

**Special Audit, Risk & Compliance Committee Meeting Agenda - 10 December  
2025 Attachments**

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**TOWN OF PORT HEDLAND**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

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

*"Together, we create a thriving, resilient and inclusive future for our diverse community"*

Principal place of business:  
13 McGregor street  
Port Hedland WA 6721

**TOWN OF PORT HEDLAND  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

*Local Government Act 1995  
Local Government (Financial Management) Regulations 1996*

**Statement by CEO**

The accompanying financial report of the Town of Port Hedland has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2025 and the financial position as at 30 June 2025.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the                      9th day of                      December 2025

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Acting Chief Executive Officer

Kenneth Donohoe

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Name of CEO

**TOWN OF PORT HEDLAND  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2025**

	<b>Note</b>	<b>2025 Actual \$</b>	<b>2025 Budget \$</b>	<b>2024 Restated * \$</b>
<b>Revenue</b>				
Rates	2(a),28	79,105,323	76,470,647	68,960,590
Grants, subsidies and contributions	2(a)	3,270,908	3,859,753	4,271,845
Fees and charges	2(a)	18,653,227	14,918,110	15,814,225
Interest revenue	2(a)	11,035,354	8,160,833	10,612,181
Other revenue	2(a)	3,345,400	2,812,590	1,817,429
		<b>115,410,212</b>	<b>106,221,933</b>	<b>101,476,270</b>
<b>Expenses</b>				
Employee costs	2(b)	(37,237,585)	(38,610,094)	(34,114,373)
Materials and contracts		(30,201,735)	(26,259,704)	(23,941,592)
Utility charges		(5,526,870)	(5,762,155)	(5,371,259)
Depreciation		(28,778,154)	(25,367,600)	(25,382,363)
Finance costs	2(b)	(1,730,727)	(921,173)	(1,749,553)
Insurance		(1,801,817)	(1,779,017)	(1,691,508)
Other expenditure	2(b)	(2,256,265)	(1,825,553)	(1,934,114)
		<b>(107,533,153)</b>	<b>(100,525,296)</b>	<b>(94,184,762)</b>
		<b>7,877,059</b>	<b>5,696,637</b>	<b>7,291,508</b>
Capital grants, subsidies and contributions	2(a)	21,402,196	15,775,000	5,718,558
Profit on asset disposals		529,892	192,410	212,402
Fair value adjustments to Investment Property	12	5,278	-	(3,340,355)
Impairment loss - Property Plant & Equipment & Infrastructure		(175,328)	-	(1,405,528)
Impairment reversal - Property Plant & Equipment & Infrastructure		1,152,062	-	-
		<b>22,914,100</b>	<b>15,967,410</b>	<b>1,185,077</b>
<b>Net result for the period</b>	<b>27(b)</b>	<b>30,791,159</b>	<b>21,664,047</b>	<b>8,476,585</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	19	52,491,976	-	1,301
<b>Total other comprehensive income for the period</b>	<b>19</b>	<b>52,491,976</b>	<b>-</b>	<b>1,301</b>
<b>Total comprehensive income for the period</b>		<b>83,283,135</b>	<b>21,664,047</b>	<b>8,477,886</b>

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

\* See note 33 for details regarding the correction of prior period errors

**TOWN OF PORT HEDLAND**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2025**

		2025	2024	1 July 2023
	Note	Actual	Restated *	Restated *
		\$	\$	\$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	3	42,469,609	64,045,945	14,839,729
Trade and other receivables	5	11,563,423	5,123,068	3,654,175
Other financial assets	4(a)	155,000,000	120,000,000	166,010,505
Inventories	6	1,002,714	1,034,335	790,369
Other assets	7	3,475,781	2,416,230	1,568,958
<b>TOTAL CURRENT ASSETS</b>		<b>213,511,527</b>	<b>192,619,578</b>	<b>186,863,736</b>
<b>NON-CURRENT ASSETS</b>				
Trade and other receivables	5	21,392	32,084	17,051
Other financial assets	4(b)	159,239	142,442	396,421
Other assets	7	1,264,441	1,296,052	1,327,663
Property, plant and equipment	8	216,123,042	145,132,959	144,170,417
Infrastructure	9	429,003,407	430,409,360	426,684,747
Right-of-use assets	11(a)	270,154	41,111	110,475
Investment property	12	41,692,185	41,686,907	45,027,262
Rehabilitation asset	13	10,421,725	11,369,154	11,896,893
<b>TOTAL NON-CURRENT ASSETS</b>		<b>698,955,585</b>	<b>630,110,069</b>	<b>629,630,929</b>
<b>TOTAL ASSETS</b>		<b>912,467,112</b>	<b>822,729,647</b>	<b>816,494,665</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	14	7,844,564	4,295,013	5,916,011
Other liabilities	15	11,197,910	5,048,422	3,895,936
Lease liabilities	11(b)	48,960	36,498	133,000
Borrowings	16	2,098,787	2,008,577	1,922,253
Employee related provisions	17	2,604,302	2,182,510	1,940,522
Other provisions	18	70,410	2,391,971	2,391,971
<b>TOTAL CURRENT LIABILITIES</b>		<b>23,864,933</b>	<b>15,962,991</b>	<b>16,199,693</b>
<b>NON-CURRENT LIABILITIES</b>				
Trade and other payables	14	16,671	13,471	13,471
Other liabilities	15	36,683,189	37,607,350	38,531,510
Lease liabilities	11(b)	224,970	-	34,425
Borrowings	16	17,871,610	19,970,392	21,978,966
Employee related provisions	17	693,914	461,137	459,227
Other provisions	18	14,913,670	13,799,284	12,840,238
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>70,404,023</b>	<b>71,851,634</b>	<b>73,857,837</b>
<b>TOTAL LIABILITIES</b>		<b>94,268,956</b>	<b>87,814,626</b>	<b>90,057,530</b>
<b>NET ASSETS</b>		<b>818,198,156</b>	<b>734,915,021</b>	<b>726,437,135</b>
<b>EQUITY</b>				
Retained surplus		344,335,138	328,090,861	321,658,107
Reserve accounts	31	188,629,087	174,082,205	172,038,374
Revaluation surplus	19	285,233,931	232,741,955	232,740,654
<b>TOTAL EQUITY</b>		<b>818,198,156</b>	<b>734,915,021</b>	<b>726,437,135</b>

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

\* See note 33 for details regarding the correction of prior period errors

**TOWN OF PORT HEDLAND  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2025**

	<b>Note</b>	<b>Retained surplus</b>	<b>Reserve accounts</b>	<b>Revaluation surplus</b>	<b>Total equity</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Reported balance as at 1 July 2023</b>		<b>319,315,471</b>	<b>172,038,374</b>	<b>224,757,390</b>	<b>716,111,235</b>
Correction of error	33	2,342,636	-	7,983,264	10,325,900
<b>Restated balance as at 1 July 2023</b>		<b>321,658,107</b>	<b>172,038,374</b>	<b>232,740,654</b>	<b>726,437,135</b>
Comprehensive income for the period					
*Restated net result for the period		8,050,776	-	-	8,050,776
*Restated other comprehensive income for the period	19	-	-	1,301	1,301
Total comprehensive income for the period		8,050,776	-	1,301	8,052,077
Transfers from reserve accounts	31	43,706,355	(43,706,355)	-	-
Transfers to reserve accounts	31	(45,750,186)	45,750,186	-	-
<b>Reported Balance as at 30 June 2024</b>		<b>326,174,034</b>	<b>174,082,205</b>	<b>228,192,980</b>	<b>728,449,219</b>
Correction of error	33	425,809	-	3,434,289	3,860,098
<b>Restated Balance as at 30 June 2024</b>		<b>328,090,861</b>	<b>174,082,205</b>	<b>232,741,955</b>	<b>734,915,021</b>
Comprehensive income for the period					
Net result for the period		30,791,159	-	-	30,791,159
Other comprehensive income for the period	19	-	-	52,491,976	52,491,976
Total comprehensive income for the period		30,791,159	-	52,491,976	83,283,135
Transfers from reserve accounts	31	56,428,805	(56,428,805)	-	-
Transfers to reserve accounts	31	(70,975,687)	70,975,687	-	-
<b>Balance as at 30 June 2025</b>		<b>344,335,138</b>	<b>188,629,087</b>	<b>285,233,931</b>	<b>818,198,156</b>

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

\* See note 33 for details regarding the correction of prior period errors

**TOWN OF PORT HEDLAND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2025**

	Note	2025 Actual \$	2024 Actual \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Rates		78,442,682	67,647,308
Grants, subsidies and contributions		4,684,165	4,350,210
Fees and charges		12,795,740	16,736,051
Interest revenue		11,036,362	10,612,181
Goods and services tax received		3,535,104	4,476,197
Other revenue		3,382,922	947,295
		113,876,975	104,769,242
<b>Payments</b>			
Employee costs		(36,282,830)	(33,761,481)
Materials and contracts		(32,562,383)	(32,175,834)
Utility charges		(5,782,295)	(5,580,833)
Finance costs		(1,040,546)	(1,208,896)
Insurance paid		(1,981,922)	(1,692,167)
Other expenditure		(2,281,922)	(1,720,722)
		(79,931,898)	(76,139,933)
<b>Net cash provided by operating activities</b>	20(b)	33,945,077	28,629,309
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for purchase of property, plant & equipment	8(a)	(17,499,533)	(10,810,580)
Payments for construction of infrastructure		(13,691,855)	(19,940,491)
Proceeds from capital grants, subsidies and contributions		11,538,837	6,875,935
Changes to proceeds/(redemption) of term deposits		(35,000,000)	46,000,000
Proceeds from sale of property, plant & equipment		1,191,727	505,220
<b>Net cash (used in)/provided by investing activities</b>		(53,460,824)	22,630,084
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings	30(a)	(2,008,572)	(1,922,250)
Payments for principal portion of lease liabilities	30(b)	(52,017)	(130,927)
<b>Net cash (used in) financing activities</b>		(2,060,589)	(2,053,177)
<b>Net (decrease)/increase in cash held</b>		(21,576,336)	49,206,216
Cash at beginning of year		64,045,945	14,839,729
<b>Cash and cash equivalents at the end of the year</b>	20(a)	42,469,609	64,045,945

Non-cash investing and financing movements are disclosed at note 20.(c)

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

**TOWN OF PORT HEDLAND  
STATEMENT OF FINANCIAL ACTIVITY  
FOR THE YEAR ENDED 30 JUNE 2025**

	Note	2025 Actual \$	2025 Budget \$	2024 Restated* \$
<b>OPERATING ACTIVITIES</b>				
<b>Revenue from operating activities</b>				
General rates	28	77,808,770	75,162,184	67,691,265
Rates excluding general rates	28	1,296,553	1,308,463	1,269,325
Grants, subsidies and contributions		3,270,908	3,859,753	4,271,845
Fees and charges		18,653,227	14,918,110	15,814,225
Interest revenue		11,035,354	8,160,833	10,612,181
Other revenue		3,345,400	2,812,590	1,817,429
Profit on asset disposals		529,892	192,410	212,402
Revaluation increment		1,152,062	-	-
Fair value adjustments to investment property	12	5,278	-	-
		117,097,444	106,414,343	101,688,672
<b>Expenditure from operating activities</b>				
Employee costs		(37,237,585)	(38,610,094)	(34,114,373)
Materials and contracts		(30,201,735)	(26,259,704)	(23,941,592)
Utility charges		(5,526,870)	(5,762,155)	(5,371,259)
Depreciation		(28,778,154)	(25,367,600)	(25,382,363)
Finance costs		(1,730,727)	(921,173)	(1,749,553)
Insurance		(1,801,817)	(1,779,017)	(1,691,508)
Other expenditure		(2,256,265)	(1,825,553)	(1,934,114)
Impairment loss		-	-	(1,405,528)
Loss on asset disposals		(175,328)	-	-
Fair value adjustments to investment property		-	-	(3,340,355)
		(107,708,481)	(100,525,296)	(98,930,645)
Non-cash amounts excluded from operating activities	29(a)	27,426,551	24,282,638	29,838,210
<b>Amount attributable to operating activities</b>		36,815,514	30,171,685	32,596,237
<b>INVESTING ACTIVITIES</b>				
<b>Inflows from investing activities</b>				
Capital grants, subsidies and contributions		21,402,196	15,775,000	5,718,558
Proceeds from disposal of assets		1,191,727	432,500	505,220
Proceeds from deferred income		-	864,000	-
		22,593,923	17,071,500	6,223,778
<b>Outflows from investing activities</b>				
Right of use assets received - non cash	11(a)	(289,449)	-	-
Acquisition of property, plant and equipment	8(a)	(16,911,056)	(26,036,068)	(10,810,580)
Acquisition of infrastructure	9(a)	(28,310,760)	(24,302,101)	(19,940,491)
		(45,511,265)	(50,338,169)	(30,751,071)
Non-cash amounts excluded from investing activities	29(b)	289,449	-	-
<b>Amount attributable to investing activities</b>		(22,627,893)	(33,266,669)	(24,527,293)
<b>FINANCING ACTIVITIES</b>				
<b>Inflows from financing activities</b>				
Proceeds from new leases - non cash	30(b)	289,449	-	-
Transfers from reserve accounts	31	56,428,805	33,699,170	43,706,355
		56,718,254	33,699,170	43,706,355
<b>Outflows from financing activities</b>				
Repayment of borrowings	30(a)	(2,008,572)	(2,044,935)	(1,922,250)
Payments for principal portion of lease liabilities	30(b)	(52,017)	(34,425)	(130,927)
Transfers to reserve accounts	31	(70,975,687)	(36,264,863)	(45,750,186)
		(73,036,276)	(38,344,223)	(47,803,363)
Non-cash amounts excluded from financing activities	29(c)	(289,449)	-	-
<b>Amount attributable to financing activities</b>		(16,607,471)	(4,645,053)	(4,097,008)
<b>MOVEMENT IN SURPLUS OR DEFICIT</b>				
<b>Surplus or deficit at the start of the financial year</b>	29(d)	8,371,132	8,022,184	4,399,196
Amount attributable to operating activities		36,815,514	30,171,685	32,596,237
Amount attributable to investing activities		(22,627,893)	(33,266,669)	(24,527,293)
Amount attributable to financing activities		(16,607,471)	(4,645,053)	(4,097,008)
<b>Surplus or deficit after imposition of general rates</b>	29(d)	<b>5,951,282</b>	<b>282,147</b>	<b>8,371,132</b>

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

\* See note 33 for details regarding the correction of prior period errors



**TOWN OF PORT HEDLAND  
FOR THE YEAR ENDED 30 JUNE 2025  
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**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

**1. BASIS OF PREPARATION**

The financial report of the Town of Port Hedland which is a Class 1 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

**Local Government Act 1995 requirements**

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Town to measure any vested improvements at zero cost.

The *Local Government (Financial Management) Regulations 1996* provide that:

- land and buildings classified as property, plant and equipment; or
  - infrastructure; or
  - vested improvements that the local government controls ;
- and measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 *Property, Plant and Equipment*, which would have required the Town to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

**Critical accounting estimates and judgements**

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 amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
  - Property, plant and equipment - Note 8
  - Infrastructure - Note 9
 (Where useful life of the above assets has been reduced, impairment is provided for.)
- Expected credit losses on financial assets - Note 5
- Investment property - Note 12
- Estimated useful life of rehabilitation assets - Note 13
- Measurement of employee benefits - Note 17
- Measurement of provisions - Note 18

Fair value hierarchy information can be found in Note 26

**The local government reporting entity**

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 32 of the financial report.

**Initial application of accounting standards**

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2020-1 *Amendments to Australian Accounting Standards*
  - *Classification of Liabilities as Current or Non-current*
- AASB 2022-5 *Amendments to Australian Accounting Standards*
  - *Lease Liability in a Sale and Leaseback*
- AASB 2022-6 *Amendments to Australian Accounting Standards*
  - *Non-current Liabilities with Covenants*
- AASB 2023-3 *Amendments to Australian Accounting Standards*
  - *Disclosure of Non-current Liabilities with Covenants: Tier 2*
- AASB 2024-1 *Amendments to Australian Accounting Standards*
  - *Supplier Finance Arrangements: Tier 2 Disclosures*
- AASB 2023-1 *Amendments to Australian Accounting Standards*
  - *Supplier Finance Arrangements*

These amendments have had no material impact on the financial report on initial application.

- AASB 2022-10 *Amendments to Australian Accounting Standards*
  - *Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*

These amendments may result in changes to the fair value of certain non-financial assets on revaluation. The standard is applied prospectively. In the current year, the changes have been applied in the valuation of specialised building assets. For other assets, impact will be quantified upon the next revaluation cycle.

**New accounting standards for application in future years**

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

- AASB 2014-10 *Amendments to Australian Accounting Standards*
  - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2024-4b *Amendments to Australian Accounting Standards*
  - *Effective Date of Amendments to AASB 10 and AASB 128* [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-9 *Amendments to Australian Accounting Standards*
  - *Insurance Contracts in the Public Sector*
- AASB 2023-5 *Amendments to Australian Accounting Standards*
  - *Lack of Exchangeability*
- AASB 18 (FP) *Presentation and Disclosure in Financial Statements*
  - (Appendix D) [for for-profit entities]
- AASB 18 (NFP/super) *Presentation and Disclosure in Financial Statements*
  - (Appendix D) [for not-for-profit and superannuation entities]
- AASB 2024-2 *Amendments to Australian Accounting Standards*
  - *Classification and Measurement of Financial Instruments*
- AASB 2024-3 *Amendments to Australian Accounting Standards*
  - *Annual Improvements Volume 11*

These amendments are not expected to have any material impact on the financial report on initial application.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

**2. REVENUE AND EXPENSES**

**(a) Revenue**

**Contracts with customers**

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

Revenue category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/refunds/warranties	Timing of revenue recognition
Grants, subsidies and contributions	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and charges - licences, registrations, approvals	Building, planning, development and animal management.	Single point in time	Full payment prior to issue	None	On payment of the licence, registration or approval
Fees and charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and charges - sale of stock	Kiosk and visitor centre stock	Single point in time	In full in advance, on 15 day credit	Refund for faulty goods	At point of sale
Other revenue - private works	Contracted private works	Single point in time	Monthly in arrears	None	At point of service

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

**Revenue recognition**

Rate revenue was recognised from the rate record as soon as practicable after the Town resolved to impose rates in the financial year as well as when the rate record was amended to ensure the information in the record was current and correct.

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

**For the year ended 30 June 2025**

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	-	-	79,105,323	-	79,105,323
Grants, subsidies and contributions	3,270,908	-	-	-	3,270,908
Fees and charges	18,133,424	-	519,803	-	18,653,227
Interest revenue	-	-	335,136	10,700,218	11,035,354
Other revenue	-	-	-	3,345,400	3,345,400
Capital grants, subsidies and contributions	-	21,402,196	-	-	21,402,196
<b>Total</b>	<b>21,404,332</b>	<b>21,402,196</b>	<b>79,960,262</b>	<b>14,045,618</b>	<b>136,812,408</b>

**For the year ended 30 June 2024**

Nature	Contracts with customers	Capital grant/contributions	Statutory requirements	Other	Total
	\$	\$	\$	\$	\$
Rates	-	-	68,960,590	-	68,960,590
Grants, subsidies and contributions	4,271,845	-	-	-	4,271,845
Fees and charges	15,510,329	-	303,896	-	15,814,225
Interest revenue	-	-	456,915	10,155,266	10,612,181
Other revenue	-	-	-	1,817,429	1,817,429
Capital grants, subsidies and contributions	-	5,718,558	-	-	5,718,558
<b>Total</b>	<b>19,782,174</b>	<b>5,718,558</b>	<b>69,721,401</b>	<b>11,972,695</b>	<b>107,194,828</b>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

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

**(a) Revenue (Continued)**

Note	2025 Actual \$	2024 Actual \$
<b>Assets and services acquired below fair value</b>		
Contributed assets	16,453,494	-
	16,453,494	-
<b>Interest revenue</b>		
Interest on investments	10,700,218	10,155,266
Trade and other receivables overdue interest	277,778	456,915
Other interest revenue	57,358	-
	11,035,354	10,612,181
The 2025 original budget estimate in relation to: Trade and other receivables overdue interest was \$280,000.		
<b>Fees and charges relating to rates receivable</b>		
Charges on instalment plan	49,168	45,538
The 2025 original budget estimate in relation to: Charges on instalment plan was \$65,000.		

**(b) Expenses**

<b>Auditors remuneration</b>		
- Audit of the Annual Financial Report	180,448	164,741
- Internal audit	41,220	75,805
- Other Audits	8,400	-
	230,068	240,546
<b>Employee Costs</b>		
Employee benefit costs	34,696,109	32,325,292
Other employee costs	2,541,476	1,789,081
	37,237,585	34,114,373
<b>Finance costs</b>		
Provisions: unwinding of discount	18	619,771
Borrowings	1,105,684	1,206,715
Lease liabilities	5,272	2,181
	1,730,727	1,749,553
<b>Other expenditure</b>		
Impairment losses on rates and statutory receivables	-	(29,637)
Impairment losses on trade receivables	71,573	(21,455)
Bad debt expenditure	38,734	355,680
Grants	1,673,119	702,648
Elected members remuneration	381,860	565,535
Sundry expenses	90,979	361,343
	2,256,265	1,934,114

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**3. CASH AND CASH EQUIVALENTS**

Note	2025	2024
	\$	\$
Cash at bank and on hand	22,468,609	24,044,945
Term deposits	20,001,000	40,001,000
<b>Total cash and cash equivalents</b>	<b>42,469,609</b>	<b>64,045,945</b>
Held as		
- Unrestricted cash and cash equivalents	8,840,522	9,963,740
- Restricted cash and cash equivalents	33,629,087	54,082,205
	<b>42,469,609</b>	<b>64,045,945</b>

**MATERIAL ACCOUNTING POLICIES**

**Cash and cash equivalents**

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

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

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

**Restricted financial assets**

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

**4. OTHER FINANCIAL ASSETS**

Note	2025	2024
	\$	\$
<b>(a) Current assets</b>		
Financial assets at amortised cost	155,000,000	120,000,000
	<b>155,000,000</b>	<b>120,000,000</b>
<b>Other financial assets at amortised cost</b>		
Term deposits	155,000,000	120,000,000
	<b>155,000,000</b>	<b>120,000,000</b>
Held as		
- Restricted other financial assets at amortised cost	155,000,000	120,000,000
	<b>155,000,000</b>	<b>120,000,000</b>
<b>(b) Non-current assets</b>		
Financial assets at fair values through other comprehensive income	159,239	142,442
	<b>159,239</b>	<b>142,442</b>
<b>Financial assets at fair values through other comprehensive income</b>		
Financial assets at fair values through other comprehensive income [describe]	159,239	142,442
	<b>159,239</b>	<b>142,442</b>

**MATERIAL ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

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

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates. They are classified as level 2 fair values in the fair value hierarchy (see Note 0 (ob) due to the observable market rates).

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

**Financial assets at fair values through other comprehensive income**

The Town classifies the following financial assets at fair value through other comprehensive income:

- debt investments which do not qualify for measurement at either amortised cost or fair value through profit or loss.
- equity investments which the Town has elected to recognise as fair value gains and losses through other comprehensive income.

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 24.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

**5. TRADE AND OTHER RECEIVABLES**

<b>Note</b>	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Rates and statutory receivables	3,072,464	2,978,725
Trade receivables	7,701,786	1,541,009
GST receivable	935,605	761,446
Allowance for credit losses of rates and statutory receivables	(23,842)	(107,095)
Allowance for credit losses of trade receivables	(122,590)	(51,017)
24(b)	11,563,423	5,123,068
<b>Non-current</b>		
Pensioner rates and ESL deferred	21,392	32,084
	21,392	32,084

**MATERIAL ACCOUNTING POLICIES**

**Rates and statutory receivables**

Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from ratepayers for unpaid rates and service charges and other statutory charges or fines.

Rates and statutory receivables are recognised when the taxable event has occurred and can be measured reliably.

**Trade receivables**

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations or for the construction of recognisable non financial assets as part of the ordinary course of business.

**Measurement**

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

**Classification and subsequent measurement**

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

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

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

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 24.

**6. INVENTORIES**

<b>Note</b>	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Inventory - Depot	982,903	1,025,967
Inventory - JD Hardie	1,381	1,370
Inventory - Leisure	10,851	1,382
Inventory - Matt Dann Theatre & Cinema	7,579	5,616
	1,002,714	1,034,335
The following movements in inventories occurred during the year:		
<b>Balance at beginning of year</b>	1,034,335	790,369
Additions to inventory	-	425,755
Inventories expensed during the year	(31,621)	(181,789)
<b>Balance at end of year</b>	1,002,714	1,034,335

**MATERIAL ACCOUNTING POLICIES**

**General**

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

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

**7. OTHER ASSETS**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Other assets - current</b>		
Prepayments	472,366	1,195,935
Accrued income	3,003,415	1,220,295
	<b>3,475,781</b>	<b>2,416,230</b>
<b>Non-current assets</b>		
Prepayments	1,264,441	1,296,052
	<b>1,264,441</b>	<b>1,296,052</b>

**MATERIAL ACCOUNTING POLICIES**

**Other current assets**

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

**8. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in balances**

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

	Assets not subject to operating lease			Total property			Plant and equipment				
	Note	Land	Buildings - non-specialised	Buildings - specialised	Land	Buildings	Total property	Furniture and equipment	Plant and equipment	Work in progress	Total property, plant and equipment
		\$	\$		\$	\$	\$	\$	\$	\$	\$
*Restated balance at 1 July 2023		11,265,277	26,148,954	72,498,135	11,265,277	98,647,089	109,912,366	3,450,248	7,050,468	23,757,335	144,170,417
Additions		116,740	5,790,656	11,136,023	116,740	16,926,679	17,043,419	1,317,236	3,654,504	(11,204,579)	10,810,580
Disposals		-	-	-	-	-	-	-	(292,819)	-	(292,819)
Revaluation (loss) / reversals transferred to profit or loss		-	(4,550)	(507,335)	-	(511,885)	(511,885)	-	-	-	(511,885)
*Depreciation		-	(1,495,378)	(4,762,224)	-	(6,257,602)	(6,257,602)	(1,009,448)	(1,776,285)	-	(9,043,335)
Restated balance at 30 June 2024		11,382,017	30,439,682	78,364,599	11,382,017	108,804,281	120,186,298	3,758,036	8,635,868	12,552,756	145,132,958
Comprises:											
*Restated Gross balance amount at 30 June 2024		11,382,017	39,419,012	122,322,640	11,382,017	161,741,652	173,123,669	8,901,835	15,746,770	12,552,756	210,325,030
Restated Accumulated depreciation at 30 June 2024		-	(8,974,780)	(42,940,822)	-	(51,915,602)	(51,915,602)	(5,143,799)	(7,110,902)	-	(64,170,303)
Restated Accumulated impairment loss at 30 June 2024		-	(4,550)	(1,017,219)	-	(1,021,769)	(1,021,769)	-	-	-	(1,021,769)
Restated balance at 30 June 2024	8(b)	11,382,017	30,439,682	78,364,599	11,382,017	108,804,281	120,186,298	3,758,036	8,635,868	12,552,756	145,132,958
Additions		-	443,399	1,662,216	-	2,105,615	2,105,615	63,439	1,731,526	13,010,476	16,911,056
Disposals		-	-	-	-	-	-	-	(661,834)	-	(661,834)
Revaluation increments / (decrements) transferred to revaluation surplus		48,903	10,773,328	42,321,668	48,903	53,094,996	53,143,899	-	-	-	53,143,899
Asset write off		-	-	(6,800)	-	(6,800)	(6,800)	-	-	-	(6,800)
Depreciation		-	(1,810,572)	(5,813,780)	-	(7,624,352)	(7,624,352)	(1,339,795)	(1,862,370)	-	(10,826,517)
Transfers		(20)	743,378	11,242,457	(20)	11,985,835	11,985,815	497,808	(53,343)	-	12,430,280
Balance at 30 June 2025		11,430,900	40,589,215	127,770,360	11,430,900	168,359,575	179,790,475	2,979,488	7,789,847	25,563,232	216,123,042
Comprises:											
Gross balance amount at 30 June 2025		11,430,900	45,134,287	164,868,571	11,430,900	210,002,858	221,433,758	9,192,103	13,177,632	25,563,232	269,366,725
Accumulated depreciation at 30 June 2025		-	(4,545,072)	(37,098,211)	-	(41,643,283)	(41,643,283)	(6,212,615)	(5,387,785)	-	(53,243,683)
Balance at 30 June 2025	8(b)	11,430,900	40,589,215	127,770,360	11,430,900	168,359,575	179,790,475	2,979,488	7,789,847	25,563,232	216,123,042

\* See note 33 for details regarding the correction of prior period errors



**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

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

**(b) Carrying amount 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>(i) Fair value - as determined at the last valuation date</b>					
<b>Land and buildings</b>					
Land - market value	Level 2	Market approach	Independent registered valuer	June 2025	Price per square meter
Total land					
Buildings - non specialised	Level 2	Market & Cost approach	Independent registered valuer	June 2025	Highest and best use in accordance with current market
Buildings - specialised	Level 3	Cost approach	Independent registered valuer	June 2025	Construction costs and current condition, residual values and remaining useful life assessment inputs.
Total buildings					
<b>(ii) Cost</b>					
Furniture and equipment	Level 2	Cost approach	Cost	NA	Direct cost
Plant and equipment	Level 2	Cost approach	Cost	NA	Direct cost

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

**9. INFRASTRUCTURE**

**(a) Movements in balances**

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

	Infrastructure - roads and bridges	Infrastructure - drainage	Infrastructure - paths and cycles	Infrastructure - parks and ovals	Infrastructure - other	Infrastructure - bus shelters	Infrastructure - depot	Infrastructure - work in progress	Total infrastructure
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>*Restated Balance at 1 July 2023</b>	259,510,369	32,712,517	40,745,059	24,754,864	50,175,364	562,106	720,521	17,503,947	426,684,747
Additions	4,790,155	3,112,381	1,456,232	56,321	7,914,692	-	-	2,610,710	19,940,491
(Disposals)	-	-	-	-	(426,119)	-	-	-	(426,119)
Impairment (losses) / reversals	-	-	-	(215,936)	(251,588)	-	-	-	(467,524)
*Depreciation	(9,332,589)	(502,521)	(1,056,611)	(2,008,208)	(2,365,619)	(39,340)	(17,347)	-	(15,322,235)
<b>Restated Balance at 30 June 2024</b>	254,967,935	35,322,377	41,144,680	22,587,041	55,046,730	522,766	703,174	20,114,657	430,409,360
<b>Comprises:</b>									
*Restated Gross balance at 30 June 2024	398,493,708	43,597,447	61,871,183	37,196,492	67,743,498	763,443	901,754	20,114,657	630,682,182
Restated Accumulated depreciation at 30 June 2024	(143,525,773)	(8,275,070)	(20,726,503)	(14,609,451)	(12,696,768)	(240,677)	(198,580)	-	(200,272,822)
<b>Restated Balance at 30 June 2024</b>	254,967,935	35,322,377	41,144,680	22,587,041	55,046,730	522,766	703,174	20,114,657	430,409,360
Additions#	15,405,624	2,548,563	2,625,553	282,199	3,773,366	122,979	-	3,552,476	28,310,760
Revaluation increments / (decrements) transferred to revaluation surplus	-	-	-	-	-	(174,105)	-	-	(174,105)
Asset write off	-	(168,528)	-	-	-	-	-	-	(168,528)
Depreciation	(9,890,035)	(716,129)	(1,358,674)	(1,944,815)	(2,919,264)	(53,818)	(61,065)	-	(16,943,800)
Transfers (net)	(964,667)	911,439	(40,169)	(64,609)	(12,270,576)	(1,698)	-	-	(12,430,280)
<b>Balance at 30 June 2025</b>	259,518,857	37,897,722	42,371,390	20,859,816	43,630,256	416,124	642,109	23,667,133	429,003,407
<b>Comprises:</b>									
Gross balance at 30 June 2025	412,071,527	47,528,983	64,415,074	34,517,250	54,880,592	548,417	901,754	23,667,133	638,530,730
Accumulated depreciation at 30 June 2025	(152,552,670)	(9,631,261)	(22,043,684)	(13,657,434)	(11,250,336)	(132,293)	(259,645)	-	(209,527,323)
<b>Balance at 30 June 2025</b>	259,518,857	37,897,722	42,371,390	20,859,816	43,630,256	416,124	642,109	23,667,133	429,003,407

# Asset additions included non-cash additions. Refer to note 20(c).

\* See note 33 for details regarding the correction of prior period errors

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

**9. INFRASTRUCTURE (Continued)**

**(b) Carrying amount 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>(i) Fair value - as determined at the last valuation date</b>					
<b>Infrastructure - roads and bridges</b>	Level 3	Cost approach, using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessment inputs.
<b>Infrastructure - drainage</b>	Level 3	Cost approach, using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessment inputs.
<b>Infrastructure - paths and cycles</b>	Level 3	Cost approach, using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessment inputs.
<b>Infrastructure - parks and ovals</b>	Level 3	Cost approach, using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessment inputs.
<b>Infrastructure - other</b>	Level 3	Cost approach, using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessment inputs.
<b>Infrastructure - bus shelters</b>	Level 3	Cost approach, using current replacement cost	Independent registered valuer	June 2025	Construction costs and current condition, residual values and remaining useful life assessment inputs.
<b>Infrastructure - depot</b>	Level 3	Cost approach, using current replacement cost	Independent registered valuer	June 2023	Construction costs and current condition, residual values and remaining useful life assessment inputs.

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

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

**10. FIXED ASSETS**

**(a) Depreciation**

**Depreciation rates**

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

<b>Asset class</b>	<b>Useful life</b>
Land - freehold land	N/A
Buildings	
- substructure	1 to 150 years
- superstructure	2 to 90 years
- roof	10 to 131 years
- finishes and fittings	1 to 140 years
- services	1 to 86 years
- hotwater/airconditioning	2 to 18 years
Furniture and equipment	2 to 40 years
Plant and equipment	1 to 30 years
Bridges	1 to 100 years
Sealed roads and streets	
- formation	not depreciated
- pavement seal	50 to 180 years
- bituminous seals	55 to 150 years
- asphalt surfaces	15 to 35 years
- formation	not depreciated
- pavement	50 years
- gravel sheet	12 years
Kerbing	1 to 30 years
Formed Roads	
- formation	not depreciated
- pavement	12 to 15 years
Infrastructure - Parks and ovals	1 to 999 years
Infrastructure - Bus shelters	15 years
Infrastructure - Depot	5 to 999 years
Infrastructure - Drainage	1 to 120 years
Infrastructure - Other	1 to 100 years
Right of use (buildings)	Based on the remaining lease
Right of use (plant and equipment)	Based on the remaining lease
Amortisation of rehabilitation asset	Based on the remaining life of landfill asset

**(b) Fully depreciated assets in use**

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

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Buildings - non specialised	4,192	-
Buildings - specialised	972,806	1,190,000
Furniture and equipment	3,505,153	1,746,430
Plant and equipment	1,400,736	1,494,582
Infrastructure - roads and bridges	15,134,848	6,482
Infrastructure - parks and ovals	279,338	731,399
Infrastructure - other	204,328	39,732
	<b>21,501,401</b>	<b>5,208,625</b>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

**10. FIXED ASSETS (Continued)**

**MATERIAL ACCOUNTING POLICIES**

**Initial recognition**

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the 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. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

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

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

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the Town's revaluation policy, are recognised at cost and disclosed as being at reportable value.

**Measurement after recognition**

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2)*. Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses being their reportable value.

**Reportable value**

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of non-financial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value is for the purpose of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

**Revaluation**

Land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on land vested in the Town.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the Town to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

**Depreciation**

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

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

**Depreciation on revaluation**

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

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; or
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

**Impairment**

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the Town is not required to comply with *AASB 136 Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the 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 or losses on disposal**

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**  
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**11. LEASES**

**(a) Right-of-use assets**

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

Note	Right-of-use assets - land and buildings	Right-of-use assets - plant and equipment	Total right-of-use assets
	\$	\$	\$
<b>Balance at 1 July 2023</b>	88,340	22,135	110,475
Depreciation	(47,229)	(22,135)	(69,364)
<b>Balance at 30 June 2024</b>	41,111	-	41,111
Gross balance amount at 30 June 2024	264,951	318,747	583,698
Accumulated depreciation at 30 June 2024	(223,840)	(318,747)	(542,587)
<b>Balance at 30 June 2024</b>	41,111	-	41,111
Additions *	289,449	-	289,449
Depreciation	(60,406)	-	(60,406)
<b>Balance at 30 June 2025</b>	270,154	-	270,154
Gross balance amount at 30 June 2025	554,400	-	554,400
Accumulated depreciation at 30 June 2025	(284,246)	-	(284,246)
<b>Balance at 30 June 2025</b>	270,154	-	270,154

\* Right of use asset additions are non-cash additions. Refer to note 20(c).

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

	2025 Actual	2024 Actual
	\$	\$
Depreciation on right-of-use assets	(60,406)	(69,364)
Finance charge on lease liabilities	(4,976)	(2,181)
<b>Total amount recognised in the statement of comprehensive income</b>	<b>(65,382)</b>	<b>(71,545)</b>
Total cash outflow from leases	(56,993)	(133,108)

**(b) Lease liabilities**

Current	48,960	36,498
Non-current	224,970	-
<b>Total</b>	<b>273,930</b>	<b>36,498</b>

**MATERIAL ACCOUNTING POLICIES**

**Leases**

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

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

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

Details of individual lease liabilities required by regulations are provided at Note 30(b).

Refer to Note 12 for details of leased investment property.

**Right-of-use assets - measurement**

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

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

**Right-of-use assets - depreciation**

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

**TOWN OF PORT HEDLAND**  
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**12. INVESTMENT PROPERTY**

**Airport land**

Carrying balance at 1 July

Net gain/(loss) from fair value adjustment

Closing balance at 30 June

**Amounts recognised in profit or loss for investment properties**

Rental income

Direct operating expenses from property that generated rental income

Fair value gain recognised in profit or loss

	2025 Actual	2024 Actual
	\$	\$
Carrying balance at 1 July	41,686,907	45,027,262
Net gain/(loss) from fair value adjustment	5,278	(3,340,355)
Closing balance at 30 June	41,692,185	41,686,907
<b>Amounts recognised in profit or loss for investment properties</b>		
Rental income	924,160	924,160
Direct operating expenses from property that generated rental income	(31,611)	(31,611)
Fair value gain recognised in profit or loss	5,278	(3,340,355)

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

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

**Valuation of investment property**

The investment property was revalued in June 2024 in line with AASB 13 Fair Value Measurement.

Description of investment property	Extend	Title Area (m2)	Lease plan area (m2)
Lot 9004 on Deposited Plan 404823	Whole	1,506,084	1506084
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	106,993	106,998
Lot 15 on Deposited Plan 161311	Whole	34,423	34,398
Lot 29 on Deposited Plan 404824	Whole	105,145	105,091
Part of Lot 9006 on Deposited Plan 404823	Part	329,316	302,831
Part of Lot 9007 on Deposited Plan 404824	Part	2,472,149	2,458,909
Part of Lot 9008 on Deposited Plan 404824	Part	3,104,307	2,864,578
		8,458,486	8,178,958

**Amounts recognised in income statement for investment property**

The investment property is leased out as an operating lease over 50 years. The lessee paid upfront for the use of the investment property. The rental income amount of \$924,160 for the period 1 July 2024 to 30 June 2025 is included in revenue.

	Note	2025	2024
		\$	\$
Lease premium prepaid received		46,207,830	46,207,830
Amount recognised		(8,600,480)	(7,676,320)
		37,607,350	38,531,510
Current liability - lease premium prepaid	15	924,160	924,160
Non-current liability - lease premium prepaid	15	36,683,189	37,607,350
		37,607,349	38,531,510

TOWN OF PORT HEDLAND  
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12. INVESTMENT PROPERTY (Continued)

(b) Net carrying value of Airport Reserve

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

Note	2025 Actual	2025 Budget	2024 Actual
31	1,595,891	3,495,891	3,385,991

(c) Additional information

An upside agreement was signed, ensuring an additional ten million dollars income over the next 50 years based on passenger number growth. This is billable yearly in arrears when passenger growth exceeds a set baseline passenger number. During the current year \$144,672 was recognised as revenue.

MATERIAL ACCOUNTING POLICIES

Investment property

Investment property is principally freehold land, held for long-term rental yields and not occupied by the Town. Investment property is carried at fair value, in accordance with the material accounting policies disclosed at Note 10.

Fair value of investment property

An independent valuation was performed to determine the fair value of investment property. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties on a vacant possession basis.

As the property is subject to a lease the fair value has been determined on the present value of the towns remainder interest and the value of unearned lease payments received in advance.

These inputs are determined to be level 3 inputs.



**TOWN OF PORT HEDLAND  
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FOR THE YEAR ENDED 30 JUNE 2025**

**13. REHABILITATION ASSETS**

	<b>2025 Actual</b>	<b>2024 Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Non-current</b>		
Landfill rehabilitation	13,244,931	13,244,931
Less: Accumulated amortisation	(2,823,206)	(1,875,777)
	<b>10,421,725</b>	<b>11,369,154</b>
 <b>Balance at 1 July</b>	 11,369,154	 11,896,893
Amortisation	(947,429)	(947,429)
Revaluation of landfill	-	419,690
<b>TOTAL REHABILITATION ASSET</b>	<b>10,421,725</b>	<b>11,369,154</b>

**Amortisation**

The estimated useful life of rehabilitation assets is 12 years for the current and prior years.

**MATERIAL ACCOUNTING POLICIES**

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

The rehabilitation asset is subsequently measured using the revaluation method.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

**14. TRADE AND OTHER PAYABLES**

**Current**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Trade creditors	575,866	5,708
Prepaid rates	323,439	892,341
Accrued salaries and wages	1,089,661	1,022,364
Statutory liabilities	608,110	195,379
Bonds and levies	109,079	110,599
Accrued expenditure	4,924,657	1,925,576
Retentions	213,752	143,046
	<b>7,844,564</b>	<b>4,295,013</b>

**Non-current**

Bonds and levies	16,671	13,471
	<b>16,671</b>	<b>13,471</b>

**MATERIAL ACCOUNTING POLICIES**

**Financial liabilities**

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

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

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

**Statutory liabilities**

Statutory liabilities, are amounts owed to regulatory authorities due to statutory obligations such as FBT and PAYG. GST payable is offset against GST receivable and any net GST payable is included as a statutory liability.

**Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Town prior to the end of the financial year that are unpaid and arise when the Town becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**Prepaid rates**

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

**TOWN OF PORT HEDLAND  
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FOR THE YEAR ENDED 30 JUNE 2025**

**15. OTHER LIABILITIES**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Operating grant/contributions liabilities	1,095,791	778,151
Capital grant/contributions liabilities	9,177,959	3,346,111
Lease premium prepaid	924,160	924,160
	<b>11,197,910</b>	<b>5,048,422</b>
<b>Non-current</b>		
Lease premium prepaid	36,683,189	37,607,350
	<b>36,683,189</b>	<b>37,607,350</b>
<b>Reconciliation of changes in capital grant/contribution liabilities</b>		
Opening balance	3,346,111	2,251,080
Additions	7,789,334	5,349,735
Revenue from capital grant/contributions held as a liability at the start of the period	(1,957,486)	(4,254,704)
	<b>9,177,959</b>	<b>3,346,111</b>
<b>Expected satisfaction of capital grant/contribution liabilities</b>		
Less than 1 year	8,943,860	3,346,111
1 to 2 years	234,099	-
	<b>9,177,959</b>	<b>3,346,111</b>

**MATERIAL ACCOUNTING POLICIES**

**Capital grant/contribution liabilities**

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

**TOWN OF PORT HEDLAND  
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**16. BORROWINGS**

	Note	2025			2024		
		Current	Non-current	Total	Current	Non-current	Total
<b>Secured</b>		\$	\$	\$	\$	\$	\$
WATC loans		2,098,787	17,871,610	19,970,397	2,008,577	19,970,392	21,978,969
<b>Total secured borrowings</b>	30(a)	2,098,787	17,871,610	19,970,397	2,008,577	19,970,392	21,978,969

**MATERIAL ACCOUNTING POLICIES**

**Borrowing costs**

The Town has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 26(i)) due to the unobservable inputs, including own credit risk.

**Risk**

Details of individual borrowings required by regulations are provided at Note 30(a).

Information regarding exposure to risk can be found at Note 24.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**17. EMPLOYEE RELATED PROVISIONS**

**Employee related provisions**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<b>Current provisions</b>		
<b>Employee benefit provisions</b>		
Annual leave	1,875,990	1,642,355
Long service leave	599,380	540,155
Other employee leave provisions	128,932	-
	<b>2,604,302</b>	<b>2,182,510</b>
<b>Total current employee related provisions</b>	<b>2,604,302</b>	<b>2,182,510</b>
<b>Non-current provisions</b>		
<b>Employee benefit provisions</b>		
Long service leave	693,914	461,137
	<b>693,914</b>	<b>461,137</b>
<b>Total non-current employee related provisions</b>	<b>693,914</b>	<b>461,137</b>
<b>Total employee related provisions</b>	<b>3,298,216</b>	<b>2,643,647</b>

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

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

	<b>Note</b>	<b>2025</b>	<b>2024</b>
		<b>\$</b>	<b>\$</b>
<b>Amounts are expected to be settled on the following basis:</b>			
Less than 12 months after the reporting date		1,197,726	1,074,540
More than 12 months from reporting date		2,100,490	1,569,107
		<b>3,298,216</b>	<b>2,643,647</b>

**MATERIAL ACCOUNTING POLICIES**

**Employee benefits**

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

**Short-term employee benefits**

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

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

**Other long-term employee benefits**

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

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

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**18. OTHER PROVISIONS**

	Landfill rehabilitation	Other Provisions	Library reinstatement	Provision for Guarantee fees	Total
	\$	\$	\$	\$	\$
<b>Opening balance at 1 July 2024</b>					
Current provisions	-	2,391,971	-	-	2,391,971
Non-current provisions	13,783,961	-	15,323	-	13,799,284
	13,783,961	2,391,971	15,323	-	16,191,255
Additional provision Amounts used	494,615	-	-	70,410	565,025
Unused amounts reversed Charged	-	(1,991,971)	-	-	(1,991,971)
to profit or loss	-	(400,000)	-	-	(400,000)
- unwinding of discount	619,771	-	-	-	619,771
<b>Balance at 30 June 2025</b>	14,898,347	-	15,323	70,410	14,984,080
<b>Comprises</b>					
Current	-	-	-	70,410	70,410
Non-current	14,898,347	-	15,323	-	14,913,670
	14,898,347	-	15,323	70,410	14,984,080

**MATERIAL ACCOUNTING POLICIES**

**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.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**19. REVALUATION SURPLUS**

	<b>2025 Opening balance</b>	<b>Total Movement on revaluation</b>	<b>2025 Closing balance</b>	<b>Restated 2024 Opening balance</b>	<b>Restated Total Movement on revaluation</b>	<b>Restated 2024 Closing balance</b>
	\$	\$	\$	\$	\$	\$
<b>Property, plant and equipment</b>						
Revaluation Surplus - Land	7,359,718	48,903	7,408,621	7,359,718	-	7,359,718
Revaluation Surplus - Buildings	6,401,982	53,094,996	59,496,978	6,401,982	-	6,401,982
Revaluation Surplus - Furniture, Fittings & Equipment	385,359	-	385,359	385,359	-	385,359
<b>Subtotal</b>	<b>14,147,059</b>	<b>53,143,899</b>	<b>67,290,958</b>	<b>14,147,059</b>	<b>-</b>	<b>14,147,059</b>
<b>Infrastructure</b>						
Revaluation Surplus - Roads & bridges	151,758,454	-	151,758,454	151,758,454	-	151,758,454
Revaluation Surplus - Drainage	6,181,925	-	6,181,925	6,181,925	-	6,181,925
Revaluation Surplus - Paths & cycleways	29,252,370	-	29,252,370	29,252,370	-	29,252,370
Revaluation Surplus - Open spaces	4,540,221	-	4,540,221	4,540,221	-	4,540,221
Revaluation Surplus - Other infrastructure	547,551	-	547,551	547,551	-	547,551
Revaluation Surplus - Bus shelters	482,609	(174,105)	308,504	482,609	-	482,609
Revaluation Surplus - Depot	-	-	-	-	-	-
<b>Subtotal</b>	<b>192,763,130</b>	<b>(174,105)</b>	<b>192,589,025</b>	<b>192,763,130</b>	<b>-</b>	<b>192,763,130</b>
<b>Investment property</b>						
Revaluation Surplus - Airport land	25,293,347	-	25,293,347	25,293,347	-	25,293,347
<b>Subtotal</b>	<b>25,293,347</b>	<b>-</b>	<b>25,293,347</b>	<b>25,293,347</b>	<b>-</b>	<b>25,293,347</b>
<b>Intangibles</b>						
Revaluation Surplus - Landfill	536,114	(494,615)	41,499	534,813	1,301	536,114
<b>Subtotal</b>	<b>536,114</b>	<b>(494,615)</b>	<b>41,499</b>	<b>534,813</b>	<b>1,301</b>	<b>536,114</b>
Revaluation Surplus - Local government trust investment	2,305	16,797	19,102	2,305	-	2,305
	<b>2,305</b>	<b>16,797</b>	<b>19,102</b>	<b>2,305</b>	<b>-</b>	<b>2,305</b>
	<b>232,741,955</b>	<b>52,491,976</b>	<b>285,233,931</b>	<b>232,740,654</b>	<b>1,301</b>	<b>232,741,955</b>

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**20. 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>Note</b>	<b>2025</b> <b>\$</b>	<b>2024</b> <b>\$</b>
Cash and cash equivalents	3	42,469,609	64,045,945
<b>Restrictions</b>			
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents	3	33,629,087	54,082,205
- Financial assets at amortised cost	4	155,000,000	120,000,000
		188,629,087	174,082,205
The restricted financial assets are a result of the following specific purposes to which the assets may be used:			
Restricted reserve accounts	31	188,629,087	174,082,205
<b>Total restricted financial assets</b>		188,629,087	174,082,205
<b>(b) Reconciliation of net result to net cash provided by operating activities</b>			
Net result		30,791,159	8,476,585
Non-cash items:			
Adjustments to fair value of investment property		(5,278)	3,340,355
Depreciation/amortisation		28,778,154	25,382,363
Revaluation increment		(1,152,062)	
(Profit)/loss on sale of asset		(529,892)	(212,402)
Loss on revaluation of fixed assets	8(a), 9(a)	175,328	1,405,528
Non-cash movement to non-current asset		16,797	
Bad debt write off - SSL		-	264,484
Assets received for substantially less than fair value		(16,453,494)	-
(Increase)/decrease in trade and other receivables		(6,429,663)	(1,483,926)
(Increase)/decrease in other assets		(1,027,940)	(815,661)
(Increase)/decrease in inventories		31,621	(243,966)
Increase/(decrease) in trade and other payables		3,552,751	(1,620,998)
Increase/(decrease) in employee related provisions		654,569	243,898
Increase/(decrease) in other provisions		(1,701,790)	540,657
Increase/(decrease) in other liabilities		5,225,327	228,326
Capital grants, subsidies and contributions		(10,576,396)	(6,875,934)
Net cash provided by/(used in) operating activities		31,349,191	28,629,309
<b>(c) Non-cash investing and financing activities</b>			
Acquisition of infrastructure below fair value	9(a)	16,453,494	-
Movement in other provision through revaluation surplus	18	494,615	-
Acquisition of right of use assets by means of a lease	11(a)	289,449	-
<b>(d) Undrawn borrowing facilities</b>			
<b>Credit standby arrangements</b>			
Credit card limit		300,000	215,000
Credit card balance at balance date		(58,429)	(46,399)
<b>Total amount of credit unused</b>		241,571	168,601
<b>Loan facilities</b>			
Loan facilities - current	16	2,098,787	2,008,577
Loan facilities - non-current	16	17,871,610	19,970,392
<b>Total facilities in use at balance date</b>		19,970,397	21,978,969
<b>Unused loan facilities at balance date</b>		241,571	168,601



**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

**21. CONTINGENT LIABILITIES**

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

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

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

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

In addition, the Town in conjunction with PHIA have completed the construction of a formalised Asbestos Containment Cell to safely contain ACM disposed of inappropriately across the site in historical dump points. This has effectively eliminated future risk and provided compliant containment in line with DWER requirements.

**22. CAPITAL COMMITMENTS**

Contracted for:

- capital expenditure projects
- plant & equipment purchases

Payable:

- not later than one year
- payable later than one year

2025	2024
\$	\$
7,460,777	12,411,594
970,070	109,616
8,430,847	12,521,210
8,131,229	11,371,382
299,618	1,149,828
8,430,847	12,521,210

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

**23. RELATED PARTY TRANSACTIONS**

**(a) Council member remuneration**

Fees, expenses and allowances to be paid or reimbursed to council members.

	Note	2025	2024
		\$	\$
Mayor's annual allowance		60,000	80,840
Mayor's meeting attendance fees		43,444	49,384
Mayor's other expenses		2,955	7,783
Mayor's annual allowance for ICT expenses		2,000	3,500
Mayor's travel and accommodation expenses		50,243	18,223
		158,642	159,730
Deputy Mayor's annual allowance		13,750	20,210
Deputy Mayor's meeting attendance fees		30,805	32,921
Deputy Mayor's other expenses		1,454	9,491
Deputy Mayor's annual allowance for ICT expenses		2,000	3,500
Deputy Mayor's travel and accommodation expenses		11,944	7,146
		59,953	73,268
All other council member's meeting attendance fees		169,587	219,517
All other council member's All other council member expenses		4,567	66,545
All other council member's annual allowance for ICT expenses		11,168	23,345
All other council member's travel and accommodation expenses		23,773	23,130
		209,095	332,537
	23(b)	427,690	565,535

**(b) Key management personnel (KMP) compensation**

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

Short-term employee benefits		1,255,488	1,485,333
Post-employment benefits		151,358	170,995
Employee - other long-term benefits		162,081	164,461
Employee - termination benefits		-	179,317
Council member costs	23(a)	427,690	565,535
		1,996,617	2,565,641

*Short-term employee benefits*

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

*Post-employment benefits*

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

*Other long-term benefits*

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

*Termination benefits*

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

*Council member costs*

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

**23. RELATED PARTY TRANSACTIONS (Continued)**

**(c) Transactions with related parties**

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

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

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

	2025	2024
	\$	\$
Purchase of goods and services	23,056	34,672

**(d) Related parties**

**The Town's main related parties are as follows:**

*Key management personnel*

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

**24. FINANCIAL RISK MANAGEMENT**

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

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
<b>Market risk - interest rates</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

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

**(a) Interest rate risk**

**Cash and cash equivalents**

Cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Town to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts.

**Borrowings**

New borrowings are 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 Town does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 29(a).

**(b) Credit risk**

**Trade and other receivables**

The Town's major trade and other receivables comprise contractual non-statutory user fees and charges, grants, contributions and reimbursements. 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.

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

The Town applies the AASB 9 Financial Instruments simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, receivables from grants, contributions and reimbursements are separated from other trade receivables due to the difference in payment terms and security.

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2024 or 1 July 2025 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2025 and 30 June 2024 was determined as follows for trade and other receivables.

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

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

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
<b>30 June 2025</b>					
<b>Trade receivables</b>					
Expected credit loss	0.46%	2.11%	7.94%	63.46%	
Gross carrying amount	6,433,824	1,051,933	125,293	96,156	7,707,206
Loss allowance	29,383	22,232	9,954	61,021	122,590
<b>30 June 2024</b>					
<b>Trade receivables</b>					
Expected credit loss	0.53%	2.29%	8.91%	31.33%	
Gross carrying amount	1,285,860	71,524	60,744	118,548	1,536,676
Loss allowance	6,821	1,639	5,413	37,144	51,017

***Rates receivable***

Most rates receivable are debts arising from outstanding rates and interest charges. The ECL has been calculated based on known and anticipated changed circumstances, that may impact the recoverability of receivables for rateable properties for which a lease is held.

	Less than 1 year past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
<b>30 June 2025</b>					
<b>Rates receivables less prepaid rates</b>					
Expected credit loss	0.21%	0.84%	2.25%	10.45%	
Gross carrying amount	2,240,504	277,880	98,883	140,218	2,757,485
Loss allowance	4,641	2,334	2,220	14,647	23,842
<b>30 June 2024</b>					
<b>Rates receivables less prepaid rates</b>					
Expected credit loss	0.89%	6.24%	9.85%	40.37%	
Gross carrying amount	1,651,847	182,127	85,711	179,610	2,099,295
Loss allowance	14,781	11,365	8,446	72,503	107,095

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2025**

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

**(b) Credit risk (Continued)**

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

	Trade receivables		Rates receivables	
	2025	2024	2025	2024
	\$	\$	\$	\$
<b>Opening loss allowance as at 1 July</b>	51,017	72,472	107,095	136,732
Increase/Decrease in loss allowance recognised in profit or loss during the year	71,573	(21,455)	(83,253)	(29,637)
<b>Closing loss allowance at 30 June</b>	122,590	51,017	23,842	107,095

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

Impairment losses on rates and statutory receivables, trade, other receivables and contract assets are presented as net impairment losses within other expenditure. Subsequent recoveries of amounts previously written off are credited against the same line item.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

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

**(c) Liquidity risk**

**Payables and 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.

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

	<b>Due within 1 year</b>	<b>Due between 1 &amp; 5 years</b>	<b>Due after 5 years</b>	<b>Total contractual cash flows</b>	<b>Carrying amount</b>
<b>2025</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trade and other payables	7,861,235	-	-	7,861,235	7,861,235
Borrowings	2,975,684	9,805,159	13,442,728	26,223,571	19,970,397
Lease liabilities	61,301	246,189	-	307,490	273,930
	<b>10,898,220</b>	<b>10,051,348</b>	<b>13,442,728</b>	<b>34,392,296</b>	<b>28,105,562</b>
<b>2024</b>					
Trade and other payables	4,295,013	-	-	4,295,013	4,295,013
Borrowings	2,008,574	9,284,731	10,685,664	21,978,969	21,978,969
Lease liabilities	36,498	-	-	36,498	36,498
	<b>6,340,085</b>	<b>9,284,731</b>	<b>10,685,664</b>	<b>26,310,480</b>	<b>26,310,480</b>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

**25. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

In the 2025/26 Financial year the Town expected to be gifted the Spoilbank marina landside assets, this is estimated to be worth approximately \$76 Million.

The Mayor resigned on 25 August 2025 and due to the previous resignations of four councillors since October 2024, more than half of the offices of members of the council were vacant. Under the *Local Government Act 1995*, Commissioners can be appointed to fulfil the role of the council and exercise its powers if more than half of the council becomes vacant. Minister for Local Government Hon. Hannah Beazley announced the appointment of three Commissioners on 1 September 2025. The three Commissioners will replace the council until an election is held on 28 March 2026 and the new council has held its first meeting.



**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

**26. OTHER MATERIAL ACCOUNTING POLICIES**

**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) Current and non-current classification**

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 or non-current based on the Town's intentions to release for sale.

**c) Rounding off figures**

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

**d) Comparative figures**

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

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

**e) 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.

**f) 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.

**g) Fair value of assets and liabilities**

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

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.

**h) Interest revenue**

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

**i) Fair value hierarchy**

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

**Level 1**

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

**Level 2**

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

**Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

**Valuation techniques**

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

**Market approach**

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

**Income approach**

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

**Cost approach**

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

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

**j) 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 except for non-financial assets that are:

- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 10.

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 Property, Plant and Equipment*) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

**27. FUNCTION AND ACTIVITY**

**(a) Service objectives and descriptions**

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

<b>Objective</b>	<b>Description</b>
<b>Governance</b> To provide a decision making process for the efficient allocation of scarce resources.	Includes all activities of members of council and the administrative support available to the council for the provision of governance of the district. Other costs relate to the task of providing legal services on all matters which do not concern specific local government services.
<b>General purpose funding</b> To collect revenue to allow for the provision of services.	Rates, general purpose government grants, interest revenue.
<b>Law, order, public safety</b> To provide services to help ensure a safer and environmentally conscious community.	Fire prevention and volunteer bush fire brigade, animal control, support of State Emergency Services, emergency services, the Town's CCTV network, and community safety and crime prevention initiatives.
<b>Health</b> To provide an operational framework for environmental and community health.	Vermin control, environmental health, food and public health regulation and compliance, and health.
<b>Education and welfare</b> To provide services to disadvantaged persons, the elderly, children and youth.	Community partnership funding, disability access initiatives, community services administration, facilities including the JD Hardie Centre and asset management associated with key community buildings.
<b>Housing</b> To provide and maintain adequate housing.	Primarily centred around the provision of housing to employees, and asset management activities.
<b>Community amenities</b> To provide services required by the community.	Strategic town planning and development control, all aspects of waste management such as waste collection, landfill operations, and waste minimisation; cemeteries, public toilets, cyclone preparation and response, and sanitation and litter collection.
<b>Recreation and culture</b> To establish and effectively manage infrastructure and resources which will help the social well-being of the community.	Maintenance of public halls, civic centres, aquatic centres, beaches, recreation centres and various sporting facilities. Provision and maintenance of parks, gardens and playgrounds. Operation of libraries, galleries and other cultural facilities.
<b>Transport</b> To provide safe, effective and efficient transport services to the community.	Construction and maintenance of roads, streets, footpaths, depots, cycle ways, parking facilities, and traffic control. Cleaning of streets and maintenance of street trees, street lighting etc.
<b>Economic services</b> To help promote the Town and its economic well-being.	Tourism and area promotion, strategic projects, leasing and administration of commercial properties, building regulation, land development, and saleyards and markets.
<b>Other property and services</b> To monitor and control operating accounts.	Private works operation, plant repair and costs.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2025**

**27. FUNCTION AND ACTIVITY (Continued)**

**(b) Income and expenses**

	<b>2025 Actual</b>	<b>2024 Actual</b>
	<b>\$</b>	<b>\$</b>
<b>Income excluding grants, subsidies and contributions and capital grants, subsidies and contributions</b>		
Governance	455,229	113,686
General purpose funding	87,419,082	79,618,503
Law, order, public safety	73,551	119,771
Education and welfare	158,579	153,052
Housing	45,131	-
Community amenities	14,206,399	10,765,475
Recreation and culture	3,939,957	2,779,353
Transport	1,177,396	92,354
Economic services	212,568	1,690,899
Other property and services	6,138,644	2,083,734
	<b>113,826,536</b>	<b>97,416,827</b>
<b>Grants, subsidies and contributions and capital grants, subsidies and contributions</b>		
General purpose funding	2,675,251	7,171,935
Law, order, public safety	1,545	133,906
Education and welfare	106,090	147,548
Community amenities	17,163	39,146
Recreation and culture	704,821	454,304
Transport	2,593,901	438,757
Economic services	-	45,000
Other property and services	18,574,333	1,559,807
	<b>24,673,104</b>	<b>9,990,403</b>
<b>Total income</b>	<b>138,499,640</b>	<b>107,407,230</b>
<b>Expenses</b>		
Governance	(7,048,751)	(7,860,035)
General purpose funding	(7,458,067)	(17,385,965)
Law, order, public safety	(1,966,138)	(1,802,688)
Health	(650,791)	(593,690)
Education and welfare	(3,474,598)	(3,294,213)
Housing	(1,319,624)	-
Community amenities	(11,277,166)	(7,873,691)
Recreation and culture	(22,618,827)	(16,935,952)
Transport	(3,495,884)	(2,947,519)
Economic services	(2,988,989)	(2,391,502)
Other property and services	(45,409,646)	(37,845,390)
<b>Total expenses</b>	<b>(107,708,481)</b>	<b>(98,930,645)</b>
<b>Net result for the period</b>	<b>30,791,159</b>	<b>8,476,585</b>
<b>(c) Assets</b>		
Governance	1,375,822	20,687,929
General purpose funding	25,100,900	189,343,539
Law, order, public safety	3,080,339	554,784
Health	2,400	196,339
Education and welfare	32,207,586	23,607,422
Housing	52,962,342	47,176,001
Community amenities	59,301,651	57,979,486
Recreation and culture	202,446,261	154,867,079
Transport	307,872,840	307,768,555
Economic services	5,417,989	3,157,255
Other property and services	222,698,983	17,391,251
Unallocated	-	7
<b>Total assets</b>	<b>912,467,113</b>	<b>822,729,647</b>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**28. RATING INFORMATION**

**(a) General rates**

<b>RATE TYPE Rate description</b>	<b>Rate in \$</b>	<b>Number of properties</b>	<b>2024/25 Actual rateable value*</b>	<b>2024/25 Actual rate revenue</b>	<b>2024/25 Actual interim rates</b>	<b>2024/25 Actual total revenue</b>	<b>2024/25 Budget rate revenue</b>	<b>2024/25 Budget interim rate</b>	<b>2024/25 Budget total revenue</b>	<b>2023/24 Actual total revenue</b>
			\$	\$	\$	\$	\$	\$	\$	\$
GRV Residential	0.067000	5,415	185,050,340	12,398,373	(52,746)	12,345,627	12,398,373		12,398,373	12,393,873
GRV Commercial	0.089570	577	64,273,610	5,756,987	(803,841)	4,953,146	5,756,987	400,000	6,156,987	5,497,081
GRV Mass accommodation	0.133000	19	18,538,140	2,465,573		2,465,573	2,465,573		2,465,573	2,465,573
UV Pastoral	0.120000	18	2,279,739	273,569	(360)	273,209	273,569		273,569	183,029
UV Mining	0.227571	458	236,707,151	53,867,683	3,903,532	57,771,215	53,867,682		53,867,682	47,071,729
UV Other	-	-	-	-	-	-	-		-	79,980
<b>Total general rates</b>		6,487	506,848,980	74,762,185	3,046,585	77,808,770	74,762,184	400,000	75,162,184	67,691,265
<b>Minimum payment</b>	<b>\$</b>									
GRV Residential	1,300	878		1,141,400		1,141,400	1,141,400		1,141,400	1,136,200
GRV Commercial	1,900	164		311,600		311,600	311,600		311,600	319,200
GRV Mass accommodation	1,900	-		-		-	-		-	-
UV Pastoral	1,900	4		7,600		7,600	7,600		7,600	-
UV Mining	250	91		22,750		22,750	22,750		22,750	13,600
UV Other	-	-		-		-	-		-	9,500
Airport	2,000	-		-		-	-		-	-
<b>Total minimum payments</b>		1,137	-	1,483,350	-	1,483,350	1,483,350	-	1,483,350	1,478,500
<b>Total general rates and minimum payments</b>		7,624	506,848,980	76,245,535	3,046,585	79,292,120	76,245,534	400,000	76,645,534	69,169,765
Discounts						-			(168,127)	-
Concessions						(186,797)			(6,760)	(209,175)
<b>Total rates</b>						79,105,323			76,470,647	68,960,590

**(b) Rates related information**

Rates instalment interest	-	45,538
Rates overdue interest	-	403,705
Rates written off	38,734	

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**29. DETERMINATION OF SURPLUS OR DEFICIT**

Note	2024/25 (30 June 2025 carried forward) \$	2024/25 Budget (30 June 2025 carried forward) \$	2023/24 (Restated 30 June 2024 carried forward) \$
<b>(a) Non-cash amounts excluded from operating activities</b>			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
<b>Adjustments to operating activities</b>			
Less: Profit on asset disposals	(529,892)	(192,410)	(212,402)
Less: Premium prepaid	(924,160)	(924,160)	(924,160)
Add: Legal fees prepaid	-	-	31,611
Add: Impairment and asset write off	175,328	-	1,405,528
Add: Write off SSL	-	-	233,315
Less: Revaluation Increment	(1,152,062)	-	-
Add: Depreciation	28,778,154	25,367,600	25,382,363
<b>Non-cash movements in non-current assets and liabilities:</b>			
Adjustment to Other Infrastructure	189,616	-	19,641
Investment property	(5,278)	-	3,340,355
Pensioner deferred rates	10,692	-	(15,033)
Employee benefit provisions	232,777	-	1,910
Other provisions	619,771	-	540,657
Prepaid TAG fees	31,605	31,608	34,425
<b>Non-cash amounts excluded from operating activities</b>	<b>27,426,551</b>	<b>24,282,638</b>	<b>29,838,210</b>
<b>(b) Non-cash amounts excluded from investing activities</b>			
The following non-cash revenue or expenditure has been excluded from amounts attributable to investing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
<b>Adjustments to investing activities</b>			
Infrastructure received for substantially less than fair value	16,453,494	-	-
Non cash capital grants, subsidies and contributions	(16,453,494)	-	-
Right of use assets received - non cash	289,449	-	-
<b>Non-cash amounts excluded from investing activities</b>	<b>289,449</b>	<b>-</b>	<b>-</b>
<b>(c) Non-cash amounts excluded from financing activities</b>			
The following non-cash revenue or expenditure has been excluded from amounts attributable to financing activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
<b>Adjustments to financing activities</b>			
Non cash proceeds from new leases	(289,449)	-	-
<b>Non-cash amounts excluded from financing activities</b>	<b>(289,449)</b>	<b>-</b>	<b>-</b>
<b>(d) Surplus or deficit after imposition of general rates</b>			
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
<b>Adjustments to net current assets</b>			
Less: Reserve accounts	(188,629,087)	(172,937,026)	(174,082,205)
Less: Rates Receivable	-	(28,553)	-
Less: Movement in Assets as a result of reinstatement	(962,443)	-	-
TAG Fee Prepaid	(31,611)	-	(31,615)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of borrowings	2,098,787	2,098,783	2,008,577
- Lease premium prepaid	924,160	-	924,160
- Current portion of lease liabilities	48,960	-	(36,498)
- Employee benefit provisions	2,475,370	2,465,613	540,155
- Deferred income	380,552	-	-
- Airport provisions	-	-	2,391,971
<b>Total adjustments to net current assets</b>	<b>(183,695,312)</b>	<b>(168,401,183)</b>	<b>(168,285,455)</b>
<b>Net current assets used in the Statement of financial activity</b>			
Total current assets	213,511,527	185,164,704	192,619,578
Less: Total current liabilities	(23,864,933)	(16,481,374)	(15,962,991)
Less: Total adjustments to net current assets	(183,695,312)	(168,401,183)	(168,285,455)
<b>Surplus or deficit after imposition of general rates</b>	<b>5,951,282</b>	<b>282,147</b>	<b>8,371,132</b>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**30. BORROWING AND LEASE LIABILITIES**

**(a) Borrowings**

Actual									Budget			
Purpose	Note	Principal at 1 July 2023	New loans during 2023-24	Principal repayments during 2023-24	Principal at 30 June 2024	New loans during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025	Principal at 1 July 2024	New loans during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Staff housing		9,826,950	-	(304,988)	9,521,962	-	(319,350)	9,202,612	9,521,961	-	(319,350)	9,202,611
Staff housing		99,262	-	(2,340)	96,922	-	(3,239)	93,683	96,919	-	(3,235)	93,684
Seawalls		5,146,217	-	(478,539)	4,667,678	-	(447,375)	4,220,303	4,667,677	-	(447,374)	4,220,303
Seawalls		4,818,640	-	(356,868)	4,461,772	-	(425,900)	4,035,872	4,461,771	-	(462,262)	3,999,509
Depot facility		4,010,150	-	(779,515)	3,230,635	-	(812,708)	2,417,927	3,230,638	-	(812,714)	2,417,924
<b>Total</b>		<b>23,901,219</b>	<b>-</b>	<b>(1,922,250)</b>	<b>21,978,969</b>	<b>-</b>	<b>(2,008,572)</b>	<b>19,970,397</b>	<b>21,978,966</b>	<b>-</b>	<b>(2,044,935)</b>	<b>19,934,031</b>
<b>Borrowing finance cost payments</b>												
Purpose	Loan number	Institution	Interest rate	Date final payment is due		Actual for year ending 30 June 2025	Budget for year ending 30 June 2025		Actual for year ending 30 June 2024			
						\$	\$	\$				
Staff housing	393250	WA Treasury Corporation	4.85%	1/03/2043		(455,069)	(399,805)	(468,937)				
Staff housing	425341	WA Treasury Corporation	4.90%	1/03/2043		(4,676)	(4,663)	(4,818)				
Seawalls	393249	WA Treasury Corporation	4.39%	1/03/2033		(196,119)	(194,481)	(214,690)				
Seawalls	425344	WA Treasury Corporation	4.49%	1/03/2033		(191,704)	(205,080)	(207,907)				
Depot facility	393246	WA Treasury Corporation	4.18%	1/03/2028		(119,542)	(116,712)	(150,030)				
<b>Total</b>						<b>(967,110)</b>	<b>(920,741)</b>	<b>(1,046,382)</b>				
<b>Total finance cost payments</b>						<b>(967,110)</b>	<b>(920,741)</b>	<b>(1,046,382)</b>				

**TOWN OF PORT HEDLAND  
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**30. BORROWING AND LEASE LIABILITIES (Continued)**

**(b) Lease liabilities**

Actual								Budget				
Purpose	Note	Principal at 1 July 2023	New leases during 2023-24	Principal repayments during 2023-24	Principal at 30 June 2024	New leases during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025	Principal at 1 July 2024	New leases during 2024-25	Principal repayments during 2024-25	Principal at 30 June 2025
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Port Hedland library		87,646	-	(51,148)	36,498	289,449	(52,017)	273,930	34,425	-	(34,425)	-
Gratwick gym equipment		79,779	-	(79,779)	-	-	-	-	-	-	-	-
<b>Total lease liabilities</b>	11(b)	167,425	-	(130,927)	36,498	289,449	(52,017)	273,930	34,425	-	(34,425)	-
Lease finance cost payments												
Purpose	Lease number	Institution	Interest rate	Date final payment is due	Actual for year ending 30 June 2025	Budget for year ending 30 June 2025	Actual for year ending 30 June 2024	Lease term				
Port Hedland library		Sentinel Countrywide Retail	5.20%	1/02/2030	\$	\$	\$					
<b>Total finance cost payments</b>					(4,976)	(431)	(2,181)	5 years				
					(4,976)	(431)	(2,181)					

**TOWN OF PORT HEDLAND  
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**31. RESERVE ACCOUNTS**

**Restricted by council**

	2025 Actual opening balance \$	2025 Actual transfer to \$	2025 Actual transfer (from) \$	2025 Actual closing balance \$	2025 Budget opening balance \$	2025 Budget transfer to \$	2025 Budget transfer (from) \$	2025 Budget closing balance \$	2024 Actual opening balance \$	2024 Actual transfer to \$	2024 Actual transfer (from) \$	2024 Actual closing balance \$
(a) Reserves cash backed - Employee leave reserve	2,182,509	292,862	-	2,475,371	1,525,612	-	-	1,525,612	1,375,612	806,897	-	2,182,509
(b) Reserves cash backed - Plant reserve	5,100,302	2,897,632	(5,162,536)	2,835,398	5,056,658	2,897,632	(4,886,835)	3,067,455	2,749,607	8,425,522	(6,074,827)	5,100,302
(c) Reserves cash backed - Unfinished works & committed works reserve	14,707,036	24,451,209	(15,001,248)	24,156,997	13,622,554	-	-	13,622,554	16,715,475	11,440,863	(13,449,302)	14,707,036
(d) Reserves cash backed - Housing reserve	1,369,238	104,719	-	1,473,957	3,310,805	104,719	(500,000)	2,915,524	583,965	3,050,000	(2,264,727)	1,369,238
(e) Reserves cash backed - Airport reserve	3,385,991	109,900	(1,900,000)	1,595,891	3,385,991	109,900	-	3,495,891	4,285,991	-	(900,000)	3,385,991
(f) Reserves cash backed - Spoilbank reserve	123,202	3,158	-	126,360	123,201	3,159	-	126,360	123,202	-	-	123,202
(g) Reserves cash backed - Asset management reserve	14,943,103	22,923,394	(14,891,311)	22,975,186	16,223,641	21,937,924	(16,989,777)	21,171,788	16,878,358	5,359,801	(7,295,056)	14,943,103
(h) Reserves cash backed - Waste management reserve	13,052,060	4,639,232	(3,060,570)	14,630,722	13,119,140	3,220,399	(3,060,324)	13,279,215	10,790,246	6,775,419	(4,513,605)	13,052,060
(i) Reserves cash backed - Strategic reserve	91,651,791	11,963,087	(16,413,140)	87,201,738	87,333,895	6,387,984	(8,262,234)	85,459,645	93,404,698	6,974,000	(8,726,907)	91,651,791
(j) Reserves cash backed - Cyclone emergency response reserve	1,163,070	1,018,459	-	2,181,529	1,163,070	30,268	-	1,193,338	80,410	1,082,660	-	1,163,070
(k) Reserves cash backed - Financial risk reserve	18,550,810	128,208	-	18,679,018	19,250,810	128,208	-	19,379,018	18,550,810	-	-	18,550,810
(l) Reserves cash backed - Landfill establishment reserve	7,853,093	2,443,827	-	10,296,920	6,255,956	1,444,670	-	7,700,626	6,500,000	1,835,024	(481,931)	7,853,093
	174,082,205	70,975,687	(56,428,805)	188,629,087	170,371,333	36,264,863	(33,699,170)	172,937,026	172,038,374	45,750,186	(43,706,355)	174,082,205

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

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

<b>Name of reserve account</b>	<b>Purpose of the reserve account</b>
<b>Restricted by council</b>	
(a) Reserves cash backed - Employee leave reserve	To ensure that adequate funds are available to finance employee leave entitlements.
(b) Reserves cash backed - Plant reserve	To fund the plant replacement program.
(c) Reserves cash backed - Unfinished works & committed works reserve	To transfer unspent municipal funded expenditure on specific projects to enable identification of carryover expenditure into the next financial year.
(d) Reserves cash backed - Housing reserve	To fund the maintenance, refurbishment, redevelopment and construction of Local Government provided housing.
(e) Reserves cash backed - Airport reserve	To fund the future Port Hedland International Airport Capital Works commitments.
(f) Reserves cash backed - Spoilbank reserve	To fund the Port Hedland Spoilbank development.
(g) Reserves cash backed - Asset management reserve	To fund the ongoing maintenance, refurbishment, renewal, replacement and development of Council owned infrastructure assets within the Town.
(h) Reserves cash backed - Waste management reserve	operations.
(i) Reserves cash backed - Strategic reserve	To fund strategic projects as included in the Town's Strategic Community Plan and Corporate Business Plan.
(j) Reserves cash backed - Cyclone emergency response reserve	To fund cyclone and emergency related projects.
(k) Reserves cash backed - Financial risk reserve	To provide funds to mitigate against financial risks including legal cases with penalties awarded against the Town and SAT rulings upholding valuation objections on high value properties likely to cause significantly large refunds and other unknown events potentially resulting in financial loss to the Town.
(l) Reserves cash backed - Landfill establishment reserve	To fund the closure and repatriation of the existing landfill facility situated at North Circular road, South Hedland while also planning for the design, development and construction of a new landfill facility on a suitable designated site.



**TOWN OF PORT HEDLAND**  
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**32. TRUST FUNDS**

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

	<b>1 July 2024</b>	<b>Amounts received</b>	<b>Amounts paid</b>	<b>30 June 2025</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Public open space	376,379	-	-	376,379
Mosquito control	4,389	610	-	4,999
Nomination bond	100	-	(100)	-
	<b>380,868</b>	<b>610</b>	<b>(100)</b>	<b>381,378</b>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**33. CORRECTION OF PRIOR PERIOD ERROR**

During the year the following restatements have been made relating to prior period balances. The restatements have been made by retrospectively applying the corrections and adjustments to each affected financial statement line item.

**a) Reinstatement of Property, plant and equipment and Infrastructure assets previously devalued to \$Nil in prior years**

During the financial year ended 30 June 2023, the Town applied to nil values to certain Property, Plant and Equipment and Infrastructure Assets whose existence could not be confirmed, pending a comprehensive verification exercise to reconfirm whether the assets actually existed and corresponding values. The comprehensive verification which involved the Town's finance and engineering personnel commenced in 2023-24 and was completed in the current 2024-25 financial year. An independent valuer was then engaged by the Town to perform an independent valuation on the verified assets with the values being determined as of 30 June 2023 to enable the retrospective correction of the previous devaluation which occurred in 2022-23 financial year. Where the assets were acquired in 2023, these respective purchase amounts were taken to represent their fair values as at 30 June 2023.

The following is a summary of the outcomes of this verification exercise and related valuation process:

- Items of property, plant and equipment, previously devalued to \$Nil in 2022-23 and whose existence was confirmed through the verification exercised was revalued at \$747,736 as at 30 June 2023.

- Items of infrastructure assets, previously devalued to \$Nil and whose existence was confirmed amounted to \$9,578,164 at 30 June 2023.

- Further, as at 30 June 2024 the Town had partially recognised \$3,434,289 being the fair value for some of the assets that had been devalued to \$Nil as at 30 June 2023. However, following the determination of the full valuation impact for all assets as at 30 June 2023 (as noted above), this partial revaluation recognised in 30 June 2024 is reversed.

As a consequence of the above, the Town has determined that:

- Property, plant and equipment was understated by \$747,736 at 30 June 2023 and \$671,306 at 30 June 2024.

- Infrastructure assets were understated by \$9,578,164 at 30 June 2023 and \$5,794,496 at 30 June 2024.

- Depreciation was understated by \$425,809 for the year ended 30 June 2024

- Other comprehensive income overstated by \$3,434,289 for the year ended 30 June 2024

- Revaluation surplus was understated by \$10,325,900 at 30 June 2023 and \$6,891,611 at 30 June 2024.

- Retained surplus overstated by \$425,809 as at 30 June 2024.

**b) Reversal of incorrectly recognised impairment expense**

During the financial year ended 30 June 2023, an amount of \$3,090,651 was transferred from the Asset Revaluation Reserve to Asset Impairment (Infrastructure) Expense, resulting in a total expense of \$3,625,464. This adjustment was made as the decrement in fair values for asset classes of depot and other infrastructure were assessed to be insufficient.

Following the above restatements to the revaluations, it was determined that had the corrected revaluation been applied as at 30 June 2023, there would have been sufficient surplus within the reserve of \$2,342,636 (Other infrastructure \$2,044,953 and Depot \$297,683) for the decrement in these assets to be recognised against the revaluation reserve rather than through impairment loss. Accordingly, as a consequence of the above:

- Retained surplus was understated by \$2,342,636 as at 30 June 2023 and 30 June 2024.

- Revaluation surplus was overstated by \$2,342,636 as at 30 June 2023 and 30 June 2024.

The financial impact of correcting the above misstatements are indicated below:

**STATEMENT OF COMPREHENSIVE INCOME  
(EXTRACT)**

	<b>2024 Reported</b>	<b>Increase/ (Decrease)</b>	<b>2024 Restated</b>
Depreciation	(24,956,554)	(425,809)	(25,382,363)
<b>Net result for the period</b>	<b>8,902,394</b>	<b>(425,809)</b>	<b>8,476,585</b>
<b>Other comprehensive income for the period</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in asset revaluation surplus	3,435,590	(3,434,289)	1,301
<b>Total other comprehensive income for the period</b>	<b>3,435,590</b>	<b>(3,434,289)</b>	<b>1,301</b>
<b>Total comprehensive income for the period</b>	<b>12,337,984</b>	<b>(3,860,098)</b>	<b>8,477,886</b>

**TOWN OF PORT HEDLAND  
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**33. CORRECTION OF PRIOR PERIOD ERROR (Continued)**

**STATEMENT OF FINANCIAL POSITION  
(EXTRACT)**

	30-Jun-2024 Reported	Increase/ (Decrease)	30-Jun-2024 Restated	1-Jul-2023 Reported	Increase/ (Decrease)	1-Jul-2023 Restated
				\$		
Property, plant and equipment	144,461,652	671,306	145,132,958	143,422,681	747,736	144,170,417
Infrastructure	424,614,864	5,794,496	430,409,360	417,106,583	9,578,164	426,684,747
<b>TOTAL NON-CURRENT ASSETS</b>	<b>623,644,266</b>	<b>6,465,802</b>	<b>630,110,068</b>	<b>619,305,029</b>	<b>10,325,900</b>	<b>629,630,929</b>
<b>TOTAL ASSETS</b>	<b>816,263,844</b>	<b>6,465,802</b>	<b>822,729,646</b>	<b>806,168,765</b>	<b>10,325,900</b>	<b>816,494,665</b>
<b>NET ASSETS</b>	<b>728,449,219</b>	<b>6,465,802</b>	<b>734,915,021</b>	<b>716,111,235</b>	<b>10,325,900</b>	<b>726,437,135</b>
Retained surplus	326,174,034	1,916,827	328,090,861	319,315,471	2,342,636	321,658,107
Revaluation surplus	228,192,980	4,548,975	232,741,955	224,757,390	7,983,264	232,740,654
<b>TOTAL EQUITY</b>	<b>728,449,219</b>	<b>6,465,802</b>	<b>734,915,021</b>	<b>716,111,235</b>	<b>10,325,900</b>	<b>726,437,135</b>

**STATEMENT OF FINANCIAL ACTIVITY  
(EXTRACT)**

	30-Jun-2024 reported	Increase/ (Decrease)	30-Jun-2024 restated
Depreciation	(24,956,554)	(425,809)	(25,382,363)
Non-cash amount excluded from operating activities	29,412,401	425,809	29,838,210
<b>Amount attributable to operating activities</b>	<b>32,596,237</b>	<b>-</b>	<b>32,596,237</b>

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**RSM**

# Town of Port Hedland

## Auditor's Closing Report

30 June 2025





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# 1. Executive Summary

## Introduction

The primary purpose of this Auditor's Closing Report is to brief the Town of Port Hedland ("the Town" or "the Local Government") on the results of our completed audit of financial statements for the year ended 30 June 2025.

This report should be read in conjunction with our Audit Planning Memorandum (APM) presented to the Town at our entrance meeting on 6 May 2025.

On recommendation from RSM, the Office of the Auditor General (OAG) intends to issue an unmodified auditor's report on the financial statements. However, an Emphasis of Matter paragraph will be included in the audit report to highlight the restatement of prior year figures. Refer to section 3 for further details. The audit procedures were designed to support our auditor's opinion and cannot be expected to identify all weaknesses or inefficiencies in your systems and working practices.

## Matters of significance

In accordance with section 24(1) of the *Auditor General Act 2006*, the Auditor General is required to report on matters arising out of the performance of the Auditor General's functions that are, in the opinion of the Auditor General, of such significance as to require reporting. The issues identified during our audit, which we deem significant, pertain to the Emphasis of Matter in the audit opinion noted above. Other matters of significance have been included in the separately issued management letter and summarised in Section 4 Internal control findings of this report.

## Our appreciation





We wish to express our appreciation for the cooperation provided by the Town during the audit.

### AMIT KABRA

Partner – Assurance & Advisory  
RSM Australia Pty Ltd

### TIM SANYA

Senior Director – Financial Audit  
Office of the Auditor General for Western  
Australia

OVERALL SUMMARY	
 <b>STATUS OF AUDIT</b> <b>5</b> <i>Outstanding matters for audit completion</i>	 <b>KEY AREAS OF AUDIT FOCUS</b> <b>4</b> <i>Areas assessed as audit risks</i>
 <b>INTERNAL CONTROL OBSERVATIONS</b> <b>7</b> <i>Improvements to the design and implementation of internal controls</i>	 <b>IDENTIFIED MISSTATEMENTS</b> <b>17</b> <i>Number of adjusted and unadjusted misstatements identified</i>



## 2. Outstanding Matters

The following items relating to the completion of our audit procedures are outstanding as at 3 December 2025, being the date of the release of this report:

No	Item	Action	Responsibility	Due on/by
1.	<b>Completion of OAG signing officer review</b>	RSM to address feedback, if any, arising from the OAG's final review process	OAG/RSM/ Town's Administration	5 December 2025
2.	<b>Financial Report</b>	Receipt of updated signed financial report by the Town's Chief Executive Officer	Chief Executive Officer	9 December 2025
3.	<b>Management representation letter</b>	Receipt of signed management representation letter	Chief Executive Officer and Director of Corporate Services	9 December 2025
4.	<b>Subsequent events</b>	Completion of subsequent events procedures to the date of signing the audit report	RSM/ Town's Administration	9 December 2025
5.	<b>Issue of Audit Report</b>	Issue of signed auditor's report	OAG	12 December 2025



### 3. Key Areas of Audit Focus

In performing our audit using our optimal risk-based audit methodology, [RSM Orb](#), we have identified the following areas which we considered, in our professional judgment, of most significance in the audit of the financial report for the year ended 30 June 2025:

No.	Focus area	Significant accounting estimates and judgments involved	Identified misstatements	Control findings
1.	Property, Plant and Equipment and Infrastructure	Yes	● Yes	● Yes
2.	Investment property- Airport	Yes	● None	● None
3.	Revenue recognition – Grants, subsidies and contributions	Yes	● None	● None
4.	Management override of controls	Yes	● None	● None



## Property, Plant and Equipment and Infrastructure

Account	2025 \$	2024 \$
<i>Statement of Financial Position</i>		
Property, plant and equipment	216,123,043	145,132,959
Infrastructure	429,193,025	430,409,360
<i>Statement of Comprehensive Income</i>		
Depreciation	(28,778,154)	(25,382,363)
Change in asset revaluation surplus	52,491,976	1,301

### Summary of response

Our audit procedures, among other things, included:

- Assessing the design, implementation and operating effectiveness of key internal controls operating within the Infrastructure and Property, Plant and Equipment cycle.
- Performing test of details, on a sample basis, material additions to Infrastructure, Property, Plant and Equipment (which includes works in progress) to ensure they qualify for capitalisation under AASB 116 *Property, plant and equipment*.
- Reviewing the fair value estimates (obtained from independent valuation report) and reconciliations to the general ledger and to the asset management system to assess completeness. The Town engaged Marsh to revalue infrastructure assets that were not included within the 30 June 2023 revaluation and APV Valuers & Asset Management to revalue land and buildings in accordance with its ordinary revaluation cycle in the current year.
- Reviewing the work-in-progress balance to gain an understanding of the value of assets that should have been capitalised but weren't and quantifying the impact of this on depreciation.
- Considering the scope, competency, and methodology of the valuation to determine fair values, including consideration of significant assumptions, methods and data utilised and ensure compliance with AASB 2022-10 - *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* regarding the inclusion of 'once-only costs' such as project management and professional fees.
- Testing the accuracy and completeness of data sets including review of useful lives, condition assessments and depreciation rates.
- Performing substantive procedures over the annual depreciation charge.
- Reviewing management impairment assessment for any indication of impairment.
- Reviewing the disclosures in the notes to the financial statements to confirm their appropriateness.



# Property, Plant and Equipment and Infrastructure

## Findings and Conclusions

### Findings:

#### Closure of prior year qualification matter and resultant prior period restatement:

In the year ended 30 June 2024 the Town received a qualified opinion due to non-compliance with asset valuation regulations. 670 infrastructure assets worth \$17.37M were not recognised because they could not be located, reflecting weaknesses in the asset management system. These assets were adjusted to nil value despite being in use.

In the current reporting period management has undertaken a comprehensive process to confirm the existence of the remaining 670 which were subject to the 2024 qualification and obtain valuations (as at a 30 June 2023 valuation date) in order to restate the prior periods to clear the qualification. The ultimate restatement to assets back in 2023 is \$10,325,901. The errors have been corrected retrospectively in accordance with Accounting Standards. Prior-year asset management weaknesses have been resolved through investigation, corrective actions, and revaluation processes.

The audit opinion for 30 June 2025 will no longer mention this qualification matter, as it has been resolved by the restatement of the prior year comparatives. As required by the auditing standards an Emphasis of Matter paragraph will be included to refer readers to the *Note 28- Correction of Prior Period Error* of the financial report, which was necessary to resolve the qualification issue.

#### Internal control findings:

We have identified internal control findings related to property, plant and equipment and infrastructure assets. Refer to section 4 Internal Control Findings for further details.

As part of our audit procedures, we have reviewed and made enquiries with APV Valuers & Asset Management who were engaged to undertake the fair value assessment of land and buildings in accordance with its ordinary revaluation cycle in the current year. Based on our procedures we are stratified that the valuation methodology is compliance with all recent amendments to Australian Accounting Standards including AASB 2022-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*.

### Conclusion:

Based on our procedures, we are satisfied that Property, Plant and Equipment and Infrastructure Assets, in all material respects, has been accounted for in accordance with the Local Government Act 1995 (**LG Act**), the Local Government (Financial Management) Regulations 1996 (**Financial Management Regulations**) and to the extent they are not inconsistent with the LG Act, Australian Accounting Standards.



## Investment Property - Airport

Account	2025 \$	2024 \$
<i>Statement of financial position</i>		
Investment Property	41,692,185	41,686,907
<i>Statement of comprehensive income</i>		
Fair value adjustments to investment property	5,278	(3,340,355)

### Summary of response

Our audit procedures, among other things, included:

- Review of fair value estimates (obtained from independent valuation report) and reconciliations to the general ledger to assess completeness. The Town engaged Marsh to advise on the change in fair value of the unimproved land on which the airport sits as of 30 June 2025.
- Consideration of the scope, competency, and methodology of the valuation to determine fair values, including consideration of significant assumptions, methods and data utilised (such as discount rates).
- Agreeing the movement in the fair value of the investment property to the statement of comprehensive income.
- Checking the accounting treatment and entries for valuation adjustments
- Reviewing the disclosures in the notes to the financial statements to confirm their appropriateness.
- Testing accuracy and completeness of data sets.

### Conclusion

Based on our procedures, we are satisfied that investment property, in all material respects, has been accounted for in accordance with the LG Act, the Financial Management Regulations and to the extent they are not inconsistent with the LG Act, Australian Accounting Standards.



## Revenue recognition – Grants, subsidies and contributions

Account	2025 \$	2024 \$
<i>Statement of comprehensive income</i>		
Grants, Subsidies and contributions	3,270,908	4,271,845
Capital grants, subsidies and contributions	21,402,196	5,718,558
<i>Statement of financial position</i>		
Operating grant/contributions liabilities	1,095,791	778,151

### Summary of response

Our audit procedures, among other things, included:

- Assessing the design, implementation and operating effectiveness of key internal controls operating within the revenue cycle.
- Reviewing the IT general controls related to the core financial accounting system.
- Performing test of details, on a sample basis, over grants, subsidies and contributions throughout the year and include transactions near year end to ensure they are correctly and completely accounted for in line with the Local Government's revenue recognition policy.
- Performing calculation checks for contract liabilities related to grants, subsidies and contributions and vouch for agreements.
- Reviewing receivables balances on a sample basis and perform subsequent receipt testing.
- Performing testing on journal entries for any management override of internal controls related to revenue recognition.

### Findings and Conclusion

#### Findings:

During the year, we noted that the Town received gifted infrastructure assets from BHP, including roads, bridges, and associated road infrastructure (e.g., Buttsweld Road). These assets were recognised at a fair value of \$16.4 million. As part of our audit procedures, we inspected and tested the costing records provided by BHP, which were used by the Town to support the fair value of these assets

#### Conclusion:

Based on our procedures, we are satisfied that revenue recognition on grants, subsidies and contribution (including gifted assets), in all material respects, has been accounted for in accordance with the LG Act, the Financial Management Regulations and to the extent they are not inconsistent with the LG Act, Australian Accounting Standards.



# Management override of controls

## Summary of response

Our audit procedures, among other things, included:

- Testing journal entries recorded in the general ledger and adjustments on a sample basis based on data analytics to identify journal entries that exhibit characteristics of audit interest;
- Assessing accounting estimates for evidence of biases;
- Reviewing unusual, significant transactions and related party transactions; and
- Conducting unpredictability tests.

## Findings and Conclusion

### Findings

We would like to highlight the following key findings from our procedures:

- Our journal entries testing did not identify any evidence of management override of controls.
- The key material accounting estimates assessed included but were not limited to fair value estimated for property, plant and equipment, infrastructure and investment property, allowance for expected credit loss, assessment of impairment indicators, discount rates and inflation rate used in employee provisions and other provisions. Our procedures concluded there was no evidence of bias.
- We did not identify any unusual, significant transactions and related party transactions that would indicate any evidence of management override of controls.
- To incorporate an element of unpredictability in the section of the nature, timing, and extent of the audit procedures to meet the requirements of the Australian Auditing Standards, we designed a procedure focusing on payroll. The test was to randomly select recently hired employees to ensure that they were adequately qualified to fulfill the position they were recruited for, we did not note any exceptions from our procedures based on our inquiry and evidence gathered from the Town's Administration.

### Conclusion

Overall, based on our work, we are satisfied that there are reasonable processes and controls in place to mitigate the risk of management override of controls.



## Other critical disclosures within the financial statements

RSM has also audited the following critical disclosures in the financial statements by verifying the underlying calculations and auditing the evidence to support the amounts disclosed. Our findings are outlined in the below table.

Description of disclosure	RSM Audit response	Findings
<b>Related party disclosures</b>	We reviewed the disclosures and supporting material to ensure compliance with AASB 124. We also assessed the Local Government's internal controls around the identification and proper disclosure of related party transactions and key management remuneration.	Our procedures regarding related parties did not identify any significant matters.
<b>Capital and other commitments for expenditure</b>	We checked the underlying calculations and review the evidence to support the amounts disclosed.	Our procedures regarding capital and other commitments did not identify any significant matters.
<b>Contingent liabilities</b>	Our procedures included: <ul style="list-style-type: none"> <li>▪ Obtaining an understanding from the Administration of the nature and history of any environmental compliance matters and legal matters which could give rise to a claim or obligation against the Local Government.</li> <li>▪ Reviewing the legal advice provided to Administration and Council with respect to any claim or obligation against the Local Government.</li> <li>▪ Assessing Administration's accounting treatment in accordance with <i>AASB 137 Provisions, Contingent Liabilities and Contingent Assets</i> and <i>AASB 110 Events after the Reporting Period</i> for any claim or obligation against the Local Government.</li> <li>▪ Testing of management's assumptions in determining the estimated value of obligations or claims not yet settled.</li> <li>▪ Reviewing the basis and adequacy of disclosures within the financial statements in relation to provisions and contingent liabilities.</li> </ul>	Our procedures regarding contingent liabilities did not identify any other matters.



## 4. Internal Control Findings

### Findings

Based on our testing, we have included an update on the status of prior year findings as well as the following new findings identified during the audit.

#### Financial statements:

There were no new findings from the current year's audit. Two control weakness identified during the prior year's audit remain open.

Findings	Prior year	Rating	Status	Target completion date
1. Fixed asset control activities not appropriately designed and performed	Yes	Moderate	Open	15/09/2025*
2. No evidence of approval to use the Town's corporate credit card	Yes	Moderate	Open	30/09/2025*

#### General computer controls:

Two new control weaknesses were identified during the current year. Three control weakness identified during the prior year's audit remain open

Findings	Prior year	Rating	Status	Target completion date
1. Continuity Management		Moderate	Open	31/12/2026
2. Governance and Strategy Management	Yes	Moderate	Open	30/06/2026
3. Operations and Network Security Management	Yes	Moderate	Open	31/12/2026
4. Access Management		Minor	Open	31/03/2026
5. Network and Remote Access Management	Yes	Minor	Open	30/9/2025

\* Management have indicated that these have been actioned subsequent to completion of our audit. This will be verified as part of the FY26 audit.



## 5. Identified Misstatements

### Materiality

In assessing the risk profile of the Town, and in consideration of the users of the financial report, we have adopted materiality guidelines in accordance with Australian Auditing Standards. The benchmark used to calculate the materiality is based on the Town's total expenditure for the year ended 30 June 2025.

### Adjusted Misstatements

During the year-end audit, we noted a total of 13 late client adjustments submitted by the Town. We consider this to be a significant number of adjustments to the figures provided in the CEO-endorsed financial report received on 30 September 2025.

A summary of the key adjustments are noted below:

- **Asset and Depreciation Updates:** Adjustments were made across multiple asset classes (fleet, land, buildings, infrastructure) to align asset values and accumulated depreciation with the fixed asset register.
- **Revaluation and Impairment Corrections:** Entries were processed to reverse prior impairments, reallocate amounts between impairment and revaluation reserves, and reflect updated asset valuations.
- **Equity and Reserve Realignment:** Retained earnings and reserves were adjusted to reflect restatements and corrections, ensuring compliance with accounting standards.
- **Cash and WIP Reclassifications:** Reclassifications were made for cash reserves and term deposits, and work-in-progress balances were reconciled for accurate financial statement presentation.
- **Manual Corrections:** Errors identified in asset uploads and duplications were corrected, and manual transfers were processed to ensure the general ledger matches the financial statements.

These adjustments necessitated audit procedures to thoroughly understand and validate the changes, including making corrections where required. While we have not itemised every adjustment made during the process, the overall effect on the primary line items in the final financial report versus the CEO-endorsed version received on 30 September 2025 is summarised below:

Key Financial Report Line	Balance per CEO endorsed financial report \$	Balance as current (V 15) financial report \$	Net adjustments \$
Property, plant and equipment	191,771,301	216,123,043	24,351,742
Infrastructure assets	448,622,723	429,193,025	(19,429,698)
Depreciation expense	31,300,928	28,778,154	(2,522,774)
Change in asset revaluation surplus	51,948,025	52,491,976	543,951





## 5 Identified Misstatements (continued)

### Adjusted Misstatements (continued)

In addition to the aforementioned items, our audit identified the following specific adjustments, separate from the client's late adjustments noted above.

Description	Asset Dr/(Cr) \$	Liabilities Dr/(Cr) \$	Equity Dr/(Cr) \$	Profit & Loss Dr/(Cr) \$
1. The Town reversed unused capital work provisions related to the airport that were no longer required. Initially, the transaction was recorded directly to retained earnings; however, it should have been properly recorded through the income statement.	-	-	491,971	(491,971)
2. Correction required due to an error in the formula used for recording gifted assets	(746,711)	-	-	746,711
<b>Total</b>	<b>(746,711)</b>	<b>-</b>	<b>491,971</b>	<b>254,740</b>

### Unadjusted Misstatements

The following unadjusted amounts have been identified during the conduct of our audit. The Town has determined that these amounts are immaterial and do not require adjustment to the financial report. We concur with the Town's determination. They have been presented below for the Council's consideration.

Description	Asset Dr/(Cr) \$	Liabilities Dr/(Cr) \$	Equity Dr/(Cr) \$	Profit & Loss Dr/(Cr) \$
1. Judgment differences from employee benefit calculations based on incorrect allowances and excluding superannuation on-costs.	-	(475,099)	231,566	243,533
2. Capital work-in-progress schedule has projects identified as 'non-capital' hence should be expensed	(1,504,288)			1,540,288
<b>Total</b>	<b>(1,540,288)</b>	<b>(475,099)</b>	<b>231,566</b>	<b>1,747,821</b>

### Uncorrected Disclosures in the Financial Report

As a result of our audit, RSM has made various recommendations which management has accepted in relation to disclosures contained in the financial statements. At the conclusion of this process, we believe there are no material deficiencies in disclosures in the financial statements. No uncorrected disclosures remain.



## 6. Other Matters

### Audit approach

There were no changes to our audit approach as communicated to the Town at our entrance meeting on 6 May 2025. However, as the Town's management had not completed their work around resolution of the prior year matters relating to fixed assets and infrastructure assets, we performed extended procedures than had initially been planned to obtain reasonable assurance around management's resolution of the prior year issues. These matters were subsequently resolved by management.

### Re-assessment of risk

There were no changes to our original risk assessment as communicated to the Town at our entrance meeting on 6 May 2025.

### Provision of audit ready financials

The "audit ready" draft financial report was provided on 17 November 2025 following finalisation of a number of audit and late client adjustments.

### Additional work and fees

Additional time and effort were required by RSM and the OAG to respond to the significant internal control findings as described within the financial statement management letter and the assessing the potential qualified opinion on property, plant and equipment and infrastructure assets due to variances between the general ledger and the fixed asset registers. The CEO endorsed financial statements required material adjustments as noted in Section 5 above as a full reconciliation between the general ledger and fixed asset register was not ready at the commencement of the audit.

Notwithstanding that the potential qualification matter has since been resolved, it has taken substantial amount of time and effort both on part of the Town and the audit team since the audit team first attempted the review in June 2025 but has been satisfactorily resolved only by 28 November 2025.

It is estimated that the variation to the current year's audit fee is within the range of \$22,000- \$25,000 (excluding GST).

The final fee variation is subject to finalisation with the OAG and will be advised in due course.










# Appendices





Appendix 1 – Required Communication to the Local Government

Appendix 2 – Changes in Accounting Standards

## Appendix 1 – Required Communication to the Local Government

In accordance with Australian Auditing Standards, we are required to communicate the following matters to the Audit Risk and Improvement Committee of the Local Government:

Matter	How we addressed this matter	Result
<b>Independence</b>	We have fully satisfied ourselves that we do not have any actual or perceived conflict of interest.	
<b>Environmental matters</b>	Based on our work within the scope of our engagement, nothing came to our attention to indicate the key controls around contaminated sites are ineffective.	
<b>Subsequent events</b>	Based on our work within the scope of our engagement, nothing came to our attention to indicate the subsequent events are not adequately disclosed or adjusted for within the financial report.	
<b>Compliance with laws and regulations</b>	Based on our work within the scope of our engagement, nothing came to our attention to indicate the key controls around compliance with laws and regulations are ineffective.	
<b>External confirmations</b>	There were no instances where management refused or denied us to send a request for external confirmation.	

Matter	How we addressed this matter	Result
<b>Contingent liabilities or commitments</b>	Based on our work within the scope of our engagement, nothing came to our attention to indicate the contingent liabilities or commitments are not adequately disclosed within the financial report.	
<b>Going concern</b>	No events or conditions have been identified during the audit that may cast doubt on the Local Government's ability to continue as a going concern for 12 months from the date of our auditor's report.	
<b>Responsibilities relating to fraud</b>	Based on our inquiries and audit procedures, we did not become aware of any fraud during our audit.	
<b>Other Information</b>	Our procedures have not identified any material misstatement within the other information contained within the financial report.	



## Appendix 2 – Changes in Accounting Standards

Standard	Matter	Key requirements	Application date
<b>AASB 18 Presentation and Disclosure in Financial Statements</b>	New Standard – Presentation and Disclosure in Financial Statements	<p>AASB 18 Presentation and Disclosure in Financial Statements will replace AASB 101 Presentation of Financial Statements.</p> <p>AASB 18 will enable organisations to tell their story better through their financial statements. Stakeholders will benefit from greater consistency of presentation of the income and cash flow statements, and more disaggregated information.</p> <p>Organisations net profit will not change. AASB 18 requires all organisations to:</p> <ul style="list-style-type: none"> <li>b) Classify income and expenses between operating, investing and financing, and to report a newly defined subtotal, "operating profit"</li> <li>c) disclose certain "non-GAAP" measures – management performance measures (MPMs) – in a note to the financial statements, meaning that they will now be subject to audit – e.g. "adjusted EBITDA; and</li> <li>d) improve how they aggregate information.</li> </ul> <p>Entities are encouraged to consider the implications of AASB 18 on their financial reporting as soon as possible, particularly where MPMs are applicable.</p> <ul style="list-style-type: none"> <li>e) For more information, please see our article: <a href="https://www.rsm.global/australia/insights/ifrs-news/new-ifrs-standard-will-reshape-income-statement">https://www.rsm.global/australia/insights/ifrs-news/new-ifrs-standard-will-reshape-income-statement</a></li> </ul>	Periods beginning on or after 1 January 2028

For more information, visit: [www.rsm.global/australia/service/audit-and-assurance-services](https://www.rsm.global/australia/service/audit-and-assurance-services)

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**RSM Australia**

Level 32, Exchange Tower  
2 The Esplanade  
Perth WA 6000  
**T** +61 (08) 9261 9100  
**F** +61 (08) 9261 9111  
rsm.com.au

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