



M J Hillgrove
Grant Thornton Audit Pty Ltd
10 Kings Park Road
West Perth WA 6005

Dear Sir

Audit for the year ended 30 June 2012

This representation letter is provided in connection with your audit of the financial report of The Town of Port Hedland (“entity”) for the financial year ended 30 June 2012, for the purpose of you expressing an opinion as to whether the financial report is, in all material respects presented fairly in accordance with the Australian Accounting Standards including the Australian Accounting Interpretations and the Local Government Act 1995 and the Regulations under that Act.

We acknowledge our responsibility for ensuring that the financial report is in accordance with Accounting Standards (including Australian Accounting Interpretations) and the Local Government Act 1995 Part 6 (as amended) and Regulations under this Act, and confirm that the financial report is free of material misstatement, including omissions and that we have approved the financial report.

We understand that your examination was made in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the Town of Port Hedland taken as a whole, and that your tests of the accounting records and other auditing procedures were limited to those which you considered necessary for that purpose.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

General

- 1 We have made available to you:
 - a. All financial records and related data, other information, explanations and assistance necessary for the conduct of the audit; and
 - b. Minutes of all meetings of the Council and the Audit Committee.
- 2 There are no material transactions that have not been properly recorded in the accounting records underlying the financial report.
- 3 We confirm that there have been no changes to the accounting policies applied in the previous annual financial report or the methods used in applying them, other than those disclosed in the financial report.
- 4 We have established and maintained adequate internal control to facilitate the preparation of a reliable financial report, and adequate financial records have been properly maintained.

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PORT CITY



- 5 We have no plans or intentions that may materially affect the carrying values, or classifications of assets and liabilities.
- 6 We confirm the appropriateness of the measurement of accounting estimates, including related assumptions, used in the preparation of the financial report and the consistency in application of the processes.
- 7 The following have been properly recorded or disclosed in the financial report
 - a. Arrangements involving restrictions on cash balances, compensating balances and line of credit or similar arrangements; and
- 8 We confirm the reasonableness of significant assumptions, including whether they appropriately reflect management's intention and ability to carry out specific courses of action on behalf of the Town of Port Hedland where relevant to the fair value measurement or disclosures.
- 9 Other than as disclosed to you, there have been no:
 - a. Irregularities involving management or employees who have significant roles in the system of internal control structure;
 - b. Irregularities involving other employees, that could have a material effect on the financial report;
 - c. Communications from regulatory agencies concerning non-compliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial report; or
 - d. Known actual or possible non-compliance with laws and regulations.
- 10 Details have been furnished to you about all material contracts that may affect the financial report for the year ended 30 June 2012 or that have become effective since that date.
- 11 We are not aware of any pending litigation involving the entity other than the matters disclosed in the financial report.
- 12 All contingent liabilities have been provided for or noted in the financial report.
- 13 There were no material commitments for goods or services or purchase commitments in excess of normal requirements or at prices in excess of the prevailing market prices at year end, other than disclosed in the financial report.
- 14 There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.

Capital management

- 15 All disclosures in the financial report in respect of capital management processes reflect actual processes in place during the reporting period.

Events subsequent to balance date

- 16 No events, other than those disclosed in the financial report, have occurred subsequent to the balance sheet date or are pending that would require adjustment to, or disclosure in,

the financial report or amendments to significant assumptions used in the preparation of the accounting estimates.

Fraud and error

17 The Town of Port Hedland has disclosed to you:

- a. our knowledge of fraud or suspected fraud affecting the entity involving:
 - i) Management
 - ii) Employees who have significant roles in internal control
 - iii) Others where the fraud could have a material effect in the financial report
- b. Our knowledge of any allegations of fraud or suspected fraud, affecting the Town of Port Hedland's financial report communicated to us by employees, former employees, analysts, regulators or others.

18 We acknowledge our responsibility for the design and implementation of internal control to prevent and detect fraud and error.

Assets

19 The Town of Port Hedland has satisfactory title to all assets, and there are no liens or encumbrances on such assets that have not been disclosed nor has any asset been pledged as collateral.

20 For assets carried at fair value, we have assessed fair value in accordance with the applicable requirements of AASB 116 Property, Plant and Equipment, AASB 138 Intangible Assets and AASB 139 Financial Instruments: Recognition and Measurement.

Impairment of assets

21 We have considered the requirements of AASB 136 Impairment of Assets when assessing the carrying amount of assets and in ensuring that no assets are stated in excess of their recoverable amount.

Property, plant and equipment

22 During the year all additions to property, plant and equipment represented the cost of additional assets, or additions and improvements to existing assets, and no material items of capital expenditure were written off against profits.

23 Rates of depreciation applied to reduce book values of individual assets to their estimated residual values, reflect the probable useful lives of those assets to the Town of Port Hedland.

24 The net amounts at which the property, plant and equipment are stated in the balance sheet are arrived at:

- a. After taking into account all capital expenditure on additions thereto, but no expenditure properly chargeable to revenue.
- b. After eliminating the cost and accumulated depreciation relating to items sold or scrapped.

- c. After providing for depreciation and obsolescence on bases and at rates calculated to reduce the net book value of each asset to its estimated residual value by the end of its probable useful life in the business.

25 There were no material commitments for construction or acquisition of property, plant and equipment or to acquire other non-current assets, such as investments or intangibles, other than those disclosed in the financial report.

Inventory

26 Inventories in the balance sheet comprise the whole of the Town of Port Hedland's inventories and work in progress wherever situated (and stocks held on consignment from or on behalf of other parties have been excluded).

27 We have made provision for all expected future losses on contracts entered into at the reporting date, based on estimated costs to complete, including appropriate overhead expenditure.

28 Full provision has been made in respect of all defective, obsolete or slow moving inventory (and work in progress).

Receivables

29 Balances owing by trade and other debtors at balance date are valid receivables and do not include charges for goods on consignment, approval or repurchase agreements.

30 All known bad debts have been written off and the provision for doubtful debts in our opinion is adequate and has been calculated in accordance with the requirements of AASB 139 Financial Instruments: Recognition and Measurement.

Insurance

31 All assets and insurable risks of the entity are adequately covered by insurance.

Financial assets

32 The sensitivity analysis disclosed in the financial report for foreign exchange risk, interest rate risk and other price risk are all based upon reasonably possible fluctuations in currencies, interest rates and prices for the period until the next annual financial report is expected to be signed.

33 All quantitative disclosures in the financial report relating to risk exposures in respect of financial instruments at reporting date are representative of exposures during the financial year.

34 All concentrations of credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk) have been properly disclosed in the financial report.

35 Disclosures relating to processes for managing risk in relation to financial instruments reflect actual processes in place during the reporting period.

36 All information regarding transactions involving trading with derivatives has been made available to you. All derivatives have been marked to market at the year end and recorded at this value in the financial report.



Other Current Assets

37 On realisation in the ordinary course of the Town of Port Hedland's business the other current assets in the balance sheet are expected, in the opinion of the directors, to produce at least the amount at which they are stated. In particular, adequate provision has, in the opinion of the directors, been made against all amounts owing to the Town of Port Hedland which are known or may be expected to be irrecoverable or impaired.

Liabilities

38 All material liabilities at the balance sheet date have been taken up in the books of account, including the liability for all purchases to which title has passed prior to the balance date, and for all items included in inventory.

39 No asset of the Town of Port Hedland has been pledged as security for any liability, except as disclosed in the financial report.

40 All amounts of capital repayment and interest due to be paid to lenders during the reporting period were made on time, in accordance with provision of the loan agreement, except as disclosed in the financial report.

41 There are no financial guarantee contracts in place to third parties which could be called upon in the event of a default, other than those disclosed in the financial report.

Taxation

42 We confirm there are no disputes with any taxation authorities whose effects should be considered for disclosure in the financial report or as a basis for recording an expense.

Contingent and other unrecorded possible liabilities

43 There was no contingent or undetermined and unrecorded obligations of a material amount for which provision has not been made in the financial report or noted thereon. This includes any material liabilities, contingent liabilities or assets arising under derivative financial investments.

Related parties

44 All details of related party transactions and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees (written or oral), have been correctly recorded in the accounting records and have been properly disclosed in the entity's financial report or notes thereto, where required by statute, the Australian Accounting Standards, or where such disclosure is necessary for the true and fair presentation of the entity's financial report.

Revenue

45 Revenue has been recognised in accordance with AASB 118, and where applicable, our assessment of the percentage completion accurately reflects the status of the project in accordance with project milestones.

Commitments

46 There were no purchase commitments in excess of normal requirements or at prices in excess of the prevailing market prices, nor any agreements to repurchase items previously sold.

Electronic presentation of audited financial report

47 If we publish the financial report on our website, we acknowledge that:

- we are responsible for the electronic presentation of the financial report;





- we will ensure that the electronic version of the audited financial report and the auditor's report on the web site are identical to the final signed hard copy version;
- we will clearly differentiate between audited and unaudited information in the construction of the entity's web site as we understand the risk of potential misrepresentation;
- we have assessed the controls over the security and integrity of the data on the web site and that adequate procedures are in place to ensure the integrity of the information published; and
- we will only present the auditor's report where the full financial report is published on the website.

Going concern

48 We have made an assessment of the entity's ability to continue as a going concern when preparing the financial report. We are not aware of any material uncertainties related to events or conditions that may cast significant doubt upon the Town of Port Hedland's ability to continue as a going concern.

Legal matters

49 There were no legal matters pending or undertaken during, or at the end of, the reporting period or unasserted claims or assessments that our lawyer has advised us are probable of assertion which could give rise to a liability or which requires disclosure in the financial report.

Yours sincerely

The Town of Port Hedland

A handwritten signature in blue ink, appearing to read 'M.J. Osborne', positioned above a horizontal line.

Name: M.J. (Mal) Osborne

Title: Chief Executive Officer

Dated this 22 day of February 2013

