



TOWN OF PORT HEDLAND

ANNUAL REPORT 2008

COUNCIL'S MISSION STATEMENT

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

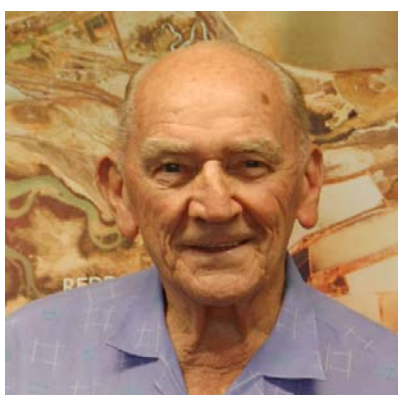
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COUNCILLORS 2007/2008



Mayor Stan R Martin
(Retiring 2011)



**Deputy Mayor
Arnold A Carter**
(Retiring 2009)



Cr Jan Ford
(Retiring 2009)



Cr Grant D Bussell
(Retiring 2009)



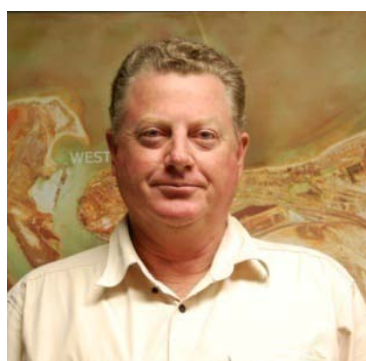
Cr George J Daccache
(Retiring 2011)



Cr Arthur A Gear
(Retiring 2009)



Cr Jan M Gillingham
(Retiring 2009)



Cr Steve Coates
(Retiring 2011)



Cr Kelly Howlett
(Retiring 2011)

TOWN PROFILE

Population	18,000
Area	11,844 square kilometres
Distance from Perth (km)	1,776 km via NW Coastal Hwy 1,647 km via Great Northern Highway
Electricity Supply	Horizon Power
Water Supply	De Grey River and Yule River Borefields
Length of Sealed Roads	173 km
Length of Unsealed Roads	646 km
Number of Electors	5,541
Number of Dwellings	5,278
Total Rates Levied	\$9,466,126
Total Operating Revenue	\$33,890,998
Number of Elected Members	9
Number of Employees	161

MANAGEMENT AS OF 30 JUNE 2008

Governance and Corporate Services

Chief Executive Officer	Chris Adams
Executive Assistant	Gaye Stephens

Corporate Services

Director Corporate Services	Matthew Scott
Manager Finance	Natalie Octoman
Manager Information Services	Ken MacKay

Engineering Services

Director Engineering	Terry Dodds
Manager Engineering Services	Russell Dyer
Manager Infrastructure Development	Jenella Voitkevich
Manager Recreation Services	Rebecca Pianta
Manager Airport	Bob Couzens

Community and Regulatory Services

Director Community and Regulatory Services	Terry Sargent
Manager Library and Information Services	Pam Whiteford-Hey
Manager Community and Economic Development	Julie Broad
Manager Environmental Health	Darryal Eastwell
Manager Planning Services	Richard Bairstow
Manager Building Services	Andy Taylor
Co-ordinator Ranger Services	Peter Wilden

MAYOR'S REPORT

It is with pleasure that I present the Council's 2007/08 Annual Report. The Town has made significant progress during the 2007/08 Financial year in a variety of areas. With focus on improving our service delivery to the community, building on asset management and continuing to negotiate and build on existing and new partnerships with the Commonwealth, State Governments and key Industry stakeholders with in the area.

With these successful partnerships formed between the Town, the State Government and key industry stakeholders, we were able to focus on areas within the community which were identified as needing significant improvement such as addressing the rising accommodation crisis, improving educational standards, maintaining state government services and most importantly planning for the future.

Planning for the Future has allowed us to redevelop areas needing improvement within the Township such as housing, land releases, improvement of council amenities, and formation of new partnerships with Industry.

We value the partnerships built between with Government and industry and do not underestimate the value and contribution they have made to improving the Town. It is important that we continue these alliances and we can significantly see the changes being made in the community with new infrastructure to be completed in the near future and a vast improvement in services attracting residents to stay and be part of our community. We are as previously stated becoming a well developed and efficient council that is the envy of other towns in the State.

The 2007/08 Annual Financial Statements demonstrate, financially the Council is operating well and we will continue to sustainably grow and develop our municipal service base. Community feedback indicates that the Town is improving, but the Councillors and staff recognise that we need to do more to meet the needs and expectations of the community.

The Town of Port Hedland held its Bi annual Election in October 2007. Cr Shane Sear and Cr Des Pike retired from their roles while Cr Kelly Howlett, Cr Steve Coates, Cr Jan Ford were voted in and Myself and Cr George Daccache were re-elected.

I'd like to take this opportunity to thank the outgoing Councillors and welcome the new Councillors to their role within the Town of Port Hedland Council, and thank you to all for their tireless efforts throughout 2007/08 financial year.

This has been an exciting time to be involved with Council helping to determine and mould the future of Port Hedland. With the implementation of Strategic planning workshops for Councillors, improvement of training modules and the availability of information from Council has assisted with our service delivery.

Leading me to thank the Council staff for their contribution and assistance throughout the year while managing their ever-increasing workloads with enthusiasm and support and delivering another excellent result for the Town. I believe that the Town is lucky to have such an outstanding team of staff that is lead by such a top quality management group who are passionate about the future of Port Hedland.

I would like to personally thank my Deputy Mayor, Arnold Carter and the new team of Councillors, Cr George Daccache, Cr Arthur Gear, Cr Jan Gillingham, Cr Steve Coates, Cr Kelly Howlett, Cr Grant Bussell and Cr Jan Ford for their support and contribution to the Council throughout 2007/08.

Also I am looking forward to working closely with all stakeholders over the coming years to continue the opportunities that the resources boom offers and I am sure that with us all continuing to work together we will make the Town of Port Hedland a place where not only everybody is proud to call home, but wants to come and see what all the fuss is about.

Cr Stan R Martin
MAYOR

CHIEF EXECUTIVE OFFICER'S REPORT

The 2007/08 Financial Year was a period of significant growth and asset development for the Town of Port Hedland. Some of the new capital projects that were completed undertaken included:

Skateboard Parks: *Two new world-class skateboard facilities were completed in Port and South Hedland. Both facilities have proven to be very popular.*

Playground Development: *Significant upgrades were undertaken at various Sports Facility Upgrades: All of Council's multi-user sports facilities received a facelift with internal and external repairs and refurbishments being undertaken.*

Community Facilities: *Upgrades were undertaken to the JD Hardie Centre and the Port Hedland Youth and Family Centre to make them more attractive, user friendly and functional. A new gymnasium facility was also opened at the Gratwick Aquatic Centre.*

Road and Footpath Infrastructure: *Major upgrades were undertaken on several roads including the sealing of Butteweld Rd and Bell St, Yandeyarra Rd improvements, safety works along North Circular Road and streetscape upgrades to Edgar St to name a few. A very large footpath construction program was completed with several new footpaths constructed during the financial year with nearly 6km of new concrete footpaths being built.*

South Hedland New Living Project: *This partnership project between the State Government and the Town is starting to deliver a transformation to the South Hedland area through improved neighbourhoods and better community facilities such as tree planting, parks, lighting and footpaths.*

SES Shed: *The new SES facility was constructed and opened at the Port Hedland International Airport. This facility is a vast improvement to the SES's previous facility.*

Public Infrastructure: *Streetscape improvements were undertaken to improve urban amenity with several new bus shelters, bins and public art pieces being installed.*

Airport Upgrades: *Refurbishment at the airport continued to be undertaken to meet the ever growing number of passengers. Improvements that were undertaken included car park works, electrical upgrades, fencing extensions and lighting improvements.*

The vast majority of the above listed projects would not have been able to be completed without the successful partnering arrangements that the Town has developed and fostered between itself, major industry players and the State Government. These partnerships are enabling the Council to fast-track services and infrastructure development without relying solely on ratepayer funds. While substantial work has been done in this regard, more needs to be done by all

stakeholders to develop the facilities and services that the residents of the Town of Port Hedland need, want and deserve.

From an administrative perspective the year was successful with a number of new initiatives being undertaken including a major upgrade of the Council's IT hardware, improvements to the Town's record keeping operations and refinements to the financial procedures and systems that the Town's staff use. These changes led to the Town become a finalist in the Department of Local Government's Financial Management awards.

Planning for the future was a major issue that was considered during the course of the 2007/08 financial year with a significant focus on the development and finalisation of the Town's Land Use Master Plan. The plan identifies the preferred location/s for developments within the Town for the foreseeable future and was adopted by Council in December 2007 after extensive community consultation and debate. Council now has the challenging task of working with relevant stakeholders to ensure that the plan is delivered over the coming years. I am confident that this will occur as planning on many of the initiatives (including additional land releases, a safe boating harbour, an upgrade to the Port Hedland Rd and a multi-purpose recreational facility) is well progressed.

Other much needed community services including waste collection, swimming pools, libraries, home and community care services, parks maintenance, landfill operations, street sweeping, community services, events planning, rangers, building control and environmental health continued to provide quality services to the community during the year. Service improvements and new initiatives can be found in all of these areas.

I would like to take this opportunity to thank the staff who worked with me at the Town of Port Hedland over the 2007/08 financial year. Our successes could not have been achieved without the dedication, hard-work and pride that they show in their work. Due largely to an over-heated labour market, staff attraction and retention was difficult throughout the Town, but we have managed to recruit and retain an excellent group of people who want to work for the Town.

I'd also like to thank the Councillors of the Town for their support and assistance throughout the year. The Council has been confronted with some challenging, controversial and difficult issues over the period. While decision making on these types of issues is never easy, the Council has consistently shown a willingness to involve the community wherever possible and make the decisions that the Council thinks is the best for both the short and long term future of the Town.

The Town is continuing to grow rapidly and I personally look forward to working with the Council, Council staff and the Town of Port Hedland community during 2008/09 and beyond to transform this Town into a regional centre where everyone wants to live and are proud to call home.

Chris Adams
CHIEF EXECUTIVE OFFICER

DISABILITY SERVICES PLAN

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 2008/09 a number of initiatives were implemented, including:

1. The Community DAIP Working Group has been 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 2008/09 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. An access path to Council's community BBQ facilities and gazebo in the centre of the Civic Centre lawn will also be laid as part of the access improvement project.
8. Disability Access and Inclusion training for all staff is programmed for 2009, and will be incorporated as part of the induction and orientation of all new staff.

NATIONAL COMPETITION POLICY STATEMENT

The Principals 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 2007/08 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 2008 and has now been approved by the State Records Commission with some areas of improvement for 2009.

A number of areas have been highlighted within the Town's Record keeping plan which will form the basis to improve the management of the Towns records in 2008\2009. This will entail upgrading storage areas, archiving existing documents to the State Archives or disposal of documents as per the Town's plan.

Training of staff is ongoing within the Town and future improvements to computer applications to access records or files will require additional training to maximise the full use of the Town's information. New employees will receive training on records management in line with the respective duties or position.

REPORT ON THE PLAN FOR THE FUTURE

In February 2006, Council adopted its '5 Year Strategic Plan' as the Town of Port Hedland's 'Plan for the Future'. 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 5 year Strategic Plan, 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.

Though a lot of the "Plan for the Future" is still being implemented, major milestones for 2007-08 included:

- Completion of the Port Hedland and South Hedland Skate Parks;
- Purchase of new street and footpath sweeping equipment;
- forth stage of the land release at Pretty Pool;
- numerous new footpaths constructed in South Hedland;
- 4kms of road kerbs replaced and upgraded;
- 44 new street lights installed in South Hedland;
- Installation of new shade structures at all major sporting and recreation venues
- Purchase a Community Bus;
- Opening a new gym facility at the Gratwick Pool;
- Launch of a Cash for Rubbish scheme for community groups;
- Installation of new self cleaning public toilet in Wedge Street.

The 2008-09 Annual Budget, adopted by Council in July 2008, was heavily influenced by the 'Plan for the Future', and the 'Strategic Plan'. Major projects for 2008-09 include:

- New & upgrading Council Buildings (\$13.818m)
- Parks (\$10.796m)
- New & upgrading roads (\$3.102m)
- Footpaths (\$2.330m)
- New equipment (\$2.017m)
- Airport Facilities (\$0.880m)
- Drains (\$0.350m)

ANNUAL FINANCIAL REPORT AND AUDITOR'S REPORT

TOWN OF PORT HEDLAND FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2008

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**TOWN OF PORT HEDLAND
FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

**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 2008 are in my opinion properly drawn up to present fairly the financial position of the Town of Port Hedland at 30th June 2008 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the *19th* day of *February* 2009.



Chris Adams
Chief Executive Officer

TOWN OF PORT HEDLAND

INCOME STATEMENT

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2008 Budget \$	2007 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	22	9,466,126	9,407,050	8,889,659
Grants and Subsidies	28	3,770,074	3,078,900	3,850,892
Contributions Reimbursements and Donations		1,933,485	516,050	2,809,108
Service Charges	24	0	0	5,346,544
Fees and Charges	27	11,438,211	8,667,000	8,294,270
Interest Earnings	2(a)	977,240	612,150	780,697
Other Revenue		460,116	512,550	361,176
		<u>28,045,252</u>	<u>22,793,700</u>	<u>30,332,346</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(8,564,408)	(7,940,585)	(8,012,181)
Materials and Contracts		(7,324,898)	(6,048,180)	(12,708,444)
Utilities		(998,196)	(814,750)	(882,781)
Depreciation	2(a)	(4,062,796)	(3,320,150)	(3,603,824)
Interest Expenses	2(a)	(300,780)	(309,500)	(264,050)
Insurance		(411,059)	(373,375)	(374,136)
Other Expenditure		(1,425,039)	(625,100)	(3,879,591)
		<u>(23,087,176)</u>	<u>(19,431,640)</u>	<u>(29,726,007)</u>
		4,958,076	3,362,060	606,339
Grants and Subsidies	28	3,539,861	7,420,300	1,457,471
Contributions Reimbursements and Donations		2,235,000	2,100,000	1,100,000
Profit on Asset Disposals	20	70,885	117,700	65,465
Loss on Asset Disposals	20	(23,344)	(147,350)	(105,395)
NET RESULT		<u>10,780,478</u>	<u>12,852,710</u>	<u>3,123,880</u>

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

TOWN OF PORT HEDLAND

INCOME STATEMENT

BY PROGRAM

FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2008 Budget \$	2007 \$
REVENUES FROM ORDINARY ACTIVITIES	2 (a)			
Governance		52,264	30,150	21,371
General Purpose Funding		12,877,444	12,475,800	11,818,978
Law, Order, Public Safety		398,171	496,000	171,365
Health		42,710	38,400	49,703
Education and Welfare		1,389,860	707,750	1,273,668
Housing		239,775	284,800	241,660
Community Amenities		3,738,243	3,518,800	9,460,165
Recreation and Culture		2,660,496	4,836,000	831,492
Transport		8,758,239	7,286,050	7,184,336
Economic Services		3,168,252	2,436,800	1,416,819
Other Property and Services		565,544	321,150	485,725
		<u>33,890,998</u>	<u>32,431,700</u>	<u>32,955,282</u>
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE	2 (a)			
Governance		(1,020,406)	(907,550)	(714,697)
General Purpose Funding		(336,675)	(315,610)	(287,771)
Law, Order, Public Safety		(572,817)	(525,750)	(561,970)
Health		(355,671)	(390,250)	(348,750)
Education and Welfare		(2,380,786)	(1,406,900)	(2,194,631)
Housing		(301,315)	(248,250)	(259,423)
Community Amenities		(3,417,368)	(2,258,950)	(9,419,925)
Recreation & Culture		(5,700,497)	(6,066,130)	(5,559,500)
Transport		(7,621,112)	(5,926,850)	(8,645,901)
Economic Services		(822,136)	(912,300)	(688,449)
Other Property and Services		(280,957)	(310,950)	(886,335)
		<u>(22,809,740)</u>	<u>(19,269,490)</u>	<u>(29,567,352)</u>
BORROWING COSTS EXPENSE	2 (a)			
Governance		(17,456)	(17,300)	(30,750)
Law, Order, Public Safety		(31,093)	(22,850)	(24,116)
Education and Welfare		(41,504)	(30,900)	(32,638)
Housing		(72,328)	(88,150)	(77,124)
Community Amenities		(47,755)	(47,550)	0
Recreation & Culture		(78,508)	(90,600)	(85,831)
Transport		(7,193)	(7,200)	(8,450)
Economic Services		(4,943)	(4,950)	(5,141)
		<u>(300,780)</u>	<u>(309,500)</u>	<u>(264,050)</u>
NET RESULT		<u>10,780,478</u>	<u>12,852,710</u>	<u>3,123,880</u>

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

TOWN OF PORT HEDLAND

BALANCE SHEET

AS AT 30TH JUNE 2008

	NOTE	2008 \$	2007 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	14,999,138	8,227,390
Trade and Other Receivables	4	3,350,389	4,746,751
Inventories	5	6,813	1,589
TOTAL CURRENT ASSETS		<u>18,356,340</u>	<u>12,975,730</u>
NON-CURRENT ASSETS			
Other Receivables	4	381,561	562,458
Property, Plant and Equipment	6	27,135,055	24,782,526
Infrastructure	7	88,896,585	85,104,626
TOTAL NON-CURRENT ASSETS		<u>116,413,201</u>	<u>110,449,610</u>
TOTAL ASSETS		<u>134,769,541</u>	<u>123,425,340</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	2,032,436	2,423,836
Short Term Borrowings	9	2,664,048	299,954
Long Term Borrowings	9	622,109	583,814
Provisions	10	894,941	1,199,104
TOTAL CURRENT LIABILITIES		<u>6,213,533</u>	<u>4,506,708</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	3,282,659	3,904,765
Provisions	10	52,065	102,163
TOTAL NON-CURRENT LIABILITIES		<u>3,334,724</u>	<u>4,006,928</u>
TOTAL LIABILITIES		<u>9,548,257</u>	<u>8,513,636</u>
NET ASSETS		<u>125,221,284</u>	<u>114,911,704</u>
EQUITY			
Retained Surplus		115,267,852	105,835,136
Reserves - Cash Backed	11	9,100,904	8,224,040
Reserves - Asset Revaluation	12	852,528	852,528
TOTAL EQUITY		<u>125,221,284</u>	<u>114,911,704</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 2008

	NOTE	2008 \$	2007 \$
RETAINED SURPLUS			
Balance as at 1 July 2007		105,835,136	105,350,685
Net Result		10,780,478	3,123,880
Transfer from/(to) Reserves		<u>(1,347,762)</u>	<u>(2,639,429)</u>
Balance as at 30 June 2008		<u>115,267,852</u>	<u>105,835,136</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2007		8,224,040	5,584,611
Amount Transferred to Trust		(470,898)	0
Amount Transferred (to)/from Municipal Retained Surplus		<u>1,347,762</u>	<u>2,639,429</u>
Balance as at 30 June 2008	11	<u>9,100,904</u>	<u>8,224,040</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2007		852,528	852,528
Revaluation Increment		0	0
Revaluation Decrement		<u>0</u>	<u>0</u>
Balance as at 30 June 2008	12	<u>852,528</u>	<u>852,528</u>
TOTAL EQUITY		<u>125,221,284</u>	<u>114,911,704</u>

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

**TOWN OF PORT HEDLAND
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2008**

	NOTE	2008 \$	2008 Budget \$	2007 \$
Cash Flows From Operating Activities				
Receipts				
Rates		9,536,648	9,380,450	8,924,431
Grants and Subsidies - operating		3,770,074	3,142,580	3,237,049
Contributions, Reimbursements & Donations		1,938,154	516,050	1,141,695
Service Charges		0	0	4,662,749
Fees and Charges		12,964,240	8,625,350	7,839,821
Interest Earnings		984,156	612,150	780,697
Goods and Services Tax		1,080,052	0	2,244,075
Other		460,116	424,200	361,176
		<u>30,733,440</u>	<u>22,700,780</u>	<u>29,191,693</u>
Payments				
Employee Costs		(8,913,799)	(7,723,535)	(8,088,795)
Materials and Contracts		(7,749,738)	(6,111,930)	(12,616,978)
Utilities (gas, electricity, water, etc)		(998,196)	(816,800)	(882,781)
Insurance		(411,059)	(373,375)	(374,136)
Interest		(278,400)	(309,500)	(273,583)
Goods and Services Tax		(1,075,989)	0	(2,270,169)
Other		(1,449,446)	(629,000)	(3,131,848)
		<u>(20,876,627)</u>	<u>(15,964,140)</u>	<u>(27,638,290)</u>
Net Cash Provided By (Used In)				
Operating Activities	13(b)	<u>9,856,813</u>	<u>6,736,640</u>	<u>1,553,403</u>
Cash Flows from Investing Activities				
Property, Plant & Equipment		(4,187,283)	(6,925,900)	(4,239,688)
Payments for Construction of Infrastructure		(6,177,505)	(12,965,708)	(3,820,368)
Work in Progress		(13,850)	0	0
Grant/Contributions for the Development of Assets		5,774,861	9,020,300	2,557,471
Proceeds from Sale of Plant & Equipment		205,045	314,000	331,711
Net Cash Provided By (Used In)				
Investing Activities		<u>(4,398,732)</u>	<u>(10,557,308)</u>	<u>(5,170,874)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(583,811)	(869,050)	(532,415)
Transfer to Trust Public Open Spaces		(470,898)	0	0
Transfer of Self Supporting Loan		0	(350,000)	0
Proceeds from Self Supporting Loans		4,281	8,500	0
Proceeds from New Debentures		0	1,550,000	725,000
Net Cash Provided By (Used In)				
Financing Activities		<u>(1,050,428)</u>	<u>339,450</u>	<u>192,585</u>
Net Increase (Decrease) in Cash Held		4,407,653	(3,481,218)	(3,424,886)
Cash at Beginning of Year		7,927,436	9,622,479	11,352,322
Cash and Cash Equivalents at the End of the Year	13(a)	<u>12,335,089</u>	<u>6,141,261</u>	<u>7,927,436</u>

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

**TOWN OF PORT HEDLAND
RATE SETTING STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2008**

	NOTE	2008 \$	2008 Budget \$
REVENUES			
Governance		52,264	30,150
General Purpose Funding		3,411,318	3,068,750
Law, Order, Public Safety		398,171	496,000
Health		42,710	38,400
Education and Welfare		1,389,860	707,750
Housing		239,775	284,800
Community Amenities		3,738,243	3,518,800
Recreation and Culture		2,660,496	4,836,000
Transport		8,758,239	7,286,050
Economic Services		3,168,252	2,436,800
Other Property and Services		565,544	321,150
		<u>24,424,872</u>	<u>23,024,650</u>
EXPENSES			
Governance		(1,037,862)	(924,850)
General Purpose Funding		(336,675)	(315,610)
Law, Order, Public Safety		(603,910)	(548,600)
Health		(355,671)	(390,250)
Education and Welfare		(2,422,290)	(1,437,800)
Housing		(373,643)	(336,400)
Community Amenities		(3,465,123)	(2,306,500)
Recreation & Culture		(5,779,005)	(6,156,730)
Transport		(7,628,305)	(5,934,050)
Economic Services		(827,079)	(917,250)
Other Property and Services		(280,957)	(310,950)
		<u>(23,110,520)</u>	<u>(19,578,990)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		(47,541)	29,650
Movement in Employee Benefit Provisions		(358,930)	0
Work in Progress		(13,850)	0
Depreciation and Amortisation on Assets		4,062,796	3,320,150
Capital Expenditure and Revenue			
Purchase Land and Buildings		(1,904,058)	(4,549,600)
Purchase Infrastructure Assets - Roads		(1,707,178)	(8,462,450)
Purchase Infrastructure Assets - Other		(4,470,327)	(5,934,650)
Purchase Plant and Equipment		(1,869,533)	(2,090,000)
Purchase Furniture and Equipment		(413,691)	(286,300)
Proceeds from Disposal of Assets		205,045	314,000
Repayment of Debentures		(583,811)	(869,050)
Transfer Self Supporting Loans		0	(350,000)
Proceeds from New Debentures		0	1,550,000
Self-Supporting Loan Principal Income		4,281	8,500
Transfers to Reserves (Restricted Assets)		(6,849,472)	(4,377,350)
Transfers from Reserves (Restricted Assets)		5,972,608	5,881,800
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		1,919,703	2,962,590
LESS Estimated Surplus/(Deficit) June 30 C/Fwd		4,726,519	0
Amount Required to be Raised from Rates	22	<u><u>(9,486,126)</u></u>	<u><u>(9,407,050)</u></u>

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

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

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 Balance Sheet are stated inclusive of applicable GST.

(d) Cash and Cash Equivalents

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

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

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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 from 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 Income Statement 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 reporting date.

Land under Roads

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

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

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	5 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 2008**

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 reporting 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 balance sheet.

(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 reporting 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 income statement. 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 income statement 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 2008

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 income statement 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 income statement 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 income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(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 the balance sheet 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.

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) **Impairment**

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

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

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

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 the balance sheet 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.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

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 Balance Sheet and Income Statement. 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 Town of Port Hedland 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 2008**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Rounding Off Figures

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

(u) Comparative Figures

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

(v) 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.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations

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 2008.

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

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB-I 12 Service Concession Arrangements, AASB 2007-1 Amendments to Australian Accounting Standards arising from AASB Interpretation 12, revised UIG 4 Determining whether an Arrangement contains a Lease and revised UIG 129 Service Concession Arrangements: Disclosures	February 2007	1 January 2008	Nil – Council is not party to any Service Concession Arrangements.
(ii) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	February 2007	1 January 2009	Nil – The Standard is not applicable to not-for-profit entities.
(iii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 139 and Interpretations 1 & 12]	June 2007	1 January 2009	Nil – The revised Standard has removed the option to expense all borrowing costs and, when adopted, will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Council as the council already capitalises borrowing costs relating to qualifying assets.
(iv) AASB-I 13 Customer Loyalty Programmes	August 2007	1 July 2008	Nil – Council has no Customer Loyalty Programmes.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB-I 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	August 2007	1 January 2008	Nil – The Interpretation provides guidance on the maximum amount that may be recognised as an asset in defined benefit plans. Council does not currently contribute to any defined benefit plans. Consequently, there is not expected to be any impact on the financial statements.
(vi) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	September 2007 and December 2007	1 January 2009	Nil – The revised Standard requires the presentation of a Statement of comprehensive income and makes changes to the Statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If Council has made a prior period adjustment or has reclassified items in the financial statements, it is likely it will need to disclose a third balance sheet (Statement of financial position), being as at the beginning of the comparative period.
(vii) AASB 1049 Whole of Government and General Government Sector Financial Reporting	October 2007	1 July 2008(+)	Nil – The Standard is not applicable to Local Governments.

TOWN OF PORT HEDLAND
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) New Accounting Standards and Interpretations (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 1050 Administered Items: AASB 1051 Land Under Roads, AASB 1052 Disaggregated Disclosures, revised AASB 1004 Contributions, AASB 2007-9 Amendments to Australian Accounting Standards arising from the review of AAS 27, AAS 29 and AAS 31 and revised interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities	December 2007	1 July 2008(+)	<ul style="list-style-type: none"> • AASB 2007-09 will have significant impact on Council's financial statements as it has the effect of withdrawing AAS27. AAS27 is effectively replaced by existing topic based standards and new standards as detailed here. • AASB 1050 is only applicable to Government departments and will have no impact on Council. • AASB 1051 will allow Council to recognise or not recognise land under roads acquired before 30 June 2008. Land under roads acquired after 30 June 2008 must be recognised. • AASB 1052 requires disclosure of financial information by function or activity. Council already provides this information so there will be no additional impact on the financial statements. • AASB 1004 requires contributions made to Council to be recognised at fair value when they are controlled and to be appropriately disclosed. Council already accounts for contributions in this manner so there will be no additional impact on the financial statements.

Notes:

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

(+) - Applicable to not-for-profit and/or public sector entities only.

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES	2008	2007
	\$	\$
(a) Result from Ordinary Activities		
The Result from Ordinary Activities includes:		
(i) Charging as an Expense:		
Significant Expense		
Transport - Income	<u>0</u>	<u>1,235,402</u>
Transport - Expense	<u>0</u>	<u>1,901,043</u>
This significant income and expense related to the Town's recovery following from Severe Tropical Cyclone George. It is shown as a significant item due to its size.		
Auditors Remuneration		
- Audit	43,970	22,223
- Other Services	30,165	8,987
Bad and Doubtful Debts		
- Rates	59,775	672
- Sundry Debtors	6,214	257
Depreciation		
Buildings	744,977	702,542
Furniture and Equipment	233,981	145,825
Plant and Equipment	698,292	575,823
Roads	1,278,404	1,248,616
Infrastructure - Airport	471,065	442,114
Infrastructure - Other	636,077	488,904
	<u>4,062,796</u>	<u>3,603,824</u>
Interest Expenses		
Debentures (refer Note 21(a))	<u>300,780</u>	<u>264,050</u>
	<u>300,780</u>	<u>264,050</u>
Rental Charges		
- Operating Leases	<u>102,665</u>	<u>113,427</u>
(ii) Crediting as Revenue:		
	2008	2008
	\$	Budget
		\$
Interest Earnings		
Investments		
- Reserve Funds	491,103	200,000
- Other Funds	412,384	319,700
- Loans	1,067	13,100
Other Interest Revenue (refer note 26)	<u>72,686</u>	<u>78,969</u>
	<u>977,240</u>	<u>780,697</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES 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: Rates, general purpose government grants and interest revenue

LAW, ORDER, PUBLIC SAFETY

Objective: To provide services to help to 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 & SERVICES

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

TOWN OF PORT HEDLAND
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES (Continued)

	2008	2007
	\$	\$
(c) Conditions Over Contributions		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).		
Anderson Street RRG	0	8,950
BHP - Environmental Projects	49,838	49,838
BHP - Rec & Leisure Facility Grant	23,334	49,600
BHP - ToPH Alliance	0	400,000
BHP - Wilson/Anderson Upgrade	50,000	50,000
Building Safety (Fire) Grant	25,000	35,000
Department of Health - HACC Bus	27,789	0
Hamilton Rd/North Circular Rd - BS	2,923	11,700
Murdoch Drive/North Circular Rd - BS	0	11,800
Norther Circular Rd West	0	6,950
Office of Crime Prevention (Port & South Skate Parks)	20,000	0
Office of Crime Prevention (Crime Presentation CSCPP)	20,000	0
PFDC - Child Care Assistance	0	41,808
Pilbara Fund (Street Lighting)	90,000	0
Pilbara Fund (SH Skate Park)	70,000	0
PH Underground Power Project	0	1,750,000
Roads to Recovery	354,370	693,734
SH Cemetery Upgrade	0	90,600
Throssel Street - BS	0	11,250
Volunteer Resource Centre	0	17,071
Wallwork Rd RRG	0	6,450
Youth Affairs - State Grant	0	11,000
	733,254	3,245,751

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES (Continued)

	2008	2007
	\$	\$
(c) Conditions Over Contributions		
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Department of Health - HACC Bus	0	27,789
Office of Crime Prevention (Port & South Skate Parks)	0	20,000
Office of Crime Prevention (Crime Prevention CSCPP)	0	20,000
Pilbara Fund (Street Lighting)	0	90,000
Pilbara Fund (SH Skate Park)	0	70,000
Walk it Hedland	6,900	0
BHP - Hedland Turf Club Grandstand	100,000	0
BHP - Vertimower	24,400	0
State Govt - Turtle Boardwalk	200,000	0
Port Hedland Enhancement Scheme - Boat Ramp	40,000	0
Port Hedland Enhancement Scheme - Foreshore Park Upgrades	150,000	0
Port Hedland Enhancement Scheme - Spoil Bank Masterplan	1,000,000	0
Office of Crime Prevention - Walkway Lighting	25,000	0
BHP - Wilson/Anderson Upgrade	545,000	0
	<u>2,091,300</u>	<u>227,789</u>
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
Anderson Street RRG	0	8,950
BHP - Rec & Leisure Facility Grant	11,122	26,266
BHP - ToPH Alliance	0	400,000
Building Safety (Fire) Grant	0	10,000
Department of Health - HACC Bus	27,789	0
Hamilton Rd/North Circular Rd - BS	2,923	8,777
Murdoch Drive/North Circular Rd - BS	0	11,800
Norther Circular Rd West	0	6,950
PFDC - Child Care Assistance	0	41,808
PH Underground Power Project	0	1,750,000
Roads to Recovery	122,026	339,364
SH Cemetery Upgrade	0	90,600
Throssel Street - BS	0	11,250
Volunteer Resource Centre	0	17,071
Wallwork Rd RRG	0	6,450
Youth Affairs - State Grant	0	11,000
Pilbara Fund (SH Skate Park)	70,000	0
BHP - Vertimower	24,400	0
State Govt - Turtle Boardwalk	193,576	0
Port Hedland Enhancement Scheme - Spoil Bank Masterplan	3,572	0
Office of Crime Prevention - Walkway Lighting	4,103	0
BHP - Wilson/Anderson Upgrade	509,244	0
	<u>968,755</u>	<u>2,740,286</u>
Closing balances of unexpended grants	<u>1,855,799</u>	<u>733,254</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

2. REVENUES AND EXPENSES (Continued)

	2008	2007
	\$	\$
(c) Conditions Over Contributions		
Comprises:		
BHP - Environmental Projects	49,838	49,838
BHP - Rec & Leisure Facility Grant	12,212	23,334
BHP - Wilson/Anderson Upgrade	85,756	50,000
Building Safety (Fire) Grant	25,000	25,000
Department of Health - HACC Bus	0	27,789
Hamilton Rd/North Circular Rd - BS	0	2,923
Office of Crime Prevention (Port & South Skate Parks)	20,000	20,000
Office of Crime Prevention (Crime Prevention GSCPP)	20,000	20,000
Pilbara Fund (Street Lighting)	90,000	90,000
Pilbara Fund (SH Skate Park)	0	70,000
Roads to Recovery	232,344	354,370
Walk it Hedland	6,900	0
BHP - Hedland Turf Club Grandstand	100,000	0
State Govt - Turtle Boardwalk	6,424	0
Port Hedland Enhancement Scheme - Boat Ramp	40,000	0
Port Hedland Enhancement Scheme - Foreshore Park	150,000	0
Port Hedland Enhancement Scheme - Spoil Bank Masterplan	996,428	0
Office of Crime Prevention - Walkway Lighting	20,897	0
	<u>1,855,799</u>	<u>733,254</u>

The above amounts have reduced short term borrowings as per Note 9(a)

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
3. CASH AND CASH EQUIVALENTS		
Unrestricted	5,898,234	3,350
Restricted	9,100,904	8,224,040
	14,999,138	8,227,390

The following restrictions have been imposed by regulations or other externally imposed requirements:

Leave Reserve	858,099	797,823
Airport Reserve	3,746,916	2,345,028
Plant Reserve	69,872	113,125
Housing Reserve	0	213,524
Planning Projects Reserve	41,775	38,841
Public Open Space Reserve	0	446,185
Car Parking Reserve	23,923	22,242
Waste Collection Reserve	1,322,856	971,227
Bus Replacement Reserve	0	8,050
Bushfire Management Reserve	18,474	17,177
Aged Hostel Reserve	0	36,310
Lights Replacement Reserve	33,143	30,815
Depot Facilities Reserve	13,396	12,455
Oval Development Reserve	6,387	68,546
Cattleyard Reserve	33,197	30,865
Insurance Reserve	0	221,084
BHP-TOPH Alliance Reserve	366,749	585,470
South Hedland Library Reserve	11,815	143,217
SES Shed Reserve	28,690	355,910
Planning Permiability Reserve	81,541	75,814
Waste Management Recycle Reserve	367,365	341,995
BHP Reserve	1,521,404	785,916
Civil Building / Infrastructure Reserve	553,892	562,421
Newcrest Reserve	1,410	0
	9,100,904	8,224,040

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
4. TRADE AND OTHER RECEIVABLES		
Current		
Rates Outstanding	53,081	123,603
Service Charges - Underground Power	0	156,021
Sundry Debtors	1,720,149	2,774,772
Provision for Doubtful Debts	(24,980)	(24,980)
GST / FBT Receivable	21,588	35,885
Loans - Clubs/Institutions	4,535	3,786
Accrued Income	1,576,016	1,677,664
	<u>3,350,389</u>	<u>4,746,751</u>
Non-Current		
Rates Outstanding - Pensioners	18,841	18,841
Service Charges - Underground Power	338,057	527,774
Work in Progress - Stairway to the Moon Project	13,850	0
Loans - Clubs/Institutions	10,813	15,843
	<u>381,561</u>	<u>562,458</u>
5. INVENTORIES		
Current		
Fuel	6,813	1,589
	<u>6,813</u>	<u>1,589</u>
6. PROPERTY, PLANT AND EQUIPMENT		
Land - Cost	1,112,196	1,111,476
Less Accumulated Depreciation	0	0
	<u>1,112,196</u>	<u>1,111,476</u>
Buildings - Cost	27,762,929	25,859,590
Less Accumulated Depreciation	(8,006,815)	(7,261,838)
	<u>19,756,114</u>	<u>18,597,752</u>
Furniture and Equipment - Cost	3,521,852	3,108,161
Less Accumulated Depreciation	(2,696,179)	(2,462,198)
	<u>825,673</u>	<u>645,963</u>
Plant and Equipment - Cost	11,761,140	10,305,203
Less Accumulated Depreciation	(6,320,068)	(5,877,868)
	<u>5,441,072</u>	<u>4,427,335</u>
	<u>27,135,055</u>	<u>24,782,526</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land \$	Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Total \$
Balance as at 1 July 2007	1,111,476	18,597,752	645,963	4,427,335	24,782,526
Additions	720	1,903,339	413,691	1,869,533	4,187,283
(Disposals)	0		0	(157,504)	(157,504)
Revaluation - Increments - (Decrements)	0		0	0	0
Impairment - (losses) - reversals	0		0	0	0
Depreciation (Expense)	0	(744,977)	(233,981)	(698,292)	(1,677,250)
Other Movements					0
Balance as at 30 June 2008	<u>1,112,196</u>	<u>19,755,114</u>	<u>825,673</u>	<u>5,441,072</u>	<u>27,135,055</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

	2008	2007
	\$	\$
7. INFRASTRUCTURE		
Roads - Cost	73,265,189	71,558,011
Less Accumulated Depreciation	<u>(16,051,225)</u>	<u>(14,772,821)</u>
	57,213,964	56,785,190
Footpaths - Cost	6,564,665	5,996,936
Less Accumulated Depreciation	<u>(2,396,585)</u>	<u>(2,084,139)</u>
	4,168,080	3,912,797
Drainage - Cost	9,193,766	9,046,600
Less Accumulated Depreciation	<u>(2,829,330)</u>	<u>(2,706,749)</u>
	6,364,436	6,339,851
Parks & Ovals - Cost	15,227,089	12,684,362
Less Accumulated Depreciation	<u>(4,129,158)</u>	<u>(3,976,257)</u>
	11,097,931	8,708,105
Bridges - Cost	623,347	623,347
Less Accumulated Depreciation	<u>(314,910)</u>	<u>(297,061)</u>
	308,437	326,286
Bus Shelters - Cost	165,741	111,073
Less Accumulated Depreciation	<u>(57,231)</u>	<u>(40,657)</u>
	108,510	70,416
Depot - Cost	549,029	549,029
Less Accumulated Depreciation	<u>(97,341)</u>	<u>(83,615)</u>
	451,688	465,414
Airport - Cost	18,842,612	17,684,575
Less Accumulated Depreciation	<u>(9,659,073)</u>	<u>(9,188,008)</u>
	9,183,539	8,496,567
	<u>88,896,585</u>	<u>85,104,626</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

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 & Ovals	Bridges	Bus Shelters	Depot	Airport	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2007	56,785,190	3,912,797	6,339,851	8,708,105	326,286	70,416	465,414	8,496,567	85,104,626
Additions	1,707,178	567,731	147,165	2,542,728	0	54,668	0	1,158,037	6,177,505
(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)	(1,278,404)	(312,446)	(122,580)	(152,901)	(17,849)	(16,574)	(13,726)	(471,065)	(2,385,545)
Other Movements	0	(2)	0	1	0	0	0	0	(1)
Balance as at 30 June 2008	<u>57,213,964</u>	<u>4,168,080</u>	<u>6,364,436</u>	<u>11,097,931</u>	<u>308,437</u>	<u>108,510</u>	<u>451,688</u>	<u>9,183,539</u>	<u>88,886,585</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

	NOTE	2008 \$	2007 \$
8. TRADE AND OTHER PAYABLES			
Current			
Sundry Creditors		1,734,793	2,154,409
Accrued Interest on Debentures		22,381	24,407
Accrued Salaries and Wages		275,261	245,020
		<u>2,032,435</u>	<u>2,423,836</u>
9. BORROWINGS			
a) Short Term			
Unsecured			
Bank Overdraft		4,519,847	1,033,208
Restricted Funds Held		<u>(1,855,799)</u>	<u>(733,254)</u>
		<u>2,664,048</u>	<u>299,954</u>
The following restrictions have been imposed by regulation or other extremely imposed requirements.			
Unspent Grants	2 (c)	<u>1,855,799</u>	<u>733,254</u>
b) Long Term			
Current			
Secured by Floating Charge			
Debentures		<u>622,109</u>	<u>583,814</u>
		<u>622,109</u>	<u>583,814</u>
Non-Current			
Secured by Floating Charge			
Debentures		<u>3,282,659</u>	<u>3,904,765</u>
		<u>3,282,659</u>	<u>3,904,765</u>
Additional detail on borrowings is provided in Note 21.			
10. PROVISIONS			
Current			
Provision for Annual Leave		488,924	679,931
Provision for Long Service Leave		153,341	150,458
Provision for Sick Leave		248,007	208,715
Provision for Pilbara Family Day Care		4,669	160,000
		<u>894,941</u>	<u>1,199,104</u>
Non-Current			
Provision for Long Service Leave		<u>52,065</u>	<u>102,163</u>
		<u>52,065</u>	<u>102,163</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	797,823	857,823	514,915
Amount Set Aside / Transfer to Reserve	60,276	61,700	282,908
Amount Used / Transfer from Reserve	0	0	0
	<u>858,099</u>	<u>919,523</u>	<u>797,823</u>
(b) Housing Reserve			
Opening Balance	213,524	0	8,557
Amount Set Aside / Transfer to Reserve	8,164	0	204,967
Amount Used / Transfer from Reserve	(221,678)	0	0
	<u>0</u>	<u>0</u>	<u>213,524</u>
(c) Insurance Reserve			
Opening Balance	221,084	0	209,963
Amount Set Aside / Transfer to Reserve	5,262	0	11,121
Amount Used / Transfer from Reserve	(226,346)	0	0
	<u>0</u>	<u>0</u>	<u>221,084</u>
(d) Landfill Site Development Reserve			
Opening Balance	0	0	312,511
Amount Set Aside / Transfer to Reserve	0	0	13,679
Amount Used / Transfer from Reserve	0	0	(326,190)
	<u>0</u>	<u>0</u>	<u>0</u>
(e) Waste Management Reserve (formerly the Waste Collection Reserve)			
Opening Balance	971,227	1,325,397	684,536
Amount Set Aside / Transfer to Reserve	1,147,891	1,895,870	1,454,441
Amount Used / Transfer from Reserve	(796,262)	(1,345,900)	(1,167,750)
	<u>1,322,856</u>	<u>1,875,367</u>	<u>971,227</u>
(f) Plant Reserve			
Opening Balance	113,125	69,725	10,322
Amount Set Aside / Transfer to Reserve	6,747	5,000	102,803
Amount Used / Transfer from Reserve	(50,000)	(74,725)	0
	<u>69,872</u>	<u>0</u>	<u>113,125</u>
(g) Bushfire Management Reserve			
Opening Balance	17,177	18,277	16,313
Amount Set Aside / Transfer to Reserve	1,297	1,300	864
Amount Used / Transfer from Reserve	0	(19,577)	0
	<u>18,474</u>	<u>0</u>	<u>17,177</u>
(h) Aged Hostel Reserve			
Opening Balance	36,310	0	34,484
Amount Set Aside / Transfer to Reserve	1,387	0	1,826
Amount Used / Transfer from Reserve	(37,697)	0	0
	<u>0</u>	<u>0</u>	<u>36,310</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
11. RESERVES - CASH BACKED (Continued)			
(i) Lights Replacement Reserve			
Opening Balance	30,815	32,815	29,265
Amount Set Aside / Transfer to Reserve	2,328	2,400	1,550
Amount Used / Transfer from Reserve	0	0	0
	<u>33,143</u>	<u>35,215</u>	<u>30,815</u>
(j) Cattleyard Reserve			
Opening Balance	30,865	32,365	29,312
Amount Set Aside / Transfer to Reserve	2,332	2,300	1,553
Amount Used / Transfer from Reserve	0	0	0
	<u>33,197</u>	<u>34,665</u>	<u>30,865</u>
(k) Public Open Space Reserve			
Opening Balance	446,185	0	423,740
Amount Set Aside / Transfer to Reserve	24,713	0	22,445
Amount Used / Transfer from Reserve	(470,898)	0	0
	<u>0</u>	<u>0</u>	<u>446,185</u>
(l) Car Parking Reserve			
Opening Balance	22,242	23,642	21,123
Amount Set Aside / Transfer to Reserve	1,681	1,700	1,119
Amount Used / Transfer from Reserve	0	0	0
	<u>23,923</u>	<u>25,342</u>	<u>22,242</u>
(m) Planning Projects Reserve			
Opening Balance	38,841	41,341	36,887
Amount Set Aside / Transfer to Reserve	2,934	3,000	1,954
Amount Used / Transfer from Reserve	0	(44,341)	0
	<u>41,775</u>	<u>0</u>	<u>38,841</u>
(n) Bus Replacement Reserve			
Opening Balance	8,050	0	7,645
Amount Set Aside / Transfer to Reserve	308	0	405
Amount Used / Transfer from Reserve	(8,358)	0	0
	<u>0</u>	<u>0</u>	<u>8,050</u>
(o) Oval Development Reserve			
Opening Balance	68,546	7,121	65,097
Amount Set Aside / Transfer to Reserve	2,841	500	3,449
Amount Used / Transfer from Reserve	(65,000)	(7,621)	0
	<u>6,387</u>	<u>0</u>	<u>68,546</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
11. RESERVES - CASH BACKED (Continued)			
(p) Depot Facilities Reserve			
Opening Balance	12,455	13,255	11,828
Amount Set Aside / Transfer to Reserve	941	1,000	627
Amount Used / Transfer from Reserve	0	0	0
	<u>13,396</u>	<u>14,255</u>	<u>12,455</u>
(q) Airport Reserve (Formerly the Airport Capital Works Reserve)			
Opening Balance	2,345,028	2,508,858	1,063,169
Amount Set Aside / Transfer to Reserve	3,110,847	3,409,272	1,331,859
Amount Used / Transfer from Reserve	(1,708,759)	(3,780,500)	(50,000)
	<u>3,746,916</u>	<u>2,137,630</u>	<u>2,345,028</u>
(r) Airport Staff Housing Reserve			
Opening Balance	0	0	37,283
Amount Set Aside / Transfer to Reserve	0	0	1,632
Amount Used / Transfer from Reserve	0	0	(38,915)
	<u>0</u>	<u>0</u>	<u>0</u>
(s) Airport Employee's Leave Reserve			
Opening Balance	0	0	17,621
Amount Set Aside / Transfer to Reserve	0	0	772
Amount Used / Transfer from Reserve	0	0	(18,393)
	<u>0</u>	<u>0</u>	<u>0</u>
(t) BHP Billiton - ToPH Alliance			
Opening Balance	585,470	364,470	514,740
Amount Set Aside / Transfer to Reserve	31,279	26,200	415,730
Amount Used / Transfer from Reserve	(250,000)	(390,670)	(345,000)
	<u>366,749</u>	<u>0</u>	<u>585,470</u>
(u) SH Library Reserve			
Opening Balance	143,217	224,360	218,300
Amount Set Aside / Transfer to Reserve	829	800	11,563
Amount Used / Transfer from Reserve	(132,231)	0	(86,646)
	<u>11,815</u>	<u>225,160</u>	<u>143,217</u>
(v) SES Shed Reserve			
Opening Balance	355,910	25,470	420,000
Amount Set Aside / Transfer to Reserve	5,116	1,800	19,470
Amount Used / Transfer from Reserve	(332,336)	0	(83,560)
	<u>28,690</u>	<u>27,270</u>	<u>355,910</u>
(w) BHP Reserve			
Opening Balance	785,916	1,462,466	500,000
Amount Set Aside / Transfer to Reserve	2,177,662	8,738,700	1,016,239
Amount Used / Transfer from Reserve	(1,442,174)	(10,018,852)	(730,323)
	<u>1,521,404</u>	<u>182,314</u>	<u>785,916</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
11. RESERVES - CASH BACKED (Continued)			
(x) Newcrest Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	101,410	100,000	0
Amount Used / Transfer from Reserve	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>
	1,410	0	0
(y) Planning Permeability Reserve			
Opening Balance	75,814	80,664	72,000
Amount Set Aside / Transfer to Reserve	5,727	5,800	3,814
Amount Used / Transfer from Reserve	<u>0</u>	<u>(86,464)</u>	<u>0</u>
	81,541	0	75,814
(z) Waste Management & Recycling Reserve			
Opening Balance	341,995	363,295	325,000
Amount Set Aside / Transfer to Reserve	25,370	26,100	16,995
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	367,365	389,395	341,995
(aa) Civil Building/Infrastructure			
Opening Balance	562,421	630,471	0
Amount Set Aside / Transfer to Reserve	122,340	45,400	562,421
Amount Used / Transfer from Reserve	<u>(130,869)</u>	<u>(535,000)</u>	<u>0</u>
	553,892	140,871	562,421
TOTAL CASH BACKED RESERVES	<u>9,100,904</u>	<u>6,007,007</u>	<u>8,224,040</u>

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 to this report.

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

Housing Reserve

- to be used for the construction of new staff housing when required.

Insurance Reserve

- to be used to establish reserves for council self insurance scheme.

Landfill Site Development Reserve

- was to be used for the development of a new rubbish landfill site - consolidated with the Waste Management Reserve and closed 30 June 2007.

Waste Management Reserve

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

TOWN OF PORT HEDLAND

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

11. RESERVES - CASH BACKED (Continued)

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.

Aged Hostel Reserve

- to be used for the ongoing upgrade of the Mitanya Maya Frail Aged Hostel on an ongoing basis.

Lights Replacement Reserve

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

Cattle Yards Reserve

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

Public Open Space Reserve

- to be used to fund public open space facilities when required. Funds come from developers and are restricted to specific purposes.

Car Parking Reserve

- to be used to fund new car parking facilities when required. Funds come from the 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.

Bus Replacement Reserve

- to be used to fund replacement of the Senior Citizens' Bus.

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.

Airport Staff Housing Reserve

- was to be used to fund upgrading of airport staff housing - consolidated with Airport Reserve and closed 30 June 2007.

Airport Employees' Leave Reserve

- was to be used to fund Airport Staff annual and long service leave requirements - consolidated with Airport Reserve and closed 30 June 2007.

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.

SH 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 ToPH 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 New Crest Mining to assist Council in achieving the Strategic Plan.

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

11. RESERVES - CASH BACKED (Continued)

Planning Permeability Reserve

- to fund future traffic permeability management facilities.

Waste Management & Recycling Reserve

- to fund future waste recycling projects.

Civil Building / Infrastructure Reserve

- to fund the upgrade of existing buildings, the construction of existing buildings, and the establishment of associated infrastructure.

The Leave, Waste Management, Plant, Bushfire Management, Lights Replacement, Cattle Yards, Public Open Space, Car Parking, Planning Projects, Oval Development, Depot Facilities, Airport, BHP, SES Shed, Planning Permeability, Waste Management, Waste Management and Recycling, South Hedland Library, BHP Billiton - ToPH Alliance and Civil Buildings / Infrastructure Reserves are not expected to be used within a set period as further transfers to the reserve accounts are expected as funds are utilised.

The Insurance, Housing, Aged Hostel, Bus Replacement, Newcrest, BHP Billiton - ToPH Alliance Reserves are expected to be utilised in 2007/08.

The Public Open Space Reserve has been transferred into the Trust account during 2007/08 in accordance with the *Planning and Development Act 2005* (Section 154(1)). Refer to Note 19.

12. RESERVES - ASSET REVALUATION

2008
\$

2007
\$

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

(a) **Land and Buildings**

Balance as at 1 July 2007	662,217	662,217
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2008	662,217	662,217

(b) **Roads**

Balance as at 1 July 2007	190,311	190,311
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2008	190,311	190,311

TOTAL ASSET REVALUATION RESERVES	852,528	852,528
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**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

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

For the purposes of the cash flow statement, 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 balance sheet as follows:

	2008 \$	2008 Budget \$	2007 \$
Cash and Cash Equivalents	14,999,138	6,141,261	8,227,390
Bank Overdraft	<u>(2,664,048)</u>	<u>0</u>	<u>(299,954)</u>
	<u>12,335,090</u>	<u>6,141,261</u>	<u>7,927,436</u>
(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net Result	10,780,478	12,852,710	3,123,880
Depreciation	4,062,796	3,320,150	3,603,824
(Profit)/Loss on Sale of Asset	(47,541)	29,650	39,930
(Increase)/Decrease in Receivables	1,596,016	(36,920)	(3,410,822)
(Increase)/Decrease in Inventories	(5,224)	(5,000)	2,847
Increase/(Decrease) in Payables	(342,588)	(120,700)	827,829
Increase/(Decrease) in Provisions	(358,930)	217,050	(76,614)
Grants/Contributions for the Development of Assets	<u>(5,774,861)</u>	<u>(9,520,300)</u>	<u>(2,557,471)</u>
Net Cash from Operating Activities	<u>9,910,146</u>	<u>6,736,640</u>	<u>1,553,403</u>
(c) Undrawn Borrowing Facilities			
Credit Standby Arrangements			
Credit Card limit	11,000		11,000
Credit Card Balance at Balance Date	<u>0</u>		<u>0</u>
Total Amount of Credit Unused	<u>11,000</u>		<u>11,000</u>
Loan Facilities			
Loan Facilities - Current	622,109		583,814
Loan Facilities - Non-Current	3,282,659		3,904,765
Total Facilities in Use at Balance Date	<u>3,904,768</u>		<u>4,488,579</u>
Unused Loan Facilities at Balance Date	<u>11,000</u>		<u>11,000</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

14. CONTINGENT LIABILITIES

The Town of Port Hedland had no contingent liabilities as at 30 June 2008.

15. CAPITAL AND LEASING COMMITMENTS	2008 \$	2007 \$
(a) The Town of Port Hedland had no finance lease commitments as at 30 June 2008.		
(b) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	50,495	68,057
- later than one year but not later than five years	52,170	45,370
- later than five years	0	0
	<u>102,665</u>	<u>113,427</u>

(c) Capital Expenditure Commitments

Contracted for:		
- capital expenditure projects	1,431,545	351,539
- plant & equipment purchases	760,488	0
Payable:		
- not later than one year	2,192,033	351,539

The capital expenditure projects outstanding at the end of the current reporting period represents upgrades at the Foreshore Park, Skate Park South Hedland, Sports Facility, Playground, and Street Lighting in particular.

The plant and equipment purchases outstanding at the current reporting period mainly relate to a rear loading compactor and an X-Ray machine at the airport.

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

16. JOINT VENTURE

The Town of Port Hedland together with the Pilbara Arts Craft Design Aboriginal Corporation (PACDAC) 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:

	2008	2007
	\$	\$
Non-Current Assets		
Plant & Equipment	445,668	436,577
Less: Accumulated Depreciation	<u>(45,231)</u>	<u>(31,133)</u>
	<u>400,437</u>	<u>405,444</u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	313,848	142,443
General Purpose Funding	1,057,638	1,128,160
Law, Order, Public Safety	603,588	660,695
Health	256,945	289,126
Education and Welfare	1,572,585	1,505,686
Housing	4,767,432	4,317,907
Community Amenities	4,170,963	4,243,688
Recreation and Culture	10,991,583	9,286,097
Transport	87,150,945	82,680,835
Economic Services	15,862,818	15,871,332
Other Property and Services	221,585	213,740
Unallocated	7,799,611	3,085,631
	<u>134,769,541</u>	<u>123,425,340</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

18. FINANCIAL RATIOS	2008	2007	2006
Current Ratio	1.28	1.35	1.79
Untied Cash to Trade Creditors Ratio	3.40	0.00	1.79
Debt Ratio	0.07	0.07	0.06
Debt Service Ratio	0.03	0.03	0.03
Gross Debt to Revenue Ratio	0.23	0.15	0.17
Gross Debt to Economically Realisable Assets Ratio	0.14	0.13	0.12
Rate Coverage Ratio	0.28	0.27	0.34
Outstanding Rates Ratio	0.01	0.01	0.02

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

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

19. TRUST FUNDS

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

	Balance 1-Jul-07 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-08 \$
Building Retention	4,616	0	0	4,616
Staff Bonds	10,604	2,200	(3,200)	9,604
Ranger Services Bonds	200	400	(50)	550
Community Bank	0	960	0	960
Deposits - Halls	15,572	10,450	(9,872)	16,150
Deposits - Trailer / Community Bus	1,400	0	0	1,400
Deposits - Sports Grounds	14,160	4,900	(6,220)	12,840
Blackrock Stakes Donations	178	0	0	178
Unclaimed Money	1,218	0	0	1,218
Sundry	601	550	(550)	601
Deposits - MDCC	518	0	(516)	0
Building Bonds	27,280	260	(5,000)	22,540
Public Open Space	0	470,898	0	470,898
	<u>76,345</u>			<u>541,555</u>

Funds relating to Public Open Space were transferred from a reserve account to the Trust fund during 2007/08 in accordance with the *Planning and Development Act 2005* (Section 154(1)). Refer to Note 11.

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

20. DISPOSALS OF ASSETS - 2007/08 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<i>Profit</i>						
Education & Welfare						
P1042 - Iveco Daily Bus	2,582	0	8,000		5,418	0
PH083 - Toyota Corolla	8,408	11,550	8,500	8,500	92	(3,050)
PH5442 - Toyota Hiace Minibus	0	0	4,545	0	4,545	0
Other Property & Services						
PH4985 - Isuzu Tip Truck	3,153	3,300	50,000	0	46,847	(3,300)
PH5443 - Ford Forte	0	0	7,500	0	7,500	0
PH5442 - Toyota Hiace	0	0	5,000	0	5,000	0
PH9098 - Toyota Landcruiser	26,350	20,750	27,000	15,000	650	(5,750)
PH5648 - Toyota Hilux	8,366	0	8,700	0	334	0
Surplus Equipment	0	0	500	0	500	0
PH057 - Rubbish Truck	0	176,600	0	80,000	0	(96,600)
PH5196 - 4x4 Ute	0	6,350	0	15,000	0	8,650
PH9276 - Sedan (Lease)	0	9,150	0	7,000	0	(2,150)
PH9025 - 4x2 Ute	0	13,700	0	8,500	0	(5,200)
PH4844 - Patching Truck	0	3,200	0	50,000	0	46,800
PH5329 - Light Truck	0	0	0	50,000	0	50,000
<i>Loss</i>						
Other Property & Services						
PH9084 - Hilux	19,658	2,750	17,600	15,000	(2,058)	12,250
PH9027 - Toyota Hilux	12,684	18,500	10,100	7,000	(2,584)	(11,500)
PH87 - Toyota Hilux	12,873	13,500	9,700	8,500	(3,173)	(5,000)
PH051 - Toyota Corolla	8,408	9,150	8,400	7,000	(8)	(2,150)
PH5795 - Toyota Hilux	10,604	13,850	8,200	8,500	(2,404)	(5,350)
PH152 - Ford Falcon	17,509	28,000	9,600	25,500	(7,909)	(2,500)
PH5784 - Toyota Hilux	14,188	0	12,000	0	(2,188)	0
PH9026 - Toyota Hilux	12,720	13,300	9,700	8,500	(3,020)	(4,800)
	157,504	343,650	205,045	314,000	47,541	(29,650)

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008**

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-07 \$	New Loans \$	Principal Repayments		Principal Outstanding		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Government								
Admin/Civic Centre Upgrade	108		61,893	61,900	66,122	66,114	7,750	7,580
Admin/Civic Centre Upgrade	117		29,643	29,650	155,093	155,086	9,705	9,720
Law, Order & Public Safety								
State Emergency Service Shed	123		21,019	21,000	343,272	343,291	31,093	22,850
Education & Welfare								
HACC House Upgrade	122		25,023	25,000	408,657	408,680	37,018	27,200
Housing								
Staff Housing	106		85,460	85,460	655,015	655,015	51,526	49,790
Staff Housing	107		43,146	43,140	315,259	315,265	20,803	19,410
Staff Housing				6,600	543,400	543,400		18,950
Community Amenities								
Waste Water Treatment				130,000	0	520,000		0
Underground Power (a)	L124		163,294	163,300	561,706	561,700	47,756	47,550
Underground Power (b)								0
Recreation & Culture								
St Matthews Church	121		3,939	3,950	58,966	58,955	4,487	3,700
Aquatic Centres	112		48,819	48,810	620,059	620,068	44,076	44,100
Swimming Pool Extensions	114		28,040	28,040	363,826	363,826	22,289	22,310
J D Hardie Upgrade	118		20,725	53,886	33,162	0	2,546	2,550
Netball Courts	119A		9,869	28,458	52,023	33,434	3,412	3,420
Gratwick Pool	119B		6,908	43,324	36,416	0	2,389	2,390
Tennis Courts	120		7,895	48,514	41,619	0	2,730	2,730
PH Golf Club (*)	111		4,270	19,618	15,348	0	1,065	1,050
Yacht Club (*)				4,200	0	345,800		12,050
Transport								
Depot	113		20,306	19,650	95,527	96,183	7,193	7,200
Economic Services								
Port Hedland Visitors Centre	116		3,562	3,550	82,700	82,712	4,943	4,950
			4,488,581	869,050	3,904,770	5,169,529	300,780	309,500

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

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2007/08

While there was a budget allocation incorporated for new debentures relating to Staff Housing (\$550,000); Waste Water Treatment (\$650,000); and the Yacht Club (\$350,000), these debentures were not taken up during the 2007/08 financial year.

(c) Unspent Debentures

The Town had no unspent debentures at 30 June 2008.

(d) Overdraft

The Council does not have an overdraft facility in place.

TOWN OF PORT HEDLAND

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2008

22. RATING INFORMATION - 2007/08 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	11.1675	3,933	54,087,378	6,040,208	67,293	2,973	6,110,474	6,001,796	135,000	0	6,136,796
GRV Commercial	11.1675	309	10,360,184	1,156,974	13,773	6,624	1,177,371	1,129,760	0	0	1,129,760
GRV Industrial	11.1675	280	6,821,482	761,789	10,594	4,328	776,711	759,698	0	0	759,698
GRV Shopping Centre	11.1675	2	4,875,988	544,526	0	0	544,526	544,526	0	0	544,526
GRV Ex Gratia	11.1675	1	370,500	41,376	0	0	41,376	41,374	0	0	41,374
UV Mining Improved	15.1495	53	1,957,725	296,586	-1,132	0	295,454	286,405	0	0	286,405
UV Mining Vacant	15.1495	31	377,170	57,139	600	17,827	74,966	55,418	0	0	55,418
UV Pastoral	9.3087	10	513,659	47,805	600	0	48,405	47,805	0	0	47,805
UV Other	10.1159	12	690,155	69,816	-11,401	0	58,415	67,288	0	0	67,288
UV Other Vacant	10.1159	1	75,000	7,587	0	0	7,587	7,580	0	0	7,580
Non-Rated	0.0000	778	0	0	0	0	0	0	0	0	0
Sub-Totals		5,410	80,129,241	9,023,806	79,727	31,752	9,135,285	8,941,650	135,000	0	9,076,650
Minimum Rates											
GRV Residential	600	244	444,824	146,400	0	0	146,400	144,000	0	0	144,000
GRV Commercial	600	83	201,340	49,800	0	0	49,800	49,200	0	0	49,200
GRV Industrial	600	16	44,092	9,600	0	0	9,600	9,600	0	0	9,600
GRV Shopping Centre	600	0	0	0	0	0	0	0	0	0	0
GRV Ex Gratia	600	0	0	0	0	0	0	0	0	0	0
UV Mining Improved	600	58	79,492	34,800	0	0	34,800	34,200	0	0	34,200
UV Mining Vacant	600	232	154,513	139,200	0	0	139,200	141,600	0	0	141,600
UV Pastoral	600	1	534	600	0	0	600	600	0	0	600
UV Other	600	1	5,500	600	0	0	600	600	0	0	600
UV Other Vacant	600	11	50	6,600	0	0	6,600	6,600	0	0	6,600
Non-Rated	600	646	930,345	387,500	0	0	387,500	386,400	0	0	386,400
Sub-Totals											
				9,522,885			9,522,885				9,463,050
Discounts (refer note 25)											
Totals							9,466,126				9,407,050

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

23. SPECIFIED AREA RATE - 2007/08 FINANCIAL YEAR

As per the initial Budget approved by Council, the Town of Port Hedland did not levy a Specified Area Rate in the 2007/08 financial year.

24. SERVICE CHARGES - 2007/08 FINANCIAL YEAR

There were no service charges for the 2007/08 financial year.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
 - 2007/08 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
A130114 - Sub Lot of 5812 Reserve 39012, Lotteries House	Concession	100.00%	18,438	
A127580 - Portion 6 Anderson St, Business Economic Centre	Concession	100.00%	3,717	
A406870 - Lot 2916 Stanley St, Youth Involvement Centre	Concession	100.00%	1,481	
A106284 - 9 Hamilton St, Benara Maya Hostel	Concession	100.00%	2,613	
A130290 - Lot 5915 McGregor St, Freemasons Homes for Aged	Concession	100.00%	13,647	
A156300 - Lot 4508 Shoata Rd, Port Hedland Pistol Club	Concession	100.00%	600	
A156260 - Location 118 of Forrest Location, Port Hedland Speedway Club	Concession	100.00%	3,541	
A802207 - Lot 2466, Lawston St, Youth Involvement Centre	Concession	100.00%	2,032	
A156550 - Lots 55, 56, 57 McKay St, Volunteer Marine Rescue Service	Concession	100.00%	1,742	
A113872 - Lot 43, 10 Steamer Ave, Baptist Church Manse	Concession	100.00%	1,858	
A154780 - 4 Treloar St, Treloar Child Care Centre	Concession	50.00%	871	
A402430 - Lot 2513 Dempster St, Len Taplin Centre	Concession	50.00%	1,161	
A802155 - Lot 5164 Shoata Rd, South Hedland Owners & Trainers	Concession	50.00%	5,058	
			56,759	56,000
Rates Written Off				
- A152352G - Bin Replacement	Write-Off		64	0
- A803295 - Tenement Non-Rateable	Write-Off		477	0
- A128920 - Tenement Overpayment	Write-Off		59,234	0
Sundry Debtors	Write-Off		6,214	0

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

Council offered a rate incentive to ratepayers who elected to pay their rates in full by 7 September 2007.

The prize consisted of:

- First Prize: \$1,000 Cash - donated by the National Bank Port Hedland.
- Second Prize: \$500 Cash - Council's contribution to the rate incentive scheme.
- Third Prize: \$ 250 Kitchen Package donated from Harvey Normal Port Hedland.
- Fourth Prize: \$200 Dinner at the Lodge Motel South Hedland.

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

26. INTEREST CHARGES AND INSTALMENTS - 2007/08 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		45,560	48,450
Interest on Instalments Plan	5.50%		27,104	30,400
Interest on Deferred Rates			22	500
Charges on Instalment Plan		\$10.00	29,350	32,150
Alternative Payments Arrangements		\$50.00	7,400	9,300
			<u>109,436</u>	<u>120,800</u>

Ratepayers had the option of paying rates in four equal instalments, due on 7 September 2007, 9 November 2007, 11 January 2008 and 14 March 2008. Administration charges and interest is applied for the final three instalments.

27. FEES & CHARGES	2008 \$	2007 \$
Governance	4,826	1,656
General Purpose Funding	86,045	79,515
Law, Order, Public Safety	63,319	52,822
Health	42,107	49,643
Education & Welfare	218,841	55,408
Housing	0	0
Community Amenities	3,642,441	3,235,498
Recreation & Culture	392,086	275,931
Transport	5,998,694	4,165,119
Economic Services	908,852	316,778
Other Property & Services	81,000	61,900
	<u>11,438,211</u>	<u>8,294,270</u>

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

28. GRANT REVENUE	2008 \$	2007 \$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	3,770,074	3,850,892
Non-operating Grants, Subsidies and Contributions	3,539,861	1,457,471
	<u>7,309,935</u>	<u>5,308,363</u>
By Program:		
General Purpose Funding	2,348,182	2,015,848
Law, Order, Public Sector	101,212	85,000
Education & Welfare	895,423	1,010,377
Community Amenities	0	631,345
Recreation and Culture	1,767,305	216,306
Transport	2,067,369	1,300,838
Economic Services	130,444	48,649
	<u>7,309,935</u>	<u>5,308,363</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

29. COUNCILLORS' REMUNERATION	2008	2008	2007
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	66,500	70,000	49,000
Mayor's Allowance	20,000	20,000	20,000
Deputy Mayor's Allowance	5,000	5,000	5,000
Travelling Expenses	7,827	4,000	4,282
Telecommunications Allowance	11,100	9,000	9,600
Technology Expenses	8,519	8,000	7,000
	<u>118,946</u>	<u>116,000</u>	<u>94,882</u>

30. EMPLOYEES' REMUNERATION

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

Salary Range	2008	2007
\$		
100,000 - 109,999	2	3
110,000 - 119,999	6	0
120,000 - 129,999	0	0
130,000 - 139,999	2	0
140,000 - 149,999	0	0
150,000 - 159,999	0	1
160,000 - 169,999	1	0

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

2008	2007
<u>115</u>	<u>110</u>

32. MAJOR LAND TRANSACTIONS

The Town of Port Hedland did not participate in any major land transactions during the reporting period.

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

Council assumed responsibility for operating 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.

AIRPORT CAFÉ AND BAR

INCOME STATEMENT

BY NATURE OR TYPE

FOR THE YEAR ENDED 30TH JUNE 2008

	2008 \$	2008 Budget \$	2007 \$
REVENUES FROM ORDINARY ACTIVITIES			
Sales Café	201,589	0	0
Sales Bar	119,091	0	0
Contribution from Town of Port Hedland	16,843	0	0
	<u>337,523</u>	<u>0</u>	<u>0</u>
EXPENSES FROM ORDINARY ACTIVITIES			
Employee Costs	(170,154)	0	0
Materials and Contracts	(171,750)	0	0
Utilities	(5,498)	0	0
Depreciation	(520)	0	0
	<u>(347,922)</u>	<u>0</u>	<u>0</u>
NET RESULT	<u>(10,399)</u>	<u>0</u>	<u>0</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

AIRPORT CAFÉ AND BAR

BALANCE SHEET

AS AT 30TH JUNE 2008

	2008	2007
	\$	\$
CURRENT ASSETS		
Cash and Cash Equivalents	825	0
Trade and Other Receivables	0	0
Inventories	3,000	0
TOTAL CURRENT ASSETS	<u>3,825</u>	<u>0</u>
NON-CURRENT ASSETS		
Other Receivables	0	0
Property, Plant and Equipment	2,338	0
Infrastructure	0	0
TOTAL NON-CURRENT ASSETS	<u>2,338</u>	<u>0</u>
TOTAL ASSETS	<u>6,163</u>	<u>0</u>
CURRENT LIABILITIES		
Trade and Other Payables	10,720	0
Provisions	5,606	0
TOTAL CURRENT LIABILITIES	<u>16,326</u>	<u>0</u>
NON-CURRENT LIABILITIES		
Long Term Borrowings	0	0
Provisions	236	0
TOTAL NON-CURRENT LIABILITIES	<u>236</u>	<u>0</u>
TOTAL LIABILITIES	<u>16,562</u>	<u>0</u>
NET ASSETS	<u>(10,399)</u>	<u>0</u>
EQUITY		
Retained Surplus	(10,309)	
Reserves - Cash Backed	0	0
TOTAL EQUITY	<u>(10,309)</u>	<u>0</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

34. 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	
	2008 \$	2007 \$	2008 \$	2007 \$
Financial Assets				
Cash and cash equivalents	14,999,138	8,227,390	14,999,138	8,227,390
Trade and Other Receivables	3,731,950	5,309,209	3,731,950	5,309,209
	<u>18,731,088</u>	<u>13,536,599</u>	<u>18,731,088</u>	<u>13,536,599</u>
Financial Liabilities				
Trade and Other Payables	2,032,435	2,423,836	2,032,435	2,423,836
- Short Term Borrowings	2,664,048	299,954	2,664,048	299,954
- Long Term Borrowings	3,904,768	4,488,579	3,960,185	4,546,746
	<u>8,601,251</u>	<u>7,212,369</u>	<u>8,656,668</u>	<u>7,270,536</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 2008

34. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Council's objective is to maximise its return on cash whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash portfolio. 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.

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

Another risk associated with cash 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 only depositing its funds with major Australian Banks.

	30-Jun-08 \$	30-Jun-07 \$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	149,991	82,274
- Income Statement	149,991	82,274

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.

(+) Maximum impact.

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

34. 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-08	30-Jun-07
Percentage of Rates and Annual Charges		
- Current	98.04%	96.33%
- Overdue	1.96%	3.67%
Percentage of Other Receivables		
- Current	91.25%	97.38%
- Overdue	8.75%	2.62%

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

34. 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:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
2008					
Bank Overdraft	2,664,048	0	0	2,664,048	2,664,048
Payables	2,032,435	0	0	2,032,435	2,032,435
Borrowings	862,215	2,594,289	1,495,145	4,951,649	3,904,768
	<u>5,558,698</u>	<u>2,594,289</u>	<u>1,495,145</u>	<u>9,648,132</u>	<u>8,601,251</u>
2007					
Bank Overdraft	299,954	0	0	299,954	299,954
Payables	2,423,336	0	0	2,423,336	2,423,336
Borrowings	862,215	2,966,982	1,984,670	5,813,867	4,488,579
	<u>3,586,005</u>	<u>2,966,982</u>	<u>1,984,670</u>	<u>8,537,657</u>	<u>7,212,369</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2008

34. 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 2008								
Borrowings								
Variable Rate								
Bank Overdraft	2,664,048						2,664,048	
Fixed Rate								
Debentures	66,122	33,161	561,706	110,875	285,151	2,847,753	3,904,768	6.39%
Weighted Average Effective Interest Rate	6.72%	5.22%	6.88%	6.43%	5.59%	6.38%		
Year Ended 30 June 2007								
Borrowings								
Variable Rate								
Bank Overdraft	299,954						299,954	
Fixed Rate								
Debentures	0	128,014	53,886	725,000	135,451	3,446,230	4,488,581	6.40%
Weighted Average Effective Interest Rate	0.00%	6.72%	5.22%	6.66%	6.42%	6.31%		



INDEPENDENT AUDITOR'S 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 Town.
- 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

GREG GODWIN
PARTNER

Address: Perth, WA
Date: 20 February 2009

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