



TOWN OF PORT HEDLAND

ANNUAL REPORT 2009

COUNCIL'S MISSION STATEMENT

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

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COUNCILLORS 2008/2009



Mayor Stan R Martin
(Retiring 2011)



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



Cr Jan Ford
(Retiring 2009)



Cr Grant D Bussell
(Retiring 2009)



Cr George J Daccache
(Retiring 2011)



Cr Arthur A Gear
(Retiring 2009)



Cr Jan M Gillingham
(Retiring 2009)



Cr Steve Coates
(Retiring 2011)



Cr Kelly Howlett
(Retiring 2011)

TOWN PROFILE

Population	18,000
Area	11,844 square kilometres
Distance from Perth (km)	1,776 km via NW Coastal Hwy 1,647 km via Great Northern Highway
Electricity Supply	Horizon Power
Water Supply	De Grey River and Yule River Borefields
Length of Sealed Roads	173 km
Length of Unsealed Roads	646 km
Number of Electors	5,439
Number of Dwellings	4,605
Total Rates Levied	\$11,511,928
Total Operating Revenue	\$65,458,371
Number of Elected Members	9
Number of Employees	161

MANAGEMENT AS OF 30 JUNE 2009

Governance and Corporate Services

Chief Executive Officer	Chris Adams
Executive Assistant	Gaye Stephens

Corporate Services

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

Engineering Services

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

Community and Regulatory Services

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

MAYOR'S REPORT

I am pleased to present the Annual Report for the Town of Port Hedland for the 2008/09 financial year. The Audited Statements demonstrate that, despite exponential growth, the Town's systems, structures and management are coping well and are being administered appropriately.

The Town is growing rapidly and constantly changing. While we are experiencing growing pains with housing shortages and rising costs of living, I am comforted by the fact that the Town is working hard to rectify these issues and the State Government seems to be listening and starting to invest more heavily in the region. We are still behind where we need to be in relation to a range of infrastructure and services including housing, education, hospitals and community facilities, but there seems to be a renewed interest in the region and a desire by government and industry to work with Council and the community to address these issues. Our challenge as a Town Council will be to make sure that projects are delivered in a timely manner so that the community has the facilities and services that it needs, wants and deserves.

Throughout 2008/09 Council focused its investment on the priorities that the community had identified in the Town's Annual Community Survey. This survey consistently tells us that the community needs better quality community infrastructure including parks, footpaths, lighting, boating facilities and sporting facilities. The community tells us that they want cleaner streets, more community events and better planning for the future of the Town. The Town Council has listened to the community and has undertaken a range of projects to address these issues. The improvements are noticeable, but all Council members recognise that further work is required to deliver the quality of services and infrastructure that the community wants.

I'd like to take this opportunity to thank the Town of Port Hedland Councillors who worked closely with me throughout the 2008/09 financial year. Being a Councillor can be a thankless task for which there is often unwarranted criticism and few accolades. While issues were regularly debated, the 2008/09 Town Council worked well together and, I believe, made sound policy and resource allocation decisions. I'd like to personally thank the Deputy Mayor, Arnold Carter and the team of Councillors, Cr George Daccache, Cr Arthur Gear, Cr Jan Gillingham, Cr Jan Ford, Cr Kelly Howlett, Cr Steve Coates and Cr Grant Bussell.

I'd also like to thank the staff of the Town of Port Hedland. As Mayor, I get to speak to other elected representatives from other LGA's. Through these discussions I have gained a thorough understanding of the challenges that exist when you have staff shortages or issues with attracting and retaining quality management. I am pleased to say that we've been able to attract and retain a very high quality group of staff who are working hard to deliver positive results for our community.

2009/10 will shape up to be a very significant year for the Town of Port Hedland with a number of industry and Port expansion projects scheduled to 'gear up.' The Town has been through many growth phases in the past, with varying levels of success from a community perspective. We need to continue to work in close partnership

with Industry and government to ensure that the Town of Port Hedland is a noticeably better place to live, work and recreate as a result of the increasing economic and industrial activity that is being planned. While all Councillors love living in the Town of Port Hedland, our continued challenge is to convert the Town into a place where we have tourists flocking to stay and see the wonders of the Pilbara, Fly-In-Fly-Out employment isn't prevalent as the Town has everything that people want and need, residents feel that they have the facilities and services that they need raise their families and long-term residents feel comfortable about retiring and continuing to live in the Town. I look forward to taking this challenge on with my fellow Councillors in the years ahead.

Cr Stan R Martin
MAYOR

CHIEF EXECUTIVE OFFICER'S REPORT

The 2008/09 financial year was another busy and productive year for the Town of Port Hedland. While Nationally and Globally there has been an economic slowdown, the Town of Port Hedland continues to grow and prosper with few noticeable signs of the global financial crisis being evident locally. Industry and Port expansions are progressing and the Town is progressively being transformed into a regional city of the north.

As with the two previous financial years, there was a significant focus on asset development and asset renewal with a large number of new capital works projects progressing throughout the year.

Major projects that were undertaken included:

- **Streetscape Improvements:** *Significant streetscape improvements have been undertaken in major thoroughfares within the Town including Throssell Rd, Anderson St, Sutherland St and McKay St.*
- **Park infrastructure:** *New playgrounds have been installed along with BBQ's shade structure and a range of new landscape developments. Due to these improvements, the Council's parks and open spaces are now better utilised.*
- **Public Lighting and Footpath:** *Lighting upgrades and several kilometers of new footpaths have been installed. This has encouraged a more active and connected community as people are 'out-and-about' using these new facilities.*
- **Public Art:** *A range of new art pieces have been installed. While somewhat controversial, these pieces are a talking point for the Town and are a key component of transforming the look and feel of Port Hedland.*
- **Sports facility upgrade program:** *All of Council's multi-use sports facilities have had much needed upgrades undertaken on them as recommended in the Towns Sports Facility Audit.*
- **Major Facilities planning:** *Planning for four major community facilities is well progressed with construction of all of these significant projects scheduled to commence in 2009/10. The facilities include the new Youth Zone, Multi Purpose Recreation Centre, Colin Matheson Oval Clubrooms and the Marquee Park in South Hedland. Individually these projects are significant, but collectively they will make a major difference to the Town.*

While there were a range of new capital projects delivered and a lot more work planned, there were a number of other success stories that the Town should be proud of including:

- **Royalties for Regions:** *Council has worked closely with the State Government on the key priorities for the Pilbara region – in particular the key priorities for the Town. These discussions have resulted in significant funding being allocated to the Town including:*
 - \$23M for the South Hedland CBD Redevelopment

- \$20.2M for the Implementation of priority projects listed in the Hedland's Future Today document.
- \$1.46M from the Country Local Government fund for 14 local projects that will be completed in 2009/10
- A commitment to financially support undergrounding power in South Hedland and Wedgefield
- **Industry Partnerships:** *The Town continues to strive to work closely with industry to ensure that the community grows along with industrial and export growth. These close working relationships are reaping dividends with a variety of partnerships now working well including:*
 - The BHPBIO Sustainability Partnership which has been extended for a further five years.
 - The Newcrest Mining Sustainability Partnership which has been extended by a further three years
 - The formation of the North West Iron Ore Alliance Community Foundation which will work with Council on community project.
 - Partnership work with FMG Limited regarding specific projects.
- **Tidy Towns Awards:** *The Town won the Regional Tidy Towns award and won several statewide awards. These awards are a tribute to the work done by both Council staff and the community to improve the Town.*
- **Virgin Blue:** *The Town worked closely with Virgin Blue to establish a new RPT Jet service to the Town. This has resulted in increased competition into the air service market which has lead to airfare prices coming down.*
- **Land Use Master Plan:** *This long-running project was completed and signed off by the State Government in November 2008. The plan sets out the future land uses within the Town and identifies a range of development opportunities that are already being acted upon. The planning process was highly commended by the Planning Institute of Australia.*
- **Community Events:** *The Town just keep getting bigger and better. A few years back community event were nearly dead. We now have a great calendar of well attended events.*
- **Housing and Land:** *While there is much more to do, more land was released in 2009/09 and more houses built than at any stage of the Town's recent history. Significant planning, advocacy and approvals works has been required to progress this release and, while frustratingly slow, progress is being made.*

I would like to take this opportunity to thank the staff who worked with me at the Town of Port Hedland over the 2008/09 financial year. We've had a comparatively stable year from a workforce retention perspective with employee turnover levels dropping well below previous years. We have an excellent staff team who often work in trying conditions in somewhat thankless jobs. They are an industrious bunch who are dedicated, hard-working and proud of the Town's achievements. They understand that we've come a long way but are acutely aware that more needs to be done. I'm confident that they're willing and able to take on the challenges that will face the Town over the coming years.

I'd also like to thank the Councillors of the Town for their support and assistance throughout the year. The Council has been confronted with some challenging,

controversial and difficult issues over the period. While decision making on these types of issues is never easy, the Council has consistently shown a willingness to involve the community wherever possible and make the decisions that the Council thinks is the best for both the short and long term future of the Town.

I look forward to 2009/10 and beyond with a sense of optimism for the Town. It is an exciting time to be in the Town of Port Hedland and I personally am looking forward to working with the Council and the community to transform this Town into a regional city where everyone wants to live and be proud to call home.

Chris Adams
CHIEF EXECUTIVE OFFICER

DISABILITY SERVICES PLAN

The Disability Access and Inclusion Plan was extensively reviewed in 2009 and submitted to the WA Disability Services Commission for inclusion in their mandatory annual report to WA State Parliament.

A community consultation group has been formed, with Town of Port Hedland staff, representation from our local Disability Services Commission, Hedland Community Living Association, Pilbara Kimberley Care, Southern Cross Care's Home and Community Care, and members of the community living with disabilities.

Each of Council's facilities and services are regularly reviewed by this group, in order to ensure we continue to create a more enjoyable and liveable community for residents. It also ensures that people with disabilities and their families and carers have the same ability as other people to access services within the community and have the same opportunities and choices as every other resident.

During 2009/10 further initiatives were implemented, including:

1. Availability of the DAIP via Council's website, and advertising the availability of the DAIP via the local media in any format required.
2. A lunch celebrating International Day for People with Disabilities (IDPwD) was held in Gratwick Hall. Participants were invited to 'assume' a disability for the duration of the luncheon, and feedback on their experience was provided during the event.
4. Launch of the Combined Centres for Rural Health (CUCRH) website for wheelchair users in December 2009. This website enables travelers with wheelchairs to see what facilities each town on the website that are accessible to wheelchairs, and is an interactive site for sharing information on wheelchair-friendly sporting clubs, events and activities.
5. Introduction to the IDPwD lunch crowd of MAP: Wheelies Activity Support Network by Joan Foley. This focuses on keeping the spine and nearby organs as active as possible through rehabilitation and sport. For more information visit the website <http://lms.cucrh.uwa.edu.au/map>
6. Improved services and access for people with disabilities to the rear entry foyer of Council's Civic Centre is in train for 2010.
7. An access path to Council's community BBQ facilities and gazebo in the centre of the Civic Centre lawn has been laid as part of the access improvement project.
8. Disability Access and Inclusion training for all staff is programmed for 2010, and will be incorporated as part of the induction and orientation of all new staff.

NATIONAL COMPETITION POLICY STATEMENT

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

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

The activity requiring scrutiny in this regard for the Town of Port Hedland, and is not a public monopoly, is that of private works on private property; however during 2008/09 no individual private works project exceeded \$200,000.

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

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

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

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

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

RECORDS KEEPING PLAN

The State Records Act 2000 requires all local government authorities to produce a Records Keeping Plan, which must be endorsed by the State Records Commission. A review of the Town's Record Keeping Plan was conducted in November 2008 and has now been approved by the State Records Commission with some areas of improvement for 2009.

A number of areas have been highlighted within the Town's Record keeping plan which will form the basis to improve the management of the Towns records in 2009\2010. The upgrade of the records archive building has been completed which was a major concern with our records storage. The next phase will be the application of the retention and disposal to all Port Hedland's records which has been scheduled for the 1st half of 2010. This will entail archiving existing documents to the State Archives or disposal of documents as per the Town's plan.

Training of staff is ongoing within the Town and the introduction of an electronic records system to access records or files has required additional training to maximise the full use of the Town's information. All new employees will receive training on records management in line with the respective duties or position.

REPORT ON THE PLAN FOR THE FUTURE

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

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

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

Council has identified 22 Critical Success Strategies with the Plan of the Future, within the above Key Result Areas. These Critical Success Strategies are reported to Council on quarterly basis. Below is a summary of Council's achievements in 2008/09:

Key Result Area	Critical Success Strategies	2008-09 Achievements
Infrastructure	Ensure that the Port Hedland Road Project (Auslink Road) progresses in a timely manner.	<ul style="list-style-type: none"> ✓ Regular briefings between Main Roads and Council; ✓ Wedgefield bypass commenced.
	Implement the Town's Park Improvement Program, with a specific focus on the development of new and/or upgraded park infrastructure in	<ul style="list-style-type: none"> ✓ Shade installation completed at Kevin Scott Oval & Colin Matheson Oval; ✓ Design development of Marquee Park ongoing.
	Developing and implementing an Airport Master Plan.	<ul style="list-style-type: none"> ✓ Draft plan reviewed by the Airport Working group.
	Pursuing the development of Underground Power in South Hedland.	<ul style="list-style-type: none"> ✓ Discussion with State Government commenced.
Community Pride	The implementation of initiatives that reduce the prevalence of litter within the Township.	<ul style="list-style-type: none"> ✓ Green waste & White goods collection completed; ✓ Partnership with Care For Hedland Litter Reduction Pilot Program; ✓ Regularly reporting litter collection statistics and waste reduction initiatives in North West Telegraph.
	Development of the Townscape of the South Hedland Central Business District	<ul style="list-style-type: none"> ✓ South Hedland Development Plan considerations included in State Government \$23 Million SHCBD initiative.
	Increased number and attendance at both Council and community managed events.	<ul style="list-style-type: none"> ✓ The Town held six Public Event held in 08/09.

<p>Community Development</p>	<p>Development of a range of facilities and activities for local young people including the upgrade of the JD Hardie Centre.</p>	<ul style="list-style-type: none"> ✓ Minimum of 5 x youth based programs per week at JD Hardie Centre, plus holiday program, and a minimum of 2 x events per annum targeting youth. ✓ Working HYL & HYSAG to develop youth based events. ✓ Architect concept drawings reworked following service provider and youth consultation for the JD Hardie Youth Centre Upgrade
	<p>Development of new and improved sporting facilities including a new multi-purpose sports facility in South Hedland.</p>	<ul style="list-style-type: none"> ✓ Colin Matheson Oval Master Plan complete, with oval, irrigation and clubroom upgrades to commence 2009/10. ✓ McGregor Street Master Plan due for completion Aug 09. ✓ Various other sporting facilities upgraded as per Sports Facilities Audit.
	<p>Improving boating facilities</p>	<ul style="list-style-type: none"> ✓ Finucane Island Boat Ramp Upgrade completed.
	<p>Implementation of the Town's Community Safety & Crime Prevention Plan</p>	<ul style="list-style-type: none"> ✓ CS&CP Working Group decided Top 3 priorities identified for 2009/10: Perception of safety, CCTV, safe parks and walkways particularly South Hedland.
	<p>Installation of public art throughout the Town that illustrates the uniqueness and significance of the Town.</p>	<ul style="list-style-type: none"> ✓ A number of Public Art installed, in conjunction with other stakeholders, throughout all major townsites
<p>Economic Development</p>	<p>Fast-tracking the release of additional industrial, commercial and residential land within the Town.</p>	<ul style="list-style-type: none"> ✓ Pretty Pool Stage 4 and residential land in South Hedland; ✓ Concept Plan for South Hedland CBD endorsed by Council; ✓ Development of Industrial land commenced; ✓ Wilson Street super lot released for tender; ✓ Morgan Street development to be released to market; ✓ Preliminary discussions held with Telstra/Water Corporation regarding release of Industrial land at Spinifex Hill/Cooke Point.
	<p>Partnering with major resource industries to ensure that industry growth leads to community growth.</p>	<ul style="list-style-type: none"> ✓ ToPH/BHP Billiton Sustainability Partnership signed (3 yrs).

	The development of Council policies and/or business incentives that assist in attracting and retaining businesses within the Town.	✓ Strategic planning undertaking with PDC Economic Development team to identify partnership opportunities.
	The development of appropriate accommodation options for the variety of market segments that visit the Town of Port Hedland.	✓ Port Hedland International Airport Transient Workforce Accommodation lease signed and construction commenced;
Environment	Implementing sustainable waste re-use and recycling initiatives.	<ul style="list-style-type: none"> ✓ Landfill compactor & 30 Ton Excavator purchased to assist tip recycling initiatives; ✓ Recycling area built, waste, oil, aluminium, cans, batteries and used household white goods; ✓ Trial transfer station built for waste separation; ✓ Partnership with Care for Hedland Litter Reduction Pilot Program; ✓ Mulching of green waste; ✓ 100% reuse of all waste water received; ✓ A comprehensive water sampling programme developed; ✓ Construction of new septage ponds;
	The development of a Native Tree Nursery in conjunction with other stakeholders.	✓ Native Tree Nursery completed.
	Minimising Councils use of energy and water.	✓ Council's energy, fuel and water use reported monthly.
Governance	Sustainably progressing with the development and implementation of Local Government services to indigenous communities in accordance with State/Federal Government Bilateral agreement on indigenous communities.	✓ Established Aboriginal Affairs Working Group to provide informed feedback on service levels.
	The development of strategies to attract and retention staff.	<ul style="list-style-type: none"> ✓ Scholarship Program implemented. ✓ New Collective Agreement agreed and implemented
	The development of innovative communication mechanisms with its constituents including the development of a series of neighbourhood barbecues.	<ul style="list-style-type: none"> ✓ Neighbourhood BBQ with Councillors implemented. ✓ BBQs held to date include: Koombana, Lawson, West End, Cassia and Cooke Point.

The 2009-10 Annual Budget, adopted by Council in July 2009, was heavily influenced by the 'Plan for the Future'. Major projects for 2009-10 include:

- New Multi Recreation Centre - \$19.3m
- Marquee Park - \$7.45m
- JD Hardie Centre Upgrade - \$7.25m
- Boulevard Tree Planting - \$1.079m
- Park and Reserve Upgrades - \$1m
- CCTV Stage II - \$0.9m
- Public Lighting - \$0.85m
- Public Furniture - \$0.87m
- 5 new public toilets - \$0.75m

ANNUAL FINANCIAL REPORT AND AUDITOR'S REPORT

TOWN OF PORT HEDLAND FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2009

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TOWN OF PORT HEDLAND

FINANCIAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2009

**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 2009 are in my opinion properly drawn up to present fairly the financial position of the Town of Port Hedland at 30th June 2009 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 *21* day of *DECEMBER* 2009.



Chris Adams
Chief Executive Officer

**TOWN OF PORT HEDLAND
INCOME STATEMENT
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2009 \$	2009 Budget \$	2008 \$
REVENUES FROM ORDINARY ACTIVITIES				
Rates	22	10,127,792	10,160,080	9,466,126
Operating Grants, Subsidies and Contributions	28	7,670,669	3,861,940	5,703,559
Fees and Charges	27	12,632,960	11,824,660	11,438,211
Interest Earnings	2(a)	957,714	989,300	977,240
Other Revenue		266,725	368,490	460,116
		<u>31,655,860</u>	<u>27,204,470</u>	<u>28,045,252</u>
EXPENSES FROM ORDINARY ACTIVITIES				
Employee Costs		(10,270,229)	(9,908,950)	(8,564,408)
Materials and Contracts		(7,829,319)	(8,781,938)	(7,324,898)
Utility Charges		(1,317,827)	(1,039,240)	(998,196)
Depreciation on Non-Current Assets	2(a)	(4,177,831)	(4,438,095)	(4,062,796)
Interest Expenses	2(a)	(238,479)	(385,910)	(300,780)
Insurance Expenses		(447,041)	(428,000)	(411,059)
Other Expenditure		(990,140)	(787,830)	(1,425,039)
		<u>(25,270,866)</u>	<u>(25,769,963)</u>	<u>(23,087,176)</u>
		6,384,994	1,434,507	4,958,076
Non Operating Grants, Subsidies and Contributions,	28	33,688,222	14,198,900	5,774,861
Profit on Asset Disposals	20	114,289	72,700	70,885
Loss on Asset Disposal	20	<u>(228,818)</u>	<u>(119,200)</u>	<u>(23,344)</u>
NET RESULT		<u><u>39,958,687</u></u>	<u><u>15,586,907</u></u>	<u><u>10,780,478</u></u>

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

**TOWN OF PORT HEDLAND
INCOME STATEMENT
BY PROGRAM
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2009 \$	2009 Budget \$	2008 \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		1,488,642	38,450	52,264
General Purpose Funding		14,293,134	13,740,730	12,877,444
Law, Order, Public Safety		744,232	218,280	398,171
Health		38,035	38,050	42,710
Education and Welfare		993,556	790,640	1,389,860
Housing		176,889	120,640	239,775
Community Amenities		3,617,899	3,650,950	3,738,243
Recreation and Culture		1,450,940	4,120,280	2,660,496
Transport		9,378,627	8,296,850	8,758,239
Economic Services		32,854,215	9,969,500	3,168,252
Other Property and Services		422,202	419,000	565,544
	2 (a)	<u>65,458,371</u>	<u>41,403,370</u>	<u>33,890,998</u>
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE				
Governance		(1,067,917)	(1,034,480)	(1,020,406)
General Purpose Funding		(529,835)	(392,800)	(336,675)
Law, Order, Public Safety		(710,939)	(711,495)	(572,817)
Health		(403,890)	(364,924)	(355,671)
Education and Welfare		(1,379,722)	(1,082,230)	(2,380,786)
Housing		(410,700)	(403,820)	(301,315)
Community Amenities		(4,106,492)	(3,033,550)	(3,417,368)
Recreation & Culture		(8,035,394)	(9,019,632)	(5,700,497)
Transport		(7,409,798)	(8,280,417)	(7,621,112)
Economic Services		(706,263)	(619,414)	(822,136)
Other Property and Services		(500,255)	(487,791)	(280,957)
	2 (a)	<u>(25,261,205)</u>	<u>(25,430,553)</u>	<u>(22,809,740)</u>
BORROWING COSTS EXPENSE				
Governance		(11,242)	(11,420)	(17,456)
Law, Order, Public Safety		(20,951)	(21,490)	(31,093)
Education and Welfare		(24,942)	(25,580)	(41,504)
Housing		(60,564)	(163,840)	(72,328)
Community Amenities		(36,051)	(36,120)	(47,755)
Recreation & Culture		(74,142)	(116,860)	(78,508)
Transport		(5,854)	(5,860)	(7,193)
Economic Services		(4,733)	(4,740)	(4,943)
	2 (a)	<u>(238,479)</u>	<u>(385,910)</u>	<u>(300,780)</u>
NET RESULT		<u><u>39,958,687</u></u>	<u><u>15,586,907</u></u>	<u><u>10,780,478</u></u>

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

**TOWN OF PORT HEDLAND
BALANCE SHEET
AS AT 30TH JUNE 2009**

	NOTE	2009 \$	2008 \$
CURRENT ASSETS			
Cash and Cash Equivalents	3	43,192,407	14,999,138
Trade and Other Receivables	4	6,685,753	3,350,389
Inventories	5	31,144	6,813
TOTAL CURRENT ASSETS		<u>49,909,304</u>	<u>18,356,340</u>
NON-CURRENT ASSETS			
Other Receivables	4	735,741	381,561
Property, Plant and Equipment	6	31,831,429	27,135,055
Infrastructure	7	95,035,783	88,896,585
TOTAL NON-CURRENT ASSETS		<u>127,602,953</u>	<u>116,413,201</u>
TOTAL ASSETS		<u>177,512,257</u>	<u>134,769,541</u>
CURRENT LIABILITIES			
Trade and Other Payables	8	6,252,987	2,032,435
Short Term Borrowing	8a	0	2,664,048
Long Term Borrowings	9	617,796	622,109
Provisions	10	1,163,575	894,941
TOTAL CURRENT LIABILITIES		<u>8,034,358</u>	<u>6,213,533</u>
NON-CURRENT LIABILITIES			
Long Term Borrowings	9	4,164,861	3,282,659
Provisions	10	133,067	52,065
TOTAL NON-CURRENT LIABILITIES		<u>4,297,928</u>	<u>3,334,724</u>
TOTAL LIABILITIES		<u>12,332,286</u>	<u>9,548,257</u>
NET ASSETS		<u>165,179,971</u>	<u>125,221,284</u>
EQUITY			
Retained Surplus		129,914,564	115,267,852
Reserves - Cash Backed	11	34,412,879	9,100,904
Reserves - Asset Revaluation	12	852,528	852,528
TOTAL EQUITY		<u>165,179,971</u>	<u>125,221,284</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 2009**

	NOTE	2009 \$	2008 \$
RETAINED SURPLUS			
Balance as at 1 July 2008		115,267,852	105,835,136
Net Result		39,958,687	10,780,478
Transfer from/(to) Reserves		<u>(25,311,975)</u>	<u>(1,347,762)</u>
Balance as at 30 June 2009		<u>129,914,564</u>	<u>115,267,852</u>
RESERVES - CASH BACKED			
Balance as at 1 July 2008		9,100,904	8,224,040
Amount Transferred to Trust		0	(470,898)
Transfer from/(to) Reserves			
Retained Surplus		<u>25,311,975</u>	<u>1,347,762</u>
Balance as at 30 June 2009	11	<u>34,412,879</u>	<u>9,100,904</u>
RESERVES - ASSET REVALUATION			
Balance as at 1 July 2008		852,528	852,528
Revaluation Increment		0	0
Revaluation Decrement		<u>0</u>	<u>0</u>
Balance as at 30 June 2009	12	<u>852,528</u>	<u>852,528</u>
TOTAL EQUITY		<u><u>165,179,972</u></u>	<u><u>125,221,284</u></u>

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

**TOWN OF PORT HEDLAND
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2009**

	NOTE	2009 \$	2009 Budget \$	2008 \$
Cash Flows From Operating Activities				
Receipts				
Rates		10,056,384	10,147,172	9,536,648
Operating Grants and Subsidies		4,348,089	3,213,890	3,770,074
Contributions, Reimbursements & Donations		0	648,050	1,938,154
Fees and Charges		12,632,960	11,140,735	12,964,240
Interest Earnings		957,714	989,300	984,156
Goods and Services Tax		1,490,841	0	1,080,052
Other Revenue		267,103	368,490	480,116
		<u>29,753,091</u>	<u>26,507,637</u>	<u>30,733,440</u>
Payments				
Employee Costs		(10,195,854)	(9,850,083)	(8,913,799)
Materials and Contracts		(3,431,121)	(8,446,224)	(7,749,738)
Utility Charges		(1,317,827)	(1,035,409)	(998,196)
Insurance Expenses		(447,041)	(428,000)	(411,059)
Interest expenses		(240,105)	(385,910)	(278,400)
Goods and Services Tax		(1,470,038)	0	(1,075,989)
Other Expenditure		(989,752)	(787,830)	(1,449,446)
		<u>(18,091,738)</u>	<u>(20,933,456)</u>	<u>(20,876,627)</u>
Net Cash Provided By (Used In) Operating Activities	13(b)	<u>11,661,353</u>	<u>5,574,181</u>	<u>9,856,813</u>
Cash Flows from Investing Activities				
Payments for Purchase of Property, Plant & Equipment		(7,024,125)	(15,231,065)	(4,187,283)
Payments for Construction of Infrastructure		(8,367,961)	(13,966,064)	(6,177,505)
Work in Progress		0	0	(13,850)
Non-Operating Grants/Contributions used for the Development of Assets		33,688,222	14,198,900	5,774,861
Proceeds from Sale of Plant & Equipment		338,300	268,000	205,045
Net Cash Provided By (Used In) Investing Activities		<u>18,634,436</u>	<u>(14,730,229)</u>	<u>(4,398,732)</u>
Cash Flows from Financing Activities				
Repayment of Debentures		(622,109)	(801,360)	(583,811)
Transfer to Trust Public Open Spaces		0	0	(470,898)
Transfer of Self Supporting Loan		(420,000)	(350,000)	0
Proceeds from Self Supporting Loans		103,640	8,840	4,281
Proceeds from New Debentures		1,500,000	8,130,000	0
Net Cash Provided By (Used In) Financing Activities		<u>561,530</u>	<u>6,987,480</u>	<u>(1,050,428)</u>
Net Increase (Decrease) in Cash Held		<u>30,857,317</u>	<u>(2,168,568)</u>	<u>4,407,653</u>
Cash at Beginning of Year		12,335,090	8,805,940	7,927,437
Cash and Cash Equivalents at the End of the Year	13(a)	<u><u>43,192,407</u></u>	<u><u>6,637,372</u></u>	<u><u>12,335,090</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 2009**

	NOTE	2009 \$	2008 Budget \$
REVENUES			
Governance		1,488,642	38,450
General Purpose Funding		4,165,342	3,580,650
Law, Order, Public Safety		744,232	218,280
Health		38,035	38,050
Education and Welfare		993,556	790,640
Housing		176,889	120,640
Community Amenities		3,617,899	3,650,950
Recreation and Culture		1,450,940	4,120,280
Transport		9,378,627	8,296,850
Economic Services		32,854,215	9,969,500
Other Property and Services		422,202	419,000
		<u>55,330,579</u>	<u>31,243,290</u>
EXPENSES			
Governance		(1,079,159)	(1,037,862)
General Purpose Funding		(529,835)	(336,675)
Law, Order, Public Safety		(731,890)	(603,910)
Health		(403,890)	(355,671)
Education and Welfare		(1,404,664)	(2,422,290)
Housing		(471,265)	(373,643)
Community Amenities		(4,142,543)	(3,465,123)
Recreation & Culture		(8,109,536)	(5,779,005)
Transport		(7,415,652)	(7,628,305)
Economic Services		(710,996)	(827,079)
Other Property and Services		(500,255)	(280,957)
		<u>(25,499,684)</u>	<u>(23,110,520)</u>
Adjustments for Cash Budget Requirements:			
Non-Cash Expenditure and Revenue			
(Profit)/Loss on Asset Disposals		114,530	46,500
Movement in Accrued Salaries and Wages		(275,261)	
Movement in Employee Benefit Provisions		349,636	
Depreciation and Amortisation on Assets		4,177,831	4,438,095
Capital Expenditure and Revenue			
Purchase Land Held for Resale		0	0
Purchase Land and Buildings		(4,610,878)	(13,843,000)
Purchase Infrastructure Assets - Roads & Other		(5,416,174)	(6,661,730)
Purchase Infrastructure Assets - Parks		(2,951,787)	(10,795,850)
Purchase Plant and Equipment		(1,808,650)	(2,017,500)
Purchase Furniture and Equipment		(678,748)	(172,200)
Proceeds from Disposal of Assets		0	268,000
Repayment of Debentures		(622,109)	(801,360)
			(350,000)
Proceeds from New Debentures		1,500,000	8,130,000
Self-Supporting Loan Principal Income		4,535	8,840
Transfer from Trust		0	470,000
Transfers to Reserves (Restricted Assets)		(32,174,643)	(14,328,842)
Transfers from Reserves (Restricted Assets)		6,862,669	16,403,650
ADD Estimated Surplus/(Deficit) July 1 B/Fwd		5,200,430	3,618,490
.ESS Estimated Surplus/(Deficit) June 30 C/Fwd		9,721,620	2,705,943
Amount Required to be Raised from Rates	22	<u><u>(10,127,792)</u></u>	<u><u>(10,160,080)</u></u>

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

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), other mandatory professional reporting requirements and the Local Government Act 1995 (as amended) and accompanying regulations (as amended).

The report has also been prepared on the accrual basis under the convention of historical cost accounting as modified by the accounting treatment relating to the revaluation of financial assets and liabilities at fair value through profit and loss and certain classes of non-current assets.

Critical Accounting Estimates

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

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

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 19 to this financial report.

(c) Goods and Services Tax

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

(d) Cash and Cash Equivalents

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

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

(e) Trade and Other Receivables

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

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

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Inventories

General

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

Land Held for Resale

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

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

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

(g) Fixed Assets

Initial Recognition

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

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits.

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

Land under Roads

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

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

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

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

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

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Depreciation of Non-Current Assets

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

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

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

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Investments and Other Financial Assets

Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and derecognition

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

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

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Investments and Other Financial Assets (Continued)

Subsequent measurement

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

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

Impairment

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

(j) Estimation of Fair Value

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

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

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

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

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

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Impairment

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

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

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

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

(l) Trade and Other Payables

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

(m) Employee Benefits

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

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

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

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

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

(n) Interest-bearing Loans and Borrowings

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

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

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

Borrowing Costs

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

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions

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

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

(p) Leases

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

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

(q) Joint Venture

The municipality's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the relevant items reported in the Balance Sheet and Income Statement. Information about the joint venture is set out in Note 16.

(r) Rates, Grants, Donations and Other Contributions

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions. Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(c). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

(s) Superannuation

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

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

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Current and Non-Current Classification

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

(u) Rounding Off Figures

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

(v) Comparative Figures

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

(w) Budget Comparative Figures

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

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2009

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

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8	February 2007	1 January 2009	Nil – The Standard is not applicable to not-for-profit entities.
(ii) Revised AASB 123 Borrowing Costs (includes AASB 2009-1) and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	June 2007 and April 2009	1 January 2009	Nil – There have been two revisions to the Standard. The first removed the option to expense all borrowing costs and required the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The second (AASB2009-1) reinstated the choice to either expense or capitalise in the case of not-for-profit entities. There will be no impact on the financial report of the Council as it already capitalises borrowing costs relating to qualifying assets and will continue to do so.
(iii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101	September 2007 and December 2007	1 January 2009	Nil – The revised Standard requires the presentation of a Statement of Comprehensive Income and makes changes to the Statement of Changes in Equity, but will not affect any of the amounts recognised in the financial statements. If Council has made a prior period adjustment or has reclassified items in the financial statements, it is likely it will need to disclose a third balance sheet (Statement of Financial Position), being as at the beginning of the comparative period.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations (Continued)

Title and Topic	Issued	Applicable (*)	Impact
(iv) AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project	July 2008	1 January 2009	Nil – The revisions are part of the AASBs annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs.
AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	July 2008	1 July 2009	The revisions embodied in these standards relate largely to terminology or editorial comments and will have a minimal effect on the accounting practices of the Council. It is not anticipated the more significant changes will have any effect on the financial report as the topics are not relevant to the operations of the Council.
(v) AASB 2008-11 Amendments to Australian Accounting Standard – Business Considerations Among Not-for-Profit Entities	November 2008	1 July 2009	Nil – Whilst this standard has the effect of applying AASB 3 Business Combinations to the Not-for-Profit sector, specific provisions are provided in respect of local government. These specific provisions are very similar to the previous requirements of AAS 27.
(vi) AASB 2008-1 Amendments to Australian Accounting Standard – Share-Based Payments: Vesting Conditions and Cancellations	February 2008	1 January 2009	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2008-2 Amendments to Australian Accounting Standards Puttable Financial Instruments and Obligations Arising on Liquidation	March 2008	1 January 2009	

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations (Continued)

(vi) (Continued)	Title and Topic	Issued	Applicable (*)	Impact
	AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	March 2008	1 January 2009	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	AASB 2007-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	July 2008	1 January 2009	
	AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items	August 2008	1 July 2009	
	AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101	September 2008	1 January 2009	
	AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-Cash Assets to Owners	December 2008	1 July 2009	
	Interpretation 1 – Changes in Existing, Decommissioning, Restoration and Similar Liabilities	June 2007	1 January 2009	

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) New Accounting Standards and Interpretations (Continued)

(vi) (Continued)	Title and Topic	Issued	Applicable (*)	Impact
	Interpretation 12 – Service Concession Arrangements	June 2007	1 January 2009	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
	Interpretation 15 – Agreements for the Construction of Real Estate	August 2008	1 January 2009	
	Interpretation 16 – Hedges of a Net Investment in a Foreign Operation	August 2008	1 October 2008	
	Interpretation 17 – Distributions of Non-Cash Assets to Owners	December 2008	1 July 2009	
	Interpretation 18 – Transfers of Assets from Customers	March 2009	Ending 1 July 2009	

Notes:

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

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

2. REVENUES AND EXPENSES

2009 **2008**
\$ **\$**

(a) Result from Ordinary Activities

The Result from Ordinary Activities includes:

(i) Charging as an Expense:

Auditors Remuneration

- Audit	39,745	43,970
- Other Services	9,680	30,165

Depreciation

Buildings	831,662	744,977
Furniture and Equipment	292,257	233,981
Plant and Equipment	825,154	698,292
Roads	1,304,027	1,278,404
Infrastructure - Airport	481,446	471,065
Infrastructure - Other	443,285	636,077
	4,177,831	4,062,796

Interest Expenses

Debentures (<i>refer Note 21(a)</i>)	238,479	300,780
	238,479	300,780

Rental Charges

- Operating Leases	175,200	102,665
	175,200	102,665

(ii) Crediting as Revenue:

	2009	2009	2008
	\$	Budget	\$
		\$	

Interest Earnings

Investments

- Reserve Funds	377,615	566,000	491,103
- Other Funds	500,230	360,000	412,384
- Loans	802	0	1,067
Other Interest Revenue (<i>refer note 26</i>)	79,067	63,300	72,686
	957,714	989,300	977,240

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

2. REVENUES AND EXPENSES (Continued)

(b) Statement of Objective

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

GOVERNANCE

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

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

GENERAL PURPOSE FUNDING

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

Activities: Rates, general purpose government grants and interest revenue.

LAW, ORDER, PUBLIC SAFETY

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

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

HEALTH

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

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

EDUCATION AND WELFARE

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

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

HOUSING

Objective: Help ensure adequate housing.

Activities: Maintenance of staff and community housing.

COMMUNITY AMENITIES

Objective: Provide services required by the community.

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

RECREATION AND CULTURE

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

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

TRANSPORT

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

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

ECONOMIC SERVICES

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

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

OTHER PROPERTY & SERVICES

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

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

2. REVENUES AND EXPENSES (Continued)	2009	2008
	\$	\$
(c) Conditions Over Contributions		
Grants recognised as revenues in a previous reporting period which were not expended at the close of the previous reporting period (ie opening balances).		
BHP - Environmental Projects	49,838	49,838
BHP - Rec & Leisure Facility Grant	12,212	23,334
BHP - Wilson/Anderson Upgrade	85,756	50,000
Building Safety (Fire) Grant	25,000	25,000
Department of Health - HACC Bus	0	27,789
Hamilton Rd/North Circular Rd - BS	0	2,923
Office of Crime Prevention (Port & South Skate Parks)	20,000	20,000
Office of Crime Prevention (Crime Presentation CSCPP)	20,000	20,000
Pilbara Fund (Street Lighting)	90,000	90,000
Pilbara Fund (SH Skate Park)	0	70,000
Roads to Recovery	232,344	354,370
Walk it Hedland	6,900	0
BHP - Hedland Turf Club Grandstand	100,000	0
State Govt - Turtle Boardwalk	6,424	0
Port Hedland Enhancement Scheme - Boat Ramp	40,000	0
Port Hedland Enhancement Scheme - Foreshore Park	150,000	0
Port Hedland Enhancement Scheme - Spoil Bank Masterplan	996,428	0
Office of Crime Prevention - Walkway Lighting	20,897	0
	<u>1,855,799</u>	<u>733,254</u>
Add:		
New grants which were recognised as revenues during the reporting period and which had not yet been fully expended by the contributor.		
Walk it Hedland	12,826	6,900
BHP - Hedland Turf Club Grandstand	0	100,000
BHP - Vertimower	0	24,400
State Govt - Turtle Boardwalk	0	200,000
Port Hedland Enhancement Scheme - Boat Ramp	0	40,000
Port Hedland Enhancement Scheme - Foreshore Park Upgrades	0	150,000
Port Hedland Enhancement Scheme - Spoil Bank Masterplan	0	1,000,000
Office of Crime Prevention - Walkway Lighting	0	25,000
BHP - Wilson/Anderson Upgrade	0	545,000
Royalties for Regions - Country Local Government Fund	1,308,594	0
Community Safety Contributions - CCTV	101,200	0
Foreshore Protection Grant	10,284	0
Pilbara Development Commission - Turtle Board walk	392,500	0
Regional and Community Grant	194,411	0
RADS Grant - Airport Development	155,848	0
DOTARS Grant - Airport Development	44,581	0
BHP - Town Entry Statement	46,709	0
	<u>2,266,953</u>	<u>2,091,300</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

2. REVENUES AND EXPENSES (Continued)	2009	2008
(c) Conditions Over Contributions (Continued)	\$	\$
Less:		
Grants which were recognised as revenues in a previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.		
BHP - Rec & Leisure Facility Grant	0	11,122
Department of Health - HACC Bus	0	27,789
Hamilton Rd/North Circular Rd - BS	0	2,923
Roads to Recovery	0	122,026
Pilbara Fund (SH Skate Park)	0	70,000
BHP - Vertimower	0	24,400
State Govt - Turtle Boardwalk	0	193,576
Port Hedland Enhancement Scheme - Spoil Bank Masterplan	0	3,572
Office of Crime Prevention - Walkway Lighting	0	4,103
BHP - Wilson/Anderson Upgrade	0	509,244
BHP - Rec & Leisure Facility Grant	12,212	0
BHP - Wilson/Anderson Upgrade	85,756	0
Office of Crime Prevention (Port & South Skate Parks)	20,000	0
Pilbara Fund (Street Lighting)	90,000	0
Roads to Recovery	232,344	0
Walk it Hedland	6,900	0
State Govt - Turtle Boardwalk	6,424	0
Port Hedland Enhancement Scheme - Boat Ramp	6,988	0
Port Hedland Enhancement Scheme - Foreshore Park	5,000	0
Port Hedland Enhancement Scheme - Spoil Bank Masterplan	100,324	0
Office of Crime Prevention - Walkway Lighting	20,897	0
	<u>586,845</u>	<u>968,755</u>
 Closing balances of unexpended grants	 <u><u>3,535,907</u></u>	 <u><u>1,855,799</u></u>
 Comprises:		
BHP - Environmental Projects	49,838	49,838
BHP - Rec & Leisure Facility Grant	0	12,212
BHP - Wilson/Anderson Upgrade	0	85,756
Building Safety (Fire) Grant	25,000	25,000
Office of Crime Prevention (Port & South Skate Parks)	0	20,000
Office of Crime Prevention (Crime Prevention CSCPP)	20,000	20,000
Pilbara Fund (Street Lighting)	0	90,000
Roads to Recovery	0	232,344
Walk it Hedland	12,826	6,900
BHP - Hedland Turf Club Grandstand	100,000	100,000
State Govt - Turtle Boardwalk	0	6,424
Port Hedland Enhancement Scheme - Boat Ramp	33,012	40,000
Port Hedland Enhancement Scheme - Foreshore Park	145,000	150,000
Port Hedland Enhancement Scheme - Spoil Bank Masterplan	896,104	996,428
Office of Crime Prevention - Walkway Lighting	0	20,897
Royalties for Regions - Country Local Government Fund	1,308,594	0
Community Safety Contributions - CCTV	101,200	0
Foreshore Protection Grant	10,284	0
Pilbara Development Commission - Turtle Board walk	392,500	0
Regional and Community Grant	194,411	0
RADS Grant - Airport Development	155,848	0
DOTARS Grant - Airport Development	44,581	0
BHP - Town Entry Statement	46,709	0
	<u><u>3,535,907</u></u>	<u><u>1,855,799</u></u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

3. CASH AND CASH EQUIVALENTS	2009	2008
	\$	\$
Unrestricted	5,243,622	5,898,234
Restricted	<u>37,948,785</u>	<u>9,100,904</u>
	<u><u>43,192,407</u></u>	<u><u>14,999,138</u></u>

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

Leave Reserve	897,283	858,099
Airport Reserve	4,175,516	3,746,916
Plant Reserve	0	69,872
Planning Projects Reserve	0	41,775
Car Parking Reserve	144,896	23,923
Waste Collection Reserve	837,075	1,322,856
Bushfire Management Reserve	0	18,474
Lights Replacement Reserve	34,656	33,143
Depot Facilities Reserve	14,007	13,396
Oval Development Reserve	0	6,387
Cattleyard Reserve	(1)	33,197
BHP-TOPH Alliance Reserve	0	366,749
South Hedland Library Reserve	12,355	11,815
SES Shed Reserve	29,888	28,690
Planning Permiability Reserve	1	81,541
Waste Management Recycle Reserve	384,140	367,365
BHP Reserve	7,137,115	1,521,404
Civil Building / Infrastructure Reserve	76,896	553,892
Newcrest Reserve	1,853	1,410
Spoilbank Reserve	467,198	0
Royalties for Regions Reserve	20,200,000	0
Unspent Grants	<u>3,535,907</u>	<u>0</u>
	<u><u>37,948,785</u></u>	<u><u>9,100,904</u></u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

4. TRADE AND OTHER RECEIVABLES	2009	2008
	\$	\$
Current		
Rates Outstanding	124,488	53,081
Sundry Debtors	6,052,428	1,720,149
Provision for Doubtful Debts	(24,981)	(24,980)
GST / FBT Receivable	785	21,588
Loans - Clubs/Institutions	28,639	4,535
Accrued Income	504,394	1,576,016
	<u>6,685,753</u>	<u>3,350,389</u>
Non-Current		
Rates Outstanding - Pensioners	18,840	18,841
Service Charges - Underground Power	207,823	338,057
Sundry Debtors	206,010	0
Work in Progress - Stairway to the Moon Project	0	13,850
Loans - Clubs/Institutions	303,068	10,813
	<u>735,741</u>	<u>381,561</u>
5. INVENTORIES		
Current		
Fuel	5,795	6,813
Cafe Stock	25,349	0
	<u>31,144</u>	<u>6,813</u>
6. PROPERTY, PLANT AND EQUIPMENT		
Land - Cost	1,246,108	1,112,196
Less Accumulated Depreciation	0	0
	<u>1,246,108</u>	<u>1,112,196</u>
Buildings - Cost	32,239,895	27,762,929
Less Accumulated Depreciation	(8,838,477)	(8,006,815)
	<u>23,401,418</u>	<u>19,756,114</u>
Furniture and Equipment - Cost	4,185,447	3,521,852
Less Accumulated Depreciation	(2,973,283)	(2,696,179)
	<u>1,212,164</u>	<u>825,673</u>
Plant and Equipment - Cost	11,918,953	11,761,140
Less Accumulated Depreciation	(5,947,214)	(6,320,068)
	<u>5,971,739</u>	<u>5,441,072</u>
	<u>31,831,429</u>	<u>27,135,055</u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

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

	Land \$	Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Total \$
Balance as at 1 July 2008	1,112,196	19,756,114	825,673	5,441,072	27,135,055
Additions	133,912	4,476,966	678,748	1,808,650	7,098,276
(Disposals)	0	0	0	(452,829)	(452,829)
Revaluation - Increments - (Decrements)	0	0	0	0	0
Impairment - (losses) - reversals	0	0	0	0	0
Depreciation (Expense)	0	(831,662)	(292,257)	(825,154)	(1,949,073)
Other Movements	0	0	0	0	0
Balance as at 30 June 2009	<u>1,246,108</u>	<u>23,401,418</u>	<u>1,212,164</u>	<u>5,971,739</u>	<u>31,831,429</u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

	2009	2008
	\$	\$
7. INFRASTRUCTURE		
Roads - Cost	76,253,309	73,265,189
Less Accumulated Depreciation	<u>(17,355,252)</u>	<u>(16,051,225)</u>
	58,898,057	57,213,964
Footpaths - Cost	8,071,575	6,564,665
Less Accumulated Depreciation	<u>(2,398,820)</u>	<u>(2,396,585)</u>
	5,672,755	4,168,080
Drainage - Cost	9,568,647	9,193,766
Less Accumulated Depreciation	<u>(2,956,856)</u>	<u>(2,829,330)</u>
	6,611,791	6,364,436
Parks & Ovals - Cost	18,178,876	15,227,089
Less Accumulated Depreciation	<u>(4,399,608)</u>	<u>(4,129,158)</u>
	13,779,268	11,097,931
Bridges - Cost	623,347	623,347
Less Accumulated Depreciation	<u>(323,742)</u>	<u>(314,910)</u>
	299,605	308,437
Bus Shelters - Cost	205,185	165,741
Less Accumulated Depreciation	<u>(77,749)</u>	<u>(57,231)</u>
	127,436	108,510
Depot - Cost	549,029	549,029
Less Accumulated Depreciation	<u>(111,067)</u>	<u>(97,341)</u>
	437,962	451,688
Airport - Cost	19,349,430	18,842,612
Less Accumulated Depreciation	<u>(10,140,521)</u>	<u>(9,659,073)</u>
	9,208,909	9,183,539
	<u><u>95,035,783</u></u>	<u><u>88,896,585</u></u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

7. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

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

	Roads \$	Footpaths \$	Drainage \$	Parks and Ovals \$	Bridges \$	Bus Shelters \$	Depot \$	Airport \$	Total \$
Balance as at 1 July 2008	57,213,964	4,168,080	6,364,436	11,097,931	308,437	108,510	451,688	9,183,539	88,896,585
Additions	2,988,120	1,506,910	374,881	2,951,787	0	39,445	0	506,818	8,367,961
(Disposals)	0	0	0	0	0	0	0	0	0
Revaluation - Increments - (Decrements)	0	0	0	0	0	0	0	0	0
Impairment - (losses) - reversals	0	0	0	0	0	0	0	0	0
Depreciation (Expense)	(1,304,027)	(2,235)	(127,526)	(270,446)	(8,832)	(20,519)	(13,726)	(481,447)	(2,228,758)
Other Movements	0	0	0	(4)	0	0	0	(1)	(5)
Balance as at 30 June 2009	58,898,057	5,672,755	6,611,791	13,779,268	299,605	127,436	437,962	8,208,908	95,035,783

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

	2009 \$	2008 \$
8. TRADE AND OTHER PAYABLES		
Current		
Sundry Creditors	6,232,232	1,734,793
Accrued Interest on Debentures	20,755	22,381
Accrued Salaries and Wages	0	275,261
	<u>6,252,987</u>	<u>2,032,435</u>
a) Short Term Borrowings		
Unsecured		
Bank Overdraft	0	4,519,847
Restricted Funds Held	0	(1,855,799)
	<u>0</u>	<u>2,664,048</u>
9. LONG-TERM BORROWINGS		
Current		
Secured by Floating Charge Debentures	<u>617,796</u>	<u>622,109</u>
	<u>617,796</u>	<u>622,109</u>
Non-Current		
Secured by Floating Charge Debentures	<u>4,164,861</u>	<u>3,282,659</u>
	<u>4,164,861</u>	<u>3,282,659</u>
Additional detail on borrowings is provided in Note 21.		
10. PROVISIONS		
Current		
Provision for Annual Leave	696,802	488,924
Provision for Long Service Leave	122,285	153,341
Provision for Sick Leave	344,488	248,007
Provision for Pilbara Family Day Care	0	4,669
	<u>1,163,575</u>	<u>894,941</u>
Non-Current		
Provision for Long Service Leave	<u>133,067</u>	<u>52,065</u>
	<u>133,067</u>	<u>52,065</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

	2009 \$	2009 Budget \$	2008 \$
11. RESERVES - CASH BACKED			
(a) Leave Reserve			
Opening Balance	858,099	857,823	797,823
Amount Set Aside / Transfer to Reserve	39,184	61,700	60,276
Amount Used / Transfer from Reserve	0	0	0
	<u>897,283</u>	<u>919,523</u>	<u>858,099</u>
(b) Housing Reserve			
Opening Balance	0	0	213,524
Amount Set Aside / Transfer to Reserve	0	0	8,154
Amount Used / Transfer from Reserve	0	0	(221,678)
	<u>0</u>	<u>0</u>	<u>0</u>
(c) Insurance Reserve			
Opening Balance	0	0	221,084
Amount Set Aside / Transfer to Reserve	0	0	5,262
Amount Used / Transfer from Reserve	0	0	(226,346)
	<u>0</u>	<u>0</u>	<u>0</u>
(d) Waste Management Reserve			
Opening Balance	1,322,856	1,325,397	971,227
Amount Set Aside / Transfer to Reserve	636,345	1,895,870	1,147,891
Amount Used / Transfer from Reserve	(1,122,126)	(1,345,900)	(796,262)
	<u>837,075</u>	<u>1,875,367</u>	<u>1,322,856</u>
(e) Plant Reserve			
Opening Balance	69,872	69,725	113,125
Amount Set Aside / Transfer to Reserve	2,787	5,000	6,747
Amount Used / Transfer from Reserve	(72,659)	(74,725)	(50,000)
	<u>(0)</u>	<u>0</u>	<u>69,872</u>
(f) Bushfire Management Reserve			
Opening Balance	18,474	18,277	17,177
Amount Set Aside / Transfer to Reserve	968	1,300	1,297
Amount Used / Transfer from Reserve	(19,442)	(19,577)	0
	<u>0</u>	<u>0</u>	<u>18,474</u>
(g) Aged Hostel Reserve			
Opening Balance	0	0	36,310
Amount Set Aside / Transfer to Reserve	0	0	1,387
Amount Used / Transfer from Reserve	0	0	(37,697)
	<u>0</u>	<u>0</u>	<u>0</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2009 \$	2009 Budget \$	2008 \$
(h) Lights Replacement Reserve			
Opening Balance	33,143	32,815	30,815
Amount Set Aside / Transfer to Reserve	1,513	2,400	2,328
Amount Used / Transfer from Reserve	0	0	0
	<u>34,656</u>	<u>35,215</u>	<u>33,143</u>
(i) Cattleyard Reserve			
Opening Balance	33,196	32,365	30,865
Amount Set Aside / Transfer to Reserve	918	2,300	2,332
Amount Used / Transfer from Reserve	(34,115)	0	0
	<u>(1)</u>	<u>34,665</u>	<u>33,197</u>
(j) Public Open Space Reserve			
Opening Balance	0	0	446,185
Amount Set Aside / Transfer to Reserve	0	0	24,713
Amount Used / Transfer from Reserve	0	0	(470,898)
	<u>0</u>	<u>0</u>	<u>0</u>
(k) Car Parking Reserve			
Opening Balance	23,923	23,642	22,242
Amount Set Aside / Transfer to Reserve	120,973	1,700	1,681
Amount Used / Transfer from Reserve	0	0	0
	<u>144,896</u>	<u>25,342</u>	<u>23,923</u>
(l) Planning Projects Reserve			
Opening Balance	41,775	41,341	38,841
Amount Set Aside / Transfer to Reserve	1,670	3,000	2,934
Amount Used / Transfer from Reserve	(43,445)	(44,341)	0
	<u>0</u>	<u>0</u>	<u>41,775</u>
(m) Bus Replacement Reserve			
Opening Balance	0	0	8,050
Amount Set Aside / Transfer to Reserve	0	0	308
Amount Used / Transfer from Reserve	0	0	(8,358)
	<u>0</u>	<u>0</u>	<u>0</u>
(n) Oval Development Reserve			
Opening Balance	6,387	7,121	68,546
Amount Set Aside / Transfer to Reserve	248	500	2,841
Amount Used / Transfer from Reserve	(6,635)	(7,621)	(65,000)
	<u>(0)</u>	<u>0</u>	<u>6,387</u>
(o) Depot Facilities Reserve			
Opening Balance	13,396	13,255	12,455
Amount Set Aside / Transfer to Reserve	611	1,000	941
Amount Used / Transfer from Reserve	0	0	0
	<u>14,007</u>	<u>14,255</u>	<u>13,396</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

	2009 \$	2009 Budget \$	2008 \$
(p) Airport Reserve			
Opening Balance	3,746,916	2,508,858	2,345,028
Amount Set Aside / Transfer to Reserve	2,456,809	3,409,272	3,110,647
Amount Used / Transfer from Reserve	<u>(2,028,209)</u>	<u>(3,780,500)</u>	<u>(1,708,759)</u>
	<u>4,175,516</u>	<u>2,137,630</u>	<u>3,746,916</u>
(q) BHP Billiton - ToPH Alliance			
Opening Balance	366,749	364,470	585,470
Amount Set Aside / Transfer to Reserve	14,279	26,200	31,279
Amount Used / Transfer from Reserve	<u>(381,028)</u>	<u>(390,670)</u>	<u>(250,000)</u>
	<u>0</u>	<u>0</u>	<u>366,749</u>
(r) South Hedland Library Reserve			
Opening Balance	11,815	224,360	143,217
Amount Set Aside / Transfer to Reserve	540	800	829
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(132,231)</u>
	<u>12,355</u>	<u>225,160</u>	<u>11,815</u>
(s) SES Shed Reserve			
Opening Balance	28,690	25,470	355,910
Amount Set Aside / Transfer to Reserve	1,198	1,800	5,116
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>(332,336)</u>
	<u>29,888</u>	<u>27,270</u>	<u>28,690</u>
(t) BHP Reserve			
Opening Balance	1,521,404	1,462,466	785,916
Amount Set Aside / Transfer to Reserve	8,100,215	8,738,700	2,177,662
Amount Used / Transfer from Reserve	<u>(2,484,504)</u>	<u>(10,018,852)</u>	<u>(1,442,174)</u>
	<u>7,137,115</u>	<u>182,314</u>	<u>1,521,404</u>
(u) Newcrest Reserve			
Opening Balance	1,410	0	0
Amount Set Aside / Transfer to Reserve	100,443	100,000	101,410
Amount Used / Transfer from Reserve	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>
	<u>1,853</u>	<u>0</u>	<u>1,410</u>
(v) Planning Permeability Reserve			
Opening Balance	81,541	80,664	75,814
Amount Set Aside / Transfer to Reserve	3,261	5,800	5,727
Amount Used / Transfer from Reserve	<u>(84,801)</u>	<u>(86,464)</u>	<u>0</u>
	<u>1</u>	<u>0</u>	<u>81,541</u>
(w) Waste Management & Recycling Reserve			
Opening Balance	367,365	363,295	341,995
Amount Set Aside / Transfer to Reserve	16,775	26,100	25,370
Amount Used / Transfer from Reserve	<u>0</u>	<u>0</u>	<u>0</u>
	<u>384,140</u>	<u>389,395</u>	<u>367,365</u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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	2009 \$	2009 Budget \$	2008 \$
(x) Civil Building/Infrastructure Reserve			
Opening Balance	553,892	630,471	562,421
Amount Set Aside / Transfer to Reserve	8,710	45,400	122,340
Amount Used / Transfer from Reserve	(485,706)	(535,000)	(130,869)
	<u>76,896</u>	<u>140,871</u>	<u>553,892</u>
(y) Spoilbank Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	467,198	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>467,198</u>	<u>0</u>	<u>0</u>
(z) Royalties for Regions Reserve			
Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	20,200,000	0	0
Amount Used / Transfer from Reserve	0	0	0
	<u>20,200,000</u>	<u>0</u>	<u>0</u>
TOTAL CASH BACKED RESERVES	<u>34,412,878</u>	<u>6,007,007</u>	<u>9,100,904</u>

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

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

Leave Reserve

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

Housing Reserve

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

Insurance Reserve

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

Landfill Site Development Reserve

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

Waste Management Reserve

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

Plant Reserve

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

Bushfire Management Reserve

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

Aged Hostel Reserve

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

Lights Replacement Reserve

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

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

11. RESERVES - CASH BACKED (Continued)

Cattle Yards Reserve

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

Public Open Space Reserve

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

Car Parking Reserve

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

Planning Projects Reserve

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

Bus Replacement Reserve

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

Oval Development Reserve

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

Depot Facilities Reserve

- to be used for the depot upgrade.

Airport Reserve

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

Airport Staff Housing Reserve

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

Airport Employees' Leave Reserve

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

BHP Billiton - ToPH Alliance Reserve

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

SH Library Reserve

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

SES Shed Reserve

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

BHP Reserve

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

Newcrest Reserve

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

Planning Permeability Reserve

- to fund future traffic permeability management facilities.

Waste Management & Recycling Reserve

- to fund future waste recycling projects.

Civil Building / Infrastructure Reserve

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

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.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

11. RESERVES - CASH BACKED (Continued)

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

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

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

12. RESERVES - ASSET REVALUATION

	2009	2008
	\$	\$
Asset revaluation reserves have arisen on revaluation of the following classes of assets:		
(a) Land and Buildings		
Balance as at 1 July 2008	662,217	662,217
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2009	662,217	662,217
(b) Roads		
Balance as at 1 July 2008	190,311	190,311
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2009	190,311	190,311
TOTAL ASSET REVALUATION RESERVES	852,528	852,528

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

13. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash

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

	2009 \$	2009 Budget \$	2008 \$
Cash and Cash Equivalents	43,192,407	6,637,372	14,999,138
Bank Overdraft	0	0	(2,664,048)
	<u>43,192,407</u>	<u>6,637,372</u>	<u>12,335,090</u>

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

Net Result	39,958,687	15,586,907	10,780,478
Depreciation	4,177,831	4,438,095	4,062,796
Impairment (Loss)/Reversal	0	0	0
(Profit)/Loss on Sale of Asset	114,528	46,500	(47,541)
(Increase)/Decrease in Receivables	(3,373,183)	(696,833)	1,542,683
(Increase)/Decrease in Inventories	(24,331)	(1,000)	(5,224)
Increase/(Decrease) in Payables	4,146,407	458,279	(342,588)
Increase/(Decrease) in Provisions	349,636	(58,867)	(358,930)
Grants/Contributions for the Development of Assets	(33,688,222)	(14,198,900)	(5,774,861)
Net Cash from Operating Activities	<u>11,661,353</u>	<u>5,574,181</u>	<u>9,856,813</u>

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements			
Credit Card limit	11,000		11,000
Credit Card Balance at Balance Date	0		0
Total Amount of Credit Unused	<u>11,000</u>		<u>11,000</u>
Loan Facilities			
Loan Facilities - Current	617,796		622,109
Loan Facilities - Non-Current	4,164,861		3,282,659
Total Facilities In Use at Balance Date	<u>4,782,657</u>		<u>3,904,768</u>
Unused Loan Facilities at Balance Date	<u>0</u>		<u>0</u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

14. CONTINGENT LIABILITIES

The Town of Port Hedland has no contingent liabilities as at 30 June 2009

	2009	2008
	\$	\$

(a) Finance Lease Commitments

The Town of Port Hedland had no finance lease commitments as at 30 June 2009.

(b) Operating Lease Commitments

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

Payable:

- not later than one year	90,903	50,495
- later than one year but not later than five years	84,297	52,170
- later than five years	0	0
	175,200	102,665

(c) Capital Expenditure Commitments

Contracted for:

- capital expenditure projects	2,517,020	1,431,546
- plant & equipment purchases	0	760,488

Payable:

- not later than one year	2,517,020	2,192,033
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The capital expenditure project outstanding at the end of the current reporting period is the Morgan Street Staff Housing project

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

16. JOINT VENTURE

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

	2009 \$	2008 \$
Non-Current Assets		
Buildings	445,668	445,668
Less: Accumulated Depreciation	<u>(56,372)</u>	<u>(45,231)</u>
	<u><u>389,296</u></u>	<u><u>400,437</u></u>

17. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

Governance	328,449	313,848
General Purpose Funding	1,129,044	1,057,638
Law, Order, Public Safety	973,587	603,588
Health	218,031	256,945
Education and Welfare	1,255,823	1,572,585
Housing	6,764,267	4,767,432
Community Amenities	4,023,380	4,170,963
Recreation and Culture	17,536,331	10,991,583
Transport	114,944,376	87,150,945
Economic Services	15,366,751	15,862,818
Other Property and Services	845,447	221,585
Unallocated	14,126,770	7,799,611
	<u><u>177,512,256</u></u>	<u><u>134,769,541</u></u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

18. FINANCIAL RATIOS	2009	2008	2007
Current Ratio	1.53	1.28	1.35
Untied Cash to Unpaid Trade Creditors Ratio	1.43	3.40	0.00
Debt Ratio	0.07	0.07	0.07
Debt Service Ratio	0.03	0.03	0.03
Gross Debt to Revenue Ratio	0.15	0.23	0.15
Gross Debt to Economically Realisable Assets Ratio	0.06	0.14	0.13
Rate Coverage Ratio	0.16	0.28	0.27
Outstanding Rates Ratio	0.01	0.01	0.01

The above ratios are calculated as follows:

Current Ratio	$\frac{\text{current assets minus restricted current assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$
Untied Cash to Unpaid Trade Creditors Ratio	$\frac{\text{untied cash}}{\text{unpaid trade creditors}}$
Debt Ratio	$\frac{\text{total liabilities}}{\text{total assets}}$
Debt Service Ratio	$\frac{\text{debt service cost}}{\text{available operating revenue}}$
Gross Debt to Revenue Ratio	$\frac{\text{gross debt}}{\text{total revenue}}$
Gross Debt to Economically Realisable Assets Ratio	$\frac{\text{gross debt}}{\text{economically realisable assets}}$
Rate Coverage Ratio	$\frac{\text{net rate revenue}}{\text{operating revenue}}$
Outstanding Rates Ratio	$\frac{\text{rates outstanding}}{\text{rates collectable}}$

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

19. TRUST FUNDS

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

	Balance 1-Jul-08 \$	Amounts Received \$	Amounts Paid (\$)	Balance 30-Jun-09 \$
Building Retention	4,616	0	0	4,616
Special Projects	0	1,300	0	1,300
Staff Bonds	9,604	2,492	0	12,096
Ranger Services Bonds	550	1,970	1,700	820
Community Bank	960	0	0	960
Deposits - Halls	16,150	39,320	44,670	10,800
Deposits - Trailer / Community Bus	1,400	0	1,000	400
Deposits - Sports Grounds	12,840	7,550	9,700	10,690
Blackrock Stakes Donations	178	0	0	178
Unclaimed Money	1,218	690	0	1,908
BRB Levy	0	16,005	14,305	1,700
BCITF Levy	0	316,439	291,214	25,225
Sundry	601	0	0	601
Deposits - MDCC	0	1,000	1,000	0
Building Bonds	22,540	0	260	22,280
Cyclone George	0	162,540	0	162,540
Public Open Space	470,898	0	0	470,898
	<u>541,555</u>			<u>727,012</u>

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

20. DISPOSALS OF ASSETS - 2008/09 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<i>Profit</i>						
Governance						
OCE Plan Printer	0	0	200	0	200	0
Community Amenities						
1AJE623 Cat Track Loader	0	0	25,000	50,000	25,000	50,000
Transport						
PH5246 Mitsubishi Canter	6,911	9,300	8,000	10,000	1,089	700
PH605 Case Tractor	0	0	8,000	10,000	8,000	10,000
PH431 Case Tractor	0	0	10,000	6,000	10,000	6,000
PH4844 Patching Truck	0	0	15,000	0	15,000	0
250PZ3 Komatsu Loader	0	0	55,000	0	55,000	0
9JH616 Tractor	0	0	0	8,000	0	8,000
Loss						
Education and Welfare						
PH4991 HACC Civilian Bus	0	0	0	0	0	0
8WZ953 HACC Box Trailer	0	0	0	0	0	0
1CUH316 HACC Bus	49,775	0	0	0	(49,775)	0
Community Amenities						
PH057 Rubbish Truck	135,436	149,200	80,000	80,000	(55,436)	(69,200)
Transport						
PH5671 New Holland Tractor	11,781	12,100	5,000	8,000	(6,781)	(4,100)
PH10020 Hilux 4x4	31,980	0	21,000	0	(10,980)	0
PH9385 Hilux 4x2 Cab	13,796	14,800	6,600	9,000	(7,196)	(5,800)
PH9775 Hilux 4x4	27,649	29,300	20,000	18,000	(7,649)	(11,300)
PH9735 Toyota Corolla	14,052	0	8,500	0	(5,552)	0
PH9628 Hilux 4x4 Extra Cab	27,458	0	21,000	0	(6,458)	0
PH9199 Hino Roadsweeper	133,991	0	55,000	0	(78,991)	0
PH9083 Camry	0	16,500	0	12,000	0	(4,500)
PH9383 4x2 Ute	0	15,600	0	9,000	0	(6,600)
PH9382 4x2 Ute	0	14,800	0	9,000	0	(5,800)
PH9681 Prado	0	32,500	0	30,000	0	(2,500)
PH9689 4x2 Ute	0	20,600	0	11,000	0	(9,600)
	<u>452,829</u>	<u>314,500</u>	<u>338,300</u>	<u>268,000</u>	<u>(114,529)</u>	<u>(46,500)</u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

21. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-08 \$	New Loans \$	Principal Repayments		Principal 30-Jun-09		Interest Repayments	
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
108 Governance	66,122		66,122	66,120	0	0	3,180	3,350
Admin/Civic Centre Upgrade	155,094		31,286	31,250	123,808	123,804	8,052	8,060
117 Law, Order & Public Safety	343,272		22,377	22,350	320,895	320,891	20,951	21,490
State Emergency Services Shed	408,656		26,640	26,640	382,017	382,017	24,942	25,560
122 Education & Welfare								
HACC House Upgrade								
Housing								
106 Staff Housing	665,014		91,477	91,480	583,538	583,534	43,524	43,770
107 Staff Housing	315,258		45,587	45,590	269,671	269,638	16,759	16,970
Staff Housing - Morgans Street	0	1,500,000	0	21,900	1,500,000	3,978,100	279	76,000
125 Staff Housing - Airport			0	8,200	1,491,800		0	28,100
Community Amenities								
Waste Water Treatment	0		0	130,000	0	520,000	0	0
L124 Underground Power (a)	581,706		174,722	174,730	386,983	386,976	36,051	36,120
Underground Power (b)	0				0	0	0	0
Recreation & Culture								
121 St Matthews Church	58,965		4,178	4,180	54,787	54,785	3,407	3,470
112 Aquatic Centres	620,059		52,150	52,150	567,909	567,909	40,746	40,750
114 Swimming Pool Extensions	363,828		28,667	29,690	334,139	334,136	20,642	20,640
118 JD Handle Upgrade	33,161		21,821	21,830	11,340	11,331	1,450	1,450
JD Handle Upgrade 2			0	7,300	792,700		0	15,000
119A Netball Courts	52,023		10,444	10,440	41,579	41,583	2,838	2,840
119B Gratiwick Pool	36,416		7,311	7,310	29,106	29,108	1,967	1,960
120 Tennis Courts	41,616		8,355	8,360	33,263	33,258	2,271	2,270
111 PH Gold Club (*)	15,348		4,535	4,540	10,814	10,808	802	810
Yacht Club (*)	0		0	4,200	0	345,800	0	12,050
Marquee Park	0		0	7,600	0	822,400	0	15,600
Transport								
113 Depot	95,527		21,645	21,650	73,882	73,877	5,854	5,860
Economic Services								
116 Port Hedland Visitors Centre	82,699		3,772	3,780	78,927	78,919	4,734	4,740
	3,904,764	1,600,000	622,109	801,360	4,782,657	11,255,272	238,479	365,910

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

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

21. INFORMATION ON BORROWINGS (Continued)

(b) New Debentures - 2008/09

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Staff Housing - Morgans Street	1,500,000	4,000,000	WATC	Debenture	20	1,274,005	6.75%	1,482,980	4,000,000	17,020

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 1-Jul-08 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-09 \$
	Staff Housing	28/06/2009	0	1,500,000	1,482,980
		0	1,500,000	1,482,980	17,020

(d) Overdraft

The Council does not have an overdraft facility in place.

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

22. RATING INFORMATION - 2008/09 FINANCIAL YEAR

RATE TYPE	Rate in \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Rate Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
Differential General Rate											
GRV Residential	11.6365	4,515	54,633,232	6,357,396	128,575	5,393	6,491,364	6,354,950	160,000	0	6,514,950
GRV Commercial	11.6365	414	10,444,661	1,216,363	11,987	(2,296)	1,225,084	1,216,190	0	0	1,216,190
GRV Industrial	11.6365	302	6,869,279	801,671	7,904	(1,241)	806,334	797,740	0	0	797,740
GRV Shopping Centre	11.6365	2	4,875,968	567,394	0	0	567,394	567,390	0	0	567,390
GRV Ex Gratia	11.6365	1	370,500	43,113	0	0	43,113	43,110	0	0	43,110
UV Mining Improved	18.9369	105	1,513,394	286,590	(2,812)	(1,754)	282,024	376,760	0	0	376,760
UV Mining Vacant	18.9368	280	496,096	93,945	(674)	2,160	95,451	91,600	0	0	91,600
UV Pastoral	9.6976	12	526,666	51,074	0	0	51,074	49,810	0	0	49,810
UV Other	10.5409	14	768,455	83,110	(1,033)	(671)	81,406	72,750	0	0	72,750
UV Other Vacant	10.5408	11	75,000	7,906	0	0	7,906	7,910	0	0	7,910
Non-Rated							0				0
Sub-Totals		5,656	80,813,271	9,507,592	143,947	1,611	9,653,150	9,577,210	160,000	0	9,737,210
Minimum Rates	Minimum \$										
GRV Residential	630	433	606,169	272,790	0	0	272,790	212,310	0	0	212,310
GRV Commercial	630	98	227,908	60,480	0	0	60,480	61,110	0	0	61,110
GRV Industrial	630	22	63,970	14,490	0	0	14,490	13,230	0	0	13,230
GRV Shopping Centre	630	0	0	0	0	0	0	0	0	0	0
GRV Ex Gratia	630	0	0	0	0	0	0	0	0	0	0
UV Mining Improved	630	51	64,741	32,130	0	0	32,130	32,130	0	0	32,130
UV Mining Vacant	630	244	199,932	153,720	0	0	153,720	154,350	0	0	154,350
UV Pastoral	630	2	5,564	1,260	0	0	1,260	630	0	0	630
UV Other	630	0	0	0	0	0	0	630	0	0	630
UV Other Vacant	630	11	50	6,930	0	0	6,930	6,930	0	0	6,930
Non-Rated							0				0
Sub-Totals		859	1,138,334	541,800	0	0	541,800	481,320	0	0	481,320
Concessions (refer note 25)							10,194,960				10,216,530
Totals											10,160,080

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

23. SPECIFIED AREA RATE - 2008/09 FINANCIAL YEAR

As per the initial Budget approved by Council, the Town of Port Hedland did not levy a Specified Area Rate in the 2008/09 financial year.

24. SERVICE CHARGES - 2008/09 FINANCIAL YEAR

There were no service charges for the 2008/09 financial year.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS
- 2008/09 FINANCIAL YEAR**

	Type	Disc %	Total Cost/ Value \$	Budget Cost/ Value \$
A130114 - Sub Lot of 5812 Reserve 39012, Lotteries House	Concession	100.00%	19,212	
A127580 - Portion 6 Anderson St, Business Economic Centre	Concession	100.00%	3,872	
A406870 - Lot 2916 Stanley St, Youth Involvement Centre	Concession	100.00%	1,543	
A106284 - 9 Hamilton St, Benara Maya Hostel	Concession	100.00%	2,723	
A130290 - Lot 5915 McGregor St, Freemasons Homes for Aged	Concession	100.00%	14,220	
A156300 - Lot 4508 Shoata Rd, Port Hedland Pistol Club	Concession	100.00%	630	
A156260 - Location 118 of Forrest Location, Port Hedland Speedway Club	Concession	100.00%	6,430	
A802207 - Lot 2466, Lawston St, Youth Involvement Centre	Concession	100.00%	2,118	
A156550 - Lots 55, 56, 57 McKay St, Volunteer Marine Rescue Service	Concession	100.00%	1,815	
A113872 - Lot 43, 10 Steamer Ave, Baptist Church Manse	Concession	100.00%	1,936	
A154780 - 4 Treloar St, Treloar Child Care Centre	Concession	50.00%	908	
A402430 - Lot 2513 Dempster St, Len Taplin Centre	Concession	50.00%	1,210	
A802155 - Lot 5164 Shoata Rd, South Hedland Owners and Trainers Association	Concession	50.00%	10,541	
			67,158	58,450
<i>Rates Written Off</i>				
- A116508 - Tenement Overpayment	Write-Off		1,975	0
- A801988 - Tenement Overpayment	Write-Off		16,991	0
- A803285 - Tenement Overpayment	Write-Off		12,966	0
- A106282 - Tenement Provided 100% Rates Exemption	Write-Off		17,699	0
- A113807 - Tenement Provided 100% Rates Exemption	Write-Off		1,694	0
- A116100 - Tenement Provided 100% Rates Exemption	Write-Off		1,543	0
- A803501 - Tenement Provided 100% Rates Exemption	Write-Off		4,413	0
- A802155 - Tenement Provided 100% Rates Exemption	Write-Off		10,541	0
<i>Sundry Debtors</i>				
	Write-Off		265	0

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

Council offered a rate incentive to ratepayers who elected to pay their rates in full by 25 August 2008.

The prizes consisted of:

- First Prize: \$1,000 Cash - donated by the National Bank Port Hedland.
 Second Prize: \$600 each - 2 Annual memberships to The Edge Health & Fitness Centre.
 Third Prize: \$500 Cash - Council's contribution to the rate incentive scheme.
 Fourth Prize: \$250 Kitchen Package from Harvey Normal Port Hedland.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

26. INTEREST CHARGES AND INSTALMENTS - 2008/09 FINANCIAL YEAR

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.00%		42,272	49,450
Interest on Instalments Plan	5.50%		36,795	28,350
Interest on Deferred Rates			0	500
Charges on Instalment Plan		\$10.00	34,600	30,000
Alternative Payments Arrangements		\$50.00	8,300	12,150
			<u>121,967</u>	<u>120,450</u>

Ratepayers had the option of paying rates in four equal instalments, due on 1 September 2009, 3 November 2008, 12 January 2009 and 16 March 2009. Administration charges and interest is applied for the final three instalments.

27. FEES & CHARGES	2009 \$	2008 \$
Governance	2,830	4,826
General Purpose Funding	95,781	86,045
Law, Order, Public Safety	77,434	63,319
Health	37,511	42,107
Education and Welfare	0	218,841
Community Amenities	3,575,337	3,642,441
Recreation and Culture	559,065	392,086
Transport	6,870,564	5,998,694
Economic Services	1,294,438	908,852
Other Property and Services	120,000	81,000
	<u>12,632,960</u>	<u>11,438,211</u>

During the year, the Town introduced new fees and charges in relation to the JD Hardie Centre that were advertised in accordance with the requirements of the legislation.

28. GRANT REVENUE	2009 \$	2008 \$
By Nature and Type:		
Operating Grants, Subsidies and Contributions	7,670,669	5,703,559
Non-Operating Grants, Subsidies and Contributions	<u>33,688,222</u>	<u>5,774,861</u>
	<u>41,358,891</u>	<u>11,478,420</u>
By Program:		
General Purpose Funding	3,169,240	2,349,100
Governance	1,472,207	28,540
Law, Order, Public Safety	610,208	334,852
Health	524	603
Education and Welfare	955,711	953,663
Housing	943	95,005
Community Amenities	17,563	89,667
Recreation and Culture	878,759	1,767,305
Transport	2,394,032	3,069,856
Economic Services	31,559,775	2,388,175
Other Property and Services	299,929	401,654
	<u>41,358,891</u>	<u>11,478,420</u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

29. COUNCILLORS' REMUNERATION	2009	2009	2008
	\$	Budget	\$
		\$	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	71,750	70,000	66,500
Mayor's Allowance	45,000	45,000	20,000
Deputy Mayor's Allowance	11,250	11,250	5,000
Travelling Expenses	16,726	31,000	7,827
Telecommunications Allowance	21,600	21,600	11,100
Technology Allowance	8,000	8,000	8,519
	<u>174,326</u>	<u>186,850</u>	<u>118,946</u>

30. EMPLOYEES' REMUNERATION

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

Salary Range	2009	2008
\$		
100,000 - 109,999	2	2
110,000 - 119,999	1	6
120,000 - 129,999	6	0
130,000 - 139,999	1	2
140,000 - 149,999	0	0
150,000 - 159,999	0	0
180,000 - 189,999	2	1
190,000 - 199,999	1	0
250,000 - 259,999	1	0

31. EMPLOYEE NUMBERS

The number of full-time equivalent employees at balance date

	2009	2008
	<u>149</u>	<u>115</u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

32. MAJOR LAND TRANSACTIONS

Port Hedland International Airport: Transient Workforce Accommodation

(a) Details

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

(b) Current year transactions	2009 \$	2009 Budget \$	2008 \$
Operating Income			
- Rental Income	221,622	0	0
Operating Expenditure			
- Legal Fees	0	0	0
	<u>221,622</u>	<u>0</u>	<u>0</u>

There are no liabilities in relation to this land transaction as at 30 June 2009.

(c) Expected Future Cash Flows

	2010 \$	2011 \$	2012 \$	2013 \$	2014 \$	Total \$
Cash Outflows						
- Development Costs	0	0	0	0	0	0
- Loan Repayments	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Cash Inflows						
- Lease Revenue	762,649	785,528	809,094	833,367	858,368	4,049,006
	<u>762,649</u>	<u>785,528</u>	<u>809,094</u>	<u>833,367</u>	<u>858,368</u>	<u>4,049,006</u>
Net Cash Flows	<u>762,649</u>	<u>785,528</u>	<u>809,094</u>	<u>833,367</u>	<u>858,368</u>	<u>4,049,006</u>

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

33. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

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

AIRPORT CAFÉ AND BAR
INCOME STATEMENT
BY NATURE OR TYPE
FOR THE YEAR ENDED 30TH JUNE 2009

	2009 \$	2009 Budget	2008 \$
REVENUES FROM ORDINARY ACTIVITIES		\$	
Sales Café	472,409	388,200	201,589
Sales Bar	286,582	383,900	119,091
Contribution from Town of Port Hedland	0	0	16,843
	<u>758,991</u>	<u>772,100</u>	<u>337,523</u>
EXPENSES FROM ORDINARY ACTIVITIES			
Employee Costs	(336,114)	(333,950)	(170,154)
Materials and Contracts	(290,480)	(317,290)	(171,750)
Utilities	(12,793)	(4,500)	(5,498)
Depreciation	0	0	(520)
Other	(93,832)	0	0
	<u>(733,219)</u>	<u>(655,740)</u>	<u>(347,922)</u>
NET RESULT	<u>25,772</u>	<u>116,360</u>	<u>(10,399)</u>

AIRPORT CAFÉ AND BAR
BALANCE SHEET
AS AT 30TH JUNE 2009

	2009 \$	2008 \$
CURRENT ASSETS		
Cash and Cash Equivalents	7,501	825
Inventories	25,349	3,000
TOTAL CURRENT ASSETS	<u>32,850</u>	<u>3,825</u>
NON-CURRENT ASSETS		
Property, Plant and Equipment	2,338	2,338
TOTAL NON-CURRENT ASSETS	<u>2,338</u>	<u>2,338</u>
TOTAL ASSETS	<u>35,188</u>	<u>6,163</u>
CURRENT LIABILITIES		
Trade and Other Payables	13,077	10,720
Provisions	6,389	5,606
TOTAL CURRENT LIABILITIES	<u>19,466</u>	<u>16,326</u>
NON-CURRENT LIABILITIES		
Provisions	349	236
TOTAL NON-CURRENT LIABILITIES	<u>349</u>	<u>236</u>
TOTAL LIABILITIES	<u>19,815</u>	<u>16,562</u>
NET ASSETS	<u>15,373</u>	<u>(10,399)</u>
EQUITY		
Retained Surplus	15,373	(10,399)
TOTAL EQUITY	<u>15,373</u>	<u>(10,399)</u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

34. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2009	2008	2009	2008
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	43,192,407	14,999,138	43,192,407	14,999,138
Receivables	7,421,493	3,731,950	7,421,493	3,731,950
	<u>50,613,900</u>	<u>18,731,088</u>	<u>50,613,900</u>	<u>18,731,088</u>
Financial Liabilities				
Payables	6,252,987	2,032,435	6,252,987	2,032,435
- Short Term Borrowings	0	2,664,048	0	2,664,048
- Long Term Borrowings	4,782,657	3,904,768	4,586,364	3,929,606
	<u>11,035,644</u>	<u>8,601,251</u>	<u>10,839,351</u>	<u>8,626,089</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable 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 2009**

34. FINANCIAL RISK MANAGEMENT (Continued)
(a) Cash and Cash Equivalents

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

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

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

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

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

	30-Jun-09 \$	30-Jun-08 \$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	431,924	149,991
- Income Statement	431,924	149,991

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 2009**

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

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

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

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

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

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

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

	30-Jun-09	30-Jun-08
Percentage of Rates and Annual Charges		
- Current	98.46%	98.04%
- Overdue	1.54%	1.96%
Percentage of Other Receivables		
- Current	95.47%	91.25%
- Overdue	4.53%	8.75%

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

34. FINANCIAL RISK MANAGEMENT (Continued)

**(c) Payables
Borrowings**

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

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

	<u>2009</u>	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
Payables	6,252,987	0	0	0	6,252,987	6,252,987
Borrowings	<u>918,877</u>	<u>3,210,727</u>	<u>2,715,237</u>	<u>2,715,237</u>	<u>6,844,841</u>	<u>4,782,657</u>
	<u>7,171,864</u>	<u>3,210,727</u>	<u>2,715,237</u>	<u>2,715,237</u>	<u>13,097,828</u>	<u>11,035,644</u>
Bank Overdraft	2,664,048	0	0	0	2,664,048	2,664,048
Payables	2,032,435	0	0	0	2,032,435	2,032,435
Borrowings	<u>862,215</u>	<u>2,594,289</u>	<u>1,495,145</u>	<u>1,495,145</u>	<u>4,951,649</u>	<u>3,904,768</u>
	<u>5,558,698</u>	<u>2,594,289</u>	<u>1,495,145</u>	<u>1,495,145</u>	<u>9,648,132</u>	<u>8,601,251</u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009**

34. FINANCIAL RISK MANAGEMENT (Continued)

(c) Borrowings (Continued)

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
Year Ended 30 June 2009								
Borrowings								
Variable Rate								
Bank Overdraft	0						0	
Fixed Rate								
Debentures	11,340	396,902	0	301,638	833,209	3,239,568	4,782,657	6.50%
Weighted Average Effective Interest Rate	5.22%	6.86%	0.00%	5.81%	6.49%	6.52%		
Year Ended 30 June 2008								
Borrowings								
Variable Rate								
Bank Overdraft	2,664,048						2,664,048	
Fixed Rate								
Debentures	66,122	33,161	561,706	110,875	285,151	2,847,753	3,904,768	6.39%
Weighted Average Effective Interest Rate	6.72%	5.22%	6.88%	6.43%	5.59%	6.38%		

**INDEPENDENT AUDIT REPORT
TO THE ELECTORS OF THE TOWN OF PORT HEDLAND**

Report on the Financial Report

We have audited the accompanying financial report of the Town of Port Hedland, which comprises the balance sheet as at 30 June 2009 and the income statement by nature or type, income statement by program, statement of changes in equity, cash flow statement, rate setting statement for the year ended on that date and a summary of significant accounting policies and other explanatory notes.

Council's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

Auditor's Opinion

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

- a. giving a true and fair view of the Shire's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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

Other Matters

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

- a) There are no matters that in our opinion indicate significant adverse trends in the financial position or the financial management practices of the Shire.
- b) No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- c) All necessary information and explanations were obtained by us.
- d) All audit procedures were satisfactorily completed in conducting our audit.

UHY HAINES NORTON
CHARTERED ACCOUNTANTS


GREG GODWIN
PARTNER

Date: 21 December 2009
Perth, WA
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