



DISTRICT COUNCIL OF FRANKLIN HARBOUR



ANNUAL REPORT 2005/2006

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INTRODUCTION

This Annual Report is a brief summary of the activities of the District Council of Franklin Harbour for the 2005/2006 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 2005/2006 Annual Financial Statements.

COUNCIL STRUCTURE

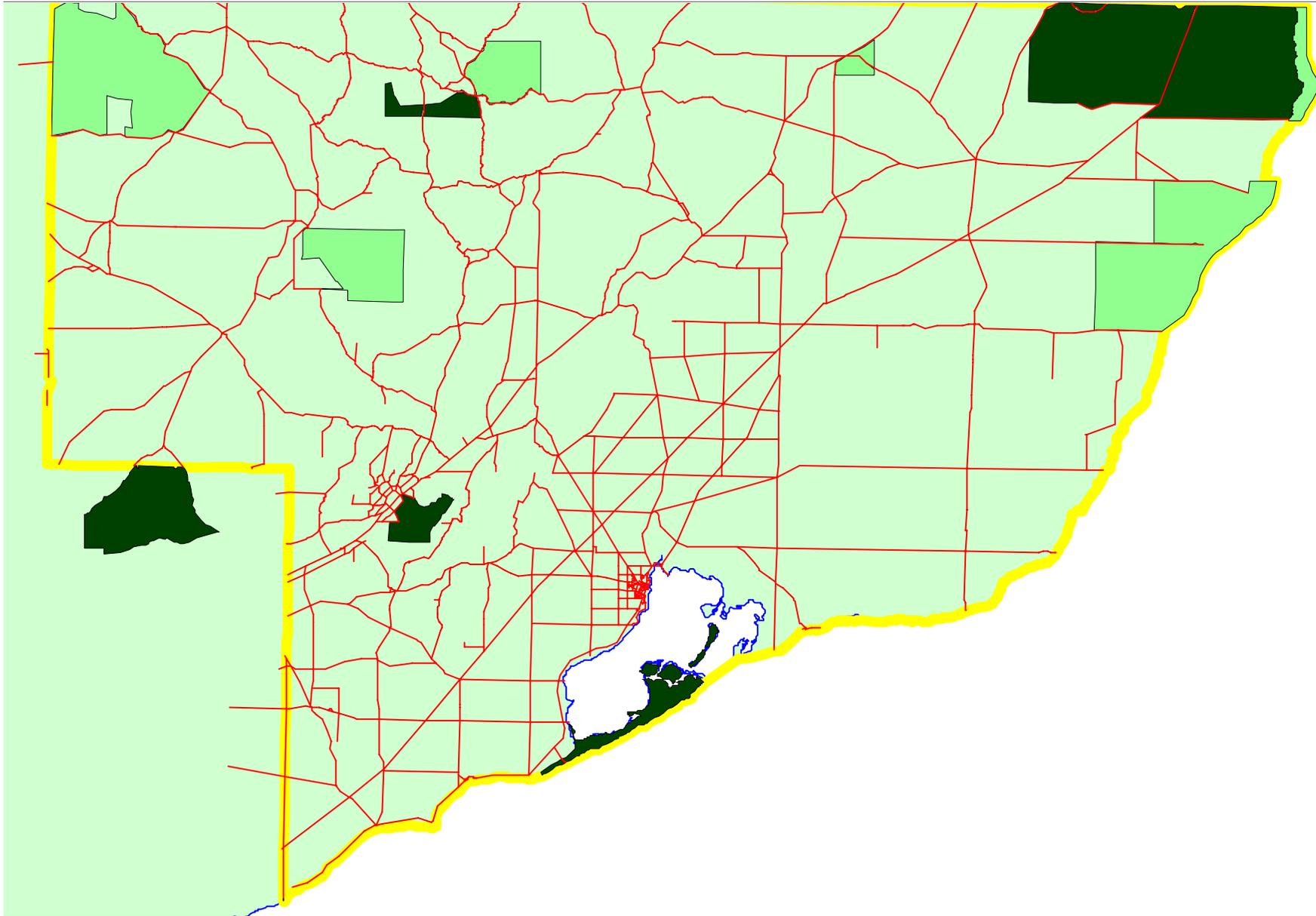
The District Council of Franklin Harbour has six elected members who serve a three year term. The next Council elections are scheduled for November 2006.

The Elected Members of Council are:-

Cr R.L. Norris	Cr A.J. Kaden
Cr E.E. Elleway	Cr R.W. Udy
Cr B.W. Thompson	Cr. G.F. Jackson

Meeting times and contact details for Elected Members are included in the Information Statement at page 20.

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



DISTRICT CLERKS REPORT

Council completed the 2005/2006 financial year with an operating surplus of \$495,721-. The Financial Statements were prepared in accordance with Australian Accounting Standard 27 (AAS27).

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

The Mt Millar Wind Farm construction project was completed in January 2006. This has been a most impressive project with the 35 Turbines now commissioned and undergoing testing for final switch into the national power grid. The project has been a huge boost for the local economy during the construction phase and will now provide 6 or more permanent jobs in maintenance of the wind farm.

Sea Transport Corporation were granted formal Development Approval for the construction of the Lucky Bay Ferry Terminal in November 2005, following a lengthy assessment process by the State Development Assessment Commission. Senior Council staff were directly involved in a number of hearings and meetings with Ministers and various Departments. It is an exciting project which will bring to fruition many years of speculation about a cross Spencer Gulf ferry service, and has enormous potential benefits for Cowell, the district and the wider region.

The Iron Duke Mine is now the largest single employer for our district, with more than 60 local people employed at the mine. With more expansion plans for the Mine, this provides a further valuable diversification for the local economy, which is still largely reliant on the rural sector.

Council lost the services of our Works Manager Craig Roberts early in 2006; however we were very fortunate to secure Michael Perkins as his most able replacement.

Council has completed a successful 2005/2006 year achieving some major milestones and outcomes with the limited resources available.

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 in 2005 and 2006.

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"> ◆ A High standard of essential services in an efficient manner ◆ Positive leadership ◆ Representation of our needs to the wider population ◆ Stimulus for economic growth ◆ Sound management of our valuable natural environment
<u>Core Values</u>	The District Council of Franklin Harbour will be recognised for its: <ul style="list-style-type: none"> ◆ Customer Service ◆ Ethical Behaviour ◆ High Staff Satisfaction ◆ Contribution to the Community ◆ Continuous Improvement ◆ Teamwork ◆ Strategic Decision making

Operational Summary 2005/06

Objective	Goals for 2005/2006	Progress 2005/2006
Goal 1 – Maximise the benefit to the community from improved community services.		
1.01.03	Maintain a strong relationship with Eastern Eyre Health & Aged Care and the Eyre Regional Health Service	Achieved - ongoing. Maintain good relationship with E.E.H.&A.C with regular attendance by a Council representative at Advisory Board Meetings.
1.02.02	Review aged services requirements in collaboration with service providers.	Achieved - ongoing. Participated in Aged Care Services reviews by E.E.H.&A.C.
1.04.02	Support the ongoing activities of the Youth Advisory Committee and assist in identifying and addressing relevant issues.	Achieved - ongoing. Secured further funding for operation of Youth Advisory Committee (YAC).

Goal 2– To foster a diverse and growing economic base that results in an increase in employment and population

2.01.14	Support the development of Lucky Bay to Wallaroo ferry link	Mostly Achieved - Development Approval obtained. Further work required to ensure service is established.
2.06.04	Seal Cowell to Kimba Road – Stage 5	Achieved - 5.8 km of road sealed in 2005/2006.
2.09.01	Support the development of alternative energy generation facilities in the region.	Achieved - Mt Millar Wind Farm completed January 2006. 70 mw capacity available to national power grid.

Goal 3 – Maintain our high quality living environment

3.01.01	Establish a common effluent system that includes the reuse of waste water	<u>Not Achieved</u> - Still on waiting list for State Government approval funding.
3.03.02	Assist in the implementation of the Eyre Peninsula Natural Resource Management Plan.	Achieved - ongoing. Eyre Peninsula Natural Resource Management Board established and operating.

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

4.01.02	Undertake benchmarking with other Councils and establish appropriate performance measures	Achieved - Council participated in the 2006 Comparative Performance Measurement Project with the Local Government Association of SA, with Councils results published on LGA website for comparison with other Councils.
4.02.03	Prepare a regular community newsletter in conjunction with community groups	Achieved - Regular monthly Council newsletter published which includes community information provided.
4.05.01	Actively participate in regional governance forums.	Achieved - ongoing. Council delegates regularly attend Eyre Peninsula Local Government Association meetings and other regional forums.
4.06.02	Support community groups in the preparation of funding submissions.	Achieved - ongoing. Assisted Franklin Harbour Institute Committee obtain grant funding to upgrade Institute kitchen, and also other community groups with applications.

Goals for 2006/2007

Objectives		Goals for 2006/2007	
Goal 1 – Maximise the benefit to the community from improved community services			
1.01	Ensure the delivery of appropriate health services to the community.	1.01.03	Continue to support the efforts of the Cowell Community Health & Aged Care
1.03	Provide high quality sporting and recreational facilities.	1.03.03	Establish bicycle trails in appropriate locations along the coast.
1.06	Facilitate improvements or increase in community services.	1.06.03	Support ongoing activities of the Franklin Harbour Community Developments Group to identify opportunities for community development projects.
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	2.01.14	Support the development of Lucky Bay to Wallaroo ferry link
2.06	Provide appropriate infrastructure for economic development	2.06.04	Seal Cowell to Kimba Road – Stage 6
2.09	Ensure the adequate provision of power and water supplies	2.09.02	Work closely with regional organisations to ensure a substantial and reliable supply of power and water.
Goal 3 Maintain our high quality living environment			
3.01	Effectively manage the waste of the area	3.01.01	Establish a common effluent system that includes the reuse of waste water
3.02	Protect and enhance our foreshore, coast and marine areas.	3.02.02	Develop Foreshore Management Plans for populated foreshore areas.
3.07	Increase the number and standard of parks and gardens in our area.	3.07.01	Establish or improve playground equipment at appropriate locations.
Goal 4 A professional, effective and customer oriented organisation playing the lead role in community development			
4.01	Maximisation of Council service delivery.	4.01.04	Ensure the ongoing review of Council's Strategic Plan.
4.03	Effective utilisation of Council plant and equipment.	4.03.02	Review the plant replacement program.

COMPARATIVE PERFORMANCE MEASURES

Council participated in the 2006 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 annually by Council

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 6.1 + EBA LG Superannuation Scheme 9% of Salary Subsidised House Rental Telephone Provision Limited private use of Council owned vehicle

Council's Fringe Benefit Tax Liability for the year ended 31 March 2006 in respect to the above benefits was \$1067-.

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 2005/2006 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 2005/2006 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 2005/2006 financial year.

ELECTOR REPRESENTATION

The District Council of Franklin Harbour comprises six (6) elected members. Council's representation quota (electors per member) is 203. The average representation quota for councils of a similar size and type is 153.

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 Electrical Commission.

COMMUNITY LAND MANAGEMENT PLANS

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

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

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

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

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

ADMINISTRATION AND FINANCE

Finance

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

One new loan of \$100,000- was taken out through the Local Government Finance Authority during 2005/2006 to assist in the purchase of the Caterpillar IT28 Loader.

Human Resources

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

- a/ Staff Training and Development - Council actively supports the ongoing training of 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 work accidents or claims to more than 11 years.
- d/ Staff changes – Nicole Turner completed her traineeship in April 2006 and commenced full time employment, with Sheila Burwell electing to reduce her employment to .5 position.

Council Elections

There were no Council elections during 2005/2006

The next periodical election is scheduled for November 2006.

Council Appointments

The May 2003 Council meeting elected the following:-

Chairman Councillor Bob Norris
Deputy Chairman Councillor Eddie Elleway

The appointments were for a three year term.

Freedom of Information

No certificates relating to Freedom of Information requests were issued under Section 65zy of the Local Government Act in the 12 months to 30 June 2006.

WORKS MANAGERS REPORT

I have only been in this position for approximately 10 months and I feel that works throughout the District and townships is progressing well taking into account our resources and staff size.

Our Road network has suffered due to the lack of rains but this has affected the majority of Councils across the State.

Councils works and machinery plan is working well. This was adopted in 2002 and with a new Council recently elected some alterations may occur depending on priorities.

Road Construction Unsealed

Unsealed roadways listed in Councils Strategic Plan was all completed along with extra works that were not listed. These are as follows:

- Finger Hill Road 2kms
- Ferns Road 1.3kms
- Watchanie Road 2kms
- Igloo Road 2.5kms
- Poverty Bay Road 2kms
- Desperate Road 1.2kms

Extra Works

- Beach Road Reshape and form 1km
- Ferns/Glenville Roads Intersection T Junction
- Watchanie Road Water scouring road surface 50m patch

Reseals

Only two streets have had reseals during this period

- High St 233m x 22.3m Cold Overlay
- Story Rd 150m x 8m 7mm Re-sheet

Town Works

Patching of sealed Streets and footpaths is on going throughout the town. A Local Contractor is engaged to carry out works when necessary.

Kerbing

Kerbing works has taken place in selected areas within the town in order of priority. Areas for this period are as follows:

- Wellington Road 220m
- Lions Park 140m
- Aged Cottages 64m

Other repair works to existing kerbing will continue.

Patrol Grading

District Roads are in reasonable condition considering that the total rainfall for Cowell area in 2006 was only 211mm. Rainfall averages across the State reflect that 2006 has been an extremely dry year.

Aged Cottages

Eight new cottages were built and Council were engaged to prepare spoon drains, kerbing and driveway areas in and around the cottages for sealing

Underground Power

Stage 2 of the PLEC Scheme in the Main St of Cowell was completed shortly after my arrival in March. Kerbing, Paving and sealing works will be considered as the works program is about to be reviewed.

Cowell - Kimba Rd

The majority of Councils plant, equipment, labour and contractors have been engaged with SLRP (Special Local Road Program). While funding continues we estimate completion in 2010.

Personell

3-4 staff member are looking at retirement toward the end of 2007.

In my 10 months one office staff member has retired and one outside staff member has gone into the mining industry.

With mining only 30 minutes away and pay rates higher than Local Government I see lots of movement from Council staff in the near future. This will impact on Council performance and productivity.

Plant

Councils support for machinery and equipment for Councils operations is second to none. Purchases for this year:

- New Prime mover
- New Grid roller
- New combinations roller
- New town truck
- Second hand vibration roller shared with neighbouring Council
- Second hand single axle dog trailer
- New 1800lt water tank

OH&S

With 13 staff members plus 2 casual employees Council prides itself on occupational Health and Safety and has an outstanding record with no injury claims for more then 10 years.

Michael Perkins
Works Manager

2005/2006 HIGHLIGHTS AND EVENTS

2005/2006 Council Rates

The Council meeting held on 10 August adopted the rates for the 2005/2006 financial year. Rate revenue to be raised is \$744,637- which represents an increase of approximately 3.9% over the 2004/2005 revenue collected.

The Budget includes total revenue of \$2,424,200- which includes Special Local Road Grant of \$450,000- for the continuation of the Cowell to Kimba road. Major capital expenditure items are Local Road construction \$326,000, Cowell to Kimba road construction of \$675,000- and purchase of plant and equipment of \$236,000-.

The biggest increase in operating expenditure is for waste management, where there have been significant increases due to adoption of the “wheelie bin” refuse collection system, and ever increasing compliance costs to meet Environment Protection Authority standards for the waste depot.

Wallaroo/Lucky Bay Ferry Service

Sea Transport SA lodged a Development Application in July 2005 under Section 49 of the Development Act, for the Wallaroo and Lucky Bay infrastructure associated with the proposed ferry service.

The application was lodged as a Crown Development, Public Infrastructure proposal pursuant to the Development Act 1993 and was supported and specifically endorsed by the Office for Infrastructure Development.

The application had the strong support of Council.

The State Government Assessment Commission granted Development Approval for the project in November 2005.

Household Wheelie Bin Service

Following consideration of tenders for the Town Household refuse collection service, Council resolved to formally adopt a MGB (Wheelie Bin) pick up service from the first collection in September 2005.

Council also resolved to bulk purchase the 140 litre bins, which were to be provided to all households. The cost of the bins was \$40 each, and the cost was recouped via an additional amount being levied on the Refuse Collection Fee over two years.

Unfortunately there was to be an increase in the base rate of the Refuse Collection Fee also, to cover the additional cost of a mechanised pick up service. Council felt compelled to introduce a mechanised system due to Occupational Health and Safety requirements and standards being set by the Environment Protection Authority. The new service should overcome many of the problems of the old collection system eg. Litter from split bags etc.

Kerbing Machine

In August 2005 Council was advised by our kerbing contractor that he was ceasing the business to pursue other opportunities. The contractor had also done regular work for the Streaky Bay District Council, who contacted us with the suggestion that we could jointly purchase the kerbing machine and equipment.

Council approved the joint purchase recognising it as another good example of resource sharing between Councils in this region.

Institute

The Franklin Harbour Institute Committee acknowledged the services of Mr Verran King as chief projectionist in the showing of films at the hall for a period of 50 years.

Verran has to be commended for the wonderful service he has given to the community, bringing much pleasure to young and old alike. A fine achievement!

It is with regret that the showing of films will cease, from September 2005 the reasons being the projector is in need of a major upgrade and the cost of repairing is far too great to meet the needs of modern day films.

The Committee also acknowledged the work of local tradesmen who were employed with the recent kitchen renovations. They along with the many voluntary hours of the hard-working committee members have completed a much more “user friendly” facility which we can all be very proud of.

Office Alarm System

Following the recent break-in, the November Council meeting authorised the purchase and installation of a monitored alarm system.

The thieves did some minor damage to the premises and equipment, and were only able to access a small amount of petty cash and loose change.

Tarong Energy - Mt Millar Windfarm

The Board of Tarong Energy, the Queensland company that owns the Mt Millar Wind Farm project, visited the site and inspected the project on Thursday 24 November. The Board also held its monthly meeting in the Council Chambers on Friday 25 November and were able to use Council’s video conferencing facility to communicate directly with staff in their Brisbane office during the meeting.

The Company hosted a dinner at the Franklin Harbour Hotel on Thursday evening, and were very impressed with the progress being made with the Wind Farm, and expressed their thanks to Council and the community for their support for the project.

Main Street Power Line Undergrounding

Work on the second phase of the main Street power line undergrounding commenced in January 2006 with ETSA Utilities co-ordinating the project. The main contractor was Pearce Earthmoving from Pt Augusta.

The project was completed on time and budget, with minimal disruption to vehicular and pedestrian traffic, and to normal business operations. The contractors were commended for the standard of work and timely completion of the project.

Works Manager

The January Council meeting received with much regret the resignation of Craig Roberts as Works Manager as from 31 March 2006. Craig had held that position since October 1999.

The position was subsequently advertised and a number of applicants were interviewed. Mr Michael Perkins an employee of the Cleve Council was the successful applicant, and commenced duties in early March.

Lucky Bay Road

The February 2006 Council Meeting resolved to write to Lyn Breuer, Member for Giles, seeking her backing for the sealing of the Lucky Bay road in preparation for the Wallaroo to Lucky bay ferry service. The State Government has committed to sealing the road once the ferry service has been successfully established, but Council believed it would reflect poorly on this region if the newly commenced service delivered traffic onto an unsealed connecting road, particularly during or after local rainfall. Council supported the call by Liz Penfold, Member for Flinders, to have the road sealed as soon as possible.

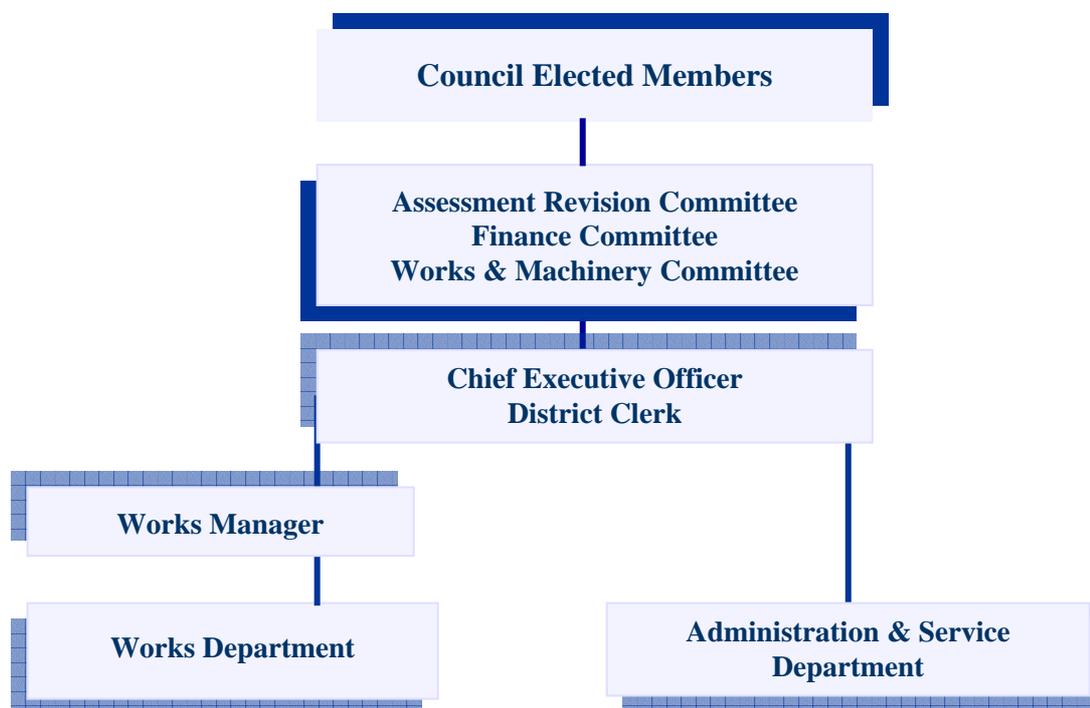
Building Development Statistics

During the 2005/2006 financial year there were 76 Development Applications lodged for Council Approval. These included:-

16 New and Relocated Dwellings	\$1,761,811
12 Residential Units	\$1,655,584
7 Commercial Buildings/Extensions	\$119,000
18 Domestic Extensions/Renovations	\$181,109
33 Garages/Carports	\$556,399

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 four, 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 three 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 Bob NORRIS	Lincoln Highway, Cowell	8629 2300
Deputy Chairperson	Cr Eddie ELLEWAY	Yabmana	8628 5037
	Cr Bryan THOMPSON	Esplanade, Cowell	8629 2086
	Cr Tony KADEN	Mitchellville, Cowell	8629 2283
	Cr Bob UDY	10 Clothier Cres, Cowell	8629 6053
	Cr Gavin Jackson	Mt Millar Via Cowell	8628 5028

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:-

<u>COMMITTEE</u>	<u>MEMBERSHIP</u>
Assessment Revision Committee	The Whole Council
Finance Committee	The Whole Council
Works and Machinery Committee	Crs. Norris, Jackson and Elleway

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 Supplementary 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.

Access Arrangements, Procedures And Point Of Contact

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

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

No certificates relating to FOI requests were issued under Section 65zy of the Local Government Act in the twelve months to 30 June 2006.

B.A. Francis
DISTRICT CLERK

2005/2006 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
- ◆ Water catchment 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 2005/2006 financial year the Council has considered the following:

- ◆ The current economic climate in which the major factors are uncertain seasonal prospects, moderate inflation and stable interest rates.
- ◆ The budget for the 2005/2006 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 2005/2006 financial year the Council has decided to limit the increase in total revenue collected to approximately 3.9% 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, 2005. 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:

Office of the Valuer-General
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 August 10, 2005 the Council decided to raise rate revenue of \$744,637- in a total operating revenue budget of \$1,713,200-. 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 \$255-, it will affect 304 (29%) 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 596 rateable properties in the township areas and these properties will contribute \$191,637- (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 \$36,036- (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 \$4197- (1%) of rate revenue.
- ◆ All land located in the remainder of the district
 - There are 300 rateable properties in the remainder of the district and these properties will contribute \$512,767- (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. The full cost of operating and maintaining this service for this financial year is budgeted to be \$64,500-. 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.

WATER CATCHMENT LEVY

The Council is in the Eyre Peninsula Catchment Water Management Board area and is required under the Water Resources Act 1997 to make a specified contribution of \$26,663- to the Eyre Peninsula Catchment Water Management Board. It does so by imposing a separate rate being a fixed water levy of \$31.70 upon all rateable property in this Council area. The Council acts as a revenue collector for the Eyre Peninsula Catchment Water 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
 6 Main Street
 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 Community 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 Community 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 20th days of September and December 2005 and the 20th days of March and June 2006.

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.

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 2005/2006 financial year this fine is 9.5% (0.7917% 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.

Signed – B.A. Francis, DISTRICT CLERK
Adopted 10 August 2005

**DISTRICT COUNCIL
OF
FRANKLIN HARBOUR**

FINANCIAL STATEMENTS

**For The Year Ended
30 JUNE 2006**

**OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE, 2006**

	Note	2006 \$	2005 \$
OPERATING REVENUE			
Rates			
General		745,588	716,777
Statutory Charges		61,308	32,976
User Charges	7	66,889	46,546
Operating Grants and Subsidies		1,180,606	813,615
Investment Income		9,521	46,723
Reimbursements		29,296	132,802
Gain on Disposal of Non- Current Assets			
Other		227,921	77,972
		<hr/>	<hr/>
TOTAL OPERATING REVENUE		2,321,129	1,867,411
OPERATING EXPENSES			
Employee Costs	3	543,321	475,451
Contractual Services	5	321,460	242,911
Materials	6	340,854	292,871
Finance Charges		3,650	4,445
Depreciation	4	943,968	894,868
Loss on Disposal of Non- Current Assets		8,536	4,568
Other		113,619	-133,870
		<hr/>	<hr/>
TOTAL OPERATING EXPENSES		2,275,408	1,781,244
Operating Surplus / (Deficit) before			
Capital Revenues		<hr/> 45,721	<hr/> 86,167
CAPITAL REVENUES			
Capital Grants, Subsidies and Monetary Contributions		450,000	450,000

Physical resources received
free
of charge

Operating Surplus / (Deficit) after Capital revenues and before		<hr/>	<hr/>
Extraordinary items		495,721	536,167
Extraordinary Items	19	<hr/>	<hr/>
NET SURPLUS / (DEFICIT) RESULTING FROM OPERATIONS		495,721	536,167

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

1

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2006

	Note	2006 \$	2005 \$
CURRENT ASSETS			
Cash and Cash Equivalents	8	421,559	343,834
Trade and Other Receivables	9	141,182	178,373
Inventories	10	<hr/> 400,799	<hr/> 393,575
TOTAL CURRENT ASSETS		<hr/> 963,540	<hr/> 915,782
CURRENT LIABILITIES			
Trade and Other Payables	11	200,130	310,838
Short Term Provisions	12	35,000	13,319
Current Portion of Long Term Borrowings	13	<hr/> 44,764	<hr/> 25,718
TOTAL CURRENT LIABILITIES		<hr/> 279,894	<hr/> 349,875
NET CURRENT ASSETS / (CURRENT LIABILITIES)		<hr/> 683,646	<hr/> 565,907
NON-CURRENT ASSETS			
Inventories	10	35,703	800
Land	14	1,271,482	604,500

Buildings	14	2,028,513	1,426,950
Infrastructure	14	8,965,646	8,430,394
Equipment	14	1,688,630	1,655,655
Furniture and Fittings	14	75,271	78,008
		<hr/>	<hr/>
TOTAL NON-CURRENT ASSETS		14,065,245	<u>12,196,307</u>
NON-CURRENT LIABILITIES			
Long Term Provisions	12	110,882	120,534
Long Term Borrowings	13	<hr/> 97,006	<hr/> 41,770
TOTAL NON-CURRENT LIABILITIES		<hr/> 207,888	<hr/> 162,304
NET ASSETS		<hr/> 14,541,003	<u>12,599,910</u>
EQUITY			
Accumulated Surplus		5,747,468	5,251,747
Asset Revaluation Reserve		<hr/> 8,793,535	<hr/> 7,348,163
TOTAL EQUITY		<hr/> 14,541,003	<u>12,599,910</u>

This statement should be read in conjunction with the accompanying notes.

DISTRICT COUNCIL OF FRANKLIN HARBOUR

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006	2005
		\$	\$
ACCUMULATED SURPLUS			
Balance at beginning of period		5,251,747	4,715,580
Net Surplus / (Deficit)		<hr/> 495,721	<hr/> 536,167
Balance at end of period		<hr/> 5,747,468	<hr/> 5,251,747

**ASSET REVALUATION
RESERVE**

Balance at beginning of period	7,348,163	7,348,163
Transfers to Reserve		
-Revaluation increment	<u>1,445,372</u>	<u> </u>
Balance at end of period	<u>8,793,535</u>	<u>7,348,163</u>
TOTAL EQUITY	<u>14,541,003</u>	<u>12,599,910</u>

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$	Inflows (Outflows)	2005 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts		2,294,572		1,810,492
Investment Income		15,391		48,645
GST Collected		23,359		27,837
GST refund from ATO		201,231		172,994
		(1,413,945)		
Payments)		(791,266)
Finance Costs		(3,650)		(4,445)
GST payments on purchases		(163,194)		(215,458)
GST remitted to the ATO		(23,601)		(26,066)
		<u> </u>		<u> </u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		<u>930,163</u>		<u>1,022,733</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Proceeds from Borrowings		100,000		
Payments				

Repayments of Borrowings	(25,718)	(24,219)
	<hr/>	<hr/>
NET CASH USED IN		
FINANCING ACTIVITIES	74,282	(24,219)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Receipts		
Capital Grants, Subsidies/ Contributions	450,000	450,000
Sale of Equipment	162,596	243,902
Sale of Land	31,349	
Payments		
Purchase of Buildings		(64,090)
	(1,136,928)	(1,227,279)
Purchase of Infrastructure))
Purchase of Equipment	(421,758)	(617,961)
Purchase of Furniture and Fittings	(11,979)	(25,774)
Purchase of Land		
	<hr/>	<hr/>
Marina Development		(360,000)
NET CASH USED IN		(1,601,202)
	<hr/>	<hr/>
OTHER ACTIVITIES	(926,720))
	<hr/>	<hr/>
NET INCREASE(DECREASE) IN CASH HELD	77,725	(602,688)
	<hr/>	<hr/>
CASH AT BEGINNING OF REPORTING PERIOD	343,834	946,522
	<hr/>	<hr/>
CASH AT END OF		
REPORTING PERIOD	8	
	<hr/> <hr/>	<hr/> <hr/>
	421,559	343,834

The above statement of cash flows should be read in conjunction with the accompanying notes.

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 dated

Compliance with International Financial Reporting Standards

AIFRS include certain specific provisions relating to not-for-profit entities that are not included in the International Financial Reporting Standards. In addition, Australian Accounting Standard AAS 27 *Financial Reporting by Local Governments* also applies. Except to the extent that these special provisions require, these financial statements comply with International Financial Reporting Standards.

The principal areas of non-compliance relate to the recognition of non-reciprocal revenues, the definition of value in use for the purposes of AASB 116 Impairments and the offsetting of revaluation increments and decrements within classes of assets, and are detailed more particularly below.

Application of AASB 1 First-time Adoption of AIFRS

These statements are the first District Council of Franklin Harbour financial statements to be prepared in accordance with AIFRS and AASB1 *First-time Adoption of AIFRS* has been applied in their preparation. Previous financial statements have been prepared in accordance with the former Australian Generally Accepted Accounting Principles (GAAP) which differ in certain respects from AIFRS. When preparing these financial statements, Council has amended certain accounting and valuation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, where Council has taken the exemption available under AASB1 to only apply AASB 132 and AASB 139 from 1 July 2005, the comparative figures have been restated to reflect these adjustments.

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 Assets 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.

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 oncosts) 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. Further information and reconciliations relating to the transition from GAAP to AIFRS are set out in Note 23.

New Accounting Standards

Certain new accounting standards have been published that are not mandatory for the 30 June 2006 reporting period.

- AASB 2005-8 *Amendments to AASB 4, AASB 1023, AASB 139 & AASB 132*
- 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 2005-6 *Amendments to AASB 121*
- AASB 2005-9 *Amendments to AASB 4, AASB 1023, AASB 139 & AASB 132: Financial guarantee contracts*
- AASB 7 *Financial Instruments: Disclosures*
- AASB 2005-10 *Amendments to AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038: consequential amendments arising as a result of the release of AASB 7*
- AASB 2006-1 *Amendments to AASB 121: clarification regarding monetary items forming part of the net investment in a foreign operation.*

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.

3

EMPLOYEE COSTS

	2006	2005
	\$	\$
Wages & Salaries	624,852	564,739
Superannuation Expenses	67,401	63,212
Provision for Leave Entitlement	12,799	22,279
	<u>705,052</u>	<u>650,230</u>
<i>Less</i> Amounts Capitalised		
Non-Current Assets Constructed By Council	161,731	174,779
	<u>543,321</u>	<u>475,451</u>

4 DEPRECIATION AND AMORTISATION EXPENSE

Depreciation and amortisation expense for the year was charged in respect of:

Plant & Machinery	186,302	157,213
Office Equipment, Furniture & Fittings	14,716	18,272
Infrastructure	658,042	637,069
Buildings	84,908	82,314
	<u>943,968</u>	<u>894,868</u>

5 CONTRACTUAL SERVICES

Contractual services involve payments or liabilities for the external provision of services.

6 MATERIALS

Materials are payment or liabilities for physical goods including energy. They include:

Energy		
electricity	26,632	19,279
fuel/lubricants	188,469	169,682
Other	125,753	103,910
	<u>340,854</u>	<u>292,871</u>

7 USER CHARGES

User charges are revenues from the sale of goods and services or rent of property and facilities. They include:

Rubbish Collection Fee	48,404	27,750
Cemetery Fees	3,010	256
Property Rental & Hire	14,853	17,819
Other	622	721
	<u>66,889</u>	<u>46,546</u>
	2006	2005

8 CASH AND CASH EQUIVALENTS

	\$	\$
Cash At Bank and On Hand	95,763	128,181
Deposits At Call	325,796	215,653

For the purposes of the statement of cash flows, cash includes, cash on hand and in bank and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the reporting period as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Balances as above	421,559	343,834
Balances per statement of Cash Flows	421,559	343,834

9	TRADE AND OTHER RECEIVABLES		
	Current		
	Rates Receivable	62,450	41,394
	Other Debtors	41,619	51,509
	GST Debtor	15,211	53,006
	Prepayments	21,902	32,464
		<u>141,182</u>	<u>178,373</u>
10	INVENTORIES		
	Current		
	Stores In Raw Materials	40,483	33,575
	Real Estate Developments	360,316	360,000
		<u>400,799</u>	<u>393,575</u>
	Non-Current		
	Real Estate Developments	<u>35,703</u>	<u>800</u>
11	TRADE AND OTHER PAYABLES		
	Current		
	Goods and Services	79,959	178,851
	Accrued Expenses - Employee Benefits	120,171	131,987
		<u>200,130</u>	<u>310,838</u>
12	PROVISIONS		
	Current		
	Employee Benefits	35,000	13,319
		<u>35,000</u>	<u>13,319</u>
	Non Current		
	Employee Benefits	110,882	120,534
		<u>110,882</u>	<u>120,534</u>
13	BORROWINGS		
	Current		
	Loans - LGFA	<u>44,764</u>	<u>25,718</u>
	Non Current		
	Loans – LGFA	<u>97,006</u>	<u>41,770</u>
14	PROPERTY, PLANT & EQUIPMENT	2006	2005
	OPERATING ASSETS	\$	\$
	Land		
	at Valuation as at 1 st July 2001	-	<u>604,500</u>
	at Valuation as at 30 th June 2006	<u>1,271,482</u>	-
		<u>1,271,482</u>	<u>604,500</u>
	Buildings		
	at Valuation as at 1 st July 2001		1,653,719
	at Valuation as at 30 June 2006	<u>2,028,513</u>	
	at cost	<u>-</u>	<u>102,951</u>

	2,028,513	1,756,670
<i>Less</i> Accumulated Depreciation	<u>-</u>	<u>329,720</u>
	<u>2,028,513</u>	<u>1,426,950</u>
Plant & Equipment		
at cost	2,437,044	2,267,627
<i>Less</i> Accumulated Depreciation	<u>748,414</u>	<u>611,972</u>
	<u>1,688,630</u>	<u>1,655,655</u>
Office Equipment & Furniture & Fittings		
at cost	271,848	259,869
<i>Less</i> Accumulated Depreciation	<u>196,577</u>	<u>181,861</u>
	<u>75,271</u>	<u>78,008</u>
Infrastructure		
Roads & Footpaths		
at cost	3,210,815	2,107,708
at Council's Valuation 1/7/03	<u>6,132,300</u>	<u>6,132,300</u>
	9,343,115	8,240,008
<i>Less</i> Accumulated Depreciation	<u>1,766,495</u>	<u>1,152,025</u>
	<u>7,576,620</u>	<u>7,087,983</u>
Bridges		
at Council's Valuation 1/7/03	579,000	579,000
<i>Less</i> Accumulated Depreciation	<u>34,049</u>	<u>22,928</u>
	<u>544,951</u>	<u>556,072</u>
Stormwater Drainage		
at Council's Valuation 1/7/03	243,540	243,540
<i>Less</i> Accumulated Depreciation	<u>9,018</u>	<u>6,050</u>
	<u>234,522</u>	<u>237,490</u>
Boatramp		
at Council's Valuation 1/7/03	380,000	380,000
at cost	<u>32,807</u>	<u>15,686</u>
	412,807	395,686
<i>Less</i> Accumulated Depreciation	<u>57,290</u>	<u>38,579</u>
	<u>355,517</u>	<u>357,107</u>
Other Community Assets		
at Valuation as at 1 st July 2001	-	206,138
at Valuation as at 30 June 2006	254,036	
at Cost	<u>-</u>	<u>42,176</u>
	254,036	248,314
<i>Less</i> Accumulated Depreciation	<u>-</u>	<u>56,572</u>
	<u>254,036</u>	<u>191,742</u>
Total Infrastructure	<u>8,965,646</u>	<u>8,430,394</u>
Total Property Plant & Equipment	<u>14,029,542</u>	<u>12,195,507</u>

15

CONTROLLING AUTHORITIES - SECTION 200

Council is a member of the Eyre Regional Development Board which is a regional economic development authority charged with the responsibility of facilitating Economic Growth and Activity in the Eyre Region.

Council is a member of the Eyre Peninsula Local Government Association (EPLGA) which is a regional Local Government representative body charged with responsibility of representing the interest of its member Councils.

	2006	2005
	\$	\$
Contribution – ERDB	13,007	13,007
Contribution - EPLGA	8,000	8,000

SUPERANNUATION

The Council contribute in respect of its employees to a defined benefit superannuation plan established in respect of all municipalities in the State. In accordance with statutory requirements, the Council contributes to the Local Government Superannuation Scheme ("the scheme") amounts determined by the plan actuary. As such, assets accumulate in the scheme to meet members' benefits as they accrue. If the assets of the scheme were insufficient to satisfy benefits payable to its beneficiaries, the Council would be required to meet its share of the deficiency. The audited general purpose financial report of the scheme as at **30 June 2005** which was not subject to any audit qualification, indicates that the assets of the scheme are sufficient to meet the accrued benefits. No liability of the Council has been recognised as at the reporting date in respect of superannuation benefits for its employees. The general purpose financial report of the scheme discloses that the most recent actuarial assessment of the plan was undertaken as at **30 June 2002** by LC Brett, BSc., FIA, FIAA and that the actuary indicated that without improvements to benefit conditions, or other unanticipated events, current Council contribution rates for contributory members would be sufficient to meet members' benefits as they accrue.

The amount of superannuation contributions paid by the Council during the year was **\$67,401 (2005 \$ 63,212)**

RECONCILIATION OF INCREASE IN NET ASSETS RESULTING FROM OPERATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006 \$	2005 \$
Change in Net Assets resulting from Operations	495,721	536,167
Items not involving Cash:		
Depreciation	943,968	894,868
Loss/(Gain) on Disposals	<u>8,536</u>	<u>4,568</u>
	1,448,225	1,435,603
Less Capital Grants	<u>450,000</u>	<u>(450,000)</u>
	998,225	985,603
Change in Operating Assets & Liabilities		
Decrease (Increase) in Debtors	37,191	(80,513)
(Decrease) Increase in Creditors	(110,708)	107,758
(Decrease) Increase in Prov. for Employee Entitlement	12,029	22,279
(Increase) Decrease in Inventories	(6,574)	(11,541)
(Increase) Decrease in Prepayments	-	(853)
Net Cash provided by Operating Activities	<u><u>930,163</u></u>	<u><u>1,022,733</u></u>

(a) Interest Rate Risk Exposure

The Councils exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below. Exposures arise predominantly from assets and liabilities at variable interest rates as Council intends to hold fixed rate assets and liabilities to maturity.

	Weighted Avg Interest Rate	Floating Interest Rate	Fixed Interest Rate		Non Interest Bearing	Total
			< 1 yr	1 – 5 yrs		
2006						
Financial Assets						
Cash	.01%	95,463			300	95,763
Deposits	5.5%	325,796				325,796
Receivables					<u>141,182</u>	<u>141,182</u>
		<u>421,259</u>			<u>141,482</u>	<u>562,741</u>
Financial Liabilities						
Creditors & Accruals					200,130	200,130
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>200,130</u>	<u>341,900</u>
2005						
Financial Assets						
Cash	.5%	127,881			300	128,181
Deposits	5.25%	215,653				215,653
Receivables					<u>145,909</u>	<u>145,909</u>
		<u>343,534</u>			<u>146,209</u>	<u>489,743</u>
Financial Liabilities						
Creditors & Accruals					310,838	310,838
Debenture Loans	5.98%		<u>25,718</u>	<u>41,770</u>		<u>67,488</u>
			<u>25,718</u>	<u>41,770</u>	<u>310,838</u>	<u>378,326</u>

(b) Credit Risk Exposures

Credit risk represents the loss that would be recognised if other parties failed to perform as contracted.

The credit risk on financial assets, excluding investments, of the Council which have been recognised in the Statement of Financial Position, is the carrying amount, net of any provision for doubtful debts.

The Council does not have significant exposure to any concentration of credit risk.

The net fair value of other monetary financial assets and financial liabilities is based on market prices where a market exists or by discounting expected future cash flows by the current interest rates for assets and liabilities with similar risk properties.

Cash flows are discounted using standard valuation techniques and the applicable market yield having regard to the timing of cash flows. The carrying amount of bank terms deposits, accounts receivable, accounts payable and bank loans approximate net fair value.

(c) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and financial liabilities approximates their carrying value.

Due to the nature of the financial instruments held by Council, the costs associated with their settlement would not

**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 2006 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.

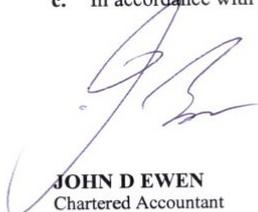
These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Concepts and Standards and the Local Government Act 1999, so as to present a view of the entity which is consistent with my understanding of it's financial position and the results of it's 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 2006 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

5th October 2006
Adelaide