

**TOWN OF PORT HEDLAND**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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


**TOWN OF PORT HEDLAND  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996**

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Town being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Town at 30th June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation of issue on the 21<sup>st</sup> day of November 2017



David Pentz  
Chief Executive Officer

**TOWN OF PORT HEDLAND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

|   | NOTE | 2017<br>Actual<br>\$ '000 | 2017<br>Budget<br>\$ '000 | 2016<br>Actual<br>\$ '000 |
|---|------|---------------------------|---------------------------|---------------------------|
| <b>Revenue</b>  |      |                           |                           |                           |
| Rates   | 22   | 23,991                    | 23,685                    | 25,195                    |
| Operating grants, subsidies and contributions                             | 29   | 4,291                     | 8,459                     | 3,028                     |
| Fees and charges  | 28   | 10,359                    | 12,329                    | 10,366                    |
| Interest earnings   | 2(a) | 7,303                     | 7,391                     | 4,257                     |
| Other revenue   |      | 1,821                     | 1,986                     | 6,642                     |
|   |      | <u>47,765</u>             | <u>53,850</u>             | <u>49,488</u>             |
| <b>Expenses</b>   |      |                           |                           |                           |
| Employee costs  |      | (20,262)                  | (21,839)                  | (22,945)                  |
| Materials and contracts   |      | (13,120)                  | (29,935)                  | (15,043)                  |
| Utility charges   |      | (2,921)                   | (2,515)                   | (2,611)                   |
| Depreciation on non-current assets  | 2(a) | (12,031)                  | (13,839)                  | (12,739)                  |
| Interest expenses   | 2(a) | (1,260)                   | (1,260)                   | (1,379)                   |
| Insurance expenses  |      | (1,048)                   | (1,044)                   | (1,074)                   |
| Other expenditure   |      | (2,000)                   | (2,830)                   | (204)                     |
|   |      | <u>(52,642)</u>           | <u>(73,262)</u>           | <u>(55,995)</u>           |
|   |      | (4,877)                   | (19,412)                  | (6,507)                   |
| Non-operating grants, subsidies and contributions                         | 29   | 4,270                     | 5,147                     | 5,627                     |
| Profit on asset disposals   | 20   | 26                        | 210                       | 479                       |
| (Loss) on asset disposals   | 20   | (41)                      | -                         | (1,370)                   |
| (Loss) on revaluation - investment property                               |      | (3,918)                   | -                         | (7,330)                   |
| (Loss) on revaluation of furniture and equipment                          |      | -                         | -                         | (206)                     |
|   |      | <u>(4,540)</u>            | <u>(14,055)</u>           | <u>(9,307)</u>            |
| <b>Discontinued Operations</b>  |      |                           |                           |                           |
| Profit on sale of discontinued operations                                 |      | -                         | -                         | 33,223                    |
| Net profit from discontinued operations                                   |      | -                         | -                         | 2,611                     |
| <b>Net Result</b>   |      | <u><u>(4,540)</u></u>     | <u><u>(14,055)</u></u>    | <u><u>26,527</u></u>      |
| <b>Other comprehensive income</b>   |      |                           |                           |                           |
| <i>Items that will not be reclassified subsequently to profit or loss</i> |      |                           |                           |                           |
| Changes on revaluation of non-current assets                              | 12   | 21,526                    | 3,845                     | (36,527)                  |
|   |      | -                         | -                         | -                         |
| <b>Total other comprehensive income</b>                                   |      | <u>21,526</u>             | <u>3,845</u>              | <u>(36,527)</u>           |
| <b>Total comprehensive income</b>   |      | <u><u>16,986</u></u>      | <u><u>(10,210)</u></u>    | <u><u>(10,000)</u></u>    |

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

**TOWN OF PORT HEDLAND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

|   | NOTE | 2017<br>Actual<br>\$ '000   | 2017<br>Budget<br>\$ '000     | 2016<br>Actual<br>\$ '000     |
|---|------|-----------------------------|-------------------------------|-------------------------------|
| <b>Revenue</b>  |      |                             |                               |                               |
| Governance  |      | 2                           | -                             | 12                            |
| General purpose funding   |      | 35,106                      | 33,955                        | 30,385                        |
| Law, order, public safety   |      | 210                         | 190                           | 270                           |
| Health  |      | 364                         | 476                           | 100                           |
| Education and welfare   |      | 191                         | 177                           | 908                           |
| Housing   |      | 216                         | 532                           | 231                           |
| Community amenities   |      | 7,484                       | 10,264                        | 10,271                        |
| Recreation and culture  |      | 2,251                       | 2,534                         | 1,675                         |
| Transport   |      | 197                         | 4,035                         | 213                           |
| Economic services   |      | 943                         | 1,151                         | 4,946                         |
| Other property and services   |      | 801                         | 536                           | 477                           |
|   |      | <u>47,765</u>               | <u>53,850</u>                 | <u>49,488</u>                 |
| <b>Expenses</b>   |      |                             |                               |                               |
| Governance  |      | (2,786)                     | (2,796)                       | (2,343)                       |
| General purpose funding   |      | (256)                       | (341)                         | (726)                         |
| Law, order, public safety   |      | (2,220)                     | (2,806)                       | (1,988)                       |
| Health  |      | (1,059)                     | (1,289)                       | (928)                         |
| Education and welfare   |      | (2,816)                     | (3,400)                       | (3,764)                       |
| Housing   |      | (219)                       | (248)                         | (1,212)                       |
| Community amenities   |      | (7,602)                     | (8,298)                       | (8,898)                       |
| Recreation and culture  |      | (20,375)                    | (21,505)                      | (19,412)                      |
| Transport   |      | (11,342)                    | (28,099)                      | (9,836)                       |
| Economic services   |      | (1,819)                     | (1,680)                       | (2,161)                       |
| Other property and services   |      | (888)                       | (1,540)                       | (3,348)                       |
|   |      | <u>(51,382)</u>             | <u>(72,002)</u>               | <u>(54,616)</u>               |
| <b>Finance costs</b>  |      |                             |                               |                               |
| Law, order, public safety   |      | (7)                         | (7)                           | (9)                           |
| Health  |      | -                           | (63)                          | -                             |
| Education and welfare   |      | (63)                        | (139)                         | (70)                          |
| Housing   |      | (196)                       | (282)                         | (301)                         |
| Community amenities   |      | (9)                         | (9)                           | (14)                          |
| Recreation and culture  |      | (897)                       | (760)                         | (985)                         |
| Economic services   |      | (88)                        | -                             | -                             |
|   |      | <u>(1,260)</u>              | <u>(1,260)</u>                | <u>(1,379)</u>                |
|   |      | <u>(4,877)</u>              | <u>(19,412)</u>               | <u>(6,507)</u>                |
| Non-operating grants, subsidies and contributions                         | 29   | 4,270                       | 5,147                         | 5,627                         |
| Profit on disposal of assets  | 20   | 26                          | 210                           | 479                           |
| (Loss) on disposal of assets  | 20   | (41)                        | -                             | (1,370)                       |
| (Loss) on revaluation - investment property                               | 35   | (3,918)                     | -                             | (7,330)                       |
| (Loss) on revaluation of furniture and equipment                          |      | -                           | -                             | (206)                         |
| Profit on sale of discontinued operations                                 |      | -                           | -                             | 33,223                        |
| Net profit from discontinued operations                                   |      | -                           | -                             | 2,611                         |
| <b>Net result</b>   |      | <u><b>(4,540)</b></u>       | <u><b>(14,055)</b></u>        | <u><b>26,527</b></u>          |
| <b>Other comprehensive income</b>   |      |                             |                               |                               |
| <i>Items that will not be reclassified subsequently to profit or loss</i> |      |                             |                               |                               |
| Changes on revaluation of non-current assets                              | 12   | 21,526                      | 3,845                         | (36,527)                      |
| <b>Total other comprehensive income</b>                                   |      | <u><b>21,526</b></u>        | <u><b>3,845</b></u>           | <u><b>(36,527)</b></u>        |
| <b>Total comprehensive income</b>   |      | <u><u><b>16,986</b></u></u> | <u><u><b>(10,210)</b></u></u> | <u><u><b>(10,000)</b></u></u> |

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

**TOWN OF PORT HEDLAND  
STATEMENT OF FINANCIAL POSITION  
AS AT 30TH JUNE 2017**

|   | NOTE | 2017<br>\$ '000 | 2016<br>\$ '000 |
|---|------|-----------------|-----------------|
| <b>CURRENT ASSETS</b>                   |      |                 |                 |
| Cash and cash equivalents               | 3    | 243,042         | 244,265         |
| Trade and other receivables             | 4    | 7,460           | 8,013           |
| Inventories                             | 5    | 1,270           | 1,670           |
| <b>TOTAL CURRENT ASSETS</b>             |      | <u>251,772</u>  | <u>253,948</u>  |
| <b>NON-CURRENT ASSETS</b>               |      |                 |                 |
| Other receivables                       | 4    | 2,456           | 2,601           |
| Inventories                             | 5    | 8,499           | 8,499           |
| Property, plant and equipment           | 6    | 119,989         | 109,059         |
| Infrastructure                          | 7    | 259,614         | 250,546         |
| Investment Property                     | 34   | 42,290          | 46,208          |
| <b>TOTAL NON-CURRENT ASSETS</b>         |      | <u>432,848</u>  | <u>416,913</u>  |
| <b>TOTAL ASSETS</b>                     |      | <u>684,620</u>  | <u>670,861</u>  |
| <b>CURRENT LIABILITIES</b>              |      |                 |                 |
| Trade and other payables                | 8    | 7,501           | 7,343           |
| Current portion of long term borrowings | 9    | 1,242           | 1,171           |
| Provisions                              | 10   | 16,996          | 18,209          |
| <b>TOTAL CURRENT LIABILITIES</b>        |      | <u>25,739</u>   | <u>26,723</u>   |
| <b>NON-CURRENT LIABILITIES</b>          |      |                 |                 |
| Trade and other payables                | 8    | 44,076          | 45,001          |
| Long term borrowings                    | 9    | 21,400          | 22,650          |
| Provisions                              | 10   | 143             | 211             |
| <b>TOTAL NON-CURRENT LIABILITIES</b>    |      | <u>65,619</u>   | <u>67,862</u>   |
| <b>TOTAL LIABILITIES</b>                |      | <u>91,358</u>   | <u>94,585</u>   |
| <b>NET ASSETS</b>                       |      | <u>593,262</u>  | <u>576,276</u>  |
| <b>EQUITY</b>                           |      |                 |                 |
| Retained surplus                        |      | 190,875         | 195,271         |
| Reserves - cash backed                  | 11   | 239,454         | 239,598         |
| Revaluation surplus                     | 12   | 162,933         | 141,407         |
| <b>TOTAL EQUITY</b>                     |      | <u>593,262</u>  | <u>576,276</u>  |

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

**TOWN OF PORT HEDLAND  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2017**

|   | NOTE | RETAINED<br>SURPLUS<br>\$ '000 | RESERVES<br>CASH<br>BACKED<br>\$ '000 | REVALUATION<br>SURPLUS<br>\$ '000 | TOTAL<br>EQUITY<br>\$ '000 |
|---|------|--------------------------------|---------------------------------------|-----------------------------------|----------------------------|
| <b>Balance as at 1 July 2015</b>        |      | <b>301,574</b>                 | <b>79,486</b>                         | <b>205,216</b>                    | <b>586,276</b>             |
| Comprehensive income                    |      |                                |                                       |                                   |                            |
| Net result                              |      | 26,527                         | -                                     | -                                 | 26,527                     |
| Transfer due to Discontinued Operations |      | 27,282                         | -                                     | (27,282)                          | -                          |
| Changes on revaluation of assets        | 12   | -                              | -                                     | (36,527)                          | (36,527)                   |
| Total comprehensive income              |      | 53,809                         | -                                     | (63,809)                          | (10,000)                   |
| Transfers from/(to) reserves            |      | (160,112)                      | 160,112                               | -                                 | -                          |
| <b>Balance as at 30 June 2016</b>       |      | <b>195,271</b>                 | <b>239,598</b>                        | <b>141,407</b>                    | <b>576,276</b>             |
| Comprehensive income                    |      |                                |                                       |                                   |                            |
| Net result                              |      | (4,540)                        | -                                     | -                                 | (4,540)                    |
| Changes on revaluation of assets        | 12   | -                              | -                                     | 21,526                            | 21,526                     |
| Total comprehensive income              |      | (4,540)                        | -                                     | 21,526                            | 16,986                     |
| Transfers from/(to) reserves            |      | 144                            | (144)                                 | -                                 | -                          |
| <b>Balance as at 30 June 2017</b>       |      | <b>190,875</b>                 | <b>239,454</b>                        | <b>162,933</b>                    | <b>593,262</b>             |

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

**TOWN OF PORT HEDLAND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2017**

|   | NOTE  | 2017<br>Actual<br>\$ '000 | 2017<br>Budget<br>\$ '000 | 2016<br>Actual<br>\$ '000 |
|---|-------|---------------------------|---------------------------|---------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |       |                           |                           |                           |
| <b>Receipts</b>   |       |                           |                           |                           |
| Rates   |       | 22,398                    | 23,684                    | 24,551                    |
| Operating grants, subsidies and contributions                   |       | 7,002                     | 9,460                     | 3,028                     |
| Fees and charges  |       | 10,359                    | 12,329                    | 16,700                    |
| Interest earnings   |       | 7,303                     | 7,391                     | 4,721                     |
| Goods and services tax  |       | 2,954                     | -                         | 1,358                     |
| Other revenue   |       | 1,821                     | 1,986                     | 3,260                     |
|   |       | <u>51,837</u>             | <u>54,850</u>             | <u>53,618</u>             |
| <b>Payments</b>   |       |                           |                           |                           |
| Employee costs  |       | (21,930)                  | (22,765)                  | (22,674)                  |
| Materials and contracts   |       | (13,086)                  | (28,935)                  | (17,450)                  |
| Utility charges   |       | (2,921)                   | (2,515)                   | (2,611)                   |
| Interest expenses   |       | (1,274)                   | (1,260)                   | (1,395)                   |
| Insurance expenses  |       | (1,048)                   | (1,044)                   | (1,074)                   |
| Goods and services tax  |       | (3,473)                   | -                         | (1,358)                   |
| Other expenditure   |       | (2,000)                   | (2,829)                   | (204)                     |
|   |       | <u>(45,732)</u>           | <u>(59,348)</u>           | <u>(46,766)</u>           |
|   | 13(b) | 6,105                     | (4,498)                   | 6,852                     |
| Cash provided from discontinued Operations                      |       | -                         | -                         | 51,280                    |
| <b>Net cash provided by (used in)<br/>operating activities</b>  |       | <u>6,105</u>              | <u>(4,498)</u>            | <u>58,132</u>             |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |       |                           |                           |                           |
| <b>Receipts:</b>  |       |                           |                           |                           |
| Proceeds from Land held for resale                              |       | -                         | -                         | 640                       |
| Non-operating grants,<br>subsidies and contributions            |       | 4,270                     | 5,147                     | 3,164                     |
| Proceeds from sale of fixed assets                              | 20    | 335                       | 870                       | 27                        |
| Proceeds from investments                                       |       | -                         | -                         | 30,000                    |
| Proceeds on sale of discontinued operations                     |       | -                         | -                         | 166,869                   |
| <b>Payments:</b>  |       |                           |                           |                           |
| Payments for purchase of Property, Plant<br>and Equipment       |       | (1,976)                   | (7,737)                   | (2,465)                   |
| Payments for construction of Infrastructure                     |       | (8,877)                   | (13,692)                  | (5,863)                   |
| Payment for Work in Progress                                    |       | -                         | -                         | (3,622)                   |
| Proceeds from disposal of investments                           |       | -                         | -                         | (36,223)                  |
| Payments for Purchase of Investments                            |       | -                         | -                         | (181,147)                 |
| <b>Net cash provided by (used in)<br/>investment activities</b> |       | <u>(6,248)</u>            | <u>(15,412)</u>           | <u>(28,620)</u>           |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |       |                           |                           |                           |
| Repayment of debentures   | 21    | (1,179)                   | (1,179)                   | (2,238)                   |
| Proceeds from self supporting loans                             | 21    | 99                        | 98                        | 92                        |
| Proceeds from new debentures                                    |       | -                         | -                         | 341                       |
| <b>Net cash provided by (used in)<br/>financing activities</b>  |       | <u>(1,080)</u>            | <u>(1,081)</u>            | <u>(1,805)</u>            |
| <b>Net increase (decrease) in cash held</b>                     |       | (1,223)                   | (20,991)                  | 11,985                    |
| Cash at beginning of year                                       |       | 244,265                   | 244,352                   | 232,280                   |
| <b>Cash and cash equivalents<br/>at the end of the year</b>     | 13(a) | <u>243,042</u>            | <u>223,361</u>            | <u>244,265</u>            |

**TOWN OF PORT HEDLAND  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2017**

| NOTE   | 2017<br>Actual<br>\$ '000 | 2017<br>Budget<br>\$ '000 | 2016<br>Actual<br>\$ '000 |
|--|---------------------------|---------------------------|---------------------------|
| <b>Net current assets at start of financial year - surplus/(deficit)</b> | 5,649                     | 3,765                     | 5,066                     |
|  | <u>5,649</u>              | <u>3,765</u>              | <u>5,066</u>              |
| <b>Revenue from operating activities (excluding rates)</b>               |                           |                           |                           |
| Governance   | 2                         | -                         | 12                        |
| General purpose funding  | 11,115                    | 10,271                    | 5190                      |
| Law, order, public safety  | 210                       | 190                       | 270                       |
| Health   | 364                       | 476                       | 100                       |
| Education and welfare  | 191                       | 177                       | 908                       |
| Housing  | 216                       | 532                       | 231                       |
| Community amenities  | 7,484                     | 10,264                    | 10,271                    |
| Recreation and culture   | 2,251                     | 2,534                     | 1,675                     |
| Transport  | 223                       | 4,035                     | 213                       |
| Economic services  | 943                       | 1,361                     | 5,425                     |
| Other property and services  | 801                       | 534                       | 477                       |
|  | <u>23,800</u>             | <u>30,374</u>             | <u>24,772</u>             |
| <b>Expenditure from operating activities</b>                             |                           |                           |                           |
| Governance   | (2,786)                   | (2,796)                   | (2,343)                   |
| General purpose funding  | (256)                     | (341)                     | (726)                     |
| Law, order, public safety  | (2,227)                   | (2,813)                   | (1,997)                   |
| Health   | (1,059)                   | (1,353)                   | (928)                     |
| Education and welfare  | (2,879)                   | (3,539)                   | (3,834)                   |
| Housing  | (415)                     | (531)                     | (1,513)                   |
| Community amenities  | (7,611)                   | (8,307)                   | (8,912)                   |
| Recreation and culture   | (21,272)                  | (22,265)                  | (21,112)                  |
| Transport  | (15,301)                  | (28,099)                  | (10,491)                  |
| Economic services  | (1,907)                   | (1,680)                   | (2,161)                   |
| Other property and services  | (888)                     | (1,538)                   | (10,678)                  |
|  | <u>(56,601)</u>           | <u>(73,262)</u>           | <u>(64,695)</u>           |
| <b>Operating activities excluded from budget</b>                         |                           |                           |                           |
| (Profit) on disposal of assets   | 20                        | (26)                      | (479)                     |
| Loss on disposal of assets   | 20                        | 41                        | 1,370                     |
| Movement in prepayments - non-current                                    | 5                         | 32                        | -                         |
| Movement in land held for resale   |                           | 264                       | -                         |
| Movement in employee benefit provisions                                  |                           | (865)                     | 44                        |
| Depreciation and amortisation on assets                                  | 2(a)                      | 12,031                    | 12,739                    |
| Loss on revaluation of Investment Property                               |                           | 3,918                     | 7,330                     |
| Recognition of the portion of Lease Premium Prepaid                      |                           | (925)                     | (283)                     |
| Loss on revaluation of Furniture and Equipment                           |                           | -                         | (206)                     |
| Profit on sale of Discontinued Operations                                |                           | -                         | 33,223                    |
| Net profit from Discontinued Operations                                  |                           | -                         | 2,611                     |
| <b>Amount attributable to operating activities</b>                       |                           | <u>(12,682)</u>           | <u>21,492</u>             |
| <b>INVESTING ACTIVITIES</b>  |                           |                           |                           |
| Non-operating grants, subsidies and contributions                        |                           | 4,270                     | 5,627                     |
| Proceeds from disposal of assets   | 20                        | 335                       | -                         |
| Purchase of property, plant and equipment                                | 6(b)                      | (1,976)                   | (4,942)                   |
| Purchase and construction of infrastructure                              | 7(b)                      | (8,877)                   | (3,557)                   |
| Payments for cost to sell discontinued operations                        |                           | 0                         | (5,737)                   |
| <b>Amount attributable to investing activities</b>                       |                           | <u>(6,248)</u>            | <u>(8,609)</u>            |
| <b>FINANCING ACTIVITIES</b>  |                           |                           |                           |
| Repayment of debentures  | 21(a)                     | (1,179)                   | (2,238)                   |
| Proceeds from new debentures   | 21(a)                     | -                         | 341                       |
| Proceeds from self supporting loans                                      |                           | 99                        | 92                        |
| Proceeds from disposal of assets   |                           | -                         | 167,536                   |
| Profit on sale of Discontinued Operations                                |                           | -                         | (33,223)                  |
| Loss on revaluation of Furniture and Equipment                           |                           | -                         | 206                       |
| Contributed asset  |                           | -                         | (2,463)                   |
| Transfer (to) / from Restricted Receivables                              |                           | -                         | (2,568)                   |
| Transfers to reserves (restricted assets)                                | 11                        | (8,176)                   | (169,547)                 |
| Transfers from reserves (restricted assets)                              | 11                        | 8,320                     | 9,435                     |
| <b>Amount attributable to financing activities</b>                       |                           | <u>(936)</u>              | <u>(32,429)</u>           |
| <b>Surplus(deficiency) before general rates</b>                          |                           | <u>(19,866)</u>           | <u>(19,546)</u>           |
| <b>Total amount raised from general rates</b>                            | 22                        | <u>23,991</u>             | <u>25,195</u>             |
| <b>Net current assets at June 30 c/fwd. - surplus/(deficit)</b>          | 23                        | <u><u>4,125</u></u>       | <u><u>5,649</u></u>       |

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



**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) BASIS OF PREPARATION**

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the 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.

**CRITICAL ACCOUNTING ESTIMATES**

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

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

**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.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 19 to these financial statements.

**(a) 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.

**(b) 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

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

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(c) Trade and Other Receivables**

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

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

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

**(d) Inventories**

***General***

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

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

***Land held for sale***

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in 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 on to the buyer at this point.

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

**(e) 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.

***Mandatory requirement to revalue non-current assets***

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

During the year ended 30 June 2013, the Town commenced the process of adopting Fair Value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Town revalues its asset classes in accordance with this mandatory timetable.

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

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(e) Fixed Assets (Continued)**

***Land under control***

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

Upon initial recognition, these assets were recorded at cost in accordance with AASB 116. They were then classified as Land and revalued along with other land in accordance with the other policies detailed in this Note.

***Initial recognition and measurement between mandatory revaluation dates***

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

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 no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the 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 acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

***Revaluation***

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 asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

***Land under roads***

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

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulation 16(a)(i) prohibits local governments from recognising such land as an asset.

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

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

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(e) Fixed Assets (Continued)**

***Depreciation***

The depreciable amount of all fixed assets including buildings but excluding freehold land, 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.

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

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation periods used for each class of depreciable asset are:

|  |                 |
|--|-----------------|
| Buildings                                | 30 to 60 years  |
| Furniture and equipment                  | 4 to 20 years   |
| Plant and equipment                      | 5 to 15 years   |
| Sealed roads and streets formation       | Not Depreciated |
| pavement                                 | 50 years        |
| seal                                     |                 |
| - bituminous seals                       | 12 years        |
| - asphalt surfaces                       | 20 years        |
| Gravel roads formation                   | Not Depreciated |
| pavement                                 | 5 years         |
| Formed roads (unsealed) formation        | Not Depreciated |
| pavement                                 |                 |
| Footpaths - slab                         | 30 to 40 years  |
| Sewerage piping                          | 100 years       |
| Water supply piping and drainage systems | 75 years        |

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

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

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

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(f) Fair Value of Assets and Liabilities**

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

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.

As 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 a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

***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.

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(f) Fair Value of Assets and Liabilities (Continued)**

**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 an asset at its current service capacity.

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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

**(g) Financial Instruments**

***Initial recognition and measurement***

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

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

***Classification and subsequent measurement***

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

Amortised cost is calculated as:

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

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

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(g) Financial Instruments (Continued)**

***Classification and subsequent measurement (continued)***

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

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss. Assets in this category are classified as current assets.

*(ii) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Town has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

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

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

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

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

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

*(v) Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(g) Financial Instruments (Continued)**

***Impairment***

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which will have an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

***De-recognition***

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

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.

**(h) Impairment of Assets**

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

Where such an indication exists, an 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 assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

**(i) 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 normally paid within 30 days of recognition.



**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(j) Employee Benefits**

**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. The Town's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits 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.

**(k) Borrowing Costs**

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

**(l) 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.

**(m) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Town, are classified as finance leases.

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

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

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

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

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(n) Investment in Associates**

An associate is an entity over which the Town has significant influence. Significant influence is the power to participate in the financial operating policy decisions of that entity but is not control or joint control of those policies. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Town's share of net assets of the associate. In addition, the Town's share of the profit or loss of the associate is included in the Town's profit or loss.

The carrying amount of the investment includes, where applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Town's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Town and the associate are eliminated to the extent of the Town's interest in the associate.

When the Town's share of losses in an associate equals or exceeds its interest in the associate, the Town discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Town will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

**(o) Interests in Joint Arrangements**

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method. Refer to note 1(n) for a description of the equity method of accounting.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Town's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the financial statements. Information about the joint ventures is set out in Note 16.

**(p) Rates, Grants, Donations and Other Contributions**

Rates, grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control of non operating grants arises when the Town can benefit from funds transferred to it and deny or regulate the access of others to those benefits. Therefore control arises when the Town can use funds granted or transferred to purchase goods and services or retain the funds for future purchases.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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

**(q) 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.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(r) Current and Non-Current Classification**

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the 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 even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Town's intentions to release for sale.

**(s) Rounding Off Figures**

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

**(t) 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 statement, 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.

**(u) Budget Comparative Figures**

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

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

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

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

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

|       | Title  | Issued / Compiled | Applicable <sup>(1)</sup> | Impact  |
|-------|--|-------------------|---------------------------|---|
| (i)   | AASB 9 Financial Instruments<br>(incorporating AASB 2014-7 and<br>AASB 2014-8) | December 2014     | 1 January 2018            | Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Town, it is not anticipated the Standard will have any material effect.   |
| (ii)  | AASB 15 Revenue from Contracts with<br>Customers                               | December 2014     | 1 January 2019            | This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.<br><br>The effect of this Standard will depend upon the nature of future transactions the Town has with those third parties it has dealings with. It may or may not be significant.  |
| (iii) | AASB 16 Leases   | February 2016     | 1 January 2019            | Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.<br><br>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Town, the impact is not expected to be significant. |

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

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

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

| Title  | Issued / Compiled | Applicable <sup>(1)</sup> | Impact   |
|--|-------------------|---------------------------|--|
| (iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8) | December 2016     | 1 January 2019            | <p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> <li>- Assets received below fair value;</li> <li>- Transfers received to acquire or construct non-financial assets;</li> <li>- Grants received;</li> <li>- Prepaid rates;</li> <li>- Leases entered into at below market rates; and</li> <li>- Volunteer services.</li> </ul> <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Town's operations.</p> |

Notes:

<sup>(1)</sup> Applicable to reporting periods commencing on or after the given date.

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

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

|  |  |
|--|--|
| <p>(i) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities</p> <p>[AASB 10, 124 &amp; 1049]</p> | <p>The objective of this Standard was to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard has had a significant disclosure impact on the financial report of the Town as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.</p> |
|--|--|

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

| <b>2. REVENUE AND EXPENSES</b>                        | <b>2017</b>    | <b>2016</b>    |
|---|----------------|----------------|
|   | <b>\$ '000</b> | <b>\$ '000</b> |
| <b>(a) Net Result</b>                                 |                |                |
| The Net result includes:                              |                |                |
| (i) Charging as an expense:                           |                |                |
| <b>Significant expense</b>                            |                |                |
| Bad & Doubtful Debts                                  | 40             | 59             |
| Loss from Fair Value Adjustment                       | 4,180          | 7,330          |
| Other Expenditure                                     | <u>-</u>       | <u>204</u>     |
| <b>Auditors remuneration</b>                          |                |                |
| - Audit of the Annual Financial Report                | 45             | 52             |
| - Other Services - Disbursements and Grant Acquittals | 44             | 48             |
| <b>Depreciation</b>                                   |                |                |
| Buildings - non-specialised                           | 1,601          | 1,720          |
| Buildings - specialised                               | 1,506          | 1,618          |
| Furniture and equipment                               | 419            | 312            |
| Plant and equipment                                   | 1,170          | 2,024          |
| Infrastructure - Roads                                | 3,673          | 3,958          |
| Infrastructure - Drainage                             | 312            | 308            |
| Infrastructure - Footpaths                            | 750            | 765            |
| Infrastructure - Parks and Ovals                      | 2,476          | 1,916          |
| Infrastructure - Other infrastructure                 | 76             | 75             |
| Infrastructure - Bus Shelters                         | 10             | 10             |
| Infrastructure - Depot                                | 38             | 33             |
|   | <u>12,031</u>  | <u>12,739</u>  |
| <b>Interest expenses (finance costs)</b>              |                |                |
| Interest Discontinued Operations                      | -              | 1,674          |
| Debentures (refer Note 21(a))                         | 1,260          | (295)          |
|   | <u>1,260</u>   | <u>1,379</u>   |
| <b>Rental charges</b>                                 |                |                |
| - Operating leases                                    | 89             | 155            |
|   | <u>89</u>      | <u>155</u>     |
| (ii) Crediting as revenue:                            |                |                |
| <b>Significant revenue</b>                            |                |                |
| Rental Income - Other Council Properties              | 312            | 4,245          |
| <b>Other revenue</b>                                  |                |                |
| Reimbursements and recoveries                         | 1,376          | 738            |
| Other   | 1              | 2,397          |
|   | <u>1,377</u>   | <u>3,135</u>   |
|   | <b>2017</b>    | <b>2017</b>    |
|   | <b>Actual</b>  | <b>Budget</b>  |
|   | <b>\$</b>      | <b>\$</b>      |
| <b>Interest earnings</b>                              |                | <b>2016</b>    |
| - Loans receivable - clubs/institutions               | 55             | -              |
| - Reserve funds                                       | 5,918          | 3,776          |
| - Other funds   | 968            | 96             |
| - Rates Instalment Interest Charge                    | 86             | 111            |
| - Other interest revenue (refer note 27)              | 276            | 274            |
|   | <u>7,303</u>   | <u>4,257</u>   |

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(b) Statement of Objective**

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

**COMMUNITY VISION**

The Town of Port Hedland's vision is to become a nationally significant friendly city that people are proud to call home. Central to this vision are four themes and outcomes:

1. Building a unified and vibrant community
2. Supporting a diverse economy
3. Balancing our built and natural environment
4. Leading our community

Town operations as disclosed in these financial statements encompass the following service orientated activities/programs.

**GOVERNANCE**

**Objective:**

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

**Activities:**

Includes all income and expenditure associated with Elected Members, Civic Receptions, Corporate Management, Financial Services, Human Resources and OHS, Governance, Records Management, Marketing and Public Relations, and Information Technology. The majority of costs are distributed across other programs of Council, to better reflect the total cost of service delivery.

**GENERAL PURPOSE FUNDING**

**Objective:**

To collect revenue to allow for the provision of services.

**Activities:**

Rates, general purpose government grants, interest revenue, dividends paid to the Municipal fund from the Waste Reserves, loan financing and reserve transfers.

**LAW, ORDER, PUBLIC SAFETY**

**Objective:**

To provide services to help ensure a safer and environmentally conscious community.

**Activities:**

Fire prevention, animal control, parking control, support of State Emergency Services, the Town's CCTV network, and community safety initiatives.

**HEALTH**

**Objective:**

To provide an operational framework for environmental and community health.

**Activities:**

Vermin control, environmental health, food and public health regulation and compliance, and Aboriginal health.

**EDUCATION AND WELFARE**

**Objective:**

To provide services to disadvantaged persons, the elderly, children and youth.

**Activities:**

Community partnership funding, disability access initiatives, community services administration and asset management associated with key community buildings.

**HOUSING**

**Objective:**

To provide and maintain adequate housing.

**Activities:**

Primarily centred around the provision of housing to employees and asset management activities.

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

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

**COMMUNITY AMENITIES**

**Objective:**

To provide services required by the community.

**Activities:**

Strategic town planning and development control, all aspects of waste management such as waste collection, landfill operations, and waste minimisation; cemeteries, public toilets, sanitation and litter collection.

**RECREATION AND CULTURE**

**Objective:**

To establish and effectively manage infrastructure and resources which will help the social wellbeing of the community.

**Activities:**

Maintenance of public halls, civic centre, aquatic centre, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of library, museum and other cultural facilities.

**TRANSPORT**

**Objective:**

To provide safe, effective and efficient transport services to the community.

**Activities:**

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**

**Objective:**

To help promote the shire and its economic wellbeing.

**Activities:**

Tourism and area promotion, leasing and administration of commercial properties, building regulation, land development, and saleyards and markets.

**OTHER PROPERTY AND SERVICES**

**Objective:**

To monitor and control council's overheads operating accounts.

**Activities:**

Private works operation, plant repair and operation costs, engineering operation costs, public works overheads and building maintenance overheads.



**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

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

| Grant/Contribution   | Opening                                      | Received           | Expended           | Closing                                       | Received           | Expended           | Closing                        |
|--|--|--------------------|--------------------|---|--------------------|--------------------|--------------------------------|
|  | Balance <sup>(1)</sup><br>1/07/15<br>\$ '000 | 2015/16<br>\$ '000 | 2015/16<br>\$ '000 | Balance <sup>(1)</sup><br>30/06/16<br>\$ '000 | 2016/17<br>\$ '000 | 2016/17<br>\$ '000 | Balance<br>30/06/17<br>\$ '000 |
| <b>Governance</b>  |  |                    |                    |   |                    |                    |                                |
| Keep Australia Beautiful - Clean Beaches Award 2016                      | -  | -                  | -                  | -   | 2                  | (2)                | -                              |
| <b>General purpose funding</b>   |  |                    |                    |   |                    |                    |                                |
| Dept of Local Government & Communities - General Purpose Grant           | -  | 549                | (549)              | -   | 1,165              | (1,165)            | -                              |
| <b>Law, order, public safety</b>   |  |                    |                    |   |                    |                    |                                |
| Department of Health- Dog Health Programme - 09/10                       | 2  | -                  | (2)                | -   | -                  | -                  | -                              |
| Department of Fire & Emergency Services - State Emergency Service 1516   | -  | 62                 | (62)               | -   | -                  | -                  | -                              |
| Department of Fire & Emergency Services - State Emergency Service 1617   | -  | 11                 | -                  | 11  | 64                 | (75)               | -                              |
| Department of Fire & Emergency Services - Fire Mitigation                | -  | 3                  | (3)                | -   | -                  | -                  | -                              |
| WA Police - State Graffiti Fund  | -  | 20                 | -                  | 20  | -                  | (20)               | -                              |
| WA Police - CCTV Strategy Fund   | -  | -                  | -                  | -   | 312                | (312)              | -                              |
| <b>Health</b>  |  |                    |                    |   |                    |                    |                                |
| Environment Health - Pilbara Regions Aboriginal Health Workshop          | 4  | -                  | (4)                | -   | -                  | -                  | -                              |
| Department of Health - Mosquito Control                                  | 12   | 6                  | (18)               | -   | 4                  | (1)                | 3                              |
| Main Roads WA - Roadside Litter Clean-up Campaign                        | -  | 20                 | (1)                | 19  | -                  | -                  | 19                             |
| <b>Education and welfare</b>   |  |                    |                    |   |                    |                    |                                |
| Atlas - North West Festival 2015 Sponsor                                 | -  | 18                 | (18)               | -   | 4                  | (4)                | -                              |
| BHP - North West Festival 2016   | -  | 300                | (300)              | -   | -                  | -                  | -                              |
| Discovery Parks - North West Festival 2016                               | -  | -                  | -                  | -   | 10                 | (10)               | -                              |
| Lottery west - North West Festival 2015                                  | -  | 20                 | (20)               | -   | -                  | -                  | -                              |
| Maca Mining - North West Festival 2016 Sponsor                           | -  | 23                 | (23)               | -   | -                  | -                  | -                              |
| McAleese - North West Festival 2016 Sponsor                              | -  | -                  | -                  | -   | 22                 | (22)               | -                              |
| Fortescue Metals Group - North West Festival 2016 Sponsor                | -  | -                  | -                  | -   | 25                 | (25)               | -                              |
| Goodline - North West Festival 2016 Sponsor                              | -  | -                  | -                  | -   | 10                 | (10)               | -                              |
| Lottery west - North West Festival 2016 Sponsor                          | -  | -                  | -                  | -   | 15                 | (15)               | -                              |
| Pardoo Beef Corporation - North West Festival 2016 Sponsor               | -  | -                  | -                  | -   | 10                 | (10)               | -                              |
| Pilbara Minerals - North West Festival 2016 Sponsor                      | -  | -                  | -                  | -   | 5                  | (5)                | -                              |
| Pilbara Ports Authority - North West Festival 2016 Sponsor               | -  | -                  | -                  | -   | 20                 | (20)               | -                              |
| Port hedland International Airport - North West Festival 2016 Sponsor    | -  | -                  | -                  | -   | 37                 | (37)               | -                              |
| Qube Pty Ltd - North West Festival 2016 Sponsor                          | -  | -                  | -                  | -   | 22                 | (22)               | -                              |
| Roy Hill - North West Festival 2016 Sponsor                              | -  | 60                 | (60)               | -   | -                  | -                  | -                              |
| Western Australian Tourism Commission - North West Festival 2016 Sponsor | -  | -                  | -                  | -   | 20                 | (20)               | -                              |
| Western Australian Tourism Commission - North West Festival 2015         | -  | 25                 | (25)               | -   | -                  | -                  | -                              |
| Fortescue Metals Group - North West Festival 2015                        | -  | 25                 | (25)               | -   | -                  | -                  | -                              |
| Department of Local Government and Communities - North West Skate Fest   | -  | 5                  | (5)                | -   | -                  | -                  | -                              |
| Department of Local Government and Communities - Awesome Art Seed        | -  | 4                  | -                  | 4   | -                  | (4)                | -                              |

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

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

| Grant/Contribution  | Opening                                      | Received <sup>(2)</sup> | Expended <sup>(3)</sup> | Closing                                       | Received <sup>(2)</sup> | Expended <sup>(3)</sup> | Closing                        |
|---|--|-------------------------|-------------------------|---|-------------------------|-------------------------|--------------------------------|
|   | Balance <sup>(1)</sup><br>1/07/15<br>\$ '000 | 2015/16<br>\$ '000      | 2015/16<br>\$ '000      | Balance <sup>(1)</sup><br>30/06/16<br>\$ '000 | 2016/17<br>\$ '000      | 2016/17<br>\$ '000      | Balance<br>30/06/17<br>\$ '000 |
| Department of Local Government and Communities - Youth Traineeship                    | -  | -                       | -                       | -   | 20                      | (15)                    | 5                              |
| Disability Services Commission - Movie Night for Disability Awareness Week            | -  | 1                       | (1)                     | -   | -                       | -                       | -                              |
| Horizon Power - Lights & Decoration Competition Sponsor                               | -  | 3                       | (3)                     | -   | 3                       | (2)                     | 1                              |
| Horizon Power - Community Award 2016  | -  | -                       | -                       | -   | 2                       | (2)                     | -                              |
| Recfishwest - Fishing Clinics 2016  | -  | 2                       | -                       | 2   | -                       | -                       | 2                              |
| Australian Terminal Operations - Spinifex Spree 2016                                  | -  | 5                       | (5)                     | -   | -                       | -                       | -                              |
| BHP - Australia Day Celebrations 2016   | -  | 17                      | (17)                    | -   | -                       | -                       | -                              |
| Fortescue Metals Group - Australia Day Celebrations 2017                              | -  | -                       | -                       | -   | 2                       | (2)                     | -                              |
| Fortescue Metals Group - Welcome to Hedland 2016                                      | -  | 3                       | (3)                     | -   | -                       | -                       | -                              |
| Goodline - Paws Walk  | -  | -                       | -                       | -   | 1                       | (1)                     | -                              |
| Horizon Power - Spinifex Spree 2016   | -  | -                       | -                       | -   | 5                       | (5)                     | -                              |
| IBN - Welocme to Hedland 2016 Sponsor   | -  | 5                       | (5)                     | -   | -                       | -                       | -                              |
| ITOCHU - Community Award 2016   | -  | -                       | -                       | -   | 3                       | (3)                     | -                              |
| Lottery west - Spinifex Spree 2015  | -  | 20                      | (20)                    | -   | -                       | -                       | -                              |
| Lottery west - Spinifex Spree 2016  | -  | -                       | -                       | -   | 20                      | (20)                    | -                              |
| Pirtek - Spinifex Spree 2016 Sponsor  | -  | 2                       | (2)                     | -   | -                       | -                       | -                              |
| Pilbara Ports Authority - Australia Day Celebrations 2016                             | -  | 30                      | (30)                    | -   | -                       | -                       | -                              |
| Pilbara Ports Authority - Australia Day Celebrations 2017                             | -  | -                       | -                       | -   | 25                      | (25)                    | -                              |
| Pilbara Ports Authority = Spinifex Spree 2016   | -  | -                       | -                       | -   | 10                      | (10)                    | -                              |
| Port Hedland RSL - Community Award 2016   | -  | -                       | -                       | -   | 2                       | (2)                     | -                              |
| Rio Tinto - Community Award 2016  | -  | -                       | -                       | -   | 2                       | (2)                     | -                              |
| Rio Tinto - Spinifex Spree 2016 Sponsor   | -  | 3                       | (3)                     | -   | -                       | -                       | -                              |
| Roy Hill - Community Award 2016   | -  | -                       | -                       | -   | 2                       | (2)                     | -                              |
| Roy Hill - Australa Day Celebrations 2017   | -  | -                       | -                       | -   | 3                       | (3)                     | -                              |
| Tox Free Australia Pty Ltd  | -  | -                       | -                       | -   | 1                       | (1)                     | -                              |
| YMCA - Community Award 2016   | -  | -                       | -                       | -   | 2                       | (2)                     | -                              |
| <b>Housing</b>  |  |                         |                         |   |                         |                         |                                |
| Catamore Court (recognition of contributed asset)                                     |  | 2,463                   | (2,463)                 | -   | -                       | -                       | -                              |
| <b>Community amenities</b>  |  |                         |                         |   |                         |                         |                                |
| Country Local Government Funding Round 12/13  | 64   | -                       | (33)                    | 31  | -                       | (31)                    | -                              |
| Pilbara Development Commission - Wayfinding Signage                                   | 9  | -                       | -                       | 9   | -                       | -                       | 9                              |
| Department of Planning - Coastwest Project - Sutherland Street                        | -  | -                       | -                       | -   | 36                      | (36)                    | -                              |
| Department of Planning - South Hedland Tip Relocation                                 | -  | 211                     | (211)                   | -   | -                       | -                       | -                              |
| Department of Planning - Housing Infill Densification Study                           | -  | 36                      | (36)                    | -   | -                       | -                       | -                              |
| Department of Planning - West End and Port Hedland Town Centre Plan                   | -  | 38                      | (38)                    | -   | -                       | -                       | -                              |
| Department of Planning - South Hedland East Plan                                      | -  | 319                     | (319)                   | -   | -                       | -                       | -                              |
| Department of Health - Public Open Space at Lot 13                                    | -  | 268                     | (268)                   | -   | -                       | -                       | -                              |
| Department of Infrastructure & Regional Development - Marapikurrinya Park Shade Sails | -  | -                       | -                       | -   | 20                      | (20)                    | -                              |
| Lotterywest - Marapikurrinya Park Rebuild   | -  | -                       | -                       | -   | 195                     | (195)                   | -                              |
| WALGA - Transportable Change Room Facility  | -  | -                       | -                       | -   | 46                      | -                       | 46                             |

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

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

| Grant/Contribution  | Opening                                      | Received <sup>(2)</sup> | Expended <sup>(3)</sup> | Closing                                       | Received <sup>(2)</sup> | Expended <sup>(3)</sup> | Closing                        |
|---|--|-------------------------|-------------------------|---|-------------------------|-------------------------|--------------------------------|
|   | Balance <sup>(1)</sup><br>1/07/15<br>\$ '000 | 2015/16<br>\$ '000      | 2015/16<br>\$ '000      | Balance <sup>(1)</sup><br>30/06/16<br>\$ '000 | 2016/17<br>\$ '000      | 2016/17<br>\$ '000      | Balance<br>30/06/17<br>\$ '000 |
| <b>Recreation and culture</b>   |  |                         |                         |   |                         |                         |                                |
| Charter Hall - Deadly Skate Youth Diversion   | -  | -                       | -                       | -   | 5                       | (5)                     | -                              |
| Coles Supermarket - National Reconciliation Week                                    | -  | -                       | -                       | -   | 5                       | (5)                     | -                              |
| Department of Premier & Cabinet - National Reconciliation Week                      | -  | -                       | -                       | -   | 5                       | (5)                     | -                              |
| Department of Sport & Recreation - SLAM 2016-2018                                   | -  | 40                      | -                       | <b>40</b>                                     | -                       | (18)                    | <b>22</b>                      |
| Department of Sport & Recreation - Gratwick Aquatic Centre                          | -  | 32                      | (32)                    | -   | -                       | -                       | -                              |
| Department of Sport & Recreation - South Hedland Aquatic Centre                     | -  | 32                      | (32)                    | -   | -                       | -                       | -                              |
| Department of Sport & Recreation- Club Development Officer                          | -  | 60                      | (60)                    | -   | 60                      | (60)                    | -                              |
| Department of Sport & Recreation- Gratwick Aquatic Centre                           | -  | -                       | -                       | -   | 32                      | (32)                    | -                              |
| Department of Sport & Recreation- South Hedland Aquatic Centre                      | -  | -                       | -                       | -   | 32                      | (32)                    | -                              |
| Department of Sport & Recreation- Kidsport 2016/17                                  | -  | -                       | -                       | -   | 10                      | (10)                    | -                              |
| Fortesuce Metals Group - National Reconciliation Week                               | -  | -                       | -                       | -   | 5                       | (5)                     | -                              |
| Monadelphous - National Reconciliation Week   | -  | -                       | -                       | -   | 15                      | (15)                    | -                              |
| Mothers Day Classic Foundation  | -  | -                       | -                       | -   | 3                       | (3)                     | -                              |
| Port Hedland Netball Association - Faye Gladstone Netball Courts                    | -  | 87                      | (87)                    | -   | -                       | -                       | -                              |
| Childrens Book Council of Australia - Book Week                                     | -  | 4                       | (4)                     | -   | 4                       | (4)                     | -                              |
| Healthway - Have a Try Roadshow 2017  | -  | -                       | -                       | -   | 3                       | (3)                     | -                              |
| Horizon Power - Book Week 2017  | -  | -                       | -                       | -   | 3                       | (3)                     | -                              |
| Horizon Power - Teddy Bear Picnic   | -  | -                       | -                       | -   | 1                       | (1)                     | -                              |
| East Pilbara Shire - Regional Library Model   | -  | 5                       | (5)                     | -   | -                       | -                       | -                              |
| State Library of Western Australia - Regional Library Model                         | -  | 20                      | (20)                    | -   | 9                       | (9)                     | -                              |
| Department of Culture and the Arts - Matt Dann Theatre Upgrade                      | -  | 266                     | -                       | <b>266</b>                                    | -                       | (266)                   | -                              |
| Fortescue Metals Group - Wanangkurra Stadium  | -  | 375                     | (375)                   | -   | 625                     | (625)                   | -                              |
| YMCA - Spin Bike Replacement  | -  | 10                      | (10)                    | -   | -                       | -                       | -                              |
| Government of WA - NPP - Foreshore Master Plan                                      | 17   | -                       | (17)                    | -   | -                       | -                       | -                              |
| Atlas Iron - Trails Master Plan   | 8  | -                       | -                       | <b>8</b>                                      | -                       | -                       | <b>8</b>                       |
| Royalties for Regions - South Hedland Library & Community Centre                    | 278  | -                       | (19)                    | <b>259</b>                                    | -                       | (28)                    | <b>231</b>                     |
| Community Contribution - Bicycle Plan   | 32   | -                       | -                       | <b>32</b>                                     | -                       | -                       | <b>32</b>                      |
| Department of Sport & Recreation - CSRFF Grant Master Planning                      | 25   | -                       | (25)                    | -   | -                       | -                       | -                              |
| Garnduwa Amboorny Wirnan - The SLAM   | 8  | -                       | (5)                     | <b>3</b>                                      | -                       | (3)                     | -                              |
| Department of Corrective Services - The SLAM  | -  | 3                       | (3)                     | -   | -                       | -                       | -                              |
| Atlas Iron - "Through our Eyes" - Oral history of Aboriginal People of Port Hedland | 4  | -                       | -                       | <b>4</b>                                      | -                       | (4)                     | -                              |
| Recfishwest Community Grant Scheme  | 2  | -                       | (2)                     | -   | -                       | -                       | -                              |
| Fortesuce Metals Group - The SLAM Basketball Program                                | 4  | -                       | (4)                     | -   | -                       | -                       | -                              |
| Pilbara Development Commision - Youth Space - Art Activation                        | 20   | -                       | (20)                    | -   | -                       | -                       | -                              |
| BHP - Faye Gladstone Netball Courts   | -  | -                       | -                       | -   | 1,103                   | (235)                   | <b>868</b>                     |
| Port Hedland Netball Association - Faye Gladstone Netball Courts                    | -  | -                       | -                       | -   | 68                      | -                       | <b>68</b>                      |
| Kidsport Grant  | 3  | -                       | (3)                     | -   | -                       | -                       | -                              |
| Contributions - Foreshore Rehabilitation  | 17   | -                       | (17)                    | -   | -                       | -                       | -                              |
| Atlas Iron - Partnership Funds - Mural & Multicultural Banner                       | 3  | -                       | (3)                     | -   | -                       | -                       | -                              |

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

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

| Grant/Contribution   | Opening                                      | Received <sup>(2)</sup> | Expended <sup>(3)</sup> | Closing                                       | Received <sup>(2)</sup> | Expended <sup>(3)</sup> | Closing                        |
|--|--|-------------------------|-------------------------|---|-------------------------|-------------------------|--------------------------------|
|  | Balance <sup>(1)</sup><br>1/07/15<br>\$ '000 | 2015/16<br>\$ '000      | 2015/16<br>\$ '000      | Balance <sup>(1)</sup><br>30/06/16<br>\$ '000 | 2016/17<br>\$ '000      | 2016/17<br>\$ '000      | Balance<br>30/06/17<br>\$ '000 |
| <b>Transport</b>   |  |                         |                         |   |                         |                         |                                |
| Department of Local Government & Communities - Local Road Grant          | -  | 321                     | (321)                   | -   | 673                     | (673)                   | -                              |
| Landcorp - Footpath Construction   | -  | 306                     | (306)                   | -   | -                       | -                       | -                              |
| Department of Local Government & Communities - Yandeyarra Road           | -  | 50                      | (13)                    | 37  | 50                      | (87)                    | -                              |
| Main Roads WA - Pinga Street Upgrade                                     | -  | 1,122                   | (1,122)                 | -   | 1,318                   | (1,318)                 | -                              |
| Main Roads WA - Murdoch Drive / Captains Way                             | -  | 13                      | (13)                    | -   | -                       | -                       | -                              |
| Main Roads WA - Direct Grant   | -  | 146                     | (146)                   | -   | 161                     | (161)                   | -                              |
| Main Roads WA - Street Lighting  | -  | 28                      | (28)                    | -   | 27                      | (27)                    | -                              |
| Main Roads WA - Powell and Wallwork Roads                                | -  | 15                      | (15)                    | -   | 0                       | -                       | -                              |
| Main Roads WA - Yandeyarra Road Remote Access                            | -  | -                       | -                       | -   | 50                      | (50)                    | -                              |
| Main Roads WA - Yandeyarra Road Project                                  | -  | -                       | -                       | -   | 180                     | (180)                   | -                              |
| DIRD - Roads to Recovery   | -  | 940                     | (940)                   | -   | 831                     | (831)                   | -                              |
| Regional Roads Group   | 161  | -                       | (161)                   | -   | -                       | -                       | -                              |
| WALGA Road Safety Initiatives  | -  | 1                       | -                       | 1   | -                       | (1)                     | -                              |
| Department of Transport - Finucane Island Boat Ramp Improvement Plan     | -  | -                       | -                       | -   | 74                      | (74)                    | -                              |
| <b>Economic services</b>   |  |                         |                         |   |                         |                         |                                |
| City of Karratha - Retail/ Franchise Attraction Strategy                 | -  | 20                      | -                       | 20  | -                       | (20)                    | -                              |
| Pilbara Development Commission - Retail/Franchise Attraction Strategy    | -  | 50                      | (4)                     | 46  | -                       | (4)                     | 42                             |
| Shire of Ashburton - Retail/ Franchise Attraction Strategy               | -  | 10                      | -                       | 10  | -                       | (10)                    | -                              |
| Shire of East Pilbara - Retail/ Franchise Attraction Strategy            | -  | 20                      | -                       | 20  | -                       | (20)                    | -                              |
| Aspen Parks - North West Economic Summit 2015                            | -  | 6                       | (6)                     | -   | -                       | -                       | -                              |
| BHP - North West Economic Summit 2015                                    | -  | 8                       | (8)                     | -   | -                       | -                       | -                              |
| Charter Hall - North West Economic Summit 2015                           | -  | 8                       | (8)                     | -   | -                       | -                       | -                              |
| ESS Support Services - North West Economic Summit 2015                   | -  | 3                       | (3)                     | -   | -                       | -                       | -                              |
| Hedland First National Real Estate - North West Economic Summit 2015     | -  | 4                       | (4)                     | -   | -                       | -                       | -                              |
| Horizon Power - North West Economic Summit 2015                          | -  | 5                       | (5)                     | -   | -                       | -                       | -                              |
| Market Creations - North West Economic Summit 2015                       | -  | 13                      | (13)                    | -   | -                       | -                       | -                              |
| Port Hedland Chamber of Commerce - North West Economic Summit 2015       | -  | 18                      | (18)                    | -   | -                       | -                       | -                              |
| Regional Development Australia Pilbara - North West Economic Summit 2015 | -  | 3                       | (3)                     | -   | -                       | -                       | -                              |
| Roy Hill - North West Economic Summit 2015                               | -  | 8                       | (8)                     | -   | -                       | -                       | -                              |
| City of Karratha - Tourism Signage                                       | -  | -                       | -                       | -   | 26                      | -                       | 26                             |
| Pilbara Development Commission - Tourism Signage                         | -  | 27                      | -                       | 27  | -                       | -                       | 27                             |
| <b>Other property and services</b>                                       |  |                         |                         |   |                         |                         |                                |
| BHP Kingsford Smith Business Park Landscaping                            | 480  | -                       | (274)                   | 207   | -                       | (152)                   | 55                             |
| LGIS Member Initiative   | 150  | -                       | (150)                   | -   | -                       | -                       | -                              |
| <b>Total</b>   | <b>1,303</b>                                 | <b>8,656</b>            | <b>(8,884)</b>          | <b>1,076</b>                                  | <b>7,525</b>            | <b>(7,137)</b>          | <b>1,464</b>                   |

**Notes:**

- (1) - Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) - New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) - Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

|   | Note | 2017<br>\$ '000 | 2016<br>\$ '000 |
|---|------|-----------------|-----------------|
| <b>3. CASH AND CASH EQUIVALENTS</b>   |      |                 |                 |
| Cash on Hand - Municipal: Unrestricted  |      | 3,588           | 4,667           |
| Cash at Bank - Reserves (Restricted)  |      | 239,454         | 239,598         |
| Total Cash and Cash Equivalents   |      | <u>243,042</u>  | <u>244,265</u>  |
| The following restrictions have been imposed by regulations or other externally imposed requirements: |      |                 |                 |
| Leave Reserve   | 11   | 876             | 876             |
| Asset management - Infrastructure   | 11   | 2,600           | 2,171           |
| Plant   | 11   | 2,147           | 1,840           |
| Airport   | 11   | 15,075          | 15,872          |
| Unfinished Works and Committed Works Reserve  | 11   | 762             | 1,657           |
| Developer contribution - Car Parking  | 11   | 270             | 270             |
| Waste Management  | 11   | 10,540          | 11,956          |
| Spoilbank   | 11   | 37,713          | 38,372          |
| Asset Management - Community Facilities   | 11   | 247             | 20              |
| GP Housing  | 11   | 184             | 184             |
| Developer Contributions Public Open Spaces  | 11   | 259             | 1,520           |
| Staff Housing   | 11   | 645             | 760             |
| Unspent Grants, Loans and Contributions   | 11   | 1,464           | 1,076           |
| Strategic Reserve   | 11   | 587             | 587             |
| Port Hedland International Airport Lease Proceeds   | 11   | 165,849         | 162,437         |
| Insurance Reserve   | 11   | 124             | -               |
| Cyclone Emergency Support Reserve   | 11   | 103             | -               |
| Historical / Heritage Reserve   | 11   | 9               | -               |
|   |      | <u>239,454</u>  | <u>239,598</u>  |

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

|   | 2017<br>\$ '000 | 2016<br>\$ '000 |
|---|-----------------|-----------------|
| <b>4. TRADE AND OTHER RECEIVABLES</b>   |                 |                 |
| <b>Current</b>  |                 |                 |
| Rates outstanding   | 2,676           | 1,083           |
| Sundry debtors  | 3,249           | 6,387           |
| GST receivable  | 519             | -               |
| Loans receivable - clubs/institutions   | 104             | 90              |
| Prepayment  | 578             | 203             |
| Accrued Income  | 1,322           | 1,357           |
| Provision doubtful debts  | (988)           | (1,107)         |
|   | 7,460           | 8,013           |
| <b>Non-current</b>  |                 |                 |
| Rates outstanding - pensioners  | 17              | 17              |
| Loans receivable - clubs/institutions   | 922             | 1,035           |
| Prepaid Expenses  | 1,517           | 1,549           |
|   | 2,456           | 2,601           |
| Information with respect the impairment or otherwise of the totals of rates outstanding and sundry debtors is as follows: |                 |                 |
| <b>Rates outstanding</b>  | 2,676           | 1,083           |
| Includes:   |                 |                 |
| Past due and not impaired   | 2,676           | 1,083           |
| Impaired  | -               | -               |
| <b>Sundry debtors</b>   | 3,249           | 6,387           |
| Includes:   |                 |                 |
| Past due and not impaired   | 1,266           | 3,808           |
| Impaired  | -               | -               |
| <b>5. INVENTORIES</b>   |                 |                 |
| <b>Current</b>  |                 |                 |
| Depot   | 800             | 934             |
| Matt Dann   | -               | 3               |
| JD Hardie   | 3               | 2               |
| Cost of acquisition   | 340             | 619             |
| Development costs   | 127             | 112             |
|   | 1,270           | 1,670           |
| <b>Non-current</b>  |                 |                 |
| Cost of acquisition   | 1,075           | 1,075           |
| Development costs   | 7,424           | 7,424           |
|   | 8,499           | 8,499           |

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

|   | 2017<br>\$ '000 | 2016<br>\$ '000 |
|---|-----------------|-----------------|
| <b>6 (a). PROPERTY, PLANT AND EQUIPMENT</b>           |                 |                 |
| Land  |                 |                 |
| - Independent valuation 2017                          | 7,530           | -               |
| - Independent valuation 2014                          | -               | 15,167          |
| - Accumulated Impairment                              | -               | (5,467)         |
|   | 7,530           | 9,700           |
| Land - vested in and under the control of Council at: |                 |                 |
| - Independent valuation 2017                          | 4,337           | -               |
| - Independent valuation 2014                          | -               | 9,022           |
| - Accumulated Impairment                              | -               | (3,252)         |
|   | 4,337           | 5,770           |
|   | 11,867          | 15,470          |
| Buildings - non-specialised at:                       |                 |                 |
| - Independent valuation 2017                          | 49,968          | -               |
| - Independent valuation 2014                          | -               | 42,881          |
| - Additions after valuation - cost                    | -               | 1,458           |
| - Accumulated Impairment                              | -               | (5,389)         |
| - Less: accumulated depreciation                      | (4,303)         | (3,320)         |
|   | 45,665          | 35,630          |
| Buildings - specialised at:                           |                 |                 |
| - Independent valuation 2017                          | 51,395          | -               |
| - Independent valuation 2014                          | -               | 46,568          |
| - Additions after valuation - cost                    | -               | 1,440           |
| - Accumulated Impairment                              | -               | -               |
| - Less: accumulated depreciation                      | (1,010)         | (3,278)         |
|   | 50,385          | 44,730          |
|   | 96,050          | 80,360          |
| Total land and buildings                              | 107,917         | 95,830          |
| Furniture and equipment at:                           |                 |                 |
| - Management valuation 2016                           | 2,525           | 2,525           |
| - Additions after valuation - cost                    | 481             | -               |
| - Less: accumulated depreciation                      | (418)           | -               |
|   | 2,588           | 2,525           |
| Plant and equipment at:                               |                 |                 |
| - Management valuation 2016                           | 8,531           | 8,906           |
| - Additions after valuation - cost                    | 288             | -               |
| - Less: accumulated depreciation                      | (1,145)         | -               |
|   | 7,674           | 8,906           |
| Work in Progress at:                                  |                 |                 |
| - at cost 2017  | 1,810           | -               |
| - at cost 2016  | -               | 1,798           |
|   | 1,810           | 1,798           |
|   | 119,989         | 109,059         |

The fair value of property, plant and equipment is determined at least every three years in accordance with the regulatory framework. Additions since the date of valuation are shown as cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. At the end of each intervening period the valuation 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 property, plant and equipment to be shown at fair value.

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(b) Movements in Carrying Amounts**

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

|  | Balance<br>at the<br>Beginning<br>of the Year<br>\$ '000 | Additions<br>\$ '000 | (Disposals)<br>\$ '000 | Revaluation<br>Increments/<br>(Decrements)<br>Transferred<br>to<br>Revaluation<br>\$ '000 | Revaluation<br>(Losses)/<br>Reversals<br>Through<br>to<br>Profit or Loss<br>\$ '000 | Impairment<br>(Losses)/<br>Reversals<br>\$ '000 | Depreciation<br>(Expense)<br>\$ '000 | Transfers<br>\$ '000 | Carrying<br>Amount<br>at the<br>End of Year<br>\$ '000 |
|--|--|----------------------|------------------------|---|---|---|--------------------------------------|----------------------|--|
| Land   | 9,700  | -                    | -                      | (2,170)   | -   | -   | -                                    | -                    | 7,530  |
| Land - vested in and under the control<br>of Council | 5,770  | -                    | -                      | (1,433)   | -   | -   | -                                    | -                    | 4,337  |
| <b>Total land</b>                                    | <b>15,470</b>  | <b>-</b>             | <b>-</b>               | <b>(3,603)</b>  | <b>-</b>  | <b>-</b>  | <b>-</b>                             | <b>-</b>             | <b>11,867</b>  |
| Buildings - non-specialised                          | 35,630   | 507                  | -                      | 11,122  | -   | -   | (1,601)                              | 7                    | 45,665   |
| Buildings - specialised                              | 44,730   | 86                   | -                      | 14,007  | -   | -   | (1,506)                              | (6,932)              | 50,385   |
| <b>Total buildings</b>                               | <b>80,360</b>  | <b>593</b>           | <b>-</b>               | <b>25,129</b>   | <b>-</b>  | <b>-</b>  | <b>(3,107)</b>                       | <b>(6,925)</b>       | <b>96,050</b>  |
| <b>Total land and buildings</b>                      | <b>95,830</b>  | <b>593</b>           | <b>-</b>               | <b>21,526</b>   | <b>-</b>  | <b>-</b>  | <b>(3,107)</b>                       | <b>(6,925)</b>       | <b>107,917</b>   |
| Furniture and equipment                              | 2,525  | 492                  | (2)                    | -   | -   | -   | (419)                                | (8)                  | 2,588  |
| Plant and equipment                                  | 8,906  | 286                  | (348)                  | -   | -   | -   | (1,170)                              | -                    | 7,674  |
| Work in Progress                                     | 1,798  | 605                  | -                      | -   | -   | -   | -                                    | (593)                | 1,810  |
| <b>Total property, plant and equipment</b>           | <b>109,059</b>   | <b>1,976</b>         | <b>(350)</b>           | <b>21,526</b>   | <b>-</b>  | <b>-</b>  | <b>(4,696)</b>                       | <b>(7,526)</b>       | <b>119,989</b>   |

**Easements**  
Local Government (Financial Management) Regulation 16(b) requires Council to recognise easements as assets of the Council. Easements will be recognised from 2017/18 by using the cost and indefinite useful life. The Town consider the value of easements to be immaterial



**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(c) Fair Value Measurements**

| <b>Asset Class</b>                                | <b>Fair Value Hierarchy</b> | <b>Valuation Technique</b> | <b>Basis of valuation</b> | <b>Date of last Valuation</b> | <b>Inputs used</b>  |
|---|-----------------------------|----------------------------|---------------------------|-------------------------------|---|
| <b>Land</b>                                       |                             |                            |                           |                               |   |
| Land  | Level 2                     | Market approach            | Fair Value - Market       | June 2017                     | Observable Market Evidence  |
| Land - vested in and under the control of Council | Level 2                     | Market approach            | Fair Value                | June 2017                     | Observable Market Evidence  |
| Buildings - non-specialised                       | Level 2                     | Market approach            | Fair Value - Market       | June 2017                     | Observable Market Evidence  |
| Buildings - specialised                           | Level 3                     | Cost Approach              | Fair Value - Market       | June 2017                     | Non-observables market evidence and valuation relies on significant assumptions |
| <b>Furniture and equipment</b>                    | Level 2                     | Market approach            | Fair Value - Market       | June 2016                     | Observable Market Evidence  |
| <b>Plant and equipment</b>                        |                             |                            |                           |                               |   |
| - Management valuation 2016                       | Level 2                     | Market approach            | Fair Value - Market       | June 2016                     | Observable Market Evidence  |

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 30TH JUNE 2017**

|                                       | <b>2017</b>     | <b>2016</b>     |
|---------------------------------------|-----------------|-----------------|
|                                       | <b>\$ '000</b>  | <b>\$ '000</b>  |
| <b>7 (a). INFRASTRUCTURE</b>          |                 |                 |
| Infrastructure - Roads                |                 |                 |
| - Management valuation 2015           | 188,496         | 188,496         |
| - Additions after valuation - cost    | 5,633           | 2,480           |
| Less: accumulated depreciation        | <u>(35,610)</u> | <u>(31,942)</u> |
|                                       | 158,519         | 159,034         |
| Infrastructure - Drainage             |                 |                 |
| - Management valuation 2015           | 29,900          | 29,900          |
| - Additions after valuation - cost    | 1,457           | 538             |
| Less: accumulated depreciation        | <u>(7,297)</u>  | <u>(6,985)</u>  |
|                                       | 24,060          | 23,453          |
| Infrastructure - Footpaths            |                 |                 |
| - Management valuation 2015           | 27,925          | 27,925          |
| - Additions after valuation - cost    | 785             | 191             |
| Less: accumulated depreciation        | <u>(9,917)</u>  | <u>(9,196)</u>  |
|                                       | 18,793          | 18,920          |
| Infrastructure - Parks and Ovals      |                 |                 |
| - Management valuation 2015           | 49,783          | 49,783          |
| - Additions after valuation - cost    | 11,576          | 6,200           |
| Less: accumulated depreciation        | <u>(16,878)</u> | <u>(13,542)</u> |
|                                       | 44,481          | 42,441          |
| Infrastructure - Other infrastructure |                 |                 |
| - Management valuation 2015           | 1,232           | 1,232           |
| - Additions after valuation - cost    | 12,281          | 335             |
| Less: accumulated depreciation        | <u>(4,326)</u>  | <u>(686)</u>    |
|                                       | 9,187           | 881             |
| Infrastructure - Bus Shelters         |                 |                 |
| - Management valuation 2015           | 152             | 152             |
| Less: accumulated depreciation        | <u>(60)</u>     | <u>(50)</u>     |
|                                       | 92              | 102             |
| Infrastructure - Depot                |                 |                 |
| - Management valuation 2015           | 1,016           | 1,016           |
| - Additions after valuation - cost    | 382             | 316             |
| Less: accumulated depreciation        | <u>(248)</u>    | <u>(210)</u>    |
|                                       | 1,150           | 1,122           |
| Infrastructure - Work in Progress     |                 |                 |
| - at cost                             | <u>3,332</u>    | <u>4,593</u>    |
|                                       | 3,332           | 4,593           |
|                                       | <u>259,614</u>  | <u>250,546</u>  |

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**7. INFRASTRUCTURE (Continued)**

**(b) Movements in Carrying Amounts**

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

|                                       | Balance<br>as at the<br>Beginning<br>of the Year | Additions    | (Disposals) | Revaluation<br>Increments/<br>(Decrements)<br>Transferred<br>to<br>Revaluation | Revaluation<br>(Loss)/<br>Reversal<br>Transferred<br>to<br>Profit or Loss | Impairment<br>(Losses)/<br>Reversals | Depreciation<br>(Expense) | Transfers    | Carrying<br>Amount<br>at the End<br>of the Year |
|---------------------------------------|--|--------------|-------------|--|---|--------------------------------------|---------------------------|--------------|---|
|                                       | \$ '000  | \$ '000      | \$ '000     | \$ '000  | \$ '000   | \$ '000                              | \$ '000                   | \$ '000      | \$ '000   |
| Infrastructure - Roads                | 159,034  | 574          | -           | -  | -   | -                                    | (3,673)                   | 2,584        | 158,519   |
| Infrastructure - Drainage             | 23,453   | 33           | -           | -  | -   | -                                    | (312)                     | 886          | 24,060  |
| Infrastructure - Footpaths            | 18,920   | 53           | -           | -  | -   | -                                    | (750)                     | 570          | 18,793  |
| Infrastructure - Parks and Ovals      | 42,441   | 2,400        | -           | -  | -   | -                                    | (2,476)                   | 2,116        | 44,481  |
| Infrastructure - Other infrastructure | 881  | 877          | -           | -  | -   | -                                    | (76)                      | 7,505        | 9,187   |
| Infrastructure - Bus Shelters         | 102  | -            | -           | -  | -   | -                                    | (10)                      | -            | 92  |
| Infrastructure - Depot                | 1,122  | 66           | -           | -  | -   | -                                    | (38)                      | -            | 1,150   |
| Infrastructure - Work in Progress     | 4,593  | 4,874        | -           | -  | -   | -                                    | -                         | (6,135)      | 3,332   |
| <b>Total infrastructure</b>           | <b>250,546</b>                                   | <b>8,877</b> | <b>-</b>    | <b>-</b>   | <b>-</b>  | <b>-</b>                             | <b>(7,335)</b>            | <b>7,526</b> | <b>259,614</b>                                  |

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**7. INFRASTRUCTURE (Continued)**

**(c) Fair Value Measurements**

| <b>Asset Class</b>                           | <b>Fair Value Hierarchy</b> | <b>Valuation Technique</b> | <b>Basis of valuation</b> | <b>Date of last Valuation</b> | <b>Inputs used</b>  |
|--|-----------------------------|----------------------------|---------------------------|-------------------------------|---|
| <b>Infrastructure - Roads</b>                | Level 3                     | Cost                       | Fair Value                | June 2015                     | Non-observables market evidence and valuation relies on significant assumptions |
| <b>Infrastructure - Drainage</b>             | Level 3                     | Cost                       | Fair Value                | June 2015                     | Non-observables market evidence and valuation relies on significant assumptions |
| <b>Infrastructure - Footpaths</b>            | Level 3                     | Cost                       | Fair Value                | June 2015                     | Non-observables market evidence and valuation relies on significant assumptions |
| <b>Infrastructure - Parks and Ovals</b>      | Level 3                     | Cost                       | Fair Value                | June 2015                     | Non-observables market evidence and valuation relies on significant assumptions |
| <b>Infrastructure - Other infrastructure</b> | Level 3                     | Cost                       | Fair Value                | June 2015                     | Non-observables market evidence and valuation relies on significant assumptions |
| <b>Infrastructure - Bus Shelters</b>         | Level 3                     | Cost                       | Fair Value                | June 2015                     | Non-observables market evidence and valuation relies on significant assumptions |
| <b>Infrastructure - Depot</b>                | Level 3                     | Cost                       | Fair Value                | June 2015                     | 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

Local Government (Financial Management) Regulation 16(b)- Accounting for land under local government' s control requires Council to now recognise easements as assets of the Council. Currently the Town doesn't have any land classified as an easement in it's assets register but all easements need to be recognised as assets in accordance with new changes. They are initially recognised at cost and have an indefinite useful life. Please note that indefinite useful life has no impact to depreciation

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

|   | <b>2017</b>    | <b>2016</b>    |
|---|----------------|----------------|
|   | <b>\$ '000</b> | <b>\$ '000</b> |
| <b>8. TRADE AND OTHER PAYABLES</b>        |                |                |
| <b>Current</b>                            |                |                |
| Sundry creditors                          | 4,346          | 5,031          |
| Accrued interest on debentures            | 288            | 302            |
| Accrued salaries and wages                | 470            | 857            |
| Income in Advance                         | 504            | 229            |
| Lease premium prepaid - Income in Advance | 924            | 924            |
| Retention                                 | 27             | -              |
| Accrued Expenditure                       | 942            | -              |
|   | <b>7,501</b>   | <b>7,343</b>   |
| <b>Non-current</b>                        |                |                |
| Lease Premium Prepaid                     | 44,076         | 45,001         |
|   | <b>44,076</b>  | <b>45,001</b>  |

**9. LONG-TERM BORROWINGS**

|                            |               |               |
|----------------------------|---------------|---------------|
| <b>Current</b>             |               |               |
| Secured by floating charge |               |               |
| Debentures                 | 1,242         | 1,171         |
|                            | <b>1,242</b>  | <b>1,171</b>  |
| <b>Non-current</b>         |               |               |
| Secured by floating charge |               |               |
| Debentures                 | 21,400        | 22,650        |
|                            | <b>21,400</b> | <b>22,650</b> |

Additional detail on borrowings is provided in Note 21.

**10. PROVISIONS**

|                                       | Provision for<br>Annual<br>Leave<br>\$ '000 | Provision for<br>Sick<br>Leave<br>\$ '000 | Provision for<br>Long Service<br>Leave<br>\$ '000 | Total<br>\$ '000 |
|---------------------------------------|---|---|---|------------------|
| <b>Opening balance at 1 July 2016</b> |   |   |   |                  |
| Current provisions                    | 1,508                                       | 268                                       | 561   | 2,337            |
| Non-current provisions                | -   | -   | 211   | 211              |
|                                       | 1,508                                       | 268                                       | 772   | 2,548            |
| Additional provision                  | 196   | -   | (265)   | (69)             |
| Amounts used                          | (548)                                       | (112)                                     | 245   | (415)            |
| <b>Balance at 30 June 2017</b>        | <b>1,156</b>                                | <b>156</b>                                | <b>752</b>  | <b>2,064</b>     |
| <b>Comprises</b>                      |   |   |   |                  |
| Current                               | 1,156                                       | 156                                       | 609   | 1,921            |
| Non-current                           | -   | -   | 143   | 143              |
|                                       | <b>1,156</b>                                | <b>156</b>                                | <b>752</b>  | <b>2,064</b>     |

**Provision for Airport Projects**

|                                       | <b>\$ '000</b> |
|---------------------------------------|----------------|
| <b>Opening balance at 1 July 2016</b> |                |
| Current provisions                    | 15,872         |
| Amounts used                          | (797)          |
| <b>Balance at 30 June 2017</b>        | <b>15,075</b>  |

**TOWN OF PORT HEDLAND**  
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**FOR THE YEAR ENDED 30TH JUNE 2017**

**11 RESERVES - CASH BACKED**

|  | Actual<br>2017<br>Opening<br>Balance | Actual<br>2017<br>Transfer to | Actual<br>2017<br>Transfer<br>(from) | Actual<br>2017<br>Closing<br>Balance | Budget<br>2017<br>Opening<br>Balance | Budget<br>2017<br>Transfer to | Budget<br>2017<br>Transfer<br>(from) | Budget<br>2017<br>Closing<br>Balance | Actual<br>2016<br>Opening<br>Balance | Actual<br>2016<br>Transfer to | Actual<br>2016<br>Transfer<br>(from) | Actual<br>2016<br>Closing<br>Balance |
|--|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------------------------------|--------------------------------------|--------------------------------------|
|  | \$ '000                              | \$ '000                       | \$ '000                              | \$ '000                              | \$ '000                              | \$ '000                       | \$ '000                              | \$ '000                              | \$ '000                              | \$ '000                       | \$ '000                              | \$ '000                              |
| Leave Reserve                                    | 876                                  | -                             | -                                    | 876                                  | 876                                  | -                             | -                                    | 876                                  | 876                                  | -                             | -                                    | 876                                  |
| Asset management - Infrastructure<br>Plant       | 2,171                                | 1,074                         | (645)                                | 2,600                                | 2,170                                | 1,074                         | (2,373)                              | 871                                  | 524                                  | 2,912                         | (1,265)                              | 2,171                                |
| Airport  | 1,840                                | 567                           | (260)                                | 2,147                                | 1,840                                | 800                           | (284)                                | 2,356                                | 837                                  | 1,003                         | -                                    | 1,840                                |
| Unfinished Works and Committed Works Reserv      | 15,872                               | 334                           | (1,131)                              | 15,075                               | 15,872                               | 3,518                         | (15,872)                             | 3,518                                | 20,874                               | -                             | (5,002)                              | 15,872                               |
| Developer contribution - Car Parking             | 1,657                                | -                             | (895)                                | 762                                  | 1,656                                | -                             | (1,656)                              | -                                    | 2,282                                | 513                           | (1,138)                              | 1,657                                |
| Waste Management                                 | 270                                  | -                             | -                                    | 270                                  | 270                                  | -                             | -                                    | 270                                  | 270                                  | -                             | -                                    | 270                                  |
| Spoilbank  | 11,956                               | -                             | (1,416)                              | 10,540                               | 11,957                               | 1,573                         | (2,488)                              | 11,042                               | 10,704                               | 1,252                         | -                                    | 11,956                               |
| Asset Management - Community Facilities          | 38,372                               | -                             | (659)                                | 37,713                               | 38,372                               | -                             | (2,000)                              | 36,372                               | 38,990                               | -                             | (618)                                | 38,372                               |
| GP Housing                                       | 20                                   | 291                           | (64)                                 | 247                                  | 20                                   | 797                           | (320)                                | 497                                  | 10                                   | 10                            | -                                    | 20                                   |
| Developer Contributions Public Open Spaces       | 184                                  | -                             | -                                    | 184                                  | 185                                  | -                             | -                                    | 185                                  | 184                                  | -                             | -                                    | 184                                  |
| Staff Housing                                    | 1,520                                | -                             | (1,261)                              | 259                                  | 1,521                                | -                             | (1,322)                              | 199                                  | 1,374                                | 268                           | (122)                                | 1,520                                |
| Unspent Grants, Loans and Contributions          | 760                                  | -                             | (115)                                | 645                                  | 760                                  | -                             | (100)                                | 660                                  | 730                                  | 30                            | -                                    | 760                                  |
| Strategic Reserve                                | 1,076                                | 1,133                         | (745)                                | 1,464                                | 1,075                                | -                             | (1,052)                              | 23                                   | 1,304                                | 524                           | (752)                                | 1,076                                |
| Port Hedland International Airport Lease Proceec | 587                                  | -                             | -                                    | 587                                  | 587                                  | 445                           | -                                    | 1,032                                | -                                    | 595                           | (8)                                  | 587                                  |
| Insurance Reserve                                | 162,437                              | 4,541                         | (1,129)                              | 165,849                              | 162,437                              | 4,548                         | (4,523)                              | 162,462                              | -                                    | 162,437                       | -                                    | 162,437                              |
| Cyclone Emergency Support Reserve                | -                                    | 124                           | -                                    | 124                                  | -                                    | -                             | -                                    | -                                    | -                                    | -                             | -                                    | -                                    |
| Historical / Heritage Reserve                    | -                                    | 103                           | -                                    | 103                                  | -                                    | 103                           | (103)                                | -                                    | -                                    | -                             | -                                    | -                                    |
| BHP Reserve                                      | -                                    | 9                             | -                                    | 9                                    | -                                    | 9                             | -                                    | 9                                    | -                                    | -                             | -                                    | -                                    |
|  | -                                    | -                             | -                                    | -                                    | -                                    | -                             | -                                    | -                                    | 527                                  | 3                             | (530)                                | -                                    |
|  | 239,598                              | 8,176                         | (8,320)                              | 239,454                              | 239,598                              | 12,867                        | (32,093)                             | 220,372                              | 79,486                               | 169,547                       | (9,435)                              | 239,598                              |

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to this financial

**TOWN OF PORT HEDLAND  
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FOR THE YEAR ENDED 30TH JUNE 2017**

**11 RESERVES - CASH BACKED**

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

| <b>Name of Reserve</b>                            | <b>Anticipated date of use</b> | <b>Purpose of the reserve</b>   |
|---|--------------------------------|---|
| Leave Reserve                                     | As required                    | - to ensure the adequate funds are available to finance employee leave entitlements such as annual leave, long service leave, sick leave and redundancies.  |
| Asset management - Infrastructure Plant           | As required                    | - to fund the ongoing maintenance, refurbishment, renewal, replacement and development of Council owned assets within the Town of Port Hedland.   |
| Airport   | As required                    | - to fund the Plant Replacement Programme.  |
| Unfinished Works and Committed Works Reserve      | As required                    | - to fund the future Port Hedland International Airport Capital Works commitments.  |
| Developer contribution - Car Parking              | As required                    | - to transfer unspent Municipal funded expenditure on specific projects to enable identification of carryover expenditure into the next financial year.   |
| Waste Management                                  | As required                    | - to hold contributions which arise from conditions applied to a Development Application for car parking.   |
| Spoilbank   | As required                    | - to fund the development, operation, maintenance and capital expenditure for the Council's waste management facilities including the landfill and waste collection operations and any associated repayments of borrowings and employee entitlements. |
| Asset Management - Community Facilities           | As required                    | - to fund the Port Hedland Spoilbank development.   |
| GP Housing  | As required                    | - to fund the ongoing maintenance, refurbishment, replacement and upgrade of community infrastructure within the Town of Port Hedland   |
| Developer Contributions Public Open Spaces        | As required                    | - to fund the development, maintenance and ongoing management of GP Housing within the Town of Port Hedland   |
| Staff Housing                                     | As required                    | - to hold contributions which arise from conditions applied to a Development Application for public open space.   |
| Unspent Grants, Loans and Contributions           | As required                    | - to fund the maintenance, refurbishment, redevelopment and construction of staff housing.  |
| Strategic Reserve                                 | As required                    | - to restrict unspent grants, loans and contributions at the end of the financial year.   |
| Port Hedland International Airport Lease Proceeds | As required                    | - to fund strategic projects (excluding renewal and replacement) as included in the Town's Strategic Community Plan and Corporate Business Plan.  |
| Insurance Reserve                                 | As required                    | - to account for the lease proceeds from the long term lease of the Port Hedland International Airport and disburse funds as per the Wealth Management Framework.   |
| Cyclone Emergency Support Reserve                 | As required                    | - to restrict unspent insurance income at the end of the financial year   |
| Historical / Heritage Reserve                     | As required                    | - to fund cyclone and emergency related projects  |
| BHP Reserve                                       | As required                    | - to fund historical building refurbishment projects  |
|   |                                | - to fund approved projects under the BHP BIO Town of Port Hedland Communit Development Project Contract Sustainability Partnership.  |

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**12. REVALUATION SURPLUS**

|                             | 2017           |               |                |             |               | 2016           |                |              |                 |                 |                 |                |
|-----------------------------|----------------|---------------|----------------|-------------|---------------|----------------|----------------|--------------|-----------------|-----------------|-----------------|----------------|
|                             | 2017           | 2017          | 2017           | 2017        | 2017          | 2016           | 2016           | 2016         | 2016            | 2016            | 2016            |                |
|                             | Opening        | Revaluation   | Revaluation    | Reversal of | Total         | Closing        | Opening        | Revaluation  | Transfer due to | Revaluation     | Movement on     | Closing        |
|                             | Balance        | Increment     | (Decrement)    | Impairment  | Movement on   | Balance        | Balance        | Increment    | Discontinued    | (Decrement)     | Revaluation     | Balance        |
|                             | \$ '000        | \$ '000       | \$ '000        | \$ '000     | \$ '000       | \$ '000        | \$ '000        | \$ '000      | Operations      | \$ '000         | \$ '000         | \$ '000        |
| Land                        | 39,303         |               | (3,603)        | -           | (3,603)       | 35,700         | 71,926         | -            | -               | (32,623)        | (32,623)        | 39,303         |
| Buildings - non specialised | 7,688          | 25,129        | -              | -           | 25,129        | 32,817         | 18,452         | -            | (5,375)         | (5,389)         | (10,764)        | 7,688          |
| Furniture and equipments    | -              | -             | -              | -           | -             | -              | 1,291          | -            | (1,291)         | -               | (1,291)         | -              |
| Plant and equipment         | 1,485          | -             | -              | -           | -             | 1,485          | -              | 1,485        | -               | -               | 1,485           | 1,485          |
| Infrastructure              | 92,931         | -             | -              | -           | -             | 92,931         | 113,547        | -            | (20,616)        | -               | (20,616)        | 92,931         |
|                             | <u>141,407</u> | <u>25,129</u> | <u>(3,603)</u> | <u>-</u>    | <u>21,526</u> | <u>162,933</u> | <u>205,216</u> | <u>1,485</u> | <u>(27,282)</u> | <u>(38,012)</u> | <u>(63,809)</u> | <u>141,407</u> |

Movements on revaluation of fixed assets are not able to be reliably attributed to a program as the assets were revalued by class as provided for by AASB 116 Aus 40.1.



**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**19 TRUST FUNDS**

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

|                             | 1 July<br>2016<br>\$ '000 | Amounts<br>Received<br>\$ '000 | Amounts<br>Paid<br>\$ '000 | 30 June<br>2017<br>\$ '000 |
|-----------------------------|---------------------------|--------------------------------|----------------------------|----------------------------|
| Grants for Special Projects | 2                         | -                              | -                          | 2                          |
| Building Retention          | 5                         | -                              | -                          | 5                          |
| Staff Bonds                 | 7                         | -                              | (4)                        | 3                          |
| Ranger Service Bonds        | 2                         | 5                              | (5)                        | 2                          |
| Community Bank              | 1                         | -                              | -                          | 1                          |
| Hall Hire Bonds             | 8                         | 1                              | (2)                        | 7                          |
| LBII Trailer/ Bus Bonds     | 3                         | 5                              | (6)                        | 2                          |
| Sports Grounds              | 21                        | 30                             | (27)                       | 24                         |
| Public Open Space           | 1                         | -                              | -                          | 1                          |
| BRB Levy                    | 58                        | 93                             | (66)                       | 85                         |
| BCITF Levy                  | 9                         | 124                            | (90)                       | 43                         |
| DAP Levy                    | 10                        | -                              | -                          | 10                         |
| Technical Services Bonds    | 27                        | -                              | (23)                       | 4                          |
| Unclaimed Money             | 4                         | 6                              | -                          | 10                         |
| Sundry Receipts             | 1                         | -                              | -                          | 1                          |
| Garden Competition          | 5                         | -                              | -                          | 5                          |
| Building Bonds              | 22                        | -                              | -                          | 22                         |
| Cyclone George              | 103                       | -                              | (103)                      | -                          |
|                             | <u>289</u>                |                                |                            | <u>227</u>                 |

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**20. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR**

The following assets were disposed of during the year.

|  | Actual<br>Net Book<br>Value<br>\$ '000 | Actual<br>Sale<br>Proceeds<br>\$ '000 | Actual<br>Profit<br>\$ '000 | Actual<br>Loss<br>\$ '000 | Budget<br>Net Book<br>Value<br>\$ '000 | Budget<br>Sale<br>Proceeds<br>\$ '000 | Budget<br>Profit<br>\$ '000 | Budget<br>Loss<br>\$ '000 |
|--|--|---------------------------------------|-----------------------------|---------------------------|--|---------------------------------------|-----------------------------|---------------------------|
| <b>Furniture and Equipment</b>                             |  |                                       |                             |                           |  |                                       |                             |                           |
| General purpose funding                                    |  |                                       |                             |                           |  |                                       |                             |                           |
| 58 Desktop and laptop computers                            | 2                                      | 2                                     | -                           | -                         | -                                      | -                                     | -                           | -                         |
| <b>Plant and Equipment</b>                                 |  |                                       |                             |                           |  |                                       |                             |                           |
| Housing  |  |                                       |                             |                           |  |                                       |                             |                           |
| Catamore Court   | -                                      | -                                     | -                           | -                         | 150                                    | 150                                   | -                           | -                         |
| Community amenities  |  |                                       |                             |                           |  |                                       |                             |                           |
| MOWER Amazone Profihopper 4WD - RIDE ON Mower 2 1ECL       | 6                                      | 6                                     | -                           | -                         | -                                      | -                                     | -                           | -                         |
| 2012 Nissan Navara D/C RX 4x2 Utility PH12436 VEL098       | 21                                     | 10                                    | -                           | (11)                      | -                                      | -                                     | -                           | -                         |
| VEH009 Iveco Acco F2350G 315 Side Tipper PH9133 (Eng No    | 13                                     | 9                                     | -                           | (4)                       | -                                      | -                                     | -                           | -                         |
| Ditch Witch  | -                                      | 2                                     | 2                           | -                         | -                                      | -                                     | -                           | -                         |
| Trailer  | -                                      | -                                     | -                           | -                         | -                                      | -                                     | -                           | -                         |
| MOWER Kubota F3680 Ride on - Mower 4                       | 9                                      | 10                                    | 1                           | -                         | -                                      | -                                     | -                           | -                         |
| MOWER Kubota F3680 Ride on - Mower 6                       | 9                                      | 10                                    | 1                           | -                         | -                                      | -                                     | -                           | -                         |
| MOWER Kubota F3680 Ride on - Mower 5                       | 9                                      | 10                                    | 1                           | -                         | -                                      | -                                     | -                           | -                         |
| MOWER Amazone Profihopper 4WD - RIDE ON Mower 1 1ECL       | 6                                      | 6                                     | -                           | -                         | -                                      | -                                     | -                           | -                         |
| 2007 Hino 300 Series Crew Truck - 1COH146 EO FUEL SERVIC   | 12                                     | 13                                    | 1                           | -                         | -                                      | -                                     | -                           | -                         |
| Pohlner Vibrating Combination Roller VEH037                | 17                                     | 16                                    | -                           | (1)                       | -                                      | -                                     | -                           | -                         |
| Recreation and culture                                     |  |                                       |                             |                           |  |                                       |                             |                           |
| John Papas Trailer 8 x 5 Tandem with Husqvarna Loading Ram | -                                      | 1                                     | 1                           | -                         | -                                      | -                                     | -                           | -                         |

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**20. DISPOSALS OF ASSETS - 2016/17 FINANCIAL YEAR (Continued)**

|  | Actual<br>Net Book<br>Value<br>\$ '000 | Actual<br>Sale<br>Proceeds<br>\$ '000 | Actual<br>Profit<br>\$ '000 | Actual<br>Loss<br>\$ '000 | Budget<br>Net Book<br>Value<br>\$ '000 | Budget<br>Sale<br>Proceeds<br>\$ '000 | Budget<br>Profit<br>\$ '000 | Budget<br>Loss<br>\$ '000 |
|--|--|---------------------------------------|-----------------------------|---------------------------|--|---------------------------------------|-----------------------------|---------------------------|
| <b>Transport</b>   |  |                                       |                             |                           |  |                                       |                             |                           |
| 2010 Toyota HILUX 4x2 T/D DC/PU M/T SR PH11637               | 13                                     | 11                                    | -                           | (2)                       | 13                                     | 13                                    | -                           | -                         |
| Toyota Camry Altise Sedan PH11159                            | 5                                      | 6                                     | 1                           | -                         | 5                                      | 5                                     | -                           | -                         |
| 2010 Hilux 4X2 T/D DC/PU M/T SR PH11639                      | 13                                     | 13                                    | -                           | -                         | 13                                     | 13                                    | -                           | -                         |
| 2009 Toyota Corolla Ascent Hatchback PH11219                 | 10                                     | 5                                     | -                           | (5)                       | 10                                     | 10                                    | -                           | -                         |
| TOYOTA PRADO 7 SEAT WAGON 1EBZ251                            | 8                                      | 9                                     | 1                           | -                         | 8                                      | 8                                     | -                           | -                         |
| 2012 Nissan Navara DX Manual 4x2 Single Cab PH12482          | 22                                     | 17                                    | -                           | (5)                       | 27                                     | 27                                    | -                           | -                         |
| 2010 Toyota HILUX 4x4 T/D DC/CC M/T PH11488                  | 9                                      | 5                                     | -                           | (4)                       | 9                                      | 9                                     | -                           | -                         |
| VEL059 2009 Toyota Corolla Hatch Ascent PH11079              | 3                                      | 3                                     | -                           | -                         | 3                                      | 3                                     | -                           | -                         |
| Toyota Forklift 426FG18                                      | 67                                     | 74                                    | 7                           | -                         | 72                                     | 72                                    | -                           | -                         |
| Iveco Acco Dual Control Garbage Truck with Macdonald Johnstr | 9                                      | 9                                     | -                           | -                         | 9                                      | 9                                     | -                           | -                         |
| Toyota Hilux 4x2 Dual Cab SR Diesel - PH9903                 | 9                                      | 6                                     | -                           | (3)                       | 9                                      | 9                                     | -                           | -                         |
| VEL108 Nissan Tiiida Hatchback 2012 Automatic                | 15                                     | 10                                    | -                           | (5)                       | 17                                     | 17                                    | -                           | -                         |
| 2012 Nissan Navara D/C Utility PH12309                       | 36                                     | 41                                    | 5                           | -                         | 36                                     | 36                                    | -                           | -                         |
| 2007 Hilux 4x2 Single Cab SR Diesel PH10277 VEL049           | 6                                      | 7                                     | 1                           | -                         | 6                                      | 6                                     | -                           | -                         |
| SAM SPEED TRAILER PH15259                                    | 1                                      | -                                     | -                           | (1)                       | 1                                      | 1                                     | -                           | -                         |
| Toyota Hilux 4x4 PH11184                                     | 15                                     | 17                                    | 2                           | -                         | 15                                     | 15                                    | -                           | -                         |
| Toyota Corolla Hatch 1.8L A/T Ascent                         | 5                                      | 6                                     | 1                           | -                         | 5                                      | 5                                     | -                           | -                         |
| John Papas 7 x 5 Heavy Duty Single Axle Box Top Trailer      | -                                      | -                                     | -                           | -                         | 2                                      | 2                                     | -                           | -                         |
| <b>Economic Services</b>                                     |  |                                       |                             |                           |  |                                       |                             |                           |
| Kingsford Smith Business Park                                | -                                      | -                                     | -                           | -                         | 250                                    | 460                                   | 210                         | -                         |
|  | <u>350</u>                             | <u>335</u>                            | <u>26</u>                   | <u>(41)</u>               | <u>660</u>                             | <u>870</u>                            | <u>210</u>                  | <u>-</u>                  |

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

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

**(a) Reconciliation of Cash**

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

|                           | <b>2017</b>    | <b>2017</b>    | <b>2016</b>    |
|---------------------------|----------------|----------------|----------------|
|                           | <b>\$ '000</b> | <b>Budget</b>  | <b>\$ '000</b> |
|                           |                | <b>\$ '000</b> |                |
| Cash and cash equivalents | 243,042        | 223,361        | 244,265        |

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

|  |              |                |               |
|--|--------------|----------------|---------------|
| Net result                                       | (4,540)      | (14,055)       | 26,527        |
| Non-cash flows in Net result:                    |              |                |               |
| Depreciation                                     | 12,031       | 13,839         | 12,739        |
| (Profit)/Loss on sale of asset                   | 15           | (210)          | 891           |
| Fair value adjustments to fixed assets           |              |                |               |
| at fair value through profit or loss             | 3,918        | -              | 7,330         |
| Loss on revaluation of fixed assets              | -            | -              | 206           |
| Profit on sale of Discontinued Operations        | -            | -              | (33,223)      |
| Recognition of a portion of prepaid lease income | -            | -              | (283)         |
| Provision for agreed Capital Works - Airport     | -            | -              | (15,872)      |
| Changes in assets and liabilities:               |              |                |               |
| (Increase)/Decrease in receivables               | 599          | 1,002          | 6,152         |
| (Increase)/Decrease in inventories               | 400          | -              | (440)         |
| Increase/(Decrease) in payables                  | (767)        | 1,000          | (2,153)       |
| Increase/(Decrease) in Lease Premium Prepaid     | -            | -              | 46,208        |
| Increase/(Decrease) in provisions                | (1,281)      | (926)          | 15,677        |
| Grants contributions for                         |              |                |               |
| the development of assets                        | (4,270)      | (5,147)        | (3,164)       |
| Contributed Assets                               | -            | -              | (2,463)       |
| Net cash from operating activities               | <u>6,105</u> | <u>(4,497)</u> | <u>58,132</u> |

**(c) Undrawn Borrowing Facilities**  
**Credit Standby Arrangements**

|                                      | <b>2017</b>    | <b>2016</b>    |
|--------------------------------------|----------------|----------------|
|                                      | <b>\$ '000</b> | <b>\$ '000</b> |
| Bank overdraft limit                 | -              | -              |
| Bank overdraft at balance date       | -              | -              |
| Credit card limit                    | 100            | 65             |
| Credit card balance at balance date  | (45)           | (38)           |
| <b>Total amount of credit unused</b> | <u>55</u>      | <u>27</u>      |

**Loan facilities**

|  |               |               |
|--|---------------|---------------|
| Loan facilities - current                      | 1,242         | 1,171         |
| Loan facilities - non-current                  | 21,400        | 22,650        |
| <b>Total facilities in use at balance date</b> | <u>22,642</u> | <u>23,821</u> |
| <b>Unused loan facilities at balance date</b>  | <u>NIL</u>    | <u>NIL</u>    |

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**14. CONTINGENT LIABILITIES**

**(a) Bank Guarantee**

The Town has issued a Bank Guarantee no.244217230 to the value of \$100k in favour of The Water Corporation for Agreement DN200 and DN300, distribution mains, Airport Redevelopment WAPC 145870 pre-funding arrangements CV03258. This Guarantee expires on 13 April 2018.

**(b) Contaminated site**

The Town operates the South Hedland Landfill in line with best practice landfill management procedures and under licencing agreement. Town's focus in maintaining the licencing conditions includes an active project to minimise the build-up of used tyres through best practice recovery processes.

| <b>15. CAPITAL AND LEASING COMMITMENTS</b>   | <b>2017<br/>\$ '000</b> | <b>2016<br/>\$ '000</b> |
|--|-------------------------|-------------------------|
| <b>(a) Operating Lease Commitments</b>   |                         |                         |
| Non-cancellable operating leases contracted for but not capitalised in the accounts. |                         |                         |
| Payable:   |                         |                         |
| - not later than one year  | 57                      | 217                     |
| - later than one year but not later than five years                                  | -                       | 27                      |
| - later than five years  | -                       | -                       |
|  | <u>57</u>               | <u>244</u>              |
|  | <u>57</u>               | <u>244</u>              |

**(b) Capital Expenditure Commitments**

Contracted for:

|   |              |              |
|---|--------------|--------------|
| - capital expenditure projects - Infrastructure | 1,272        | 2,701        |
| - plant & equipment purchases                   | 159          | 145          |
|   | <u>1,431</u> | <u>2,846</u> |

Payable:

|                           |       |       |
|---------------------------|-------|-------|
| - not later than one year | 1,431 | 2,846 |
|---------------------------|-------|-------|

The capital expenditure project outstanding at the end of the current reporting period represents the construction of the new recreation centre and purchase of a new truck (the prior year commitment was for the construction of the new recreation centre).

**TOWN OF PORT HEDLAND**  
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**FOR THE YEAR ENDED 30TH JUNE 2017**

**16. JOINT VENTURE ARRANGEMENTS**

The Town has no interest in any Joint Operations, Joint Ventures, or Associates.

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

|                             | <b>2017</b>    | <b>2016</b>    |
|-----------------------------|----------------|----------------|
|                             | <b>\$ '000</b> | <b>\$ '000</b> |
| Governance                  | -              | 984            |
| General purpose funding     | 169,418        | 311,254        |
| Law, order, public safety   | 614            | 1,222          |
| Health                      | 6,290          | 1,187          |
| Education and welfare       | 16,312         | 9,088          |
| Housing                     | 18,620         | 16,437         |
| Community amenities         | 13,901         | 2,824          |
| Recreation and culture      | 106,073        | 106,906        |
| Transport                   | 222,786        | 201,602        |
| Economic services           | 93,944         | 682            |
| Other property and services | 11,862         | 12,347         |
| Unallocated                 | 24,802         | 6,328          |
|                             | <u>684,620</u> | <u>670,861</u> |

**TOWN OF PORT HEDLAND**  
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**FOR THE YEAR ENDED 30TH JUNE 2017**

|                                   | 2017   | 2016* | 2015 |
|-----------------------------------|--------|-------|------|
| <b>18. FINANCIAL RATIOS</b>       |        |       |      |
| Current ratio                     | 1.26   | 1.44  | 6.95 |
| Asset sustainability ratio        | 0.83   | 0.37  | 1.00 |
| Debt service cover ratio          | 1.84   | 9.68  | 4.25 |
| Operating surplus ratio           | (0.21) | 0.51  | 0.12 |
| Own source revenue coverage ratio | 0.76   | 0.71  | 1.06 |

The above ratios are calculated as follows:

|                                   |  |
|-----------------------------------|--|
| Current ratio                     | $\frac{\text{current assets minus restricted assets}}{\text{current liabilities minus liabilities associated with restricted assets}}$ |
| Asset sustainability ratio        | $\frac{\text{capital renewal and replacement expenditure}}{\text{Depreciation expenses}}$  |
| Debt service cover ratio          | $\frac{\text{annual operating surplus before interest and depreciation}}{\text{principal and interest}}$                               |
| Operating surplus ratio           | $\frac{\text{operating revenue minus operating expenses}}{\text{own source operating revenue}}$  |
| Own source revenue coverage ratio | $\frac{\text{own source operating revenue}}{\text{operating expenses}}$  |

**Notes:**

Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Supplementary Ratio Information on Page 68 of this document.

Three of the 2017 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2017-18 Financial Assistance Grant in June 2017.

The early payment of the grant increased operating revenue in 2017 by \$981,000

Three of the 2016 and 2015 ratios disclosed above were distorted by the early receipt of half of the allocation of the 2015-16 Financial Assistance Grant on 30 June 2015.

The early payment of the grant increased operating revenue in 2015 and decreased operating revenue in 2016 by \$1,173,000

If recognised in the year to which the allocation related, the calculations in the 2017, 2016 and 2015 columns above would be as follows:

|                          | 2017  | 2016 | 2015 |
|--------------------------|-------|------|------|
| Current ratio            | 1.16  | 1.32 | 7.06 |
| Debt service cover ratio | 2.24  | 9.36 | 4.51 |
| Operating surplus ratio  | -0.18 | 0.48 | 0.14 |

**\*Alternative Ratio Comparison 2016**

Previous year ratio's reflected operating results from continuing operations. The comparative ratios were calculated using net results in line with the Local Government (Financial Management) Regulations 1996.

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**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

| Particulars                     | Principal                 | New<br>Loans<br>\$ '000 | Principal<br>Repayments |                   | Principal<br>30 June 2017 |                   | Interest<br>Repayments |                   |
|---------------------------------|---------------------------|-------------------------|-------------------------|-------------------|---------------------------|-------------------|------------------------|-------------------|
|                                 | 1 July<br>2016<br>\$ '000 |                         | Actual<br>\$ '000       | Budget<br>\$ '000 | Actual<br>\$ '000         | Budget<br>\$ '000 | Actual<br>\$ '000      | Budget<br>\$ '000 |
| <b>Education and welfare</b>    |                           |                         |                         |                   |                           |                   |                        |                   |
| GP Housing Loan                 | 1,354                     | -                       | 53                      | 53                | 1,301                     | 1,301             | 63                     | 63                |
| <b>Housing</b>                  |                           |                         |                         |                   |                           |                   |                        |                   |
| Staff Housing - Morgans Street  | 1,180                     | -                       | 59                      | 59                | 1,121                     | 1,121             | 79                     | 79                |
| Staff Housing - Morgans Street  | 1,741                     | -                       | 82                      | 82                | 1,659                     | 1,659             | 117                    | 117               |
| <b>Community amenities</b>      |                           |                         |                         |                   |                           |                   |                        |                   |
| Underground Power               | 276                       | -                       | 135                     | 135               | 141                       | 141               | 9                      | 9                 |
| <b>Recreation and culture</b>   |                           |                         |                         |                   |                           |                   |                        |                   |
| JD Hardie Upgrade               | 1,315                     | -                       | 56                      | 56                | 1,259                     | 1,259             | 79                     | 79                |
| Marquee Park                    | 705                       | -                       | 30                      | 30                | 675                       | 675               | 42                     | 42                |
| Marquee Park Loan B             | 3,876                     | -                       | 160                     | 160               | 3,716                     | 3,716             | 200                    | 200               |
| Multi-purpose Recreation Centre | 6,827                     | -                       | 283                     | 283               | 6,544                     | 6,544             | 351                    | 351               |
| JD Hardie Facility Upgrade      | 1,304                     | -                       | 52                      | 52                | 1,252                     | 1,252             | 60                     | 60                |
| Wanangkura Stadium              | 2,259                     | -                       | 88                      | 88                | 2,171                     | 2,171             | 108                    | 108               |
| <b>Economic services</b>        |                           |                         |                         |                   |                           |                   |                        |                   |
| Catamore Court                  | 1,521                     | -                       | 53                      | 53                | 1,468                     | 1,468             | 79                     | 79                |
| Catamore Court Additional       | 341                       | -                       | 30                      | 30                | 311                       | 311               | 9                      | 9                 |
|                                 | 22,699                    | -                       | 1,081                   | 1,081             | 21,618                    | 21,618            | 1,196                  | 1,196             |



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

(a) Repayments - Debentures (Continued)

|                                     | <b>Principal</b> |                | <b>Principal</b>  |                | <b>Principal</b>    |                | <b>Interest</b>   |                |
|-------------------------------------|------------------|----------------|-------------------|----------------|---------------------|----------------|-------------------|----------------|
|                                     | <b>1 July</b>    | <b>New</b>     | <b>Repayments</b> |                | <b>30 June 2017</b> |                | <b>Repayments</b> |                |
|                                     | <b>2016</b>      | <b>Loans</b>   | <b>Actual</b>     | <b>Budget</b>  | <b>Actual</b>       | <b>Budget</b>  | <b>Actual</b>     | <b>Budget</b>  |
|                                     | <b>\$ '000</b>   | <b>\$ '000</b> | <b>\$ '000</b>    | <b>\$ '000</b> | <b>\$ '000</b>      | <b>\$ '000</b> | <b>\$ '000</b>    | <b>\$ '000</b> |
| <b><u>Self Supporting Loans</u></b> |                  |                |                   |                |                     |                |                   |                |
| <b>Law, order, public safety</b>    |                  |                |                   |                |                     |                |                   |                |
| State Emergency Services Shed*      | 116              | -              | 37                | 37             | 79                  | 79             | 7                 | 7              |
| <b>Recreation and culture</b>       |                  |                |                   |                |                     |                |                   |                |
| Yacht Club*                         | 348              | -              | 31                | 31             | 317                 | 317            | 22                | 22             |
| Yacht Club Additional *             | 188              | -              | 14                | 14             | 174                 | 174            | 11                | 11             |
| South Hedland Bowling Club*         | 470              | -              | 16                | 16             | 454                 | 454            | 24                | 24             |
|                                     | 1,122            | -              | 98                | 98             | 1,024               | 1,024          | 64                | 64             |
|                                     | 23,821           | -              | 1,179             | 1,179          | 22,642              | 22,642         | 1,260             | 1,260          |

Self supporting loans financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

(b) New Debentures - 2016/17

The Town did not take up any new debentures during the year ended 30 June 2017.

(c) Unspent Debentures

The Town did not have any unspent debentures as at 30 June 2017.

(d) Overdraft

The Town does not have any overdraft facilities

**TOWN OF PORT HEDLAND**  
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**FOR THE YEAR ENDED 30TH JUNE 2017**

**22. RATING INFORMATION - 2016/17 FINANCIAL YEAR**

| RATE TYPE                                       | Rate in<br>\$         | Number<br>of<br>Properties | Rateable<br>Value<br>\$ '000 | Rate<br>Revenue<br>\$ '000 | Interim<br>Rates<br>\$ '000 | Back<br>Rates<br>\$ '000 | Total<br>Revenue<br>\$ '000 | Budget<br>Rate<br>Revenue<br>\$ '000 | Budget<br>Interim<br>Rate<br>\$ '000 | Budget<br>Back<br>Rate<br>\$ '000 | Budget<br>Total<br>Revenue<br>\$ '000 |
|---|-----------------------|----------------------------|------------------------------|----------------------------|-----------------------------|--------------------------|-----------------------------|--------------------------------------|--------------------------------------|-----------------------------------|---------------------------------------|
| <b>Differential general rate / general rate</b> |                       |                            |                              |                            |                             |                          |                             |                                      |                                      |                                   |                                       |
| <b>Gross rental value valuations</b>            |                       |                            |                              |                            |                             |                          |                             |                                      |                                      |                                   |                                       |
| Residential                                     | 5.4074                | 5,579                      | 262,718                      | 14,370                     | 135                         | 3                        | 14,508                      | 14,215                               | 100                                  | -                                 | 14,315                                |
| Commercial                                      | 4.0875                | 152                        | 28,269                       | 1,159                      | (38)                        | 5                        | 1,126                       | 1,159                                | -                                    | -                                 | 1,159                                 |
| Industrial                                      | 2.7529                | 417                        | 69,332                       | 1,909                      | 8                           | 3                        | 1,920                       | 1,909                                | -                                    | -                                 | 1,909                                 |
| Mass Accommodation                              | 26.0000               | 6                          | 12,436                       | 3,233                      | -                           | -                        | 3,233                       | 3,017                                | -                                    | -                                 | 3,017                                 |
| Tourist Accommodation                           | 11.4339               | 10                         | 7,360                        | 842                        | 59                          | -                        | 901                         | 842                                  | -                                    | -                                 | 842                                   |
| <b>Unimproved value valuations</b>              |                       |                            | -                            | -                          | -                           | -                        | -                           | -                                    | -                                    | -                                 | -                                     |
| Mining  | 37.0000               | 310                        | 2,898                        | 1,072                      | 36                          | (1)                      | 1,107                       | 1,072                                | -                                    | -                                 | 1,072                                 |
| Pastoral  | 21.0000               | 11                         | 1,318                        | 136                        | -                           | (71)                     | 65                          | 136                                  | -                                    | -                                 | 136                                   |
| Other   | 10.2877               | 14                         | 1,254                        | 263                        | (103)                       | -                        | 160                         | 263                                  | -                                    | -                                 | 263                                   |
| <b>Sub-Total</b>                                |                       | 6,499                      | 385,585                      | 22,984                     | 97                          | (61)                     | 23,020                      | 22,613                               | 100                                  | -                                 | 22,713                                |
| <b>Minimum payment</b>                          | <b>Minimum<br/>\$</b> |                            |                              |                            |                             |                          |                             |                                      |                                      |                                   |                                       |
| <b>Gross rental value valuations</b>            |                       |                            |                              |                            |                             |                          |                             |                                      |                                      |                                   |                                       |
| Residential                                     | 1,260                 | 781                        | 984                          | 984                        | -                           | -                        | 984                         | 984                                  | -                                    | -                                 | 984                                   |
| Commercial                                      | 1,260                 | 65                         | 82                           | 82                         | -                           | -                        | 82                          | 84                                   | -                                    | -                                 | 84                                    |
| Industrial                                      | 1,260                 | 48                         | 60                           | 60                         | -                           | -                        | 60                          | 60                                   | -                                    | -                                 | 60                                    |
| Mass Accommodation                              | 1,260                 | -                          | -                            | -                          | -                           | -                        | -                           | -                                    | -                                    | -                                 | -                                     |
| Tourist Accommodation                           | 1,260                 | -                          | -                            | -                          | -                           | -                        | -                           | -                                    | -                                    | -                                 | -                                     |
| <b>Unimproved value valuations</b>              |                       |                            |                              |                            |                             |                          |                             |                                      |                                      |                                   |                                       |
| Mining  | 260                   | 63                         | 16                           | 16                         | -                           | -                        | 16                          | 16                                   | -                                    | -                                 | 16                                    |
| Pastoral  | 1,260                 | -                          | -                            | -                          | -                           | -                        | -                           | -                                    | -                                    | -                                 | -                                     |
| Other   | 1,260                 | 10                         | 13                           | 13                         | -                           | -                        | 13                          | 12                                   | -                                    | -                                 | 12                                    |
| <b>Sub-Total</b>                                |                       | 967                        | 1,155                        | 1,155                      | -                           | -                        | 1,155                       | 1,156                                | -                                    | -                                 | 1,156                                 |
|   |                       | <b>7,466</b>               | <b>386,740</b>               | <b>24,138</b>              | <b>97</b>                   | <b>(61)</b>              | <b>24,175</b>               | <b>23,769</b>                        | <b>100</b>                           | <b>-</b>                          | <b>23,869</b>                         |
| <b>Discounts and concessions</b>                |                       |                            |                              |                            |                             |                          | (184)                       |                                      |                                      |                                   | (184)                                 |
| <b>Total amount raised from general rate</b>    |                       |                            |                              |                            |                             |                          | <b>23,991</b>               |                                      |                                      |                                   | <b>23,685</b>                         |
| <b>Totals</b>                                   |                       |                            |                              |                            |                             |                          | <b>23,991</b>               |                                      |                                      |                                   | <b>23,685</b>                         |

**TOWN OF PORT HEDLAND**  
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**23. NET CURRENT ASSETS**

Composition of net current assets

|  | 2017                  | 2017                  | 2016                  |
|--|-----------------------|-----------------------|-----------------------|
|  | (30 June 2017         | (1 July 2016          | (30 June 2016         |
|  | Carried               | Brought               | Carried               |
|  | Forward)              | Forward)              | Forward)              |
|  | \$ '000               | \$ '000               | \$ '000               |
| <b>Surplus/(Deficit) 1 July 16 brought forward</b>     | <u>4,125</u>          | <u>5,649</u>          | <u>5,649</u>          |
| <b>CURRENT ASSETS</b>                                  |                       |                       |                       |
| Cash and cash equivalents                              |                       |                       |                       |
| Unrestricted   | 3,588                 | 4,667                 | 4,667                 |
| Restricted   | 239,454               | 239,598               | 239,598               |
| Receivables  |                       |                       |                       |
| Rates outstanding                                      | 2,676                 | 1,083                 | 1,083                 |
| Sundry debtors   | 3,249                 | 6,387                 | 6,387                 |
| GST receivable   | 519                   | -                     | -                     |
| Loans receivable - clubs/institutions                  | 104                   | 90                    | 90                    |
| Prepayment   | 578                   | 203                   | 203                   |
| Accrued Income   | 1,322                 | 1,357                 | 1,357                 |
| Provision doubtful debts                               | (988)                 | (1,107)               | (1,107)               |
| Inventories  |                       |                       |                       |
| Depot  | 800                   | 934                   | 934                   |
| Matt Dann  | -                     | 3                     | 3                     |
| JD Hardie  | 3                     | 2                     | 2                     |
| Land held for resale - cost                            |                       |                       |                       |
| Cost of acquisition                                    | 340                   | 619                   | 619                   |
| Development costs                                      | 127                   | 112                   | 112                   |
| <b>LESS: CURRENT LIABILITIES</b>                       |                       |                       |                       |
| Trade and other payables                               |                       |                       |                       |
| Sundry creditors                                       | (4,346)               | (5,031)               | (5,031)               |
| Accrued interest on debentures                         | (288)                 | (302)                 | (302)                 |
| Accrued salaries and wages                             | (470)                 | (857)                 | (857)                 |
| Income in Advance                                      | (504)                 | (229)                 | (229)                 |
| Lease premium prepaid - Income in Advance              | (924)                 | (924)                 | (924)                 |
| Retentions   | (27)                  | -                     | -                     |
| Accrued Expenditure                                    | (942)                 | -                     | -                     |
| Current portion of long term borrowings                |                       |                       |                       |
| Secured by floating charge                             | (1,242)               | (1,171)               | (1,171)               |
| Provisions   |                       |                       |                       |
| Provision for annual leave and rostered days           | (1,156)               | (1,508)               | (1,508)               |
| Provision for sick leave                               | (156)                 | (268)                 | (268)                 |
| Provision for long service leave                       | (609)                 | (561)                 | (561)                 |
| Provision for airport projects                         | (15,075)              | (15,872)              | (15,872)              |
| <b>Unadjusted net current assets</b>                   | <b><u>226,033</u></b> | <b><u>227,225</u></b> | <b><u>227,225</u></b> |
| <b>Adjustments</b>                                     |                       |                       |                       |
| Less: Reserves - restricted cash                       | (239,454)             | (239,598)             | (239,598)             |
| Land held for resale - cost                            | (467)                 | (731)                 | (731)                 |
| Less: Loans receivable - clubs/institutions            | (104)                 | (90)                  | (90)                  |
| Lease premium prepaid                                  | 924                   | 924                   | 924                   |
| Add: Secured by floating charge                        | 1,242                 | 1,171                 | 1,171                 |
| Cash Backed Employee Provisions                        | 876                   | 876                   | 876                   |
| Provision for airport projects                         | 15,075                | 15,872                | 15,872                |
| <b>Adjusted net current assets - surplus/(deficit)</b> | <b><u>4,125</u></b>   | <b><u>5,649</u></b>   | <b><u>5,649</u></b>   |

**Difference**

There was no difference between the surplus/(deficit) 1 July 2016 brought forward position used in the 2017 audited financial report and the surplus/(deficit) carried forward position as disclosed in the 2016 audited financial report.

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**24. SPECIFIED AREA RATE - 2016/17 FINANCIAL YEAR**

No specified area rates were imposed by the Town during the year ended 2017.

**25. SERVICE CHARGES - 2016/17 FINANCIAL YEAR**

No service charges were imposed by the Town during the year ended 2017.

**26. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS - 2016/17 FINANCIAL YEAR**

**Rates Discounts**

| Rate or Fee<br>Discount Granted | Actual<br>\$ '000 | Budget<br>\$ '000 | Circumstances in which Discount is Granted                              |
|---------------------------------|-------------------|-------------------|---|
| Pensioners                      | 16                | 16                | Capping gap top up  |
| Discounts                       | 167               | 167               | Waivers and Concessions to not for profit community based organisations |
|                                 | 183               | 183               |   |

**Waivers or Concessions**

| Rate or Fee and Charge to which the Waiver or<br>Concession is Granted | Type                         | Discount<br>% | Discount<br>\$ '000 | Actual<br>\$ '000 | Budget<br>\$ '000 |
|--|------------------------------|---------------|---------------------|-------------------|-------------------|
| A100010  | Community based organisation | 50%           |                     | 1                 | 1                 |
| A156490  | Community based organisation | 50%           |                     | 1                 | 1                 |
| A700010  | Community based organisation | 50%           |                     | 3                 | 3                 |
| A115030  | Community based organisation | 100%          |                     | 4                 | 4                 |
| A1300005   | Community based organisation | 100%          |                     | 1                 | 1                 |
| A130114  | Community based organisation | 100%          |                     | 8                 | 8                 |
| A130165  | Community based organisation | 100%          |                     | 1                 | 1                 |
| A130245  | Community based organisation | 100%          |                     | 1                 | 1                 |
| A130354  | Community based organisation | 100%          |                     | 2                 | 2                 |
| A130597  | Community based organisation | 100%          |                     | 1                 | 1                 |
| A156260  | Community based organisation | 100%          |                     | 25                | 25                |
| A802155  | Community based organisation | 100%          |                     | 44                | 45                |
| A802207  | Community based organisation | 100%          |                     | 12                | 12                |
| A802355  | Community based organisation | 100%          |                     | 32                | 32                |
| A803051  | Community based organisation | 100%          |                     | 3                 | 3                 |
| A805022  | Community based organisation | 100%          |                     | 3                 | 3                 |
| A805519  | Community based organisation | 100%          |                     | 4                 | 4                 |
| A806698  | Community based organisation | 100%          |                     | 4                 | 4                 |
| A806699  | Community based organisation | 100%          |                     | 2                 | 2                 |
| A102540  | Community based organisation | 50%           |                     | 2                 | 2                 |
| A130669  | Community based organisation | 50%           |                     | 1                 | 1                 |
| A123310  | Community based organisation | 100%          |                     | 2                 | 2                 |
| A127580  | Community based organisation | 100%          |                     | 5                 | 5                 |
| A130118  | Community based organisation | 100%          |                     | 4                 | 4                 |
|  |                              |               |                     | 166               | 167               |

**Rate or Fee and Charge to which the Waiver or Concession is granted**

A concession of 50% to 100% per Council discretion

**Circumstances in which the Waiver or Concession is granted and to whom it was available**

Owner of property must be listed as a Charitable Institution as well as use the property for a charitable purpose only.

**Objects of the Waiver or Concession**

To at discretion of the Town, grant concession to community groups or associations that operate as a body corporate or an Incorporated Association and not an individual.

**Reasons for the Waiver or Concession**

In accordance with section 6.47 of the Local Government Act 1995, a local government may at the time of imposing a rate or service charge or at a later date resolve to waive a rate or service charge or resolve to grant other concessions in relation to a rate or service charge. The framework for the rates concessions are set out in the Town's Rates Concessions (Rateable Land) Policy.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**27. INTEREST CHARGES AND INSTALMENTS - 2016/17 FINANCIAL YEAR**

|                           | <b>Date<br/>Due</b> |
|---------------------------|---------------------|
| <b>Instalment Options</b> |                     |
| <b>Option One</b>         |                     |
| Single full payment       | 17/10/16            |
| <b>Option Two</b>         |                     |
| First Instalment          | 17/10/16            |
| Second Instalment         | 30/12/16            |
| Third Instalment          | 06/03/17            |
| Fourth Instalment         | 08/05/17            |

|                              | <b>Instalment<br/>Plan<br/>Interest Rate<br/>%</b> | <b>Unpaid Rates<br/>Interest<br/>Rate<br/>%</b> | <b>Instalment<br/>Plan<br/>Admin Charge<br/>\$</b> | <b>Revenue<br/>\$ '000</b> | <b>Budgeted<br/>Revenue<br/>\$ '000</b> |
|------------------------------|--|---|--|----------------------------|---|
| Interest on Unpaid Rates     |  | 11.00   |  | 276                        | 175                                     |
| Interest on Instalments Plan | 5.50   |   |  | 86                         | 115                                     |
| Charges on Instalment Plan   |  |   | 14.00  | 98                         | 90                                      |

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| <b>28. FEES &amp; CHARGES</b>           | <b>2017</b><br><b>\$ '000</b> | <b>2016</b><br><b>\$ '000</b> |
|---|-------------------------------|-------------------------------|
| Governance                              | -                             | 1                             |
| General purpose funding                 | 1,043                         | 60                            |
| Law, order, public safety               | 130                           | 162                           |
| Health                                  | 347                           | 73                            |
| Education and welfare                   | 165                           | 1                             |
| Community amenities                     | 7,455                         | 9,117                         |
| Recreation and culture                  | 329                           | 655                           |
| Transport                               | 8                             | 10,453                        |
| Economic services                       | 880                           | 276                           |
| Other property and services             | 2                             | -                             |
|   | <u>10,359</u>                 | <u>20,798</u>                 |
| Fees & Charges Discontinuing Operations | -                             | (10,432)                      |
|   | <u>10,359</u>                 | <u>10,366</u>                 |

The budgeted schedule of Fees and Charges were revised in April 2017 to include a split of Commercial and Community Group/Not for Profit Organisations for Sports Grounds, Ovals, Reserves and Parks for Casual Usage. There were no other changes during the year to the amount of the fees or charges detailed in the original budget.

**29. GRANT REVENUE**

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

| <b>By Nature or Type:</b>                                | <b>2017</b><br><b>\$ '000</b> | <b>2016</b><br><b>\$ '000</b> |
|--|-------------------------------|-------------------------------|
| <b>Operating grants, subsidies and contributions</b>     |                               |                               |
| Governance   | 2                             | -                             |
| General purpose funding                                  | 2,445                         | 870                           |
| Law, order, public safety                                | 64                            | 76                            |
| Health   | 4                             | 26                            |
| Education and welfare                                    | -                             | 570                           |
| Community amenities                                      | (17)                          | 603                           |
| Recreation and culture                                   | 1,128                         | 517                           |
| Transport  | 562                           | 191                           |
| Economic services  | -                             | 175                           |
| Other property and services                              | 103                           | -                             |
|  | <u>4,291</u>                  | <u>3,028</u>                  |
| <b>Non-operating grants, subsidies and contributions</b> |                               |                               |
| Law, order, public safety                                | 312                           | 20                            |
| Housing  | -                             | 2,463                         |
| Community amenities                                      | -                             | 268                           |
| Recreation and culture                                   | 1,432                         | 417                           |
| Transport  | 2,501                         | 2,431                         |
| Economic services  | 25                            | 28                            |
|  | <u>4,270</u>                  | <u>5,627</u>                  |
|  | <u>8,561</u>                  | <u>8,655</u>                  |

**30 ELECTED MEMBERS REMUNERATION**

The following fees, expenses and allowances were paid to council members and/or the president.

|                              | <b>2017</b><br><b>\$ '000</b> | <b>2017</b><br><b>Budget</b><br><b>\$ '000</b> | <b>2016</b><br><b>\$ '000</b> |
|------------------------------|-------------------------------|--|-------------------------------|
| Meeting Fees                 | 233                           | 294  | 275                           |
| Mayor's Allowance            | 70                            | 88   | 88                            |
| Deputy Mayor's Allowance     | 21                            | 22   | 22                            |
| Travelling expenses          | 22                            | 45   | 49                            |
| Telecommunications Allowance | 19                            | 32   | 29                            |
|                              | <u>365</u>                    | <u>481</u>                                     | <u>463</u>                    |

**TOWN OF PORT HEDLAND  
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**31. RELATED PARTY TRANSACTIONS**

**Key Management Personnel (KMP) Compensation Disclosure**

**2017  
\$ '000**

The total of remuneration paid to KMP of the Town during the year are as follows:

|                              |       |
|------------------------------|-------|
| Short-term employee benefits | 1,845 |
| Post-employment benefits     | 133   |
| Other long-term benefits     | 77    |
| Termination benefits         | 1,017 |
|                              | 3,072 |
|                              | 3,072 |

**Short-term employee benefits**

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 30

**Post-employment benefits**

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

**Other long-term benefits**

These amounts represent long service benefits accruing during the year.

**Termination benefits**

These amounts represent termination benefits paid to KMP

**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 elected member, are considered key management personnel.

*ii. 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.

*iii. Joint venture entities accounted for under the equity method*

As per Note 17, the Town of Port Hedland held no interest in joint ventures

**Transactions with related parties**

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

The following transactions occurred with related parties:

**2017  
\$ '000**

**Associated companies/individuals:**

|                                |    |
|--------------------------------|----|
| Purchase of goods and services | 46 |
|--------------------------------|----|

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

**TOWN OF PORT HEDLAND  
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**32. MAJOR LAND TRANSACTIONS**

**Kingsford Smith Business Park**

(a) Details

Kingsford Smith Business Park (KSBP) is an area of land between Wallwork Road and the Port Hedland International Airport.

In June 2012, the Town entered into a private treaty arrangement with BHP Billiton Iron Ore (BHBP) to facilitate the subdivision of a portion of an area of land previously known as Precinct 3, now formally known as Kingsford Smith Business Park. Under the arrangement, BHPB constructed a 40 lot subdivision, 38 lots of which to be retained by the Town. Lot 34 of the development has been sold to BHPB, with the intention that they utilise the site for a warehouse facility. Should BHPB wish to dispose of the site, the Town holds the first right of refusal. Lot 35 is the subject of a lease agreement between the Town and BHPB. The term of the lease is 10 years. In accordance with the terms of the lease, it was proposed that BHPB would utilise the land for the purposes of non-residential workforce accommodation, up to 4,000 beds.

Handover occurred in the 2014/15 financial year and as such the Town recognised a non-cash contribution and corresponding non cash asset acquisition (Real Estate Inventory). The Town now has a number of fully serviced lots within the KSBP, available for sale or lease. Proceeds from the sale of Lot 34 has been allocated by the Town to the Strategic Reserve to fund projects from the Strategic Community Plan and the Corporate Business Plan. Any associated rates revenue generated as a result of sale or lease will remain within normal Municipal operations, as will any interest earned on the investment of any such proceeds.

At the end of the 2016/17 financial year, 35 lots remained for sale, of which 4 lots are being leased to the airport operator.

|  | <b>2017</b>    | <b>2017</b>               | <b>2016</b>    |
|--|----------------|---------------------------|----------------|
| (b) Current year transactions          | <b>\$ '000</b> | <b>Budget<br/>\$ '000</b> | <b>\$ '000</b> |
| <b>Operating income</b>                |                |                           |                |
| - Profit on sale                       | -              | 210                       | 470            |
| <b>Capital income</b>                  |                |                           |                |
| - Sale proceeds                        | -              | 460                       | 640            |
| <b>Operating expenditure</b>           |                |                           |                |
| - Advertising, Promotion and Marketing | (9)            | (30)                      | -              |
| - Legal Costs                          | (5)            | (25)                      | (109)          |
| - Valuation, Survey and Search Fees    | (2)            | (14)                      | -              |
|  | (7)            | (69)                      | (109)          |
| <b>Capital expenditure</b>             |                |                           |                |
| - Development costs                    | (133)          | (206)                     | -              |
|  | (133)          | (206)                     | -              |

The above capital expenditure is included in land held for resale.

(c) Expected Future Cash Flows

|                       | <b>2018</b>    | <b>2019</b>    | <b>2020</b>    | <b>2021</b>    | <b>Total</b>   |
|-----------------------|----------------|----------------|----------------|----------------|----------------|
|                       | <b>\$ '000</b> | <b>\$ '000</b> | <b>\$ '000</b> | <b>\$ '000</b> | <b>\$ '000</b> |
| <b>Cash inflows</b>   |                |                |                |                |                |
| - Sale proceeds       | 340            | 340            | 340            | 340            | 1,360          |
|                       | <b>340</b>     | <b>340</b>     | <b>340</b>     | <b>340</b>     | <b>1,360</b>   |
| <b>Net cash flows</b> |                |                |                |                |                |
|                       | <b>340</b>     | <b>340</b>     | <b>340</b>     | <b>340</b>     | <b>1,360</b>   |

**Catamore Court**

(a) Details

Following a Request for Proposal, Council resolved to enter into a Major Land Transaction with Megara Constructions for the construction of housing on a 9,070 square metre parcel of land at Catamore Court, South Hedland. The Town has undertaken subdivision construction works in conjunction with the Department of Housing at a cost of \$1.682m, funded predominantly by way of \$1.618m in loan funds. The subdivision construction is now complete.

The proposal from Megara involves the construction of 12 single family homes to be sold to the general public, and an 8 unit group dwelling that have been retained by the Town for staff housing. Construction of housing was contingent upon the presale of a minimum of 12 of the lots (with Lot 201 to be further subdivided) that will not remain with the Town. Proceeds from the sale of those lots were held in the Town's Trust Account, and utilised to pay Megara for the construction of the staff accommodation.

In 2017 the Town took possession of two further lots as completion of the transaction. A final payment of \$150,000 was made to Megara Construction. These lots will be held as land held for resale.



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| (b) Current year transactions | 2017            |                   |                 |
|-------------------------------|-----------------|-------------------|-----------------|
|                               | 2017<br>\$ '000 | Budget<br>\$ '000 | 2016<br>\$ '000 |
| <b>Operating income</b>       |                 |                   |                 |
| - Profit on sale              | -               | -                 | -               |
| <b>Operating expenses</b>     |                 |                   |                 |
| - Interest Expenses           | (87)            | (87)              | (109)           |
| <b>Capital income</b>         |                 |                   |                 |
| - Sale proceeds               | -               | 150               | -               |
| <b>Capital expenditure</b>    |                 |                   |                 |
| - Acquisition of Housing      | -               | -                 | (1,127)         |
| - Loan Repayments             | (83)            | (83)              | (50)            |
| - Development costs           | (150)           | (150)             | (341)           |
|                               | <u>(233)</u>    | <u>(233)</u>      | <u>(1,518)</u>  |

(c) Expected Future Cash Flows

|                          | 2018<br>\$ '000 | 2019<br>\$ '000 | 2020<br>\$ '000 | 2021<br>\$ '000 | Total<br>\$ '000 |
|--------------------------|-----------------|-----------------|-----------------|-----------------|------------------|
| <b>Cash outflows</b>     |                 |                 |                 |                 |                  |
| - Interest on Borrowings | (83)            | (80)            | (76)            | (72)            | (311)            |
| - Loan repayments        | (87)            | (90)            | (94)            | (98)            | (369)            |
|                          | <u>(170)</u>    | <u>(170)</u>    | <u>(170)</u>    | <u>(170)</u>    | <u>(680)</u>     |
| <b>Net cash flows</b>    | <u>(170)</u>    | <u>(170)</u>    | <u>(170)</u>    | <u>(170)</u>    | <u>(680)</u>     |

**General Practitioner Housing**

(a) Details

During 2010/11, the Town undertook a General Practitioner (GP) housing project in conjunction with BHP Billiton and the State Government. The total scope of the project provided for a maximum yield of 23 lots. Stage 1 of this project resulted in the construction of seven residential premises for accommodating GP's. The Town funded its \$1.5m contribution by way of a loan. The Town owns the land and the houses.

Following an Expressions of Interest process, the Town allocated four houses to OSH Group and three to Sonic Health Plus on a lease term of three years. For the purposes of cash flow projections, the Town has assumed that a lease of some form, albeit with potentially amended parties and terms, will be entered into at the end of the current lease.

In October 2013, the Town endorsed the Business Case for Stage 2 of the GP Housing Project. The proposal would see the construction of a further 3 houses within the subdivision, to be fully funded and managed by BHP Billiton Iron Ore. The development was completed in December 2014 and the assets gifted to the Town. A non cash contribution and corresponding non cash asset acquisition was incorporated in the 14/15 Budget.

An Expressions of Interest process was completed in November 2014, allocating an additional house to OSH Group, one house to Wirraka Maya Health Service and one house to Port Hedland Family Practice. At the time of disposal of each of these leases, all ten agreements were brought in line with fresh lease terms of 3 years with one option to extend for a further 3 years.

| (b) Current year transactions | 2017            |                   |                 |
|-------------------------------|-----------------|-------------------|-----------------|
|                               | 2017<br>\$ '000 | Budget<br>\$ '000 | 2016<br>\$ '000 |
| <b>Operating income</b>       |                 |                   |                 |
| - Lease Revenue               | 346             | 360               | 307             |
| - Utilities Reimbursement     | 13              | 60                | 15              |
|                               | <u>359</u>      | <u>420</u>        | <u>322</u>      |
| <b>Operating income</b>       |                 |                   |                 |
| - Materials and Contracts     | (14)            | (20)              | (13)            |
| - Utilities                   | (30)            | (60)              | (31)            |
| - Depreciation                | (117)           | (118)             | (118)           |
| - Insurance                   | (16)            | (17)              | (26)            |
| - Interest on Loans           | (63)            | (63)              | (70)            |
| - Administration Allocation   | (12)            | (16)              | (44)            |
|                               | <u>(252)</u>    | <u>(294)</u>      | <u>(302)</u>    |
| <b>Capital expenditure</b>    |                 |                   |                 |
| - Repayment of Borrowings     | (53)            | (54)              | (51)            |
|                               | <u>(53)</u>     | <u>(54)</u>       | <u>(51)</u>     |

**TOWN OF PORT HEDLAND**  
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(c) Expected Future Cash Flows

|                             | 2018         | 2019         | 2020         | 2021         | Total          |
|-----------------------------|--------------|--------------|--------------|--------------|----------------|
|                             | \$ '000      | \$ '000      | \$ '000      | \$ '000      | \$ '000        |
| <b>Cash outflows</b>        |              |              |              |              |                |
| - Materials and Contracts   | (20)         | (20)         | (20)         | (20)         | (80)           |
| - Utilities                 | (60)         | (60)         | (60)         | (60)         | (240)          |
| - Depreciation              | (118)        | (118)        | (118)        | (118)        | (472)          |
| - Insurance                 | (17)         | (17)         | (17)         | (17)         | (68)           |
| - Interest on Loans         | (61)         | (58)         | (55)         | (52)         | (226)          |
| - Administration Allocation | (16)         | (16)         | (16)         | (16)         | (64)           |
| - Repayment of Borrowings   | (56)         | (59)         | (61)         | (64)         | (240)          |
|                             | <b>(348)</b> | <b>(348)</b> | <b>(347)</b> | <b>(347)</b> | <b>(1,390)</b> |
| <b>Cash inflows</b>         |              |              |              |              |                |
| - Lease Revenue             | 346          | 353          | 361          | 368          | 1,428          |
| - Utilities Reimbursement   | 60           | 60           | 60           | 60           | 240            |
|                             | <b>406</b>   | <b>413</b>   | <b>421</b>   | <b>428</b>   | <b>1,668</b>   |
| <b>Net cash flows</b>       | <b>58</b>    | <b>65</b>    | <b>74</b>    | <b>81</b>    | <b>278</b>     |

**TOWN OF PORT HEDLAND**  
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**33. FINANCIAL RISK MANAGEMENT**

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

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 Town held the following financial instruments at balance date:*

|                              | Carrying Value  |                 | Fair Value      |                 |
|------------------------------|-----------------|-----------------|-----------------|-----------------|
|                              | 2017<br>\$ '000 | 2016<br>\$ '000 | 2017<br>\$ '000 | 2016<br>\$ '000 |
| <b>Financial assets</b>      |                 |                 |                 |                 |
| Cash and cash equivalents    | 243,043         | 244,264         | 243,042         | 244,264         |
| Investments                  | -               | -               | -               | -               |
| Receivables                  | 9,916           | 10,614          | 9,916           | 10,614          |
|                              | <u>252,959</u>  | <u>254,878</u>  | <u>252,958</u>  | <u>254,878</u>  |
| <b>Financial liabilities</b> |                 |                 |                 |                 |
| Payables                     | 6,577           | 6,419           | 6,577           | 6,419           |
| Borrowings                   | 22,642          | 23,821          | 22,642          | 23,821          |
|                              | <u>29,219</u>   | <u>30,240</u>   | <u>29,219</u>   | <u>30,240</u>   |

Fair value is determined as follows:

- Cash and cash equivalents, receivables, payables - estimated to the carrying value which approximates net market value. All investment maturity is within one year from date of investment.
- Borrowings, held to maturity investments, estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.
- Financial assets at fair value through profit and loss, available for sale financial assets - based on quoted market prices at the reporting date or independent valuation.

**TOWN OF PORT HEDLAND  
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**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

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

**Available-for-sale financial assets**

**Held-to-maturity investments**

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

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

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

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

The Town manages these risks by diversifying its portfolio and only investing in investments authorised by *Local Government (Financial Management) Regulation 19C*. Council also seeks advice from independent advisers (where considered necessary) before placing any cash and investments.

|                                     | <b>2017</b>    | <b>2016</b>    |
|-------------------------------------|----------------|----------------|
|                                     | <b>\$ '000</b> | <b>\$ '000</b> |
| - Equity                            | 2,430          | 2,443          |
| - Statement of Comprehensive Income | 2,430          | 2,443          |

**Notes:**

<sup>(1)</sup> Sensitivity percentages based on management's expectation of future possible market movements.

**TOWN OF PORT HEDLAND  
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**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(b) Receivables**

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

Credit risk on rates and annual charges is minimised by the ability of 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 also able to charge interest on overdue rates and annual charges at higher than market rates, which further encourages payment.

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

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

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

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

|  | <b>2017</b> | <b>2016</b> |
|--|-------------|-------------|
| Percentage of rates and annual charges |             |             |
| - Current                              | 0%          | 0%          |
| - Overdue                              | 100%        | 100%        |
| Percentage of other receivables        |             |             |
| - Current                              | 43%         | 35%         |
| - Overdue                              | 57%         | 65%         |

**TOWN OF PORT HEDLAND  
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**33. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**

**Borrowings**

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. 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.

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

|                    | <b>Due<br/>within<br/>1 year<br/>\$ '000</b> | <b>Due<br/>between<br/>1 &amp; 5 years<br/>\$ '000</b> | <b>Due<br/>after<br/>5 years<br/>\$ '000</b> | <b>Total<br/>contractual<br/>cash flows<br/>\$ '000</b> | <b>Carrying<br/>values<br/>\$ '000</b> |
|--------------------|--|--|--|---|--|
| <b><u>2017</u></b> |  |  |  |   |  |
| Payables           | 7,501  | -  | -  | 7,501   | 7,501                                  |
| Borrowings         | 1,242  | 6,286  | 15,114                                       | 22,642  | 22,642                                 |
|                    | <u>8,743</u>                                 | <u>6,286</u>   | <u>15,114</u>                                | <u>30,143</u>   | <u>30,143</u>                          |
| <b><u>2016</u></b> |  |  |  |   |  |
| Payables           | 6,419  | -  | -  | 6,419   | 6,419                                  |
| Borrowings         | 2,380  | 9,080  | 23,510                                       | 34,970  | 23,821                                 |
|                    | <u>8,799</u>                                 | <u>9,080</u>   | <u>23,510</u>                                | <u>41,389</u>   | <u>30,240</u>                          |

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

**(c) Payables**

**Borrowings (continued)**

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

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

|   | <b>&lt;1 year<br/>\$ '000</b> | <b>&gt;1&lt;2 years<br/>\$ '000</b> | <b>&gt;2&lt;3 years<br/>\$ '000</b> | <b>&gt;3&lt;4 years<br/>\$ '000</b> | <b>&gt;4&lt;5 years<br/>\$ '000</b> | <b>&gt;5 years<br/>\$ '000</b> | <b>Total<br/>\$ '000</b> | <b>Weighted<br/>Average<br/>Effective<br/>Interest Rate<br/>%</b> |
|---|-------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------------|--------------------------|---|
| <b>Year ended 30 June 2017</b>              |                               |                                     |                                     |                                     |                                     |                                |                          |   |
| <b>Borrowings</b>                           |                               |                                     |                                     |                                     |                                     |                                |                          |   |
| <b>Fixed rate</b>                           |                               |                                     |                                     |                                     |                                     |                                |                          |   |
| Debentures                                  | 21,396                        | 20,234                              | 19,057                              | 17,811                              | 16,497                              | 15,110                         | 110,105                  | 5.27%   |
| Weighted average<br>Effective interest rate | 5.30%                         | 5.29%                               | 5.28%                               | 5.27%                               | 5.26%                               | 5.24%                          |                          |   |
| <b>Year ended 30 June 2016</b>              |                               |                                     |                                     |                                     |                                     |                                |                          |   |
| <b>Borrowings</b>                           |                               |                                     |                                     |                                     |                                     |                                |                          |   |
| <b>Fixed rate</b>                           |                               |                                     |                                     |                                     |                                     |                                |                          |   |
| Debentures                                  | 22,642                        | 21,396                              | 20,234                              | 19,057                              | 17,811                              | 16,497                         | 117,637                  | 5.29%   |
| Weighted average<br>Effective interest rate | 5.31%                         | 5.30%                               | 5.29%                               | 5.28%                               | 5.27%                               | 5.26%                          |                          |   |

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2017**

**34. INVESTMENT PROPERTY**

**(a) Land at Fair Value - Port Hedland International Airport**

|                       | <b>2017</b>    | <b>2016</b>    |
|-----------------------|----------------|----------------|
|                       | <b>\$ '000</b> | <b>\$ '000</b> |
| <u>Land - Airport</u> | 42,291         | 46,208         |

In August 2015 the Town of Port Hedland Council 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 the 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 this year in line with AASB 13

Reconciliation of Annual Movement:

|   | <b>2017</b>    | <b>2016</b>    |
|---|----------------|----------------|
|   | <b>\$ '000</b> | <b>\$ '000</b> |
| Opening Balance                             | 46,208         | -              |
| Net Gain/(Loss) from Fair Value Adjustments | (3,917)        | (7,330)        |
| Transfer from/(to) Inventories              | -              | 8,459          |
| Transfers from/(to) Owner Occupied          | -              | 45,079         |
|   | 42,291         | 46,208         |

|   |        | Title     | Lease Plan |
|---|--------|-----------|------------|
| Description of Investment Property        | Extend | Area (m2) | 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 | Whole  | 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  |



**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2017**

**(b) Amounts Recognised in Income Statement for Investment Properties**

Property Rental

The Investment Property is leased out as an operating lease over 50 years. The lease was paid upfront for the use of the Investment Property. The Rental income amount of \$924,000 for the period 1 July 2016 to 30 June 2017, is included in the revenue

|   | <b>2017</b>    | <b>2016</b>    |
|---|----------------|----------------|
|   | <b>\$ '000</b> | <b>\$ '000</b> |
| Lease Premium Prepaid received                  | 46,208         | 46,208         |
| Amount recognised                               | (1,207)        | (283)          |
|   | <u>45,001</u>  | <u>45,925</u>  |
| Lease Premium Prepaid - Current Liabilities     | 924            | 924            |
| Lease Premium Prepaid - Non-Current Liabilities | 44,077         | 45,001         |
|   | <u>45,001</u>  | <u>45,925</u>  |

**(c) Net Carrying Value of Airport Major Works Reserve**

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

|                             | <b>2017</b>    | <b>2016</b>    |
|-----------------------------|----------------|----------------|
|                             | <b>\$ '000</b> | <b>\$ '000</b> |
| Airport Major Works Reserve | 15,075         | 15,872         |

**(d)** 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 exceed a set baseline passenger number. Passenger numbers declined by 3.88% in the past financial year.

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## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE RATEPAYERS OF**

### **TOWN OF PORT HEDLAND**

#### **Opinion**

We have audited the financial report of Town of Port Hedland, which comprises the statement of financial position as at 30 June 2017, the statements of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, supplementary ratio information and the Chief Executive Officer's statement.

In our opinion:

- a) The accompanying financial report:
  - (i) Presents fairly, in all material respects, the financial position of Town of Port Hedland as at 30 June 2017, and its financial performance and cash flows for the year then ended;
  - (ii) Complies with Australian Accounting Standards (including the Australian Accounting Interpretations); and
  - (iii) Is prepared in accordance with the requirements of the *Local Government Act 1995* Part 6 and the Regulations under that Act.
- b) The Supplementary Ratio Information included in the financial report is supported by verifiable information and reasonable assumptions.

#### **Basis for opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Town of Port Hedland in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### **Responsibilities of the Chief Executive Officer for the financial report**

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Chief Executive Officer is responsible for assessing the Town of Port Hedland's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

The Chief Executive Officer is responsible for overseeing the Town of Port Hedland's financial reporting process.

### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our auditor's report.

### **Report on statutory compliance**

#### *Basis for qualified opinion*

The accounts of the Town of Port Hedland, balanced up to 30 June 2017, were not submitted to the auditor by the required date in accordance with section 6.4(3)(a) of the *Local Government Act 1995*.

### **Auditor's qualified opinion on statutory compliance**

Except for the matter described in the Basis for Qualified Opinion paragraph, we did not, during our audit, become aware of any further instances where the Town of Port Hedland did not comply with the requirements of the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996* as they relate to the financial report.



RSM AUSTRALIA PTY LTD



Perth, WA  
Dated: 22 November 2017

D J WALL  
Director

**TOWN OF PORT HEDLAND  
SUPPLEMENTARY RATIO INFORMATION  
FOR THE YEAR ENDED 30TH JUNE 2017**

**RATIO INFORMATION**

The following information relates to those ratios which only require attestation they have been checked and are supported by verifiable information. It does not form part of the audited financial report.

|                             | <b>2017</b> | <b>2016</b> | <b>2015</b> |
|-----------------------------|-------------|-------------|-------------|
| Asset consumption ratio     | 0.82        | 0.74        | 0.73        |
| Asset renewal funding ratio | 1.04        | 1.07        | 0.86        |

The above ratios are calculated as follows:

|                             |   |
|-----------------------------|---|
| Asset consumption ratio     | $\frac{\text{depreciated replacement costs of assets}}{\text{current replacement cost of depreciable assets}}$          |
| Asset renewal funding ratio | $\frac{\text{NPV of planning capital renewal over 10 years}}{\text{NPV of required capital expenditure over 10 years}}$ |