



ATTACHMENTS

Reports of Committees

Under Separate Cover

Ordinary Council Meeting
Wednesday, 14 December 2022

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TOWN OF PORT HEDLAND
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

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The Town of Port Hedland conducts the operations of a local government with the following community vision:

To be Australia's leading Port Town embracing community, culture and environment.

Principal place of business:
Civic Centre
McGregor street
Port Hedland WA 6721

OWN OF PORT HEDLAND
STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$'000	2022 Budget \$'000	2021 Actual \$'000
Revenue				
fees	27(a),2(a)	58,865	54,708	54,133
Operating grants, subsidies and contributions	2(a)	2,349	2,480	2,255
Fees and charges	25(c),2(a)	17,168	14,225	14,742
Interest earnings	2(a)	1,423	1,920	2,794
Other revenue	2(a)	2,506	2,247	7,215
		82,311	75,580	81,139
Expenses				
Employee costs	26(a)	(28,423)	(28,929)	(25,803)
Materials and contracts	26(b)	(18,728)	(20,900)	(13,978)
Utility charges		(4,541)	(4,250)	(4,280)
Depreciation	10(a)	(12,870)	(10,534)	(9,838)
Finance costs	2(b)	(6)	(1,381)	(10)
Insurance		(1,142)	(1,034)	(908)
Other expenditure	2(b)	(2,896)	(2,918)	(3,194)
		(68,606)	(69,946)	(58,011)
		13,705	5,634	23,128
Capital grants, subsidies and contributions	2(a)	9,036	15,192	1,423
Profit on asset disposals	10(c)	29	126	26
Loss on asset disposals	10(c)	(567)	(153)	(1,252)
Fair value adjustments to investment property	13	(7,307)	-	1,632
		1,191	15,165	1,829
Net result for the period	25(b)	14,896	20,799	24,957
Other comprehensive income for the period				
Changes in asset revaluation surplus	18	-	-	(26,868)
Total other comprehensive income for the period	18	-	-	(26,868)
Total comprehensive income for the period		14,896	20,799	(1,911)

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

**TOWN OF PORT HEDLAND
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	NOTE	2022 \$'000	2021 \$'000
CURRENT ASSETS			
Cash and cash equivalents	3	45,174	67,908
Trade and other receivables	5	5,691	6,262
Other financial assets	4(a)	169,653	159,881
Inventories	6	2,184	1,846
Other assets	7	993	1,668
TOTAL CURRENT ASSETS		223,695	237,565
NON-CURRENT ASSETS			
Trade and other receivables	5	18	17
Other financial assets	4(b)	396	573
Inventories	6	-	1,266
Other assets	7	1,359	1,390
Property, plant and equipment	8	127,982	115,567
Infrastructure	9	217,410	191,507
Right-of-use assets	11(a)	164	373
Investment property	13	45,277	52,584
Rehabilitation asset	12	12,997	-
TOTAL NON-CURRENT ASSETS		405,603	363,277
TOTAL ASSETS		629,298	600,842
CURRENT LIABILITIES			
Trade and other payables	14	13,190	14,139
Other liabilities	15	6,999	4,810
Lease liabilities	11(b)	145	188
Employee related provisions	16	2,123	2,178
Other provisions	17	400	400
TOTAL CURRENT LIABILITIES		22,857	21,715
NON-CURRENT LIABILITIES			
Other liabilities	15	39,456	40,380
Trade and other payables	14	13	18
Lease liabilities	11(b)	80	225
Employee related provisions	16	636	141
Other provisions	17	12,997	-
TOTAL NON-CURRENT LIABILITIES		53,182	40,764
TOTAL LIABILITIES		76,039	62,479
NET ASSETS		553,259	538,363
EQUITY			
Retained surplus		294,896	261,073
Reserve accounts	30	202,624	221,551
Revaluation surplus	18	55,739	55,739
TOTAL EQUITY		553,259	538,363

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

**FINANCIAL STATEMENT OF PORT HEDLAND
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	RETAINED SURPLUS \$'000	RESERVE ACCOUNTS \$'000	REVALUATION SURPLUS \$'000	TOTAL EQUITY \$'000
Balance as at 1 July 2020		217,579	240,088	82,607	540,274
Comprehensive income for the period					
Net result for the period		24,957	-	-	24,957
Other comprehensive income for the period	18	-	-	(26,868)	(26,868)
Net comprehensive income for the period		24,957	-	(26,868)	(1,911)
Transfers from reserves	30	36,534	(36,534)	-	-
Transfers to reserves	30	(17,997)	17,997	-	-
Balance as at 30 June 2021		261,073	221,551	55,739	538,363
Comprehensive income for the period					
Net result for the period		14,896	-	-	14,896
Net comprehensive income for the period		14,896	-	-	14,896
Transfers from reserves	30	30,102	(30,102)	-	-
Transfers to reserves	30	(11,175)	11,175	-	-
Balance as at 30 June 2022		294,896	202,624	55,739	553,259

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

**PORT HEDLAND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual \$'000	2022 Budget \$'000	2021 Actual \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Operating grants, subsidies and contributions		60,616	56,708	55,137
Interest received		1,291	2,480	5,283
Dividends and charges		17,553	13,301	14,742
Interest received		1,423	1,920	1,779
Dividends and services tax received		-	-	1,097
Other revenue		1,582	2,247	3,304
		82,465	76,656	81,342
Payments				
Employee costs		(28,881)	(28,929)	(24,410)
Materials and contracts		(17,415)	(21,500)	(19,800)
Utility charges		(4,541)	(4,250)	(4,280)
Finance costs		(6)	(1,381)	(10)
Interest paid		(1,142)	(1,034)	(908)
Dividends and services tax paid		(710)	-	(1,174)
Other expenditure		(2,413)	(2,918)	(3,189)
		(55,108)	(60,012)	(53,771)
cash provided by (used in) operating activities	19(b)	27,357	16,644	27,571
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	8(a)	(18,798)	(33,742)	(23,626)
Payments for construction of infrastructure	9(a)	(32,815)	(43,996)	(19,882)
Operating grants, subsidies and contributions		11,392	15,192	1,423
Proceeds from financial assets at amortised cost - term deposits		(9,814)	-	45,528
Proceeds from sale of property, plant & equipment	10(c)	90	395	478
cash provided by (used in) investing activities		(49,945)	(62,151)	3,921
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of borrowings	29(a)	-	(1,057)	-
Payments for principal portion of lease liabilities	29(c)	(188)	(179)	(326)
Proceeds from financial assets at amortised cost - SSL		42	26,800	30
cash provided by (used in) financing activities		(146)	25,564	(296)
increase (decrease) in cash held		(22,734)	(19,943)	31,196
Cash at beginning of year		67,908	206,136	36,712
Cash and cash equivalents at the end of the year	19(a)	45,174	186,193	67,908

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

**FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 JUNE 2022**

	NOTE	2022 Actual \$'000	2022 Budget \$'000	2021 Actual \$'000
CURRENT ASSETS - At start of financial year - surplus/(deficit)	28(c)	(3,374)	1,210	(209)
OPERATING ACTIVITIES				
Revenue from operating activities (excluding general rate)				
Operating grants, subsidies and contributions		2,349	2,480	2,255
Fees and charges		17,168	14,225	14,742
Interest earnings		1,423	1,920	2,794
Other revenue		2,506	2,247	7,215
Profit on asset disposals	10(c)	29	126	26
Fair value adjustments to investment property		-	-	1,632
		23,475	20,998	28,664
Expenditure from operating activities				
Employee costs		(28,423)	(28,929)	(25,803)
Materials and contracts		(18,728)	(20,900)	(13,978)
Utility charges		(4,541)	(4,250)	(4,280)
Depreciation		(12,870)	(10,534)	(9,838)
Finance costs		(6)	(1,381)	(10)
Insurance		(1,142)	(1,034)	(908)
Other expenditure		(2,896)	(2,918)	(3,194)
Loss on asset disposals	10(c)	(567)	(153)	(1,252)
Fair value adjustments to investment property		(7,307)	-	-
		(76,480)	(70,099)	(59,263)
Non-cash amounts excluded from operating activities	28(a)	21,305	9,637	6,983
Surplus/(deficit) attributable to operating activities		(31,700)	(39,464)	(23,825)
INVESTING ACTIVITIES				
Non-operating grants, subsidies and contributions		9,036	15,192	1,423
Proceeds from disposal of assets	10(c)	90	395	478
Purchase of property, plant and equipment	8(a)	(18,798)	(33,742)	(23,626)
Purchase and construction of infrastructure	9(a)	(32,815)	(43,996)	(19,882)
Payments for intangible assets	12	(12,997)	-	-
		(55,484)	(62,151)	(41,607)
Non-cash amounts excluded from investing activities	28(b)	12,997	-	(10,507)
Surplus/(deficit) attributable to investing activities		(42,486)	(62,151)	(52,114)
FINANCING ACTIVITIES				
Repayment of borrowings	29(a)	-	(1,057)	-
Proceeds from borrowings	29(a)	-	26,800	-
Proceeds from self supporting loans		42	-	33
Current portion of lease liabilities		-	-	188
Payments for principal portion of lease liabilities	29(c)	(188)	(179)	(326)
Transfers to reserves (restricted assets)	30	(11,175)	(9,695)	(17,997)
Transfers from reserves (restricted assets)	30	30,102	29,967	36,534
Surplus/(deficit) attributable to financing activities		18,781	45,836	18,432
Surplus/(deficit) before imposition of general rates		(58,779)	(54,569)	(57,507)
Amount raised from general rates	27(a)	58,865	54,708	54,133
Surplus/(deficit) after imposition of general rates	28(c)	86	139	(3,374)

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

**TOWN OF PORT HEDLAND
FOR THE YEAR ENDED 30 JUNE 2022
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**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease.

All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Town Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 31 of the financial report.

Judgements and estimates

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

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

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- a) estimation of present value of landfill rehabilitation provision
- b) expected credit losses
- c) estimation of present value of long service
- d) estimated fair value of certain financial assets
- e) impairment of financial assets and non-financial assets
- f) estimation of fair values of land and buildings, infrastructure and investment property
- g) estimation uncertainties made in relation to lease accounting
- h) estimated useful life of rehabilitation asset

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

REVENUE AND EXPENSES

Revenue

Contracts with customers

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds / Warranties	Timing of revenue recognition
Rates	General Rates	Over time	Payment dates adopted by Council during the year	None	When rates notice is issued
Specified area rates	Rates charge for specific defined purpose	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	When rates notice is issued
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contract commitments	General appropriations and contributions with no reciprocal commitment	No obligations	Not applicable	Not applicable	When assets are controlled
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	On payment and issue of the licence, registration or approval
Pool inspections	Compliance safety check	Single point in time	Equal proportion based on an equal annually fee	None	After inspection complete based on a 4 year cycle
Other inspections	Regulatory Food, Health and Safety	Single point in time	Full payment prior to inspection	None	Revenue recognised after inspection event occurs
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Output method based on regular weekly and fortnightly period as proportionate to collection service

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

REVENUE AND EXPENSES (Continued)

Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Property hire and entry	Use of halls and facilities	Single point in time	In full in advance	Refund if event cancelled within 7 days	On entry or at conclusion of hire days
Memberships	Gym and pool membership	Over time	Payment in full in advance	Refund for unused portion on application	Output method Over 12 months matched to access right
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Output method based on provision of service or completion of works
Sale of stock	kiosk stock at various facilities	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	Output method based on goods
Commissions	Commissions on licencing and ticket sales	Over time	Payment in full on sale	None	When assets are controlled
Reimbursements	Insurance claims	Single point in time	Payment in arrears for claimable event	None	When claim is agreed

Consideration from contracts with customers is included in the transaction price.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

REVENUE AND EXPENSES (Continued)

Revenue recognised during the year under each basis of recognition by nature or types of goods or services is provided in the table below:

For the year ended 30 June 2022

Nature or type	Contracts with	Capital	Statutory	Other	Total
	customers	grant/contributions	Requirements		
	\$'000	\$'000	\$'000	\$'000	\$'000
Rates	-	-	58,865	-	58,865
Operating grants, subsidies and contributions	2,349	-	-	-	2,349
Fees and charges	16,887	-	281	-	17,168
Interest earnings	1,164	-	259	-	1,423
Other revenue	-	-	-	2,506	2,506
Capital grants, subsidies and contributions	-	9,036	-	-	9,036
Total	20,400	9,036	59,405	2,506	91,347

For the year ended 30 June 2021

Nature or type	Contracts with	Capital	Statutory	Other	Total
	customers	grant/contributions	Requirements		
	\$'000	\$'000	\$'000	\$'000	\$'000
Rates	-	-	54,133	-	54,133
Operating grants, subsidies and contributions	2,255	-	-	-	2,255
Fees and charges	14,365	-	377	-	14,742
Interest earnings	2,488	-	306	-	2,794
Other revenue	-	-	-	7,215	7,215
Capital grants, subsidies and contributions	-	1,423	-	-	1,423
Total	19,108	1,423	54,816	7,215	82,562

Note	2022	2022	2021
	Actual	Budget	Actual
	\$'000	\$'000	\$'000
Interest earnings			
Financial assets at amortised cost - self supporting loans	26	-	-
Interest on reserve funds	1,100	1,542	2,454
Rates instalment and penalty interest (refer Note 27(b))	259	350	306
Other interest earnings	38	28	34
	1,423	1,920	2,794
Expenses			
Auditors remuneration			
Audit of the Annual Financial Report	106	95	96
Other services	35	-	-
	141	95	96
Finance costs			
Borrowings	29(a)	1,376	-
Lease liabilities	29(c)	5	10
	6	1,381	10
Other expenditure			
Impairment losses on rates receivables		1	-
Impairment losses on receivables from contracts with customers		-	4
Impairment losses on receivables from self supporting loans		-	-
Write down of inventories to net realisable value	6	-	49
Sundry expenses		2,917	3,141
	2,896	2,918	3,194

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

CASH AND CASH EQUIVALENTS

	Note	2022 \$'000	2021 \$'000
Cash at bank and on hand		45,174	67,908
Total cash and cash equivalents	19(a)	45,174	67,908
- Unrestricted cash and cash equivalents		12,192	2,299
- Restricted cash and cash equivalents	19(a)	32,982	65,609
		45,174	67,908

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

Details of restrictions on financial assets can be found at Note 19.

OTHER FINANCIAL ASSETS

Current assets

Financial assets at amortised cost

		2022 \$'000	2021 \$'000
Financial assets at amortised cost		169,653	159,881
		169,653	159,881
Financial assets at amortised cost			
Self supporting loans receivable	28(c)	11	53
Term deposits		169,642	159,828
		169,653	159,881
Held as			
- Unrestricted financial assets at amortised cost		11	3,939
- Restricted financial assets at amortised cost	19(a)	169,642	155,942
		169,653	159,881
Non-current assets			
Financial assets at amortised cost		254	431
Financial assets at fair value through profit and loss		142	142
		396	573
Financial assets at amortised cost			
Self supporting loans receivable		688	688
Allowance for credit loss		(434)	(257)
		254	431
Financial assets at fair value through profit and loss			
Units in Local Government House Trust		142	142
		142	142

Investment in Local Government House Trust

The Town holds 8 units in the Local Government House Trust which was established in 1980, with the vesting date of the current deed being in 2072. The Town is unable to sell or transfer its holding in the trust.

SIGNIFICANT ACCOUNTING POLICIES

Financial assets at amortised cost

The Town classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 24 (i)) due to the observable market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

Financial assets at fair value through profit and loss

The Town classifies the following financial assets at fair value through profit and loss:

- equity investments which the Town has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure to risk can be found at Note 23.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

5. TRADE AND OTHER RECEIVABLES

	Note	2022 \$'000	2021 \$'000
Current			
Rates receivable		2,277	3,764
Trade and other receivables		2,142	1,766
GST receivable		1,460	750
Allowance for credit losses of trade and other receivables	23(b)	(92)	(18)
Allowance for credit losses of rates receivables	23(b)	(96)	0
		5,691	6,262
Non-current			
Pensioner's rates and ESL deferred		18	17
		18	17

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

Impairment and risk exposure

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 23.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Town measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to value is considered immaterial.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

6. INVENTORIES

	Note	2022 \$'000	2021 \$'000
Current			
Inventories - Depot		455	508
Inventories - J D Hardie		2	2
Inventories - Leisure		1	8
Inventories - Matt Dann Theatre & Cinema		16	18
Land held for resale			
Kingsford Smith Business Park		1,710	1,310
		2,184	1,846
Non-current			
Land held for resale			
Kingsford Smith Business Park		-	1,266
		-	1,266

The following movements in inventories occurred during the year:

Balance at beginning of year		3,112	5,294
Inventories expensed during the year		(1,856)	(2,133)
Write down of inventories to net realisable value	2(b)	-	(49)
Additions to inventory		928	-
Balance at end of year		2,184	3,112

SIGNIFICANT ACCOUNTING POLICIES

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Land held for resale

Land held for development and resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development.

Land held for resale (Continued)

Borrowing costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed onto the buyer at this point.

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

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

OTHER ASSETS

	2022	2021
	\$'000	\$'000
Other assets - current		
Prepayments	469	123
Accrued income	524	1,545
	993	1,668
Other assets - non-current		
Prepayments	1,359	1,390
	1,359	1,390

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Other assets non-current

Legal fees paid in relation to the Port Hedland International Airport lease treated as a prepayment and are expensed over the life of the lease.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

8. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

Movement in the balances of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Note	Land	Buildings - Non- specialised	Buildings - Specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Work in Progress - Property, Plant & Equipment	Total property, plant and equipment
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020		12,824	15,245	80,325	108,394	3,148	7,192	6,229	124,963
Additions		-	3,432	9,988	13,420	392	509	9,305	23,626
Disposals		-	(148)	(834)	(982)	-	(722)	-	(1,704)
Revaluation increments / (decrements) transferred to revaluation surplus		(3,047)	(2,516)	(21,305)	(26,868)	-	-	-	(26,868)
Depreciation	10(a)	-	(358)	(1,537)	(1,895)	(678)	(988)	-	(3,561)
Transfers		-	604	(1,516)	(912)	23	-	-	(889)
Balance at 30 June 2021		9,777	16,259	65,121	91,157	2,885	5,991	15,534	115,567
Comprises:									
Gross balance amount at 30 June 2021		9,777	21,861	96,251	127,889	5,210	9,639	15,534	158,272
Accumulated depreciation at 30 June 2021		-	(5,602)	(31,130)	(36,732)	(2,325)	(3,648)	-	(42,705)
Balance at 30 June 2021		9,777	16,259	65,121	91,157	2,885	5,991	15,534	115,567
Additions		-	7,316	10,415	17,731	1,136	726	(795)	18,798
Disposals		-	(48)	(302)	(350)	-	(61)	-	(411)
Depreciation	10(a)	-	(664)	(3,250)	(3,914)	(690)	(1,368)	-	(5,972)
Transfers		-	-	-	-	24	(24)	-	-
Balance at 30 June 2022		9,777	22,863	71,984	104,624	3,355	5,264	14,739	127,982
Comprises:									
Gross balance amount at 30 June 2022		9,777	29,126	105,884	144,787	6,368	10,105	14,739	176,000
Accumulated depreciation at 30 June 2022		-	(6,263)	(33,900)	(40,163)	(3,013)	(4,841)	-	(48,017)
Balance at 30 June 2022		9,777	22,863	71,984	104,625	3,355	5,264	14,739	127,982

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

. PROPERTY, PLANT AND EQUIPMENT (Continued)

) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
) Fair Value					
Land and buildings					
Land	Level 2	Market approach	Independent registered valuer	June 2021	Direct comparison
Buildings - Non-specialised	Level 2	Market approach	Independent registered valuer	June 2021	Direct comparison
Buildings - Specialised	Level 3	Cost Approach	Independent registered valuer	June 2021	Depreciated cost

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

INFRASTRUCTURE

Movements in Balances

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

	Infrastructure - Note Roads and bridges	Infrastructure - Drainage	Infrastructure - Footpaths	Infrastructure - Parks & Ovals	Infrastructure - Other	Infrastructure - Bus shelters	Infrastructure - Depot	WIP - Infrastructure	Total Infrastructure
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020	95,959	20,179	18,399	32,576	3,977	179	1,306	4,189	176,764
Additions	5,621	1,809	1,285	2,200	2,852	-	-	6,115	19,882
Depreciation	10(a) (2,686)	(185)	(599)	(2,151)	(339)	(14)	(54)	-	(6,028)
Transfers	-	-	-	(52)	941	-	-	-	889
Balance at 30 June 2021	98,894	21,803	19,085	32,573	7,431	165	1,252	10,304	191,507
Comprises:									
Gross balance at 30 June 2021	106,247	22,346	20,743	38,774	8,336	206	1,421	10,304	208,377
Accumulated depreciation at 30 June 2021	(7,353)	(543)	(1,658)	(6,201)	(905)	(41)	(169)	-	(16,870)
Balance at 30 June 2021	98,894	21,803	19,085	32,573	7,431	165	1,252	10,304	191,507
Additions	6,449	4,294	601	2,345	8,511	89	901	9,625	32,815
Disposals	-	-	-	(43)	-	-	(174)	-	(217)
Depreciation	10(a) (2,890)	(278)	(640)	(2,360)	(453)	(14)	(60)	-	(6,695)
Balance at 30 June 2022	102,453	25,819	19,046	32,515	15,489	240	1,919	19,929	217,410
Comprises:									
Gross balance at 30 June 2022	112,696	26,640	21,344	41,076	16,847	295	2,148	19,929	240,975
Accumulated depreciation at 30 June 2022	(10,243)	(821)	(2,298)	(8,561)	(1,358)	(55)	(229)	-	(23,565)
Balance at 30 June 2022	102,453	25,819	19,046	32,515	15,489	240	1,919	19,929	217,410

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

. INFRASTRUCTURE (Continued)

) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
) Fair Value					
Infrastructure - Roads and bridges	Level 3	Cost Approach	Independent Registered Valuer	June 2018	Non-observables market evidence and valuation relies on significant assumptions
Infrastructure - Drainage	Level 3	Cost Approach	Independent Registered Valuer	June 2018	Non-observables market evidence and valuation relies on significant assumptions
Infrastructure - Footpaths	Level 3	Cost Approach	Independent Registered Valuer	June 2018	Non-observables market evidence and valuation relies on significant assumptions
Infrastructure - Parks & Ovals	Level 3	Cost Approach	Independent Registered Valuer	June 2018	Non-observables market evidence and valuation relies on significant assumptions
Infrastructure - Other	Level 3	Cost Approach	Independent Registered Valuer	June 2018	Non-observables market evidence and valuation relies on significant assumptions
Infrastructure - Bus shelters	Level 3	Cost Approach	Independent Registered Valuer	June 2018	Non-observables market evidence and valuation relies on significant assumptions
Infrastructure - Depot	Level 3	Cost Approach	Independent Registered Valuer	June 2018	Non-observables market evidence and valuation relies on significant assumptions

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

**OWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

FIXED ASSETS (Continued)

Disposals of assets

	2022				2022				2021			
	Actual	Actual	2022	2022	Budget	Budget	2022	2022	Actual	Actual	2021	2021
	Net Book	Sale	Actual	Actual	Net Book	Sale	Budget	Budget	Net Book	Sale	Actual	Actual
	Value	Proceeds	Profit	Loss	Value	Proceeds	Profit	Loss	Value	Proceeds	Profit	Loss
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Buildings - Non-specialised	48	-	-	(48)	-	-	-	-	148	-	-	(148)
Buildings - Specialised	302	-	-	(302)	-	-	-	-	834	-	-	(834)
Plant and equipment	61	90	29	-	422	395	126	(153)	722	478	26	(270)
Infrastructure - Parks & Ovals	43	-	-	(43)	-	-	-	-	-	-	-	-
Infrastructure - Depot	174	-	-	(174)	-	-	-	-	-	-	-	-
	628	90	29	(567)	422	395	126	(153)	1,704	478	26	(1,252)

The following assets were disposed of during the year.

	2022			
	Actual	Actual	2022	2022
	Net Book	Sale	Actual	Actual
	Value	Proceeds	Profit	Loss
	\$'000	\$'000	\$'000	\$'000
Law, order, public safety				
2014 Holden Cruze Auto CDX DT4 Sedan Diesel	2	6	4	-
Community amenities				
Holden Colorado Crew Cab	5	15	10	-
Holden Colorado 4x4 Auto	15	15	-	-
Holden Colorado Space Cab-4x4	-	11	11	-
Transport				
EL148 Holden Colorado Crew Cab 4x2 PH14150 Events Pool	11	11	-	0
EL151 Holden Colorado Crew Cab 4X4 PH14194 Irrigation Vehicle PH14194	7	16	9	-
EL140 Holden Colorado Space Cab-4x4- VEL140- PH13698 (Leading Hand Parks & F	11	-	-	(11)
Other property and services				
Holden Colorado Crew Cab 4x2	7	13	6	-
BQ Community Trailer	3	3	-	-
	61	90	40	(11)
Other Asset class				
Program				
Depot Building Access Ramp	16	-	-	(16)
Depot Carpark	109	-	-	(109)
Depot Washbay	49	-	-	(49)
Depot Nursery Irrigation Control	22	-	-	(22)
John Matheson Oval (Cooke Point) - Pavilion Services	7	-	-	(7)
Gregory Street Reserve Turf Club Precinct Jockey Change Room	40	-	-	(40)
Manangkura Stadium Complex Super Structure	5	-	-	(5)
Hedland Aquatic Centre - Office/Reception Services	1	-	-	(1)
Gregory Street Reserve Turf Club Precinct Clubroom Building	157	-	-	(157)
John Matheson Oval (Cooke Point) - Clubhouse Services	2	-	-	(2)
Gregory Street Reserve Turf Club Precinct Ablutions	55	-	-	(55)
ivic Centre Building Services	1	-	-	(1)
Hedland - Forrest Circle Lights	4	-	-	(4)
City Richardson St Port Hedland	12	-	-	(12)
Basketball Backboards And Ring	5	-	-	(5)
Empster St properties air-conditioner replacement	47	-	-	(47)
Andrew McLaughlin Community Centre - HWS	3	-	-	(3)
Andrew McLaughlin Community Centre - Airconditioner replacement	19	-	-	(19)
Hedland Well Womens Centre Services - HWS	11	-	-	(11)
Hedland Well Womens Centre Services - Airconditioner replacement	1	-	-	(1)
Landfill Crib Room - HWS	1	-	-	(1)
	567	-	-	(567)
	628	90	40	(578)

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

FIXED ASSETS

Depreciation

	Note	2022 Actual \$'000	2022 Budget \$'000	2021 Actual \$'000
Buildings - Non-specialised	8(a)	664	332	358
Buildings - Specialised	8(a)	3,250	1,526	1,537
Furniture and equipment	8(a)	690	708	678
Plant and equipment	8(a)	1,368	1,427	988
Infrastructure - Roads and bridges	9(a)	2,890	2,688	2,686
Infrastructure - Drainage	9(a)	278	208	185
Infrastructure - Footpaths	9(a)	640	594	599
Infrastructure - Parks & Ovals	9(a)	2,360	2,417	2,151
Infrastructure - Other	9(a)	453	361	339
Infrastructure - Bus shelters	9(a)	14	14	14
Infrastructure - Depot	9(a)	60	56	54
Right-of-use assets - Land and buildings	11(a)	96	96	165
Right-of-use assets - Plant and equipment	11(a)	107	107	84
		12,870	10,534	9,838

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

FIXED ASSETS (Continued)

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings	
- substructure	20 to 71 years
- superstructure	9 to 59 years
- roof	10 to 50 years
- finishes and fittings	6 to 51 years
- services	6 to 51 years
- hotwater/airconditioning	4 to 5 years
Furniture and equipment	2 to 40 years
Plant and equipment	2 to 22 years
Bridges	70 to 91 years
Sealed roads and streets	
- formation	not depreciated
- pavement seal	50 years
- bituminous seals	20 years
- asphalt surfaces	40 years
Gravel roads	
- formation	not depreciated
- pavement	50 years
- gravel sheet	12 years
Formed Roads	
- formation	not depreciated
- pavement	50 years
Footpaths - slab	15 to 45 years
Infrastructure - Parks and ovals	2 to 99 years
Infrastructure - Bus shelters	15 years
Infrastructure - Depot	5 to 50 years
Infrastructure - Drainage	3 to 106 years
Infrastructure - Other	5 to 63 years
Right of use (buildings)	Based on the remaining lease
Right of use (plant and equipment)	Based on the remaining lease

Fully Depreciated Assets in Use

The gross carrying value of assets held by the Town which are currently in use yet fully depreciated are shown in the table below.

	<u>2022</u>	<u>2021</u>
	<u>\$'000</u>	<u>\$'000</u>
Buildings - Specialised	1,186	-
Furniture and equipment	1,148	616
Plant and equipment	358	235
Infrastructure - Parks & Ovals	607	501
Infrastructure - Other	137	137
Infrastructure - Depot	7	7
	<u>3,443</u>	<u>1,496</u>

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Town includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the Town.

At the end of each period the carrying amount for each asset class is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

Revaluation (continued)

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

Depreciation on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

I. LEASES

a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.	Note	Right-of-use assets - Land and buildings \$'000	Right-of-use assets - Plant and equipment \$'000	Right-of-use assets Total \$'000
Balance at 1 July 2020		277	-	277
Additions		47	319	366
Write offs		(21)	-	(21)
Depreciation		(165)	(84)	(249)
Balance at 30 June 2021		138	235	373
Write off		(6)		(6)
Depreciation	10(a)	(96)	(107)	(203)
Balance at 30 June 2022		36	128	164

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

		2022 \$'000	2021 \$'000
Depreciation on right-of-use assets	10(a)	(203)	(249)
Interest expense on lease liabilities	29(c)	(6)	(10)
Total amount recognised in the statement of comprehensive income		(209)	(259)
Total cash outflow from leases		(194)	(336)

b) Lease Liabilities

Current		145	188
Non-current		80	225
	29(c)	225	413

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

I. LEASES (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the Town assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Town uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 29(c).

Right-of-use assets - valuation measurement

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the significant accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Town anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Although the Town is exposed to changes in the residual value at the end of the current leases, the Town typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Refer to note 13 for details of leased investment property.

SIGNIFICANT ACCOUNTING POLICIES

The Town as Lessor

Upon entering into each contract as a lessor, the Town assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Town applies AASB 15 to allocate the consideration under the contract to each component.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

1. REHABILITATION ASSET

	2022	2021
Note	\$'000	\$'000
Rehabilitations asset		
Non-current		
Rehabilitation Asset	12,997	-
	12,997	-
Movements in balances of rehabilitations asset during the financial year are shown as follows:		
Recognition of rehabilitation asset	12,997	-
Balance at 30 June	12,997	-
TOTAL REHABILITATIONS ASSET	12,997	-

SIGNIFICANT ACCOUNTING POLICIES

The rehabilitation asset refers to the discounted present value of the future capping expenditure of the landfill site located in South Hedland and is amortised on a straight-line basis.

The rehabilitation asset is subsequently measured using the revaluation method.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

INVESTMENT PROPERTY

Non-current assets - at fair value

Carrying balance at 1 July
Adjustment to fair value of investment property to present
value of remainder interest
Closing balance at 30 June

	2022	2021
	\$'000	\$'000
Carrying balance at 1 July	52,584	50,952
Adjustment to fair value of investment property to present value of remainder interest	(7,307)	1,632
Closing balance at 30 June	45,277	52,584
Amounts recognised in profit or loss for investment properties		
Rental income	924	924
Direct operating expenses from property that generated rental income	(32)	(32)

Leasing arrangements

In August 2015, The Town of Port Hedland announced that it had resolved to enter into an agreement with AMP Capital and the Infrastructure Group to enter into a 50 year lease for the land at Port Hedland International Airport and for the sale of the airport business.

The sale was finalised on 11 March 2016, and the Port Hedland International Airport operations transferred to the new airport operator. On this date, the Town of Port Hedland recognised the land at Port Hedland International Airport as an investment property.

Valuation of investment property

The investment property was revalued in June 2021 in line with AASB 13 *Fair Value Measurement*.

Description of investment property

Description of investment property	Extend	Title Area (m2)	Lease plan area (m2)
Lot 9004 on Deposited Plan 404823	Whole	1,506,084	1,506,084
Lot 435 on Deposited Plan 404824	Whole	600,000	600,000
Lot 436 on Deposited Plan 402661	Whole	99,966	99,966
Lot 437 on Deposited Plan 404824	Whole	33,349	33,349
Lot 438 on Deposited Plan 404824	Whole	33,405	33,405
Lot 439 on Deposited Plan 404824	Whole	33,349	33,349
Lot 16 on Deposited Plan 163352	Whole	34,398	34,398
Lot 15 on Deposited Plan 161311	Whole	106,988	106,988
Lot 29 on Deposited Plan 168193	Whole	105,091	105,091
Part of Lot 9006 on Deposited Plan 404824	Part	329,316	302,831
Part of Lot 9007 on Deposited Plan 404824	Part	2,472,149	2,458,909
Part of Lot 9008 on Deposited Plan 404824	Part	3,104,307	2,864,578
		8,458,402	8,178,948

Amounts recognised in income statement for investment properties

The investment property is leased out as an operating lease over 50 years. The lease paid upfront for the use of the investment property. The rental income amount of \$924,160 for the period 1 July 2021 to 30 June 2022 is included in revenue.

		2022	2021
	Note	\$ '000	\$'000
Lease premium prepaid received		46,208	46,208
Amount recognised		(5,828)	(4,904)
		40,380	41,304
Current liability - lease premium prepaid	15	924	924
Non-current liability - lease premium prepaid	15	39,456	40,380
		40,380	41,304

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

INVESTMENT PROPERTY (CONTINUED)

Net carrying value of Airport Reserve

The Town committed to post transition completion of major works at the Airport. These funds are allocated to the Airport Major Works Reserve.

	Note	2022 Actual \$ '000	2022 Budget \$ '000	2021 Actual \$ '000
Airport Reserve	30	4,286	4,792	4,286

Additional information

An upside agreement was signed, ensuring an additional ten million dollars income over the next 50 years based on passenger number growth. This is billable yearly in arrears when passenger growth exceeds a set baseline passenger number. During the current year no payment was due in-accordance with the terms of the upside agreement (2021:Nil)

SIGNIFICANT ACCOUNTING POLICIES

Investment properties

Investment properties are principally freehold land, held for long-term rental yields and not occupied by the Town. Investment properties are carried at fair value. In accordance with the significant accounting policies disclosed at Note 10.

Fair value of investment properties

An independent valuation was performed to determine the fair value of investment properties. The main Level 3 inputs used in the valuation were discount rates, terminal yields, expected vacancy rates and rental growth rates estimated by the valuer based on comparable transactions and industry data.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

TRADE AND OTHER PAYABLES

Current

Trade creditors	
Prepaid rates	
Accrued salaries & wages	
Statutory liabilities	
Bonds and levies	
Accrued expenditure	
Retentions	

Non-Current

Long term bonds held	
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	2022	2021
	\$'000	\$'000
	8,479	8,835
	781	517
	580	565
	226	1,139
	54	55
	3,067	2,991
	3	37
	13,190	14,139
	13	18

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are initially recognised at fair value when the Town becomes a party to the contractual provisions of the instrument.

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

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

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Town prior to the end of the financial year that are unpaid and arise when the Town becomes obliged to make future payments in respect of the purchase of these goods and services.

The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Prepaid rates

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the Town recognises revenue for the prepaid rates that have not been refunded.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

OTHER LIABILITIES

	2022	2021
	\$'000	\$'000
Current		
Income in advance	215	-
Capital grant/contributions liabilities	5,450	3,095
Operating grant/contribution liabilities	410	791
Lease premium prepaid	924	924
	<u>6,999</u>	<u>4,810</u>
Non-current		
Lease premium prepaid	39,456	40,380
	<u>39,456</u>	<u>40,380</u>
Reconciliation of changes in capital grant/contribution liabilities		
Opening balance	3,095	-
Additions	5,450	2,815
Revenue from capital grant/contributions held as a liability at the start of the period	(3,095)	280
	<u>5,450</u>	<u>3,095</u>
Expected satisfaction of capital grant/contribution liabilities		
Less than 1 year	5,450	3,095
	<u>5,450</u>	<u>3,095</u>

Performance obligations in relation to capital grant/contribution liabilities are satisfied as project milestones are met or completion of construction or acquisition of the asset.

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the Town's obligation to transfer goods or services to a customer for which the Town has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the Town's obligations to construct recognisable non-financial assets to identified specifications to be controlled the Town which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

EMPLOYEE RELATED PROVISIONS

	2022	2021
	\$'000	\$'000
Current provisions		
Annual leave	1,729	1,321
Long service leave	394	857
	2,123	2,178
Non-current provisions		
Long service leave	636	141
	636	141
	2,759	2,319

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	Note	2022	2021
		\$'000	\$'000
Amounts are expected to be settled on the following basis:			
Less than 12 months after the reporting date		1,164	889
More than 12 months from reporting date		565	432
		1,729	1,321

Expected reimbursements of employee related provisions from other WA local governments not included within other receivables	144	144
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SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The Town's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

Provision is made for the Town's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Town's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Town's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Town does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

7. OTHER PROVISIONS

	Airport Project Provision	Landfill Rehabilitation	Total
	\$'000	\$'000	\$'000
Opening balance at 1 July 2021			
Current provisions	400	-	400
	400	-	400
Additional provision	-	12,997	12,997
Balance at 30 June 2022	400	12,997	13,397
Comprises			
Current	400	-	400
Non-current	-	12,997	12,997
	400	12,997	13,397

Provisions

Provisions are recognised when the Town has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

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

Airport Project Provision

The Town entered into a deed of agreement being the Novation and Operating Deed – Port Hedland International Airport (the Agreement) with PHIA Operating Company Pty Ltd (PHIA) and PHIA Asset Pty Ltd to operate the Port Hedland International Airport on March 2016. While the Agreement and associated leasing documentation required upgrade and enhancement works to be undertaken by the Lessee, the document also bound the Town to undertake certain works.

The Agreement includes clauses whereby the Town is responsible for removal and remediation of contamination known within the site at the time the Agreement was signed.

Landfill Rehabilitation Provision

The provision for future remediation costs is the best estimate of the present value of the expenditure required to settle the remediation obligation at the reporting date. Future remediation costs are reviewed annually and any changes in the estimate are reflected in the present value of the remediation provision at each reporting date.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

REVALUATION SURPLUS

	2022 Opening Balance \$'000	2022 Revaluation (Decrement) \$'000	2022 Closing Balance \$'000	2021 Opening Balance \$'000	2021 Change in Accounting Policy \$'000	2021 Revaluation Increment \$'000	2021 Revaluation (Decrement) \$'000	Total Movement on Revaluation \$'000	2021 Closing Balance \$'000
Revaluation surplus - Freehold land	7,360	-	7,360	10,407	-	-	(3,047)	(3,047)	7,360
Revaluation surplus - Airport Land	25,293	-	25,293	25,293	-	-	-	-	25,293
Revaluation surplus - Buildings	6,039	-	6,039	29,860	-	-	(23,821)	(23,821)	6,039
Revaluation surplus - Infrastructure - Roads and bridges	1	-	1	1	-	-	-	-	1
Revaluation surplus - Infrastructure - Drainage	5,696	-	5,696	5,696	-	-	-	-	5,696
Revaluation surplus - Infrastructure - Footpaths	10,098	-	10,098	10,098	-	-	-	-	10,098
Revaluation surplus - Infrastructure - Other	490	-	490	490	-	-	-	-	490
Revaluation surplus - Infrastructure - Bus shelters	221	-	221	221	-	-	-	-	221
Revaluation surplus - Depot	539	-	539	539	-	-	-	-	539
Revaluation surplus - Investment in Local Government Trust	2	-	2	2	-	-	-	-	2
Revaluation surplus - Other property, plant and equipment	-	-	-	1,485	(1,485)	-	-	(1,485)	-
	55,739	-	55,739	84,092	(1,485)	-	(26,868)	(28,353)	55,739

Movements on revaluation of property, plant and equipment (including infrastructure) are not able to be reliably attributed to a program as the assets were revalued by class

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

19. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

	Note	2022 Actual \$'000	2022 Budget \$'000	2021 Actual \$'000
Cash and cash equivalents	3	45,174	186,193	67,908
Restrictions				
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
- Cash and cash equivalents	3	32,982	23,954	65,609
- Financial assets at amortised cost	4	169,642	159,828	155,942
		202,624	183,782	221,551
The restricted financial assets are a result of the following specific purposes to which the assets may be used:				
Restricted reserve accounts	30	202,624	183,782	221,551
Total restricted financial assets		202,624	183,782	221,551

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

Net result		14,896	20,799	24,957
Non-cash items:				
Adjustments to fair value of financial assets at fair value through profit and loss		-	-	(3,903)
Adjustments to fair value of investment property		7,307	-	(1,632)
Depreciation		12,870	10,534	9,838
(Profit)/loss on sale of asset		537	27	1,226
Write off ROU assets		6	-	-
Changes in assets and liabilities:				
(Increase)/decrease in trade and other receivables		747	2,000	348
(Increase)/decrease in other assets		706	-	-
(Increase)/decrease in inventories		928	200	2,182
Increase/(decrease) in trade and other payables		(954)	(800)	3,200
Increase/(decrease) in employee related provisions		440	-	(156)
Increase/(decrease) in other provisions		-	-	(10,507)
Increase/(decrease) in other liabilities		1,264	(924)	3,441
Non-operating grants, subsidies and contributions		(11,391)	(15,192)	(1,423)
Net cash provided by/(used in) operating activities		27,357	16,644	27,571

(c) Undrawn Borrowing Facilities

Credit Standby Arrangements

Credit card limit		100		100
Credit card balance at balance date		(64)		(61)
Total amount of credit unused		36		39

Loan facilities

Loan facilities - current		-		-
Loan facilities - non-current		-		-
Total facilities in use at balance date		-		-

Unused loan facilities at balance date

		36		39
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**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

20. CONTINGENT LIABILITIES

In compliance with the *Contaminated Sites Act 2003* Section 11, the Town of Port Hedland has listed sites to be possible sources of contamination.

Details of those sites are:

- Port Hedland International Airport

In 2017 the Town, in conjunction with Port Hedland International Airport, undertook a detailed site investigation on airport land to establish a baseline of contamination prior to entering a lease arrangement. Findings of note include significant PFAS contamination resulting from historical fire fighting operations and hydrocarbon contamination from underground fuel and oil storage.

To date, hydrocarbon contamination has been remediated with a closure report issued to Department of Water and Environmental Regulation (DWER). PFAS contamination remains as technology is not available to remediate on such a scale. A draft Remediation Plan has been submitted to DWER and action will be taken when reasonable remediation opportunities are identified.

The Town is working with Air services Australia to provide ongoing monitoring of PFAS contamination and review options for remediation. As this time, the Town is unable to estimate the potential costs associated with remediation of the sites.

The Town has given bank guarantees as at 30 June 2022 of \$100,000 (2021:\$100,000) to Water Corporation WA.

21. CAPITAL COMMITMENTS

	2022	2021
	\$'000	\$'000
Contracted for:		
- capital expenditure projects	40,839	4,521
- plant & equipment purchases	2,784	-
	43,623	4,521
Payable:		
- not later than one year	28,534	4,521
- payable later than one year but less than two years	15,088	-

The capital expenditure projects outstanding at the end of the current reporting period represent the construction of the Port Hedland Community Centre, the completion of the South Hedland Skate Park, Seawalls and Depot and other road improvement works.

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

RELATED PARTY TRANSACTIONS

Elected Member Remuneration	Note	2022 Actual \$'000	2021 Actual \$'000
Elected member Mayor Peter Carter			
Mayor's annual allowance		90	70
Meeting attendance fees		48	33
Annual allowance for ICT expenses		4	2
Travel and accommodation expenses		20	13
		162	118
Elected member Deputy Mayor Tim Turner			
Deputy Mayor's annual allowance		16	-
Meeting attendance fees		32	22
Annual allowance for ICT expenses		4	2
Travel and accommodation expenses		3	1
		55	25
Elected member Councillor Jan Gillingham			
Meeting attendance fees		32	22
Annual allowance for ICT expenses		4	2
		36	24
Elected member Councillor Elmar Zielke			
Meeting attendance fees		32	22
Annual allowance for ICT expenses		4	2
Travel and accommodation expenses		1	2
		37	26
Elected member Councillor David Eckhart			
Meeting attendance fees		22	-
Annual allowance for ICT expenses		2	-
		24	-
Elected member Councillor Laveni Bennett			
Meeting attendance fees		22	-
Annual allowance for ICT expenses		2	-
		24	-
Elected member Councillor Ash Christensen			
Meeting attendance fees		22	-
Annual allowance for ICT expenses		2	-
Travel and accommodation expenses		5	-
		29	-
Elected member Councillor Jason Keller			
Meeting attendance fees		4	-
		4	-
Elected member Councillor Renae Coles			
Deputy Mayor's annual allowance		7	18
Meeting attendance fees		32	22
Annual allowance for ICT expenses		4	2
Travel and accommodation expenses		5	2
		48	44

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

RELATED PARTY TRANSACTIONS (Continued)

Note	2022 Actual \$'000	2021 Actual \$'000	
Elected members previous council			
Elected member Councillor Kylie Unkovich			
Meeting attendance fees	9	22	
Annual allowance for ICT expenses	1	2	
Travel and accommodation expenses	-	2	
	10	26	
Elected member Councillor Eva Bartho			
Meeting attendance fees	9	22	
Annual allowance for ICT expenses	1	2	
	10	24	
Elected member Councillor Lewis Kew Ming			
Meeting attendance fees	9	22	
Annual allowance for ICT expenses	1	2	
	10	24	
Elected member Councillor Warren McDonough			
Meeting attendance fees	19	22	
Annual allowance for ICT expenses	2	2	
Travel and accommodation expenses	-	1	
	21	25	
Commissioner Fred Reibling			
Commissioners Fees	-	95	
Travel and accommodation expenses	-	18	
	-	113	
	470	449	
 Fees, expenses and allowances to be paid or reimbursed to elected council members.			
	2022 Actual \$'000	2022 Budget \$'000	2021 Actual \$'000
Commissioners Fees	-	-	95
Mayor's annual allowance	90	92	70
Deputy Mayor's annual allowance	23	23	18
Meeting attendance fees	292	260	209
ICT expenses	-	32	-
Annual allowance for ICT expenses	31	-	18
Travel and accommodation expenses	34	-	39
22(b)	470	407	449

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

RELATED PARTY TRANSACTIONS (Continued)

Key Management Personnel (KMP) Compensation

	2022	2021
	\$'000	\$'000
The total of compensation paid to KMP of the Town during the year are as follows:		
Short-term employee benefits	1,459	1,299
Post-employment benefits	141	145
Employee - other long-term benefits	81	62
Employee - termination benefits	-	48
Council member costs	470	449
22(a)	2,151	2,003

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

These amounts are the current-year's cost of the Town's superannuation contributions made during the year.

Other long-term benefits

These amounts represent annual leave and long service leave entitlements accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

Transactions with related parties

Transactions between related parties and the Town are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:

	2022	2021
	\$'000	\$'000
Purchase of goods and services	15	10

Related Parties

The Town's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel.

ii. Other Related Parties

An associate person of KMP was employed by the Town under normal employment terms and conditions. Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Town.

iii. Entities subject to significant influence by the Town

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

FINANCIAL RISK MANAGEMENT

This note explains the Town's exposure to financial risks and how these risks could affect the Town's future financial performance.

Risk	Exposure arising from	Measurement	Management
Market risk - interest rates	Cash and cash equivalents and financial assets	Sensitivity analysis	Diversification of bank deposits in accordance with investment policy
Credit risk	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits in accordance with investment policy and review of credit limits
Liquidity risk	Payables	Rolling cash flow forecasts	Monitoring cash flow requirements

The Town 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 finance area identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy, debt management policy and borrowings policy.

Interest rate risk

Cash and cash equivalents

The Town's main interest rate risk arises from cash and cash equivalents and financial assets with variable interest rates, which exposes the Town to cash flow interest rate risk.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Town to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below.

	Weighted Average Interest Rate	Carrying Amounts	Fixed Interest Rate	Variable Interest Rate
	%	\$'000	\$'000	\$'000
2022				
Cash and cash equivalents	0.30%	45,174	-	45,174
Financial assets at amortised cost - term deposits	0.53%	169,642	169,642	-
Financial assets at amortised cost - Treasury bonds				
2021				
Cash and cash equivalents	0.30%	67,908	-	67,908
Financial assets at amortised cost - term deposits	0.71%	159,828	159,828	-
Financial assets at amortised cost - Treasury bonds				

Sensitivity

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

	2022	2021
	\$'000	\$'000
Impact of a 1% movement in interest rates on profit and loss and equity*	452	679

* Holding all other variables constant

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

FINANCIAL RISK MANAGEMENT (Continued)

Credit risk

Trade and Other Receivables

The Town's major receivables comprise rates annual charges, user fees and charges and self supporting loans. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Town manages this risk by monitoring outstanding debt and employing debt recovery policies.

Credit risk on rates and annual charges is minimised by the ability of the Town to recover these debts as a secured charge over the land, that is, the land can be sold to recover the debt. The Town is 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.

The Town makes suitable provisions for expected credit losses, as required and carries out credit checks when necessary.

The loss allowance as at 30 June 2022 and 30 June 2021 for rates receivable was determined as follows:

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total	Note
30 June 2022						
Rates receivable less prepaid rates						
Expected credit loss	0.03%	0.06%	0.10%	0.08%		
Gross carrying amount (\$'000)	526	370	227	375	1,498	
Loss allowance (\$'000)	18	24	23	31	96	5
30 June 2021						
Rates receivable less prepaid rates						
Expected credit loss	0.00%	0.00%	0.00%	0.00%		
Gross carrying amount (\$'000)	2,702	437	319	323	3,781	
Loss allowance (\$'000)	-	-	-	-	-	5

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

	Less than 30 days past due	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total	
30 June 2022						
Trade and other receivables						
Expected credit loss	0.32%	1.49%	5.80%	28.83%		
Gross carrying amount (\$'000)	1,260	404	241	237	2,142	
Loss allowance (\$'000)	4	6	14	68	92	5
30 June 2021						
Trade and other receivables						
Expected credit loss	0.35%	1.42%	5.81%	3.21%		
Gross carrying amount (\$'000)	1,016	398	9	343	1,766	
Loss allowance (\$'000)	3	6	1	8	18	5

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

FINANCIAL RISK MANAGEMENT (Continued)

Credit risk

The loss allowances for trade receivables and contract assets as at 30 June reconcile to the opening loss allowances as follows:

	Rates receivable		Trade and other receivables		Self Supporting Loan	
	2022 Actual	2021 Actual	2022 Actual	2021 Actual	2022 Actual	2021 Actual
Opening loss allowance as at 1 July	\$ -	\$ -	\$ 18	\$ -	\$ 257	\$ -
Increase in loss allowance recognised in profit or loss during the year	96	-	477	-	177	257
Receivables written off during the year as uncollectible						
Unused amount reversed	(0)	-	(403)	18	-	-
Closing loss allowance at 30 June	96	-	92	18	434	257

Trade receivables and self supporting loan assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Town, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and self supporting loan assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

. FINANCIAL RISK MANAGEMENT (Continued)

) Liquidity risk

Payables

Payables are 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. The Town 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 and disclosed in Note 19(c).

The contractual undiscounted cash flows of the Town's Payables are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Due within 1 year \$'000	Due between 1 & 5 years \$'000	Due after 5 years \$'000	Total contractual cash flows \$'000	Carrying values \$'000
<u>2022</u>					
Trade and other payables	13,190	13	-	13,203	13,203
Lease liabilities	145	80	-	225	225
	13,335	93	-	13,428	13,428
<u>2021</u>					
Trade and other payables	14,139	18	-	14,157	14,157
Lease liabilities	188	225	-	413	413
	14,327	243	-	14,570	14,570

**OWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

OTHER SIGNIFICANT ACCOUNTING POLICIES

g) Goods and services tax (GST)

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

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

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

h) Current and non-current classification

An asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Town's operational cycle. In the case of liabilities where the Town 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 or non-current based on the Town's intentions to release for sale.

i) Rounding off figures

Figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest thousand. Amounts are presented in Australian Dollars.

j) Comparative figures

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

When the Town applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

k) 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.

l) Superannuation

The Town contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Town contributes are defined contribution plans.

m) Fair value of assets and liabilities

Fair value is the price that the Town would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

For a fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account market participant's ability to use the asset in its highest and best use or sell it to another market participant that would use the asset in its highest and best use.

n) Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

o) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Town selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Town are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Town gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

p) Impairment of assets

In accordance with Australian Accounting Standards the Town's cash generating non-specialised 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 impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

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

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regularity to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.

q) Initial application of accounting standards

During the current year, no new or revised Australian Accounting Standards and Interpretations were compiled, became mandatory and were applicable to its operations.

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
- AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

It is not expected these standards will have an impact on the financial report.

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

FUNCTION AND ACTIVITY

Service objectives and descriptions

Town operations as disclosed in this financial report encompass the following service orientated functions and activities.

Objective	Description
Governance	
To provide a decision making process for the efficient allocation of scarce resources.	Includes all activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of providing legal services on all matters.
General purpose funding	
To collect revenue to allow for the provision of services.	Rates, interest income, general purpose government grants, interest revenue and the cost of assets sold.
Law, order, public safety	
To provide services to help ensure a safer and environmentally conscious community.	Fire prevention and volunteer bush fire brigade, animal control, support of State Emergency Services, emergency services, the Town's CCTV network, and community safety and crime prevention initiatives.
Health	
To provide an operational framework for environmental and community health.	Vermin control, environmental health, food and public health regulation and compliance, and health.
Education and welfare	
To provide services to disadvantaged persons, the elderly, children and youth.	Community partnership funding, disability access initiatives, community services administration, facilities including the JD Hardie Centre and asset management associated with key community buildings.
Housing	
To provide and maintain adequate housing.	Primarily centred around the provision of housing to employees, and asset management activities.
Community amenities	
To provide services required by the community.	Strategic town planning and development control, all aspects of waste management such as waste collection, landfill operations, and waste minimisation; cemeteries, public toilets, cyclone preparation and response, and sanitation and litter collection.
Recreation and culture	
To establish and effectively manage infrastructure and resources which will help the social well-being of the community.	Maintenance of public halls, civic centres, aquatic centres, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of libraries, galleries and other cultural facilities. Facilitation of Town events including North West Festival, Spinifex Spree and other community events.
Transport	
To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities, and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
Economic services	
To help promote the Town and its economic well-being.	Tourism and area promotion, strategic projects, leasing and administration of commercial properties, building regulation, land development, and saleyards and markets.
Other property and services	
To monitor and control Council's overheads operating accounts.	Remaining activities not directly attributable to other programs such as private works, plant operations, public works overheads, and building maintenance overheads. The income and expenditure for Corporate Management, Financial Services, Human Resources and OHS, Governance, Records Management, Customer Services, Marketing and Communication, and Information Technology is also included here. The majority of costs are distributed across other programs of Council, to better reflect the total cost of service delivery.

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

FUNCTION AND ACTIVITY (Continued)

	2022 Actual	2022 Budget	2021 Actual
	\$'000	\$'000	\$'000
Income and expenses			
Income excluding grants, subsidies and contributions			
Governance	3	-	-
General purpose funding	61,351	57,603	57,903
Law, order, public safety	203	97	120
Health	469	411	498
Education and welfare	110	109	257
Housing	10	1	56
Community amenities	11,781	9,424	9,852
Recreation and culture	3,126	2,856	2,935
Transport	217	23	3,943
Economic services	1,830	2,210	4,563
Other property and services	891	492	415
	79,991	73,226	80,542
Grants, subsidies and contributions			
General purpose funding	1,830	707	1,590
Law, order, public safety	24	500	5
Health	7	4	7
Education and welfare	53	133	3
Community amenities	32	1,311	25
Recreation and culture	7,759	9,850	270
Transport	1,680	5,162	1,773
Economic services	-	5	-
Other property and services	-	-	5
	11,385	17,672	3,678
Total Income	91,376	90,898	84,220
Expenses			
Governance	(2,380)	(358)	(2,336)
General purpose funding	(8,540)	(1,518)	(1,959)
Law, order, public safety	(2,560)	(2,587)	(2,016)
Health	(1,210)	(1,572)	(885)
Education and welfare	(3,594)	(3,165)	(2,932)
Housing	(1,267)	(1,728)	(1,199)
Community amenities	(11,798)	(11,291)	(9,136)
Recreation and culture	(29,015)	(26,891)	(24,729)
Transport	(12,289)	(12,082)	(10,661)
Economic services	(1,479)	(1,568)	(2,902)
Other property and services	(2,348)	(7,339)	(508)
Total expenses	(76,480)	(70,098)	(59,263)
Net result for the period	14,896	20,799	24,957

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

FUNCTION AND ACTIVITY (Continued)

	2022	2022	2021
	Actual	Budget	Actual
	\$'000	\$'000	\$'000
Fees and Charges			
General purpose funding	1,024	997	998
Law, Order & Public Safety	90	91	108
Health	445	399	476
Education & Welfare	18	72	24
Community amenities	11,772	9,425	9,852
Recreation & Culture	2,746	2,468	2,463
Transport	195	-	10
Economic services	877	773	801
Other property & services	1	-	10
	17,168	14,225	14,742
	2022	2021	
	\$'000	\$'000	
Total Assets			
Governance	1,626	1,191	
General purpose funding	272,816	191,153	
Law, order, public safety	835	1,134	
Health	5,886	5,222	
Education and welfare	6,904	8,862	
Housing	31,709	25,032	
Community amenities	14,394	15,844	
Recreation and culture	83,982	94,756	
Transport	183,712	156,014	
Economic services	678	82,112	
Other property and services	2,880	9,015	
Unallocated	23,876	10,507	
	629,298	600,842	

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

27. RATING INFORMATION

(a) General Rates

RATE TYPE	Basis of valuation	Rate in \$	Number of Properties	2021/22 Actual Rateable Value * \$'000	2021/22 Actual Rate Revenue \$'000	2021/22 Actual Interim Rates \$'000	2021/22 Actual Back Rates \$'000	2021/22 Actual Total Revenue \$'000	2021/22 Budget Rate Revenue \$'000	2021/22 Budget Interim Rate \$'000	2021/22 Budget Back Rate \$'000	2021/22 Budget Total Revenue \$'000	2020/21 Actual Total Revenue \$'000
Gross rental valuations (GRV)													
GRV Residential	Gross rental valuation	9.8215	4,975	115,909	11,374	(278)	22	11,118	11,375	-	-	11,375	11,420
GRV Commercial/Industrial	Gross rental valuation	9.8215	523	51,633	5,071	-	-	5,071	5,052	-	-	5,052	5,052
GRV Mass and Tourist Accommodator	Gross rental valuation	19.5935	18	14,149	2,772	-	-	2,772	2,751	-	-	2,751	2,729
Unimproved valuations (UV)													
UV Pastoral	Unimproved valuation	11.3001	10	1,827	206	-	-	206	250	-	-	250	185
UV Mining and Other	Unimproved valuation	20.1463	257	178,669	35,995	1,690	346	38,031	33,113	-	-	33,113	32,474
Sub-Total			5,783	362,187	55,418	1,412	368	57,198	52,541	-	-	52,541	51,860
Minimum payment													
\$													
Gross rental valuations (GRV)													
GRV Residential	Gross rental valuation	1,300	1,457	12,462	1,893	-	-	1,893	1,893	-	-	1,893	2,063
GRV Commercial/Industrial	Gross rental valuation	1,900	205	1,724	390	-	-	390	371	-	-	371	378
GRV Mass and Tourist Accommodator	Gross rental valuation	1,900	-	-	-	-	-	-	-	-	-	-	-
Unimproved valuations (UV)													
UV Pastoral	Unimproved valuation	1,900	-	-	-	-	-	-	-	-	-	-	2
UV Mining and Other	Unimproved valuation	200	240	183	49	-	-	49	49	-	-	49	50
Sub-Total			1,902	14,369	2,332	-	-	2,332	2,313	-	-	2,313	2,493
			7,685	376,556	57,750	1,412	368	59,530	54,854	-	-	54,854	54,353
Discounts on general rates (Refer note 27(a))								(431)					(53)
Concessions on general rates (Refer note 27(a))								(234)				(146)	(167)
Total amount raised from general rates								58,865				54,708	54,133
(b) Total Rates								58,865				54,708	54,133

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

RATING INFORMATION (Continued)

Discounts, Incentives, Concessions, & Write-offs

Rate or Fee Discount Granted	Type	Discount %	Discount \$'000	2022 Actual \$'000	2022 Budget \$'000	2021 Actual \$'000	Circumstances in which Discount is Granted
Exemption, refunds and waivers	Rate			-	-	53	Determined by Council decisions, lease agreements and other agreements the Town has with other parties.
Port Hedland International Airport	Rate			431	-	-	Rates raised in error - refunded according to lease conditions.
Total Rate or Fee Discount Granted				431	-	53	

Waivers and Concessions

To provide relief to community groups within the Town of Port Hedland municipality that provide a benefit to the community.

Meets the requirement of being a "Not for Profit" Community Group as per policy 2/014 Rates Concession Policy (Rateable Land)

Rate or Fee and Charge to which the waiver or concession is Granted

	Type	Waiver/ Concession	Discount %	Discount \$'000	2022 Actual \$'000	2022 Budget \$'000	2021 Actual \$'000
Bloodwood Tree Association Inc.	Rate	Concession	50%	4	4	5	5
Care For Hedland	Rate	Concession	50%	1	1	1	1
Cooke Point Playgroup	Rate	Concession	100%	2	2	2	-
Grand Lodge Freemasons	Rate	Concession	100%	4	4	4	4
Hedland BMX Club	Rate	Concession	100%	2	2	1	2
Hedland Kart Club	Rate	Concession	100%	2	2	2	1
Hedland Sporting Shooters Club	Rate	Concession	100%	13	13	13	12
Hedland Well Womens Centre	Rate	Concession	100%	2	2	1	-
One Tree Community Services	Rate	Concession	0%	3	3	-	5
Port Hedland Motorcycle Club	Rate	Concession	100%	32	32	32	31
Port Hedland Netball Association	Rate	Concession	100%	2	2	1	-
Port Hedland Pony Club	Rate	Concession	100%	2	2	1	2
Port Hedland Speedway Club Inc	Rate	Concession	100%	24	24	24	24
Volunteer Marine Rescue Group	Rate	Concession	100%	4	4	4	4
Rose Mowers Child Care	Rate	Concession	50%	2	2	2	4
RSL Port Hedland Sub Branch	Rate	Concession	100%	3	3	3	3
Port Hedland Peace Memorial Seafarers Centre	Rate	Concession	100%	6	6	6	-
South Hedland Owners & Trainers	Rate	Concession	100%	43	43	43	42
St John Ambulance	Rate	Concession	100%	83	83	-	-
Royal Flying Doctors	Rate	Concession	100%	-	-	-	15
Port Hedland Yacht Club	Rate	Concession	100%	-	-	-	12
Total rate or fee waiver or concessions (Note 27)					234	146	167

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

27. RATING INFORMATION (Continued)

(b) Interest Charges & Instalments

Instalment Options	Date Due	Instalment Plan Admin Charge \$	Instalment Plan Interest Rate %	Unpaid Rates Interest Rate %
Option One				
Single full payment	7/09/2021	-	0.00%	7.00%
Option Two				
First instalment	7/09/2021	-	5.50%	7.00%
Second instalment	9/11/2021	14	5.50%	7.00%
Third instalment	17/01/2022	14	5.50%	7.00%
Fourth instalment	21/03/2022	14	5.50%	7.00%
		2022 Actual	2022 Budget	2021 Actual
		\$'000	\$'000	\$'000
Interest on unpaid rates		174	250	210
Interest on instalment plan		85	100	96
Charges on instalment plan		62	60	59
		321	410	365

TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022

28. RATE SETTING STATEMENT INFORMATION

		2021/22 (30 June 2022 Carried Forward) \$'000	Budget (30 June 2022 Carried Forward) \$'000	2020/21 (30 June 2021 Carried Forward) \$'000
(a) Non-cash amounts excluded from operating activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals	10(c)	(29)	(126)	(26)
Add: Loss on disposal of assets	10(c)	567	153	1,252
Add: Depreciation	10(a)	12,870	10,534	9,838
Non-cash movements in non-current assets and liabilities:				
Financial assets at amortised cost		-	-	(2)
Revaluation of Investment property	13	7,307	-	(1,632)
Assets held for sale	7	-	-	49
Employee benefit provisions		495	-	20
Movement in other provisions non-current		-	-	(3,093)
Non-Current/Current movements		(278)	-	-
Movement in lease premium prepaid		(924)	(924)	(924)
Movement in prepayments		32	-	(274)
Inventory		1,266	-	1,775
Non-cash amounts excluded from operating activities		21,305	9,637	6,983
(b) Non-cash amounts excluded from investing activities				
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to investing activities				
Non cash Intangible asset recognition		12,997	-	-
Movement in current capital expenditure provision associated with restricted cash		-	-	(10,507)
Non-cash amounts excluded from investing activities		12,997	-	(10,507)
(c) Surplus/(deficit) after imposition of general rates				
The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.				
Adjustments to net current assets				
Less: Reserve accounts	30	(202,624)	(183,782)	(221,551)
Less: Financial assets at amortised cost - self supporting loans	4(a)	(11)	-	(53)
- Land held for resale	6	(1,710)	(1,344)	(1,310)
Add: Current liabilities not expected to be cleared at end of year		-	25,743	-
- Current portion of borrowings	15	-	25,743	-
- Lease premium prepaid	11	924	924	924
- Current portion of lease liabilities	11(b)	145	276	188
- Employee benefit provisions		2,122	876	2,178
- Rehabilitation provisions		400	13,637	400
Total adjustments to net current assets		(200,753)	(143,670)	(219,224)
Net current assets used in the Rate Setting Statement				
Total current assets		223,695	194,022	237,565
Less: Total current liabilities		(22,857)	(50,213)	(21,715)
Less: Total adjustments to net current assets		(200,753)	(143,670)	(219,224)
Net current assets used in the Rate Setting Statement		86	139	(3,374)

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

29. BORROWING AND LEASE LIABILITIES (Continued)

(b) New Borrowings - 2021/22

Particulars/Purpose	Institution	Loan Type	Term Years	Interest Rate %	Amount Borrowed		Amount (Used)		Total Interest & Charges \$'000	Actual Balance Unspent \$'000
					2022 Actual \$'000	2022 Budget \$'000	2022 Actual \$'000	2022 Budget \$'000		
Staff Housing	Not yet determined	Principal & Interest	20	2.40%	-	9,100	-	-	-	-
Depot Masterplan	Not yet determined	Principal & Interest	20	2.40%	-	8,700	-	(9,219)	-	-
Seawalls	Not yet determined	Principal & Interest	20	2.40%	-	9,000	-	(9,000)	-	-
					-	26,800	-	(18,219)	-	-

* WA Treasury Corporation

(c) Lease Liabilities

Purpose	Note	Actual						Budget				
		Principal at 1 July 2020	New Leases During 2020-21	Principal Repayments During 2020-21	Principal at 30 June 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022
Staff Housing Lease		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		37	-	(37)	-	-	-	-	40	-	-	40
Staff Housing Lease		-	47	(6)	41	-	(41)	-	-	-	(40)	(40)
Port Hedland Library		144	-	(46)	98	-	(49)	49	98	-	(50)	48
Gratwick Gym Equipment		-	352	(78)	274	-	(98)	176	249	-	(89)	160
Depot Offices		159	-	(159)	-	-	-	-	59	-	-	59
Total Lease Liabilities	11(b)	340	399	(326)	413	-	(188)	225	446	-	(179)	267

Lease Interest Repayments

Purpose	Note	Function and activity	Lease Number	Institution	Interest Rate	Actual for year ending 30 June 2022	Budget for year ending 30 June 2022	Actual for year ending 30 June 2021	Lease Term Yrs
						\$'000	\$'000	\$'000	
Staff Housing Lease		Housing		Crawford Realty	2.20%	(1)	(1)	(2)	1
Port Hedland Library		Recreation and culture		Sentinel Country	1.60%	(2)	-	(1)	3
Gratwick Gym Equipment		Recreation and culture		Maia Financial	1.20%	(3)	(2)	(1)	3
Depot Offices		Other property and services		Complete Portables	2.00%	-	(2)	(6)	
Total Interest Repayments	2(b)					(6)	(5)	(10)	

**TOWN OF PORT HEDLAND
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2022**

ESERVE ACCOUNTS

Restricted by council

	2022 Actual Opening Balance \$'000	2022 Actual Transfer to \$'000	2022 Actual Transfer (from) \$'000	2022 Actual Closing Balance \$'000	2022 Budget Opening Balance \$'000	2022 Budget Transfer to \$'000	2022 Budget Transfer (from) \$'000	2022 Budget Closing Balance \$'000	2021 Actual Opening Balance \$'000	2021 Actual Transfer to \$'000	2021 Actual Transfer (from) \$'000	2021 Actual Closing Balance \$'000
) Reserves cash backed - Employee Leave Reserve	1,376	-	-	1,376	1,376	-	-	1,376	1,376	-	-	1,376
) Reserves cash backed - Plant Reserve	1,405	1,581	-	2,986	2,875	1,520	-	4,395	915	490	-	1,405
) Reserves cash backed - Unfinished Works & Committed Works Reserve	1,425	-	-	1,425	2,389	-	-	2,389	6,047	-	(4,622)	1,425
) Reserves cash backed - Housing Reserve	584	-	-	584	584	-	-	584	584	-	-	584
) Reserves cash backed - Airport Reserve	4,286	-	-	4,286	4,792	-	-	4,792	14,792	-	(10,506)	4,286
) Reserves cash backed - Spoilbank Reserve	36,357	-	-	36,357	12,357	-	-	12,357	36,459	-	(102)	36,357
) Reserves cash backed - Asset Management Reserve	5,242	920	-	6,162	5,192	1,375	-	6,567	3,158	2,112	(28)	5,242
) Reserves cash backed - Waste Management Reserve	6,573	2,174	(620)	8,127	6,549	300	(3,010)	3,839	6,634	637	(699)	6,572
) Reserves cash backed - Strategic Reserve	139,171	-	(22,982)	116,189	142,747	-	(20,457)	122,290	148,102	2,151	(11,081)	139,172
) Reserves cash backed - Cyclone Emergency Response Reserve	80	-	-	80	80	-	-	80	80	-	-	80
) Reserves cash backed - Financial Risk Reserve	25,052	-	(6,500)	18,552	25,113	-	(6,500)	18,613	21,941	12,607	(9,496)	25,052
) Reserves cash backed - Landfill establishment reserve	-	6,500	-	6,500	-	6,500	-	6,500	-	-	-	-
	221,551	11,175	(30,102)	202,624	204,054	9,695	(29,967)	183,782	240,088	17,997	(36,534)	221,551

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserves - cash/financial assets backed.

In accordance with Council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of Reserve	Anticipated date of use	Purpose of the reserve
) Reserves cash backed - Employee Leave Reserve		To ensure that adequate funds are available to finance employee leave entitlements such as annual leave, long service leave, sick leave and redundancies.
) Reserves cash backed - Plant Reserve		To fund the plant replacement program.
) Reserves cash backed - Unfinished Works & Committed Works Reserve		To transfer unspent municipal funded expenditure on specific projects to enable identification of carryover expenditure into the next financial year.
) Reserves cash backed - Housing Reserve		To fund the maintenance, refurbishment, redevelopment and construction of Local Government provided housing.
) Reserves cash backed - Airport Reserve		To fund the future Port Hedland International Airport Capital Works commitments.
) Reserves cash backed - Spoilbank Reserve		To fund the Port Hedland Spoilbank development.
) Reserves cash backed - Asset Management Reserve		To fund the ongoing maintenance, refurbishment, renewal, replacement and development of Council owned infrastructure assets within the Town of Port Hedland.
) Reserves cash backed - Waste Management Reserve		To fund the development, operation, maintenance and capital expenditure for the Council's waste management facilities including the landfill and waste collection operations.
) Reserves cash backed - Strategic Reserve		To fund strategic projects as included in the Town's Strategic Community Plan and Corporate Business Plan.
) Reserves cash backed - Cyclone Emergency Response Reserve		To fund cyclone and emergency related projects.
) Reserves cash backed - Financial Risk Reserve		To provide funds to mitigate against financial risks including legal cases with penalties awarded against the Town and SAT rulings upholding valuation objections on high value properties likely to cause significantly large refunds and other unknown events potentially resulting in financial loss to the Town.
) Reserves cash backed - Landfill establishment reserve		To fund the closure and repatriation of the existing landfill facility.

**TOWN OF PORT HEDLAND
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TRUST FUNDS

Funds held at balance date which are required to be held in trust and which are not included in the financial statements are as follows:

	1 July 2021	Amounts Received	Amounts Paid	30 June 2022
	\$'000	\$'000	\$'000	\$'000
Public Open Space	376	-	-	376
Mosquito Control	2	1	-	3
Nomination bond	-	1	-	1
	378	2	-	380

**TOWN OF PORT HEDLAND
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MAJOR LAND TRANSACTIONS

Details

The Town purchased 2 parcels of land at 29-31 Barramine Loop, South Hedland and 36 Longtom Loop, South Hedland in the 2019/20 year for staff housing. The Town intends designing and developing these lots beginning in the 2020/21 year with the potential for up to 9 properties on Barramine Loop and potentially 5 on Longtom Loop.

These projects are required to assist with solving the current staff housing shortage that is restricting the Town's ability to attract and maintain a highly skilled workforce, and refresh aging housing stock.

	2022 Actual \$'000	2022 Budget \$'000	2021 Actual \$'000
Current year transactions			
Other revenue			
Capital Expenditure			
Construction costs	(4,751)	(6,629)	(2,471)
	(4,751)	(6,629)	(2,471)

Expected future cash flows

	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	Total \$'000
Cash outflows					
Interest on loans	(434)	(415)	(395)	(375)	(1,619)
Building Maintenance	(33)	(34)	(35)	(36)	(138)
Loan Principal Payments	(374)	(383)	(392)	(402)	(1,551)
	(841)	(832)	(822)	(813)	(3,308)
Cash inflows					
- Sale proceeds	-	-	-	-	-
	-	-	-	-	-
Net cash flows	(841)	(832)	(822)	(813)	(3,308)