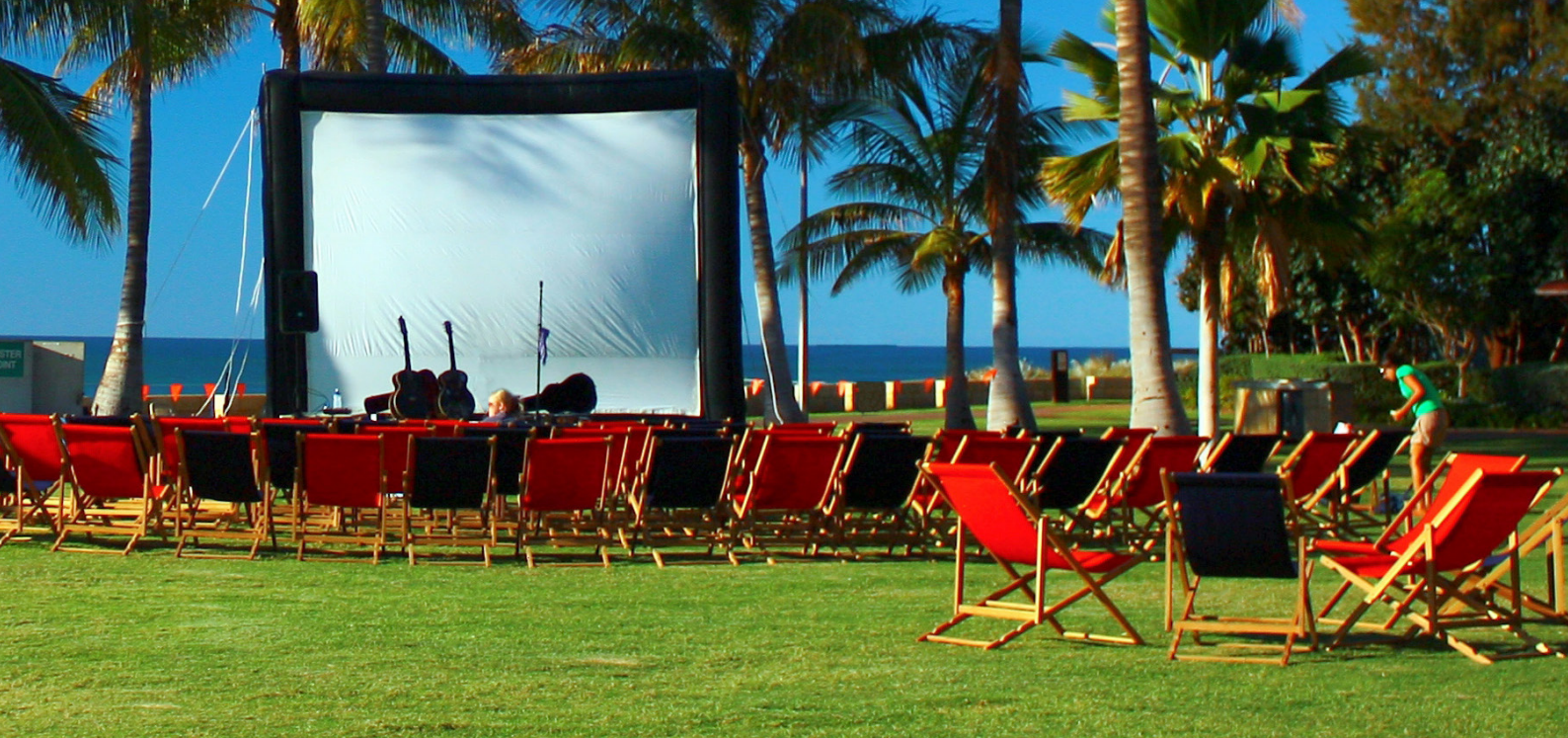


Town of Port Hedland



Town of Port Hedland Annual Report 2009/2010



Council's Mission

To enhance our social, environmental and economic well-being by providing leadership and working in partnership with the community

A vision for Hedland's future, today

Our vision is clear. We believe the Town of Port Hedland can be a vibrant regional city of at least 40,000 people by 2025. As a major regional community in the North West, this will make the Town of Port Hedland nationally significant and better known to Australians. Our city will be regarded as an important community, rather than as an important export hub.



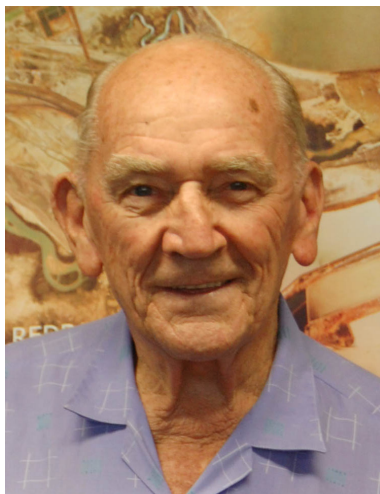
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Councillors July 2009 to October 2009



Mayor Stan R Martin
(Retiring 2011)



Deputy Mayor Arnold Carter
(Retiring 2009)



Cr Jan Ford
(Retiring 2009)



Cr Grant D Bussell
(Retiring 2009)



Cr George Daccache
(Retiring 2011)



Cr Arthur Gear
(Retiring 2009)



Cr Jan Gillingham
(Retiring 2009)



Cr Steve Coates
(Retiring 2011)



Cr Kelly Howlett
(Retiring 2011)

Councillors October 2009 to June 2010



Mayor Kelly A Howlett
(Retiring 2013)



Deputy Mayor Arnold Carter
(Retiring 2013)



Cr Stan R Martin
(Retiring 2011)



Cr George Daccache
(Retiring 2011)



Cr Steve Coates
(Retiring 2011)



Cr Jan Gillingham
(Retiring 2013)



Cr David Hooper
(Retiring 2013)



Cr Bill Dziombak
(Retiring 2013)



Town Profile

The Town of Port Hedland is located in the North West of Western Australia, approximately 1800km north of Perth. It covers an area of 11,844 square kilometres and is surrounded by the Shires of Roebourne, Ashburton and Broome.

The Town of Port Hedland is home to 19,500 residents and this number is growing exponentially. It is estimated the town will grow to a population of 27,000 by 2015 and Council's long-term vision is for the town to become a Pilbara City of 40,000 by 2025.

Residents are intensely proud to call Town of Port Hedland home. Many will have become residents after first experiencing a fly in fly out lifestyle and choosing to make their stay in the region permanent.

Port Hedland boasts one of the largest ports in the world – in 2004/05 it shipped 100 million tonnes per annum (mtpa). In the last financial year 178mtpa went through its port, worth a staggering \$20 billion. In the next four years, the Port Hedland Port Authority has confirmed this number will grow to 450mtpa, which is more than double what is being shipped now.

The current growth is being complimented by the various projects and developments which are occurring all over town, including major projects such as the Multi-Purpose Recreational Centre, JD Hardie Centre Redevelopment, Hedland's first water-themed play park Marquee Park and the Wallwork Road Bridge. Other projects being carried out by the Town's key stakeholders include the South Hedland CBD Revitalisation by LandCorp and

the Amenity Improvement Project by BHP Billiton. All projects are also supported by Pilbara Cities, Royalties for Regions and Pilbara Development Commission.

Electricity Supply	Horizon Power
Water Supply	De Grey River and Yule River Borefields
Length of Sealed Roads	174.8 km
Length of Unsealed Roads	744 km
Number of Electors	5,622
Number of Dwellings	5,278
Total Rates Levied	\$11,335,260
Total Operating Revenue	\$44,459,851
Number of Elected Members	9
Number of Employees	181



Management as of 30 June 2010

Governance & Corporate Services

Chief Executive Officer Chris Adams
 Executive Assistant Gaye Stephens
 Manager Economic & Richard Bairstow
 Land Development

Corporate Services

Director Corporate Matthew Scott
 Services
 Manager Finance Natalie Octoman
 Manager Information Kate Reid
 Services

Engineering Services

Director Engineering Russell Dyer
 Manager Engineering Brian Ward
 Services
 Manager Infrastructure Jenella Voitkevich
 Development
 Manager Airport Bob Couzens

Regulatory Services

Director Regulatory Terry Sargent
 Services
 Manager Environmental Darryal Eastwell
 Health
 Manager Planning Leonard Long
 Services
 Manager Building Services Andy Taylor
 Co-ordinator Ranger Peter Wilden
 Services

Community Development

Director Community Paul Martin
 Development
 Manager Libraries and Debra Summers
 Cultural Development
 Manager Recreation and Robert Tomlins
 Youth Services
 Manager Recreation Rebecca Pianta
 Services

Number of Staff Receiving Remuneration \$100,000 pa and over as of 30 June 2010

	100,000 - 109,999	110,000 - 119,999	120,000 - 129,999	130,000 - 139,999	140,000 - 149,999	150,000 - 159,999	180,000 - 189,999	190,000 - 199,999	250,000 - 259,999	260,000 - 269,999
2009/10	2	4	8	6	0	0	2	2	0	1



I am pleased to present the Annual Report for the Town of Port Hedland for the 09/10 financial year. The Audited Statements demonstrate that, despite sharp exponential growth, the Town's systems, structures and management are coping well and are being administered appropriately.

The Town is growing rapidly and constantly changing. Some of the long touted projects have been formally adopted and are beginning to progress, which is pleasing and instilling confidence, both internally and externally out into the community.

The support of the State Government and the unveiling of the Pilbara Cities initiative has been very welcome and provided much needed investment both locally and throughout the region.

Throughout 2009/2010 Council focused its investment on the priorities the community had identified in the Town's Annual Community Survey. This survey consistently tells us the community needs better quality community infrastructure including parks, footpaths, lighting, boating facilities, youth services and sporting facilities. The community tells us they want cleaner streets, more community events and better planning for the future of the Town. The Town Council has and continues to listen to the community and has undertaken a range of projects to address these issues. The improvements are noticeable, but all elected members understand more work is required to deliver the quality of services and infrastructure required of an aspiring City.

I would like to take this opportunity to thank the Town of Port Hedland Councillors who have worked closely with me throughout 2009/2010. Being a Councillor can be a thankless task for which there is often unwarranted criticism and few accolades. While issues are regularly debated, the 2009/2010 Council has worked hard on

behalf of the community and I believe has made sound policy and resource allocation decisions. I would like to personally thank Deputy Mayor Arnold Carter, Cr Stan Martin, Cr George Daccache, Cr Steve Coates, Cr Jan Gillingham, Cr David Hooper and Cr Bill Dziombak.

I would also like to wholeheartedly thank the staff of the Town of Port Hedland. As Mayor, I get to visit and speak with other Mayors/Shire Presidents. I consider ourselves to be quite fortunate with the team we have working for us here at the Town of Port Hedland. From the CEO, Directors, Managers, Co-ordinators, Officers, Casual and Temporary Staff, we have been very fortunate in being able to attract and retain a very high quality group of staff who are working hard and dedicated to delivering the very best results possible for our community.

2010/2011 will shape up to be a very significant year for the Town of Port Hedland. We are now on the cusp of becoming recognised in Local Government status as a City. Now, more than ever, we need to continue to strive and make sure residents have the opportunities, facilities and services that is in keeping with being a City - a City where parents can raise their children, young people can come and make their mark, grandparents can enjoy times with their grandchildren and long term residents chose to retire and live locally. I look forward to striving towards this challenge, together with my fellow Councillors in the years ahead.

Kelly A Howlett

Chief Executive Officer's Report 2010



In the 2009/10 Financial Year the Town of Port Hedland took some significant steps in growth and asset development.

In November 2009, Premier Colin Barnett made an announcement which would make a large impact on local governments in the Pilbara region - the State Government launched the Pilbara Cities initiative, creating a Pilbara Cities office to spend \$978 million over four years in the region. This program has laid the foundation for Hedland to become a Pilbara City with a population of 50,000 over the next 15 to 20 years and has seen a significant amount invested into the Town for which Council and community are grateful.

As part of this program, the Premier encouraged Council to visit Darwin to see how a City could be created in Northern Australia. Mayor Kelly Howlett, some Councillors and staff participated in the learning tour which provided the inspiration for projects such as the Spoilbank Marina Redevelopment and Pretty Pool locke.

In addition to the launch of Pilbara Cities, a series of major projects were undertaken, including:

- » Calling of tenders for the redevelopment of the JD Hardie Centre into a Youth Precinct, the state-of-the-art Multi-Purpose Recreation Centre and the largest water-park north of Perth, Marquee Park
- » Construction of the Stairway to the Moon viewing platform in Cooke Point
- » Installation of new playgrounds at Marie Marland Reserve, Gratwick Aquatic Centre and Port Hedland Skate Park
- » Major upgrade of Colin Matheson Oval including laying of new turf and calling of tenders for the construction of a new clubhouse

- » A significant number of road works were undertaken including the construction of Hedditch Street which provides a valuable link to the South Hedland CBD
- » Five new automatic toilets were purchased and installed in community parks in Port and South Hedland
- » A significant amount of new footpaths were constructed including the construction of recreation nodes along Murdoch Drive
- » Boulevard Tree Planting project along main streets throughout the Town

Partnerships with other key stakeholders have been crucial to the growth of the Town and this year LandCorp announced its plans to redevelop the South Hedland Town Centre, which include a new Town Square, upgrade to road networks, addition of public art and improvements to drainage. Works are expected to commence next financial year.

New management agreements were put in place for the Port Hedland Visitors Centre, Port Hedland Courthouse Art Gallery and the two Council owned aquatic facilities, Gratwick and South Hedland Aquatic Centre.

Council has always believed in the importance of investing in improving the visual appearance of the Town. This investment was recognised in the Keep Australia Beautiful Tidy Towns WA Awards 2009 where the Town of Port Hedland won awards for Community Action, Enhancing Cultural Identity, Recycling and Waste Management and was announced the State Winner for the Tidy Towns Sustainable Communities category.

Local government has received increasing pressure to provide services to Aboriginal communities and in response, the Town trialed a weekly bus service to

Chief Executive Officer's Report 2010

Yandeyarra, our outlying Aboriginal community. The service received a positive response and was deemed successful; however due to a lack of long-term funding, the program could not continue.

Council elections were held in October 2009 which resulted in the loss of Councillors Jan Ford, Grant Bussell and Arthur Gear. In their places, the Town welcomed first time Councillors David Hooper and Bill Dziombak.

The Council elections also delivered another first for the Town of Port Hedland and local government. A vote by the community elected Councillor Kelly Howlett, to date the youngest Mayor in WA local government and also one of the few female Mayors. This result demonstrates the direction the Town is headed in - we aim to be progressive and modern and engage the entire community in the planning of the Town.

The Town is grateful to the retiring Mayor, Stan Martin, for his efforts and contributions to Council. In his time as Mayor, Hedland has seen many significant changes and has helped lay the foundation for the town's future.

Another significant loss was the departure of long-term Chief Executive Officer Chris Adams, who had been with the Town for five years. Chris made a significant contribution to the Town and the community during his time as CEO and has provided the foundations for the Town to become a Pilbara City.

As the town grew this financial year, the number of staff members also increased and a new Directorate of Community Development was created as a result. This Directorate will focus on improving relationships between the Town and Community to ensure the services and facilities available are of a high standard and quality.

I would like to take this opportunity to thank the Town of Port Hedland staff who have worked alongside me. It has been an exciting year which has seen the town grow at an incredible pace. Your hard work, patience and commitment to your jobs does not go unappreciated and it is due to your dedication the Town is able to become what it is today. I look forward to working with you in the coming year and hope to achieve many more milestones and overcome the challenges we face along the way.

Last and definitely not least, I would like to thank the Councillors for their belief, support and assistance throughout the year. It has also been a challenge for Council to face the exponential growth the town has experienced, and they have received their share of both positive and negative experiences. However, the Council

has consistently show a willingness to involve the community wherever possible and make the important strategic decisions for the short and long-term future of the Town.

If this financial year is a precedent for the 2010/11 Financial Year, I can say with confidence the Town has some exciting things to look forward to. Whilst there will be obstacles and challenges along the way, there will be moments of celebration where the Town takes another step towards achieving the State Government's vision of becoming a Pilbara City.

Paul Martin

Chief Executive Officer



The Disability Access and Inclusion Plan has had an extensive review and update, culminating in the 2009 DAIP being submitted to Council for consideration and the Disability Services Commission for inclusion in the DSC annual report following adoption by Council.

Each of Council's facilities and services are regularly reviewed by the Town of Port Hedland officers in order to ensure the Town continues to create a more enjoyable and liveable community for residents and ensures that people with disabilities and their families and carers have the same rights as other people to access services within the community.

To that end Council maintains a working relationship with the Disability Services Commission, Department of Health, Hedland Community Living Association and other stakeholders to address the needs of disabled residents and ensure they have the same opportunities and choices as every other resident.

During 2009/10 a number of initiatives were implemented, including:

1. The Community DAIP Working Group being re-established, and the first of the 2009 bi-monthly meetings held. Community consultation on the revamped DAIP was instituted via Council's website, advertising an invitation to comment on the DAIP via the local media, and the reformation of the DAIP working Group.
2. A workshop with DSC Perth Board members and CEO, local DSC staff, Council officers and families with disabled members to review progress against the objectives of Council's DAIP was held in July 08, and is scheduled to be held annually.
3. A physical access survey of Council's Airport, HACC House, Courthouse Art Gallery, Pilbara Family Day

Care Service, Matt Dann Cultural Centre and Civic Centre was undertaken by Council officers and customers in wheelchairs and mobility devices, with very good levels of access recorded for each facility.

4. Improved services and access for people with disabilities to the entry foyer of Council's Civic Centre.
5. The transfer of Home and Community Care Services to a new service provider through a tender process run by the Department of Health, which should enable an improved level of service and ensure the current cap on service provision is raised. The transfer of responsibility is planned to occur without disruption to service, maintaining the existing staff and premises. The transition is scheduled for completion within the 2009/10 financial year.
6. Completion of a disabled access ramp to the Courthouse Arts Centre and Gallery, and realignment of the disabled parking bay and concrete apron to improve access to the footpath.
7. Design and costing of a pathway at the rear of the Civic Centre to connect the eastern car park with the existing disabled access ramp, so wheelchairs and other mobility aids do not have to travel across lawn to reach the ramp.



National Competition Policy Statement

The Principles of the National Competition Policy requires local government authorities to market test activities, which generate user income in excess of \$200,000.

The objective of competitive neutrality is to introduce measures, which effectively remove any net competitive advantages arising simply as result of government ownership of a business entity.

The activity requiring scrutiny in this regard for the Town of Port Hedland, and is not a public monopoly, is that of private works on private property; however during 2009/10 no individual private works project exceeded \$200,000.

The Town provides quotations or submits tenders in order to win private works. This process ensures the activity of private works is open to competitive market testing.

In relation to structural review of public monopolies, the Town of Port Hedland discloses the following:

- » Structural review principles have not been applied to any activities during the reporting period.
- » Structural review principles have not been considered for any activities during the reporting period.

As no structural reform has been applied to any activities the review requirements of principle SR.3 of clause 7 of the Competition Policy Statement have not been undertaken.

For all other activities within the Town, opportunities are continually being examined in order to generate efficiency improvements. This must be balanced with the type and level of service provision and statutory and other regulatory measures the Town is bound to implement.

Records Keeping Plan

The State Records Act 2000 requires all local government authorities to produce a Records Keeping Plan, which must be endorsed by the State Records Commission.

A review of the Town's Record Keeping Plan was conducted in November 2009 and has now been approved by the State Records Commission with some areas of improvement identified for 2010 continuing into 2011.

A number of areas that were highlighted within the Town's Record Keeping Plan have been addressed including:

Preparation of a draft Record Keeping Disaster Prevention and Recovery Plan has been completed. This is currently being reviewed.

All records have been moved from the temporary storage facility to the newly built offsite records keeping facility based at the airport.

Facilitated records training is provided to all new employees and refreshers are offered for existing staff.



In August 2007, Council adopted the Town of Port Hedland Plan for the Future 2008-2013. The “Plan for the Future” replaced the previous need for a Principle Activity Plan, due to amendments of the Local Government Act 1995.

In the Plan for the Future, the Council focused on the following key result areas:

- » Infrastructure
- » Community Pride
- » Community Development
- » Economic Development
- » Environment
- » Governance

Various goals and strategies were developed for each of these key result areas. These were reviewed quarterly by management and Council, to ensure each was achievable within current resources.

Council has identified 22 Critical Success Strategies with the Plan for the Future, within the above Key Result Areas. These Critical Success Strategies are reported to Council on quarterly basis. On the following pages is a summary of Council’s achievements in 2009/10.

The 2010/11 Annual Budget, adopted by Council on July 7 2010, was heavy influenced by the ‘Plan for the Future’ (changed to ‘Strategic Plan’ and adopted by Council on July 28 2010). Major projects for 2009/10 include:

- » Marquee Park
- » Multi Purpose Recreation Centre
- » JD Hardie Centre
- » Colin Matheson Clubhouse
- » Public Toilets
- » Turtle Interpretative Loop
- » Stairway to the Moon Viewing Platform

Key Result Area	Critical Success Strategies	2009-10 Achievements
Infrastructure	Ensure the Port Hedland Road Project (Auslink Road) progresses in a timely manner.	This is a MRWA project. Engineering involvement has been limited to information sessions only from MRWA
	Implement the Town's Park Improvement Program, with a specific focus on the development of new and/or upgraded park infrastructure	Through R4R engineering have carried out a parks upgrade program. Engineering have been involved in the development of the concept plans for Cemetery Beach Community Park duplication.
	Developing and implementing an Airport Master Plan.	A Land Use Master Plan has been developed for the Airport, which divides the airport into 4 precincts and describes each typical land use. The Airport Land Use Master Plan is due to be adopted once the recommended changes proposed by the Airport Committee are made.
	Pursuing the development of Underground Power in South Hedland.	Preparatory work has been undertaken to ensure the project commences in September 2011.

Key Result Area	Critical Success Strategies	2009-10 Achievements
Community Pride	The implementation of initiatives that reduce the prevalence of litter within the Township.	Successful Tidy Town competition entry. Participation in Clean Up Australia Day Development of "Cash for Trash" program
	Development of the Townscape of the South Hedland Central Business District	"Last Chance to Dance" event held with Landcorp to advertise changes to the townscape of the South Hedland CBD.
	Increased number and attendance at both Council and community managed events.	Increased patronage at "Portbound" Youth Event Increased patronage at "Welcome to Hedland" Increased patronage at "Spinifex Spree" Introduction of "West End Movie" series

Key Result Area	Critical Success Strategies	2009-10 Achievements
Community Development	Development of a range of facilities and activities for local young people including the upgrade of the JD Hardie Centre.	Design completed for JD Hardie Youth Centre Tender for Construction of JD Hardie awarded Story time and Holiday Activity programs commenced at Port and South Hedland Libraries
	Development of new and improved sporting facilities including a new multi-purpose sports facility in South Hedland.	Design completed for Multi Purpose Recreation Centre Tenders called for construction of Multi Purpose Recreation Centre Colin Matheson Oval upgraded Tender called for the Design and Construction of the new Colin Matheson Clubhouse
	Improving boating facilities	Investigate Spoilbank Marina with Landcorp Development of Finucane Island boat ramp
	Implementation of the Town's Community Safety & Crime Prevention Plan	Implementation of CCTV installation Improved communication with Police
	Installation of public art throughout the Town that illustrates the uniqueness and significance of the Town.	Design for the Turtle Interpretative Centre developed Installation of various pieces of sculpture to commemorate incidents pertinent to the Port Hedland Community

Key Result Area	Critical Success Strategies	2009-10 Achievements
Economic Development	Fast-tracking the release of additional industrial, commercial and residential land within the Town.	Consultation with State Land Services, Pilbara Cities, Landcorp and Department of Planning Review of Planning processes
	Partnering with major resource industries to ensure that industry growth leads to community growth.	Developing partnerships with BHP Billiton Iron Ore Improving communication with other resource industry companies (FMG, Hancock Prospecting, Atlas Iron)



Town of Port Hedland Financial Report For Year Ended 30 June 2010

TOWN OF PORT HEDLAND
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

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Annual Financial Report & Auditor's Report

TOWN OF PORT HEDLAND

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2010

LOCAL GOVERNMENT ACT 1995

LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Town of Port Hedland being the annual financial report and other information for the financial year ended 30th June 2010 are in my opinion properly drawn up to present fairly the financial position of the Town of Port Hedland at 30th June 2010 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 the regulations under that Act.

Signed on the 22 day of March 2010.



Paul Martin
Chief Executive Officer

Annual Financial Report & Auditor's Report

TOWN OF PORT HEDLAND
STATEMENT OF COMPEREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2010

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Rates	22	11,335,260	11,206,234	10,127,792
Operating Grants, Subsidies and Contributions	28	3,316,330	4,309,559	7,670,669
Fees and Charges	27	17,888,849	12,885,459	12,632,960
Interest Earnings	2(a)	1,863,451	1,920,334	957,714
Other Revenue		434,907	558,407	266,725
		<u>34,838,797</u>	<u>30,879,993</u>	<u>31,655,860</u>
EXPENSES				
Employee Costs		(11,170,036)	(10,971,122)	(10,270,229)
Materials and Contracts		(9,848,939)	(8,783,232)	(7,829,319)
Utility Charges		(1,677,418)	(1,194,209)	(1,317,827)
Depreciation on Non-Current Assets	2(a)	(4,847,366)	(5,001,766)	(4,177,831)
Interest Expenses	2(a)	(340,626)	(601,409)	(238,479)
Insurance Expenses		(655,814)	(589,550)	(447,041)
Other Expenditure		(1,170,847)	(1,128,809)	(990,140)
		<u>(29,711,046)</u>	<u>(28,270,097)</u>	<u>(25,270,866)</u>
		5,127,751	2,609,896	6,384,994
Non-Operating Grants, Subsidies and Contributions	28	9,610,522	33,667,055	33,688,222
Profit on Asset Disposals	20	10,532	76,209	114,289
Loss on Asset Disposal	20	<u>(15,634)</u>	<u>(216,573)</u>	<u>(228,818)</u>
NET RESULT		14,733,171	36,136,587	39,958,687
Other Comprehensive Income				
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u>14,733,171</u>	<u>36,136,587</u>	<u>39,958,687</u>

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

Annual Financial Report & Auditor's Report

TOWN OF PORT HEDLAND
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2010

	NOTE	2010 \$	2010 Budget \$	2009 \$
REVENUE				
Governance		176,539	135,760	1,488,642
General Purpose Funding		15,169,559	15,130,732	14,293,134
Law, Order, Public Safety		227,383	270,301	744,232
Health		81,601	39,250	38,035
Education and Welfare		293,628	360,803	993,556
Housing		222,248	433,400	176,889
Community Amenities		5,476,777	3,769,269	3,617,899
Recreation and Culture		2,164,771	5,541,438	1,450,940
Transport		12,438,818	10,306,655	9,378,627
Economic Services		7,699,327	28,168,000	32,854,215
Other Property and Services		509,200	391,440	422,202
	2 (a)	<u>44,459,851</u>	<u>64,547,048</u>	<u>65,458,371</u>
EXPENSES EXCLUDING FINANCE COSTS				
Governance		(1,362,029)	(1,248,982)	(1,067,917)
General Purpose Funding		(397,272)	(310,836)	(529,835)
Law, Order, Public Safety		(903,831)	(1,012,151)	(710,939)
Health		(397,748)	(407,612)	(403,890)
Education and Welfare		(766,235)	(915,596)	(1,379,722)
Housing		(540,466)	(377,444)	(410,700)
Community Amenities		(5,190,501)	(4,579,757)	(4,106,492)
Recreation & Culture		(10,275,380)	(8,808,332)	(8,035,394)
Transport		(8,021,382)	(9,000,332)	(7,409,798)
Economic Services		(1,001,617)	(802,709)	(706,263)
Other Property and Services		(529,593)	(345,301)	(500,255)
	2 (a)	<u>(29,386,054)</u>	<u>(27,809,052)</u>	<u>(25,261,205)</u>
FINANCE COSTS				
Governance		(6,340)	(6,327)	(11,242)
Law, Order, Public Safety		(19,515)	(20,036)	(20,951)
Education and Welfare		(25,714)	(27,063)	(24,942)
Housing		(185,186)	(287,341)	(60,564)
Community Amenities		(23,856)	(46,290)	(36,051)
Recreation & Culture		(71,054)	(205,413)	(74,142)
Transport		(4,436)	(4,427)	(5,854)
Economic Services		(4,525)	(4,512)	(4,733)
	2 (a)	<u>(340,626)</u>	<u>(601,409)</u>	<u>(238,479)</u>
NET RESULT		<u>14,733,171</u>	<u>36,136,587</u>	<u>39,958,687</u>
Other Comprehensive Income				
Total Other Comprehensive Income		<u>0</u>	<u>0</u>	<u>0</u>
TOTAL COMPREHENSIVE INCOME		<u><u>14,733,171</u></u>	<u><u>36,136,587</u></u>	<u><u>39,958,687</u></u>

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

**TOWN OF PORT HEDLAND
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2010**

	NOTE	2010 \$	2009 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	44,937,866	43,192,407
Trade and Other Receivables	4	6,762,748	6,685,753
Inventories	5	7,334	31,144
TOTAL CURRENT ASSETS		<u>51,707,948</u>	<u>49,909,304</u>
NON-CURRENT ASSETS			
Other Receivables	4	1,142,742	735,741
Property, Plant and Equipment	6	36,059,859	31,831,429
Infrastructure	7	104,661,136	95,035,783
TOTAL NON-CURRENT ASSETS		<u>141,863,737</u>	<u>127,602,953</u>
TOTAL ASSETS		<u>193,571,685</u>	<u>177,512,257</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	5,530,004	6,252,987
Long Term Borrowings	9	697,759	617,796
Provisions	10	1,331,128	1,163,575
TOTAL CURRENT LIABILITIES		<u>7,558,891</u>	<u>8,034,358</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	5,994,359	4,164,861
Provisions	10	105,293	133,067
TOTAL NON-CURRENT LIABILITIES		<u>6,099,652</u>	<u>4,297,928</u>
TOTAL LIABILITIES		<u>13,658,543</u>	<u>12,332,286</u>
NET ASSETS		<u>179,913,142</u>	<u>165,179,971</u>
EQUITY			
Retained Surplus		138,687,643	129,914,564
Reserves - Cash Backed	11	40,372,971	34,412,879
Reserves - Asset Revaluation	12	852,528	852,528
TOTAL EQUITY		<u>179,913,142</u>	<u>165,179,971</u>

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

**TOWN OF PORT HEDLAND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2010**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2008		115,267,852	9,100,904	852,528	125,221,284
Changes in Accounting Policy		0	0	0	0
Correction of Errors		0	0	0	0
Restated Balance		115,267,852	9,100,904	852,528	125,221,284
Net Result		39,958,687	0	0	39,958,687
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		(25,311,975)	25,311,975	0	0
Balance as at 30 June 2009		129,914,564	34,412,879	852,528	165,179,971
Net Result		14,733,171	0	0	14,733,171
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		(5,960,092)	5,960,092	0	0
Balance as at 30 June 2010		138,687,643	40,372,971	852,528	179,913,142

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

Annual Financial Report & Auditor's Report

**TOWN OF PORT HEDLAND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2010**

	NOTE	2010 \$	2010 Budget \$	2009 \$
Cash Flows From Operating Activities				
Receipts				
Rates		11,335,260	10,982,108	10,056,384
Operating Grants, Subsidies and Contributions		3,316,330	4,309,559	4,348,089
Fees and Charges		17,875,980	11,811,671	12,632,960
Interest Earnings		1,863,451	1,920,334	957,714
Goods and Services Tax		1,754,826	0	1,490,841
Other Revenue		591,629	558,407	267,103
		<u>36,737,476</u>	<u>29,582,079</u>	<u>29,753,091</u>
Payments				
Employee Costs		(11,030,257)	(10,931,741)	(10,195,854)
Materials and Contracts		(10,548,112)	(8,051,296)	(3,431,121)
Utility Charges		(1,677,418)	(1,150,023)	(1,317,827)
Insurance Expenses		(655,814)	(589,550)	(447,041)
Interest expenses		(340,626)	(601,409)	(240,105)
Goods and Services Tax		(1,911,548)	0	(1,470,038)
Other Expenditure		(1,170,847)	(1,128,809)	(989,752)
		<u>(27,334,622)</u>	<u>(22,452,828)</u>	<u>(18,091,738)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>9,402,854</u>	<u>7,129,251</u>	<u>11,661,353</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(6,564,248)	(36,964,149)	(7,024,125)
Payments for Construction of Infrastructure		(12,288,822)	(19,667,946)	(8,367,961)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		9,610,522	33,667,055	33,688,222
Proceeds from Sale of Plant & Equipment		146,819	426,136	338,300
Net Cash Provided By (Used In) Investing Activities		<u>(9,095,729)</u>	<u>(22,538,904)</u>	<u>18,634,436</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(793,539)	(727,157)	(622,109)
Transfer of Self Supporting Loan		(500,000)	(350,000)	(420,000)
Proceeds from Self Supporting Loans		28,873	32,900	103,640
Proceeds from New Debentures		2,703,000	8,830,000	1,500,000
Net Cash Provided By (Used In) Financing Activities		<u>1,438,334</u>	<u>7,785,743</u>	<u>561,531</u>
Net Increase (Decrease) in Cash Held		1,745,459	(7,623,910)	30,857,320
Cash at Beginning of Year		43,192,407	20,354,190	12,335,087
Cash and Cash Equivalents at the End of the Year	13(a)	<u>44,937,866</u>	<u>12,730,280</u>	<u>43,192,407</u>

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

Annual Financial Report & Auditor's Report

**TOWN OF PORT HEDLAND
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2010**

	NOTE	2010 \$	2010 Budget \$
REVENUE			
Governance		176,539	135,760
General Purpose Funding		3,834,299	3,924,498
Law, Order, Public Safety		227,383	270,301
Health		81,601	39,250
Education and Welfare		293,628	360,803
Housing		222,248	433,400
Community Amenities		5,476,777	3,769,269
Recreation and Culture		2,164,771	5,541,438
Transport		12,438,818	10,382,865
Economic Services		7,699,327	28,183,000
Other Property and Services		509,200	391,440
		<u>33,124,591</u>	<u>53,432,024</u>
EXPENSES			
General Purpose Funding		(1,362,029)	(1,255,309)
Governance		(403,612)	(310,836)
Law, Order, Public Safety		(923,346)	(1,032,187)
Health		(397,748)	(407,612)
Education and Welfare		(791,949)	(942,660)
Housing		(725,652)	(664,784)
Community Amenities		(5,214,357)	(4,631,947)
Recreation & Culture		(10,346,434)	(8,930,154)
Transport		(8,025,818)	(9,158,659)
Economic Services		(1,006,146)	(807,222)
Other Property and Services		(529,593)	(345,300)
		<u>(29,726,684)</u>	<u>(28,486,670)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		5,102	140,364
Movement in Employee Benefit Provisions		139,779	0
Depreciation and Amortisation on Assets		4,847,366	5,001,766
Capital Expenditure and Revenue			
Purchase Land Held for Resale			
Purchase Land and Buildings		(4,063,761)	(35,916,930)
Purchase Infrastructure Assets - Roads		(2,485,112)	(9,320,228)
Purchase Infrastructure Assets - Other		(9,803,710)	(15,264,704)
Purchase Plant and Equipment		(2,134,326)	(2,726,500)
Purchase Furniture and Equipment		(366,161)	(266,200)
Proceeds from Disposal of Assets		146,819	426,136
Repayment of Debentures		(793,539)	(727,157)
Transfers to Self Supporting Loans		(500,000)	(350,000)
Proceeds from New Debentures		2,703,000	8,830,000
Self-Supporting Loan Principal Income		28,873	32,900
Transfer from Trust		0	470,000
Transfers to Reserves (Restricted Assets)		(15,818,504)	(29,088,396)
Transfers from Reserves (Restricted Assets)		9,858,411	38,168,216
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		9,647,473	4,439,147
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		6,144,881	0
Amount Required to be Raised from Rates	22	<u>(11,335,264)</u>	<u>(11,206,232)</u>

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

Annual Financial Report & Auditor's Report

TOWN OF PORT HEDLAND NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2010

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 Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements and 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 as modified by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes of non-current assets.

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.

(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.

All monies held in the Trust Fund 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 statement of financial position are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position 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 statement of financial position.

(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 rate method, less any allowance for 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.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months.

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 statement of comprehensive income as at the time of signing a binding contract of sale.

Land held for resale is classified as current except where it is held as non-current based on Council's intention to release for sale.

(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 includes the cost of all materials, direct labour and variable and fixed overheads.

Revaluation

Certain asset classes 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 a basis to reflect the already consumed or expired future economic benefits.

Those assets carried at a 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 significantly from that determined using fair value at balance date.

Land under Roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB1051 - Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, Local Government (Financial Management) Regulation 4(2) provides, in the event of such an inconsistency, the Local Government (Financial Management) Regulations prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Council.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	4 to 15 years
Sealed roads and streets	
clearing and earthworks	not depreciated
construction/road base	50 years
original surfacing and	
major re-surfacing	
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads	
clearing and earthworks	not depreciated
construction/road base	50 years
gravel sheet	12 years
Formed roads (unsealed)	
clearing and earthworks	not depreciated
construction/road base	50 years
Footpaths - slab	40 years
Sewerage piping	100 years
Water supply piping & drainage systems	75 years

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Classification

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each balance date.

(i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the balance date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets (Continued)

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the statement of comprehensive income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

(j) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at balance date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

Annual Financial Report & Auditor's Report

TOWN OF PORT HEDLAND NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each balance 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 statement of comprehensive income.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

(l) Trade and Other Payables

Trade 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.

(m) 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) Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(n) 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 Council has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Borrowing Costs

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset.

Annual Financial Report & Auditor's Report

TOWN OF PORT HEDLAND NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2010

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions

Provisions are recognised when: The council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) 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.

(q) 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 statement of financial position and statement of comprehensive income. Information about the joint venture is set out in Note 16.

(r) 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.

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.

(s) Superannuation

The Council contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

Contributions to defined contribution plans are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for resale where it is held as non-current based on Council's intentions to release for sale.

(u) Rounding Off Figures

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

(v) Comparative Figures

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

(w) Budget Comparative Figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2010.

Council's assessment of these new standards and interpretations is set out below:

	Title and Topic	Issued	Applicable (*)	Impact
(i)	AASB 9– Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii)	AASB 124– Related Party Disclosures	December 2009	01 January 2011	Nil – It is not anticipated the Council will have any related parties as defined by the Standard.
(iii)	AASB 2009-5 - Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	May 2009	01 January 2010	Nil – The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council.
(iv)	AASB 2009-8 - Amendments to Australian Accounting Standards – Group Cash – Settled Share-based Payment Transactions [AASB 2]	July 2009	01 January 2010	Nil - The Council will not have applicable transactions.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	December 2009	01 January 2011	Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council.
(vi) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (ii) above).
(vii) AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]	December 2009	01 July 2010	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2010- 1 Amendment to Australian Accounting Standards – Limited Exemption from Comparative AASB 7 Disclosure for First-time Adopters [AASB 1 & AASB 7]	February 2010	01 July 2010	

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**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

(vi) Title and Topic (Continued)	Issued	Applicable (*)	Impact
AASB 2009- 10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB132]	October 2009	01 February 2010	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
Interpretation 19– Extinguishing Financial Liabilities with Equity Instruments	December 2009	01 July 2010	
AASB 2009– 14 Amendments to Australian Interpretations – Prepayments of a minimum Funding Requirement [AASB Interpretation 14]	December 2009	01 January 2011	

Notes:

(*) Applicable to reporting periods commencing on or after the given date.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards

During the current year, the Council adopted all of the new and revised Australian Accounting Standards and Interpretations which became mandatory and which were applicable to its operations.

The following is an explanation of the impact the adoption of these standards and interpretations has had on the financial statements of the Council.

AASB 101: Presentation of Financial Statements

In September 2007, the Australian Accounting Standards Board revised AASB 101 and as a result, there have been changes to the presentation and disclosure of certain information within the financial statements. Below is an overview of the key changes and the impact on the Council's financial statements.

Disclosure Impact

Terminology changes – The revised version of AASB 101 contains a number of terminology changes, including the amendment of the names of the primary financial statements.

Reporting changes in equity – The revised AASB 101 requires all changes in equity arising from transactions with owners, in their capacity as owners, to be presented separately from non-owner changes in equity. Owner changes in equity are to be presented in the statement of changes in equity, with non-owner changes in equity presented in the statement of comprehensive income. The previous version of AASB 101 required owner changes in equity and other comprehensive income to be presented in the statement of changes in equity.

Statement of comprehensive income – The revised AASB 101 requires all income and expenses to be presented in either a single statement, the statement of comprehensive income, or two statements, a separate income statement and a statement of comprehensive income. The previous version of AASB 101 required only the presentation of a single income statement.

The Council has adopted the single statement approach and the financial statements now contain a statement of comprehensive income.

Other Comprehensive Income – The revised version of AASB 101 introduces the concept of 'other comprehensive income' which comprises income and expenses not recognised in profit or loss as required by other Australian Accounting Standards. Items of other comprehensive income are to be disclosed in the statement of comprehensive income. The previous version of AASB 101 did not contain an equivalent concept.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

2. REVENUE AND EXPENSES

(a) Net Result	2010	2009
	\$	\$
The Net Result includes:		
(i) Charging as an Expense:		
Auditors Remuneration		
- Audit	27,443	39,745
- Other Services	13,950	9,680
Depreciation		
Buildings	929,950	831,662
Furniture and Equipment	315,230	292,257
Plant and Equipment	938,717	825,154
Roads	1,341,316	1,304,027
Infrastructure - Airport	503,234	481,446
Infrastructure - Other	818,919	443,285
	<u>4,847,366</u>	<u>4,177,831</u>
Interest Expenses (Finance Costs)		
Debentures (refer Note 21(a))	340,626	238,479
	<u>340,626</u>	<u>238,479</u>
Rental Charges		
- Operating Leases	188,811	175,200
	<u>188,811</u>	<u>175,200</u>
(ii) Crediting as Revenue:		
	2010	2010
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	1,508,340	629,900
- Other Funds	214,648	1,177,500
- Loans	28,630	32,834
Other Interest Revenue (refer note 26)	111,833	79,067
	<u>1,863,451</u>	<u>1,920,334</u>
	<u>1,863,451</u>	<u>957,714</u>

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TOWN OF PORT HEDLAND NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2010

2. REVENUE AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

Objective: To provide a decision making process for the efficient allocation of scarce resources.

Activities: administration and operation of facilities and services to members of Council. Other costs that relate to the tasks of assisting elected members and ratepayers on matters which do not concern specific council services.

GENERAL PURPOSE FUNDING

Objective: To collect revenue to allow for the provision of services.

Activities: Supervision of various by-laws, fire prevention, emergency services and animal.

LAW, ORDER, PUBLIC SAFETY

Objective: To provide services to help ensure a safer community.

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

HEALTH

Objective: To provide an operational framework for good community health.

Activities: Food quality and pest control, and Aboriginal environmental health.

EDUCATION AND WELFARE

Objective: To meet the needs of the community in these areas.

Activities: Operation of senior and frail citizens' centres, day care centres and theatre; and assistance to playgroups, aged care and other voluntary services.

HOUSING

Objective: Help ensure adequate housing.

Activities: Maintenance of staff and community housing.

COMMUNITY AMENITIES

Objective: Provide services required by the community.

Activities: Rubbish collection services, operation of tips, administration of the town planning scheme, maintenance of cemeteries, maintenance of rest centre and storm water drainage maintenance.

RECREATION AND CULTURE

Objective: To establish and manage efficiently infrastructure and resources which will help the social well being of the community.

Activities: Maintenance of halls, aquatic centres, recreation centres and various reserves; operation of library and arts centre operations.

TRANSPORT

Objective: To provide effective and efficient transport services to the community.

Activities: Airport operations; construction and maintenance of streets, roads, bridges; cleaning and lighting of streets and depot maintenance.

ECONOMIC SERVICES

Objective: To help promote the Town and improve its economic wellbeing.

Activities: The regulation and provision of tourism, area promotion, building control, and cattleyards.

OTHER PROPERTY AND SERVICES

Activities: Private works operation, plant repairs and operation costs.

Annual Financial Report & Auditor's Report

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

2. REVENUE AND EXPENSES (Continued)

(c) Conditions Over Grants/Contributions	Opening		2008/09		Closing		2009/10		Closing	
	Balance (*) 1-Jul-08	Received (+) 2008/09	Expended (#) 2008/09	Balance (*) 30-Jun-09	Received (+) 2009/10	Expended (#) 2009/10	Balance 30-Jun-10			
Grant/Contribution	Function/ Activity	\$	\$	\$	\$	\$	\$			
BHP - Environmental Projects		49,838	0	0	49,838	0	49,838			
Building Safety (Fire) Grant		25,000	0	0	25,000	(10,000)	15,000			
Office of Crime Prevention (CSCPP)		20,000	0	0	20,000	0	20,000			
Walk It Hedland		6,900	12,826	(6,900)	12,826	(12,391)	435			
BHP - Hedland Turf Club Grandstand		100,000	0	0	100,000	0	100,000			
PH Enhancement Scheme - Boat Ramp		40,000	0	(6,988)	33,012	(5,450)	27,562			
PH Enhancement Scheme - Foreshore Park		150,000	0	(5,000)	145,000	(74,154)	70,846			
PH Enhancement Scheme - Spoilbank Masterplan		996,428	0	(100,324)	896,104	(348,803)	547,301			
Royalties for Regions - CLGF		0	1,308,594	0	1,308,594	(1,251,589)	57,005			
Community Safety Contrib. CCTV		0	101,200	0	101,200	(101,200)	0			
Foreshore Protection Grant		0	10,284	0	10,284	(10,284)	0			
Pilbara Development Commission - Turtle BW		0	392,500	0	392,500	(251,527)	140,973			
Regional and Community Grant		0	194,411	0	194,411	(194,411)	0			
RADS Grant - Airport Development		0	155,848	0	155,848	(155,848)	0			
DOTARS Grant - Airport Development		0	44,581	0	44,581	0	44,581			
BHP - Town Entry Statement		0	46,709	0	46,709	(46,709)	0			
Local Road Grant		0	0	0	0	439,607	439,607			
R4R (Design for Port Hedland Today)		0	0	0	0	35,000	35,000			
BHP Billiton Contrib, Port Hedland Future Today		0	0	0	0	60,000	60,000			
R4R CCTV Stage 2		0	0	0	0	100,000	100,000			
Dept Racing, L & Gambling - Club Funding		0	0	0	0	60,000	6,202			
Lotteries Grant - Playground Development		0	0	0	0	105,000	81,931			
Dept Housing - 09-10 Walkway Lighting 50%		0	0	0	0	27,500	1,552			
BHP Billiton Cont. Wallwork Road Bridge 09-10		0	0	0	0	763,636	743,073			
Federal Aboriginal Road Grant		0	0	0	0	31,500	25,578			
Black Spot Funding Grant		0	0	0	0	52,000	27,254			
MIRWA Direct Grant		0	0	0	0	99,766	73,436			
Roads to Recovery 10-11 Carry over		0	0	0	0	356,155	356,155			
Grant from DEWR - 40% Payment for Dole Particij		0	0	0	0	41,212	41,212			
BHP/Dept RDL - Joint Project Officer		0	0	0	0	36,364	32,951			
		1,388,166	2,266,953	(119,212)	3,535,907	(2,646,154)	3,097,493			
						2,207,740				

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

	2010	2009
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	1,467,402	5,243,622
Restricted	<u>43,470,464</u>	<u>37,948,785</u>
	<u>44,937,866</u>	<u>43,192,407</u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	941,931	897,283
Airport Reserve	6,808,985	4,175,516
Plant Reserve	260,000	0
Car Parking Reserve	150,924	144,896
Planning Projects Reserve	0	0
Waste Management Reserve	323,852	837,075
Bushfire Management Reserve	0	0
Lights Replacement Reserve	36,380	34,656
Depot Facilities Reserve	14,704	14,007
Oval Development Reserve	0	0
Cattleyard Reserve	0	0
BHP-TPRH Alliance Reserve	0	0
South Hedland Library Reserve	12,970	12,355
SES Shed Reserve	31,375	29,888
Planning Permeability Reserve	0	0
Waste Management Recycle Reserve	403,255	384,140
BHP Reserve	13,384,242	7,137,115
Civil Building / Infrastructure Reserve	83,525	76,896
Newcrest Reserve	2,274	1,853
Spoilbank Reserve	490,446	467,198
Royalties for Regions Reserve	17,189,695	20,200,000
Community Facilities Reserve	238,413	0
Unspent Grants	<u>3,097,493</u>	<u>3,535,907</u>
	<u>43,470,464</u>	<u>37,948,785</u>
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	148,325	124,488
Sundry Debtors	6,251,180	6,052,428
Provision for Doubtful Debts	(24,981)	(24,981)
GST Receivable	156,722	785
Loans - Clubs/Institutions	25,846	28,639
Other Receivables	101,971	0
Accrued Income	<u>103,685</u>	<u>504,394</u>
	<u>6,762,748</u>	<u>6,685,753</u>
Non-Current		
Rates Outstanding - Pensioners	19,279	18,840
Service Charges - Underground Power	83,579	207,823
Sundry Debtors	262,896	206,010
Loans - Clubs/Institutions	<u>776,988</u>	<u>303,068</u>
	<u>1,142,742</u>	<u>735,741</u>
5. INVENTORIES		
Current		
Fuel	2,993	5,795
Matt Dann Kiosk	2,597	0
JD Hardie Centre	1,744	0
Café Stock	<u>0</u>	<u>25,349</u>
	<u>7,334</u>	<u>31,144</u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

	2010 \$	2009 \$
6. PROPERTY, PLANT AND EQUIPMENT		
Land - Cost	<u>1,290,632</u>	<u>1,246,108</u>
	1,290,632	1,246,108
Land and Buildings - Cost	36,259,132	32,239,895
Less Accumulated Depreciation	<u>(9,768,427)</u>	<u>(8,838,477)</u>
	26,490,705	23,401,418
Furniture and Equipment - Cost	4,551,608	4,185,447
Less Accumulated Depreciation	<u>(3,288,513)</u>	<u>(2,973,283)</u>
	1,263,095	1,212,164
Plant and Equipment - Cost	13,751,527	11,918,953
Less Accumulated Depreciation	<u>(6,736,100)</u>	<u>(5,947,214)</u>
	7,015,427	5,971,739
	<u><u>36,059,859</u></u>	<u><u>31,831,429</u></u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

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 \$	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Total \$
Balance as at 1 July 2009	1,246,108	23,401,418	1,212,164	5,971,739	31,831,429
Additions	44,524	4,019,237	366,161	2,134,326	6,564,248
(Disposals)	0	0	0	(151,921)	(151,921)
Revaluation - Increments	0	0	0	0	0
- (Decrements)	0	0	0	0	0
Impairment - (losses)	0	0	0	0	0
- reversals	0	0	0	0	0
Depreciation (Expense)	0	(929,950)	(315,230)	(938,717)	(2,183,897)
Other Movements	0	0	0	0	0
Balance as at 30 June 2010	<u>1,290,632</u>	<u>26,490,705</u>	<u>1,263,095</u>	<u>7,015,427</u>	<u>36,059,859</u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

	2010 \$	2009 \$
7. INFRASTRUCTURE		
Roads - Cost	78,738,421	76,253,309
Less Accumulated Depreciation	<u>(18,696,568)</u>	<u>(17,355,252)</u>
	60,041,853	58,898,057
Footpaths - Cost	8,684,053	8,071,575
Less Accumulated Depreciation	<u>(2,405,995)</u>	<u>(2,398,820)</u>
	6,278,058	5,672,755
Drainage - Cost	9,720,025	9,568,647
Less Accumulated Depreciation	<u>(3,084,996)</u>	<u>(2,956,856)</u>
	6,635,029	6,611,791
Parks & Ovals - Cost	26,267,692	18,178,876
Less Accumulated Depreciation	<u>(5,039,817)</u>	<u>(4,399,608)</u>
	21,227,875	13,779,268
Bridges - Cost	643,910	623,347
Less Accumulated Depreciation	<u>(332,892)</u>	<u>(323,742)</u>
	311,018	299,605
Bus Shelters - Cost	205,185	205,185
Less Accumulated Depreciation	<u>(98,268)</u>	<u>(77,749)</u>
	106,917	127,436
Depot - Cost	549,029	549,029
Less Accumulated Depreciation	<u>(124,793)</u>	<u>(111,067)</u>
	424,236	437,962
Airport - Cost	20,279,905	19,349,430
Less Accumulated Depreciation	<u>(10,643,755)</u>	<u>(10,140,521)</u>
	9,636,150	9,208,909
	<u>104,661,136</u>	<u>95,035,783</u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

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 \$	Bridges \$	Bus Shelters \$	Depots \$	Airport \$	Total \$
Balance as at 1 July 2009	58,898,057	5,672,755	6,611,791	13,779,268	299,605	127,436	437,962	9,208,909	95,035,783
Additions	2,485,112	612,478	151,378	8,088,816	20,563	0	0	930,475	12,288,822
(Disposals)	0	0	0	0	0	0	0	0	0
Revaluation - Increments - (Decrements)	0	0	0	0	0	0	0	0	0
Impairment - (losses) - reversals	0	0	0	0	0	0	0	0	0
Depreciation (Expense)	(1,341,316)	(7,175)	(128,140)	(640,209)	(9,150)	(20,519)	(13,726)	(503,234)	(2,663,469)
Other Movements	0	0	0	0	0	0	0	0	0
Balance as at 30 June 2010	60,041,853	6,278,058	6,635,029	21,227,875	311,018	106,917	424,236	9,636,150	104,661,136

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

	2010	2009
	\$	\$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	3,808,722	6,232,232
Prepayments	1,652,880	0
Accrued Interest on Debentures	19,789	20,755
Accrued Salaries and Wages	48,613	0
	<u>5,530,004</u>	<u>6,252,987</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	<u>697,759</u>	<u>617,796</u>
	<u>697,759</u>	<u>617,796</u>
Non-Current		
Secured by Floating Charge Debentures	<u>5,994,359</u>	<u>4,164,861</u>
	<u>5,994,359</u>	<u>4,164,861</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	782,743	696,802
Provision for Long Service Leave	144,260	122,285
Provision for Sick Leave	404,125	344,488
	<u>1,331,128</u>	<u>1,163,575</u>
Non-Current		
Provision for Long Service Leave	<u>105,293</u>	<u>133,067</u>
	<u>105,293</u>	<u>133,067</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010 \$	2010 Budget \$	2009 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	897,283	848,359	858,099
Amount Set Aside / Transfer to Reserve	44,648	33,900	39,184
Amount Used / Transfer from Reserve	0	0	0
	<u>941,931</u>	<u>882,259</u>	<u>897,283</u>
(b) Waste Management Reserve			
Opening Balance	837,075	997,074	1,322,856
Amount Set Aside / Transfer to Reserve	1,752,483	534,702	636,345
Amount Used / Transfer from Reserve	(2,265,706)	(1,454,963)	(1,122,126)
	<u>323,852</u>	<u>76,813</u>	<u>837,075</u>
(c) Plant Reserve			
Opening Balance	0	142	69,872
Amount Set Aside / Transfer to Reserve	260,000	260,000	2,787
Amount Used / Transfer from Reserve	0	0	(72,659)
	<u>260,000</u>	<u>260,142</u>	<u>0</u>
(d) Bushfire Management Reserve			
Opening Balance	0	194	18,474
Amount Set Aside / Transfer to Reserve	183	0	968
Amount Used / Transfer from Reserve	(183)	(194)	(19,442)
	<u>0</u>	<u>0</u>	<u>0</u>
(e) Lights Replacement Reserve			
Opening Balance	34,656	25,543	33,143
Amount Set Aside / Transfer to Reserve	1,724	1,000	1,513
Amount Used / Transfer from Reserve	0	0	0
	<u>36,380</u>	<u>26,543</u>	<u>34,656</u>
(f) Cattleyard Reserve			
Opening Balance	0	497	33,196
Amount Set Aside / Transfer to Reserve	0	0	918
Amount Used / Transfer from Reserve	0	(497)	(34,114)
	<u>0</u>	<u>0</u>	<u>0</u>
(g) Car Parking Reserve			
Opening Balance	144,896	131,623	23,923
Amount Set Aside / Transfer to Reserve	6,028	18,300	120,973
Amount Used / Transfer from Reserve	0	0	0
	<u>150,924</u>	<u>149,923</u>	<u>144,896</u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

	2010 \$	2010 Budget \$	2009 \$
11. RESERVES - CASH BACKED (Cont.)			
(h) Planning Projects Reserve			
Opening Balance	0	435	41,775
Amount Set Aside / Transfer to Reserve	130	0	1,670
Amount Used / Transfer from Reserve	<u>(130)</u>	<u>(435)</u>	<u>(43,445)</u>
	<u>0</u>	<u>0</u>	<u>0</u>
(i) Oval Development Reserve			
Opening Balance	0	(733)	6,387
Amount Set Aside / Transfer to Reserve	15	733	248
Amount Used / Transfer from Reserve	<u>(15)</u>	<u>0</u>	<u>(6,635)</u>
	<u>0</u>	<u>0</u>	<u>0</u>
(j) Depot Facilities Reserve			
Opening Balance	14,007	14,396	13,396
Amount Set Aside / Transfer to Reserve	697	600	611
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>14,704</u>	<u>14,996</u>	<u>14,007</u>
(k) Airport Reserve			
Opening Balance	4,175,516	3,862,056	3,746,916
Amount Set Aside / Transfer to Reserve	4,312,782	1,554,553	2,456,809
Amount Used / Transfer from Reserve	<u>(1,679,313)</u>	<u>(1,385,000)</u>	<u>(2,028,209)</u>
	<u>6,808,985</u>	<u>4,031,609</u>	<u>4,175,516</u>
(l) BHP Billiton - ToPH Alliance Reserve			
Opening Balance	0	2,279	366,749
Amount Set Aside / Transfer to Reserve	938	0	14,279
Amount Used / Transfer from Reserve	<u>(938)</u>	<u>(2,279)</u>	<u>(381,028)</u>
	<u>0</u>	<u>0</u>	<u>0</u>
(m) South Hedland Library Reserve			
Opening Balance	12,355	12,615	11,815
Amount Set Aside / Transfer to Reserve	615	500	540
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>12,970</u>	<u>13,115</u>	<u>12,355</u>
(n) SES Shed Reserve			
Opening Balance	29,888	30,490	28,690
Amount Set Aside / Transfer to Reserve	1,487	1,200	1,198
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>31,375</u>	<u>31,690</u>	<u>29,888</u>
(o) BHP Reserve			
Opening Balance	7,137,115	8,862,521	1,521,404
Amount Set Aside / Transfer to Reserve	8,501,138	5,854,500	8,100,215
Amount Used / Transfer from Reserve	<u>(2,254,011)</u>	<u>(14,463,967)</u>	<u>(2,484,504)</u>
	<u>13,384,242</u>	<u>253,054</u>	<u>7,137,115</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

	2010 \$	2010 Budget \$	2009 \$
11. RESERVES - CASH BACKED (Cont.)			
(p) Newcrest Reserve			
Opening Balance	1,853	101,410	1,410
Amount Set Aside / Transfer to Reserve	421	104,100	100,443
Amount Used / Transfer from Reserve	0	(100,000)	(100,000)
	<u>2,274</u>	<u>105,510</u>	<u>1,853</u>
(q) Planning Permeability Reserve			
Opening Balance	0	881	81,541
Amount Set Aside / Transfer to Reserve	256	0	3,261
Amount Used / Transfer from Reserve	(256)	(881)	(84,802)
	<u>0</u>	<u>0</u>	<u>0</u>
(r) Waste Management & Recycling Reserve			
Opening Balance	384,140	393,465	367,365
Amount Set Aside / Transfer to Reserve	19,115	15,700	16,775
Amount Used / Transfer from Reserve	0	0	0
	<u>403,255</u>	<u>409,165</u>	<u>384,140</u>
(s) Civil Building / Infrastructure Reserve			
Opening Balance	76,896	(8)	553,892
Amount Set Aside / Transfer to Reserve	6,629	8	8,710
Amount Used / Transfer from Reserve	0	0	(485,706)
	<u>83,525</u>	<u>0</u>	<u>76,896</u>
(t) Spoilbank Reserve			
Opening Balance	467,198	464,000	0
Amount Set Aside / Transfer to Reserve	23,248	18,600	467,198
Amount Used / Transfer from Reserve	0	(70,000)	0
	<u>490,446</u>	<u>412,600</u>	<u>467,198</u>
(u) Royalties for Regions Reserve			
Opening Balance	20,200,000	0	20,200,000
Amount Set Aside / Transfer to Reserve	647,554	20,690,000	
Amount Used / Transfer from Reserve	(3,657,859)	(20,690,000)	
	<u>17,189,695</u>	<u>0</u>	<u>20,200,000</u>
(v) Community Facilities Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	238,413	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>238,413</u>	<u>0</u>	<u>0</u>
TOTAL CASH BACKED RESERVES	<u>40,372,971</u>	<u>6,667,419</u>	<u>34,412,879</u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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11. RESERVES - CASH BACKED (Cont.)

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

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Leave Reserve

- to be used to fund annual and long service leave requirements.

Waste Management Reserve

- to fund Council's waste management facilities, including landfill and waste collection operations.

Plant Reserve

- to be used for the purchase of major plant on an ongoing basis.

Bushfire Management Reserve

- to be used for the replacement of Bush Fire plant and equipment.

Lights Replacement Reserve

- to be used for the upgrading and replacement of oval lights on an ongoing basis.

Cattleyard Reserve

- to be used for the future upgrade and maintenance of the cattle yards on an ongoing basis.

Car Parking Reserve

- to be used to fund new car parking facilities when required. Funds come from developers and are restricted to specific purposes.

Planning Projects Reserve

- to be used to fund any unexpected costs should the need arise and is ongoing.

Oval Development Reserve

- to be used for future upgrade and maintenance of the sporting ovals within the municipality.

Depot Facilities reserve

- to be used for the depot upgrade.

Airport Reserve

- to fund the ongoing and future operation of the Port Hedland International Airport

BHP Billiton - ToPH Alliance Reserve

- to be used to support Community Services and such projects as agreed upon by BHP Billiton and Town of Port Hedland.

South Hedland Library Reserve

- to be used to fund South Hedland library upgrade / extension.

SES Shed Reserve

- to hold funds associated with the construction of the SES Shed at the Airport.

BHP Reserve

- to hold funds contributed by BHP to assist the Council in achieving the Strategic Plan.

Newcrest Reserve

- to hold funds contributed by Bewcreat Mining to assist Council in achieving the Strategic Plan.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
TOWN OF PORT HEDLAND**

11. RESERVES - CASH BACKED (Cont.)

- Planning Permeability Reserve
 - to fund future traffic permeability management facilities.
- Waste Management & Recycling Reserve
 - to fund future waste recycling products.
- Civil Building / Infrastructure Reserve
 - to fund the upgrade of existing buildings, the construction of existing buildings, and the establishment of associated infrastructure.
- Spoilbank Reserve
 - for development projects on the Port Hedland Spoilbank Reserve.
- Royalties for Regions Reserve
 - to hold funds associated with contributions from the State Government to fund Royalties for Regions projects to assist Council in achieving the Strategic Plan.
- Community Facilities Reserve
 - For the development and upgrade of community infrastructure within the Town of Port Hedland.

Reserves are not expected to be utilised within a set period as further transfers to reserve accounts are expected as funds are utilised.

12. RESERVES - ASSET REVALUATION

	2010 \$	2009 \$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) Land and Buildings		
Balance as at 1 July 2009	662,217	662,217
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2010	662,217	662,217
(b) Roads		
Balance as at 1 July 2009	190,311	190,311
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2010	190,311	190,311
TOTAL ASSET REVALUATION RESERVES	852,528	852,528

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

13. NOTES TO THE STATEMENT OF CASH FLOWS**(a) Reconciliation of Cash**

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

	2010 \$	2010 Budget \$	2009 \$
Cash and Cash Equivalents	<u>44,937,866</u>	<u>12,730,281</u>	<u>43,192,407</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	14,733,171	36,136,587	39,958,687
Depreciation	4,847,366	5,001,766	4,177,831
(Profit)/Loss on Sale of Asset	5,102	140,364	114,528
(Increase)/Decrease in Receivables	(12,869)	(301,080)	(3,373,183)
(Increase)/Decrease in Inventories	23,810	(2,000)	(24,331)
Increase/(Decrease) in Payables	(722,983)	(159,845)	4,146,407
Increase/(Decrease) in Employee Provisions	139,779	(19,485)	349,636
Grants/Contributions for the Development of Assets	(9,610,522)	(33,667,055)	(33,688,222)
Net Cash from Operating Activities	<u>9,402,854</u>	<u>7,129,252</u>	<u>11,661,353</u>
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Bank Overdraft limit	50,000		50,000
Bank Overdraft at Balance Date	0		0
Credit Card limit	11,000		11,000
Credit Card Balance at Balance Date	(680)		0
Total Amount of Credit Unused	<u>60,320</u>		<u>61,000</u>
Loan Facilities			
Loan Facilities - Current	697,759		617,796
Loan Facilities - Non-Current	5,994,359		4,164,861
Total Facilities in Use at Balance Date	<u>6,692,118</u>		<u>4,782,657</u>
Unused Loan Facilities at Balance Date	<u>0</u>		<u>0</u>

**TOWN OF PORT HEDLAND
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FOR THE YEAR ENDED 30TH JUNE 2010**

14. CONTINGENT LIABILITIES

There were no known contingent liabilities at 30 June 2010.

15. CAPITAL AND LEASING COMMITMENTS**(a) Finance Lease Commitments**

Nil	2010	2009
	\$	\$

(b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year	70,399	90,903
- later than one year but not later than five years	38,851	84,297
- later than five years	0	0
	<u>109,250</u>	<u>175,200</u>

(c) Capital Expenditure Commitments

Contracted for:

- Building expenditure projects	584,793	2,617,020
- Road expenditure projects	1,758,059	0
- Airport expenditure projects	5,995	0
- Drainage expenditure projects	20,844	0
- Footpaths expenditure projects	151,383	0
- Parks expenditure projects	2,313,674	0
- Land Development expenditure projects	28,300	0
- Furniture & equipment purchases	76,089	0
- Plant & equipment purchases	1,230,146	0
	<u>6,169,283</u>	<u>2,617,020</u>

Payable:

- not later than one year	6,169,283	2,617,020
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**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

16. JOINT VENTURE

The Town of Port Hedland together with the Pilbara Arts Craft Design Aboriginal Corporation (PACADC) have a joint venture arrangement to purchase the "Court House" in Edgar Street Port Hedland on a 50/50 basis. The purpose of the joint venture is to establish a community arts facility. The operations of the facility are recorded in the financial statements under Education and Welfare and described within Function 8 of the schedules. The only asset of the joint venture is the court house building. Council's half of the building is included in the asset register under Buildings as follows:

	2010	2009
	\$	\$
Non-Current Assets		
Buildings	445,668	445,668
Less: Accumulated Depreciation	<u>(67,514)</u>	<u>(56,372)</u>
	<u><u>378,154</u></u>	<u><u>389,296</u></u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	420,295	326,449
General Purpose Funding	9,290,806	1,129,044
Law, Order, Public Safety	3,698,979	973,587
Health	96,334,822	218,031
Education and Welfare	4,164,903	1,255,823
Housing	22,816,873	6,764,267
Community Amenities	439,588	4,023,380
Recreation and Culture	2,260,400	17,536,331
Transport	771,782	114,944,376
Economic Services	373,974	15,366,751
Other Property and Services	148,573	845,447
Unallocated	<u>52,850,689</u>	<u>14,128,770</u>
	<u><u>193,571,685</u></u>	<u><u>177,512,256</u></u>

**TOWN OF PORT HEDLAND
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FOR THE YEAR ENDED 30TH JUNE 2010**

18. FINANCIAL RATIOS	2010	2009	2008
Current Ratio	1.245	1.530	1.280
Untied Cash to Unpaid Trade Creditors Ratio	0.385	0.841	3.400
Debt Ratio	0.071	0.070	0.070
Debt Service Ratio	0.033	0.030	0.030
Gross Debt to Revenue Ratio	0.192	0.150	0.230
Gross Debt to Economically Realisable Assets Ratio	0.075	0.060	0.140
Rate Coverage Ratio	0.258	0.160	0.280
Outstanding Rates Ratio	0.013	0.010	0.010

The above ratios 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 Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
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	$\frac{\text{rates outstanding}}{\text{rates collectable}}$

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

19. TRUST FUNDS

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

	Balance 1-Jul-09 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-10 \$
Special projects	1,300	0	0	1,300
Building Retention	4,616	0	0	4,616
Staff Bonds	12,096	2,920	1,420	13,596
Nomination Election Bonds	0	1,360	1,360	0
Ranger Services	820	1,600	1,320	1,100
Community bank	960	0	0	960
Deposits - Halls	10,800	35,000	21,550	24,250
Deposits - Trailer/ Comm Bus	400	0	0	400
Deposits - Sportsgrounds	10,690	12,750	9,400	14,040
POS Reserve	470,898	0	0	470,898
Blackrock Stakes Donations	178	0	0	178
Airport Cafe	6,897	9,232	0	16,129
BRB Levy	1,700	10,191	10,675	1,216
BCITF Levy	25,225	196,229	162,251	59,203
Unclaimed Money	1,908	639	0	2,547
Sundry	601	0	0	601
Garden Competition	0	4,850	0	4,850
MDCC Hire Events	0	0	0	0
Building Bonds	22,280	0	0	22,280
Cyclone George	162,540	14	32,298	130,256
	<u>733,909</u>			<u>768,419</u>

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TOWN OF PORT HEDLAND
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20. DISPOSALS OF ASSETS - 2009/10 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Community Amenities						
P057 - Rubbish Truck	0	135,400	0	72,727	0	(62,673)
PH5171 - Tractor	0	4,100	9,425	10,000	9,425	5,900
					0	0
Transport					0	0
PH9639 - 4x2 Hilux Dual Cab	0	10,200	0	15,000	0	4,800
PH9681 - Prado Station Wagon	27,466	30,400	24,575	26,000	(2,891)	(4,400)
PH9682 - Prado GX Manual	28,086	0	19,091	0	(8,995)	0
PH10018 - Landcruiser Ute	0	34,800	0	25,000	0	(9,800)
PH9083 - Camry Sportivo	0	15,100	0	11,000	0	(4,100)
PH9689 - 4x2 Hilux Dual Cab	16,954	19,200	14,591	15,000	(2,363)	(4,200)
PH10069 - 4x2 Hilux Dual Cab	0	31,000	0	21,000	0	(10,000)
PH9782 - 4x4 Hilux Dual Cab	23,643	26,800	23,955	21,000	312	(5,800)
PH10290 - 4x4 Hilux Dual Cab	0	32,900	0	21,000	0	(11,900)
PH9383 - 4x2 Hilux Dual Cab	0	14,300	0	14,000	0	(300)
PH9582 - Prado Station Wagon	27,478	31,100	28,273	26,000	795	(5,100)
PH9912 - 4x4 Hilux Dual Cab	28,294	31,500	26,909	21,000	(1,385)	(10,500)
PH9199 - Roadsweeper	0	134,000	0	55,000	0	(79,000)
PH5246 - Mitsub. Canter Tray	0	6,900	0	7,273	0	373
1AJB623 - Caterpillar Track Loader	0	0	0	25,000	0	25,000
PH4844 - Mits. Patching Truck	0	0	0	13,636	0	13,636
Karcher Pressure Cleaner	0	6,000	0	0	0	(6,000)
PH6172 - Trailer 7x4 Internal	0	0	0	750	0	750
1TAZ444 - 3 tonne trailer	0	0	0	750	0	750
Heavy Duty Slasher	0	2,800	0	0	0	(2,800)
Water Truck	0	0	0	25,000	0	25,000
	151,921	566,500	146,819	426,136	(5,102)	(140,364)

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-09 \$	New Loans \$	Principal Repayments		Principal 30-Jun-10		Interest Repayments		
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	
Governance									
Admin/Civic Centre Upgrade	117	123,808	33,021	33,021	90,787	90,787	6,340	6,327	
Law, Order & Public Safety									
State Emergency Services Shed	123	320,895	23,823	23,823	297,072	297,072	19,515	20,036	
Education & Welfare									
HACC House Upgrade	122	382,017	28,361	28,361	353,656	353,656	23,232	23,852	
Housing									
Staff Housing	106	563,538	97,916	97,916	465,622	465,622	37,332	37,332	
Staff Housing	107	269,671	48,167	48,167	221,504	221,504	14,385	14,385	
Staff Housing - Morgans Street	125	1,500,000	37,137	38,390	1,462,863	1,461,610	102,524	100,310	
Staff Housing - Morgans Street	127	0	68,515	30,434	2,134,485	2,172,566	30,945	84,840	
Staff Housing Airport		0	0	18,876	0	0	0	50,474	
Community Amenities									
Underground Power (a)	124	386,983	186,950	186,950	200,033	200,033	23,866	23,887	
Waste Water Treatment		0	0	7,913	0	0	0	22,402	
Recreation & Culture									
St Matthews Church	121	54,787	54,787	4,432	0	50,355	2,483	3,211	
Aquatic Centres	112	567,909	55,708	55,708	512,201	512,201	37,188	37,188	
Swimming Pool Extensions	114	334,139	31,431	31,431	302,708	302,708	18,898	18,898	
JD Hardie Upgrade	118	11,340	11,340	11,340	0	0	296	296	
JD Hardie Upgrade - 2		0	0	9,739	0	-9,739	0	27,465	
Netball Courts	119A	41,579	41,579	11,052	0	30,527	2,141	2,230	
Gratwick Pool	119B	29,105	29,105	7,736	0	21,369	1,634	1,561	
Tennis Courts	120	33,263	8,841	8,841	24,422	24,422	1,784	1,784	
PH Gold Club (*)	111	10,814	4,816	4,816	5,998	5,998	521	520	
Yacht Club (Carried Forward*)		0	4,977	4,261	495,023	495,739	8,592	12,277	
Multi-purpose Recreation Centre		0	0	26,782	0	0	0	74,715	
Marquee Park		0	0	10,104	0	822,395	0	28,477	
Transport									
Depot	113	73,882	23,072	23,072	50,810	50,810	4,436	4,427	
Economic Services									
Port Hedland Visitors' Centre	116	78,927	3,993	3,993	74,934	74,934	4,524	4,513	
		4,782,657	2,703,000	793,539	727,158	6,692,118	7,644,569	340,626	601,407

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

(b) New Debentures - 2009/10

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Staff Housing - Morgans St	2,203,000	2,500,000	Unknown	Debenture	20	2,110,944	6.75%	2,203,000	2,500,000	0
Staff Housing - Airport	0	1,500,000	Unknown	Debenture	20	1,274,006	6.75%	0	1,500,000	0
JD Hardie Upgrade 2	0	800,000	Unknown	Debenture	15	688,149	6.75%	0	800,000	0
Marquee Park	0	830,000	Unknown	Debenture	15	713,257	6.75%	0	830,000	0
Waste Water Treatment	0	650,000	Unknown	Debenture	5	562,808	6.75%	0	650,000	0
Yacht Club	500,000	350,000	Unknown	Debenture	20	311,527	6.75%	500,000	350,000	0
Multi Purpose Recreation Centre	0	2,200,000	Unknown	Debenture	20	1,859,862	6.75%	0	2,200,000	0

TOWN OF PORT HEDLAND
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21. INFORMATION ON BORROWINGS (Continued)

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-09 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-10 \$
Staff Housing - Morgans Street	30/06/2010	0	2,203,000	2,203,000	0
		0	2,203,000	2,203,000	0

(d) Overdraft

Council has an overdraft facility of \$50,000 with National Australia Bank to assist with short term liquidity requirements. The balance of the bank overdraft at 1 July 2009 and 30 June 2010 was \$Nil.

**TOWN OF PORT HEDLAND
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FOR THE YEAR ENDED 30TH JUNE 2010**

22. RATING INFORMATION - 2009/10 FINANCIAL YEAR

RATE TYPE	Rate In \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV Residential	4.1000	4,605	171,535,326	7,032,948	319,316	4,524	7,356,788	7,032,948	352,920	0	7,385,668
GRV Commercial	4.8810	410	25,827,048	1,260,818	125,468	546	1,386,632	1,257,454	0	0	1,257,454
GRV Industrial	4.1000	30	20,216,490	828,876	19,074	0	847,950	828,876	0	0	828,876
GRV Shopping Centre	8.2000	2	6,801,360	557,712	0	0	557,712	557,712	0	0	557,712
UV Mining Improved	23.6711	98	1,483,783	351,228	10,619	5	361,852	350,856	0	0	350,856
UV Mining Vacant	23.6710	263	496,096	115,257	(4,657)	16	110,616	115,594	0	0	115,594
UV Pastoral	11.8374	12	526,666	62,344	(24)	0	62,320	62,344	0	0	62,344
UV Other	11.8374	14	863,455	102,211	(737)	0	101,474	102,211	0	0	102,211
UV Other Vacant	11.8373	11	75,000	8,878	0	0	8,878	8,878	0	0	8,878
Non-Rated											
Sub-Totals		5,445	227,825,224	10,320,072	469,059	5,091	10,794,222	10,316,873	352,920	0	10,669,793
Minimum Rates											
GRV Residential	653	521	3,266,454	340,154	0	0	340,154	335,801	0	0	335,801
GRV Commercial	653	166	1,328,057	108,398	0	0	108,398	108,449	0	0	108,449
GRV Industrial	653	21	162,230	13,713	0	0	13,713	13,720	0	0	13,720
UV Mining Improved	653	44	49,797	28,732	0	0	28,732	28,746	0	0	28,746
UV Mining Vacant	653	221	139,953	141,488	0	0	141,488	145,035	0	0	145,035
UV Pastoral	653	2	5,594	1,306	0	0	1,306	1,307	0	0	1,307
UV Other Vacant	653	10	49	6,530	0	0	6,530	6,533	0	0	6,533
Sub-Totals		985	4,952,134	640,321	0	0	640,321	639,591	0	0	639,591
Concessions (refer note 25)											
Totals											
				11,434,543			11,399,384				11,399,384
				(99,283)			(99,283)				(103,150)
							11,335,260				11,206,234

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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23. SPECIFIED AREA RATE - 2009/10 FINANCIAL YEAR

No specified area rates were raised in 2009/10.

24. SERVICE CHARGES - 2009/10 FINANCIAL YEAR

No Service Charges were imposed in 2009-10.

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**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2009/10 FINANCIAL YEAR**

Discounts

Council does not offer any discount for early payment of rates.

Incentives

Council expanded the Rates incentive Program providing an incentive to ratepayers who elected to pay rates as per option 1 by 11 September 2009.

Platinum Sponsors

*Virgin Blue:-

\$3,432 - 4 x Fully flexible, fully refundable return tickets to Perth.

*Harvey Norman (in conjunction with the Town of Port Hedland):-

\$1,500 - Laptop Computer

\$1,099 - 32 inch LCD Television

\$739 - Dishwasher

\$689 - Washing Machine

\$400 - Digital Camera

\$400 - Wii Computer Package

\$270 - Espresso Machine

*North West Telegraph

\$2,000 - Advertising for business or personal advertisements.

Gold Sponsors

*Atlas Iron Limited:-

\$1,000 - Cash

*National Australia Bank

\$1,000 - Cash

*O'Donnell Griffin:-

\$1,000 - Cash

*Rio tinto - Dampier Salt:-

\$1,000 - Cash

Silver Sponsor

*Westpac Banking Corporation:-

\$500 - Bank account with Westpac

Bronze Sponsors

*Perth Ambassador Hotel:-

\$370 - Two nights accommodation in a refurbished Deluxe Room including Full Buffet Breakfast for two people.

*Goodearth Hotel - Perth:-

\$295 - Overnight accommodation in a one bedroom apartment including Full Buffet breakfast for four guests.

*Elisi Therapies:-

\$110 - Beauty Therapy

*Freo Group

\$100 - Cash

*Town of Port Hedland

\$1,500 - Holiday Package for 2 to Bali including return flights, 7 nights accommodation, breakfast and transfers.

\$600 - 6 x \$100 food vouchers

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Concessions

Council in accordance with Section 6.47 of the Local Government Act 1995 (as amended) allows for a concession of rates on the following properties:

100% Concession

A130114 - Sub Lot 5812 Reserve 39012, South Hedland
 A127580 - Portion 6 Anderson St, Port Hedland
 A406870 - Lot 2916 Stanley St South Hedland
 A106284 - 9 Hamilton St, South Hedland
 A130290 - Lot 5915 McGregor St, Port Hedland
 A156300 - Lot 4508 Shoata Road, South Hedland
 A156260 - Location 118 of Forrest Location
 A802207 - Lot 2466 Lawson St, South Hedland
 A156550 - Lots 55, 56, 57 McKay St Port Hedland
 A113872 - Lot 43, 10 Steamer Ave, South Hedland
 A802155 - Lot 5164 Shoata Rd, South Hedland
 A803501 - Lot 309 Hamilton rd, South Hedland
 A106282 - 1-5 Hamilton Rd, South Hedland
 A113807 - 3 Daylesford Close, South Hedland
 A116100 - 9 Morgans St, South Hedland

Lotteries House
 Business Enterprise Centre
 Youth Involvement Centre
 Benara Maya Hostel
 Freemasons Homes for Aged
 Port Hedland Pistol Club
 Port Hedland Speedway Club
 Youth Involvement Centre
 Volunteer Marine Rescue Service
 Baptist Church Manse
 South Hedland Owners and Trainers
 Wangka Maya Language Centre
 Wirraka Maya Health Service
 Wirraka Maya Health Service
 Wirraka Maya Health Service

50% Concession

A154780 - 4 Treloar St, South Hedland
 A402430 - Lot 2513 Dempster St, South Hedland

Treloar Child Care Centre
 Len Taplin Centre

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

26. INTEREST CHARGES AND INSTALMENTS - 2009/10 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%	57	72,211	40,000
Interest on Unpaid Underground Power Charge	6.41%		0	79,000
Interest on Instalments Plan	5.50%		39,622	20,000
Charges on Instalment Plan		57	40,527	25,000
			<u>152,360</u>	<u>164,000</u>

Ratepayers had the option of paying rates in four equal instalments, due on 11th September 2009, 13th November 2009, 13th January 2010 and 18th March 2010. Administration charges and interest applied for the final three instalments.

27. FEES & CHARGES	2010 \$	2009 \$
Governance	3,015	2,830
General Purpose Funding	82,320	95,781
Law, Order, Public Safety	99,805	77,434
Health	56,668	37,511
Education and Welfare	0	0
Housing	0	0
Community Amenities	5,475,127	3,575,337
Recreation and Culture	612,756	559,065
Transport	9,327,587	6,870,564
Economic Services	2,057,131	1,294,438
Other Property and Services	174,440	120,000
	<u>17,888,849</u>	<u>12,632,960</u>

There were no changes during the year to the amount of the fees or charges detailed in the original budget.

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**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

28. GRANT REVENUE	2010			2009
	\$			\$
By Nature and Type:				
Operating Grants, Subsidies and Contributions	3,316,330			7,670,669
Non-Operating Grants, Subsidies and Contributions	<u>9,610,522</u>			<u>33,688,222</u>
	<u><u>12,926,852</u></u>			<u><u>41,358,891</u></u>
By Program:				
Governance	115,416			1,472,207
General Purpose Funding	1,917,124			3,169,240
Law, Order, Public Safety	107,542			610,208
Health	24,933			524
Education and Welfare	205,511			955,711
Housing	5,093			943
Community Amenities	1,650			17,563
Recreation and Culture	1,490,636			878,759
Transport	3,095,701			2,394,032
Economic Services	5,642,196			31,559,775
Other Property and Services	<u>321,050</u>			<u>299,929</u>
	<u><u>12,926,852</u></u>			<u><u>41,358,891</u></u>
29. COUNCILLORS' REMUNERATION	2010	2010		2009
	\$	Budget		\$
		\$		
The following fees, expenses and allowances were paid to council members and/or the president.				
Meeting Fees	68,193	70,000		71,750
Mayor's Allowance	60,000	60,000		45,000
Deputy Mayor's Allowance	18,750	15,000		11,250
Travelling Expenses	19,823	20,000		16,726
Telecommunications Allowance	20,981	21,600		21,600
Technology Allowance	<u>7,492</u>	<u>9,000</u>		<u>8,000</u>
	<u><u>195,239</u></u>	<u><u>195,600</u></u>		<u><u>174,326</u></u>
30. EMPLOYEE NUMBERS	2010			2009
The number of full-time equivalent employees at balance date	<u><u>134</u></u>			<u><u>149</u></u>

Annual Financial Report & Auditor's Report

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010

31. MAJOR LAND TRANSACTIONS**Port Hedland International Airport: Transient Workforce Accommodation**

(a) Details

In March 2009 the Town of Port Hedland entered into a lease agreement with Compass Group Pty Ltd for the development of a Transient Workforce Accommodation area at the Port Hedland International Airport. The land associated with the venture is owned freehold by the Town of Port Hedland, and the major land transaction requires no expenditure by the Town other than staff time and legal costs associated with the preparation of the lease and deed of covenant documents. The financial return of approximately \$8.6 million over the term of the lease will increase the net operating income of the Town, which will consequently give additional funds to provide improved services and facilities for Town of Port Hedland residents.

(b) Current year transactions	2010 \$	2010 Budget \$	2009 \$
Operating Revenue			
- Rental Income	815,251	762,649	221,622
Capital Revenue			
- Sale Proceeds	0	0	0
Capital Expenditure			
- Purchase of Land	0	0	0
- Development Costs	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

The above capital expenditure is included as land held for resale (refer Note 5).

There are no liabilities in relation to this land transaction as at 30 June 2010.

(c) Expected Future Cash Flows

	2011 \$	2012 \$	2013 \$	2014 \$	Total \$
Cash Outflows					
- Development Costs	0	0	0	0	0
- Loan Repayments	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Inflows					
- Lease Revenue	785,528	808,094	833,367	858,368	3,285,357
	<u>785,528</u>	<u>808,094</u>	<u>833,367</u>	<u>858,368</u>	<u>3,285,357</u>
Net Cash Flows	<u>785,528</u>	<u>808,094</u>	<u>833,367</u>	<u>858,368</u>	<u>3,285,357</u>

Port Hedland International Airport - Transient Workforce Accommodation

In December 2009 the Town of Port Hedland entered into a lease agreement with Mia Mia Port Hedland International Airport Pty Ltd for the development of a Transient Workforce Accommodation area at the Port Hedland International Airport. The lease revenue incorporated into the 2010/11 Budget is \$173,228 plus a contribution from the lessor of \$350,000 as an unconditional contribution to the Town of Port Hedland's community projects.

Doctor Accommodation

During 2010/11 the Town of Port Hedland will be commencing a doctor housing project in conjunction with BHP Billiton and the State Government to purchase 2 properties and construct another 3 properties in order to provide housing to doctors in Port Hedland. The total project incorporates funding of \$4.5 million from all parties and has been factored into the 2010/11 budget. A Business Plan will be developed and distributed for consultation as part of the required process.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council assumed responsibility for the Airport Café and Bar during December 2007. The operations of the café and bar have been reported below, but they are also incorporated in the financial statements under Transport and are described within Function 12 of the schedules.

Council committed to operating the cafe and bar for until December 2009, whereby the financial viability was reassessed and it was determined to tender out the service. The cafe and bar are now leased by Bloomoons Pty Ltd and the lease fee has been incorporated in the 2010/11 Budget.

This will be the final year that the Airport Cafe and Bar are incorporated as a Trading Undertaking given the new arrangement.

**AIRPORT CAFÉ AND BAR
STATEMENT OF COMPEREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2010**

	2010 \$	2010 Budget \$	2009 \$
REVENUE			
Sales Café	313,828	514,500	472,409
Sales Bar	259,194	283,800	286,582
Lease Income	29,134	0	0
	<u>602,156</u>	<u>798,300</u>	<u>758,991</u>
EXPENSES			
Employee Costs	(225,749)	(266,954)	(338,114)
Materials and Contracts	(303,538)	(311,000)	(290,480)
Utility Charges	(11,152)	(8,000)	(12,793)
Cleaning	0	(1,000)	0
Other Expenditure	0	(86,614)	(93,832)
	<u>(540,439)</u>	<u>(673,568)</u>	<u>(735,219)</u>
NET RESULT	<u><u>61,717</u></u>	<u><u>124,732</u></u>	<u><u>23,772</u></u>
Other Comprehensive Income			
Total Other Comprehensive I	0	0	0
TOTAL COMPREHENSIVE IN	<u><u>61,717</u></u>	<u><u>124,732</u></u>	<u><u>23,772</u></u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

**AIRPORT CAFÉ AND BAR
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2010**

	2010 \$	2009 \$
CURRENT ASSETS		
Cash and Cash Equivalents	0	7,501
Inventories	<u>0</u>	<u>25,349</u>
TOTAL CURRENT ASSETS	<u>0</u>	<u>32,850</u>
NON-CURRENT ASSETS		
Property, Plant and Equipment	<u>0</u>	<u>2,338</u>
TOTAL NON-CURRENT ASSETS	<u>0</u>	<u>2,338</u>
TOTAL ASSETS	<u>0</u>	<u>35,188</u>
CURRENT LIABILITIES		
Trade and Other Payables	0	13,077
Provisions	<u>0</u>	<u>6,389</u>
TOTAL CURRENT LIABILITIES	<u>0</u>	<u>19,466</u>
NON-CURRENT LIABILITIES		
Provisions	<u>0</u>	<u>349</u>
TOTAL NON-CURRENT LIABILITIES	<u>0</u>	<u>349</u>
TOTAL LIABILITIES	<u>0</u>	<u>19,815</u>
NET ASSETS	<u>0</u>	<u>15,373</u>
EQUITY		
Retained Surplus	<u>0</u>	<u>15,373</u>
TOTAL EQUITY	<u>0</u>	<u>15,373</u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

33. FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2010	2009	2010	2009
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	44,937,866	43,192,407	44,937,866	43,192,407
Receivables	7,801,805	6,917,100	7,801,805	6,917,100
	<u>52,739,671</u>	<u>50,109,507</u>	<u>52,739,671</u>	<u>50,109,507</u>
Financial Liabilities				
Payables	5,530,004	6,252,987	5,530,004	6,252,987
Long Term Borrowings	6,692,117	4,782,657	6,088,188	6,654,537
	<u>12,222,121</u>	<u>11,035,644</u>	<u>11,618,192</u>	<u>12,907,524</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

33. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers (where applicable). Council has an investment policy and the policy is subject to review by Council. An Investment Report is provided to Council on a monthly basis setting out the make-up and performance of the portfolio.

The major risk associated with investments is price risk – the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk – the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments is credit risk – the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council manages these risks by diversifying its portfolio and only purchasing investments with high credit ratings or capital guarantees. Council also seeks advice from independent advisers (where applicable) before placing any cash and investments.

	30-Jun-10 \$	30-Jun-09 \$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	448,223	179,418
- Income Statement	448,223	179,418

Notes:

(*) Sensitivity percentages based on management's expectation of future possible market movements.

Recent market volatility has seen large market movements for certain types of investments.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

33. FINANCIAL RISK MANAGEMENT (Continued)**(b) Receivables**

Council's major receivables comprise rates and annual charges and user charges and fees. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies. It also encourages ratepayers to pay rates by the due date through incentives.

Credit risk on rates and annual charges is minimised by the ability of Council to recover these debts as a secured charge over the land – that is, the land can be sold to recover the debt. Council is also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Council's credit risk at balance date was:

	30-Jun-10	30-Jun-09
Percentage of Rates and Annual Charges		
- Current	97.85%	98.46%
- Overdue	2.15%	1.54%
Percentage of Other Receivables		
- Current	70.58%	95.47%
- Overdue	27.83%	4.53%

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

33. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	<u>2010</u>	<u>2009</u>				
	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$	
Payables	5,530,004	0	0	5,530,004	5,530,004	
Borrowings	1,028,678	3,742,450	5,833,996	10,605,124	6,692,118	
	<u>6,558,682</u>	<u>3,742,450</u>	<u>5,833,996</u>	<u>16,135,128</u>	<u>12,222,122</u>	
Payables	6,252,987	0	0	6,252,987	6,252,987	
Borrowings	883,193	2,648,673	757,702	4,289,568	3,282,657	
	<u>7,136,180</u>	<u>2,648,673</u>	<u>757,702</u>	<u>10,542,555</u>	<u>9,535,644</u>	

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2010**

33. FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings (Continued)

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following tables set out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2010								
Borrowings								
Fixed Rate								
Debtentures	200,033	56,808	802,335	0	0	5,632,942	6,692,118	6.60%
Weighted Average								
Effective Interest Rate	6.88%	6.44%	6.35%	0.00%	0.00%	6.62%		
Year Ended 30 June 2009								
Borrowings								
Fixed Rate								
Debtentures	136,811	460,865	10,814	157,071	269,671	2,247,425	3,282,657	6.38%
Weighted Average								
Effective Interest Rate	5.79%	6.82%	6.03%	5.53%	5.58%	6.48%		

Annual Financial Report & Auditor's Report

**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE TOWN OF PORT HEDLAND*****Report on the Financial Report***

We have audited the accompanying financial report of the Town of Port Hedland, which comprises the Statement of Financial Position as at 30 June 2010 and the Statement of Comprehensive Income by nature or type, Statement of Comprehensive Income by program, Statement of Changes in Equity, Statement of Cash Flows, Rate Setting Statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the financial report of the Town of Port Hedland is in accordance with the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended), including:

- a giving a true and fair view of the Town's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).



INDEPENDENT AUDIT REPORT TO THE ELECTORS OF THE TOWN OF PORT HEDLAND (continued)

Other Matters

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Council.
- b) No 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 in conducting our audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS

A handwritten signature in blue ink, appearing to read 'G. Godwin', is written over the printed name of Greg Godwin.

GREG GODWIN
PARTNER

Date: 23 March 2011
Perth, WA