal or replacement.

Expenditure to acquire new assets or enhance existing assets to provide expanded, or a higher level of, services.

Amounts received from others specifically to acquire or enhance assets. These amounts are not included as Income above.

Net cost of acquiring or enhancing assets.

Net lending reduces a Council's accumulated level of net financial liabilities. Net borrowing (bracketed) adds to the level of net financial liabilities. Net financial liabilities is the key measure of a Council's financial position and is calculated by deducting a Council's financial assets from its total liabilities.



**DISTRICT COUNCIL
OF
FRANKLIN HARBOUR**

FINANCIAL STATEMENTS

**For The Year Ending
30 JUNE 2012**

**Resolution
225/11/12**

District Council of Franklin Harbour

General Purpose Financial Reports for the year ended 30 June 2012

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District Council of Franklin Harbour

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012**

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Council to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards.
- the financial statements present a true and fair view of the Council's financial position at 30 June 2012 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Council's accounting and other records.



Terry Barnes
CHIEF EXECUTIVE OFFICER



Edsel Elleway
MAYOR/COUNCILLOR

Date: 14-11-12



District Council of Franklin Harbour

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2012

	Notes	2012 \$	2011 \$
INCOME			
Rates	2	1,010,951	970,065
Statutory charges	2	26,932	19,309
User charges	2	108,152	134,253
Grants, subsidies and contributions	2	1,871,062	1,605,248
Investment income	2	45,233	20,335
Reimbursements	2	13,566	26,064
Other income	2	44,003	45,504
Net gain - joint ventures & associates	19		
Total Income		<u>3,119,899</u>	<u>2,820,778</u>
EXPENSES			
Employee costs	3	955,425	960,730
Materials, contracts & other expenses	3	1,208,357	884,275
Depreciation, amortisation & impairment	3	1,168,052	1,118,831
Finance costs	3	13,954	11,792
Total Expenses		<u>3,345,788</u>	<u>2,975,628</u>
OPERATING SURPLUS / (DEFICIT)		(225,889)	(154,850)
Asset disposal & fair value adjustments	4	(25,573)	79,675
Amounts received specifically for new or upgraded assets	2	500,000	30,000
NET SURPLUS / (DEFICIT)		<u>248,538</u>	<u>(45,175)</u>
transferred to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment	9	7,708,134	-
Total Other Comprehensive Income		<u>7,708,134</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>7,956,672</u>	<u>(45,175)</u>
Share of Net Surplus / (Deficit)			
Council		<u>248,538</u>	<u>(45,175)</u>
Share of Other Comprehensive Income		<u>248,538</u>	<u>(45,175)</u>
Council		<u>7,708,134</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>7,956,672</u>	<u>(45,175)</u>

This Statement is to be read in conjunction with the attached Notes.

District Council of Franklin Harbour

BALANCE SHEET
as at 30 June 2012

	Notes	2012 \$	2011 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	1,986,985	965,797
Trade & other receivables	5	572,687	760,207
Inventories	5	28,362	34,153
Total Current Assets		<u>2,588,034</u>	<u>1,760,157</u>
Non-current Assets			
Financial Assets	6	84,064	-
Infrastructure, Property, Plant & Equipment	7	25,073,925	18,111,754
Other Non-current Assets	6	35,703	35,703
Total Non-current Assets		<u>25,193,692</u>	<u>18,147,457</u>
Total Assets		<u>27,781,726</u>	<u>19,907,614</u>
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8	239,222	278,692
Borrowings	8	56,721	76,558
Provisions	8	241,393	207,925
Total Current Liabilities		<u>537,336</u>	<u>563,175</u>
Non-current Liabilities			
Borrowings	8	119,134	175,855
Total Non-current Liabilities		<u>119,134</u>	<u>175,855</u>
Total Liabilities		<u>656,470</u>	<u>739,030</u>
NET ASSETS		<u>27,125,256</u>	<u>19,168,584</u>
EQUITY			
Accumulated Surplus		10,623,587	10,375,049
Asset Revaluation Reserves	9	16,501,669	8,793,535
TOTAL EQUITY		<u>27,125,256</u>	<u>19,168,584</u>

This Statement is to be read in conjunction with the attached Notes.

District Council of Franklin Harbour

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2012

2012	Notes	Accumulated Surplus \$	Asset Revaluation Reserve \$	TOTAL EQUITY \$
Balance at end of previous reporting period		10,375,049	8,793,535	19,168,584
Restated opening balance		10,375,049	8,793,535	19,168,584
Net Surplus / (Deficit) for Year		248,538		248,538
Other Comprehensive Income				
Gain on revaluation of infrastructure, property, plant & equipment			7,708,134	7,708,134
Balance at end of period		10,623,587	16,501,669	27,125,256
2011				
Balance at end of previous reporting period		10,420,224	8,793,535	19,213,759
Restated opening balance		10,420,224	8,793,535	19,213,759
Net Surplus / (Deficit) for Year		(45,175)		(45,175)
Balance at end of period		10,375,049	8,793,535	19,168,584

This Statement is to be read in conjunction with the attached Notes

District Council of Franklin Harbour

CASH FLOW STATEMENT for the year ended 30 June 2012

	Notes	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
<u>Receipts</u>			
Rates - general & other		1,070,888	957,443
Fees & other charges		29,072	21,240
User charges		268,303	(99,979)
Investment receipts		42,698	19,280
Grants utilised for operating purposes		1,871,062	1,605,248
Reimbursements		14,923	28,670
Other revenues		768,777	254,597
<u>Payments</u>			
Employee Costs		(935,626)	(960,730)
Materials, contracts & other expenses		(1,962,196)	(1,149,481)
Finance payments		(13,954)	(11,792)
Net Cash provided by (or used in) Operating Activities		1,153,947	664,496
 CASH FLOWS FROM INVESTING ACTIVITIES			
<u>Receipts</u>			
Amounts specifically for new or upgraded assets		500,000	30,000
Sale of replaced assets		49,187	131,090
Sale of investment property		-	472,521
Repayments of loans by community groups		23,538	
<u>Payments</u>			
Expenditure on renewal/replacement of assets		(388,992)	(434,854)
Expenditure on new/upgraded assets		(107,857)	(796,788)
Loans made to community groups		(132,077)	
Net Cash provided by (or used in) Investing Activities		(56,201)	(598,031)
 CASH FLOWS FROM FINANCING ACTIVITIES			
<u>Receipts</u>			
Proceeds from Borrowings		-	135,000
<u>Payments</u>			
Repayments of Borrowings		(76,558)	(72,532)
Net Cash provided by (or used in) Financing Activities		(76,558)	62,468
Net Increase (Decrease) in cash held		1,021,188	128,933
 Cash & cash equivalents at beginning of period	11	<u>965,797</u>	<u>836,864</u>
Cash & cash equivalents at end of period	11	<u>1,986,985</u>	<u>965,797</u>

This Statement is to be read in conjunction with the attached Notes

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of Preparation

1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

1.4 Rounding

All amounts in the financial statements have been rounded to the nearest dollar (\$).

2 The Local Government Reporting Entity

The District Council of Franklin Harbour is incorporated under the SA Local Government Act 1999 and has its principal place of business at 6 Main Street, Cowell. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

3 Income recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period 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 amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1999. Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 12.

5 Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

5.1 Real Estate Assets Developments

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

5.2 Other Real Estate held for resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

Certain properties, auctioned for non-payment of rates in accordance with the Local Government Act but which failed to meet the reserve set by Council and are available for sale by private treaty, are recorded at the lower of the unpaid rates and charges at the time of auction or the reserve set by Council. Holding costs in relation to these properties are recognised as an expense when incurred.

6 Infrastructure, Property, Plant & Equipment

6.1 Initial Recognition

All assets are initially recognised at cost.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Capital works still in progress at balance date are recognised as other non-current assets and transferred to *infrastructure, property, plant & equipment* when completed ready for use.

For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are as follows. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$1,000
Other Plant & Equipment	\$1,000
Buildings - new construction/extensions	\$10,000
Park & Playground Furniture & Equipment	\$2,000
Road construction & reconstruction	\$10,000
Paving & footpaths, Kerb & Gutter	\$2,000
Drains & Culverts	\$5,000
Reticulation extensions	\$5,000
Sidelines & household connections	\$5,000
Artworks	\$5,000

6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. Further detail of existing valuations, methods and valuers are provided at Note 7.

6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

Major depreciation periods for each class of asset are shown below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Plant, Furniture & Equipment	
Office Equipment	5 to 10 years
Office Furniture	10 to 20 years
Vehicles and Road-making Equip	5 to 8 years
Other Plant & Equipment	5 to 15 years
Building & Other Structures	
Buildings – masonry	50 to 100 years
Buildings – other construction	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other construction	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years
Infrastructure	
Sealed Roads – Surface	15 to 25 years
Sealed Roads – Structure	20 to 50 years
Unsealed Roads	10 to 20 years
Bridges – Concrete	80 to 100 years
Paving & Footpaths, Kerb & Gutter	80 to 100 years
Drains	80 to 100 years
Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Dams and Reservoirs	80 to 100 years
Bores	20 to 40 years
Reticulation Pipes – PVC	70 to 80 years

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

	Reticulation Pipes – other	25 to 75 years
	Pumps & Telemetry	15 to 25 years
Other Assets	Library Books	10 to 15 years
	Artworks	indefinite

6.5 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

6.6 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 "Borrowing Costs". The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

7 Payables

7.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

7.2 Payments Received in Advance & Deposits

Amounts received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

8 Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables". Interest free loans are carried at their nominal amounts; interest revenues foregone by the lender effectively being a reduction of interest expense in the period to which it relates.

9 Employee Benefits

9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 15.

10 Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

11 Joint Ventures and Associated Entities

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

12 Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard AASB 117.

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

13 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2012

Note 1 - Significant Accounting Policies (cont)

14 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2012 reporting period and have not been used in preparing these reports.

- AASB 9 *Financial Instruments*
- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interests in Other Entities*
- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits*
- AASB 127 *Separate Financial Statements*
- AASB 128 *Investments in Associates and Joint Ventures*
- AASB 2010-6 *Amendments to Australian Accounting Standards [AASBs 1 & 7]*
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 [AASBs 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and Interpretations 2, 5, 10, 12, 19, & 127]*
- AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]*
- AASB 2011-5 *Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, AASB 128 & AASB 131]*
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]*
- AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]*
- AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]*
- AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]*
- AASB 2011-12 *Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]*

(Standards not affecting local government have been excluded from the above list.)

Council is of the view that none of the above new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

The Australian Accounting Standards Board is currently reviewing AASB 1004 *Contributions*. It is anticipated that the changes resulting from this review may have a material effect on the timing of the recognition of grants and contributions, but the financial consequences cannot be estimated until a revised accounting standard is issued.

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 2 - INCOME

	Notes	2012 \$	2011 \$
RATES REVENUES			
<u>General Rates</u>		965,607	930,225
Less: Discretionary rebates, remissions & write offs		(16,609)	(20,763)
		948,998	909,462
<u>Other Rates</u> (including service charges)			
Natural Resource Management levy		55,505	54,457
		55,505	54,457
<u>Other Charges</u>			
Penalties for late payment		6,448	6,146
		6,448	6,146
		1,010,951	970,065
 STATUTORY CHARGES			
Development Act fees		23,565	16,731
Animal registration fees & fines		3,337	2,578
Other licences, fees, & fines		30	
		26,932	19,309
 USER CHARGES			
Cemetery/crematoria fees		3,014	2,876
Council House Rents		7,845	15,773
Hall & equipment hire		3,564	4,396
Parking fees		914	1,746
Shack Area Fees		24,245	24,592
Rubbish Collection Fees		68,570	84,870
		108,152	134,253
 INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		35,864	18,572
Banks & other		9,369	1,763
		45,233	20,335

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

NOTE 2 - INCOME (continued)

	Notes	2012 \$	2011 \$
REIMBURSEMENTS			
- for private works		<u>13,566</u>	<u>26,064</u>
		<u>13,566</u>	<u>26,064</u>
OTHER INCOME			
Rebates received		18,430	19,355
Sundry		<u>25,573</u>	<u>26,149</u>
		<u>44,003</u>	<u>45,504</u>
GRANTS, SUBSIDIES, CONTRIBUTIONS			
Amounts received specifically for new or upgraded assets		500,000	30,000
Other grants, subsidies and contributions		1,606,481	1,605,248
Individually significant item - additional Grants Commission payment	see below	264,581	
		<u>2,371,062</u>	<u>1,635,248</u>
<i>The functions to which these grants relate are shown in Note 2.</i>			
Sources of grants			
Commonwealth government			1,449,270
State government		<u>2,371,062</u>	<u>185,978</u>
		<u>2,371,062</u>	<u>1,635,248</u>

Individually Significant Item

In June 2009, Council received payment of the first instalment of the 2009/10 Grant Commission (FAG) grant. Similarly, on 28 June 2012 Council received payment of the first two instalments of the 2012/13 grant.

	264,581	0
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This has materially increased Council's operating results in the current year, as these amounts are recognised as income upon receipt.

Similarly material adverse effects will be experienced when the timing of these grant payments is restored to normal schedule. It is not known when this will occur.

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

NOTE 2 - INCOME (continued)

	Notes	2012 \$	2011 \$
Conditions over grants & contributions			
<i>Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:</i>			
<i>Unexpended at the close of the previous reporting period</i>			60,000
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>			
<i>Roads Infrastructure</i>			(60,000)
<i>Heritage & Cultural Services</i>			
<i>Subtotal</i>			(60,000)
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
<i>Heritage & Cultural Services</i>		500,000	
<i>Subtotal</i>		500,000	
<i>Unexpended at the close of this reporting period</i>		500,000	
 <i>Net increase (decrease) in assets subject to conditions in the current reporting period</i>		500,000	(60,000)

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 3 - EXPENSES

	Notes	2012 \$	2011 \$
EMPLOYEE COSTS			
Salaries and Wages		832,092	769,964
Employee leave expense		35,646	79,301
Superannuation - defined contribution plan contributions	18	134,684	106,964
Superannuation - defined benefit plan contributions	18	36,622	35,498
Workers' Compensation Insurance		37,544	41,546
Less: Capitalised and distributed costs		<u>(121,163)</u>	<u>(72,543)</u>
Total Operating Employee Costs		<u>955,425</u>	<u>960,730</u>
Total Number of Employees		15	15
<i>(Full time equivalent at end of reporting period)</i>			
MATERIALS, CONTRACTS & OTHER EXPENSES			
<u>Prescribed Expenses</u>			
Auditor's Remuneration			
- Auditing the financial reports		12,020	9,750
- Other Services			1,000
Elected members' expenses		64,284	43,266
Election expenses		401	4,720
Subtotal - Prescribed Expenses		<u>76,705</u>	<u>58,736</u>
<u>Other Materials, Contracts & Expenses</u>			
Contractors		741,544	
Energy		224,315	212,194
Legal Expenses		3,446	5,256
Levies paid to government - NRM levy		55,380	53,776
Parts, accessories & consumables		94,283	594,801
Sundry		12,684	(40,488)
Subtotal - Other Materials, Contracts & Expenses		<u>1,131,652</u>	<u>825,539</u>
		<u>1,208,357</u>	<u>884,275</u>

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 3 - EXPENSES (cont)

	Notes	2012 \$	2011 \$
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Buildings & Other Structures		189,470	116,472
Infrastructure		820,034	822,371
Plant & Equipment		143,076	161,544
Furniture & Fittings		15,472	18,444
		1,168,052	1,118,831
 FINANCE COSTS			
Interest on Loans		13,954	11,792
		13,954	11,792

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

	2012	2011
Notes	\$	\$
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT		
<i>Assets renewed or directly replaced</i>		
Proceeds from disposal	49,187	131,090
Less: Carrying amount of assets sold	<u>74,760</u>	<u>163,620</u>
Gain (Loss) on disposal	<u>(25,573)</u>	<u>(32,530)</u>
 REAL ESTATE DEVELOPMENT ASSETS		
Proceeds from disposal		472,521
Less: Carrying amount of assets sold		<u>360,316</u>
Gain (Loss) on disposal	<u>-</u>	<u>112,205</u>
 NET GAIN (LOSS) ON DISPOSAL OR REVALUATION OF ASSETS		
	<u>(25,573)</u>	<u>79,675</u>

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 5 - CURRENT ASSETS

	2012	2011
CASH & EQUIVALENT ASSETS	Notes \$	\$
Cash on Hand and at Bank	137,863	67,971
Deposits at Call	1,835,460	881,780
Short Term Deposits & Bills, etc	<u>13,662</u>	<u>16,046</u>
	<u>1,986,985</u>	<u>965,797</u>
 TRADE & OTHER RECEIVABLES		
Rates - General & Other	115,213	175,150
Accrued Revenues	8,373	5,838
Debtors - general	23,812	
GST Recoupment	16,659	24,743
Prepayments	31,230	22,996
Loans to community organisations	24,475	
Sundry	<u>352,925</u>	<u>531,480</u>
Total	<u>572,687</u>	<u>760,207</u>
	<u>572,687</u>	<u>760,207</u>
 INVENTORIES		
Stores & Materials	<u>28,362</u>	<u>34,153</u>
	<u>28,362</u>	<u>34,153</u>

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 6 - NON-CURRENT ASSETS

	Notes	2012 \$	2011 \$
FINANCIAL ASSETS			
Receivables			
Loans to community organisations		84,064	-
TOTAL FINANCIAL ASSETS		<u>84,064</u>	<u>-</u>
 OTHER NON-CURRENT ASSETS			
Inventories			
Real Estate Developments		35,703	35,703
		<u>35,703</u>	<u>35,703</u>
 <i>Apportionment of Real Estate Developments</i>			
<i>Current Assets</i>			
<i>Non-Current Assets</i>		35703	35703
		<u>-</u>	<u>-</u>

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

	2011			2012				
	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEPN	CARRYING AMOUNT
								\$
Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT								
Land	1,196,482	-	-	1,196,482	4,974,681	-	-	4,974,681
Land Improvements	-	-	-	-	-	-	-	-
Buildings & Other Structures	2,028,513	328,379	(560,237)	1,796,655	-	6,012,818	(481,530)	5,531,288
Infrastructure	7,588,876	11,074,611	(5,574,166)	13,089,321	-	18,884,913	(6,219,082)	12,665,831
Plant & Equipment	-	3,205,249	(1,273,614)	1,931,635	-	3,201,919	(1,392,733)	1,809,186
Furniture & Fittings	-	392,337	(294,676)	97,661	-	403,087	(310,148)	92,939
TOTAL PROPERTY, PLANT & EQUIPMENT	10,813,871	15,000,576	(7,702,693)	18,111,754	4,974,681	28,502,737	(8,403,493)	25,073,925
<i>Comparatives</i>	10,813,871	14,094,671	(6,745,979)	18,162,563	10,813,871	15,000,576	(7,702,693)	18,111,754

This Note continues on the following pages.

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

	CARRYING AMOUNT MOVEMENTS DURING YEAR										2012 \$ CARRYING AMOUNT	
	2011 \$ CARRYING AMOUNT											Net Revaluation
	New/Upgrade	Additions Renewals	Disposals	Depreciation	Impairment	Transfers	2012 \$ CARRYING AMOUNT					
	Note 7 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT											
Land	1,196,482	-	-	-	-	-	-	-	-	-	4,974,681	
Land Improvements	-	-	-	-	-	-	-	-	-	-	-	
Buildings & Other Structures	1,796,655	-	-	(239,011)	-	-	-	-	-	-	5,531,288	
Infrastructure	13,089,321	43,709	-	(770,494)	-	-	-	-	-	-	12,665,831	
Plant & Equipment	1,931,635	-	347,004	(74,760)	-	-	-	-	-	-	1,809,186	
Furniture & Fittings	97,661	95,386	-	-	-	-	-	-	-	-	92,939	
	10,750	-	-	(15,472)	-	-	-	-	-	-	-	
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	18,111,754	106,136	(74,760)	(1,168,052)	-	-	-	-	-	7,708,134	25,073,925	
Comparatives	18,162,563	796,788	(163,619)	(1,118,831)	-	-	-	-	-	-	18,111,754	

This Note continues on the following pages.

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 7 (cont) – INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

Valuation of Assets

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.19 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent additions at cost, this remains as the basis of recognition of non-material asset classes.

Land & Land Improvements

Council being of the opinion that it is not possible to attribute a value sufficiently reliably to qualify for recognition, land under roads has not been recognised in these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

Freehold land and land over which Council has control, but does not have title, is recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land.

Land and Land Improvement assets were valued by Maloney Field Services at written down current replacement cost during the reporting period ended 30 June 2010. All acquisitions made after the respective dates of valuation are recorded at cost.

Buildings & Other Structures

Buildings and other structures generally are recognised at fair value, based on current market values. However, special purpose buildings (such as public toilets) for which there is no market are valued at depreciated current replacement cost. Buildings which Council does not intend to replace at the end of their useful life are valued at the market value of the "highest and best" use. These assets were revalued as at 30 June 2010 by Maloney Field Services.

Infrastructure

Transportation assets were valued by Council officers at depreciated current replacement cost during the reporting period ended 30 June 2004. All acquisitions made after the respective dates of valuation are recorded at cost.

Stormwater drainage infrastructure was valued by Council officers as at 30 June 2004 at written down current replacement cost, based on actual costs incurred during the reporting period ended 30 June 2004. All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Furniture & Equipment

These assets are recognised on the cost basis.

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 8 - LIABILITIES

	Notes	2012		2011	
		Current	Non-current	Current	Non-current
		\$	\$	\$	\$
TRADE & OTHER PAYABLES					
Goods & Services		81,080		106,881	
Accrued expenses - employee entitlements		158,142		171,811	
		<u>239,222</u>	<u>-</u>	<u>278,692</u>	<u>-</u>
 BORROWINGS					
Loans		56,721	119,134	76,558	175,855
		<u>56,721</u>	<u>119,134</u>	<u>76,558</u>	<u>175,855</u>

All interest bearing liabilities are secured over the future revenues of the Council.

PROVISIONS

Employee entitlements (including oncosts)		241,393		207,925	
		<u>241,393</u>	<u>-</u>	<u>207,925</u>	<u>-</u>

Amounts included in provisions that are not expected to be settled within 12 months of reporting date.

241,393

207,925

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 9 - RESERVES

ASSET REVALUATION RESERVE	1/7/2011	Net Increments (Decrements)	Transfers, Impairments	30/6/2012
Notes	\$	\$	\$	\$
Land	963,582	3,778,199		4,741,781
Land Improvements				0
Buildings & Other Structures	1,927,163	3,929,935		5,857,098
Infrastructure	5,902,790			5,902,790
- Roads, bridges, footpaths				0
Joint Ventures - Other				0
Comprehensive Income				0
TOTAL	8,793,535	7,708,134		16,501,669
<i>Comparatives</i>	<i>8,793,535</i>			<i>8,793,535</i>

PURPOSES OF RESERVES

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non-current assets (less any subsequent impairment losses, where applicable).

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 10 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

	Notes	2012 \$	2011 \$
Total cash & equivalent assets	5	<u>1,986,985</u>	<u>965,797</u>
Balances per Cash Flow Statement		<u>1,986,985</u>	<u>965,797</u>

**(b) Reconciliation of Change in Net Assets to Cash
from Operating Activities**

Net Surplus (Deficit)	248,538	(45,175)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	1,168,052	1,118,831
Net increase (decrease) in unpaid employee benefits	19,799	14,996
Grants for capital acquisitions treated as Investing Activity	(500,000)	(30,000)
Net (Gain) Loss on Disposals	<u>25,573</u>	<u>(79,675)</u>
	961,962	978,977
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	211,995	(240,496)
Net (increase) decrease in inventories	5,791	24,863
Net increase (decrease) in trade & other payables	<u>(25,801)</u>	<u>(98,848)</u>
Net Cash provided by (or used in) operations	<u>1,153,947</u>	<u>664,496</u>

(c) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

Corporate Credit Cards	9,000	10,000
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District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 11 - FUNCTIONS

INCOMES, EXPENSES AND ASSETS HAVE BEEN DIRECTLY ATTRIBUTED TO THE FOLLOWING FUNCTIONS & ACTIVITIES											
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)		
	ACTUAL 2012	ACTUAL 2011	ACTUAL 2012	ACTUAL 2011	ACTUAL 2012	ACTUAL 2011	2012	2011	2012	2011	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Council Administration	2,393,618	1,938,446	355,939	735,764	2,037,679	1,202,682	1,339,916	937,118	2,672,098	1,760,157	
Public Order & Safety	3,337	2,578	65,626	5,506	(62,289)	(2,928)					
Health	56	-	6,099	2,227	(6,043)	(2,227)					
Housing & Community Amenities	145,691	291,976	582,735	511,607	(437,044)	(219,631)	500,000	150,000			
Protection of the Environment	100	14	21,266	20,238	(21,166)	(20,224)					
Recreation and Culture	25,551	7,815	352,623	216,476	(327,072)	(208,661)		30,000			
Mining and Manufacture	7,325	4,359	8,758	6,761	(1,433)	(2,402)					
Transport and Communication	531,146	518,130	1,763,020	1,568,079	(1,231,874)	(1,049,949)	531,146	518,130	25,109,628	18,147,457	
Economic Affairs	914	1,746	16,417	10,578	(15,503)	(8,832)					
Other Purposes	12,161	55,714	173,305	(101,608)	(161,144)	157,322					
TOTALS	3,119,899	2,820,778	3,345,788	2,975,628	(225,889)	(154,850)	2,371,062	1,635,248	27,781,726	19,907,614	

Excludes net gain (loss) on disposal or revaluation of assets, net gain (loss) from joint ventures & associated entities, amounts received specifically for new or upgraded assets and physical resources received free of charge.

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 11 (cont) - COMPONENTS OF FUNCTIONS

The activities relating to Council functions are as follows:

Council Administration

Operation and maintenance of Council Chambers, Mayor's parlour and plant and equipment. Operation of resources for the efficient administration of Council's functions.

Public Order and Safety

Supervision of various By-Laws, fire prevention, dog control, crime prevention and state emergency services.

Health

Food control, immunisation services and contributions to the Health care Committee

Housing and Community Amenities

Maintenance of housing rented to tenants, refuse collection services, operation of refuse and recycling depot, administration of town planning, stormwater drainage, public conveniences, cemetery, street lighting, street cleaning and other community development amenities.

Protection of the Environment

Coastal protection, foreshores, boatramp facilities and other environment

Recreation and Culture

Maintenance of halls, various parks and gardens, reserves, ovals and other sporting facilities, playgrounds, contribution to community library and administration of arts and cultural services,

Mining and Manufacture

Administration of Building Act and the Development Act

Transport and Communication

Construction and maintenance of roads, drainage works, footpaths, parking facilities and signs. Management of aerodrome.

Economic Affairs

Pest Control services, tourism, agriculture.

Other Purposes

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 12 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	<p>Accounting Policy: Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p>Terms & conditions: Deposits are returning fixed interest rates between 4% and 5% (2011: 4% and 5%).</p> <p>Carrying amount: approximates fair value due to the short term to maturity.</p>
Receivables - Rates & Associated Charges (including legals & penalties for late payment)	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Secured over the subject land, arrears attract interest of 9% (2011: 9%) Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Receivables - Fees & other charges	<p>Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p>Terms & conditions: Unsecured, and do not bear interest. Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.</p> <p>Carrying amount: approximates fair value (after deduction of any allowance).</p>
Liabilities - Creditors and Accruals	<p>Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.</p> <p>Terms & conditions: Liabilities are normally settled on 30 day terms.</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Interest Bearing Borrowings	<p>Accounting Policy: Carried at the principal amounts. Interest is charged as an expense as it accrues.</p> <p>Terms & conditions: secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 5.1% and 7.2% (2011: 5.1% and 7.2%)</p> <p>Carrying amount: approximates fair value.</p>
Liabilities - Finance Leases	<p>Accounting Policy: accounted for in accordance with AASB 117.</p>

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 12 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2012	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents				-	1,986,985
Receivables				-	541,538
Other Financial Assets				-	84,064
Total	-	-	-	-	2,612,587
Financial Liabilities					
Payables	66,887			66,887	81,080
Current Borrowings	56,721			56,721	56,721
Non-Current Borrowings		119,134		119,134	119,134
Total	123,608	119,134	-	242,742	256,935
2011	Due < 1 year	Due > 1 year; ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
Financial Assets	\$	\$	\$	\$	\$
Cash & Equivalents				-	965,797
Receivables				-	585,057
Other Financial Assets				-	-
Total	-	-	-	-	1,550,854
Financial Liabilities					
Payables	107,861			107,861	106,881
Current Borrowings	76,558			76,558	76,558
Non-Current Borrowings		175,855		175,855	175,855
Total	184,419	175,855	-	360,274	359,294

The following interest rates were applicable to Council's borrowings at balance date:

	30 June 2012		30 June 2011	
	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate	Carrying Value
	%	\$	%	\$
Overdraft				
Other Variable Rates		66,887		107,861
Fixed Interest Rates	6.2	175,855	6.2	252,413
		<u>242,742</u>		<u>360,274</u>

Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 13 - FINANCIAL INDICATORS

	2012	2011	2010
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These Financial Indicators have been calculated in accordance with *Information Paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia. Detailed methods of calculation are set out in the SA Model Statements.

Operating Surplus Ratio

<u>Operating Surplus</u>	(24%)	(17%)	8%
Rates - general & other less NRM levy			

This ratio expresses the operating surplus as a percentage of general and other rates, net of NRM levy.

Adjusted Operating Surplus Ratio	(51%)	(17%)	8%
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In each of June 2009, 2010 and 2011 the Commonwealth Government made an advance of one quarterly payment of the Financial Assistance Grant. In June 2012 an advance of two quarterly payments was made (see Note 2). Accordingly there were four "quarterly" payments in 2010 and 2011, and five payments in 2012. The Adjusted Operating Surplus Ratio adjusts for this distortion.

Net Financial Liabilities Ratio

<u>Net Financial Liabilities</u>	(65%)	(36%)	(24%)
Total Operating Revenue less NRM levy			

Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue (excluding NRM levy).

Asset Sustainability Ratio

<u>Net Asset Renewals</u>	29%	27%	10%
Infrastructure & Asset Management Plan required expenditure	*	*	*

Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.

Amounts shown above an asterisk () indicate that depreciation expense has been used as a proxy, pending finalisation of the Infrastructure & Asset Management Plan.*

District Council of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 14 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.

All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.

The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances

	2012 \$	2011 \$
Income	3,119,899	2,820,778
<i>less</i> Expenses	<u>3,345,788</u>	<u>2,975,628</u>
Operating Surplus / (Deficit)	(225,889)	(154,850)
<i>less</i> Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	388,992	434,854
<i>less</i> Depreciation, Amortisation and Impairment	1,168,052	1,118,831
<i>less</i> Proceeds from Sale of Replaced Assets	<u>49,187</u>	<u>131,090</u>
	(828,247)	(815,067)
<i>less</i> Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets <i>(including investment property & real estate developments)</i>	107,857	796,788
<i>less</i> Amounts received specifically for New and Upgraded Assets	500,000	30,000
<i>less</i> Proceeds from Sale of Surplus Assets <i>(including investment property and real estate developments)</i>	<u>-</u>	<u>472,521</u>
	(392,143)	294,267
Net Lending / (Borrowing) for Financial Year	<u>994,501</u>	<u>365,950</u>

District Council Of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 15 – SUPERANNUATION

The Council makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector have the option to contribute to Marketlink and/or Salarylink. All other employees (including casuals) have all contributions allocated to Marketlink.

Marketlink (Accumulation Fund) Members

Marketlink receives both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of employee earnings in accordance with superannuation guarantee legislation (9% in 2011/12; 9% in 2010/11). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Scheme's Trustee based on advice from the Scheme's Actuary. The rate is currently 6.3% (6.3% in 2010/11) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of salary for Salarylink members to their Marketlink account. Employees also make member contributions to the Fund. As such, assets accumulate in the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink Fund is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by each employer, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Scheme's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2011. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

District Council Of Franklin Harbour

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2012

Note 16 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET

The following assets and liabilities do not qualify for recognition in the Balance Sheet but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. LAND UNDER ROADS

As reported elsewhere in these Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

At reporting date, Council controlled 935 km of road reserves of average width 20 metres.

2. POTENTIAL INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

3. LEGAL EXPENSES

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 0 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

4. "CARBON" TAX

From 1 July 2012 a new tax on emissions of certain "greenhouse" gases commences operation. Council has a number of garbage landfill facilities which emit, and will continue for many years to emit, gases of this type. Information currently available provides assurances that "legacy emissions" from garbage placed in landfills prior to commencement of the tax will not subsequently become liable to the tax. However, details of the mechanisms for measuring such emissions, or of providing the exemption are not currently available.

District Council of Franklin Harbour
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012

STATEMENT BY AUDITOR

I confirm that, for the audit of the financial statements of District Council of Franklin Harbour for the year ended 30 June 2012, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.



Ian G McDonald FCA

Dated this 30 day of August 2012

District Council of Franklin Harbour

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2012**

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of District Council of Franklin Harbour for the year ended 30 June 2012, the Council's Auditor, Ian G McDonald FCA, has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.



Terry Barnes
CHIEF EXECUTIVE OFFICER



Edsel Elleway
PRESIDING MEMBER
AUDIT COMMITTEE

Date: 14-11-12



EPLGA

ANNUAL REPORT 2011/12



EYRE PENINSULA LOCAL GOVERNMENT ASSOCIATION



PRESIDENT'S REPORT

As always, the Eyre Peninsula Local Government Association has involved itself with a variety of issues and projects. Over the past two years, our workload has included the usual responses to legislation and other changes likely to affect us, but we have also spent more time taking a coordination role in a number of operational issues, including regional training opportunities.

Coastal Councils have been actively participating in the roll out of both state and federal Marine Parks around our coastline, as well as advancing regulations designed to manage recreational catch limits of specified species. Both these issues have been championed by Mayor Allan Suter and DC Ceduna, with the Far West of the state heavily impacted on both fronts. Recreational limits have recently been announced and this should see significantly less impact on King George Whiting catches by recreational fishers on Eyre Peninsula which has for decades seen practices that have been considered unsustainable. Outcomes from the sanctuary zoning announcements under the marine parks roll out have been greatly concerning with many watching the likely compensation calculations being determined. Some commercial sectors are claiming significant underestimation of catch values and it is likely that the process will have a way to go yet.

Other issues have included scrutinising the RDAWEP Rules and the decision of the state government to cease

funding RDA beyond 2013, mining expansion and land-use conflicts arising from some exploration activities as well as the perennial issue of water security.

We are currently preparing our next Eyre Peninsula Roads Strategy which has a number of road issues that will need to be addressed, including gazetting routes for freight movements. We are also reviewing our Charter and developing a new Management Plan.

In addition, the EPLGA has coordinated the regional delivery of Certificate IV in OHS which is being undertaken by 8 of our Risk Officers from Councils. The workshops are held approximately each month at a venue on EP and the group is finding the cooperative effort of great assistance. We also assisted Norman Waterhouse to locally deliver Rates Training to another group and five of our Works Managers undertook the Road Safety Assessors Course delivered at Port Lincoln by Uni SA. I would suggest that this should be an on-going role of EPLGA to coordinate regional delivery of accredited training to our Councils. While uptake of regional workshops through the LGA was poor last year, it seems that there is interest in higher level training delivered regionally.

The highly successful Annual Conference was this year very ably hosted by Streaky Bay and was again an unqualified success, from all reports. The speakers were carefully chosen to deliver strong local government input and highlighted success stories, key legal issues, planning frameworks, inputs from partner organisations as well as plenty of networking. My thanks also go to Mayor Eddie Elleway for deputising for me at this event which I was unfortunately unable to attend. We have enjoyed a number of guest speakers at our regular Board meetings and they presented across a range of topics. In September 2011, we also welcomed President Kym McHugh and Minister Russell Wortley to our Tumby Bay Board meeting.

[1]

Finally, the support of both Eddie as Snr Vice president, and Mayor John Schaefer, Jr Vice President has been most appreciated. We have been very ably assisted by Diana Laube as Executive Officer and with support from staff at RDAWEP. Over the coming months, Diana will be retiring and we expect to have a new Executive officer by January 2013. On behalf of EPLGA members I commend and thank Diana for her dedication, her advice and support. She has played a valuable role in furthering the objectives of EPLGA and I wish her well for the future. The 2012/13 year is shaping up to be another busy one that will no doubt present us with plenty of issues to follow.

The contribution of all Members has continued to make EPLGA a united voice and it is through this unity that we will achieve our goals.

MAYOR JULIE LOW

MEMBER COUNCILS 2011/12

- City of Whyalla
- City of Port Lincoln
- DC Ceduna
- DC Cleve
- DC Elliston
- DC Franklin Harbour
- DC Kimba
- DC Lower Eyre Peninsula
- DC Streaky Bay
- DC Tumby Bay
- Wudinna DC

REPRESENTATIVES:

At the 75th AGM of the Eyre Peninsula Local Government Association, held at Kimba on 9th December 2011, the following Office Bearers were confirmed for the 2011/12 financial year:

PRESIDENT: Mayor Julie LOW (DC Lower Eyre Peninsula)

SNR VICE PRESIDENT : Mayor Eddie Elleway (DC Franklin Harbour.)

JUNIOR VICE PRESIDENT: Mayor John Schaefer (DC Kimba)

Our President and Snr Vice President are our nominated representatives to SAROC and State Executive Forums.

Other local government representatives to regional Boards have been as follows:

RDA Whyalla and EP BOARD:

Mayor Jim Pollock (City of Whyalla)
Cr Jack Velthuisen (City of Whyalla)
Cr Colin Carter (City of Whyalla)
Mayor Allan Suter (DC Ceduna)
Cr Bryan Trigg (DC Cleve)
Cr Malcolm Catt (City of Pt Lincoln)

EYRE PENINSULA NATURAL RESOURCES MANAGEMENT BOARD

Mayor Bruce Green (City of Port Lincoln)

ANNUAL MEETING SCHEDULE, 1981-2020.

A highlight on the EPLGA calendar is the Annual Conference, hosted each year by a member Council. To assist in host Council planning, the following schedule is included:

2000 DC Franklin Harbour
2001 DC Cleve
2002 DC Streaky Bay
2003 DC Elliston
2004 DC Tumby Bay
2005 Whyalla CC
2006 DC Ceduna
2007 DC Lower Eyre Peninsula
2008 DC Kimba
2009 DC Wudinna
2010 DC Franklin Harbour
2011 DC Cleve
2012 DC Streaky Bay
2013 DC Elliston
2014 DC Tumby Bay
2015 Whyalla CC
2016 DC Ceduna
2017 DC Lower Eyre Peninsula
2018 Port Lincoln CC
2019 DC Kimba
2020 Wudinna DC

The 2013 conference will be held on Monday 25th February 2013 at Elliston.

BOARD MEMBERS FOR 2011/12

Under the terms of our Charter, the following Board appointments were current as at June 30th, 2011:

Ceduna	Allan Suter (Mayor) Lynton Brown (D/Mayor)
Cleve	Roger Nield (Mayor) Jodie Jones (D/Mayor)
Elliston	Pat Clarke (Chair) Kym Callaghan (Dep Ch)
Franklin Harbour	Eddie Elleway (Mayor) Gavin Jackson (Dep Mayor)
Kimba	John Schaefer (Mayor) Dean Johnson (Dep Mayor)

Lower Eyre Peninsula

Julie Low (Mayor)

Paul Pedler (D/Mayor)

Port Lincoln

Bruce Green (Mayor)

Neville Starke (D/Mayor)

Streaky Bay

Rob Stephens (Mayor)

Dean Whitford (Dep Mayor)

Tumby Bay

Laurie Collins (Mayor)

Murray Mason (Dep Mayor)

Whyalla

Jim Pollock (Mayor)

Merton Hodge (Cr)

Wudinna

Tim Scholz (Chair)

Neville Scholz (Dep Ch)

REPORT OF ACTIVITIES, 2011/12

Our core activities always include reacting to legislation and policy changes that are likely to negatively affect our region. This year ongoing concerns have been with:

- State and federal Marine parks
- Recreation Fishing limits
- Various roads and waste issues
- Regional Strategy for LGA
- Emergency Planning
- Time Zones
- Water Planning
- Regional planning

Projects carried out 2011/12

Regional Training Projects

Following the recommendations of the One System Consultancy, we successfully sought funding through DFEEST for the running of *Certificate IV in OHS* on Eyre Peninsula. Eight Councils have participated with the relevant officer attending day long sessions approximately every month.

Route Assessors.

Road assessment has previously required Councils to source a route assessor from off EP, adding to the cost. However, Lower EP, Tumby Bay, Wudinna, Elliston and Ceduna councils have supported a regional approach which saw us engage UniSA to deliver the initial 3 day training at Port Lincoln.

Rates Training.

Councils strongly supported Norman Waterhouse's training for rates officers which was held at Wudinna on May 15th.

EPLGA Marketing

This project, using the services of CPR, has continued with the completion of the Stakeholder Survey early in 2012. Members clearly indicated strong support to raise the profile of EPLGA especially with both the state and federal governments. A key project is now the commissioning of a report on the mining expansion, including the population distribution by township. This will be of great assistance to Councils in their structure planning and in their future planning for infrastructure needs. Currently, we are waiting for final confirmation from the LGA that they are able to assist us in funding the next component of this on-going project.

Emergency Management Planning

After success at the Natural Disaster Mitigation Grant rounds, we were advised that our funds could be held over and we were invited to undertake the EMP project with Risk services. The preliminary meetings have occurred and the development meetings are scheduled later in August. With our grant funds, it is an ideal opportunity to ensure that any further training identified to strengthen our capacity to manage emergencies and to assess risks can be funded.

Coastal Inundation Planning.

For the past three years, the EPLGA has sought funding to develop regional planning for coastal inundation predicted by CSIRO under various climate models. While we have not been successful yet, we were given \$20,000 through the LRGDS to tackle the question of the scale of digital elevation modeling (DEM) that was appropriate for regional councils.

We worked alongside the District Council of Tumby Bay who was keen to begin modeling as part of their structure planning approach. URPs have prepared a report on the decision making process and the options presented for regional Councils and Aerometrex performed the modeling for DC Tumby Bay.

Use of Financial Resources.

The following audited statement indicate another year of solid financial performance.

EYRE PENINSULA LOCAL GOVERNMENT ASSOCIATION

INCOME STATEMENT

For the year ended 30th June 2012

	Note	2012 \$	2011 \$
INCOME			
Interest Received		13,244	16,169
Membership Fees	5	140,000	121,000
Reimbursable Expenses		282	-
Project Management Fees		3,000	3,000
		<u>156,526</u>	<u>140,169</u>
EXPENSES			
Administration		9,444	10,426
Audit Fees		1,530	1,240
Bank Charges		826	500
Computer Expenses		287	1,258
Employee Expenses		69,980	61,644
Insurance		5,059	5,378
Marketing & Promotion		652	56
Meeting Expenses		3,313	3,828
President's Expenses		1,500	1,750
Secretarial Service		17,000	16,500
Telephone		564	319
Travel Expenses		8,271	5,599
Training Expenses		595	-
		<u>119,021</u>	<u>108,498</u>
SURPLUS/(DEFICIT)		<u>37,505</u>	<u>31,671</u>

The accompanying notes form part of these Financial Statements



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EYRE PENINSULA LOCAL GOVERNMENT ASSOCIATION

BALANCE SHEET
As at 30th June 2012

	Note	2012 \$	2011 \$
ASSETS			
Cash and cash equivalents	3	238,667	291,663
Receivables	4	19,685	9,006
TOTAL CURRENT ASSETS		<u>258,352</u>	<u>300,669</u>
LIABILITIES			
Trade and other payables	6	13,719	34,754
Unspent Grants	2	<u>31,011</u>	<u>89,798</u>
TOTAL LIABILITIES		<u>44,730</u>	<u>124,552</u>
NET ASSETS		<u>213,622</u>	<u>176,117</u>
ACCUMULATED FUNDS			
Balance brought forward		176,117	144,446
Change in Financial Position Resulting from Operations		37,505	31,671
ACCUMULATED FUNDS AT THE END OF THE FINANCIAL YEAR		<u>213,622</u>	<u>176,117</u>

The accompanying notes form part of these Financial Statements



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EYRE PENINSULA LOCAL GOVERNMENT ASSOCIATION

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30 June 2012

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Local Government Act 1999.

The financial report has been prepared in accordance with the requirements of the Local Government Act 1999 and the following Australian Accounting Standards.

AASB 1031 Materiality
AASB 110 Events after the Balance Sheet Date
AASB 119 Employee Benefits
AASB 107 Cash and Cash Equivalents.

No other applicable Accounting Standards, Urgent Issues Group Interpretations or other authoritative pronouncements of the Australian Accounting standards Board have been applied.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following material accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

(a) Employee Benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to balance date. Liabilities for employee benefits not expected to be paid or settled within 12 months are measured using a shorthand method which produces a result not materially different from the liability measured using the present value of expected future cash outflows method. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

(b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

EYRE PENINSULA LOCAL GOVERNMENT ASSOCIATION

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the year ended 30th June 2012**

2. PROJECTS

	1/7/2011 Brought Forward	Income	Expenditure	Project Management	Unspent
Regional Capacity Building	49,136	55,780	75,914	3,000	26,002
EP Coastal Development Strategy	654	-	-	-	654
Human Resource Consultancy	40,008	-	40,556	-	(548)
Road Assessor Training	-	10,691	10,947	-	(256)
Cert IV Training	-	22,866	27,707	-	(4,841)
Project – Other	-	10,000	-	-	10,000
	<u>89,798</u>	<u>99,337</u>	<u>155,124</u>	<u>3,000</u>	<u>31,011</u>

	2012 \$	2011 \$
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3. CASH AND CASH EQUIVALENTS

Bank SA Cheque/Savings	20,357	6,423
Bendigo Term Deposit	130,514	124,540
LGFA (at call)	87,796	160,700
	<u>238,667</u>	<u>291,663</u>

4. RECEIVABLES

Debtors	4,704	-
GST receivable	13,501	7,006
Accrued Interest	1,480	2,000
	<u>19,685</u>	<u>9,006</u>

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EYRE PENINSULA LOCAL GOVERNMENT ASSOCIATION

5. MEMBERSHIP FEES

District Council of Ceduna	13,597	11,752
District Council of Cleve	10,184	8,802
District Council of Elliston	8,628	7,457
District Council of Franklin Harbour	8,923	7,712
District Council of Kimba	8,596	7,429
Wudinna District Council	8,998	7,777
District Council of Lower Eyre Peninsula	15,287	13,212
District Council of Streaky Bay	10,445	9,027
District Council of Tumby Bay	11,497	9,937
City of Whyalla	25,403	21,955
City of Port Lincoln	18,442	15,940
	<hr/>	<hr/>
	140,000	121,000
	<hr/>	<hr/>

6. TRADE & OTHER PAYABLES

Accrued Expenses – employee entitlements	6,732	4,391
Trade Creditors	4,161	27,807
Payroll Liabilities	2,826	2,556
	<hr/>	<hr/>
	13,719	34,754
	<hr/>	<hr/>

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CHIEF EXECUTIVE OFFICER'S STATEMENT

I, DIANA LAUBE the person for the time being occupying the position of CHIEF EXECUTIVE OFFICER of EYRE PENINSULA LOCAL GOVERNMENT ASSOCIATION do hereby state that the Financial Statements of the Association for the 30 June 2012 financial year are to the best of my knowledge presented fairly and in accordance with accounting procedures which have been maintained in accordance with the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 1999* made under that Act.


Signed

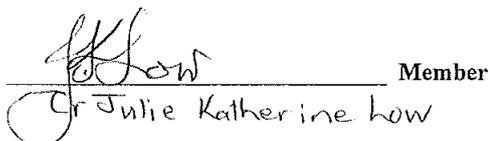
Dated 9th October 2012.

STATEMENT OF THE BOARD OF MANAGEMENT MEMBERS

In the opinion of the Board of Management of the Eyre Peninsula Local Government Association the accompanying Financial Report attached hereto, are drawn up so as to present fairly the results of the Association for the year ended 30 June 2012, and the state of affairs of the Association as at 30 June 2012, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

Signed 11th day of October 2012

in accordance with a resolution of the Board of Management


Member
Julie Katherine Low
Member