



# *DISTRICT COUNCIL OF FRANKLIN HARBOUR*



## *ANNUAL REPORT 2006/2007*

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## **INTRODUCTION**

This Annual Report is a brief summary of the activities of the District Council of Franklin Harbour for the 2006/2007 financial year, pursuant to Section 131 of the Local Government Act, 1999.

This report should be read in conjunction with the Annual Information Statement, and Council's 2006/2007 Annual Financial Statements.

## **COUNCIL STRUCTURE**

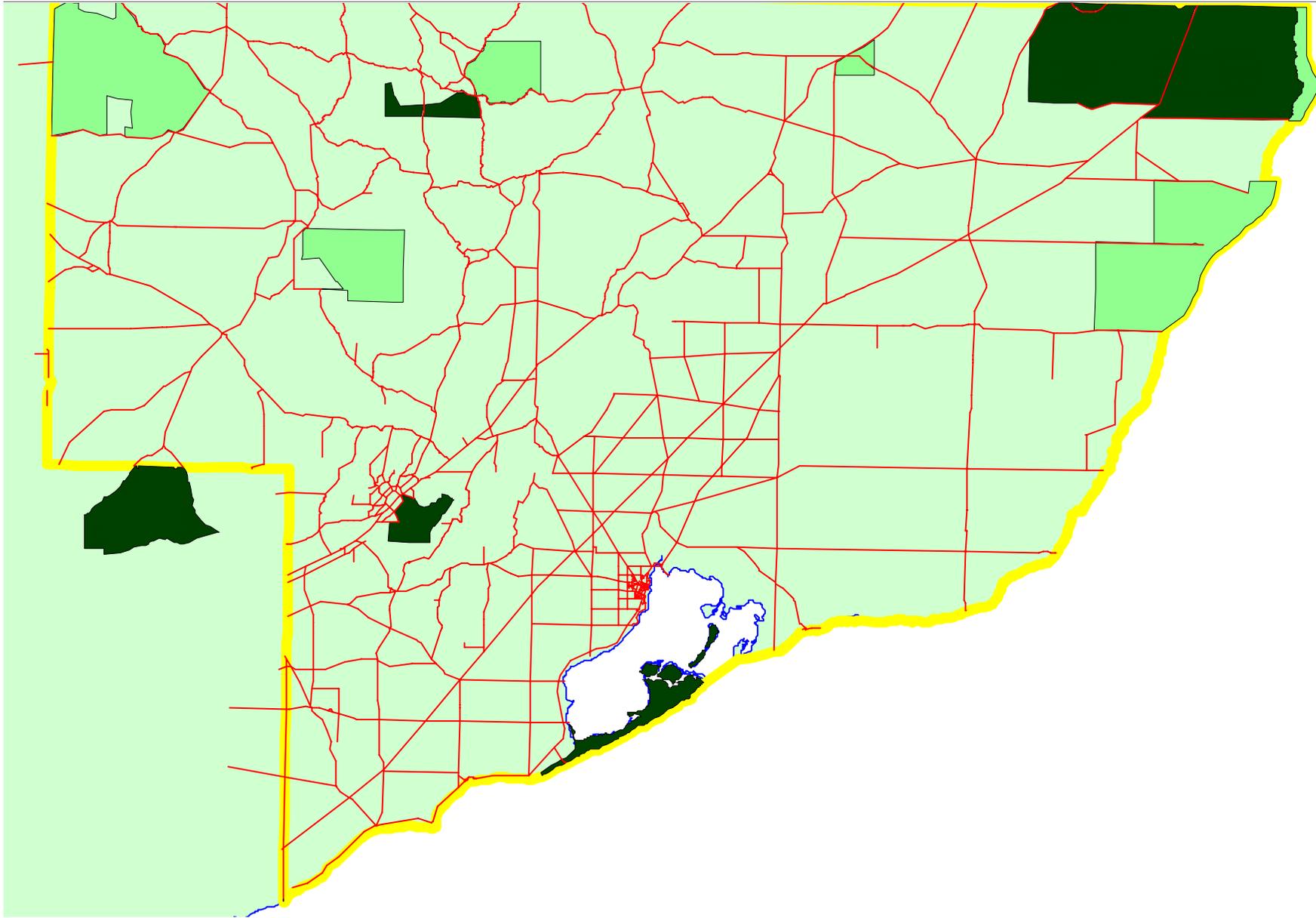
The District Council of Franklin Harbour has six elected members who serve a four year term. The next Council elections are scheduled for November 2010.

The Elected Members of Council are:-

Cr EE Elleway	Cr A.J. Kaden
Cr AF Wildman	Cr R.W. Udy
Cr A W Zerna	Cr. G.F. Jackson

Meeting times and contact details for Elected Members are included in the Information Statement at page 27.

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 at page 26. The Senior Managers are the Chief Executive Officer (District Clerk) Bruce Francis, and the Works Manager, Michael Perkins.



## DISTRICT CLERKS REPORT

Council completed the 2006/2007 financial year with an operating surplus of \$1,335,202-, influenced largely by the receipt of Federal AusLink grant funds of \$900,000- for the construction of the Lucky Bay road. The funds were received very late in June 2007. The Financial Statements were prepared in accordance with new Regulations and Accounting Standards.

All assets, including roads, reserves, parks and gardens etc have been recognised in Council's Financial Statements as required by AIFRS. Council's land and building assets were revalued as at 30 June 2006. Road and Infrastructure assets were revalued as at 1 July 2003

The past year has been a very difficult year for Council staff having to cope with a range of additional requirements implemented by State Government regarding public consultation in the budget process, more detailed financial reporting requirements and a host of other issues. These requirements are almost exclusively prompted by "issues" and "concerns" with large metropolitan councils, and the resultant legislation / regulation is designed for those large metropolitan councils. It appears that absolutely no thought is given by our legislators to the impact those requirements will have on the administration of small councils, and the resource implications involved. I am extremely disappointed with the legislative process in this regard, and am also extremely disappointed with the lack of advocacy from the Local Government Association of South Australia in that process on behalf of their small council members.

The major highlight of the 2006/2007 financial year was the establishment of the Lucky Bay to Wallaroo Ferry Service, with the first crossing taking place in December 2006. The service has been a major success, boosting tourism and business activity for the whole region. With funding now secured from both the Federal and State Governments, Council will be able to proceed with the construction and sealing of the 11km section of road from the Lincoln Highway turnoff to the Lucky Bay ferry terminal.

The 2006 Council Elections saw the retirement of two long serving Councillors in Bob Norris and Bryan Thompson. Former Cr. Norris had served on Council for 20 years, with ten years as Chairman, and gave great direction and stability to Council over that time. Former Cr Thompson served on Council for very nearly 40 years, and was the longest serving current Councillor in the state at the time of his retirement. He gave outstanding service to the community. Both former members earned the respect of all Council employees.

B.A. Francis  
DISTRICT CLERK





## 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.

### The Franklin Harbour Strategic Plan

<u>Vision:</u>	A proud, growing and unified community benefiting from a diverse and environmentally sustainable economic base.
<u>Mission Statement</u>	The District Council of Franklin Harbour will provide our community with: <ul style="list-style-type: none"> <li>◆ A High standard of essential services in an efficient manner</li> <li>◆ Positive leadership</li> <li>◆ Representation of our needs to the wider population</li> <li>◆ Stimulus for economic growth</li> <li>◆ Sound management of our valuable natural environment</li> </ul>
<u>Core Values</u>	The District Council of Franklin Harbour will be recognised for its: <ul style="list-style-type: none"> <li>◆ Customer Service</li> <li>◆ Ethical Behaviour</li> <li>◆ High Staff Satisfaction</li> <li>◆ Contribution to the Community</li> <li>◆ Continuous Improvement</li> <li>◆ Teamwork</li> <li>◆ Strategic Decision making</li> </ul>

### Operational Summary 2006/2007

Objective	Goals for 2006/2007	Progress 2006/2007
<b>Goal 1 – Maximise the benefit to the community from improved community services.</b>		
1.01.03	Continue to support the efforts of the Cowell Community Health & Aged Care	Achieved - ongoing. Active representative on local Board of management.
1.03.03	Establish bicycle trails in appropriate locations along the coast.	<u>Not Achieved</u> - Still in planning stage.
1.06.03	Support ongoing activities of the Franklin Harbour Community Developments Group to identify opportunities for community development projects.	Achieved - ongoing. Council has a close working relationship with FHCDG. Projects such as Boardwalk progressing.
<b>Goal 2– To foster a diverse and growing economic base that results in an increase in employment and population</b>		
2.01.14	Support the development of Lucky	Achieved - Ferry service commenced December 2006, and

	Bay to Wallaroo ferry link	operating very successfully.
2.06.04	Seal Cowell to Kimba Road – Stage 6	Achieved - 4.5km of road sealed in 2006/2007.
2.09.02	Work closely with regional organisations to ensure a substantial and reliable supply of power and water.	Achieved - ongoing. Numerous meetings with ETSA Utilities. Successfully lobbied for upgrade of power supply for Cowell.

### **Goal 3 – Maintain our high quality living environment**

3.01.01	Establish a common effluent system that includes the reuse of waste water	Partly Achieved - Received seed funding through LGA for preliminary design work for Community Wastewater Management Scheme.
3.02.02	Develop Foreshore Management Plans for populated foreshore areas.	<u>Not Achieved</u> - Opportunity to progress this matter in Coastal Planning review.
3.07.01	Establish or improve playground equipment at appropriate locations.	Achieved - additional playground equipment purchased for foreshore playground.

### **Goal 4 - A Professional, effective and customer oriented organisation playing the lead role in community development.**

4.01.04	Ensure the ongoing review of Council's Strategic Plan.	Achieved - Plan reviewed in Budget process.
4.03.02	Review the plant replacement program.	Achieved - Program reviewed in 5 year Works and Machinery Plan.

### **Goals for 2007/2008**

Objectives	Goals for 2007/2008
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#### **Goal 1 – Maximise the benefit to the community from improved community services**

1.03	Provide high quality sporting and recreational facilities.	1.03.04	Support the Cowell Community & Sports Complex Committee to access grant funding to upgrade and extend the Amenities Building
1.04	Support the development and retention of the area's youth.	1.04.03	Support the ongoing activities of the Youth Advisory Committee and assist in identifying and addressing relevant issues.

#### **Goal 2 - 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	2.01.12	Encourage the development of boat cruises on Franklin Harbour.
2.06	Provide appropriate infrastructure for economic development	2.06.04	Seal Cowell to Kimba Road – Stage 7
		2.06.06	Obtain State and Federal Government

			funding to seal the Lucky Bay road.
	2.06.07	Provide support for the further development of the Lucky Bar Ferry Terminal.	

**Goal 3 Maintain our high quality living environment**

3.01	Effectively manage the waste of the area	3.01.02	Promote the establishment of a regional waste strategy.
3.04	Recognise and value the Indigenous heritage and culture of the area.	3.04.02	Foster and maintain a good working relationship with Indigenous leaders in the area.

**Goal 4 A professional, effective and customer oriented organisation playing the lead role in community development**

4.01	Improve the image and profile of Council through effective communication.	4.02.01	Maintain and expand the Council website that provides information on Council activities.
4.04	Encourage staff development in a safe working environment.	4.02.01	Make OHS & W a part of everyday Council business.

## **COMPARATIVE PERFORMANCE MEASURES**

Council participated in the 2007 Comparative Performance Measurement Program developed by the Local Government Association. The program is based on a telephone survey conducted by Roy Morgan research and is accepted as a credible method of comparing performances by a Council over a period of time, and also for benchmarking performance against other Councils in the State and region. Council's results have been made available on the Local Government Associations website for public scrutiny.

## **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

## **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 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 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

These Policies are reviewed regularly

### **MEMBERS ALLOWANCES**

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

Chairman	\$7,280- per annum
Deputy Chairman	\$2,300- per annum
Councillors	\$1,820- per annum

Allowances are payable quarterly in arrears.

### **SENIOR EXECUTIVE OFFICERS REMUNERATION**

Council's Senior Executive Officers are as follows:-

District Clerk – BA Francis	MOA; SO 3.3 + EBA L.G. Superannuation scheme 9% of Salary Telephone Provision Additional Superannuation Contributions
Works Manager – MG Perkins	MOA; AS 6.2 + EBA LG Superannuation Scheme 9% of Salary Subsidised House Rental Telephone Provision

Council's Fringe Benefit Tax Liability for the year ended 31 March 2007 in respect to the above benefits was \$1241-.

## **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 2006/2007 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 2006/2007 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.

Neither of these provisions were used by Council during the 2006/2007 financial year.

## **ELECTOR REPRESENTATION**

The District Council of Franklin Harbour comprises six (6) elected members. 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 COUNCILS 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 2006/2007 financial year.

## **COMMUNITY LAND MANAGEMENT PLANS**

All land except roads held as at 1<sup>st</sup> 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 1<sup>st</sup> January 2000 by the 1<sup>st</sup> January 2005, and land acquired after 1<sup>st</sup> 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 1<sup>st</sup> 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.

One new loan of \$100,000- was taken out through the Local Government Finance Authority during 2006/2007 to assist in the purchase of the new Nissan Truck.

### **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 12 years.

## **Council Elections**

At the close of nominations for the 2006 Local Government elections at 12 noon on Tuesday 19 September 2006, six valid nominations had been received for the six vacancies for the District Council of Franklin Harbour.

As only the required number of nominations were received, the following were declared elected by Council's Returning Officer, the State Electoral Commissioner Kay Mousley:-

Eddie Elleway  
Gavin Jackson  
Tony Kaden  
Bob Udy  
Frank Wildman  
Allan Zerna

The term of the new Council commenced from 11 November 2006, for a four year term.

The next periodical election is scheduled for November 2010.

## **Council Appointments**

The December 2006 Council meeting elected the following:-

Chairman	Councillor Eddie Elleway
Deputy Chairman	Councillor Gavin Jackson

The appointments were for a four year term.

## **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 Agendas
- Committee Minutes
- Budget Statements
- Council Bylaws
- Ordinary Council Meeting Minutes
- Policy Manual
- Annual Report
- Annual Financial Statements
- Assessment Book
- Development Plan

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 District Clerk.

## **Information Statement**

The District Council of Franklin Harbour publishes an Information Statement on its requirements under the Freedom of Information Act. The most recent Statement was published in 2006 and a copy appears elsewhere in this report.

Freedom of Information enquiries or requests must be addressed to:

The District Clerk  
District Council of Franklin Harbour

PO Box 71  
COWELL SA 5602

**Certificates Issued Under Section 65zy**

No Certificates relating to FOI requests were issued under the Freedom of Information Act 1991, in the 12 months to 30 June 2007.

## **WORKS MANAGERS REPORT**

Works allocated for 2006/2007 program will be delayed due to funding created by the State and Federal Governments for the construction and sealing of the Lucky Bay Rd. Further construction works on the Cowell/Kimba Rd will continue after the Lucky Bay Rd is completed.

The rainfall for this period is on a par with last year as only isolated thunderstorms have made significant recordings throughout the State.

The majority of our roads are in reasonably good condition considering the low rainfall and the minimal grain carting for this season.

### **Road Construction Unsealed**

As stated due to other priorities very minimal unsealed road projects have been done. See list below.

- |                  |                           |          |
|------------------|---------------------------|----------|
| • Scenic Highway | Exposed road and re-sheet | 2kms     |
| • Guidera Road   | Sandholes                 | Selected |
| • Beach Road     | Road Alignment            | 1.1kms   |
| • Beach Road     | Re-sheet and T Junctions  | Selected |

### **Extra Works**

Flood damage from rains in March in the Hundreds of Heggaton, James, Miltalie, and Hawker areas have been attended to.

### **Reseals**

Brookes Drive was widened and re-sheeted with a 14mm/7mm two coat seal.

Kimba Road had a further 4.2kms of 14mm/7mm two coat seal this year. (new work)

### **General**

Patrol grading, kerbing, paving, signage, mowing, etc is ongoing.

During this year Council has lost four of its employees with two having a total of 73 years combined experience and knowledge of our District. This has been a huge loss to Council but it has given an opportunity for some fresh blood to come on board and give the current employees the opportunity to climb the ladder and take on more responsibility.

Heres hoping for a wetter 2007/2008

Michael Perkins  
Works Manager

## **2006/2007 HIGHLIGHTS AND EVENTS**

### **2006/2007 Budget and Rates**

The Council meeting held on 12 July adopted the 2006/2007 Budget and declared the rates for the new financial year.

The Budget includes total revenue of \$2,896,234 – which includes special local Roads Grant of \$450,000 – for the continuation of the Cowell to Kimba Road. Major capital expenditure items are Local Road Construction of \$456,000, Cowell to Kimba Road construction \$675,000 and purchase of plant and equipment \$260,000. Total rate revenue to be raised is budgeted at \$786,734 – which represents an increase of approximately 4.6% over the 2005/2006 rate revenue collected.

### **Wallaroo/Lucky Bay Ferry Service**

A Special Council meeting was held on Friday 4 August was attended by Robert Jenkins of the Department of Transport, Energy and Infrastructure who presented a series of documents providing for a lease and underlease of portions of Crown Land required for the ferry project. The documentation had already been signed by the Ministers of Transport and Environment, the District Council of Copper Coast and Sea Transport Pty Ltd.

The District Clerk tabled advice from Council's solicitors that the documentation was in order and provided adequate protection for Council's position. The documentation was subsequently signed under council Seal.

The Contract for the construction of the berthing facilities at Lucky Bay has been awarded to an Adelaide construction company and work is expected to commence almost immediately.

### **Council Elections 2006**

At the close of nominations for the 2006 Local Government elections at 12 noon on Tuesday 19 September, six valid nominations had been received for the six vacancies for the District Council of Franklin harbour.

As only the required number of nominations were received, the following were declared elected by Council's Returning Officer, the State Electoral Commissioner Kay Mousley:-

Eddie Elleway

Gavin Jackson

Tony Kaden

Bob Udy

Frank Wildman

Allan Zerna

The term of the new Council will commence from 11 November 2006, for a four year term.

### **Retiring Councillors**

**Cr Bob Norris** - Cr Norris served on Council for 20 years and has been chairman since May 1987. He has provided strong leadership for elected members and staff and has overseen some major Council achievements including securing Federal grant funding for the sealing of the Cowell to Kimba road, and the near completion of the town street sealing program.

**Cr Bryan Thompson AM** - Cr Thompson completes his service on Council as the State's longest serving current Councillor, having commenced on council on 1 July 1967, very close to 40 years. He also served as Deputy Chairman for nearly 20 years from 1981 to 2000. Cr Thompson will have seen enormous changes to the way council operates and its role and responsibilities during that time. He

has always had a keen eye for detail and an ability to very quickly assess an issue or matter before Council and provide direction based on his many years of experience.

Both members have made an enormous contribution to the community during their time as elected members and they will be missed, however they have earned their retirement from Local Government.

### **Aerodrome Water Tank**

The October Council Meeting gratefully accepted a generous offer from the Port Lincoln Rotary Club to supply a 20,000 gallon water tank for the aerodrome to assist in fire fighting with aircraft water bombers. The club has provided water storage tanks to a number of other aerodromes on the Eyre Peninsula.

Council will liaise with the CFS and Civil Aviation authorities regarding the location of the tank where it can be best utilised for the fire fighting task, and Council will meet the costs of any plumbing and water connections required.

### **Ferry Service Opening**

Council's Chairman Eddie Elleway had the honour of officially launching the Lucky Bay to Wallaroo Ferry Service, and opening the Lucky Bay Ferry Terminal on Monday 18 December. All Councillors and senior staff then travelled on the ferry to attend the opening of the service at the Wallaroo terminal by the Minister for Tourism Hon Jane Lomax-Smith.

We were able to take the opportunity to lobby the Minister for assistance to have the Lucky Bay Road sealed as soon as possible.

### **ETSA Utilities**

Following the power outage on the 8<sup>th</sup> and 9<sup>th</sup> of December Council sought another meeting with senior ETSA Utilities Executives to express our total frustration at the lack of reliability in our power supply in hot weather. Richard Twisk, General Manager Demand and Network met with Council and business representatives on Monday 8<sup>th</sup> January, and confirmed that the automated systems for the back up generators were not working and the protection systems were overriding the generators at time of peak load.

He agreed to have local staff at Cowell Electric trained and authorised to manually switch in the generators on all days where high temperatures or high demand are forecast.

That action has been taken, and to date appears to be working. For the longer term solution. Mr Twisk has confirmed that ETSA Utilities plans to construct a new 33 KV line from the Mt Millar Windfarm substation to Narridy corner, and then upgrade the line from there to Cowell to 33KV to a new substation on the outskirts of Cowell.

The Mt Millar substation is owned by ElectraNet and is independent of the wind farm and gives direct access to the high voltage network.

Mr Twisk advised that they plan to have that work completed by November 2007. Survey work on the new line to Narridy corner has already commenced.

This is encouraging news as their previous position was to upgrade the system in two stages over five to ten years. Council has lobbied hard for a number of years to have the wind farm option implemented as one stage, and has consistently argued and demonstrated that the growth figures used in ETSA's modelling was badly flawed.

Council is very pleased that the situation should be resolved by November, and will continue to monitor ETSA Utilities progress with the project.

## **Rain Water Tanks**

The February Council meeting reviewed its current policy requiring new residential developments to include a minimum sized rain water tank. The size required was amended to a minimum of 13,000 litres (approx 3000 gallons).

## **Lucky Bay Road**

The Chairman and District Clerk have been involved in a number of meetings with State and Federal Government Ministers in Adelaide and Canberra in recent months, seeking funding for the sealing of the Lucky Bay Road. The outstanding success of the Wallaroo to Lucky Bay ferry service is putting a greatly increased volume of traffic on the road, with many of the drivers being unfamiliar with unsealed roads. Council also obtained the unanimous support of the Eyre Peninsula Councils through the recent annual meeting of the Eyre Peninsula Local Government Association, to have the road reclassified from its current local road status (responsibility of Council) to a "Rural Arterial" road (responsibility of the State Government) and calling on the State Minister of Transport to take immediate steps to have the road sealed.

The nature of the road has clearly changed with the introduction of the ferry service, and it is now a major inter-regional tourism and transport link.

Whilst Council has been unsuccessful in securing funding for the project we are continuing in regular contact with the Eyre Regional Development Board and senior State Transport Department officials to identify funding opportunities for the road.

## **Community Wastewater Management Scheme (CWMS)**

The April Council meeting accepted an offer from the joint State - Local Government CMWS Project Committee for up to \$100,000- funding to engage a suitability qualified Engineering Consultant to design a CWMS (common effluent disposal scheme) for the town of Cowell.

Whilst this is not a guarantee that a scheme will be funded for Cowell, it is a crucial first step in the process. Council strongly supports the concept of maximising re-use of waste water from a common scheme, and will also investigate the feasibility of incorporating stormwater capture and re-use as part of the scheme.

A common effluent scheme for Cowell has been one of Council's highest priority objectives for a number of years, particularly since the successful establishment of the aquaculture industry in Franklin Harbour.

## **Lucky Bay Road**

Council received notification on Friday 22<sup>nd</sup> June that our application for funding of \$900,000 under the Auslink Strategic Regional Programme to upgrade and seal the Lucky Bay Road had been approved.

Council has previously been advised in writing that the State Government had committed to matching the Federal Government funding for the project.

It is expected that survey and design works will commence within weeks, and construction work will commence shortly thereafter.

A lot of work has gone into securing funding for this project, and Council gratefully acknowledges the assistance provided by Mark Cant of the Eyre Regional Development Board, and Member for Grey Barry Wakelin.

This Project will stretch Councils staff, however additional resources will be taken on where necessary.

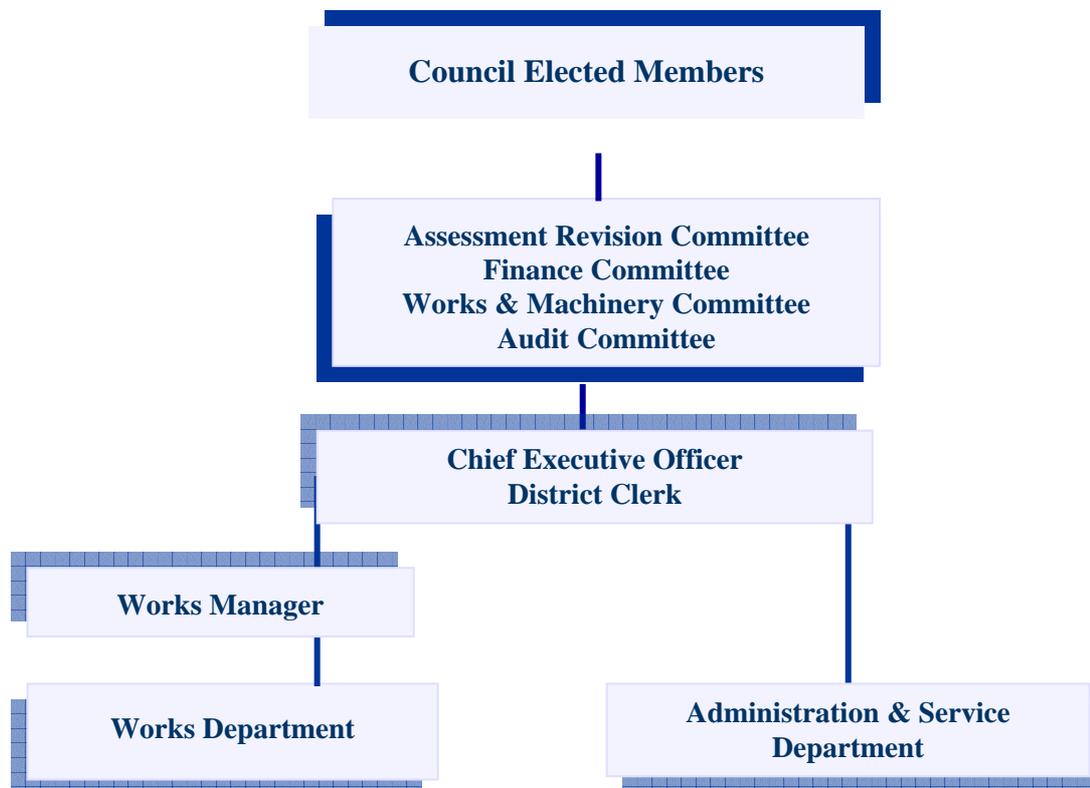
### **Building Development Statistics**

During 2006/2007 financial year there were 67 developments lodged for Council approval. These include: -

- 15 New and Relocated Dwellings \$2,943,069-
- 14 Residential Units \$100,000 - (Planning Consent Only)
- 8 Commercial Buildings/Extensions \$126,250-
- 22 Domestic Extensions/Renovations \$519,530-
- 22 Garage/Carports \$185,545-

## 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 District Clerk and the Works Manager.

The Administration and Services Department has a staff of three, and is based in the Council Office, 6 Main Street, Cowell SA 5602. The Works Department has a staff of eleven, 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 (ie. no wards), and following each election they elect a Chairperson from within their number.

The elected members are:-

Chairperson	Cr Eddie ELLEWAY	Yabmana	8622 5037
Deputy Chairperson	Cr Gavin JACKSON	Mt Millar Via Cowell	8628 5028
	Cr Tony KADEN	Mitchellville, Cowell	8629 2283
	Cr Bob UDY	10 Clothier Cres, Cowell	8629 6053
	Cr Frank WILDMAN	15 Kimba Rd, Cowell	8629 6075
	Cr Allan ZERNA	Cowell	8629 2088

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 on an irregular basis as required:-

### **COMMITTEE**

Assessment Revision Committee  
Finance Committee  
Works and Machinery Committee  
Audit Committee

### **MEMBERSHIP**

The Whole Council  
The Whole Council  
Crs. Udy, Jackson and Elleway  
Crs Elleway, Kaden, and Udy and Mr Robert ` Norris (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 District Clerk. 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 Chairperson.

## **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 - which 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.

## **Council Policy Documents from Policy Manual**

The policy and Administrative Documents identified above, are available for public inspection at the Council Office between 9.00am - 5.00pm Monday to Friday. Members of the public may also purchase copies of these documents from the Freedom of Information Officer. Council's Annual Reports, Meeting Agendas and Minutes are available on Council's Website at: [www.franklinharbour.sa.gov.au](http://www.franklinharbour.sa.gov.au)

To access documents (other than policy and Administrative Documents available as above) concerning the personal affairs of an applicant for verification or amendment, it is necessary to apply in writing to:-

The Freedom of Information Officer  
District Council of Franklin Harbour  
6 Main Street

COWELL SA 5602

Telephone (08) 86292019

Fax (08) 86292152

Email: [council@franklinharbour.sa.gov.au](mailto:council@franklinharbour.sa.gov.au)

No certificates relating to FOI requests were issued under Section 65zy of the Local Government Act in the twelve months to 30 June 2007.

B.A. Francis  
DISTRICT CLERK

## **2006/2007 RATING POLICY/STATEMENT**

### **INTRODUCTION**

This document sets out the policy of the District Council of Franklin Harbour for setting and collecting rates from its community. The policy covers:

- ◆ Method used to value land
- ◆ Adoption of valuations
- ◆ General rates
- ◆ Minimum rate
- ◆ Differential general rates
- ◆ Service charge
- ◆ Natural Resources Management Board levy (Council's collection role)
- ◆ Pensioner concessions
- ◆ Payment of rates
- ◆ Late payment of rates
- ◆ Remission and postponement of rates
- ◆ Rebate of rates
- ◆ Sale of land for non-payment of rates

### **BUDGET FOCUS**

In setting its rates for the 2006/2007 financial year the Council has considered the following:

- ◆ The current economic climate in which the major factors are uncertain seasonal prospects, moderate inflation and increasing interest rates.
- ◆ The budget for the 2006/2007 financial year;
- ◆ The impact of rates on the community, including:
  - Householders, businesses and primary producers;
  - The broad principle that the rate in the dollar should be the same for all properties except where there is clearly a different level of services available to ratepayers or some other circumstance which warrants variation from the broad principle (refer section on General Rates);
- ◆ For the 2006/2007 financial year the Council has decided to limit the increase in total revenue collected to approximately 4.6% more than the previous financial year.

Council's budget is available for inspection at:

District Council Franklin Harbour  
6 Main Street  
COWELL SA 5602

Council meetings are open to the public. Ratepayers and interested parties are welcome to attend. The Council also encourages feedback at anytime and such comments may be sent to:

Mr Bruce Francis  
District Clerk  
District Council of Franklin Harbour  
PO Box 71  
COWELL SA 5602

### **METHOD USED TO VALUE LAND**

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

- \* Capital Value – the value of the land and all of the 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 Council has decided to continue to use site value as the basis for valuing land within the council area. The 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.

### **ADOPTION OF VALUATIONS**

The Council has adopted the valuations made by the Valuer-General as provided to the Council on July 1, 2006. If you are dissatisfied with the valuation made by the Valuer-General then you may object to the Valuer-General in writing, within 60 days of receiving this notice of the valuation, explaining the basis for the objection - provided you have not: (a) previously received a notice of this valuation under the Local Government Act, in which case the objection period is 60 days from the receipt of the first notice; or (b) previously had an objection to the valuation considered by the Valuer-General. The address of the office of the Valuer-General is:

State Valuation Office  
GPO Box 1354  
ADELAIDE SA 5001

And the telephone number is 1300 653 345. The Council has no role in this process. It is important to note that the lodgement of an objection does not change the due date for payment of rates.

### **GENERAL RATES**

All land within a council area, except for land specifically exempt (e.g. Crown land, council occupied land and other land prescribed in the Local Government Act – 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.

At its meeting of July 12, 2006 the Council decided to raise rate revenue of \$784,734- in a total operating revenue budget of \$1,918,000-. As a result of this decision the Council has declared Differential General Rates to raise the necessary revenue.

### **MINIMUM RATE**

The Council has decided to impose a minimum rate of \$265-, it will affect 241 (23%) of rateable properties. The minimum rate is levied against the whole of an allotment (including land under a separate lease or license) and only one minimum rate is levied against two or more pieces of adjoining land (whether intercepted by a road or not) if they are owned by the same owner and occupied by the same occupier. The reasons for imposing a minimum rate are:

- ◆ The Council considers it appropriate that all rateable properties make a contribution to the cost of administering the Council's activities;
- ◆ The council considers it appropriate that all rateable properties make a contribution to the cost of creating and maintaining the physical infrastructure that supports each property.

### **DIFFERENTIAL GENERAL RATES**

The Council has decided to impose differential general rates on the following properties:

- ◆ All land located within the township of Cowell
  - There are 611 rateable properties in the township areas and these properties will contribute \$202,217- (26%) of rate revenue.
- ◆ All land located within the Lucky Bay Shack area
  - There are 117 rateable properties in the Lucky Bay Shack area and these properties will contribute \$37,908- (5%) of rate revenue.
- ◆ All land located within the Port Gibbon Shack area
  - There are 16 rateable properties in the Port Gibbon Shack area and these properties will contribute \$4637- (1%) of rate revenue.
- ◆ All land located in the remainder of the district
  - There are 307 rateable properties in the remainder of the district and these properties will contribute \$539,072 (68%) of rate revenue.

The locality 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 location then they may object to the Council within 21 days of being notified. A ratepayer may discuss the matter with the District Clerk on 86 292 019 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.

### **SERVICE CHARGE**

The Council provides a refuse collection service to all occupied residential properties in Cowell and Port Gibbon, with a seasonal service to the Lucky Bay shack area. The full cost of operating and maintaining this service for this financial year is budgeted to be \$71,000-. The Council will recover this cost through the imposition of a service charge of \$120- for each occupied residential property. Details on what constitutes a service charge for each property and other information about the service, are available from the Council Office on 86 292 019.

### **NATURAL RESOURCES MANAGEMENT BOARD**

The Council is in the Eyre Peninsula Natural Resources Management Board area and is required under the Natural Resources Management Act 2004 to make a specified contribution of \$49,210- to the Eyre Peninsula Natural Resources Management Board. It does so by imposing a separate rate being a fixed levy of \$57.60 upon all rateable property in this Council area. The Council acts as a revenue collector for the Eyre Peninsula Natural Resources Management Board in this regard. The Council does not retain this revenue or determine how the revenue is spent.

### **PENSIONER AND SELF FUNDED RETIREE CONCESSIONS**

If you are an eligible pensioner or self funded retiree, you may be entitled to a rebate on your rates, if you do not currently receive one. Application forms, which include information on the concessions, are available from the Council at

District Council of Franklin Harbour  
 PO Box 71  
 COWELL SA 5602

They are also available from the SA Water Corporation and its District Offices and the Revenue SA (State Taxation Office). An eligible pensioner must hold a Pension Card, State Concession Card or be a T.P.I Pensioner. You must be responsible for the payment of rates on the property for which you are claiming a concession.

Applications are administered by the State Government. Payment of rates should not be withheld pending assessment of your application by the State Government as penalties will apply to unpaid rates. A refund will be paid to you if Council is advised that a concession applies and the rates have already been paid.

### **UNEMPLOYED PERSONS CONCESSIONS**

The Department of Family and Youth Services may assist with the payment of Council rates for your principal place of residence (remissions are not available on vacant land or rental premises). Please contact your nearest Department of Family and Youth Services office for details.

### **PAYMENT OF RATES**

The Council has decided that payment of all rates will be by four instalments in accordance with the provisions of Section 181 of the Local Government Act. The payments will be due on the 15<sup>th</sup> days of September and December 2006 and the 15<sup>th</sup> days of March and June 2007.

Rates may be paid at the Council Office, 6 Main Street, COWELL SA 5602, during the hours of 9:00am to 5:00pm, Monday to Friday.

Any ratepayer who may, or is likely to experience difficulty with meeting the standard payment arrangements is invited to contact Bruce Francis, District Clerk, on 86 292 019 to discuss alternative payment arrangements. Such inquiries are treated confidentially by the Council.

The Council has adopted a policy that where the payment of rates will cause a ratepayer demonstrable hardship, the Council is prepared to make extended payment provisions or defer the payment of rates.

Payment can be made at the Council Office, 6 Main Street, Cowell during normal office hours 9.00am to 5.00pm Monday to Friday, by cash or cheque 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 any one wishing to use this facility should contact the Council Office on 8629 2019. Payment may also be made by cash or credit card through Bill Express at participating Newsagencies.

### **LATE PAYMENT OF RATES**

The Local Government Act provides that Council impose an initial penalty of 2% on any payment for rates, whether by instalment or otherwise, that is received late. A payment that continues to be late is then charged a prescribed fine on the expiration of each month that it continues to be late. For the 2006/2007 financial year this fine is 9.75% (0.8125 per month).

The Council allows a further three working days after the due date for payment as a grace period.

The Council is prepared to remit penalties for late payment of rates where ratepayers can demonstrate hardship or payment is received within the three days grace period.

The Council issues a final notice for payment of rates when rates are overdue i.e. 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 to the ratepayer.

When the Council receives a payment in respect of overdue rates the 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).
- ◆ Fifth – in payment of any levies collected on behalf of other Government agencies

### **REMISSION AND POSTPONEMENT OF RATES**

Section 182 of the Local Government Act permits the Council, on the application of the ratepayer, to partially or wholly remit rates or to postpone rates, on the basis of hardship. Where a ratepayer is suffering hardship in paying rates he/she is invited to contact Bruce Francis, District Clerk, on 86 292 019 to discuss the matter. Such inquiries are treated confidentially by the Council.

### **REBATE OF RATES**

The Local Government Act requires Councils to rebate the rates payable for certain land uses. This includes a minimum rebate of 75% for land used predominantly for educational purposes (subject to some qualifications) and a rebate up to 100% for land predominantly used for agricultural, horticultural or floricultural exhibitions.

### **SALE OF LAND FOR NON PAYMENT OF RATES**

The Local Government Act provides that a Council may sell any property where the rates have been in arrears for three years or more. The Council is 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 of the outstanding amount is not received within one month.

Except in extraordinary circumstances, the Council enforces the sale of land for arrears of rates.

### **DISCLAIMER**

A rate cannot be challenged on the basis of non-compliance with this policy and must be paid in accordance with the required payment provisions.

Where a ratepayer believes that the Council has failed to properly apply this policy it should raise the matter with the Council. In the first instance contact Bruce Francis, District Clerk on 86 292 019 to discuss the matter. If, after this initial contact, a ratepayer is still dissatisfied they should write to the Council, PO Box 71 COWELL SA 5602.

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Signed – B.A. Francis, DISTRICT CLERK  
Adopted 7 August 2006

**DISTRICT COUNCIL  
OF  
FRANKLIN HARBOUR**

**FINANCIAL STATEMENTS**

**For The Year Ended  
30 JUNE 2007**

## OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE, 2007

INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE, 2007

	Note	2007 \$	2006 \$
<b>INCOME</b>			
Rates	3	883,674	772,279
Statutory Charges	3	-16,009	34,617
User Charges	3	100,549	94,465
Grants, subsidies and contributions	3	1,147,763	1,180,606
Investment Income	3	22,945	9,521
Reimbursements	3	39,862	29,296
Other revenues	3	15,219	200,345
		<b>2,194,003</b>	<b>2,321,129</b>
<b>EXPENSES</b>			
Employee Costs	4	450,012	457,154
Materials, contracts & other expenses	4	865,566	956,573
Finance costs	4	3,705	1,024
Depreciation, ammortisation & impairment	4	893,214	852,121
		<b>2,212,497</b>	<b>2,266,872</b>
<b>OPERATING SURPLUS / (DEFICIT) BEFORE</b>			
<b>CAPITAL AMOUNTS</b>		<b>-18,494</b>	<b>54,257</b>
Net gain (loss) on disposal or revaluation of assets	5	-849	-8,536
Amounts specifically for new or upgraded assets	3	1,354,545	450,000
		<b>1,335,202</b>	<b>495,721</b>
<b>NET SURPLUS / (DEFICIT)</b>		<b>1,335,202</b>	<b>495,721</b>

*The above operating statement should be read in conjunction with the accompanying notes.*

### STATEMENT OF FINANCIAL POSITION

## AS AT 30 JUNE 2007

### BALANCE SHEET AS AT 30 JUNE 2007

	Note	2007	2006
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		589,000	421,559
Trade and other receivables		1,090,271	141,182
Inventories		391,582	400,799
<b>TOTAL CURRENT ASSETS</b>		2,070,853	963,540
<b>NON-CURRENT ASSETS</b>			
Infrastructure, Property , Plant & Equipment		14,284,699	14,029,542
Other Non - current assets		35,703	35,703
<b>TOTAL NON-CURRENT ASSETS</b>		14,320,402	14,065,245
<b>TOTAL ASSETS</b>		16,391,255	15,028,785
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables		178,605	200,130
Borrowings		50,379	44,764
Short Term Provisions		35,000	35,000
<b>TOTAL CURRENT LIABILITIES</b>		263,984	279,894
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings		146,627	97,006
Long Tern Provisions		104,439	110,882
<b>TOTAL NON-CURRENT LIABILITIES</b>		251,066	207,888
<b>TOTAL LIABILITIES</b>		515,050	487,782
<b>NET ASSETS</b>		15,876,205	14,541,003
<b>EQUITY</b>			
Accumulated Surplus		7,082,670	5,747,468
Asset Revaluation Reserve		8,793,535	8,793,535
<b>TOTAL EQUITY</b>		15,876,205	14,541,003

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
<b>ACCUMULATED SURPLUS</b>			
Balance at end of previous reporting period		5,747,468	5,251,747
Net Result for Year		1,335,202	495,721
Transfers from Reserves			
<b>Balance at end of period</b>		7,082,670	5,747,468
<b>ASSET REVALUATION RESERVE</b>			
Balance at beginning of period		8,793,535	7,348,163
Transfers to Reserve			
-Revaluation increment			1,445,372
Transfers from Reserve			
<b>Balance at end of period</b>		8,793,535	8,793,535
<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>		15,876,205	14,541,003

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2007

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 \$	2006 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
			Inflows (Outflows)
Operating receipts		2,121,016	2,519,162
Investment receipts		18,314	15,391
Operating payments		(1,243,676)	(1,600,740)
Finance payments		(3,705)	(3,650)
<b>NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES</b>	10	891,949	930,163
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Grants specifically for new or upgraded assets		454,545	450,000
Sale of replaced assets		52,901	162,596
Sale of surplus assets			31,349
<b>Payments</b>			
Expenditure on renewal/replacement of assets		(375,555)	(599,432)
Expenditure on new/upgraded assets		(911,634)	(971,233)
<b>NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES</b>		<u>(779,743)</u>	<u>(926,720)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds from Borrowings		100,000	100,000
<b>Payments</b>			
Repayments of Borrowings		(44,765)	(25,718)
<b>NET CASH PROVIDED BY (OR USED IN) FINANCING ACTIVITIES</b>		<u>55,235</u>	<u>74,282</u>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>		167,441	77,725
<b>CASH &amp; CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		421,559	343,834
<b>CASH &amp; CASH EQUIVALENTS AT END OF PERIOD</b>		589,000	421,559

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH JUNE 2007**

**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.

**Basis of Preparation**

**Compliance with Australian equivalents to International Financial Reporting Standards**

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations (UIGs) and relevant South Australian legislation.

The financial report was authorised for issue by the Council by certificate under clause 11 of the Local Government (Financial Management) Regulation 1999.

**Historical Cost Convention**

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

**Critical Accounting Estimates**

The preparation of financial statements in conformity with AIFRS 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.

**The Local Government Reporting Entity**

District Council of Franklin Harbour is incorporated under the SA Local Government Act 1999 and has its principal place of business at Cowell. These financial statements include the consolidated fund 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.

Trust monies and property held by Council but subject to the control of other persons have been excluded from these reports. A separate statement of moneys held in the Trust Fund is available for inspection at the Council Office by any person free of charge.

**Revenue recognition**

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

Where grants, contributions and donations recognised as revenues 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 revenues in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

### **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 (as amended). 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.

### **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.

### **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.

### **Infrastructure, Property, Plant & Equipment**

#### **Transitional Provisions**

Council has elected not to recognise land under roads in accordance with the deferral arrangements available under AASB 1045.

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".

#### **Initial Recognition**

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

#### **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.

#### **Subsequent Recognition**

Certain 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.

### **Depreciation of Non-Current Assets**

Other than land, all property, plant and equipment assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. 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
Reticulation Pipes – PVC	70 to 80 years
Reticulation Pipes – other	25 to 75 years
Pumps & Telemetry	15 to 25 years

### **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.

### **Payables**

#### **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.

#### **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.

## **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.

## **Employee Benefits**

### **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 on costs) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured using a short hand method of calculation producing a result approximating the present value basis of measurement.

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.

### **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.

#### Accumulation Fund Members

The accumulation fund receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation (9% in 2005/06; 9% in 2004/05). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

#### Defined Benefit Members

Council makes employer contributions to the defined benefits categories of the Scheme at rates determined by the Scheme's Trustee. 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 Fund's Defined Benefit Plan is a multi-employer sponsored plan. As the Fund's assets and liabilities are pooled and are not allocated by employer, the Actuary is unable 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.

### **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".

## **Joint Ventures and Associated Entities**

Council participates in cooperative arrangements with other Councils for the provision of services and facilities.

## **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.

### **Comparative Information & Transition to AIFRS**

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with AIFRS.

### **New Accounting Standards**

Certain new accounting standards have been published that are not mandatory for the 30 June 2007 reporting period.

- AASB 7 Financial Instruments: Disclosures and AASB 2005-10 Amendments to AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB1, AASB4 AASB 1023 & AASB 1038
- AASB 2006-1 Amendments to AASB 121
- AASB 2006-3 Amendments to AASB 1045
- AASB 2006-4 Amendments to AASB 134
- AASB 2007-1 Amendments to AASB 2 arising from AASB Interpretation 11
- AASB 2007-2 Amendments to AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139 arising from AASB Interpretation 12
- AASB 8 Operating Segments and AASB 2007-3 Amendments to AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038 arising from AASB 8
- AASB 2007-4 Amendments to AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1028 arising from ED 151 and Other Amendments
- Interpretation 10 Interim Financial Reporting and Impairment
- Interpretation 11 AASB 2 – Group and Treasury Share Transactions
- Interpretation 12 Service Concession Arrangements
- Interpretation 129 Disclosure – Service Concession Arrangements

**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.**

## **2 FUNCTIONS/ACTIVITIES OF COUNCIL**

- a) The activities of the Council are categorised into the following broad functions:-

Administration: Operation and maintenance of Council Chamber, Chairman's Parlour and plant and equipment. Operation of resources for the efficient administration of Council's functions.

Public Order & 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.

Social Security & Welfare: Contributions to the Rural Counselling Service.

Housing; & Community Amenities: Maintenance of housing rented to tenants, rubbish collection services, operation of dump, administration of town planning, stormwater drainage, protection of environment, cemetery, public conveniences and other community development amenities.

Recreation & Culture: Maintenance of halls, various parks and gardens, foreshores, ovals, playgrounds, contribution to the community library and administration of arts and cultural services.

Agricultural Services: Contribution to Animal & Plant Control activities.

Mining, Manufacturing & Construction: Administration of Building Act and the Development Act.

Transport: Construction and maintenance of roads, drainage works, footpaths, parking facilities, signs and cleaning of streets. Management of the aerodrome and boat ramps.

Economic Affairs: Pest control services, tourism, agriculture.

**NOTE 3 - REVENUES (continued)**

	<b>2007</b>	<b>2006</b>
<b>Conditions over grants &amp; contributions</b>		
<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>\$</i>	<i>\$</i>
	<u>Grants</u>	<u>Grants</u>
<i>Unexpended at the close of the previous reporting period</i>	<b>164,129</b>	
<i>Less: expended during the current period from revenues recognised in previous reporting periods</i>	<b>164,129</b>	
<i>Roads Infrastructure</i>		
<i>Heritage &amp; Cultural Services</i>		
<i>Subtotal</i>	<b>0</b>	<b>0</b>
<i>Plus: amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>		
<i>Roads Infrastructure</i>	<b>900,000</b>	
<i>Heritage &amp; Cultural Services</i>	<b>104,545</b>	
<i>Subtotal</i>	<b>1,004,545</b>	<b>0</b>
 <i>Net increase (decrease) in restricted assets in the current reporting period</i>	 <b>840,416</b>	 <b>0</b>
 <b>Grants, subsidies, contributions</b>		
Amounts specifically for new and upgraded assets	1,354,545	450,000
Other grants, subsidiaries and contributions	<u>1,147,763</u>	<u>1,180,606</u>
	<u>2,502,308</u>	<u>1,630,606</u>
 <b>Sources of Grants</b>		
Commonwealth Government	2,497,763	1,613,417
State Government	<u>4,545</u>	<u>17,135</u>
	<u>2,502,308</u>	<u>1,630,606</u>
 <i>Unexpended at the close of this reporting period and held as restricted assets</i>	 <b>1,004,545</b>	 <b>0</b>

**Note 4 - EXPENSES**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>EMPLOYEE COSTS</b>		
Salaries and Wages	557,000	571,709
Employee benefits expense	76,043	65,942

Superannuation - defined contribution plan contributions	20	64,889	67,401
Workers' Compensation Insurance		13,675	13,748
Other			-
Less: Capitalised and distributed costs		<u>(261,595)</u>	<u>(261,646)</u>
<b>Total Operating Employee Costs</b>		<b><u>450,012</u></b>	<b><u>457,154</u></b>

**Total Number of Employees** 14 14  
*(Full time equivalent at end of reporting period)*

**MATERIALS CONTRACTS & OTHER EXPENSES**

**Prescribed Expenses**

Auditor's Remuneration			
- Auditing the financial reports		3,000	2,750
- Other Services		600	500
Elected Members' expenses		29,990	25,082
Election expenses		<u>2,375</u>	<u>306</u>
Sub Total prescribed expenses		<u>35,965</u>	<u>28,638</u>

**Other Materials, Contracts & Expenses**

Electricity		29,134	26,632
Fuel & Oil		159,246	188,469
Indirect & plant hire capitalised		(185,641)	(196,310)
Legal expenses		11,548	7,064
Levies paid to Government – NRM levy		49,210	-
- Other Levies			26,663
Parts, Accessories & Consumables		<u>766,104</u>	<u>875,417</u>
Sub Total – Other Materials, Contracts & Expenses		<u>829,601</u>	<u>927,935</u>
.....		<u>865,566</u>	<u>956,573</u>

**FINANCE COSTS**

Interest on short-term borrowings		3	-
Interest on Loans		8,470	3,650
Less: Capitalised and distributed costs		<u>(4,768)</u>	<u>(2,626)</u>
		<u>3,705</u>	<u>1,024</u>

**Note 4 - EXPENSES (cont)**

	Notes	2007 \$	2006 \$
<b>DEPRECIATION, AMORTISATION &amp; IMPAIRMENT</b>			
Depreciation - Buildings		112,452	84,908
Depreciation - Plant & Equipment		181,455	186,302
Depreciation - Furniture & Equipment		16,893	14,716
Depreciation - Infrastructure		667,482	658,042
Less: Capitalised and distributed costs		<u>(85,068)</u>	<u>(91,847)</u>
		<u>893,214</u>	<u>852,121</u>

**Note 5 - GAIN OR LOSS ON DISPOSAL OF ASSETS**

	Notes	2007 \$	2006 \$
<b>INFRASTRUCTURE, PROPERTY, PLANT &amp; EQUIPMENT</b>			
Proceeds from disposal		52,901	193,945
Less: Carrying amount of assets sold		<u>53,750</u>	<u>202,481</u>
Gain (Loss) on disposal		<u>(849)</u>	<u>(8,536)</u>
<b>TOTAL GAIN (LOSS) ON DISPOSAL</b>			
<b>OF ASSETS</b>		<b>\$ <u>(849)</u></b>	<b>\$ <u>(8,536)</u></b>

**Note 6 - CURRENT ASSETS**

	Notes	2007 \$	2006 \$
<b>CASH &amp; EQUIVALENT ASSETS</b>			
Cash on Hand and at Bank		97,205	95,763
Deposits at Call		<u>491,795</u>	<u>325,796</u>
		<u>589,000</u>	<u>421,559</u>
<b>TRADE &amp; OTHER RECEIVABLES</b>			
Rates - General & Other		94,725	62,450
Accrued Revenues		907,496	-
GST Recoupment		14,932	15,211
Prepayments		16,318	21,902
Other		56,800	41,619
		<u>1,090,271</u>	<u>141,182</u>
<b>Total</b>		<b>1,090,271</b>	<b>141,182</b>
<b>INVENTORIES</b>			
Stores & Materials		31,266	40,483
Real Estate Developments		360,316	360,316
Other		<u>391,582</u>	<u>400,799</u>

*Aggregate write-downs and other losses recognised as an expense, and reversals of these, were not material in amount in either year.*

**Real Estate Developments***(Valued at the lower of cost and net realisable value)*

<i>Residential</i>	<u>360,316</u>	<u>360,316</u>
<b><i>Total Real Estate for Resale</i></b>	<u>360,316</u>	- <u>360,316</u>
<i>Acquisition Costs</i>	<u>360,316</u>	<u>360,316</u>
<b><i>Total Real Estate for Resale</i></b>	<u><b>360,316</b></u>	<u><b>360,316</b></u>

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**Note 7 - NON-CURRENT ASSETS**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>OTHER NON-CURRENT ASSETS</b>		
<b>Inventories</b>		
Real Estate Developments	<u>35,703</u>	<u>35,703</u>
	<u>35,703</u>	<u>35,703</u>
<b><i>Real Estate Developments</i></b>		
<i>(Valued at the lower of cost and net realisable value)</i>		
<i>Residential</i>	<u>35,703</u>	<u>35,703</u>
<b><i>Total Real Estate for Resale</i></b>	<u>35,703</u>	<u>35,703</u>
<i>Represented by:</i>		
<i>Acquisition Costs</i>	<u>35,703</u>	<u>35,703</u>
<b><i>Total Real Estate for Resale</i></b>	<u>35,703</u>	<u>35,703</u>

## Note 8 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2006	CARRYING AMOUNT MOVEMENTS DURING YEAR	2007
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### Note 8 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

	2006				2007			
	At fair value	At cost	Accum dep'n	Carrying amount	At Fair Value	At cost	Accum dep'n	Carrying amount

	2006	2006	2006	2006	2007	2007	2007	2007
	\$	\$	\$	\$	\$	\$	\$	\$
Plant	-	2,437,044	748,414	1,688,630	-	2,676,176	886,184	1,789,992
Office	-	271,848	196,577	75,271	-	291,626	213,470	78,156
0	-	-	-	-	-	-	-	-
Infrastructure	7,588,876	324,3622	1,866,852	8,965,646	7,588,876	4,174,466	2,534,334	9,229,008
Building	2,028,513	-	-	2,028,513	2,028,513	-	112,452	1,916,061
Land	1,271,482	-	-	1,271,482	1,271,482	-	-	1,271,482
	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-
<b>TOTAL PROPERTY PLANT &amp; EQUIPMENT</b>	<b>10,888,871</b>	<b>5,952,514</b>	<b>2,811,843</b>	<b>14,029,542</b>	<b>10,888,871</b>	<b>7,142,268</b>	<b>3,746,440</b>	<b>14,284,699</b>
<i>2006 Totals</i>					<i>10,888,871</i>	<i>5,952,514</i>	<i>2,811,843</i>	<i>14,029,542</i>

*This Note continues on the following pages.*

	\$	\$						\$
	CARRYING AMOUNT	Asset Purchases	Asset Disposals	Depreciation	Impairment	Blank	Net Revaluation	CARRYING AMOUNT

<i>This Note continues on the following pages.</i>								
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Plant	1,688,630	336,574	53,757	181,455				1,789,992
Office	75,271	19,778	-	16,893				78,156
0	-	-	-					-
Infrastructure	8,965,646	930,844	-	667,482				9,229,008
Building	2,028,513	-	-	112,452				1,916,061
Land	1,271,482	-	-	-				1,271,482
0	-	-	-	-				-
0	-	-	-	-				-
Other assets	-	-	-	-				-
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	14,029,542	1,287,196	53,757	978,282				14,284,699
<i>This Note continues on the following pages.</i>								

**Note 9 - LIABILITIES**

<b>TRADE &amp; OTHER PAYABLES</b>	Notes	<b>2007</b>		<b>2006</b>	
		\$		\$	
		<b>Current</b>	<b>Non Current</b>	<b>Current</b>	<b>Non Current</b>
Goods & Services		53,858		79,959	
Accrued expenses - employee benefits		<u>124,747</u>		<u>120,171</u>	
		<u>178,605</u>		<u>200,130</u>	

**BORROWINGS**

Loans - LGFA		<u>50,379</u>	<u>146,627</u>	<u>44,764</u>	<u>97,006</u>
		<u>50,379</u>	<u>146,627</u>	<u>44,764</u>	<u>97,006</u>

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

**PROVISIONS**

Employee Benefits (including on costs)		<u>35,000</u>	<u>104,439</u>	<u>35,000</u>	<u>110,882</u>
		<u>35,000</u>	<u>104,439</u>	<u>35,000</u>	<u>110,882</u>

**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 in value. Cash at the end of the reporting period as shown in the Cash Flow statement is reconciled to the related items in the Statement of Financial Position as follows:

	Notes	<b>2007</b>	<b>2006</b>
		\$	\$
Total Cash Assets	6	<u>589,000</u>	<u>421,559</u>
Balances per Statement of Cash Flows		<u>589,000</u>	<u>421,559</u>

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

Net Surplus (Deficit)		1,335,202	495,721
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		978,282	943,968
Net increase (decrease) in unpaid employee benefits		(6,443)	12,029
Grants for capital acquisitions treated as Investing Activity		(1,354,545)	(450,000)
Net (Gain) Loss on Disposals		<u>849</u>	<u>8,536</u>
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		(49,089)	37,191
Net (increase) decrease in inventories		9,217	(6,574)

Net increase (decrease) in trade & other payables	(21,524)	(110,708)
<b>Net Cash provided by (or used in) operations</b>	<u>891,949</u>	<u>930,163</u>

**(c) Financing Arrangements**

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

Corporate Credit Cards	4,000	4,000
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**Note 11 - FINANCIAL INSTRUMENTS**

**Recognised Financial Instruments**

**Bank, Deposits at Call, Short Term Deposits/**

**Accounting Policy:** Carried at lower of cost and net realisable value; Interest is recognised when earned.

**Terms & conditions:** Deposits are returning fixed interest rates between 0% and 6% (2005: 0% and 5.25%). Short term deposits have an average maturity of 24 hours and an average interest rates of 6% (2006: 24 hours, 5.25%).

**Carrying amount:** approximates fair value due to the short term to maturity.

**Receivables - Rates & Associated Charges (including legals & penalties for late payment)**

**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.

**Terms & conditions:** Secured over the subject land, arrears attract interest of 9.75j% (2005: 9.25%) .Although Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

**Carrying amount:** approximates fair value (after deduction of any allowance).

**Receivables - Fees & other charges**

**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.

**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.

**Carrying amount:** approximates fair value (after deduction of any allowance).

**Receivables - other levels of government**

**Accounting Policy:** Carried at nominal value.

**Terms & conditions:** Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of the Governments of the Commonwealth & State.

**Carrying amount:** approximates fair value.

**Carrying amount:** approximates fair value (after deduction of any allowance).

**Liabilities - Creditors and Accruals**

**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.

**Terms & conditions:** Liabilities are normally settled on 30 day terms.

**Carrying amount:** approximates fair value.

**Liabilities - Interest Bearing Loans**

**Accounting Policy:** Carried at the principal amounts. Interest is charged as an expense as it accrues.

**Terms & conditions:** secured over future revenues, loans are repayable by equal 6 monthly instalments of principal & interest; interest is charged at fixed rates between 5.55% and 7.22% (2005: 5.55% and 6.72%)

**Carrying amount:** approximates fair value.

**NOTE 11 cont - LIQUIDITY ANALYSIS**

	<b>Weighted Avg Interest Rate</b>	<b>Floating Interest Rate</b>	<b>Fixed Interest Rate</b>		<b>Non Interest Bearing</b>	<b>Total</b>
			<b>&lt; 1 yr</b>	<b>1 – 5 yrs</b>		
<b>2007</b>						
<b>Financial Assets</b>						
Cash	.12%	96,905			300	97,205
Deposits	6.0%	491,795				491,795
Receivables					<u>166,457</u>	<u>166,457</u>
		<u>588,700</u>			<u>166,757</u>	<u>755,457</u>
<b>Financial Liabilities</b>						
Payables					53,858	53,858
Debenture Loans			<u>50,379</u>	<u>146,627</u>		<u>197,006</u>
			<u>50,379</u>	<u>146,627</u>	<u>53,858</u>	<u>250,864</u>
Net Financial Assets		588,700	(50,379)	(146,627)	112,899	504,593
<b>2006</b>						
<b>Financial Assets</b>						
Cash	.01%	95,463			300	95,763
Deposits	5.5%	325,796				325,796
Receivables					<u>119,280</u>	<u>119,280</u>
		<u>421,259</u>			<u>119,580</u>	<u>540,839</u>
<b>Financial Liabilities</b>						
Payables					79,959	79,959
Debenture Loans	6.47%		<u>44,764</u>	<u>97,006</u>		<u>141,770</u>
			<u>44,764</u>	<u>97,006</u>	<u>79,959</u>	<u>221,729</u>
Net Financial Assets		421,259	(44,764)	(97,006)	39,621	319,110

**Note 11 (cont) - FINANCIAL INSTRUMENTS**

**Credit 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 provision for doubtful debts. Except as detailed in Notes 6 & 7 in relation to individual classes of financial assets, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

**Reconciliation of Financial Assets & Liabilities**

**2007**

**2006**

	\$	\$
Net financial assets from above		
Financial Assets	755,457	540,839
Financial Liabilities	250,864	221,729
	<u>504,593</u>	<u>319,110</u>
Non-financial assets and liabilities		
Accrued Revenues	907,496	-
Prepayments	16,318	21,902
Inventories	427,285	436,502
Property, Plant & Equipment	14,284,699	14,029,542
Accrued Expenses	(124,747)	(120,171)
Provisions	(139,439)	(145,882)
	<u>15,371,612</u>	<u>14,221,893</u>
Net Assets per Balance Sheet	<u>15,876,205</u>	<u>14,541,003</u>

### Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. With the exception of investments, there is no recognised market for the financial assets of the Council.

### Note 12 - UNIFORM PRESENTATION OF FINANCES

The Local Government Association's General Meeting in March 2006 resolved that a high level summary of both operating and capital investment activities of each council be prepared on a uniform and consistent basis, thereby enabling more meaningful comparisons between councils.

(This basis varies in some details from amounts shown elsewhere in these reports.)

It also is intended that annual budgets and long-term financial plans be summarised on the same basis.

A feature of the arrangement is that it facilitates the reporting of a standard set of key financial indicators of the Council's financial sustainability – all of which are shown in Note 16 above.

	2007 \$	2006 \$
Operating Revenues	2,194,003	2,321,129
<i>less</i> Operating Expenses	2,212,497	(2,266,872)
Operating Surplus / (Deficit) before Capital Amounts	<u>(18,494)</u>	<u>54,257</u>
<b><i>less</i> Net Outlays on Existing Assets</b>		
Capital Expenditure on renewal and replacement of Existing Assets	375,555	599,432
<i>less</i> Depreciation, Amortisation and Impairment	(893,214)	(852,121)
<i>less</i> Proceeds from Sale of Replaced Assets	(52,901)	(162,596)
	<u>(570,560)</u>	<u>(415,285)</u>
<b><i>less</i> Net Outlays on New and Upgraded</b>		

<b>Assets</b>		
Capital Expenditure on New and Upgraded Assets	911,634	971,233
<i>less</i> Grants and Contributions specifically for New and Upgraded Assets	(454,545)	(450,000)
<i>less</i> Proceeds from Sale of Surplus Assets	-	(31,349)
	<u>457,089</u>	<u>489,884</u>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(131,965)</b>	<b>(20,342)</b>

### Note 13 - FINANCIAL INDICATORS

	2007	2006
<i>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</i>		
<b>Operating Surplus</b> <i>Being the operating surplus (deficit) before capital amounts</i>	(18,494)	54,257
<b>Operating Surplus Ratio</b> <u>Operating Surplus</u> Rates - general & other less NRM levy <i>This ratio expresses the operating result as a percentage of general and other rates, net of NRM levy.</i>	-2%	7%
<b>Net Financial Liabilities</b> <i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses)</i>	(1,164,221)	(74,959)
<b>Net Financial Liabilities Ratio</b> <u>Net Financial Liabilities</u> Total Operating Revenue <i>Total operating revenue excludes profit on disposal of non-current assets and revenue from NRM levy.</i>	-54%	-3%
<b>Interest Cover Ratio</b> <u>Net Interest Expense</u> Total Operating Revenue less NRM levy Investment Income	-.9%	-.4%
<b>Asset Sustainability Ratio</b> <u>Net Asset Renewals</u> Depreciation Expense <i>Net asset renewals expenditure is defined as net capital expenditure on</i>	36%	5

*the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.*

**Asset Consumption Ratio**

Carrying value of depreciable assets 78%

Gross value of depreciable assets

*Total carrying value of depreciable assets divided by total reported value of depreciable assets before accumulated depreciation.*

*Together with the Debt Service Percentage, this indicator reflects the latent borrowing capacity available to Council.*

**Note 14 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION**

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position 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.

**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.

**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 no 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.

**NOTE 15 - SUPERANNUATION**

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

The Scheme's accumulation category, Local Super, receives both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings (9% required under Superannuation Guarantee Legislation). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Scheme.

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

Council makes employer contributions to the defined benefit category of the Scheme at rates determined by the Trustee on the advice of the Scheme's Actuary. On the basis of the results of the most recent full actuarial investigation conducted by the Scheme's actuary, LC Brett, BSc FIA, FIAA, of Brett and Watson Pty Ltd as at 30 June 2002, the Trustee has determined that the current funding arrangements are adequate for the expended Defined Benefit Plan liabilities.

## **INDEPENDENT AUDIT REPORT TO THE CHAIRMAN AND COUNCILLORS OF THE DISTRICT COUNCIL OF FRANKLIN HARBOUR**

### **Scope**

I have audited the financial statements of the District Council of Franklin Harbour for the financial year ended **30 June 2007** as set out on pages **1 - 15** .

The Chief Executive Officer is responsible for the preparation and presentation of the financial statements and the information contained therein. I have conducted an independent audit of the financial statements in order to express an opinion on them.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. The procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosure in the financial statements, and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Concepts and Standards and the Local Government Act 1999, so as to present a view of the entity which is consistent with my understanding of its financial position and the results of its operations.

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

### **Audit Opinion**

In my opinion, the financial statements of the District Council of Franklin Harbour are properly drawn up::

a. So as to give a true and fair view of:

- (i) The Council's state of affairs as at **30 June 2007** and its operating result for the year ended on that date; and
- (ii) The other matters required by Chapter 8 of the Local Government Act 1999 to be dealt with in the accounts;

b. In accordance with the provisions of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 1999; and

c. In accordance with Statements of Accounting Concepts and applicable Accounting Standards.

**JOHN D EWEN**  
Chartered Accountant  
*Auditor*

**Adelaide**



**INDEPENDENT AUDIT REPORT TO THE CHAIRMAN AND COUNCILLORS**  
**OF THE DISTRICT COUNCIL OF FRANKLIN HARBOUR**

**REPORT ON THE FINANCIAL REPORT**

I have audited the accompanying Financial Report of the District Council of Franklin Harbour which comprises the balance sheet as at 30 June 2007 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the Chief Executive Officers Statement.

**COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL REPORT**

The Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**AUDITOR'S RESPONSIBILITY**

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**INDEPENDENCE**

In conducting my audit I have complied with the independence requirements of Australian Professional Ethical Pronouncements.

**AUDIT OPINION**

In my opinion:

The financial report of The District Council of Franklin Harbour is in accordance with the Local Government Act 1999 including:

- (a) giving a true and fair view of the Council's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1999.

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**JOHN D EWEN**  
**JOHN D. EWEN & ASSOCIATES**  
CHARTERED ACCOUNTANT

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**Date**