

**TOWN OF PORT HEDLAND**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

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**TOWN OF PORT HEDLAND**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2013**

**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 2013 are in my opinion properly drawn up to present fairly the financial position of the Town of Port Hedland at 30th June 2013 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the *16<sup>th</sup>* day of December 2013



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M.J. (Mal) Osborne  
Chief Executive Officer

**TOWN OF PORT HEDLAND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
<b>REVENUE</b>				
Rates	23(a)	18,857,082	22,035,451	15,450,679
Operating Grants, Subsidies and Contributions	29	6,073,976	5,293,131	7,135,769
Fees and Charges	28	31,942,545	31,785,205	26,983,048
Interest Earnings	2(a)	2,791,436	4,022,284	1,839,080
Other Revenue		12,192,857	1,189,455	935,464
		<u>71,857,896</u>	<u>64,325,526</u>	<u>52,344,040</u>
<b>EXPENSES</b>				
Employee Costs		(22,551,292)	(23,463,268)	(16,770,805)
Materials and Contracts		(16,516,713)	(28,238,877)	(15,941,066)
Utility Charges		(3,153,107)	(3,007,997)	(2,296,862)
Depreciation on Non-Current Assets	2(a)	(9,739,767)	(9,858,394)	(7,982,279)
Interest Expenses	2(a)	(1,252,379)	(2,040,885)	(886,991)
Insurance Expenses		(1,217,139)	(1,230,580)	(921,331)
Other Expenditure		(14,828,140)	(1,908,697)	(1,918,157)
		<u>(69,258,537)</u>	<u>(69,748,698)</u>	<u>(46,717,492)</u>
		2,599,360	(5,423,172)	5,626,548
Non-Operating Grants, Subsidies and Contributions	29	57,569,404	27,821,031	26,741,647
Profit on Asset Disposals	20	48,539	100,100	11,000
Loss on Asset Disposal	20	(155,895)	(118,500)	-
Changes on revaluation of non-current assets	6	(635,037)	-	-
<b>NET RESULT</b>		<u><u>59,426,370</u></u>	<u><u>22,379,459</u></u>	<u><u>32,379,195</u></u>

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

**TOWN OF PORT HEDLAND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
<b>REVENUE</b>				
Governance		103,014	49,260	74,429
General Purpose Funding		24,391,405	26,715,059	19,797,838
Law, Order, Public Safety		252,137	254,879	284,163
Health		81,413	72,520	87,642
Education and Welfare		108,341	142,709	804,545
Housing		258,845	384,955	226,684
Community Amenities		21,832,654	13,120,001	8,758,086
Recreation and Culture		3,402,785	5,117,737	3,123,744
Transport		17,730,808	14,561,542	15,006,094
Economic Services		3,063,335	3,334,516	3,142,784
Other Property and Services		633,159	572,347	1,038,031
		<u>71,857,896</u>	<u>64,325,525</u>	<u>52,344,040</u>
<b>EXPENSES EXCLUDING FINANCE COSTS</b>				
Governance		(2,148,800)	(2,150,615)	(2,033,948)
General Purpose Funding		(555,188)	(548,443)	(382,952)
Law, Order, Public Safety		(3,404,326)	(1,813,692)	(1,573,000)
Health		(750,105)	(770,493)	(560,984)
Education and Welfare		(1,394,451)	(1,504,824)	(1,136,448)
Housing		(1,117,668)	(3,814,523)	(685,017)
Community Amenities		(19,858,015)	(18,596,765)	(7,959,351)
Recreation & Culture		(20,628,575)	(21,374,192)	(16,069,441)
Transport		(15,041,765)	(13,057,120)	(13,031,980)
Economic Services		(1,985,495)	(3,269,941)	(1,600,903)
Other Property and Services		(1,121,769)	(807,205)	(796,477)
		<u>(68,006,157)</u>	<u>(67,707,813)</u>	<u>(45,830,501)</u>
<b>FINANCE COSTS</b>				
Governance		(521)	(125,524)	(2,550)
Law, Order, Public Safety		(14,406)	(15,113)	(16,214)
Education and Welfare		(30,497)	(17,992)	(19,302)
Housing		(254,911)	(279,366)	(343,616)
Community Amenities		-	(624,377)	-
Recreation & Culture		(872,053)	(876,839)	(499,569)
Transport		(76,225)	(97,907)	(1,710)
Economic Services	2(a)	(3,766)	(3,767)	(4,030)
		<u>(1,252,379)</u>	<u>(2,040,885)</u>	<u>(886,991)</u>
<b>NON-OPERATING GRANT, SUBSIDIES AND CONTRIBUTIONS</b>				
Law, Order, Public Safety		-	-	100,000
Education and Welfare		-	850,000	-
Housing		-	-	-
Community Amenities		-	-	-
Recreation & Culture		2,242,162	872,745	3,704,383
Transport		21,575,329	22,611,286	4,987,949
Economic Services		33,751,913	3,487,000	17,949,315
Other Property and Services		0	0	0
		<u>57,569,404</u>	<u>27,821,031</u>	<u>26,741,647</u>
<b>PROFIT / (LOSS) ON DISPOSAL OF ASSETS</b>				
Transport	20	48,539	50,700	11,000
Transport	20	(155,895)	(69,100)	-
Transport (Changes on revaluation of non-current assets)	14(b)	(635,037)	-	-
		<u>(742,393)</u>	<u>(18,400)</u>	<u>11,000</u>
<b>NET RESULT</b>		<u><b>59,426,370</b></u>	<u><b>22,379,459</b></u>	<u><b>32,379,195</b></u>

**TOWN OF PORT HEDLAND  
STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2012 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	76,243,152	77,118,725
Trade and Other Receivables	4	32,215,372	10,981,715
Inventories	5	12,250	4,885
<b>TOTAL CURRENT ASSETS</b>		<u>108,470,774</u>	<u>88,105,325</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	823,294	891,065
Property, Plant and Equipment	6	101,201,177	90,200,438
Infrastructure	7	131,142,058	129,210,527
<b>TOTAL NON-CURRENT ASSETS</b>		<u>233,166,529</u>	<u>220,302,030</u>
<b>TOTAL ASSETS</b>		<u>341,637,303</u>	<u>308,407,356</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	9	11,837,020	43,933,897
Current portion of Long Term Borrowing:	10	1,304,847	1,008,734
Provisions	11	2,288,682	1,516,073
<b>TOTAL CURRENT LIABILITIES</b>		<u>15,430,549</u>	<u>46,458,704</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	10	25,359,507	20,564,243
Provisions	11	153,881	117,412
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>25,513,388</u>	<u>20,681,655</u>
<b>TOTAL LIABILITIES</b>		<u>40,943,937</u>	<u>67,140,359</u>
<b>NET ASSETS</b>		<u>300,693,366</u>	<u>241,266,996</u>
<b>EQUITY</b>			
Retained Surplus		225,281,826	202,881,530
Reserves - Cash/ Investment Backed	12	74,559,012	37,532,938
Revaluation Surplus	13	852,528	852,528
<b>TOTAL EQUITY</b>		<u>300,693,366</u>	<u>241,266,996</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 2013**

NOTE	RETAINED SURPLUS \$	RESERVES CASH/ INVESTMENT BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2011	180,557,880	27,477,393	852,528	<b>208,887,801</b>
Restated Balance	180,557,880	27,477,393	852,528	208,887,801
Comprehensive Income				
Net Result	32,379,195	-	-	32,379,195
Total Comprehensive Income	32,379,195	-	-	32,379,195
Transfer from/(to) Reserves	(10,055,545)	10,055,545	-	-
<b>Balance as at 30 June 2012</b>	<b>202,881,530</b>	<b>37,532,938</b>	<b>852,528</b>	<b>241,266,996</b>
Comprehensive Income				
Net Result	59,426,370	-	-	59,426,370
Total Other Comprehensive Income	59,426,370	-	-	59,426,370
Transfer from/(to) Reserves	(37,026,074)	37,026,074	-	-
<b>Balance as at 30 June 2013</b>	<b>225,281,826</b>	<b>74,559,012</b>	<b>852,528</b>	<b>300,693,366</b>

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

**TOWN OF PORT HEDLAND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2013**

	NOTE	2013 \$	2013 Budget \$	2012 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		18,503,553	21,594,742	15,530,245
Operating Grants, Subsidies and Contributions		6,073,976	4,763,818	9,358,687
Fees and Charges		39,255,636	29,136,438	22,841,333
Interest Earnings		2,791,436	4,022,284	1,839,080
Goods and Services Tax		5,837,327	0	7,364,997
Other Revenue		<u>12,192,857</u>	<u>1,165,666</u>	<u>935,464</u>
		84,654,785	60,682,948	57,869,806
<b>Payments</b>				
Employee Costs		(21,618,520)	(23,612,441)	(16,633,921)
Materials and Contracts		(58,235,494)	(22,591,102)	(12,003,201)
Utility Charges		(3,153,107)	(2,857,597)	(2,296,862)
Insurance Expenses		(1,217,139)	(1,230,580)	(921,331)
Interest expenses		(1,229,409)	(2,040,885)	(623,895)
Goods and Services Tax		(8,268,163)	0	(7,364,997)
Other Expenditure		<u>(11,197,593)</u>	<u>(1,908,697)</u>	<u>(1,918,162)</u>
		(104,919,425)	(54,241,302)	(41,762,369)
<b>Net Cash Provided By (Used In) Operating Activities</b>				
	14	<u>(20,264,640)</u>	<u>6,441,646</u>	<u>16,107,437</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of Property, Plant & Equipment		(16,982,308)	(34,662,014)	(26,340,051)
Payments for Construction of Infrastructure		(6,786,095)	(36,425,030)	(16,721,040)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		37,648,480	27,821,031	56,892,332
Proceeds from Sale of Plant & Equipment		<u>353,974</u>	<u>515,500</u>	<u>11,000</u>
<b>Net Cash Provided By (Used In) Investing Activities</b>				
		14,234,051	(42,750,513)	13,842,241
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(1,008,733)	(3,215,202)	(607,563)
Transfer from Trust - Public Open Space		-	-	-
Transfer of Self Supporting Loan		-	(500,000)	-
Proceeds from Self Supporting Loans		63,638	2,149,816	60,642
Proceeds from New Debentures		<u>6,100,111</u>	<u>26,946,853</u>	<u>12,257,000</u>
<b>Net Cash Provided By (Used In) Financing Activities</b>				
		5,155,016	25,381,467	11,710,079
<b>Net Increase (Decrease) in Cash Held</b>				
Cash at Beginning of Year		(875,573)	(10,927,400)	41,659,757
<b>Cash and Cash Equivalents at the End of the Year</b>	14(a)	<u><u>76,243,152</u></u>	<u><u>59,092,871</u></u>	<u><u>77,118,725</u></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 2013**

NOTE	2013 \$	2013 Budget \$	2012
<b>REVENUE</b>			
Governance	103,014	49,260	74,429
General Purpose Funding	5,534,323	4,679,608	4,347,158
Law, Order, Public Safety	252,137	254,879	384,163
Health	81,413	72,520	87,642
Education and Welfare	108,341	992,709	833,931
Housing	258,845	384,955	226,684
Community Amenities	21,832,654	13,170,701	8,728,700
Recreation and Culture	5,644,947	5,990,482	6,828,127
Transport	39,354,676	37,222,228	20,005,043
Economic Services	36,815,249	6,821,516	21,092,100
Other Property and Services	633,159	572,347	1,038,031
	<b>110,618,758</b>	<b>70,211,205</b>	<b>63,646,008</b>
<b>EXPENSES</b>			
Governance	(2,149,321)	(2,276,138)	(2,036,497)
General Purpose Funding	(555,188)	(548,443)	(382,952)
Law, Order, Public Safety	(3,418,732)	(1,828,805)	(1,589,214)
Health	(750,105)	(770,493)	(560,984)
Education and Welfare	(1,424,948)	(1,522,816)	(1,155,750)
Housing	(1,372,579)	(4,093,889)	(1,028,633)
Community Amenities	(19,858,015)	(19,221,142)	(7,959,351)
Recreation & Culture	(21,500,628)	(22,251,031)	(16,569,009)
Transport	(15,908,923)	(13,273,528)	(13,033,690)
Economic Services	(1,989,261)	(3,273,708)	(1,604,934)
Other Property and Services	(1,121,769)	(807,205)	(796,477)
	<b>(70,049,469)</b>	<b>(69,867,198)</b>	<b>(46,717,491)</b>
<b>Net Operating Result Excluding Rates</b>	40,569,289	344,007	16,928,517
<b>Adjustments for Cash Budget Requirements:</b>			
<b>Non-Cash Expenditure and Revenue</b>			
Initial Recognition of Assets Due to Change to Regulations			
- Land	-	-	-
- Intangibles	-	-	-
(Profit)/Loss on Asset Disposals	20 107,356	18,400	11,000
Movement in Accrued Interest	-	-	263,096
Movement in Deferred Pensioner Rates (non-current)	-	-	(1,105)
Movement in Accrued Salaries and Wages	-	-	94,722
Movement in Other Non Current Assets/ Liabilities	49,766	-	-
Movement in Employee Benefit Provisions	(36,469)	-	42,161
Loss in Revaluation Surplus	6 635,037	-	-
Depreciation and Amortisation on Assets	2(a) 9,739,767	9,858,394	7,982,279
<b>Capital Expenditure and Revenue</b>			
Purchase Land and Buildings	6 (11,634,073)	(32,757,200)	(23,423,847)
Purchase Infrastructure Assets - Roads	7 (1,642,022)	(40,842,956)	(1,023,755)
Purchase Infrastructure Assets - Other	7 (5,144,073)	(4,688,332)	(15,697,285)
Purchase Plant and Equipment	6 (3,178,940)	(3,238,630)	(1,493,105)
Purchase Furniture and Equipment	6 (2,169,295)	(490,500)	(1,423,099)
Proceeds from Disposal of Assets	20 353,974	515,500	11,000
Repayment of Debentures	22(a) (981,478)	(3,215,202)	(634,818)
Transfer to Self Supporting Loans	-	(500,000)	-
Proceeds from New Debentures	22(a) 6,100,111	30,891,853	12,257,000
Self-Supporting Loan Principal Income	63,638	2,149,816	60,642
Transfer from Unspent Grants	4,024,603	-	-
Transfer from Unspent Loans	3,229,515	-	-
Transfer to Restricted Receivables	(19,920,924)	-	-
Transfers to Reserves (Restricted Assets)	(83,050,868)	(25,792,248)	(45,467,628)
Transfers from Reserves (Restricted Assets)	46,024,795	38,563,689	35,412,082
Estimated Surplus/(Deficit) July 1 B/Fwd	(4,435,311)	7,147,958	7,728,477
Estimated Surplus/(Deficit) June 30 C/Fwd	(2,438,520)	-	7,077,017
<b>Amount Required to be Raised from Rates</b>	23 <b>(18,857,082)</b>	<b>(22,035,451)</b>	<b>(15,450,683)</b>

The surplus/deficit for 2011/12 has been recalculated in line with the new requirements of the Department of Local Government and the revised deficit of \$4,435,311 for 2011/12 has been brought forward to 2012/13. 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 2013**

**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 statement which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the local Government Act 1995 and accompanying regulations.

Except for cash flow and rate setting information, the report has also been prepared on the accrual basis and is based on historical costs, modified where applicable, by the measurement at fair value of the selected non-current assets, financial assets and liabilities.

***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 which form the basis of making the judgements about carrying values of assets and liabilities that are 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 18 to these financial statements.

**(c) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to the ATO, is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flows.

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(d) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits held at call with banks, other short term highly liquid investments with original maturities 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 and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities in the statement of financial position.

**(e) Trade and Other Receivables**

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectibility of trade and other 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 measured 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.

***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, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in the statement of comprehensive income at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

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**

Each class of fixed assets is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation or impairment losses.

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fixed Assets (Continued)**

***Mandatory Requirement to Revalue Non-Current Assets***

Effective from 1 July 2012, the Local Government (Financial Management) Regulations were amended and the measurement of non-current assets at fair value became mandatory.

The amendments allow for a phasing in of fair value in relation to fixed assets over three years as follows:

(a) for the financial year ending on 30 June 2013, the fair value of all of the assets of the local government that are plant and equipment; and

(b) for the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -

(i) that are plant and equipment; and

(ii) that are -

(I) land and buildings; or

(II) infrastructure;

and

(c) for a financial year ending on or after 30 June 2015, the fair value of all of the assets of the local government.

Thereafter, in accordance with the regulations, each asset class must be revalued at least every three years.

Council has commenced the adoption of Fair Value, in line with the Regulations, and will be carrying out the Fair Valuation in a phased manner as follows:

Plant & Equipment - Financial Year Ended 30th June 2013

Land & Building - Financial Year Ending 30th June 2014

Infrastructure and remaining assets - Financial Year Ending 30th June 2015

Thereafter the valuation will be carried out every three years.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

***Land Under Control***

In accordance with local Government (Financial Management) Regulation 16 (a), the Council is required to include as an asset (by 30 June 2013), Crown Land operated by the Local Government as a golf course, showground, racecourse or other sporting or recreational facility of State or

The Council has reviewed its facilities in relation to the above regulation and the Council do not have any "Land Under Control" to report as an asset as at 30th June 2013.

***Initial Recognition***

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fixed Assets (Continued)**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

***Revaluation***

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide

Revalued assets are carried at their fair value being the price that would be received to sell the asset, in an orderly transaction between market participants at the measurement date. (Level 1 inputs in the fair value hierarchy)

For land and buildings, fair value will be determined based on the nature of the asset class. For land and non-specialised buildings, fair value is determined on the basis of observable open market values of similar assets, adjusted for conditions and comparability at their highest and best use (Level 2 inputs in the fair value hierarchy).

With regards to specialised buildings, fair value is determined having regard for current replacement cost and both observable and unobservable costs. These include construction costs based on recent contract prices, current condition (observable Level 2 inputs in the fair value hierarchy), residual values and remaining useful life assessments (unobservable Level 3 inputs in the fair value hierarchy).

For infrastructure and other asset classes, fair value is determined to be the current replacement cost of an asset (Level 2 inputs in the fair value hierarchy) less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset (Level 3 inputs in the fair value hierarchy).

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases in the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised as profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, will be revalued at least every three years.

***Transitional Arrangement***

During the time it takes to transition the carrying value of non-current assets from the cost approach to the fair value approach, the Council may still be utilising both methods across differing asset classes.

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fixed Assets (Continued)**

Those assets carried at cost will be carried in accordance with the policy detailed in the **Initial Recognition** section as detailed above.

Those assets carried at fair value will be carried in accordance with the **Revaluation** methodology section as detailed above.

**Early Adoption of AASB 13 - Fair Value Measurement**

Whilst the new accounting standard in relation to fair value, *AASB 13 - Fair Value Measurement* does not become applicable until the end of the year ended 30 June 2014 (in relation to Council), given the legislative need to commence using Fair Value methodology for this reporting period, the Council chose to adopt AASB 13 early (as allowed for in the standard).

As a consequence, the principles embodied in *AASB 13 - Fair Value Measurement* have been applied to the reporting period commencing financial year ended 30 June 2013.

Due to the nature and timing of the adoption (driven by legislation), the adoption of this standard has had no effect on previous reporting periods.

**Land under Roads**

In Western Australia, all land under roads is Crown Land but the responsibility for managing is vested in the Local Government.

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

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

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

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

**Depreciation of Non-Current Assets**

All non-current assets having a limited useful life (excluding freehold land) 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.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time the asset is completed and held ready for use.

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(g) Fixed Assets (Continued)**

***Depreciation of Non-Current Assets (Continued)***

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 formation	not depreciated
pavement seal	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
gravel sheet	12 years
Formed roads formation	not depreciated
pavement	50 years
Footpaths - slab	20 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

**(h) Intangible Assets**

**Easements**

Due to legislative changes, Easements are required to be recognised as assets.

The easements registered to the Council mainly provide access and in view of this, the Council is unable to put a value on these easements.

**(i) Financial Instruments**

***Initial Recognition and Measurement***

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

***Classification and Subsequent Measurement***

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method or at cost.

Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount in which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method; and
- (d) less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

***(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 and are subsequently measured at amortised cost.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

***(iii) Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost.

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(h) Financial Instruments (Continued)**

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

***Classification and Subsequent Measurement (Continued)***

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets, are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable.

They are subsequently measured at fair value with changes in such fair value (ie gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to the asset previously recognised in other comprehensive income, is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as non-current.

*(v) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

***Impairment***

At the end of each reporting period, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified into profit or loss at this point.

***Derecognition***

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the Council no longer has any significant continued involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.



**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(i) 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 of impairment.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (eg AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

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.

**(k) Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council 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.

**(l) Employee Benefits**

Provision is made for the Council's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for the benefits. In determining the liability, consideration is given to the employee wage increases and the probability the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity matching the expected timing of cash flows.

**(m) 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.

**(n) Provisions**

Provisions are recognised when:

- a) the Council has a present legal or constructive obligation as a result of past events;
- b) for which it is probable that an outflow of economic benefits will result; and
- c) that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(o) 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 Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for 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.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

**(p) Joint Venture**

The Council'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 appropriate line items of the financial statement. Information about the joint venture is set out in Note 17.

When the Council contributes assets to the joint venture or if the Council purchases assets from the joint venture, only the portion of gain or loss not attributable to the Council's share of the joint venture shall be recognised. The Council recognises the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(q) 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.

**(r) Superannuation**

The Council contributes to a number of superannuation funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

**(s) 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 the 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.

**(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.

When the Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, a statement of financial position as at the beginning of the earliest period will be disclosed.

**(v) Budget Comparative Figures**

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council.

Management's assessment of the new and amended pronouncement that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows.

	<b>Title and Topic</b>	<b>Issued</b>	<b>Applicable (*)</b>	<b>Impact</b>
(i)	AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
	AASB 2012 – 6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and Transition Disclosures	September 2012	Deferred AASB 9 until 1 January 2015	
(ii)	AASB 2009 – 11 Amendments to Australian Accounting Standards arising from AASB 9	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
	[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12)			

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Title and Topic	Issued	Applicable (*)	Impact
<p>(iii) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &amp; 1038 and Interpretations 2, 5, 10, 12, 19 &amp; 127]</p>	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
<p>(iv) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests in Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards  [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 &amp; 1038 and Interpretations 5, 9, 16 &amp; 17]</p>	August 2011	01 January 2013	Nil - None of these, except for AASB 128 , are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Title and Topic	Issued	Applicable (*)	Impact
(v) AASB 2011 - 9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	<p>The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.</p> <p>It effects presentation only and is not expected to significantly impact the Council.</p>
(vi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2012-8 and Interpretation 14]	September 2011	01 January 2013	<p>The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.</p>
(vii) AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 32]	June 2012	01 January 2013	<p>Principally amends AASB 7: Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.</p> <p>This Standard is not expected to significantly impact on the Council's financial statements.</p>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 2012-3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]	June 2012	01 January 2014	<p>This Standard adds application guidance to AASB 132: <i>Financial Instruments: Presentation</i> to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement.</p> <p>This Standard is not expected to significantly impact on the Council’s financial statements.</p>
(ix) AASB 2012-5: Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 101, 116, 132, 134 and Interpretation 2]	June 2012	01 January 2013	<p>Outlines changes to the various standards and interpretations as listed. These topics are not currently relevant to Council, nor are they expected to be in the future. As a consequence, this Standard is not expected to significantly impact on the Council’s financial statements.</p>
(x) AASB 2012-10: Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments. [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]	December 2012	01 January 2013	<p>Mainly consequential changes relating to transition guidance. It is not expected to have a significant impact on Council.</p>

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(x) Adoption of New and Revised Accounting Standards**

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

These new and revised standards were:

AASB 2010 – 8  
AASB 2011 - 3  
AASB 2011 - 13

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.

The Council also chose to early adopt *AASB 13 – Fair Value Measurement* as allowed for in the standard. For further details with respect to this early adoption, refer to Note 1(g).



**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

<b>2. REVENUE AND EXPENSES</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Net Result</b>		
The Net Result includes:		
(i) Charging as an Expense:		
<b>Auditors Remuneration</b>		
- Audit of the financial report	27,689	49,462
- Financial Management Review	8,000	-
- Assistance with the finalisation of the annual financial report	4,500	2,000
	<u>40,189</u>	<u>51,462</u>
<b>Depreciation</b>		
Buildings	2,569,007	2,099,341
Furniture and Equipment	915,541	345,334
Plant and Equipment	1,603,764	1,282,114
Roads	1,432,759	1,397,119
Infrastructure- Airport	694,455	663,021
Infrastructure- Other	2,524,241	2,195,350
	<u>9,739,767</u>	<u>7,982,279</u>
<b>Interest Expenses (Finance Costs)</b>		
Debentures	1,217,686	622,997
Others	34,693	263,994
	<u>1,252,379</u>	<u>886,991</u>
<b>Rental Charges</b>		
- Operating Leases	141,240	321,207
	<u>141,240</u>	<u>321,207</u>
	<b>2013</b>	<b>2013</b>
	<b>\$</b>	<b>Budget</b>
		<b>\$</b>
<b>Interest Earnings</b>		
Investments		
- Reserve Funds	1,098,909	1,322,983
- Other Funds	1,511,986	2,002,500
Other Interest Revenue ( <i>refer note 26</i> )	180,541	206,051
	<u>2,791,436</u>	<u>4,022,283</u>
		<u>1,839,080</u>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**2. REVENUE AND EXPENSES (Continued)**

**(b) Statement of Objective**

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis and for each of its broad activities/programs.

Council operations as disclosed in this budget encompass the following service orientated activities/programs:

**COMMUNITY VISION**

The Town of Port Hedland's vision is to create "a nationally significant, friendly city, where people want to live and are proud to call home."

**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 ensure a safer community.

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

**HEALTH**

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

Activities: Food quality and pest control, and Aboriginal Environment 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 play groups 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.

**RECREATION AND CULTURE**

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

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**2. REVENUES AND EXPENSES (Continued)**

**(b) Statement of Objective (Continued)**

**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.

**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 cattle yards.

**OTHER PROPERTY SERVICES**

Objective: To help maintain the Town's assets and carry out repairs and maintenance

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 2013**

**2. REVENUE AND EXPENSES (Continued)**

**(c) Conditions Over Grants/Contributions**

Grant/Contribution	Function/ Activity	Opening	Received (+)	Expended (#)	Closing	Received (+)	Expended (#)	Closing
		Balance (*) 1-Jul-11 \$	2011/2012 \$	2011/2012 \$	Balance (*) 30-Jun-12 \$	2012/2013 \$	2012/2013 \$	Balance 30-Jun-13 \$
Building Safety (Fire) Grant		15,000			15,000	-	-	15,000
Walk It Hedland		-			-			0
BHP - Hedland Turf Club Grandstand		51,601		(51,396)	205	-	-	205
PH Enhancement Scheme - Foreshore Park		9,888			9,888	-	-	9,888
Federal Aboriginal Road Grant		-	44,000		44,000	-	-	44,000
Royalties for Regions 2010/2011 - GP Housing		1,427,160	-	(800,125)	627,035	92,511	(719,546)	0
Royalties for Regions- Sth Hedland Aquatic Centre		1,230,000	2,370,000	(1,817,024)	1,782,976	-	(1,782,976)	(0)
Royalties for Regions - Sth Hedland Library & Community Centre		665,000	-	-	665,000	-	-	665,000
Royalties for Regions - South Hedland Bowls and Tennis Club		-	-	-	-	500,000	-	500,000
Pilbara Development Commission - South Hedland Bowls and Tennis Club		-	-	-	-	250,000	-	250,000
Pilbara Development Commission -Wayfinding Signage (Formally Coastal Access Managed Camp		43,675	-	(82)	43,593	-	(8,361)	35,232
CLGF 2010/11 - Town Entry Statement		-	100,000	-	100,000	-	(100,000)	0
CLGF 2011/2012 - South Hedland Aquatic Centre		-	-	-	-	807,745	(807,745)	0
Community Contribution - Bicycle Plan		-	32,273	-	32,273	-	-	32,273
Children Book Council of Aust		-	3,600	-	3,600	3,600	(3,600)	3,600
BHP Contribution 2010 - GP Housing Project		1,500,000	750,000	(842,135)	1,407,865	-	(1,407,865)	0
BHP - Wallwork Bridge		(974,879)	3,015,440	(1,594,177)	446,384	-	(1,794)	444,590
Dept of Local Government - Long Term Financial Plan		-	30,000	(30,000)	-	-	-	0
Dept of Local Government - Workforce Plan		-	-	-	-	25,000	(25,000)	0
Grant - Atlas Iron - Move It Hedland		-	-	-	-	4,545	(4,545)	0
Atlas Iron - Trails Master Plan		-	-	-	-	35,000	(35,000)	0
Dept of Regional Lands - PH Integrate Foreshore Redevelopment Masterplan		-	-	-	-	30,000	(30,000)	0
Lotterywest - Trails Master Plan		-	-	-	-	-	-	0
FMG - GP Housing Rent Contribution		-	54,545	(54,545)	-	75,000	(75,000)	0
Pilbara Development Commission - Port Hedland Infrastructure Capacity Study		-	-	-	-	18,182	-	18,182
Department of Housing - Port Hedland Infrastructure Capacity Study		-	-	-	-	18,182	-	18,182
Kidsport Grant		-	-	-	-	60,000	(2,689)	57,311
Regional Roads Group		-	-	-	363,331	468,667	(630,559)	201,439
Land Corp - Port Hedland Infrastructure Capacity Study		-	-	-	-	18,182	(9,420)	8,762
<b>Total</b>		<b>3,967,445</b>	<b>6,399,858</b>	<b>(5,189,484)</b>	<b>5,541,150</b>	<b>2,406,614</b>	<b>(5,644,100)</b>	<b>2,303,664</b>

**Notes:**

(\*) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(+) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(#) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

	2013 \$	2012 \$
<b>3. CASH AND CASH EQUIVALENTS</b>		
Cash on Hand - Municipal (Unrestricted)	5,186	5,230
Cash at Bank - Municipal	1,678,954	39,580,611
Cash at Bank - Reserves (Restricted)	74,559,012	37,532,884
	76,243,152	77,118,725
 <u>Cash at Bank - Municipal</u>		
Unrestricted Balance	(624,709)	30,022,829
Restricted Grants Balance	2,303,664	9,557,782
	1,678,955	39,580,611
 The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	13 894,612	949,398
Airport Reserve	13 19,059,736	12,832,619
Plant Reserve	13 54	284,697
Car Parking Reserve	13 231,597	226,624
Planning Projects Reserve	13 -	-
Waste Management Reserve	13 4,203,609	1,284,198
Bushfire Management Reserve	13 -	-
Lights Replacement Reserve	13 23,145	22,559
Depot Facilities Reserve	13 16,520	16,101
Oval Development Reserve	13 -	-
BHP - TPRH Alliance Reserve	13 -	-
South Hedland Library Reserve	13 14,571	14,202
SES Shed Reserve	13 35,247	34,355
Planning Permeability Reserve	13 -	-
Waste Management Recycle Reserve	13 453,024	441,559
BHP Reserve	13 5,637,835	7,778,997
Civil Building/Infrastructure Reserve	13 8,475	91,459
Newcrest Reserve	13 2,555	2,490
Spoilbank Reserve	13 40,759,626	10,386,348
Royalties for Regions Reserve	13 927,208	248,958
Community Facilities Reserve	13 1,258,124	2,219,262
GP Housing	13 194,298	699,113
Asset Management Reserve	13 184,665	-
Underground Power Reserve	13 654,111	-
	74,559,012	37,532,939
Unspent Grants	2c 2,303,664	6,328,267
Unspent Loans	-	3,229,515
	2,303,664	9,557,782
 Total Restricted Funds	 76,862,676	 47,090,721

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates Outstanding	407,657	54,128
Sundry Debtors	30,564,911	8,572,925
Provision for Doubtful Debts	(500,736)	(243,256)
Loans - Clubs/Institutions	67,770	63,638
Other Receivables	217,196	167,849
Accrued Income	1,458,574	2,366,431
	<u>32,215,372</u>	<u>10,981,715</u>
<b>Non-Current</b>		
Rates Outstanding - Pensioners	19,279	19,279
Service Charges - Underground Power	-	-
Loans - Clubs/Institutions	804,015	871,786
	<u>823,294</u>	<u>891,065</u>

**5. INVENTORIES**

<b>Current</b>		
Fuel	6,420	1,445
Matt Dann Kiosk	4,370	3,440
JD Hardie Centre	1,460	-
	<u>12,250</u>	<u>4,885</u>

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land - Cost	1,403,748	1,403,748
	<u>1,403,748</u>	<u>1,403,748</u>
Land and Buildings - Cost	103,211,570	91,577,497
Less Accumulated Depreciation	(15,762,020)	(13,193,013)
Reclassification of Assets	(144,924)	-
	<u>87,304,626</u>	<u>78,384,484</u>
Furniture and Equipment - Cost	8,469,715	6,300,420
Less Accumulated Depreciation	(4,857,377)	(3,941,836)
Reclassification of Assets	(824,022)	-
	<u>2,788,316</u>	<u>2,358,584</u>
Plant and Equipment - Independent Valuation 2013	19,162,144	17,079,570
Less Accumulated Depreciation	(10,629,712)	(9,025,948)
	<u>1,172,055</u>	<u>8,053,622</u>
	<u>9,704,487</u>	<u>8,053,622</u>
	<u>101,201,177</u>	<u>90,200,438</u>

**Plant and Equipment:**

The Town's Plant & Equipment was revalued at 30 June 2013 by independent valuers. All of the valuations were made on the basis of open market values of similar assets adjusted for condition and comparability (Level 2 inputs in the fair value hierarchy).

The revaluation resulted in a net decrease of \$635,037 in the net value of the Town's Plant & Equipment. All of this decrease was debited to Other Comprehensive Income in the Statement of Comprehensive Income (refer to Note 14(b) for further details).

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**6. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**Movements in Carrying Amounts**

	<b>Land</b>	<b>Land &amp; Buildings</b>	<b>Furniture &amp; Equipment</b>	<b>Plant and Equipment (Level 2)</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance as at the beginning of the year 1/7/2012	1,403,748	78,384,484	2,358,584	8,053,622	90,200,438
Additions	-	11,634,073	2,169,295	3,178,940	16,982,308
(Disposals)	-	-	-	(461,329)	(461,329)
Revaluation - Increments	-	-	-	621,066	621,066
- (Decrements)	-	-	-	(1,256,103)	(1,256,103)
Impairment - (losses)	-	-	-	-	-
- reversals	-	-	-	-	-
Initial Recognition of assets Due to Changes to Regulations					-
Depreciation (Expense)	-	(2,569,007)	(915,541)	(1,603,764)	(5,088,312)
Reclassification of Assets		(144,924)	(824,022)	1,172,055	203,109
<b>Carrying amount at the end of year 30/6/2013</b>	<b><u>1,403,748</u></b>	<b><u>87,304,626</u></b>	<b><u>2,788,316</u></b>	<b><u>9,704,487</u></b>	<b><u>101,201,177</u></b>

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>7. INFRASTRUCTURE</b>		
Roads - Cost	83,610,567	81,968,545
Less Accumulated Depreciation	<u>(22,905,302)</u>	<u>(21,472,543)</u>
	60,705,265	60,496,002
Footpaths - Cost	9,633,479	9,593,029
Less Accumulated Depreciation	<u>(2,431,191)</u>	<u>(2,422,744)</u>
	7,202,288	7,170,285
Drainage - Cost	9,915,686	9,880,203
Less Accumulated Depreciation	<u>(3,480,098)</u>	<u>(3,347,988)</u>
	6,435,588	6,532,215
Parks & Ovals - Cost	47,338,934	43,843,009
Less Accumulated Depreciation	<u>(10,393,673)</u>	<u>(8,147,875)</u>
	<u>(203,109)</u>	<u>(203,109)</u>
	36,742,152	35,695,134
Bridges - Cost	4,794,897	3,953,103
Less Accumulated Depreciation	<u>(567,295)</u>	<u>(467,440)</u>
	4,227,602	3,485,663
Bus Shelters - Cost	205,185	205,185
Less Accumulated Depreciation	<u>(159,825)</u>	<u>(139,306)</u>
	45,360	65,879
Depot - Cost	671,326	666,027
Less Accumulated Depreciation	<u>(172,587)</u>	<u>(155,075)</u>
	498,739	510,952
Airport - Cost	27,813,161	27,088,038
Less Accumulated Depreciation	<u>(12,528,097)</u>	<u>(11,833,641)</u>
	15,285,064	15,254,397
	<u>131,142,058</u>	<u>129,210,527</u>

This policy also accords with AASB 116.



**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**7 INFRASTRUCTURE (Continued)**

**Movements in Carrying Amounts**

Movement in the carrying amounts of each class of infrastructure between the beginning and the end of the current financial year.

	<b>Roads \$</b>	<b>Footpaths \$</b>	<b>Drainage \$</b>	<b>Parks and Ovals \$</b>	<b>Bridges \$</b>	<b>Bus Shelters \$</b>	<b>Depots \$</b>	<b>Airport \$</b>	<b>Total \$</b>
Balance at the beginning	60,496,002	7,170,285	6,532,215	35,695,134	3,485,663	65,879	510,952	15,254,397	129,210,527
of the year 1.7.2012									
Additions	1,642,022	40,450	35,483	3,495,925	841,794		5,299	725,122	6,786,095
(Disposals)	-	-	-	-	-	-	-	-	-
Revaluation - Increments	-	-	-	-	-	-	-	-	-
- (Decrements)	-	-	-	-	-	-	-	-	-
Impairment - (losses)	-	-	-	-	-	-	-	-	-
- reversals	-	-	-	-	-	-	-	-	-
Depreciation (Expense)	(1,432,759)	(8,447)	(132,110)	(2,245,798)	(99,855)	(20,519)	(17,512)	(694,455)	(4,651,455)
Reclassification				(203,109)					(203,109)
<b>Carrying amount at the end of year 30 June 2013</b>	<b><u>60,705,265</u></b>	<b><u>7,202,288</u></b>	<b><u>6,435,588</u></b>	<b><u>36,742,152</u></b>	<b><u>4,227,602</u></b>	<b><u>45,360</u></b>	<b><u>498,739</u></b>	<b><u>15,285,064</u></b>	<b><u>131,142,058</u></b>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**8. INTANGIBLES**

The Easements registered to Town of Port Hedland at 30th June 2013 mainly provide right of access for the purpose of water, sewerage, storm water and similar activities. For most of the easements, the access is for Government Agencies like Water Corporation, State Energy Commission and other similar agencies.

The Town is of the view that due to the nature of the easements which mainly provide access only, it is not able to put a value to these easements which will provide future economic benefits to the organisation.

**9. TRADE AND OTHER PAYABLES**

	2013 \$	2012 \$
<b>Current</b>		
Sundry Creditors	9,099,082	11,085,122
Income in Advance	2,116,106	32,373,607
Accrued Interest on Debentures	310,198	287,228
Accrued Salaries and Wages	311,634	187,940
	<u>11,837,020</u>	<u>43,933,897</u>

**10. LONG-TERM BORROWINGS**

	2013 \$	2012 \$
<b>Current</b>		
Secured by Floating Charge Debentures	<u>1,304,847</u>	<u>1,008,734</u>
	<u>1,304,847</u>	<u>1,008,734</u>
<b>Non-Current</b>		
Secured by Floating Charge Debentures	<u>25,359,507</u>	<u>20,564,243</u>
	<u>25,359,507</u>	<u>20,564,243</u>

Additional detail on borrowings is provided in Note 23.

**11. PROVISIONS**

	2013 \$	2012 \$
Analysis of Total Provisions		
Current	2,288,682	1,516,073
Non-Current	153,881	117,412
	<u>2,442,563</u>	<u>1,633,485</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Provision for Sick Leave \$	Total \$
Opening balance as at 1 July 2012	1,000,056	423,096	210,333	1,633,485
Additional provisions	575,634	257,454	(24,010)	809,078
Balance at 30 June 2013	<u>1,575,690</u>	<u>680,550</u>	<u>186,323</u>	<u>2,442,563</u>

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**12. RESERVES - CASH/INVESTMENT BACKED**

	2013 \$	2013 Budget \$	2012 \$
<b>(a) Leave Reserve</b>			
Opening Balance	949,398	951,369	909,268
Amount Set Aside / Transfer to Reserve	25,934	42,800	40,130
Amount Used / Transfer from Reserve	<u>(80,720)</u>	<u>-</u>	<u>-</u>
	<u>894,612</u>	<u>994,169</u>	<u>949,398</u>
<b>(b) Airport Reserve</b>			
Opening Balance	12,832,620	7,524,206	11,256,168
Amount Set Aside / Transfer to Reserve	37,996,262	5,833,144	17,628,189
Amount Used / Transfer from Reserve	<u>(31,769,146)</u>	<u>(11,015,481)</u>	<u>(16,051,737)</u>
	<u>19,059,736</u>	<u>2,341,869</u>	<u>12,832,620</u>
<b>(c) Plant Reserve</b>			
Opening Balance	284,697	285,263	272,663
Amount Set Aside / Transfer to Reserve	6,579	12,800	12,034
Amount Used / Transfer from Reserve	<u>(291,222)</u>	<u>-</u>	<u>-</u>
	<u>54</u>	<u>298,063</u>	<u>284,697</u>
<b>(d) Car Parking Reserve</b>			
Opening Balance	226,624	690,529	158,275
Amount Set Aside / Transfer to Reserve	4,973	32,600	68,349
Amount Used / Transfer from Reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>231,597</u>	<u>723,129</u>	<u>226,624</u>
<b>(f) Waste Management Reserve</b>			
Opening Balance	1,284,198	132,561	614,645
Amount Set Aside / Transfer to Reserve	4,469,751	3,248,479	2,791,793
Amount Used / Transfer from Reserve	<u>(1,550,340)</u>	<u>(1,670,378)</u>	<u>(2,122,240)</u>
	<u>4,203,609</u>	<u>1,710,662</u>	<u>1,284,198</u>
<b>(h) Lights Replacement Reserve</b>			
Opening Balance	22,559	21,533	21,333
Amount Set Aside / Transfer to Reserve	586	1,000	1,226
Amount Used / Transfer from Reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>23,145</u>	<u>22,533</u>	<u>22,559</u>
<b>(i) Depot Facilities Reserve</b>			
Opening Balance	16,101	16,121	15,420
Amount Set Aside / Transfer to Reserve	419	700	681
Amount Used / Transfer from Reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>16,520</u>	<u>16,821</u>	<u>16,101</u>
<b>(l) South Hedland Library Reserve</b>			
Opening Balance	14,202	14,202	13,602
Amount Set Aside / Transfer to Reserve	369	600	600
Amount Used / Transfer from Reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>14,571</u>	<u>14,802</u>	<u>14,202</u>

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**12. RESERVES - CASH/INVESTMENT BACKED CONTINUED**

	2013 \$	2013 Budget \$	2012 \$
<b>(m) SES Shed Reserve</b>			
Opening Balance	34,355	34,403	32,903
Amount Set Aside / Transfer to Reserve	892	1,500	1,452
Amount Used / Transfer from Reserve	-	-	-
	<u>35,247</u>	<u>35,903</u>	<u>34,355</u>
<b>(o) Waste Management &amp; Recycling Reserve</b>			
Opening Balance	441,559	492,629	422,895
Amount Set Aside / Transfer to Reserve	11,465	22,200	18,664
Amount Used / Transfer from Reserve	-	-	-
	<u>453,024</u>	<u>514,829</u>	<u>441,559</u>
<b>(p) BHP Reserve</b>			
Opening Balance	7,778,996	6,095,618	8,347,897
Amount Set Aside / Transfer to Reserve	3,800,529	3,823,983	10,686,781
Amount Used / Transfer from Reserve	(5,941,690)	(9,919,601)	(11,255,682)
	<u>5,637,835</u>	<u>0</u>	<u>7,778,996</u>
<b>(q) Civil Building/Infrastructure Reserve</b>			
Opening Balance	91,459	91,592	87,593
Amount Set Aside / Transfer to Reserve	2,333	4,100	3,866
Amount Used / Transfer from Reserve	(85,317)	-	-
	<u>8,475</u>	<u>95,692</u>	<u>91,459</u>
<b>(r) Newcrest Reserve</b>			
Opening Balance	2,490	6,985	2,385
Amount Set Aside / Transfer to Reserve	65	300	105
Amount Used / Transfer from Reserve	-	-	-
	<u>2,555</u>	<u>7,285</u>	<u>2,490</u>
<b>(s) Spoilbank Reserve</b>			
Opening Balance	10,386,348	40,537,932	514,333
Amount Set Aside / Transfer to Reserve	30,424,234	24,200	9,872,015
Amount Used / Transfer from Reserve	(50,956)	(1,500,000)	0
	<u>40,759,626</u>	<u>39,062,132</u>	<u>10,386,348</u>
<b>(t) Royalties for Regions Reserve</b>			
Opening Balance	248,958	-	3,246,157
Amount Set Aside / Transfer to Reserve	3,220,510	-	146,168
Amount Used / Transfer from Reserve	(2,542,260)	-	(3,143,367)
	<u>927,208</u>	<u>-</u>	<u>248,958</u>
<b>(u) Community Facilities Reserve</b>			
Opening Balance	2,219,262	1,522,059	1,561,856
Amount Set Aside / Transfer to Reserve	530,011	1,144,708	1,196,338
Amount Used / Transfer from Reserve	(1,491,149)	(920,000)	(538,932)
	<u>1,258,124</u>	<u>1,746,767</u>	<u>2,219,262</u>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**12. RESERVES - CASH/INVESTMENT BACKED CONTINUED**

	2013 \$	2013 Budget \$	2012 \$
<b>(v) GP Housing Reserve</b>			
Opening Balance	699,113	2,344,800	-
Amount Set Aside / Transfer to Reserve	1,535,109	38,300	2,999,238
Amount Used / Transfer from Reserve	<u>(2,039,924)</u>	<u>(2,343,200)</u>	<u>(2,300,125)</u>
	<u>194,298</u>	<u>39,900</u>	<u>699,113</u>
<b>(u) Asset Management Reserve</b>			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	366,735	365,805	-
Amount Used / Transfer from Reserve	<u>(182,070)</u>	<u>0</u>	<u>-</u>
	<u>184,665</u>	<u>365,805</u>	<u>-</u>
<b>(w) Underground Power Reserve</b>			
Opening Balance	-	-	-
Amount Set Aside / Transfer to Reserve	654,111	11,195,029	-
Amount Used / Transfer from Reserve	<u>-</u>	<u>(11,195,029)</u>	<u>-</u>
	<u>654,111</u>	<u>-</u>	<u>-</u>
<b>TOTAL CASH BACKED RESERVES</b>	<u><u>74,559,013</u></u>	<u><u>47,990,361</u></u>	<u><u>37,532,939</u></u>

**12. RESERVES - CASH BACKED**

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

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

**Leave Reserve**

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

**Airport Reserve**

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

**Plant Reserve**

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

**Car Parking Reserve**

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

**Waste Management Reserve**

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

**Lights Replacement Reserve**

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

**Depot Facilities Reserve**

- to be used for the depot upgrade.

**South Hedland Library Reserve**

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

**SES Shed Reserve**

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

**Waste Management & Recycling Reserve**

- to fund future waste recycling products.

**BHP Reserve**

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

**Civic Building /Infrastructure Reserve**

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

**Newcrest Reserve**

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

**Spoilbank Reserve**

- for development projects on the Port Hedland Spoilbank Reserve.

**Royalties for Regions Reserve**

- to hold funds associated with contributions from the State Government to fund Royalties for Regions projects to assist Council in achieving the Strategic Plan.

**Community Facilities Reserve**

- for the development and upgrade of community infrastructure within the Town of Port Hedland.

**Asset Management Reserve**

- for the ongoing maintenance, refurbishment and development of Council owned assets within the Town of Port Hedland

**Underground Power Reserve**

- being for the installation of Underground Power within the Town of Port Hedland.

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

**TOWN OF PORT HEDLAND**  
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<b>13. ASSET REVALUATION</b>	<b>2013</b>	<b>2012</b>
<b>Reserves</b>	<b>\$</b>	<b>\$</b>
Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:		
<b>(i) Land and Buildings</b>		
Opening balance	662,217	662,217
Revaluation Increment	-	-
Revaluation Decrement	-	-
	<u>662,217</u>	<u>662,217</u>
<b>(ii) Roads</b>		
Opening Balance	190,311	190,311
Revaluation Increment	-	-
Revaluation Decrement	-	-
	<u>190,311</u>	<u>190,311</u>
<b>TOTAL ASSET REVALUATION RESERVES</b>	<u><u>852,528</u></u>	<u><u>852,528</u></u>

**14. NOTES TO THE STATEMENT OF CASH FLOWS**

**(a) Reconciliation of Cash**

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

	<b>2013</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Cash and Cash Equivalents	<u>76,243,152</u>	<u>59,092,871</u>	<u>77,118,725</u>

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

Net Result	59,426,370	22,379,458	32,379,195
Depreciation	9,739,767	9,858,394	7,982,279
(Profit)/Loss on Sale of Asset	107,356	18,400	(11,000)
Loss on Revaluation of Assets	635,037		
Increase/(Decrease) in Employee Provisions	809,078	4,305,074	42,161
(Increase)/Decrease in Receivables	(21,229,526)	(1,859,613)	(4,062,154)
(Increase)/Decrease in Inventories	(7,365)	(10,000)	9,566
Increase/(Decrease) in Payables	(32,096,877)	(429,037)	36,659,720
Grants/Contributions for the Development of Assets	<u>(37,648,480)</u>	<u>(27,821,031)</u>	<u>(26,741,647)</u>
Net Cash from Operating Activities	<u><u>(20,264,640)</u></u>	<u><u>6,441,645</u></u>	<u><u>46,258,120</u></u>

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Undrawn Borrowing Facilities</b>		
<b>Credit Standby Arrangements</b>		
Bank Overdraft limit	-	-
Bank Overdraft at Balance Date	-	-
Credit Card limit	13,000	13,000
Credit Card Balance at Balance Date	7,964	7,787
<b>Total Amount of Credit Unused</b>	<u>5,036</u>	<u>5,213</u>
<b>Loan Facilities</b>		
Loan Facilities - Current	1,304,847	1,008,734
Loan Facilities - Non-Current	25,359,507	20,564,243
<b>Total Facilities in Use at Balance Date</b>	<u>26,664,354</u>	<u>21,572,977</u>
<b>Unused Loan Facilities at Balance Date</b>	<b>NIL</b>	<b>NIL</b>
<b>Unused Credit Card Facilities at Balance Date</b>	<u>5,036</u>	<u>5,213</u>

**TOWN OF PORT HEDLAND  
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**15. CONTINGENT LIABILITIES**

Two claims for damages have been brought against the Council. The first claim relates to personal injury and this is being investigated by the Council's insurer who, at this stage, will cover the cost if it is payable with the exception of the initial \$5,000.

The second claim relates to litigation and the action is being defended by the Council. The matter has been referred to mediation. At this stage, the quantum of the claim cannot be assessed.

**16. CAPITAL AND LEASING COMMITMENTS**

**(a) Finance Lease Commitments**

Nil

**(b) Operating Lease Commitments**

	2013	2012
	\$	\$
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	141,240	302,899
- later than one year but not later than five years	86,534	377,800
- later than five years	-	-
	<u>227,774</u>	<u>680,699</u>

**(c) Capital Expenditure Commitments**

	2013	2012
	\$	\$
Contracted for:		
- Building expenditure projects	4,458,480	10,183,515
- Road expenditure projects	210,737	1,231,157
- Airport expenditure projects	82,122	
- Drainage expenditure projects	-	125,718
- Footpaths expenditure projects	68,860	89,768
- Parks expenditure projects	524,007	2,064,682
- Land development expenditure projects	-	187
- Furniture & equipment purchases	220,493	672,804
- Plant & equipment purchases	343,389	254,696
	<u>5,908,088</u>	<u>14,622,526</u>
Payable:		
- not later than one year	5,908,088	14,588,838

**17. 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:

	2013	2012
	\$	\$
<b>Non-Current Assets</b>		
Buildings	471,860	463,811
Less: Accumulated Depreciation	(102,128)	(91,334)
	<u>369,732</u>	<u>372,477</u>

**TOWN OF PORT HEDLAND  
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**18. 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-12 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-13 \$
Special Projects	2,200			2,200
Building Retention	4,616			4,616
Staff Bonds	23,906	14,489	1,060	37,335
Nomination Election Bonds	-	160	160	-
Ranger Services	1,404	3,409	2,236	2,577
Community Bank	960			960
Deposits - Halls	11,500	16,650	13,000	15,150
Deposits - Trailer/Comm Bus	1,400	2,080	3,080	400
Deposits - Sportsgrounds	17,540	25,800	23,100	20,240
POS Reserve	898			898
Blackrock Stakes Donations	178			178
Airport Cafe	-			-
BRB Levy	14,791	429,070	380,809	63,051
BCITF Levy	36,439	835,010	819,186	52,264
Unclaimed Money	2,547			2,547
Sundry	695			695
Garden Competition	4,850			4,850
MDCC Hire Events	-	1,000		1,000
Building Bonds	22,280			22,280
DAP	11,506	85,300	73,185	23,621
Cyclone George Note 1	103,410			103,410
Tech Services Bonds	-	30,500	13,500	17,000
	<u>261,120</u>	<u>1,443,468</u>	<u>1,329,316</u>	<u>375,272</u>

**19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY**

	2013 \$	2012 \$
Governance	5,124,906	4,531,999
General Purpose Funding	426,936	73,407
Law, Order, Public Safety	5,610,606	4,411,756
Health	387,657	420,262
Education and Welfare	3,632,854	8,102,184
Housing	15,382,578	12,829,502
Community Amenities	6,974,799	6,429,289
Recreation and Culture	96,370,942	91,270,443
Transport	167,112,222	121,670,226
Economic Services	732,827	553,933
Other Property and Services	2,629,347	3,575,749
Unallocated	37,251,630	54,538,606
	<u>341,637,304</u>	<u>308,407,356</u>



**TOWN OF PORT HEDLAND**  
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**20. DISPOSALS OF ASSETS - 2012/13 FINANCIAL YEAR**

The following assets were disposed of during the year.

2012/13	Net Book Value		Sale Proceeds		Profit (Loss)	
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET
	\$	\$	\$	\$	\$	\$
<b>Plant and Equipment</b>						
PH9876 - Camry Altise	-	11,600	-	-	-	(11,600)
PH9879 - Landcruiser S/Wagon	34,582	35,800	32,727	50,000	(1,855)	14,200
1DFB088 - Mitsubishi Pajero	33,823	34,700	19,090	26,000	(14,733)	(8,700)
1DGC955 - Mitsubishi Pajero	32,394	34,100	27,182	26,000	(5,212)	(8,100)
PH10814 - Hilux 4x4 Extra Cab	-	27,000	-	20,000	-	(7,000)
PH10279 - Corolla Hatch	9,237	9,600	6,818	10,000	(2,419)	400
PH10209 - Corolla Sedan	8,901	9,200	4,545	10,000	(4,356)	800
PH10688 - Hilux 4x2 Single Cab	-	15,900	-	14,000	-	(1,900)
PH10290 - Hilux 4x4 Dual Cab	-	18,600	-	20,000	-	1,400
PH10849 - Hilux Extra Cab	-	27,000	-	21,000	-	(6,000)
PH10277 - Hilux 4x2 Single Cab	-	13,700	-	14,000	-	300
PH10673 - Colorado 4x4 Dual Cab	-	24,000	-	15,000	-	(9,000)
PH10698 - Prius	18,488	19,000	8,182	10,000	(10,306)	(9,000)
1DFB089 - Mitsubishi Pajero	33,823	34,200	24,545	26,000	(9,278)	(8,200)
1DGC464 - Mitsubishi Pajero	33,823	34,200	20,909	26,000	(12,914)	(8,200)
PH10695 - Hilux 4.2 Single Cab	-	15,400	-	14,000	-	(1,400)
P12081707 - Toro Z-Master Mower	9,923	10,400	4,455	4,000	(5,468)	(6,400)
P120813-04 - John Deere Mower	4,370	5,000	1,818	4,000	(2,552)	(1,000)
P12100807 - John Deere Mower	-	5,300	-	4,000	-	(1,300)
P12081807 - Toro Groundmaster 4WD Mower	8,678	9,100	2,182	4,000	(6,496)	(5,100)
P12083507 - Mitsubishi 4x2 Truck	13,421	14,700	8,182	18,000	(5,239)	3,300
P12083307 - Mitsubishi 4x2 Truck	21,697	22,700	10,455	18,000	(11,242)	(4,700)
P12084307 - Mitsubishi 4x2 Truck	20,709	22,700	6,662	18,000	(14,047)	(4,700)
P12080808 - Clark Bobcat S205	-	26,200	-	10,000	-	(16,200)
P30218 - John Deere Tractor	-	(9,000)	-	15,500	-	24,500
P19737 - Iveco Tip Truck	-	30,200	-	70,000	-	39,800
PH10214	16,628	-	9,091	-	(7,537)	-
PH10278	15,589	-	10,000	-	(5,589)	-
PH10280	17,916	-	9,182	-	(8,734)	-
PH10732	28,227	-	20,227	-	(8,000)	-
PH9083	6,870	-	6,591	-	(279)	-
PH10283	15,345	-	11,818	-	(3,527)	-
PH9382	6,076	-	4,773	-	(1,303)	-
Trailers	1,040	-	664	-	(376)	-
P12083007 - PH9743 Toyota Camry	10,525	-	9,545	-	(980)	-
PH10281 - Hilux 4x4	15,101	-	5,000	-	(10,101)	-
PH9742	8,807	-	5,455	-	(3,352)	-
P20400 - International Domestic Garbage Truck	-	35,100	-	46,000	0	10,900
	<b>425,993</b>	<b>536,400</b>	<b>270,098</b>	<b>513,500</b>	<b>(155,895)</b>	<b>(22,900)</b>

	Net Book Value		Sale Proceeds		Profit (Gain)	
	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET
	\$	\$	\$	\$	\$	\$
<b>Plant and Equipment</b>						
Minor equipment	-	-	6,230	-	6,230	-
P1077 - PH5196	-	-	1,909	-	1,909	-
P12091-03 - John Deere Mower	-	(2,500)	1,909	2,000	1,909	4,500
Reimbursement of insurance for write off of PH11206	23,023	-	27,882	-	4,859	-
Reimbursement of insurance for write off of PH8474	-	-	23,200	-	23,200	-
Reimbursement of insurance for write off of PH11492	12,314	-	22,745	-	10,432	-
	<b>35,337</b>	<b>(2,500)</b>	<b>83,875</b>	<b>2,000</b>	<b>48,539</b>	<b>4,500</b>

**TOWN OF PORT HEDLAND  
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21. FINANCIAL RATIOS	2013	2012	2011	2010
Current Ratio	0.804	0.965	1.489	1.245
Asset Sustainability Ratio	2.440	5.395	8.128	3.889
Debt Service Cover Ratio	5.777	11.349	11.940	8.950
Operating Surplus Ratio	0.031	0.119	0.187	0.158
Own Source Revenue Ratio	0.847	1.078	1.118	1.157
Asset Consumption Ratio	-	-	-	-
Asset Renewal Funding Ratio	-	-	-	-

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted current assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Asset Sustainability Ratio	$\frac{\text{capital renewal and replacement expenditure}}{\text{depreciation expense}}$
Debt Service Cover Ratio	$\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$
Operating Surplus Ratio	$\frac{\text{operating revenue minus operating expense}}{\text{own source operating revenue}}$
Own Source Revenue Ratio	$\frac{\text{own source operating revenue}}{\text{operating expense}}$
Asset Consumption Ratio	$\frac{\text{depreciated replacement cost of assets}}{\text{current replacement cost of depreciated assets}}$
Asset Renewal Funding Ratio	$\frac{\text{NPV of planned capital renewals over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$

**Notes**

**Asset Consumption Ratio**

The assets are being valued over a three year period in line with Local Government (Financial Management) Regulations as follows:

Plant & Equipment - Financial Year ended 30 June 2013

Land & Buildings- Financial Year ending 30 June 2014

Infrastructure and remaining assets - Financial Year ending 30 June 2015

In view of the above, we are unable to complete this ratio for the Financial Year ended 2012/13 and the previous years

**Asset Renewal Funding Ratio**

The Town of Port Hedland is currently developing the Long Term Financial Plan and is not able to complete this ratio for the Financial Year ended 30 June 2012/13 and the previous years

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**22. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 1-Jul-12 \$	New Loans		Principal Repayments		Principal 30-Jun-13		Interest Repayments	
		Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Governance</b>									
<b>Law, Order &amp; Public Safety</b>									
State Emergency Services Shed(*)	123	244,707		28,746	28,746	215,961	242,962	15,113	15,113
<b>Education &amp; Welfare</b>									
HACC Housing Upgrade	122	291,318		34,221	34,221	257,097	289,241	17,992	17,992
GP Housing Loan	135	-	1,500,000	-	44,509	1,500,000	1,455,491	-	75,000
<b>Housing</b>									
Staff Housing	106	248,624		120,085	120,085	128,539	240,727	15,163	15,163
Staff Housing	107	116,841		56,814	56,814	60,028	113,799	5,738	5,738
Staff Housing - Morgans Street	125	1,380,768		45,321	45,321	1,335,448	1,377,857	92,450	93,380
Staff Housing - Morgans Street	127	2,020,444		62,984	62,984	1,957,460	2,016,381	135,936	137,245
Staff Housing Airport	131	1,265,156		36,981	36,981	1,228,175	1,263,019	75,865	76,657
Catamore Court Housing		-	1,095,000	-	16,246	-	1,078,754	-	27,840
<b>Community Amenities</b>									
Underground Power	124	-	6,871,853	-	2,078,759	-	4,793,094	-	549,377
Underground Power	134	-	654,111	-	-	654,111	-	-	-
<b>Recreation &amp; Culture</b>									
PH Golf Club (*)	111	-		-	-	-	883	-	-
Aquatic Centre Upgrade	112	389,126		67,905	67,905	321,221	384,788	24,990	24,990
Swimming Pool Extension	114	234,199		37,301	37,301	196,897	232,129	13,028	13,028
Civic Centre Upgrade	117	19,151		19,150	19,150	1	36,784	524	524
Civic Centre		-	5,000,000	-	74,181	-	4,925,819	-	125,000
Tennis Courts	120	5,165		5,165	5,165	0	9,901	148	148
Yacht Club (*)	126	452,176		23,592	23,592	428,584	450,700	28,609	28,900
Yacht Club Additional (*)	128	238,541		11,301	11,301	227,241	237,883	14,052	14,196
JD Hardie Upgrade	129	1,508,501		44,048	44,048	1,464,453	1,505,952	90,608	91,553
Marquee Park	130	807,778		23,587	23,587	784,191	806,413	48,519	49,025
Marquee Park Loan B	132	4,438,000		130,181	130,181	4,307,819	130,181	229,987	232,635
Multi-purpose Recreation Centre	133	7,819,000		229,357	229,357	7,589,643	229,357	405,197	409,864
South Hedland Bowling Club		-	500,000	-	7,418	-	492,582	-	12,500
JD Hardie Facility Upgrade	136	-	1,446,000	-	-	1,446,000	-	-	-
Wanangkura Stadium	137	-	2,500,000	-	-	2,500,000	-	-	-
<b>Transport</b>									
Depot	113	-		-	-	-	26,216	-	-
Wallwork Road Bridge		-	850,000	-	12,611	-	837,389	-	21,250
Airport Redevelopment		-	15,075,000	-	-	-	15,075,000	-	-
<b>Economic Services</b>									
Port Hedland Visitors Centre	116	66,230		4,739	4,739	61,491	65,967	3,767	3,767
		21,545,725	6,100,111	30,891,853	981,478	3,215,202	26,664,357	37,600,193	1,217,686
									2,040,886

(\*) 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  
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**22. INFORMATION ON BORROWINGS (Cont'd)**

(b) New Debentures - 2012/13

Particulars/Purpose		Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
		Actual \$	Budget \$						Actual \$	Budget \$	
GP Housing Loan	135	1,500,000	1,500,000	WATC	Debenture	20		4.73%	1,500,000		-
Underground Power	124	654,111	6,871,853	WATC	Debenture	5		3.67%	654,111		-
Multi-purpose Recreation Centre	137	2,500,000	-	WATC	Debenture	20		4.82%	2,500,000		-
JD Hardie Facility Upgrade	136	1,446,000	-	WATC	Debenture	20		4.82%	1,446,000		-
Total											-

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-12 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-13 \$

(d) Overdraft

Council did not have an overdraft facility in place for the year ended 30 June 2013.

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**23. RATING INFORMATION - 2012/13 FINANCIAL YEAR**

(a) Rates

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 \$
<b>Differential General Rate</b>											
GRV Residential	3.1025	4,712	354,834,239	11,071,437	442,431	23,659	11,537,527	15,025,212	-	-	15,025,212
GRV Commercial	3.1340	162	26,455,289	931,682	35,591	6,992	974,265	829,109	-	-	829,109
GRV Industrial	3.1025	310	45,002,488	1,427,160	6,182	2,088	1,435,429	1,396,202	-	-	1,396,202
GRV Shopping Centre	6.2050	2	8,681,850	538,709	-	-	538,709	538,709	-	-	538,709
GRV Ex Gratia	3.1025	0	-	-	-	-	-	-	-	-	-
GRV Mass Accommodation	7.4551	16	29,432,520	2,085,678	183,118	-	2,268,796	2,194,224	-	-	2,194,224
UV Mining Improved	35.3748	51	1,581,308	559,061	11,007	(595)	569,473	559,385	-	-	559,385
UV Mining Vacant	35.3747	66	1,149,692	406,727	21,264	(14,480)	413,511	406,700	-	-	406,700
UV Pastoral	5.7685	8	1,611,162	92,940	9,563	(6)	102,497	92,940	-	-	92,940
UV Other	11.7216	13	1,566,560	183,626	(1,040)	-	182,586	183,626	-	-	183,626
UV Other Vacant	13.3060	1	200,000	26,612	-	-	26,612	26,612	-	-	26,612
<b>Sub-Totals</b>		5,341	470,515,108	17,323,632	708,116	17,658	18,049,406	21,252,719	-	-	21,252,719
<b>Minimum Rates</b>	<b>Minimum \$</b>										
GRV Residential	1040	439	7,232,482	456,560	-	-	456,560	460,000	-	-	425,360
GRV Commercial	1040	72	1,145,508	74,880	-	-	74,880	199,000	-	-	76,960
GRV Industrial	1040	54	933,914	56,160	-	-	56,160	31,000	-	-	47,840
GRV Shopping Centre	1040	-	-	-	-	-	-	-	-	-	0
GRV Ex Gratia	1040	-	-	-	-	-	-	-	-	-	0
UV Mining Improved	1070	-	-	-	-	-	-	46,000	-	-	0
UV Mining Vacant	1040	47	59,526	48,880	-	-	48,880	291,000	-	-	48,880
UV Pastoral	1040	249	182,709	258,960	-	-	258,960	3,000	-	-	256,880
UV Other	1040	2	27,000	2,080	-	-	2,080	-	-	-	2,080
UV Other Vacant	1040	1	102	1,040	-	-	1,040	-	-	-	1,040
UV Other Vacant	1040	10	48	10,400	-	-	10,400	9,000	-	-	9,360
<b>Sub-Totals</b>		874	9,581,289	908,960	-	-	908,960	1,039,000	-	-	868,400
Discounts (refer note 26)							18,958,366 (101,284)				22,121,119 (85,667)
<b>Total Amount Raised from General Rate</b>							18,857,082				22,035,452
Specified Area Rate (refer note 24)											
<b>Total Rates</b>							18,857,082				22,035,452

**SHIRE OF SOMEWHERE**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**23. RATING INFORMATION - 2012/13 FINANCIAL YEAR**

(b) Information on Surplus/(Deficit) Brought Forward	<b>2013</b> <b>(30 June 2013</b> <b>Carried</b> <b>Forward)</b> <b>\$</b>	<b>2013</b> <b>(1 July 2012</b> <b>Brought</b> <b>Forward)</b> <b>\$</b>
<b>Surplus/(Deficit) - Rate Setting Statement</b>	<u>(2,438,520)</u>	<u>7,077,017</u>
<b><u>Comprises:</u></b>		
Current Assets		
Cash - Unrestricted	(619,523)	30,028,059
Cash - Restricted	76,862,676	47,090,721
Investments - Restricted		0
Rates - Current	407,657	54,128
Sundry Debtors	30,564,911	8,572,925
Provisions for Doubtful Debts	(500,736)	(243,256)
Other Receivables	217,196	167,849
Loans - Clubs/ Institutions	67,770	63,638
GST Receivable	-	-
Accrued Income	1,458,574	2,366,431
Inventories		
- Fuel	6,420	1,445
- Matt Dann Kiosk	4,370	3,440
- JD Hardie Centre	1,460	-
	<u>108,470,772</u>	<u>88,105,381</u>
<b>Current Liability</b>		
Sundry Creditors	9,099,082	11,085,122
Accrued Interest on Debentures	310,198	287,228
Accrued Salaries and Wages	311,634	187,940
Current Employee Benefits Provision	2,288,682	1,516,073
Income in advance	2,116,106	32,373,607
Current Loan liability	1,304,847	1,008,734
	<u>15,430,549</u>	<u>46,458,705</u>
<b>Net current assets</b>	<b>93,040,223</b>	<b>41,646,676</b>
Less		
Reserves - Restricted Cash	74,559,012	37,532,939
Restricted Receivables	19,920,924	-
Unspent grants	2,303,664	6,328,267
Unspent loans	-	3,229,515
Add		
Current Loan liability	1,304,847	1,008,734
<b>Surplus/(Deficit)</b>	<u><b>(2,438,530)</b></u>	<u><b>(4,435,311)</b></u>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**24. SPECIFIED AREA RATE - 2012/13 FINANCIAL YEAR**

No specified area rates were raised in 2012/13.

**25. SERVICE CHARGES - 2012/13 FINANCIAL YEAR**

The Town of Port Hedland, partnered with Horizon Power and the State Government through Royalties for Regions are installing underground power to the residents within the Town of Port Hedland, specifically South Hedland and Wedgefield.

The Town of Port Hedland will contribute 25% of the project costs.

The Town will impose a service charge under section 6.38 of the Local Government Act 1995, to collect the charges associated with installing underground power to each property within the project area.

**Charges**

The fees have been determined as follows:

Connection Fee	1027.58
kVA Fee	137.58

**Rebates**

The Town of Port Hedland will offer the following rebates (reductions to the total charge per property) as follows:

1. Pensioners	0.05
2. Not For Profit Organisations	0.05
3. Small Business	0.05

All rebates will be subject to eligibility tests as follows:

*Pensioner Rebate Test*

Eligible pensioner as per the Rates and Charges (Rebates and Deferments Act 1992).

*Not for Profit Rebate Test*

Those receiving Rates Concessions or Rates Exemptions as per Council Policies.

*Small Businesses*

Must satisfy the following conditions:

1. must have less than 20 employees; and
2. turnover of less than \$2,000,000 per annum

*Payment Options*

1. One payment, due on the 29 October 2012
2. Five payments over five years due on the date that the first instalment for rates is due and payable in each year.

Properties opting for option 2 will be subject to a nominal interest charge equal to the cost to the Council of borrowing the funds to support payments by instalments.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2012/13 FINANCIAL YEAR**

**Discounts**

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2012/13 FINANCIAL YEAR CONTINUED**

**Incentives**

Council has continued the Rates Incentive Program that provides an incentive to ratepayers who elect to pay their rates as per option 1 by 29 October 2012.

Draw prizes and their approximate values this year consist of:

***Platinum Sponsors***

\* Airnorth:-

\$2,400 - 2 return flight tickets from Port Hedland to Broome (valid till 31 October 2013)

\* Big Sky Building Society

\$2,000 - Cash

\* BJ Young Earthmoving:-

\$2,000 - Cash

\* Pilbara Logistics:-

\$2,000 - Cash

\* Subway North West:-

1 x 21 piece subway platter every four weeks for one year

1 x \$20 subway voucher weekly for one year

\* Shane Jacob Settlements:-

\$2,000 - Settlement fees as prescribed under the Settlement Agents Act

\* North West Telegraph:-

\$2,000 - Advertising for business or personal advertisements (must be used within 6 months of acceptance)

\* Walkabout Hotel:-

20 x \$100 vouchers for the Serenity Restaurant

***Gold Sponsors continued***

\*O'Donnell Griffin: -

\$1,000 – Cash

\*National Australia Bank: -

\$1,000 – Cash

***Silver Sponsors***

\* LMCD Construction:-

\$500 - Cash

\* South Hedland Shopping Centre

\$500 - Cash

\* Port Hedland Shopping Centre

\$500 - Cash

***Bronze Sponsors***

\* Goodearth & Ambassador Hotels Perth

\$305 Winner's Choice Accommodation Package

\* The Esplanade Hotel

10 x \$35 Bloo Moons Restaurant Vouchers

**Concessions**

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



**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2012/13 FINANCIAL YEAR CONTINUED**

**100% Concession**

A113927 – 22 Beroona Loop, South Hedland	Frontier Services/ Uniting Church
A400610 – 10 Smith Street, South Hedland	Frontier Services/ Uniting Church
A803051 – P48 Wharf Road, Port Hedland	Port Hedland Peace Memorial
A130005 – 29 Johnson Lane, Port Hedland	Seafarers Centre
A802155 – Lot 5164 Shoata Road, South Hedland	Port Hedland Pony Club
A156550 – Lot 55, 56, 57 McKay Street, Port Hedland	South Hedland Owners & Trainers
A106282 – 1-5 Hamilton Road, South Hedland	Volunteer Marine Rescue Service
A406870 – Lot 2916 Stanley Street, South Hedland	Wirraka Maya Health Service
A802207 – Lot 2466 Lawson Street, South Hedland	Youth Involvement Centre
A156260 – Loc 118 Madigan Road, Port Hedland	Youth Involvement Centre
A130165 - L2529 Great Northern Highway, Port Hedland	Port Hedland Speedway Club
A805022 - 29 Johnson Lane, Port Hedland	Port Hedland Kart Club
A106283 - 19 Hamilton Road, South Hedland	Port Hedland Turf Club
A115030 - 2 Thompson Street, Port Hedland	Bloodwood Tree Association
	Hedland Women's Refuge
	Pilbara Family Violence Prevention
A155850 - 5/22-26 Throssell Road, South Hedland	Centre
	UCA Assembly Limited (Frontier
A152556 - 6/25-35 Egret Crescent, South Hedland	Services)

**50% Concession**

A402430 - Lot 2513 Dempster St, Port Hedland	Len Taplin Centre
A154780 - 4 Treloar Street, South Hedland	Treloar Child Care Centre
A130114 – 2 Leake Street, South Hedland	Lotteries House

**33% Concession**

A102320 - 3 Finlay Street, Port Hedland	Royal Flying Doctor Services
A116509 - 8 Martin Court, South Hedland	Royal Flying Doctor Services
A117190 - 15 Woodman Street, Port Hedland	Royal Flying Doctor Services
A117310 - 3 Thetis Place, Port Hedland	Royal Flying Doctor Services
A119270 - 17 Woodman Street, Port Hedland	Royal Flying Doctor Services
A121420 - 15 Craig Street, Port Hedland	Royal Flying Doctor Services
A123140 - 1 Neptune Place, Port Hedland	Royal Flying Doctor Services
A125790 - 185 Athol Street, Port Hedland	Royal Flying Doctor Services
A125800 - 2 Hall Street, Port Hedland	Royal Flying Doctor Services
A125810 - 4 Hall Street, Port Hedland	Royal Flying Doctor Services
A125820 - 187 Athol Street, Port Hedland	Royal Flying Doctor Services
A127350 - 5 Grant Place, Port Hedland	Royal Flying Doctor Services
A153246 - 16B Spoonbill Crescent, South Hedland	Royal Flying Doctor Services
A300057 - 33 Styles Road, Port Hedland	Royal Flying Doctor Services

**Write-offs**

Council in accordance with Section 6.12 of the Local Government Act 1995 (as amended) wrote-off debts amounting to \$43.48 during the financial year.

**27. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Actual Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.50%	59	116,001	90,000
Interest on Instalments Plan	5.50%		64,540	60,000
Total Interest on Instalment Plan			180,541	150,000
Charges on Instalment Plan	0.00%	12.10	52,317	-
Total Charges on Instalment Plan			52,317	-

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2013**

**27. INTEREST CHARGES AND INSTALMENTS - 2012/13 FINANCIAL YEAR CONTINUED**

Ratepayers had the option of paying rates in four equal instalments, due on 29th October 2012, 31st December 2012, 4th March 2013 and 2nd May 2013. Administration charges and interest applied for the final three instalments.

<b>28. FEES &amp; CHARGES</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Governance	10,835	4,555
General Purpose Funding	114,657	88,296
Law, Order, Public Safety	120,467	153,457
Health	77,213	57,767
Education and Welfare	-	29,386
Community Amenities	10,693,053	7,841,724
Recreation and Culture	579,613	754,310
Transport	17,635,830	14,937,668
Economic Services	2,572,547	2,977,555
Other Property and Services	138,330	138,330
	<u>31,942,545</u>	<u>26,983,048</u>

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

**29. GRANT REVENUE**

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

<b>By Nature and Type:</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Operating Grants, Subsidies and Contributions	6,073,976	7,135,769
Non-Operating Grants, Subsidies and Contributions	57,569,404	26,741,647
	<u>63,643,380</u>	<u>33,877,416</u>
<b>By Program:</b>		
Governance	57,607	49,299
General Purpose Funding	2,628,230	2,481,879
Law, Order, Public Safety	131,670	213,848
Health	4,200	29,875
Education and Welfare	108,341	804,545
Housing	9,611	7,655
Community Amenities	4,507	886,976
Recreation and Culture	4,533,573	5,855,323
Transport	21,650,127	5,033,819
Economic Services	34,242,702	18,114,545
Other Property and Services	272,812	399,652
	<u>63,643,380</u>	<u>33,877,416</u>

**30. EMPLOYEE NUMBERS**

	<b>2013</b>	<b>2012</b>
The number of full-time equivalent employees at year end	<u>206</u>	<u>161</u>

**31. ELECTED MEMBERS REMUNERATION**

The following fees, expenses and allowances were paid to council members and the Mayor.

	<b>2013</b>	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
Meeting Fees	69,438	70,000	67,062
Mayor's Allowance	60,000	60,000	60,000
Deputy Mayor's Allowance	15,000	15,000	15,000
Travelling Expenses	37,927	5,000	44,476
Telecommunications Allowance	21,704	21,600	20,296
Technology Allowance	8,044	8,000	7,457
	<u>212,113</u>	<u>179,600</u>	<u>214,291</u>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**32. POST BALANCE DATE EVENT**

There were no material events after 30 June 2013 that require inclusion in the notes to the financial statements.

**33. MAJOR LAND TRANSACTIONS**

(a) **Port Hedland International Airport: Transient Workforce Accommodation**

Details

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

(b) Current year transactions	2013 \$	2013 Budget \$	2012 \$
<b>Operating Revenue</b>			
- Rental Income	820,115	811,744	810,627
<b>Capital Revenue</b>			
- Sale Proceeds	-	-	-
<b>Capital Expenditure</b>			
- Purchase of Land	-	-	-
- Development Costs	-	-	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

There are no liabilities in relation to this land transaction as at 30 June 2013.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**34. MAJOR LAND TRANSACTIONS continued**

**(b) Port Hedland International Airport: Development of Precinct 3**

Details

During 2011/12 the Town entered into a private treaty arrangement with BHP Billiton Iron Ore to facilitate the subdivision of a portion of 'Precinct 3' by BHPB to create 40 lots, 39 of which would be serviced lots, and 38 of which would be retained by the Town (the balance lot will not be serviced and will be incorporated into the rest of the airport land); the lease of proposed Lot 35 to BHPB to facilitate the development of a 4,000 bed Transient Workforce Accommodation facility for a construction workforce; the sale of proposed Lot 34 to BHPB for a warehouse facility.

The terms agreed between Council and BHPB indicate overall revenue generated by the Town of \$178,852,345 for a 10 year period.

The proceeds from the sale of Lot 34 and the initial prepayment for the lease of Lot 35 were agreed by Council to be redirected from the Airport Reserve to the Spoilbank Reserve to facilitate the development of the Spoilbank Precinct, with the \$40 million being 'made good' with the cashflows generated thereafter.

(b) Current year transactions	<b>2013</b> \$	<b>2012</b> \$
<b>Operating Revenue</b>		
- Rental Income recognised in 11/12	-	849,315
- Rental Income received in 11/12 but relating to 12/13	-	30,150,685
<b>Capital Revenue</b>		
- Sale Proceeds	-	9,000,000
<b>Capital Expenditure</b>	-	-
<b>Net Cash Flows</b>	<u>-</u>	<u>40,000,000</u>

In 2012/13 no cashflow was generated from the proposal on the basis that the \$40 million was received in the 2011/12 financial year.

**(c) Bunnings**

On 27 March 2013 Council approved the preparation of a Business Plan outlining the proposed sale of a 1.54 hectare (subject to survey on completion) portion of Lot 12 within the Kingsford Business Park to Bunnings Properties Pty Ltd via a private treaty for the amount of \$2,695,000. That Business Plan was prepared and advertised from 2 April 2013 until 14 May 2013 and Council approved the major land transaction to proceed on 22 May 2013. It is anticipated that this project will be completed in 2013/14. This is predicated upon the completion of the Kingsford Business Park infrastructure being completed and access to the site being available.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**35. 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	
	2013	2012	2013	2012
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	76,243,152	77,118,725	76,243,152	77,118,725
Receivables	33,038,668	11,872,780	33,038,668	11,872,780
	<u>109,281,819</u>	<u>88,991,505</u>	<u>109,281,819</u>	<u>88,991,505</u>
<b>Financial Liabilities</b>				
Payables	(11,837,020)	(43,933,897)	(11,837,020)	(43,933,897)
Borrowings	(26,664,354)	(21,572,977)	(26,664,354)	(21,572,977)
	<u>(38,501,374)</u>	<u>(65,506,874)</u>	<u>(38,501,374)</u>	<u>(65,506,874)</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Investments – based on quoted market prices at the reporting date or at independent valuation.
- 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 2013**

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

**Financial assets at fair value through profit or loss**

**Available for sale financial assets**

**Held-to-maturity investments**

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

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

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

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

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

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	385,000	80,000
- Statement of Comprehensive Income	385,000	80,000

**Notes:**

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

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**35. 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:

	<b>2013</b>	<b>2012</b>
Percentage of Rates and Annual Charges		
- Current	90%	73%
- Overdue	10%	27%
Percentage of Other Receivables		
- Current	83%	52%
- Overdue	17%	48%

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**35. 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 \$
<b>2013</b>					
Payables	11,837,020	-	-	11,837,020	11,837,020
Borrowings	2,759,001	10,126,752	29,149,017	42,034,771	26,664,354
	<u>14,596,022</u>	<u>10,126,752</u>	<u>29,149,017</u>	<u>53,871,791</u>	<u>38,501,374</u>
<b>2012</b>					
Payables	43,933,897	-	-	43,933,897	43,933,897
Borrowings	2,211,396	7,834,963	24,601,997	34,648,356	21,572,977
	<u>46,145,293</u>	<u>7,834,963</u>	<u>24,601,997</u>	<u>78,582,253</u>	<u>65,506,874</u>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2013**

**35. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables  
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 %
<b>Year Ended 30 June 2013</b>								
<b>Payables</b>	11,837,020							
<b>Borrowings</b>	1,304,847	1,177,971	1,243,170	1,312,084	1,265,308	20,360,975	26,664,355	
<b>Fixed Rate</b>								
Debentures	188,567	-	-	321,220	1,265,308	20,360,975	22,136,070	5.48%
Weighted Average Effective Interest Rate	6.49%	0.00%	0.00%	6.71%	5.38%	5.46%		
<b>Year Ended 30 June 2012</b>								
<b>Payables</b>	43,933,897							
<b>Borrowings</b>								
<b>Fixed Rate</b>								
Debentures	24,315	-	365,466	-	389,125	20,766,816	21,545,722	6.18%
Weighted Average Effective Interest Rate	5.43%	0.00%	6.42%	0.00%	6.61%	6.17%		



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## **Independent Auditor's Report To the Ratepayers of the Town of Port Hedland**

We have audited the accompanying financial report of the Town of Port Hedland (“the Town”), which comprises the statement of financial position as at 30 June 2013 and the statement of comprehensive income by nature or type, the statement of comprehensive income by program, the statement of changes in equity, the statement of cash flows and the rate setting statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Chief Executive Officer.

### **Responsibility of Management for the financial report**

Management of the Town of Port Hedland is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes such internal controls as the Town determines is necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Town, as well as evaluating the overall presentation of the financial report.

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

### **Independence**

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

### **Auditor's Opinion**

In our opinion, the financial report of the Town of Port Hedland:

- i presents fairly, in all material respects, the Town's financial position as at 30 June 2013 and of its performance and cash flows for the year then ended;
- ii complies with Australian Accounting Standards and the relevant legislation; and
- iii is prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and the Regulations under the Act.

### **Statutory Compliance**

We note that in Note 21 to the financial report that the Town of Port Hedland has not been able to calculate the Asset Renewal Ratio and Asset Consumption Ratio as required by the Local Government (Financial Management) Regulations 1996. Other than this matter, I did not, during the course of my audit, become aware of any instance where the Council did not comply with the requirements of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 as they relate to the financial statements.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



M J Hillgrove  
Partner - Audit & Assurance

Perth, 16 December 2013