



Shire
of
Harvey
a breath of fresh air

Annual Report 30 June 2007

Table of Contents



Shire President's Report	3
Elected Members of Council	6
Executive Staff	7
Chief Executive Officer's Report	8
Council Information	12
Competition Principals Agreement	14
Disability Services Plan	16
Record Keeping Plan	17
Plan For The Future	18
Annual Financial Report	21

Shire President's Report



Well it's been another busy year in the idyllic location which makes up the Shire of Harvey. Many new residents were again attracted to settle inside our boundaries. It is easy to imagine why when you consider the diversity and lifestyle choices that we are able to offer.

The varieties range from urban, to rural and semi rural and can be located on the estuary, the coast, in the farming area with the added bonus of irrigation and finally the scarp and forest in the east.

As a direct result of that influx we were delighted to welcome 80 residents as new citizens of Australia. This part of the President's role is very important and at the same time very satisfying. An excellent atmosphere is created when family and friends attend to be part of this important ceremony.

Our building boom has settled a little which has been welcomed by our Staff who had to cope with the extra demands on their time and on our system. Nevertheless 1349 new building licenses were issued during the year, a down turn on the previous years figure of 1452, but certainly more manageable. Strong growth is expected to continue. It seems that residential land development in most towns is going on as the changing dynamics and land prices has meant that there is now a positive return on developments in our smaller towns.

During the year Townscape Schemes with much community consultation have been developed for the towns of Yarloop and Brunswick Junction. Both have been finalised and we are progressing with plans and drawings prior to the implementation stage.

School Staff and community members have been concerned about school numbers and overcrowding in Australind for some time. Many transportables are being used and other issues such as traffic problems were reaching a dangerous level. Council was involved in actively lobbying the Minister and we were delighted when he announced a new school for Kingston. That will go some of the way to relieving the pressure.

It seems a long time ago but the scars are still evident from the Tornado that swept through Leschenault leaving a path of destruction behind it in August last year. There was a lot of heartache for those residents affected.

The Shire CEO Michael Parker, the Recovery Committee, Shire Staff and the many volunteers did a mighty job in the assisting and cleaning up after the event.

The Yarloop Hospital has had its role cut back and redefined. The offset was the upgrade at the Harvey Hospital. We await that work commencing and are concerned that the preliminary process of more studies does not compromise the promised work.

Work has commenced on the construction of the Brunswick River Cottages, a joint venture with the Department of Housing. Eight units for the over 55s are being constructed on Clifton Road and is an important concept for Brunswick.

Another exciting project is the construction of the Binningup Water Sports Centre on the beach front at Binningup. The facility will house the Harvey and Districts Water Sports group and the Surf Life Saving Club. Council is pleased to see major infrastructure being provided on a joint basis and the groups involved are to be commended for working together to achieve an important community facility.

Community concern was raised in Binningup when plans were announced to replace the town's caravan park with a series of chalets. Whilst a good number of people are against the change, the zoning allows that to happen. It adds to the loss of a number of caravan parks in W.A.

The Shire Staff and Councillors attended a Department of Water Dialogue on Water in July 2006. After that it all went wrong with water. Were we being softened up?

In May 2007 the State Government cancelled its plan to bring water from the Yarragadee aquifer and decided they would build a Desalination Plant midway between Myalup and Binningup townsites. Strong community opposition has resulted. Council has attempted to highlight the community concerns to the Water Corporation and the Government.

Ultimately Council seeks to ensure the best outcome for the community.

In 2008 it is to get worse with the closure of Logue Brook dam for recreation.

On a brighter note in Binningup the town's excellent entrance statement was unveiled in April. It was beautifully designed and crafted by Anthea Bach and has brought much favorable comment. Added to that, with local member of parliament Mick Murray's assistance, a Library has been built at Binningup. The Library has a good display of books but it also allows the accessing of books from other libraries and internet use.

One battle that was won was the Government agreeing not to reduce the service offered to the public by the Australind Train. Obviously the train could be more profitable but even while incurring an operating loss, the taxpayers are prepared to cover that loss because it is such an important service.

Shire President's Report - (Continued)



In the southern end of the Shire plans are being progressed for retirement villages in 3 different suburban developments. These villages are becoming very popular and seem to be going into every subdivision.

Finally I need to pay my compliments to all those in the community who received awards during the year.

Cr Gary van Burgel received an Order of Australia Medal for his services to a host of voluntary community organisations. Australind resident Bill Williams was recognised for his service to the mining industry.

Shire Staff employee Paul Beech was recognised with an Australia Day award.

We are proud of all of these gentlemen and our Shire is a much richer place to live as a result of their contributions.

A big thank you to our Staff and elected Councillors for this year's achievements. They have all achieved in providing an excellent service for our community.

I enjoyed the year serving as your Shire President and will continue to do my best to meet the many challenges that continually come our way. Part of that is made easier by my CEO Michael Parker, we continually confer and he offers great leadership to our Staff.

PETER MONAGLE
SHIRE PRESIDENT

Elected Members of Council



Cr. Peter Monagle
Shire President



Cr. Tania Jackson
Deputy Shire
President



Cr. Bill Adams



Cr. John Sabourne, JP



Cr. John Bray



Cr. John Bromham



Cr. Francis Burgoyne



Cr. Greg Campbell



Cr. Gordon Godber



Cr. Brian Hollands



Cr. Gary Van Burgel JP



Cr. Fiona Skilbeck

Executive Staff



Michael Parker
Chief Executive
Officer



Jeff Gale
Assistant Chief
Executive Officer



Paul Beech
Manager – Economic &
Development Services



Dean Winter
Finance Manager



Merv Stewart
Principal Building
Surveyor



Jake Davidson
Manager – Planning
Services



Peter Kay
Manager – Works &
Services



Peter Anderson
Shire Engineer



Scott Dandridge
Principal Environmental
Health Officer



Ruth Campbell-Hicks
Principal Librarian

Chief Executive Officer's Report



The 2006/2007 financial year was one of continued expansion in the Shire of Harvey with the commencement of a number of major infrastructure projects.

The Shire's population growth was confirmed with the release of the 2006 Census figures indicating a population of 20,461 at 30th June 2006.

Council's audit reveals a sound financial position in which Council's Reserve Funds set aside for major future requirements were enhanced and the Council's debt reduced.

Corporate Services

Council's budget was adopted on 18th July 2006 incorporating a 5% increase in general rates and a 3.8% increase in rubbish rates. Council retained its 8% discount programme for early payment which resulted in a recovery of 70% of rates in the discount period.

The Council's General Purpose Grant from the Federal Government decreased by 0.9% whilst its Local Road Grant increased by 2.6%.

Loan Funding

Outstanding loan principal decreased from \$2,223,580 to \$1,752,630 during the financial year. Council's debt servicing liability in 2006/07 was \$609,218 of which \$138,268 was the interest component. (This incorporates all self supporting loans taken out on behalf of community groups).

During the year the finalisation of six loans was achieved for the following; purchase of Water Authority Building Harvey, Riverlinks Community Centre, Ridley Place Toilets, Harvey Recreation Centre, Australind Library extension and the Bengier Community Centre.

Reserves

Council's Reserve Accounts grew from \$4,350,743 to \$4,802,975 during the year under review. This included the establishment of a Recreation Facilities Reserve with an eye to future oval expansion at the Leschenault Recreation Park. The Reserve Accounts are designed to help offset major project costs and given the infrastructure demands on a growing Shire, these funds will be important in helping to fund future development.

Freedom of Information

During 2006/07 two applications under the Freedom of Information Act were dealt with by the Shire of Harvey.

Elections

The amendments to the Local Government Act saw a change in the date for Local Government Elections from the 1st Saturday in May to the 3rd Saturday in October. As a result the scheduled elections for May 2007 were postponed until the new October period.

Technical Services

Council's road infrastructure, parks and gardens continue to be the largest area of Council's expenditure as we strive to maintain over 1100kms of roads and associated infrastructure. Major roadworks undertaken during the year included;

Australind Area

Old Coast Road/ Travers Drive	Slip lane for left turn from Travers Drive
Old Coast Road	Shoulder widening/sealing/linemarking between Upton Place and Australind Cemetery
Break O'Day	Asphalt overlay
Leschenault Parklands	Install drainage for completed channelisation work (Knapp Drive/Australind Road)
Clifton Park	Asphalt overlay work to several roads associated with infill sewer program
Old Coast Road	Asphalt overlay in proximity to Belvedere Estate and installation of "Cat's Eyes" from Galway Green to Collie River Bridge
Barnes Avenue	Asphalt overlay adjoining Australind Primary School

Brunswick Area

The Crescent/Hopkins	Reconstruction and drainage upgrade
Marriott Road	Bitumen second coat seal for approx 1km
Kelly Road	Second coat seal approx 800m
Heppingstone Road	Asphalt overlay and kerbing upgrade
Sandalwood Road	Extend seal
Martin Road	Reconstruction of road between Mornington and PCYC Camp
Clifton Road	Asphalt overlay work and installation of dual use path

Central Area

Yambellup Avenue	Road reconstruction of approx 900m
Korijekup Avenue	Upgrade to haul road standard from Third Street to Eighth Street
Candeloro Place	Drainage upgrade
Mornington Road	Second coat seal for 3kms
Harvey Quindanning	Upgrade to seal standard approx. 3kms length from Stirling Dam Road
Harvey Quindanning	State Blackspot upgrade approx. 1.2km of road to seal standard

Eighth Street	Intersection upgrade with Korijekup Avenue
Anthony Street	Asphalt overlay
Uduc Road	Underground service relocation work
West Harvey	Resheet various unsealed roads
Third Street Bridge	Major refurbishment and upgrade of Harvey River Bridge
Hope Avenue	Road shoulder upgrade
Roy Street	Service relocations (prior to road reconstruction in 2007/08)

Coastal Area

Kylie Terrace	Upgrade of drainage, installation of kerbing and asphalt overlay
Killara	Install drainage soakage pits
Myalup Beach Road	Road reconstruction of 1.6km length
Binningup Beach carpark	commence redevelopment of area in conjunction with new building works
Yeoman Place	Asphalt overlay

Yarloop Area

Riverdale Road	Sealing of shoulder
Marston Road	Upgrade 1.8km to seal standard north of Riverdale Road
Intersection Clifton Rd/ Eckersley Rd	Upgrade intersection to sealed standard to allow installation of statutory signage

Footpath Construction

The following major footpath upgrades were undertaken;

- Clifton Road - Installation of dual use path
- Hopkins Road - Between Heppingstone Rd and Brunswick Rd
- Heppingstone Road - Between Ferry Rd and Hopkins Rd
- Leschenault Parade - From Galway Green to Settlers Hall

Playgrounds

Playground upgrades were provided at the playgrounds in Lucy Victoria Avenue in Clifton Park and RSL Hall in Harvey in line with Council's plan of upgrades. Outside funding was sourced for the replacement of playground equipment at the Brunswick Resource Centre.

Development Services

Strong growth in land development and building activity continued in the Shire although a slow down was experienced in the second half of the financial year.

Council issued 1349 building licenses with a total value of \$90.6 million compared to 1452 licenses at a value of \$110 million in 2005/06. A total of 355 licenses for new dwellings were processed compared with 570 in the previous year.

Major building projects were commenced during the year with the Binningup Water Sports Centre, Binningup Library and the Brunswick River Cottages (eight unit development) being the most notable.

A small expansion of the gymnasium area and an upgrade to ventilation at the Harvey Recreation Centre was undertaken.

The replacement of the external cladding at the Roelands Hall was completed whilst internal painting was undertaken at the Brunswick Hall. Repair works to the Settlers Hall in Leschenault were covered by insurance following the Australind Tornado event.

Council also renewed its maintenance contract at its Richardson Road landfill site.

Other significant projects undertaken during the year included;

- Review of Shire's Emergency Management Plan
- Adoption of a Community Recreation Plan
- Completion of the Binningup Entry Statement
- Replacement of the leisure pool liner at the Leschenault Leisure Centre.
- Provision of new cricket nets in Harvey and at Leschenault Recreation Park.
- Replacement of the synthetic turf on cricket pitches at Leschenault Recreation Park and Harvey Primary School.
- Merriden Park reticulation upgrade and provision of shelter (CSRFF grant project)
- Brunswick Townscaping – signage upgrade
- Harvey Skatepark upgrade
- Employment of a National Resource Management Support Officer
- Provision of Uduc Bushfire Brigade Fast Attack unit (under Emergency Services Levy funding)

During the year Council farewelled Mr. Chadd Hunt, Manager of Planning Services after nine years service with the Shire of Harvey. Chadd had made a significant contribution during a period of enormous growth. Council also said goodbye to Ms Sylvana Olimpio after 18 years of loyal service in the Harvey office.

Significant progress has been made during the year and I acknowledge the efforts of the Staff in delivering the services of the Shire and of the Council for its direction and support.

MICHAEL PARKER
CHIEF EXECUTIVE OFFICER

Council Information



Administration Centre – Harvey

102 Uduc Road
HARVEY WA 6220
Ph 9729 0300
Fax 9729 2053
Email shire@harvey.wa.gov.au

Australind Office

7 Mulgara Street
AUSTRALIND WA 6233
Ph 9797 1090
Fax 9797 1096

Depot –Harvey

Depot Road
HARVEY WA 6220
Ph 9729 1157
Fax 9729 1137

Harvey Library

Young Street
HARVEY WA 6220
Ph 9729 1080
Email harlib@iinet.net.au

Australind Library

Community Centre
Paris Road
AUSTRALIND WA 6233
Ph 9797 1430
Email austlib@harvey.wa.gov.au

Web Site: www.harvey.wa.gov.au

Statistics

Area

1,766 sq.km

Distance from Perth

140km

Total Revenue

\$21.296 million

Population

Approximately 21,080

No. of Rate Assessments

11,859

No. of Dwellings

8,360

Length of Roads

1,005km approximately

Other Information

Townsites and Localities

Australind, Beela, Bengler, Binningup, Brunswick, Cookernup, Harvey, Hoffman, Leschenault, Mornington, Myalup, Parkfield, Roelands, Uduc, Warrawarrup, Wellesley, Wokalup, Yarloop.

Libraries

Australind, Harvey, Yarloop, Binningup

Child Health Centres

Harvey, Brunswick, Australind, Yarloop

Senior Citizens Centres

Harvey, Australind

Significant Local Events

Harvey Harvest Festival, Harvey and Brunswick Agricultural Shows, Yarloop Steam Festival, "In-the-Loop" (car show).

Tourist Attractions

Yarloop Mill Workshops, Harvey Dam and Amphitheatre, Gibbs Pool, Stirling Dam, Logue Brook Dam, Henton Cottage, Replica Captain Stirling Cottage, Italian Interment War Shrine, Leschenault Estuary, Beaches, Harvey River Precinct Gardens, Wineries, Cheese Factory.

Local Industries

Dairy, Beef, Horticulture, Mining, Commerce, Citrus, Vineyards, Export Beef Abattoir (Harvey Beef), Silicon Smelter, Pigment Plant, Harvey Fresh Orange Juice, Boutique Cheese Factory, Light Engineering.

The Harvey Shire is an ideally located and well serviced district with an estimated population of approximately 21,080. The central townsite of Harvey is located 140 kilometres from the metropolitan area and 38 kilometres north of Bunbury. Numerous natural recreation areas are located within the district including the Leschenault Inlet and the Stirling and Logue Brook dams.

Within the district there are two five year high schools, State and Catholic primary schools, hospital facilities, several doctors and child health groups, dentist, swimming pool and aquatic centre, libraries and most service and sporting clubs.

There are two major mining companies situated at the southern and northern boundaries of the Shire. There is also a competitive commercial centre in both the Australind and Harvey townsites as well as Kemerton, a heavy industrial park, located north-east of Australind.

Competition Principals Agreement



The Competition Principals Agreement (CPA) is a contractual agreement between the Federal Government and all States and Territorial Governments. The purpose of the (CPA) is to encourage competitive reform in government.

The CPA requires public enterprises to review their operations to make sure they have no competitive advantage or disadvantage resulting from their status as a public enterprise.

Local Governments are affected where they operate business activities identified as being “significant”, which are in competition with private enterprise. To ensure compliance with the CPA, Local Governments are required to disclose the following information in their Annual Reports.

Competitive Neutrality

The objective of this principle is to ensure that a Council does not have a competitive advantage or disadvantage when competing with private firms as a result of public ownership.

Council is required to perform a “Public Benefit Test” on its business activities that generate a user-pays income of over \$200,000.

The Refuse Collection and Recycling Service has been identified as requiring this test. Consequently it has been found to be beneficial for these services to be contracted to the private sector by way of public tender.

During the 2006/2007 financial year, the Shire of Harvey did not receive any allegations of non-compliance with the principles of competitive neutrality.

Structural Reform of Public Monopolies

The Shire of Harvey does not operate any “public monopolies” as defined by the CPA. Consequently there is no reporting requirement.

Legislation Review

A requirement of the NCP package is for Local Governments to review all existing legislation to ensure they do not restrict competition, unless:

- a) the benefits of the restriction to the community as a whole, outweigh the costs; and
- b) the objectives of the legislation can only be achieved by restricting competition.

The Local Government Act requires that the Local Laws be reviewed every 8 years.

As part of this review process, Council ensures that Principles LR1 and LR4 are applied.

Competition Principals Agreement (cont.)



The following Local Laws were reviewed in November 2007.

- Signs & Bill Posting Local Law
- Local Law relating to Extractive Industries

The follow Local Law was scheduled for reviewed by September 2007 the completion of which will not occur until the end of 2007/08:-

- Local Law relating to Control and Management of the Harvey Commonage (Reserve no. 22977)

The following Local Laws which require review by June 2008 are currently in the process of that review and on target for completion by the end of 2007/08:-

- Health Local Law
- Cemeteries Local Law
- Fencing Local Law
- Miscellaneous Provisions Local Law
- Parking & Parking Facilities Local Law
- Local Government Property Local Law
- Activities on Thoroughfares & Trading in Thoroughfares & Public Places Local Law

The following Local Laws of which a review is required by June 2009 are currently under review with a completion expected by the end of 2007/08:-

- Bush Fire Brigades Local Law
- Dogs Local Law
- Standing Orders Local Law

The Shire of Harvey has adopted a disability services plan to ensure that people with disabilities can access Council facilities, functions and services. It is subject to annual review and may be amended and extended as priorities and needs change.

The plan includes:-

- information on Council functions, facilities and services (both in-house and contracted);
- Policy Statements about Council's commitment to addressing the issue of access for people with disabilities, their families and carers;
- a description of the process used to consult with people with disabilities, their families, carers, disability organisations and relevant Community Groups;
- the identification of objectives and strategies to overcome barriers that people with disabilities identified during the consultation process;
- dates and the identification of the persons responsible for the proposed strategies;
- a method of review and evaluation of the plan; and
- information about how the plan is being communicated to Staff and people with disabilities.

Public Buildings Constructed During The Year

During the course of the 2006/07 financial year the construction of the Binningup Water Sports Facility commenced. The Brunswick Aged Persons Village neared completion and the Binningup Community Library was completed and it included accessible services to the community of Binningup. The Shire Townscape plans for Yarloop and Brunswick are being progressed

Record Keeping Plan



Compliance

Council's draft Record Keeping Plan was approved by the State Records Commission on the 7th October, 2004, and a response was given to Council in early November, 2004. The Plan was approved for a period of three years with a revised plan due by 30th October, 2007. A Recordkeeping Plan Review Report was presented to the State Records Commission on the 1st November, 2007 in the interim, until the Shire's Revised Recordkeeping Plan is completed and submitted in August 2008. A response regarding this report is pending.

Training

All staff are provided with information to ensure they are made aware of their record keeping roles and responsibilities as a part of their initial induction upon commencement of employment with Council. All staff who will create, collect or use records on behalf of the Shire of Harvey must then undertake a comprehensive induction training session (with the Records Supervisor) where they are given the skills and knowledge to use the Shire's record keeping system. A revised Records induction Training Manual has been developed and all staff received Induction/refresher training between December, 2006 and June 2007.

The course will serve two purposes: To ensure feedback is received from staff regarding the efficiency and effectiveness of the training program; and, to ensure staff are aware of subsequent changes to the policies and procedures. This year, the session will incorporate the training of staff in the change to the centralized monitoring of inward correspondence and will included the usual feedback sessions to ensure the effectiveness of the training program is evaluated.

At the end of each session, the employee is required to sign a form to indicate their attendance at the session and understanding of their record keeping responsibilities, and agreement to abide by the Shire of Harvey Record Keeping Plan.

Record Keeping Indicators

A review of the Corporate Record Keeping Indicators for 2006/2007 provided no instances of non-compliance.

Record Keeping Audit

A Record Keeping Audit was conducted during the 2006/2007 year, and provided no instances of non-compliance.

Improvements and Developments

2006/2007 saw the implementation of many new procedures, including a new procedure introduced at the end of 2006, which enables staff to access and action their correspondence via a function within the Record Keeping System, RecFind.

The introduction of individual e-mail addresses has increased the volume of correspondence sent and received by the Shire and seen the introduction of new policies and procedures for their use.

Overall, staff have been given more responsibility for the creation, collection and use of records, a trend which will continue into the future.

Section 5.53 (2) (e) of the Local Government Act 1995 requires that an overview of the *plan for the future* activities that are proposed to commence or continued in the next financial year be included in the Annual Report.

1. BRUNSWICK AGED PERSON VILLAGE

Construction of an aged persons village – consisting of eight two bedroom units in 2006/2007 and an additional eight two bedroom units in 2009/2010. Works Commenced in 2005/2006, and continued into 2006/2007 and will be completed in 2007/2008.

Performance Measure: Ensure construction costs are within budget constraints and monitor public response to the proposed project.

2. SKATEBOARD FACILITIES

Provide adequate skateboard facilities in Myalup, Australind, Yarloop, Harvey, Roelands and Binningup. A major upgrade was undertaken to the Harvey Skate Park.

Performance Measure: Construct within budget allocation, quantify number of patronage and monitor any movement in the level of vandalism to surrounding areas.

3. BINNINGUP LIBRARY

Provide localised library services for the residents of Binningup and surrounding areas. Construction of the library was undertaken in 2006/07 and opened on 6th October 2007.

Performance Measure: Ensure costs are within budget constraints and increase the number of library stocks issued to the community.

4. ENTRY STATEMENTS

Establish formal and attractive entry statements at Shire Boundaries and entry points. Council has established an ongoing entry statement program. In 2005/2006 the design works for the Binningup entry statement took place and construction was completed in 2006/2007.

Performance Measure: The enhancement of tourist/visitor impressions of the area and an increase in business satisfaction from the statement. Also ensure construction costs are within budget constraints

5. BINNINGUP WATER SPORTS FACILITY AND BEACHFRONT DEVELOPMENT

Provide Binningup residents with joint Surf Life Saving and Water Sports Centre. Also provide additional beachfront parking and appropriate public ablutions. A contract has been let for the construction of this project and construction was carried out during 2006/2007 and will be completed in 2007/2008.

Performance Measure: Increased beach user satisfaction with regard to safety and increased Binningup beach user numbers.

6. PLAYGROUND EQUIPMENT CONSTRUCTION

To bring the remaining shire playgrounds not yet in compliance with Australian Standards into compliance along with the installation of additional playgrounds to enhance the developing areas of the Shire. In accordance with the Shire's playground development program, playgrounds upgraded or constructed in 2006/2007 occurred at the RSL Halls in Harvey, Lucy Victoria Ave in Clifton Park and at the Brunswick Resource & Community Centre (which was funded via grants). The Shire will provide a major upgrade to the Ridley Place playground in 2007/2008.

Performance Measure: Phased upgrade of all remaining playgrounds within budget allocation and increased usage of playgrounds throughout the Shire.

7. HARVEY OVAL DRAINAGE UPGRADE

Upgrade drainage facility of the Harvey Oval to better accommodate an 'all year' demand on this oval. 2007/2008 will see a continuation of the top dressing proposed for the oval.

Performance Measure: An increase in participation rate of the oval, better water runoff from the oval and a reliable watering regime.

8. LESCHENAULT LEISURE CENTRE

Provide a quality wet and dry leisure facility to the residents of the Shire of Harvey. Tiling of the leisure pool was completed in 2006/07 to replace the previous liner. An upgrade to the pool heating system planned for 2007/08.

Performance Measure: An increase in user admissions to the centre and monitor financial reports of the Centre to view actual income as it relates to budgeted income. Also ensure subsidies are within Councils budget constraints.

9. DEPOT WORKSHOP CONSTRUCTION

Renew the Harvey Depot Workshop area so that it complies with existing health and safety and environmental requirements. Additional reserve funds were to be set aside in 2006/2007 along with an allocation for design works. The project is to be undertaken in 2007/2008.

Performance Measure: Ensure construction meets all regulatory requirements and ensure construction costs are within budget constraints.

10. BRUNSWICK TOWNSITE CBD REDEVELOPMENT

Redevelop the central business district of Brunswick and provide better parking and access to the CBD. The provision of underground power. New street signage was installed during 2006/07 and further design works undertaken. An application for underground power has been made with works planned for the end of 2007/2008.

Performance Measure: The enhancement of the Brunswick Main Street, ensure minimal disruption to the central business district and ensure redevelopment costs are within budget constraints.

11. YARLOOP TOWNSITE REDEVELOPMENT

Develop and enhance the townsite of Yarloop and provide better access to public services and community resources in the Yarloop townsite. Funding has been received from the South West Development Commission and Alcoa for this project.

Performance Measure: The enhancement of the Yarloop Heritage Precinct

12. HARVEY CIVIC AREA DEVELOPMENT

Develop a central civic precinct in Harvey and provide better access to library, Shire and other community resources in the Harvey town site. Budget allowance for new car park made in 2007/08 on the recreation ground adjoining the library.

Performance Measure: The enhancement of the Harvey civic area, ensure minimal disruption to the central business district and ensure redevelopment costs are within budget constraints.

13. ROADWORKS

Provide and maintain a safe network of vehicular and pedestrian traffic. As well as continued expansion of the sealed road network. Major roadworks were undertaken in 2006/07 in accordance with Council's 5 year program.

Performance Measure: Number of kilometres of newly sealed road and of new dual use paths. Also quantify the number of road failures and measure the level of funding received.

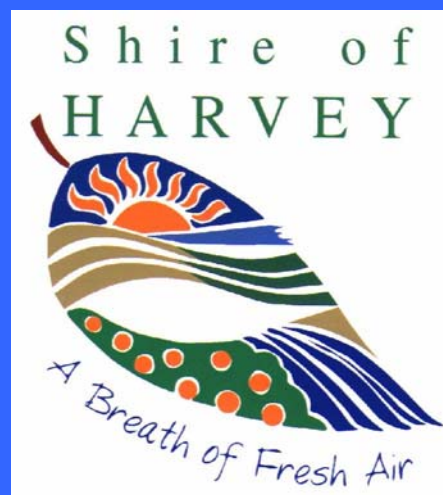
14. DRAINAGE AND TOWNSCAPE

Provide and maintain a viable and adequate drainage system. In 2006/07 Council constructed major drainage works to Kylie Terrace, Binningup and Candeloro Place, Harvey.

Performance Measure: Quantify the number of drainage failures and number of metres of new drainage upgrades

Annual Financial Report

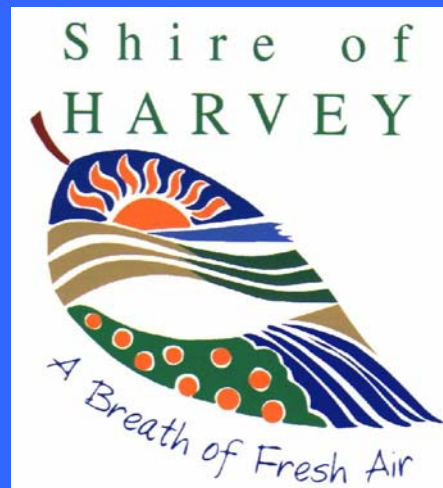
For the Year Ended
30 June 2007



Detailed Accounts

Presented in Schedules Format

For the Year Ended
30 June 2007



SHIRE OF HARVEY
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

TABLE OF CONTENTS

Statement by Chief Executive Officer	22
Income Statement by Nature or Type	23
Income Statement by Program	24
Balance Sheet	25
Statement of Changes in Equity	26
Cash Flow Statement	27
Rate Setting Statement	28
Notes to and Forming Part of the Financial Report	29
Independent Audit Report	61
Detailed Accounts (in schedule format)	63

SHIRE OF HARVEY
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Shire of Harvey being the annual financial report and other information for the financial year ended 30th June 2007 are in my opinion properly drawn up to present fairly the financial position of the Shire of Harvey at 30th June 2007 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the

5th day of October, 2007.

Michael Parker
Chief Executive Officer

SHIRE OF HARVEY

INCOME STATEMENT

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 \$	2007 Budget \$	2006 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	22	9,224,624	9,078,237	8,207,816
Grants and Subsidies - Operating	28	2,926,547	1,983,611	1,296,074
Grants and Subsidies - Non Operating	28	1,075,711	2,409,228	2,508,883
Contributions and donations	29	2,595,414	1,664,540	2,353,511
Profit on asset disposals	20	6,462	1,000	70,442
Fees and Charges from Property	27	518,283	116,086	111,800
Fees and Charges from Other	27	4,018,333	4,182,754	4,293,379
Interest Earnings	2(a)	689,771	546,121	545,580
Other Revenue		241,250	187,781	427,841
		<u>21,296,396</u>	<u>20,169,358</u>	<u>19,815,328</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Rates	22	(1,138,657)	(1,080,181)	(901,880)
Employee Costs		(5,817,567)	(5,237,093)	(5,046,080)
Materials		(4,423,761)	(5,662,232)	(4,692,796)
Utilities		(169,407)	(324,000)	(278,990)
Insurance Expense		(275,371)	(398,902)	(294,397)
Depreciation	2(a)	(5,432,367)	(5,502,442)	(4,993,914)
Interest Expense	2(a)	(130,274)	(135,376)	(165,764)
Contributions & Donations		(153,723)	(190,890)	(167,683)
Consultants		(56,057)	(292,000)	(113,870)
Loss on Asset Disposals	20	(104,600)	(3,500)	0
Other		(1,134,311)	(946,742)	(390,736)
		<u>(18,836,095)</u>	<u>(19,773,358)</u>	<u>(17,046,108)</u>
NET RESULT		<u>2,460,301</u>	<u>396,000</u>	<u>2,769,220</u>

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF HARVEY
INCOME STATEMENT
BY PROGRAM

FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 \$	2007 Budget \$	2006 \$
REVENUES FROM ORDINARY ACTIVITIES				
General Purpose Funding		11,679,074	11,403,018	10,353,065
Governance		3,060	23,511	4,112
Law, Order, Public Safety		438,202	323,871	492,544
Health		328,362	324,213	341,173
Education and Welfare		111,602	10,949	232,567
Community Amenities		1,882,393	1,912,905	1,951,633
Recreation and Culture		2,500,713	2,588,986	1,951,556
Transport		3,118,847	2,566,728	3,164,682
Economic Services		758,754	677,899	819,267
Other Property and Services		475,388	337,278	439,651
		<u>21,296,396</u>	<u>20,169,358</u>	<u>19,750,250</u>
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE				
General Purpose Funding		(1,341,465)	(1,301,062)	(1,074,366)
Governance		(537,889)	(578,506)	(518,262)
Law, Order, Public Safety		(680,525)	(676,537)	(634,157)
Health		(698,005)	(696,200)	(670,762)
Education and Welfare		(275,433)	(185,891)	(150,995)
Community Amenities		(2,610,296)	(2,871,633)	(2,270,250)
Recreation & Culture		(4,977,564)	(5,113,778)	(4,580,823)
Transport		(5,618,157)	(6,409,050)	(5,334,127)
Economic Services		(1,047,053)	(838,465)	(692,407)
Other Property and Services		(919,434)	(927,113)	(889,117)
		<u>(18,705,821)</u>	<u>(19,598,235)</u>	<u>(16,815,266)</u>
BORROWING COSTS EXPENSE				
Community Amenities		(71,285)	(72,933)	(46,080)
Recreation & Culture		(58,989)	(102,190)	(119,684)
	2 (a)	<u>(130,274)</u>	<u>(175,123)</u>	<u>(165,764)</u>
NET RESULT		<u><u>2,460,301</u></u>	<u><u>396,000</u></u>	<u><u>2,769,220</u></u>

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF HARVEY

BALANCE SHEET

FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 \$	2006 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	10,051,061	8,460,652
Trade and Other Receivables	4	539,592	765,142
Inventories	5	27,352	26,554
TOTAL CURRENT ASSETS		<u>10,618,005</u>	<u>9,252,348</u>
NON-CURRENT ASSETS			
Other Receivables	4	138,142	148,678
Property, Plant and Equipment	6	21,433,944	20,738,227
Infrastructure	7	144,747,397	126,072,279
TOTAL NON-CURRENT ASSETS		<u>166,319,483</u>	<u>146,959,184</u>
TOTAL ASSETS		<u>176,937,488</u>	<u>156,211,532</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	(1,203,819)	(1,049,318)
Current Portion of Long Term Borrowing:	9	(371,062)	(470,950)
Provisions	10	(495,808)	(466,143)
TOTAL CURRENT LIABILITIES		<u>(2,070,690)</u>	<u>(1,986,411)</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	(1,381,568)	(1,752,630)
Trust Funds	11a	(2,351,888)	(2,204,342)
Provisions	10	(455,198)	(385,347)
TOTAL NON-CURRENT LIABILITIES		<u>(4,188,654)</u>	<u>(4,342,319)</u>
TOTAL LIABILITIES		<u>(6,259,344)</u>	<u>(6,328,730)</u>
NET ASSETS		<u>170,678,144</u>	<u>149,882,802</u>
EQUITY			
Retained Surplus		67,186,272	65,178,203
Reserves - Cash Backed	11b	4,802,975	4,350,743
Reserves - Asset Revaluation	12	98,688,897	80,353,856
TOTAL EQUITY		<u>170,678,144</u>	<u>149,882,802</u>

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF HARVEY
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 \$	2006 \$
RETAINED SURPLUS			
Balance as at 1 July		65,178,203	63,624,720
Net Result	36	2,460,301	2,769,220
Transfer from/(to) Reserves		<u>(452,232)</u>	<u>(1,215,737)</u>
Balance as at 30 June		<u>67,186,272</u>	<u>65,178,203</u>
RESERVES - CASH BACKED			
Balance as at 1 July		4,350,743	3,135,006
Amount Transferred (to)/from Retained Surplus		<u>452,232</u>	<u>1,215,737</u>
Balance as at 30 June	11b	<u>4,802,975</u>	<u>4,350,743</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July		80,353,856	64,655,607
Revaluation Increment	36	18,335,041	15,698,249
Revaluation Decrement		<u>-</u>	<u>-</u>
Balance as at 30 June	12	<u>98,688,897</u>	<u>80,353,856</u>
TOTAL EQUITY		<u><u>170,678,144</u></u>	<u><u>149,882,802</u></u>

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF HARVEY

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 \$	2007 Budget \$	2006 \$
Cash Flows From Operating Activities				
Receipts				
Goods and Services Tax		672,098	550,000	543,239
Rates		9,171,132	8,770,227	8,207,816
Grants and Subsidies - operating		2,926,547	4,257,019	3,807,998
Contributions, Reimbursements & Donations		1,333,522	1,972,550	1,392,362
Fees and Charges		4,805,433	3,998,840	4,405,179
Interest Earned		689,771	532,121	542,539
Other		241,250	187,781	587,743
		<u>19,839,754</u>	<u>20,268,538</u>	<u>19,486,876</u>
Payments				
Goods and Services Tax		(652,006)	(550,000)	(541,675)
Employee Costs		(5,720,220)	(5,237,093)	(5,094,734)
Materials and Contracts		(5,271,100)	(7,202,942)	(4,537,913)
Utilities (gas, electricity, water, etc)		(169,407)	(324,000)	(278,990)
Insurance		(275,371)	(398,902)	(294,397)
Interest		(138,268)	(135,376)	(154,584)
Other		(1,344,091)	(969,103)	(1,585,348)
		<u>(13,570,463)</u>	<u>(14,817,416)</u>	<u>(12,487,641)</u>
Net Cash Provided By (Used In)				
Operating Activities	13(b)	<u>6,269,291</u>	<u>5,451,122</u>	<u>6,999,235</u>
Cash Flows from Investing Activities				
Payments for Development of				
Land & Buildings		(1,249,431)	(1,804,439)	(1,052,131)
Payments for Purchase of				
Property, Plant & Equipment		(1,520,312)	(1,488,809)	(1,688,455)
Payments for Construction of				
Infrastructure		(3,278,812)	(3,868,528)	(3,590,989)
Grants/Contributions for				
the Development of Assets		1,075,711	-	1,224,797
Proceeds from Sale of				
Plant & Equipment		744,148	660,500	968,829
		<u>744,148</u>	<u>660,500</u>	<u>968,829</u>
Net Cash Provided By (Used In)				
Investing Activities		<u>(4,228,696)</u>	<u>(6,501,276)</u>	<u>(4,137,949)</u>
Cash Flows from Financing Activities				
Repayment of Debentures	21	(470,950)	(470,950)	(554,534)
Proceeds from Self Supporting Loans		20,764	20,764	107,961
Proceeds from New Debentures	21	-	263,333	150,000
		<u>-</u>	<u>263,333</u>	<u>150,000</u>
Net Cash Provided By (Used In)				
Financing Activities		<u>(450,186)</u>	<u>(186,853)</u>	<u>(296,573)</u>
Net Increase (Decrease) in Cash Held		1,590,409	(1,237,007)	2,564,713
Cash at Beginning of Year		8,460,652	7,334,001	5,895,939
Cash at End of Year	13(a)	<u><u>10,051,061</u></u>	<u><u>6,096,994</u></u>	<u><u>8,460,652</u></u>

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF HARVEY
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2007

	NOTE	2007 \$	2007 Budget \$
REVENUES			
General Purpose Funding		3,242,618	2,985,563
Governance		3,060	4,511
Law, Order, Public Safety		438,202	247,871
Health		328,362	324,213
Education and Welfare		111,602	10,949
Community Amenities		1,882,393	1,912,905
Recreation and Culture		2,500,713	1,806,517
Transport		2,043,136	2,566,728
Economic Services		758,754	387,899
Other Property and Services		475,388	337,278
		<u>11,784,229</u>	<u>10,584,434</u>
EXPENSES			
General Purpose Funding		(1,341,465)	(1,301,062)
Governance		(537,889)	(578,506)
Law, Order, Public Safety		(680,525)	(675,537)
Health		(698,005)	(696,200)
Education and Welfare		(275,433)	(185,891)
Community Amenities		(2,681,581)	(2,951,294)
Recreation & Culture		(5,036,553)	(5,209,240)
Transport		(5,618,157)	(6,409,050)
Economic Services		(1,047,053)	(838,465)
Other Property and Services		(919,434)	(927,113)
		<u>(18,836,095)</u>	<u>(19,772,358)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals	20	98,138	2,500
Less Non-Cash Contributions		(1,261,892)	-
Movement in Accruals & Provisions		22,425	201,875
Depreciation on Assets	2(a)	5,432,368	5,502,442
Capital Expenditure and Revenue			
Purchase Land and Buildings	6	(1,249,431)	(1,804,439)
Purchase Infrastructure Assets - Roads	7	(3,278,812)	(3,868,528)
Purchase Plant and Equipment	6	(1,388,071)	(1,315,000)
Purchase Furniture and Equipment	6	(132,241)	(177,609)
Proceeds from Disposal of Assets	20	744,148	660,500
Contributions / Grants for Development of Assets		1,075,711	1,147,469
Repayment of Debentures	21	(470,950)	(470,950)
Proceeds from New Debentures	21		295,239
Self-Supporting Loan Principal Income		20,764	20,764
Transfers to Reserves (Restricted Assets)		(1,294,843)	(1,101,121)
Transfers from Reserves (Restricted Assets)		855,172	1,189,327
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		-	469,000
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		(557,075)	-
Amount Req'd to be Raised from Rates	22	<u><u>(8,436,455)</u></u>	<u><u>(8,436,456)</u></u>

This statement is to be read in conjunction with the accompanying notes.

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards, the Local Government Act 1995 (as amended and accompanying regulations (as amended)). The report has also been prepared on the accrual basis under the convention of historical cost accounting.

Compliance with IFRSs

International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards adopted by the AASB, being AIFRSs. The financial report of the Shire complies with IFRSs and interpretations adopted by the International Accounting Standards Board except as follows:

- AIFRSs include specific provisions relating to not-for-profit entities. These are not included in IFRSs.
- Australian Accounting Standard AAS27 "Financial Reporting by Local Governments" also applies and there is no equivalent standard in IFRSs.

The principal areas of non-compliance with IFRSs include:

- The recognition of non-reciprocal revenue;
- The definition of value in use for the purposes of estimating the recoverable amount of impaired assets; and
- The offsetting of asset revaluation increments and decrements on a class of asset basis rather than individual asset basis.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by Council for the annual reporting period ending 30 June 2007.

Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) The Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated.

Trust monies which the Shire has no control over are excluded from the financial statements, but a separate statement of those monies appears at Note 19 to this financial report.

(c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Balance Sheet are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included as short term borrowings in current liabilities on the Balance Sheet

(e) Trade and Other Receivables

Trade receivables, which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(f) Inventories

General

Inventories are valued at the lower of cost and net realisable value.

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

Revenue arising from the sale of property is recognised in the Income Statement as at the time of signing a binding contract of sale.

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets

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. 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 Municipality includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Capitalisation of Assets

Expenditure on items such as land, buildings, furniture and equipment, plant and equipment, and roads and infrastructure, are to be considered material, and shall be capitalised as they meet the requirements below.

Land	All purchases are capitalised, but land resumed for public works need not be capitalised if the resumption cost is less than \$2,000.
Buildings	Capital expenses totalling less than \$10,000 on any one building in any year towards a specific project need not be capitalised.
Furniture and Equipment	Capital expenses totalling less than \$500 on any one item in any year need not be capitalised.
Plant, Tools and Equipment	Capital expenses totalling less than \$500 on any one item in any year need not be capitalised.
Roads and Other Infrastructure	Capital items totalling less than \$25,000 on any road or other asset in any year need not be capitalised.

Revaluation

Certain assets may be 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 benefit of the asset.

Those assets carried at revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Fixed Assets - Continued

Land Under Roads

Land under roads is excluded from infrastructure in accordance with the transition arrangements available under AASB 1045 and in accordance with legislative requirements

(h) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. Major depreciation periods are:

Buildings	40 Years
Heavy Plant & Equipment	3 - 10 Years
Light Plant & Equipment	2 - 3 Years
Furniture & Equipment	5 - 10 Years
Infrastructure	30 - 100 Years

(i) Investments and Other Financial Assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Council determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year end.

(j) Impairment

In accordance with Australian Accounting Standards the Shire's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 "Impairment of Assets" and appropriate adjustments made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement.

(k) Trade and Other Payables

Trade payables and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Municipality prior to the end of the financial year that are unpaid and arise when the Municipality becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Employee Benefits

The provisions for employee benefits relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Wages, Salaries, Annual Leave and Long Service Leave (Short-term Benefits)

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the municipality has a present obligation to pay resulting from employees services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Annual Leave and Long Service Leave (Long-term Benefits)

The provision for employees' benefits for annual leave and long service leave expected to be settled more than 12 months from the reporting date represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees service to balance date.

(m) Interest-bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred.

(n) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Joint Venture

The municipality's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the Balance Sheet and Income Statement.

Information about joint ventures is set out in Note 16.

(p) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates. All outstanding rates will be collected and therefore no provision has been made for doubtful debts

Where contributions 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 nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

(q) Superannuation

The Shire of Harvey contributes to the Local Government Superannuation Scheme to match contributions made by employees. Contributions are expensed against income. The scheme is not a defined benefits fund and consequently no liability has been recognised in these financial statements.

(r) Interest Rate Risk

The Shire's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, is considered negligible for all financial instruments other than borrowings. Information on interest rate risk as it applies to borrowings is disclosed in Note 21(e).

(s) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to and forming part of the financial report. The Shire does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Shire.

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Liquidity Risk

The Council's liquidity risk is managed via the use of its cash and cash equivalent balances, other financial assets and borrowing policy.

(u) Fair Value

The fair value of assets and liabilities approximate their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds fair value have not been written down as the Council intends to hold these assets to maturity.

The aggregate fair value and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial report.

(v) Rounding Off Figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar.

(w) Comparative Figures

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

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

2. REVENUES AND EXPENSES

2007

2006

\$

\$

(a) Result from Ordinary Activities

The Result from Ordinary Activities includes:

(i) Charging as an Expense:

Significant Expense

Other Property & Services

	-	-
--	---	---

Amortisation

Capitalised Leased Assets

	-	-
--	---	---

Auditors Remuneration

- Audit

16,360

10,650

- Other Services

-

-

Depreciation

Buildings

615,907

565,378

Furniture and Equipment

182,960

203,286

Plant and Equipment

432,872

364,294

Roads and Bridges

3,723,463

3,386,028

Footpaths

78,914

77,725

Drainage

398,251

397,202

5,432,367

4,993,914

Interest Expenses

Finance Lease Charges

-

-

Debentures

(130,274)

(165,764)

(130,274)

(165,764)

Rental Charges

- Operating Leases

31,690

23,123

31,690

23,123

(ii) Crediting as Revenue:

2007

2007

2006

\$

Budget

\$

\$

Interest Earnings

Investments

- Reserve Funds

273,780

217,121

178,391

- Other Funds

400,429

315,000

364,148

Other Interest Revenue (*refer note 26*)

15,562

14,000

3,041

689,771

546,121

545,580

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

The Shire of Harvey is dedicated to providing high quality services to the community through the various service orientated programs which it has established.

GOVERNANCE

Areas relating to the administration and operation of facilities and services to elected members of Council

GENERAL PURPOSE FUNDING

Rates collection, Interest on Investments, and General Purpose Government Grants

LAW, ORDER, PUBLIC SAFETY

Supervision of various by-laws, fire prevention emergency services and animal control

HEALTH

Meat and Food inspection, Immunisation services and operation of the child health and medical centres, Pest Control

EDUCATION AND WELFARE

Assistance to aged residences, voluntary services and other Community welfare oriented facilities

COMMUNITY AMENITIES

Rubbish collection services, operation of refuse sites, noise control, administration of Town Planning Schemes and maintenance of cemeteries

RECREATION AND CULTURE

Provision and maintenance of halls, recreation centres, public reserves and the Operation of Library Services

TRANSPORT

Construction and maintenance of roads, bridges, drainage works, footpaths, street lighting, parking facilities and traffic signs

SHIRE OF HARVEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

2. OPERATING REVENUES AND EXPENSES (Continued)

(b) Statement of Objective (Continued)

ECONOMIC SERVICES

Promotion of Tourism, Provision of Rural services (weed control) and regulation of Building Controls

OTHER PROPERTY & SERVICES

Private works, Public Works Overheads, Plant Operation Costs, Materials, Engineering Salaries, Workers Compensation

	2007	2006
	\$	\$
(c) Conditions Over Contributions		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).		
Grants for Bridge Works (transport)	286,000	286,000
Other Grants	751,499	476,507
	1,037,499	762,507
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Other Grants	30,000	751,499
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
Other Grants	(483,000)	(476,507)
Closing balances of unexpended grants	584,499	1,037,499
Comprises:		
Grants for Bridge Works (transport)	286,000	286,000
Other Grants	298,499	751,499
	584,499	1,037,499

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	2,864,292	2,172,845
Restricted	7,186,769	6,287,807
	<u>10,051,061</u>	<u>8,460,652</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Municipal Trust Account	2,351,888	1,909,781
Municipal Loan Account	31,906	31,906
Leschenault Leisure Centre Leave Provision	38,138	25,295
LLC Capital & Major Mtce	347,449	297,038
LLC Aquatic Major Mtce	144,279	149,000
HRCC Capital & Major Mtce	135,224	161,746
BRC Capital & Major Mtce	61,804	53,931
Building Reserve	809,323	801,353
District Revaluation Reserve	-	49,671
Bridge Mtce Reserve	124,236	106,973
Harvey Infrastructure Reserve	1,324,616	1,203,938
LSL & Sick Leave Reserve	349,955	335,591
Office Equipment Reserve	135,783	114,017
Plant Reserve	406,756	268,613
Yarloop Heritage Precinct	41,273	38,860
Land Acquisition Reserve	352,353	331,756
Refuse Management Reserve	156,145	147,017
Sullage Pit Major Mtce Reserve	36,452	48,453
Depot Workshop Reserve	279,189	212,869
Recreation Facilities Reserve	60,000	-
	<u>7,186,769</u>	<u>6,287,807</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	96,719	51,777
Self Supporting Loans	19,554	20,764
Other Sundry Debtors	337,899	590,201
Accrued Income	85,419	102,400
	<u>539,592</u>	<u>765,142</u>
Non-Current		
Rates Outstanding - Pensioners	60,600	52,050
Emergency Services Levy - Outstanding	1,871	1,403
Self Supporting Loans	75,671	95,225
	<u>138,142</u>	<u>148,678</u>

SHIRE OF HARVEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
5. INVENTORIES		
Current		
Fuel and Materials	21,785	18,431
LLC Stock	5,567	8,123
	<u>27,352</u>	<u>26,554</u>
6. PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings - Cost	24,403,810	23,154,380
Less Accumulated Depreciation	<u>(6,690,055)</u>	<u>(6,074,149)</u>
	17,713,755	17,080,231
Furniture and Equipment - Cost	2,040,927	1,908,687
Less Accumulated Depreciation	<u>(1,475,469)</u>	<u>(1,292,509)</u>
	565,458	616,178
Plant and Equipment - Cost	5,179,246	4,794,285
Less Accumulated Depreciation	<u>(2,024,515)</u>	<u>(1,752,467)</u>
	3,154,731	3,041,818
Plant and Equipment Under Lease	-	-
Less Accumulated Amortisation	<u>-</u>	<u>-</u>
	-	-
	<u>21,433,944</u>	<u>20,738,227</u>

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Leased Plant & Equipment \$	Total \$
Balance as at 1 July 2006	17,080,231	616,178	3,041,818	-	20,738,227
Additions	1,249,431	132,241	1,388,071	-	2,769,743
(Disposals)	-	-	(842,287)	-	(842,287)
Revaluation - Increments	-	-	-	-	-
- (Decrements)	-	-	-	-	-
Impairment - (losses)	-	-	-	-	-
- reversals	-	-	-	-	-
Depreciation (Expense)	(615,907)	(182,960)	(432,872)	-	(1,231,739)
Other Movements	-	-	-	-	-
Balance as at 30 June 2007	<u>17,713,755</u>	<u>565,459</u>	<u>3,154,730</u>	<u>-</u>	<u>21,433,944</u>

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
7. INFRASTRUCTURE		
Roads - management valuation 2007		157,715,355
Roads - management valuation 2008	174,587,121	
Less Accumulated Depreciation	<u>(44,129,191)</u>	<u>(46,539,974)</u>
	<u>130,457,930</u>	<u>111,175,381</u>
Footpaths - Cost	3,945,708	3,886,229
Less Accumulated Depreciation	<u>(731,868)</u>	<u>(652,954)</u>
	<u>3,213,840</u>	<u>3,233,275</u>
Drainage - Cost	15,930,049	15,888,073
Less Accumulated Depreciation	<u>(8,690,446)</u>	<u>(8,292,195)</u>
	<u>7,239,603</u>	<u>7,595,878</u>
Bridges - Cost	11,586,067	11,586,067
Less Accumulated Depreciation	<u>(7,750,043)</u>	<u>(7,518,322)</u>
	<u>3,836,024</u>	<u>4,067,745</u>
	<u><u>144,747,397</u></u>	<u><u>126,072,279</u></u>

The valuations of the municipality's infrastructure assets other than roads were originally based on the written down replacement cost performed in accordance with Statement of Accounting Practice SAP 1 'Current Cost Accounting'.

Council have adopted a policy of re-valuing all road infrastructure assets with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date.

This policy accords with the requirements of AASB 116.

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

The following represents the movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	Roads	Footpaths	Drainage	Parks and Ovals	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2006	111,175,381	3,233,275	7,595,878	4,067,745	126,072,279
Additions	3,177,357	59,479	41,976	-	3,278,812
(Disposals)	-	-	-	-	-
Revaluation - Increments	18,335,041	-	-	-	18,335,041
- (Decrements)	-	-	-	-	-
Impairment - (losses)	-	-	-	-	-
- reversals	-	-	-	-	-
Depreciation (Expense)	(3,491,742)	(78,914)	(398,251)	(231,721)	(4,200,628)
Gifted Assets	1,261,893	-	-	-	1,261,893
Balance as at 30 June 2007	<u>130,457,930</u>	<u>3,213,840</u>	<u>7,239,603</u>	<u>3,836,024</u>	<u>144,747,397</u>

SHIRE OF HARVEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

	2007	2006
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	(1,163,588)	(998,924)
Accrued Interest on Debentures	(30,842)	(38,836)
Accrued Salaries and Wages	(9,389)	(11,558)
	<u>(1,203,819)</u>	<u>(1,049,318)</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge		
Debentures	(371,062)	(470,950)
Lease Liability	-	-
	<u>(371,062)</u>	<u>(470,950)</u>
Non-Current		
Secured by Floating Charge		
Debentures	(1,381,568)	(1,752,630)
Lease Liability	-	-
	<u>(1,381,568)</u>	<u>(1,752,630)</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	(357,238)	(350,971)
Provision for L.S.L.	(70,955)	(57,900)
Provision for Leschenault Leisure Centre Leave	(67,615)	(57,272)
	<u>(495,808)</u>	<u>(466,143)</u>
Non-Current		
Provision for Employee Entitlements	(434,373)	(349,934)
Provision for Leschenault Leisure Centre Leave	(20,825)	(35,413)
	<u>(455,198)</u>	<u>(385,347)</u>

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

11a TRUSTS - CASH BACKED	BALANCE 1-Jul-06	06/07 RECEIPTS	06/07 PAYMENTS	06/07 INTEREST	BALANCE 30-Jun-07
POS - Australind	32,960				32,960
POS - Binningup	19,000	300			19,300
POS - Old Coast Road	21,075	90,157			111,232
POS - Brunswick & Roelands	664				664
LIMA	2,000				2,000
Meriden Park Development	13,569		(13,569)		-
Contribution to Works - Current	1,585,349	255,521	(682,731)		1,158,139
Road Maintenance	21,968	4,618			26,586
HRCC Surplus C/Fwd	4,598	8,106	(4,598)		8,106
Community Sail Training	577	8,150	(6,927)		1,800
Harvey Commonage	2,572				2,572
Pit Reinstatement	51,149				51,149
Town Planning Scheme - No. 3	240,767	343,872		15,625	600,264
Lake Preston Rd Mtce	169,844			9,489	179,333
Interest (Muni Ex Trust)	38,251		(13,996)	133,530	157,785
TOTAL CASH BACKED - TRUST	2,204,341	710,724	(721,821)	158,644	2,351,888

All of the cash backed trust accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

Prior Period Reclassification

Funds held in trust relating to the East Australind Bridge Levy have been reclassified during the year ended 30 June 2007. The balance held in trust at 30 June 2006 previously disclosed within Note 3: Restricted Cash and Note 11a: Trust - Cash Backed have been transferred off Balance Sheet to Note 19: Trust Funds. While Council continues to hold these funds in trust, they have been reclassified off Balance Sheet on the basis that it is considered Council has no control over these trust funds.

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

11b RESERVES - CASH BACKED

	BALANCE	06/07	06/07	06/07	BALANCE
	1-Jul-06	RECEIPTS	INTEREST	PAYMENTS	30-Jun-07
LLC Capital & Major Maintenance	297,038	47,000	18,501	(15,090)	347,449
LLC Aquatic Major Maintenance	149,000	82,000	10,244	(96,965)	144,279
HRCC Capital & Major Maintenance	161,746	20,000	8,770	(55,292)	135,224
BRC Capital & Major Maintenance	53,931	5,000	2,873		61,804
Building Reserve	805,694		48,161	(44,532)	809,323
District Revaluation Reserve	49,671		2,415	(52,086)	-
Bridge Maintenance Reserve	106,973	10,000	7,263		124,236
Harvey Infrastructure Reserve	1,203,938	109,148	75,161	(63,631)	1,324,616
Provision for L.S.L. Reserve	335,591	50,000	20,458	(56,094)	349,955
Asset Replacement Reserve - Office & Equipment	114,017	40,000	7,938	(26,172)	135,783
Asset Replacement Reserve - Plant & Equipment	268,614	600,000	21,406	(483,264)	406,756
Yarloop Heritage Precinct	38,860		2,413		41,273
Land Acquisition Reserve	331,756		20,598		352,353
Refuse Management Reserve	147,017		9,128		156,145
Sullage Pit Maintenance Reserve	48,453		2,131	(14,132)	36,452
Depot Workshop Reserve	212,869	50,000	16,321		279,189
Recreation Facilities Reserve	-	60,000			60,000
Leschenault Leisure Centre Leave Provisions	25,576	12,562			38,138
TOTAL CASH BACKED - RESERVES	4,350,743	1,085,710	273,780	(907,258)	4,802,975

All of the cash backed reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial report.

The purpose for which these reserves are set aside are as follows:

LLC Capital & Major Maintenance

- to be used to fund capital and major maintenance works of the Leschenault Leisure Centre (dry area)

LLC Aquatic Major Maintenance

- to be used to fund capital and major maintenance works of the Leschenault Leisure Centre (wet area)

HRCC Capital & Major Maintenance

- to be used to fund capital and major maintenance works of the Harvey Recreation & Cultural Centre

BRC Capital & Major Maintenance

- to be used to fund capital and major maintenance works of the Binningup Recreation Centre

Building Reserve

- to be used to fund capital and major maintenance works of Council Buildings

District Revaluation Reserve

- to be used to fund whole of shire, gross rental revaluations by the Valuer General

Bridge Maintenance Reserve

- to be used to fund capital and major maintenance works of Council Bridges

Harvey Infrastructure Reserve

- to be used as funding towards development, capital and major maintenance works within the Harvey Townsite

Provision for L.S.L. Reserve

- to be used to fund gratuities, annual and long service leave requirements

Asset Replacement Reserve - Office & Equipment

- to be used for the purchase of office equipment

Recreation Facilities Reserve

- to be used to fund projects in relation to Reserves or structures on Reserves

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

11b RESERVES - CASH BACKED (Continued)

- Asset Replacement Reserve - Plant & Equipment
 - to be used for the purchase of plant and equipment
- Yarloop Heritage Precinct
 - to be used to fund Yarloop Heritage Small Grants (\$1,000) program
- Land Acquisition Reserve
 - to be used for the acquisition of land for either heritage, development or community purposes
- Refuse Management Reserve
 - to be used for major maintenance and rehabilitation works to refuse sites
- Sullage Pit Maintenance Reserve
 - to be used for major maintenance and rehabilitation works to the sullage pit
- Depot Workshop Reserve
 - to be used for the upgrade of the Harvey Depot Workshops
- Leschenault Leisure Centre Leave Provisions
 - to be used to fund annual and long service leave requirements of the LLC

12. RESERVES - ASSET REVALUATION

2007
\$

2006
\$

Asset revaluation reserves have arisen on revaluation of the following classes of assets:

(a) Land and Buildings

Balance as at 1 July 2006	-	-
Revaluation Increment	-	-
Revaluation Decrement	-	-
Balance as at 30 June 2007	-	-

(b) Roads

Balance as at 1 July 2006	80,353,856	64,655,607
Revaluation Increment	18,335,041	15,698,249
Revaluation Decrement	-	-
Balance as at 30 June 2007	98,688,897	80,353,856

TOTAL ASSET REVALUATION RESERVES

	98,688,897	80,353,856
--	------------	------------

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

13. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

For the purposes of the Cash Flows Statement, cash includes cash on hand and in banks and investments, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Balance Sheet as follows:

	2007 \$	2007 Budget \$	2006 \$
Cash and Cash Equivalents	<u>10,051,061</u>	<u>6,096,994</u>	<u>8,460,652</u>

(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

Net Result	2,460,301	396,000	2,769,220
Amortisation	-	-	-
Depreciation	5,432,367	5,502,442	4,993,915
Impairment (Loss)/Reversal	-	-	-
(Increase)/Decrease in Receivables	235,415	-	(101,788)
(Profit)/Loss on Sale of Asset	98,138	2,500	(70,442)
(Increase)/Decrease in Inventories	(798)	-	(27,154)
Increase/(Decrease) in Payables	281,956	(449,820)	249,201
Increase/(Decrease) in Employee Provisions	99,516	-	147,433
Grants/Contributions for the Development of Assets	<u>(2,337,603)</u>	<u>-</u>	<u>(961,150)</u>
Net Cash from Operating Activities	<u><u>6,269,291</u></u>	<u><u>5,451,122</u></u>	<u><u>6,999,235</u></u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Bank Overdraft limit	-	-
Bank Overdraft at Balance Date	-	-
Credit Card limit	-	-
Credit Card Balance at Balance Date	<u>-</u>	<u>-</u>
Total Amount of Credit Unused	<u><u>-</u></u>	<u><u>-</u></u>

Loan Facilities

Loan Facilities - Current	(371,062)	(470,950)
Loan Facilities - Non-Current	<u>(1,381,568)</u>	<u>(1,752,630)</u>
Total Facilities in Use at Balance Date	<u><u>(1,752,630)</u></u>	<u><u>(2,223,580)</u></u>

Unused Loan Facilities at Balance Date	<u><u>31,906</u></u>	<u><u>31,906</u></u>
---	----------------------	----------------------

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

14. CAPITAL AND LEASING COMMITMENTS	2007	2006
	\$	\$
(a) Finance Lease Commitments	Nil	Nil
(b) Operating Lease Commitments	Nil	Nil
(c) Capital Expenditure Commitments		
Contracted for Binningup Community Centre Library Extensions	21,853	126,500
Contracted for Binningup Watersport Club construction	329,000	
- plant & equipment purchases	Nil	Nil
Payable:		
- not later than one year	350,853	126,500

15. CONTINGENT LIABILITIES

Council does not have any material contingent liabilities.

16. JOINT VENTURE

The City of Bunbury operates the Bunbury Harvey Regional Council in conjunction with the Shire of Harvey. The Regional Council was constituted with the City of Bunbury having 89.6% interest and the Shire of Harvey having a 10.4% interest.

Equity in Joint Venture

City of Bunbury	89.60%	2,643,534	2,486,589
Shire of Harvey	10.40%	306,839	288,622
		<u>2,950,373</u>	<u>2,775,211</u>

Due to the significant site rehabilitation costs expected with the post closure of the tip site, Council's equity in the joint venture is not considered material and therefore does not form part of the financial statements.

**17. TOTAL FIXED ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY
(Excluding Non Current Receivables)**

	2007	2006
	\$	\$
Governance	961,678	967,211
General Purpose Funding	-	-
Law, Order, Public Safety	1,012,706	978,569
Health	66,813	1,472,914
Education and Welfare	1,844,841	503,612
Housing	-	-
Community Amenities	460,864	553,101
Recreation and Culture	12,588,549	11,748,967
Transport	144,747,397	126,072,279
Economic Services	1,523,559	1,531,049
Other Property and Services	2,974,934	2,982,804
Unallocated	-	-
	<u>166,181,341</u>	<u>146,810,506</u>

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

18. FINANCIAL RATIOS	2007	2006	2005
Current Ratio	1.66	2.83	1.32
Untied Cash to Trade Creditors Ratio	1.95	2.07	2.06
Debt Ratio	3.54	5.04	4.80
Debt Service Ratio	2.86	3.28	4.90
Gross Debt to Revenue Ratio	0.1	0.15	0.21
Gross Debt to Economically Realisable Assets Ratio	0.05	0.07	0.09
Rate Coverage Ratio	41.14	42.01	41.90
Outstanding Rates Ratio	1.71	0.62	1.40

The above rates are calculated as follows:

Current Ratio	$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Trade Creditors Ratio	$\frac{\text{Untied cash}}{\text{Unpaid trade creditors}}$
Debt Ratio	$\frac{\text{Total liabilities}}{\text{Total assets}}$
Debt Service Ratio	$\frac{\text{Debt Service Cost (Principal \& Interest)}}{\text{Available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{Gross debt}}{\text{Total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{Gross debt}}{\text{Economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{Net rate revenue}}{\text{Operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{Rates outstanding}}{\text{Rates collectable}}$

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

19. TRUST FUNDS

Funds held at balance date over which the Municipality has no control and which are not included in the financial statements are as follows:

	Balance 1-Jul-06 \$	Amounts Received \$	Amounts Paid (\$)	Interest Earnt \$	Balance 30-Jun-07 \$
Bonds	1,444,731	566,752	(504,232)		1,507,251
Sundry Trust Rec/Pay	104,083		(80,416)		23,667
East Australind Bridge Levy	1,627,734	1,292,227		143,890	3,063,851
Unclaimed Monies	2,393	145	(252)		2,286
Nomination Deposits	-				-
Hall Deposits	600				600
Rates in Suspense	436				436
Meat Inspection Surplus	-				-
Clifton Park Community Reserve Committee	7,726				7,726
Harvey Oval History Society	30				30
CALM - Contribution to Works	180,000		(10,056)	10,056	180,000
Social Club Funds	2,139	780		136	3,055
	<u>3,369,872</u>	<u>1,859,904</u>	<u>(594,956)</u>	<u>154,082</u>	<u>4,788,902</u>

Prior Period Reclassification

Funds held in trust relating to the East Australind Bridge Levy have been reclassified during the year ended 30 June 2007. The balance held in trust at 30 June 2006 previously disclosed within Note 3: Restricted Cash and Note 11a: Trust - Cash Backed have been transferred off Balance Sheet to Note 19: Trust Funds. While Council continues to hold these funds in trust, they have been reclassified off Balance Sheet on the basis that it is considered Council has no control over these trust funds.

20. DISPOSALS OF ASSETS - 2006/07 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
H9033 Holden Commodore Sedan	24,578	19,346	16,818	14,928	(7,760)	2,000
H9012 Holden Commodore Sedan	24,578	19,346	18,636	16,541	(5,941)	1,500
H9059 Holden Rodeo CrewCab	30,050	23,654	23,273	20,657	(6,777)	1,500
H9070 2005 Holden Rodeo CrewCab	28,220	22,213	22,534	20,001	(5,686)	1,000
H9060 Holden Commodore Sedan	25,138	19,788	18,636	16,541	(6,502)	1,500
H9038 SES Unit Toyota Landcruiser	3,428	2,698	13,000	11,539	9,572	(13,000)
H9010 Holden Commodore Sedan	24,160	19,018	16,818	14,928	(7,342)	2,000
H9045 Holden Commodore Sedan	24,371	19,184	17,273	15,331	(7,099)	2,000
H9011 Holden Commodore Station Wagon	21,794	17,155	18,182	16,138	(3,613)	1,000
H9061 Holden Commodore Sedan	23,958	18,859	17,826	15,822	(6,132)	1,000
H9042 Holden Commodore Sedan	24,696	19,439	16,818	14,928	(7,878)	2,000
H9013 Holden Commodore Sedan	24,505	19,289	17,326	15,378	(7,179)	2,000
H9002 2006 Holden SV6 3.6L Sedan	28,405	22,359	24,545	21,786	(3,860)	1,000
H9004 2006 Holden RA Rodeo Ute	28,205	22,202	25,384	22,530	(2,822)	1,000
H9054 Kubota L3300 Tractor	1,575	1,240	13,500	11,982	11,925	(16,000)
H9033 2006 Holden VE Omega Commodore	26,872	21,152	26,589	23,600	(282)	500
H9011 2006 Holden VZ Commodore Exec Wagon	25,932	20,412	26,174	23,231	242	(400)
H9010 2006 Holden VE Omega Commodore	25,973	20,445	26,589	23,600	616	(800)
H9061 2006 Holden VE Commodore Omega	26,194	20,619	26,589	23,600	395	(500)
H9045 2006 Holden VE Omega Commodore	25,973	20,445	26,589	23,600	616	(800)
H9013 2006 Holden VE Commodore Omega	26,194	20,619	26,589	23,600	395	(500)
H9042 2006 Holden VE Commodore Omega	26,194	20,619	26,589	23,600	395	(500)
H9002 2006 Holden SV6 3.6L Auto Sedan	29,791	23,449	26,589	23,600	(3,202)	2,000
Windscreen H9002	-	-	-	-	-	-

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

20. DISPOSALS OF ASSETS - 2006/07 FINANCIAL YEAR - (Continued)

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual	Budget	Actual	Budget	Actual	Budget
	\$	\$	\$	\$	\$	\$
H9060 2006 Holden VE Omega Commodore	25,745	20,265	24,172	21,455	(1,573)	500
H9012 2006 Holden VE Omega Commodore	26,872	21,152	26,589	23,600	(282)	500
H9001 Toyota Prado Station Sedan	42,270	33,272	38,182	33,890	(4,088)	3,000
H9007 2006 Holden Rodeo C/Cab	25,663	20,200	22,273	19,769	(3,390)	500
H9060 2006 Holden VE Berlina Sedan	25,443	20,028	23,626	20,970	(1,817)	500
H9012 2006 Holden VE Omega Commodore	26,308	20,708	23,626	20,970	(2,682)	500
H9002 2006 Holden VE Calais Sedan	25,220	19,852	26,451	23,478	1,231	(2,000)
H9028 Husqvana Skidsteer Mower	3,022	2,379	4,545	4,035	1,523	(4,000)
H9075 2003 Toyota Hilux 2WD Petrol Workmate	9,561	7,526	10,000	8,876	439	(1,000)
H9052 Mitsubishi Triton Ute	12,949	10,193	11,364	10,086	(1,585)	500
H9036 Holden Rodeo 4x4 Crewcab	28,656	22,557	23,182	20,576	(5,474)	1,000
Toro Groundsmaster Rideon Mower	32,850	25,857	3,273	2,905	(29,577)	18,000
H9067 Toyota Landcruiser	6,943	5,465	14,000	12,426	7,057	(10,000)
	842,286	663,000	744,148	660,500	(98,138)	(2,500)

SHIRE OF HARVEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-06 \$	New Loans \$	Principal Repayments		Principal 30-Jun-07		Interest Repayments		Maturity Date
			Actual	Budget	Actual	Budget	Actual	Budget	
			\$	\$	\$	\$	\$	\$	
ADMINISTRATION									
243 - Office Chambers	163,069		79,078	79,078	83,991	83,991	8,788	8,788	Jun-08
WELFARE SERVICES									
237 - WAWA Building	16,426		16,426	16,426	-	-	946	946	Feb-07
239 - Riverlinks Community Ctr	17,110		17,110	17,110	-	-	985	985	Feb-07
263 - Brunswick Aged Persons Home	89,957		14,341	14,341	75,616	75,616	5,032	5,032	Oct-11
268 - Brunswick Aged Persons Home	150,000		11,190	11,190	138,810	138,810	9,304	9,304	May-16
COMMUNITY AMENITIES									
223* - Rubbish Tip	27,979		8,652	8,652	19,327	19,580	2,180	2,180	Nov-07
257 - Ridley Place Toilets	13,565		13,565	13,565	-	-	658	658	Mar-07
265 - Christina Street toilets	57,125		17,938	17,938	39,186	39,186	3,131	3,131	Feb-09
RECREATION AND CULTURE									
225 - Harvey Rec Centre	29,205		29,801	29,801	(596)	-	2,151	2,151	Apr-07
236 - Aust Library Extension	34,220		34,220	34,220	-	-	1,970	1,970	Feb-07
238 - Benger Community Centre	5,475		5,475	5,475	(0)	-	315	315	Feb-07
240 - Aust Library Extension	10,784		7,076	7,076	3,708	3,708	574	574	Sep-07
242 - LRP Change Rooms	50,244		24,360	24,360	25,884	25,884	2,726	2,726	May-08
246 - LLC Courts	98,237		21,870	21,870	76,367	76,367	7,095	7,095	Jan-10
250 - LLC Courts	98,237		21,870	21,870	76,367	76,367	7,095	7,095	Jan-10
247 - LLC Aquatic Centre	291,952		23,375	23,375	268,577	268,576	22,468	22,468	Jan-15
253 - Harvey Golf Club (SSL) *	19,332		4,348	4,348	14,984	14,984	1,273	1,273	Jun-10
258 - Brunswick Channel Project	164,545		10,455	10,455	154,091	154,091	11,063	11,063	Jun-17
259 - Harvey Golf Club (SSL) *	37,834		4,535	4,535	33,299	33,299	2,100	2,100	Mar-13
261 - Binningup Bowling Club (SSL) *	42,232		4,245	4,245	37,987	37,987	2,492	2,492	Feb-14
262 - LLC Gymnasium Extension	384,312		38,633	38,633	345,679	345,679	22,675	22,675	Feb-14
264 - Harvey Rotary Club (SSL) *	9,521		2,990	2,990	6,531	6,531	522	522	Feb-09
266 - Myalup Community Centre	184,898		16,024	16,024	168,874	168,874	10,990	10,990	Feb-15
TRANSPORT									
254 - Depot Upgrade	144,112		25,383	25,383	118,729	118,729	8,630	8,630	Jun-11
ECONOMIC SERVICES									
255 - Harvey Townscape	46,116		8,123	8,123	37,993	37,993	2,762	2,762	Jun-11
256 - Harvey Internment Camp (SSL) *	7,070		4,646	4,646	2,424	2,424	341	341	Nov-07
260 *** - Commonwealth Headworks	30,023		5,222	5,222	24,802	26,107	-	-	Jan-12
	2,223,580	-	470,950	470,950	1,752,630	1,754,784	138,268	138,268	

(*) Self supporting loan financed by payments from third parties.
All other loan repayments were financed by general purpose revenue.

SHIRE OF HARVEY
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2007

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2006/07

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used	Balance Unspent
	Actual \$	Budget \$							
There were no new debentures in 2006/07									

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-06 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-07 \$
268 - Brunswick Aged Persons Home	12-May-06	31,906	0	0	31,906
		31,906	0	0	31,906

(d) Overdraft

Council has no overdraft facilities in place.

(e) Interest Rate Risk

Council's exposure to interest rate risk as a result of borrowings and the effective weighted average interest rate on these borrowings is as follows:

<u>Borrowings</u>	2007 \$	2006 \$
Floating interest rates		
Fixed interest rate maturing		
- within one year	109,450	116,001
- one to five years	503,651	731,826
- over five years	1,113,422	1,345,729
Non interest bearing	26,107	30,023
Total Borrowings	<u>1,752,630</u>	<u>2,223,579</u>
Weighted average effective interest rate	<u>6.50%</u>	<u>7.70%</u>

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

22. RATING INFORMATION - 2006/07 FINANCIAL YEAR

	2006/07 BUDGET INCOME (\$)	2006/07 BUDGET EXPENSE (\$)	2006/07 ACTUAL INCOME (\$)	2006/07 ACTUAL EXPENSE (\$)
GENERAL RATE				
GRV - \$57,753,733 x \$0.098245	5,674,017		5,674,017	
UV - \$359,563,000 x \$0.004168	1,498,659		1,498,659	
MINIMUM RATE				
GRV - 1,839 x \$510.00	937,890		937,890	
Rateable Land Value \$5,739,831				
UV - 639 x \$510.00	325,890		325,890	
Rateable Land Value \$51,425,835				
Total General / Minimum Rates Raised	8,436,456		8,436,456	
INTERIM RATES				
Interim Rates	129,000		263,914	
SPECIFIED AREA RATES				
Kingston Estate	47,590	47,590	49,064	49,064
Galway Green Estate	14,511	14,511	17,515	17,515
Treendale Estate	25,996	25,996	26,851	26,851
OTHER				
FESA Levy Collections	393,084	393,084	396,647	396,639
PLUS Non Payment Penalty	14,000		15,562	
PLUS Non Payment Penalty FESA	600		1,083	
PLUS Rates Instalment Fees	17,000		17,532	
LESS Direct Debit /Credit Card Costs		20,000		13,393
LESS Title Search Fees		1,000		1,892
LESS Valuation Expenses		125,000		170,844
LESS Discount Allowed		450,000		460,973
LESS Rates Written Off		3,000		1,486
TOTAL MADE UP FROM RATES	9,078,237	1,080,181	9,224,624	1,138,657

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

23. SPECIFIED AREA RATE - 2006/07 FINANCIAL YEAR

Kingston Landscaping Maintenance

Rate in \$	Rateable Value \$	Rate Revenue \$	Budget Gen. Rate Revenue \$	Budget Interim Rate Revenue \$	Budget Total Gen. & Interim \$
0.0125	3,801,128	49,064	47,590	0	47,590

A Specified Area Rate applied to all subdivided lots within Kingston as at the 30th June 2004.

The Specified Area Rate raised an amount of \$49,064, to be paid to the developer of Kingston - Australian Vanguard Pty Ltd for the purpose of maintaining the landscape of the common areas of Kingston to a higher standard of presentation.

Galway Green Landscaping Maintenance

Rate in \$	Rateable Value \$	Rate Revenue \$	Budget Gen. Rate Revenue \$	Budget Interim Rate Revenue \$	Budget Total Gen. & Interim \$
0.0100	1,451,078	17,515	14,511	2,920	17,431

A Specified Area Rate applied to all subdivided lots within Galway Green as at the 30th June 2004.

The Specified Area Rate raised an amount of \$17,515, to be paid to the developer of Galway Green - Vukelic Holdings Pty Ltd for the purpose of maintaining the landscape of the common areas of Galway Green to a higher standard of presentation.

Treendale Estate Landscaping Maintenance

Rate in \$	Rateable Value \$	Rate Revenue \$	Budget Gen. Rate Revenue \$	Budget Interim Rate Revenue \$	Budget Total Gen. & Interim \$
0.0139	1,870,210	26,851	25,996	0	25,996

A Specified Area Rate applied to all subdivided lots within Treendale Estate as at the 30th June 2004.

The Specified Area Rate raised an amount of \$26,851, to be paid to the developer of Treendale Estate for the purpose of maintaining the landscape of the common areas of Treendale Estate to a higher standard of presentation.

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

24. SERVICE CHARGES - 2006/07 FINANCIAL YEAR

No Service Charges were imposed

25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2006/07 FINANCIAL YEAR

A discount of 8% on General Rates was allowed if the original rate notice for the 2006/2007 financial year was paid by 4.00pm 6th September 2006.

A discount of 8% on Interim General Rates was allowed if the interim rate notice was paid by the 35th day after the issue of the interim rate notice.

The total amount of the discount allowed for the 2006/2007 financial year was \$460,973.

26. INTEREST CHARGES AND INSTALMENTS - 2006/07 FINANCIAL YEAR

RATE OF INTEREST - 10% CALCULATED DAILY

Interest was charged on general rates and/or rubbish charges that remained unpaid **7 days** after they become due and payable.

Interest was charged on instalment payments that remained unpaid after they become due and payable.

The total amount of revenue raised from the imposition of the interest for the 2006/2007 financial year was \$15,562. Ratepayers eligible under the Rates and Charges (Rebates and Deferments) Act, 1992 and who are full entitled pensioners (not seniors or proportionate pensioners) and that have had their entitlement registered are exempt from interest charges on Deferred Rates, Current Rates and Current Rubbish Charges.

27. FEES & CHARGES	2007 \$	2006 \$
Governance	137,943	141,940
Law, Order, Public Safety	54,988	58,225
Health	4,884	5,420
Community Amenities	1,683,014	1,913,813
Recreation & Culture	2,209,329	1,450,533
Transport	48,770	149,641
Economic Services	397,689	470,095
Other Property & Services		215,514
	<u>4,536,616</u>	<u>4,405,179</u>

- There were no changes during the year to the amount of the fees or charges detailed in the original budget.
- A reclassification of some fees & charges has occurred during the year including the amalgamation of Service Charges with Fees & Charges.

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

28. GRANT REVENUE	2007	2006
	\$	\$
By Nature and Type:		
Grants and Subsidies - operating	2,926,547	1,296,074
Grants and Subsidies - non-operating	1,075,711	2,511,924
	<u>4,002,258</u>	<u>3,807,998</u>
By Program:		
General Purpose Funding	1,774,619	1,596,997
Law, Order, Public Sector	0	212,382
Welfare	2,448	16,809
Community Amenities	3,784	47,716
Recreation and Culture	562,166	109,354
Transport	1,454,242	1,824,741
Economic Services	200,000	
Other Property & Services	5,000	
	<u>4,002,258</u>	<u>3,807,999</u>

29. CONTRIBUTIONS AND DONATIONS	2007	2006
	\$	\$
Cash Contributions	1,333,521	1,392,362
Non-Cash Contributions		
- Developers and acquired by Council at Valuation - Roads	1,261,893	961,149
	<u>2,595,414</u>	<u>2,353,511</u>

30. COUNCILLORS' REMUNERATION	2007	2007	2006
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	59,290	55,000	50,953
President's Allowance	25,000	25,000	20,000
Deputy President's Allowance	6,250	6,250	5,000
Travelling / Telephone Expenses	31,780	35,000	31,058
	<u>122,320</u>	121,250	<u>107,011</u>

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

31. EMPLOYEES' REMUNERATION

Set out below, in bands of \$10,000, is the number of employees of the Shire entitled to an annual salary of \$100,000 or more.

Salary Range \$	2007	2006
100,000 - 109,999	1	1
110,000 and above	1	1

32. EMPLOYEE NUMBERS

The number of full-time equivalent
Employees at balance date

2007	2006
106	103

33. ECONOMIC DEPENDENCY

A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is disclosed in Note 28.

34. MAJOR LAND TRANSACTIONS

No major land transactions occurred in the 2006/2007 financial year.

35. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council did not participate in any trading undertakings or major trading undertakings during the 2006/07 financial year.

SHIRE OF HARVEY

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2007

36. PRIOR PERIOD ADJUSTMENT

Donated Assets

During the year ending 30 June 2007, a review was commenced to quantify the specifications and value of infrastructure road assets gifted to Council since 1 July 2006 which had not previously been brought to account as income by Council (these were previously brought to account through the Asset Revaluation Reserve).

In accordance with Australian Accounting Standard, AASB 108, all donated roads identified have now been brought to account as income in the year in which they were gifted to the Shire of Harvey.

The aggregate impact of the change on the annual financial statements for the comparative figures at 30 June 2007 is as follows:

	30-Jun-06			
	Previously Stated \$	Donated Assets Adjustments \$	Other Adjustments \$	Restated \$
<u>Balance Sheet</u>				
Retained Earnings	64,217,054	961,149	0	65,178,203
Reserves – Asset Revaluation	81,315,005	-961,149	0	80,353,856
<u>Income Statement</u>				
Contributions and Donations	1,392,362	961,149	0	2,353,511
Net Result	1,808,071	961,149	0	2,769,220

Resident Partners:
Clifton M. Anderson F.C.A.
Stephen F.J. Down C.A.
Shaun G. O'Callaghan C.A.
Peter Manolas C.P.A.
(Master of Taxation Law)
Stuart Fricker C.P.A.
Tim Partridge C.A.

**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE SHIRE OF HARVEY**

Scope

The Financial Report and Council's Responsibility

The financial report comprises the income statement by nature or type, income statement by program, balance sheet, statement of changes in equity, cash flow statement, rate setting statement and accompanying notes to the financial statements for the Shire of Harvey for the year ended 30 June 2007.

Council is responsible for the preparation and fair presentation of the financial report in accordance with the Local Government Act 1995 (as amended) and Accounting Standards. This includes responsibility for the maintenance of adequate financial records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We have conducted an independent audit in order to express an opinion to the electors of the Shire of Harvey. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal controls, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 Part 6 and Australian Accounting Standards so as to present a view which is consistent with our understanding of the Shire's financial position, the results of its operations, its changes in equity and its cashflows.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates made by the Council.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

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

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

Audit Opinion

In our opinion, the financial report presents fairly in accordance with the requirements of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended), applicable Accounting Standards and other mandatory professional reporting requirements, the financial position of the Shire of Harvey as at 30 June 2007 and the results of its operations, its changes in equity and its cash flows for the year then ended.



Statutory Compliance

During the course of our audit we became aware of the following instance where the Council did not comply with the Local Government (Financial Management) Regulations 1996 (as amended).

Budget Review

Council completed an annual budget review however following Council's approval, a copy of the review was not provided to the Department of Local Government within 30 days as required by the Local Government (Financial Management) Amendment Regulation 33A.

Other Matters

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- a) There are no material matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) There are not other matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed during our audit.

AMD Chartered Accountants



TIM PARTRIDGE

Partner

Bunbury, Western Australia

15th October 2007