

Town of  
Port Hedland



2011/12

Annual  
Report





# Council's Mission

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

## A vision for Hedland's future, today

The Town of Port Hedland: A nationally significant, friendly City where people want to live and are proud to call home.



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# Town Profile

The Town of Port Hedland is located in the North West of Western Australia, approximately 1800km north of Perth, covering an area of 11,844 square kilometres. Port Hedland has as its neighbours, the Shires of Roebourne, East Pilbara and Broome.

The Town of Port Hedland is home to 20,000 residents with a population growth rate of 5.5% (Census 2011). Council's long-term vision is for the Town to become a nationally significant Pilbara City of 50,000 by 2035.

Work is currently underway to achieve our vision of becoming Pilbara's Port City - a lively, vibrant, attractive and sustainable regional City. This year, Council adopted the Pilbara's Port City Growth Plan, an important strategic planning document which will provide direction.

A number of projects were completed this year, including the \$35 million recreation centre, named Wanangkura Stadium (meaning 'whirlwind' in the local Karriyarra language to reflect the design of the building). The Stadium will be officially opened in late July 2012.

In September 2011 the Australian Bureau of Statistics held their Census. Results show that the population of Port Hedland is growing faster than the rest of the State (5.5% versus State growth rate of 2.4%) which indicates the potential growth opportunities for the Town

Electricity Supply

Horizon Power

Water Supply

De Grey River and Yule River Borefields

Length of Sealed Roads

178.72 km

Length of Unsealed Roads

484.31 km

Number of Electors

5,455

Number of Dwellings

5,278

Total Rates Levied

\$15,450,678

Total Operating Revenue

\$52, 344, 040

Total Operating Expenditure

\$46, 717, 492

Number of Elected Members

9

Number of Employees

173



# Town of Port Hedland Councillors July 2011 to June 2012

# Councillors July 2011 to June 2012



Mayor Kelly A Howlett  
(Term Expiring in 2013)



Deputy Mayor George  
Daccache  
(Term Expiring in Oct 2015)



Cr Arnold Carter  
(Term Expiring in 2013)



Cr Jan Gillingham  
(Term Expiring in 2013)



Cr Bill Dziombak  
(Term Expiring in 2013)



Cr David Hooper  
(Term Expiring in 2013)



Cr Stan R Martin  
(Term Expiring in Oct 2015)



Cr Julie Hunt  
(Term Expiring in Oct 2015)



Cr Gloria Jacob  
(Term Expiring in Oct 2015)



# Management as of 30 June 2012

## CEO's Office

Acting Chief Executive Officer Ian Hill  
Executive Assistant Amanda Pedersen

## Corporate Services

Director Corporate Services Natalie Octoman  
Manager Finance Jodie McMahon  
Manager Information Services Kate Reid  
Manager Organisational Development Debra Summers

## Community Development

Director Community Development Gordon MacMile  
Manager Recreation Services and Facilities Graeme Hall  
Manager Community Development Lorna Secrett

## Planning and Development

Director Regulatory Services Eber Butron  
Manager Environmental Health and Rangers Darryal Eastwell  
Manager Planning Services Leonard Long  
Manager Building Services Mark Riordan  
Manager Economic & Land Development David Westbury

## Engineering Services

Director Engineering Russell Dyer  
Manager Engineering Services Gavin Pollock  
Manager Infrastructure Development Jenella Voitkevich  
Manager Airport Bob Couzens  
Acting Manager Business Investment and Development Sara Bryan

Number of employees receiving remuneration \$100,000 pa and over as of 30 June 2012

	100,000 - 109,999	110,000 - 119,999	120,000 - 129,999	130,000 - 139,999	140,000 - 149,999	150,000 - 159,999	180,000 - 189,999	190,000 - 199,999	200,000 - 209,999
2011/12	4	0	11	3	2	2	0	0	1



# Mayor & Chief Executive Officer's Report



I am pleased to present the Annual Report for the Town of Port Hedland for the 2011/2012 financial year. The Audited Statements demonstrate that the Town's systems, structures and management are solid and are being administered appropriately.

The Town is continuing to grow rapidly and is constantly changing. It is pleasing that some of the long awaited projects are now complete and others are well on the way to being complete. This is instilling confidence, both internally and externally, and assisting us as an organisation with the planning for much needed future projects.

The support of the State Government, particularly Pilbara Cities, the Royalties for Regions Program, LandCorp and our local project partners in BHP Billiton Iron Ore and the Fortescue Metals Group has been very welcome and appreciated, and together assisted the Town to provide much needed infrastructure.

Throughout 2011/2012 Council again focused our investment on the priorities that the community had identified in the Town's Annual Community Survey. This survey consistently tells us that the community needs better quality community infrastructure including family facilities, parks, footpaths, lighting, youth services and sporting facilities. The community also want cleaner streets, more family events and better planning for the future of the Town. The Town has and continues to listen to the community and has undertaken a range of projects to address

these issues. The improvements are noticeable, but all Elected Members understand that more work is required to deliver the quality of services and infrastructure 'Pilbara's Port City' requires.

There has been a flurry of activity focused on works to achieve our vision for the Town of Port Hedland in 2035: a city with a minimum of 50,000 people that has a diversity of housing styles, entertainment and recreational facilities – a safe city with a distinct friendly relaxed 'Hedland' feel. A significant priority for the Town of Port Hedland in 2011/2012 was the development of the "Port Hedland City Growth and Implementation Plan". This is the most important document that will be prepared by the Town of Port Hedland this year and will ensure the orderly transition of Port Hedland from a Town to a City.

I would like to take this opportunity to thank the Town of Port Hedland Elected Members who have worked closely with me throughout 2011/2012. Being an Elected Member can be a thankless task for which there is often unwarranted criticism and few accolades. While issues are regularly debated, the 2011/2012 Town Council has worked hard on behalf of the community and I believe, made sound policy and resource allocation decisions. I would like to personally thank Deputy Mayor George Daccache, Cr Arnold Carter, Cr Stan Martin, Cr Jan Gillingham, Cr David Hooper, Cr Bill Dziombak, Cr Gloria Jacob and Cr Julie Hunt.



I would also like to thank wholeheartedly the Staff of the Town of Port Hedland. As Mayor, I get to visit and speak with other Mayors/Shire Presidents. I consider ourselves to be fortunate with the team we have working at the Town of Port Hedland. From the CEO, Directors, Managers, Co-ordinators, Officers, Casual and Temporary Staff, we have been very lucky in attracting and retaining a high quality group of Staff who are working hard and dedicated to delivering the very best results possible for our community.

2012/13 will shape up to be a very significant year for the Town of Port Hedland. The upcoming State Election will see much needed focus and priority on the needs of the Pilbara and particularly those needs specific to the Town of Port Hedland. Now more than ever we need to continue to strive and make sure our residents have the opportunities, facilities and services that is in keeping with being a City. A City where parents can raise their children, young people can come and make their mark, grandparents can enjoy their time with grandchildren and long term residents choose to retire and remain living locally. I look forward to striving towards this challenge, together with my fellow Elected Members in the years ahead.

Kelly A Howlett

Mayor







Looking back on 2011/12, it's fair to say that the Town of Port Hedland has achieved much in such a short space of time and in some trying times. The Town continues to deliver positive outcomes for the community going forward to 2012/13.

The Town started the year off by announcing its largest budget to date: \$149 million, with \$81.4 million being invested in capital works including the completion of current projects, like the Multi-Purpose Recreation Centre project, and the commencement of new projects such as the South Hedland Aquatic Centre Redevelopment, Cemetery Beach Park Duplication and the construction of seven dwellings for local GP's. These projects, and many more, were able to become a reality thanks to our project partners, including BHP Billiton Iron Ore and the State Government's Royalties for Regions program who have continually provided support for the Town as we strive to achieve our Pilbara's Port City vision.

A major milestone for the Town of Port Hedland in 2011 was the Local Government Elections, which saw four positions on the Council available for nomination. It was a very close election and an excellent demonstration of our community leaders showing an interest in the future development and direction of our Town. Nine people nominated for the four vacancies on Council, with Councillors George Daccache and Stan Martin being re-elected and long-term residents and active community members Julie Hunt and Gloria Jacob being welcomed as the Town's newest Elected Members.

Our new Council has grown from strength to strength and has played an important role this year, making many significant decisions that will benefit the community.

2011/12 has been both a positive and challenging year for Council and Staff. We have been unexpectedly crowned as the latest 'it' destination for cruise ships as well as having the honour of hosting the Governor-General of Australia Quentin Bryce and Governor of Western Australia Malcolm McCusker QC. To add to the tourism achievements, the Town has awarded an event management tender for the North West Festival to Sunset Events, the Perth-based company known for holding successful festivals like Southbound, West Coast Blues and Roots and Stereosonics. To be held in August 2012, the North West Festival is shaping up to be Port Hedland's event of the year.

A critical issue the Council and the Town faced in the first half of the year was the Precinct 3 Business Plan, proposed by BHP Billiton Iron Ore, which raised much debate between the Town, our community and stakeholders. I believe it was a positive experience for the Town of Port Hedland as it enabled us to improve our understanding of the community's needs and better manage how we communicate with our community on important issues. An example of the successful consultation with the community and our stakeholders was the amendment of one of the original elements of the proposed business plan, in which the number of beds in the



temporary worker accommodation was reduced from 6000 to 4000, due to strong feedback from the community. More importantly, the project allowed the Town to allocate \$40 million towards the proposed Spoilbank Marina redevelopment and has provided a funding stream to support the redevelopment of the Port Hedland International Airport.

Amongst all the project and operational work that happens in the Town of Port Hedland, it is often forgotten that everything we do is ultimately for the benefit of the community. The goals, objectives and strategies we develop are principally derived from the results of the annual community survey. The 2012 survey closed in May, with the results currently being analysed. It is expected that results will be released in the first quarter of 2012/13 and they will illustrate the areas the Town is performing well in, the areas where improvement is needed, and the general community rating of the Town's overall performance over the past 12 months. This will greatly assist Council in evaluating our direction and assess the changes we need to make to ensure our strategic plans are aligned with the community's aspirations.

In May 2012, the Town undertook extensive community consultation for the finalisation of the Town's draft Strategic Community Plan 2012-2022. This important document is one of many being developed as part of the Local Government reforms introduced last year; aimed at improving long-term planning processes and

increasing transparency between Council and the community. The Town and our consultants, KPMG, are also working hard behind the scenes towards the completion of other key documents, such as the 10 year long term financial plan, the four year workforce plan (which includes a housing and office accommodation strategy), 10 year asset management plan and corporate business plan. All these documents complement each other and will form the foundation of the organisation as we transform into Pilbara's Port City.

At the end of the 2011/12 financial year, the State Government made a significant announcement: the release of land for the sole purpose of providing Key Service Worker Accommodation; subsidised housing for permanent residents who are not employed by the mining and resources industry. This is a positive achievement in the continued negotiations between the Town and State Government in addressing the critical issue of affordable housing which is impeding our ability to grow into an attractive and sustainable regional city. Forty five existing dwellings were provided immediately through a Registration of Interest process, with 80 vacant lots released in South Hedland for the Osprey Service Worker Village, which will provide 250 dwellings by mid-2013. Over the next five years, another 7000 dwellings will become available which will boost the Town's liveability and quality of life for our residents and substantially improve the issue of affordability.

I would like to take this opportunity to thank my



predecessors, Paul Martin, who resigned from his position as CEO in March, and Ian Hill, who has been in the role of Acting CEO from April and has kept the organisation running smoothly until my commencement in October 2012.

To Paul, I commend you for your efforts and contribution during your time as CEO. You have led the organisation through some tough times, with positive outcomes. Without your vision, the staff, Council and community would not have been able to progress to the stage it finds itself in today, and I'm sure I speak for all when I thank you for the time you have invested in shaping the Pilbara's Port City. The Shire of Broome is lucky to have you on board, though I think you won't find a better group of people than the ones here at the Town of Port Hedland.

To Ian, though you were with the Town for a short period, you have done a great job easing the organisation through this transitional period of changing CEO's. Joining the Town during this extremely busy time and for a temporary period is no mean feat. Thanks to your willingness to take on the role, your professionalism, and your valued guidance, you have made my transition into the CEO at Port Hedland position easier and more enjoyable.

As the new CEO, I am looking forward to working closely with staff and Councillors to achieve the Town's strategic goals. I strongly believe in the value of teamwork and want my staff to know that each individual plays a key role in the smooth operation and growth of our Town.

From the outdoor crew who keep our verges, footpaths and parks clean, to the Planning and Development staff who oversee the sustainable growth of Port Hedland, to the Finance team who ensure all our invoices are paid and our finances are in order, no one person is more important than the other. It takes many parts to make a whole and this has never been truer than at the Town of Port Hedland.

My appointment as CEO would not have been possible without the support of the Mayor and Councillors. Since I started with the Town, the Elected Members have allowed me to find my feet and understand the ins and outs of the Council, organisation and local community. It is my goal to ensure that we, as a Local Government, meet the needs of our rapidly expanding community whilst ensuring that we, as an organisation, have the resources and capacity to achieve our objectives. This will not happen overnight and I am dedicated to leading the Town during this exciting chapter in its history.

2012/13 promises to be a bigger year for Port Hedland – with the State Government Regional Cabinet Meeting being held in the Town at the end of July, the spotlight will be on us and this will be our opportunity to demonstrate Port Hedland's current status as a powerhouse for the region, the state and the nation.

Other highlights for the coming year include the official opening of the Multi-Purpose Recreation Centre in July, the North West Festival in August and five more cruise ship visits from October



2012, to March 2013. The State Government Elections will also be held in March 2013, and the outcomes will greatly impact on the Pilbara and determine the direction and growth of the Town over the next four years. In fact, 2013 will see all three levels of Government (Local, State and Federal) holding elections which will influence the development of Port Hedland.

One of my goals for the year is to establish 'core values' in the organisation and make it part of our everyday duties. The 'core values' reflect my attitude towards every task I complete and it is my hope that the Council, staff at the Town and community, embrace these values as their own and implement them in their own environment:

1. Teamwork: creating a harmonious relationship with other staff members, our partners and stakeholders
2. Respect: for each other, our community and our environment
3. First things first: Learning to establish priorities and achieve them within a set timeframe
4. Aim for excellence: applying creativity and innovation in everything you do.

M.J. (Mal) Osborne  
Chief Executive Officer



## Progress – Disability Services Plan

Listed below are works completed by The Town of Port Hedland in 2011/12 financial year to provide and improve disabled access as prioritised in our current Disability Access and Inclusion Plan (DAIP).

### Outcome 1

*People with disabilities have the same opportunities as other people to access services of, and any event organised by, a public authority.*

- » Increase in Large Print formats and Audio Resources at libraries. E audio, E books, Mp3 books and CD books now also available.
- » Housebound Library Service has been extended to people who are unable to attend the library in person. Library staff have continued to develop appropriate promotion strategies in partnership with service providers in Hedland.
- » Department of Sport and Recreation training provided to staff to ensure people with disabilities can be included within all programming.
- » Remediation works to improve access and parking in front of the Courthouse Gallery undertaken.
- » Liaison with community members about the nature of required services has continued through the DAIP meetings. Advice has been sought from community members in regards

to providing accessible events.

- » Partnerships formed with local service providers to provide transport to and from Town of Port Hedland events.
- » Town of Port Hedland's purchase of accessible toilets, and provision for the Port Hedland Turf Club, and transport of these to major events such as the Welcome to Hedland Expo and outdoor movie nights.
- » Support of the Great Bike Hike 2012, with outdoor screening of Murderball and collaboration with the Hedland Community Living Association to deliver the Hedland Inclusion Festival.

### Outcome 2

*People with disabilities have the same opportunities as other people to access the buildings and other facilities of public authority.*

- » Inclusive playground equipment included in the development of Cemetery Beach Stage 2 (liberty swing set).
- » Accessible facilities to be included in South Hedland Aquatic Centre upgrade Stage 2. Planning underway.

# Disability Services Plan

- » New master plan for South Hedland Library upgrade has been developed.
- » Ongoing kerbing program and DAIP Committee to provide areas of concern to be actioned.
- » Wheelchair access included in new developments (eg Marquee Park, Wanangkura Stadium)
- » Modifications to parking and access outside of Courthouse Gallery.
- » Plans completed for accessible ramp to Cemetery Beach as part of Turtle Loop. Awaiting installation.
- » Plan being developed for ongoing improvements for entirety of Old Port Hedland Cemetery site as part of revitalisation project.
- » Inclusion of consultation with community members with disabilities in the development process for the new South Hedland Town Centre, with specific focus on accessibility. This included a thorough walk through and meeting at the site.

## Outcome 3

*People with disabilities receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.*

- » Simplification of text actioned where appropriate, especially on community event marketing. Alternative formats made available on request.
- » “People of all abilities welcomed” included on information where appropriate.

## » Outcome 4

*People with disabilities receive the same level and quality service from the staff of a public authority as other people receive from the staff of that public authority.*

- » Communication still ongoing, also updates in e-newsletter
- » Review of position descriptions to ensure selection criteria have been updated for identified positions.
- » Compulsory annual equal employment opportunity training provided to all staff and attendance is compulsory.

## Outcome 5

*People with disabilities have the same opportunities as other people to make complaints to a public authority.*

- » Grievance procedure is explained during induction with all new employees and is available on our intranet.
- » Ongoing through liaison between Community Development Officer and Publicity Officer to promote positive news.

## Outcome 6

*People with disabilities have the same opportunities as other people to participate in any public consultation by a public authority.*

- » Public forums are held in facilities accessible to people of all abilities.



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

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

An activity requiring scrutiny in this regard for the Town of Port Hedland, and is not a public monopoly, is that of private works on private property; however during 2010/11 no individual private works project exceeded \$200,000.

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

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

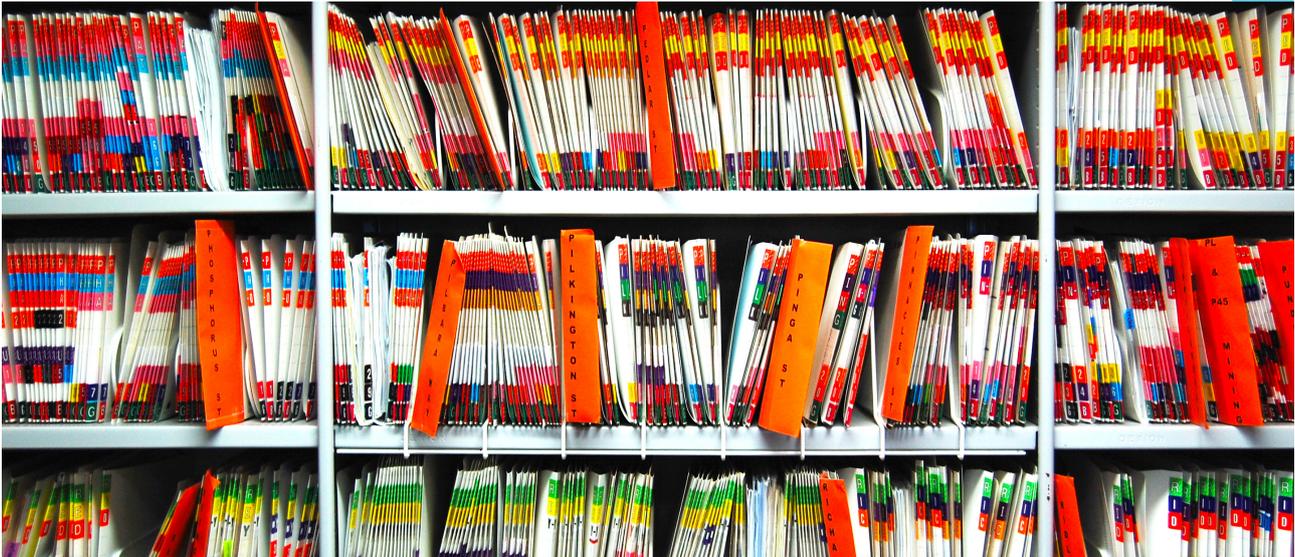
- » Structural review principles have not been applied to any activities during the reporting period.
- » Structural review principles have not been considered for any activities during the reporting period.

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

The Port Hedland International Airport (PHIA) is a significant business activity, as defined by Clause 7 of the Competition Policy Statement, as it has an annual income from fees in excess of \$200,000.

A Competitive Neutrality Review was undertaken where it was concluded that the Port Hedland International Airport is not seen as unfairly taking advantage of its local government ownership. Competitive Neutrality Reviews will continue to be undertaken for the PHIA annually.

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



## **The State Records Act 2000 requires all Local Government Authorities to produce a Records Keeping Plan, which must be endorsed by the State Records Commission.**

A Record Keeping Plan must be reviewed and endorsed every five years.

A review of the Town's Record Keeping Plan was conducted in November 2009 and was approved by the State Records Commission.

Due to the continued number of areas that have been addressed in the current Record Keeping Plan, a review of the Plan will be held prior to June 30 2013 and will be submitted to the State Records Commission for endorsement. The Retention and Disposal of records continues with a large number of archived boxes being prepared for sentencing at the beginning of 2013.

A Records Induction program has been created and provided to Human Resources as a component of the current induction package. Quarterly refresher training is offered to all staff to ensure their understanding of their legislative requirements pertaining to the State Records Act.

Monthly auditing of the Town's outstanding correspondence is circulated to all staff to action as appropriate.

Freedom of Information Training has been provided by the Information Commissioner to all Town of Port Hedland records staff to ensure understanding and the legislative requirements required when dealing with Freedom of Information requests.

The Property Project has now been completed with updated filing system in place and all large volumes being correctly closed and new volumes opened as required.

## **Register of Complaints:**

- » The Town of Port Hedland received no complaints as defined by Section 5.121 of the Local Government Act 1995 during the reportable period



# Town of Port Hedland Strategic Plan 2010-2015



Our Strategic Plan focuses on the following key result areas:

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

Across these key result areas, Council has identified 22 critical success factors which are reported on quarterly to Council.

The following tables identifies the activities undertaken against the plan in the 2011/12 financial year, being the second year of the Strategic Plan.



## Key Result Area 1

# Infrastructure

A Town that is growing into a city needs improved civil and civic infrastructure.

The Council is committed to maintaining, upgrading and expanding its infrastructure network.

### Goal 1 – Roads, Footpaths and Drainage

To have a developed network of road, footpaths and verges that are well maintained.

Immediate Priorities:	2011- 12 Achievements
1. Undertake road works in South Hedland to improve road permeability (particularly in the CBD).	Forrest Circle modifications were undertaken which has resulted in significantly reduced traffic volumes on surrounding roads. Realignment of Collier Drive is being carried out.
2. Implement Council's 5 year infrastructure maintenance and development plans across each infrastructure asset type (i.e. roads, footpaths, drainage, etc.).	Current five year plan is being maintained. Asset Management Framework is currently being developed as part of the introduction of the Integrated Strategic Planning and Reporting framework.
3. Construct a bridge on Wallwork Road to improve traffic access between Port and South Hedland.	The tender award for the design and construction of Wallwork Road Bridge is on hold pending notification of State funding.
Other Actions:	2011-12 Achievements
4. Ensure that the \$200 million Port Hedland Road Project progresses in a timely manner.	Project is being delayed by Main Roads WA due to state budget shortfall. Cost effective design is being considered by Main Roads.
5. Review current and future public transport needs within the Town and commence planning for improvements.	Future public transport need is captured in the City Growth Plan and will be included in the Town of Port Hedland 4 Year Corporate Business Plan. Traffic usage data on various roads is being collated to define priorities.

Other Actions	2011-12 Achievements
6. Develop the Port to South Hedland cycle path	The remainder of the path will be constructed following the completion of the new bridge development at the Great North Highway intersection and the relocation of the Wastewater Treatment Plant.
7. Review resources that are required to maintain current and future assets	Asset Management Framework is currently being developed as part of the introduction of the Integrated Strategic Planning and Reporting framework. The completed framework with associated management plans will be presented to the Council for its consideration by December 2012.
8. Undertake traffic study	Data for local roads is being collected from Main Roads to update the traffic database.  Modifications to Forrest Circle and Collier Drive have been undertaken which has resulted in significantly reduced traffic volumes on surrounding roads.

## Goal 2 – Airport

That the Port Hedland International Airport is recognized as a leading regional airport in the area of passenger and freight movements and customer satisfaction.

Immediate Priorities:	2011-12 Achievements
1. Complete the development of the Airport Plan and commence implementation of the key initiatives that are identified.	The planning and investigation stage of this project is now complete. A subdivision plan has been submitted to WA Planning Commission for approval prior to proceeding to the next stage of detailed design and construction of the hire car lots. The construction budget for this development is subject to the 2012/13 budget.
2. Upgrade runways, taxiways and aprons to facilitate efficient aircraft movement.	Design of Main apron extension and strengthening, plus marking and lighting upgrade is complete. Construction of upgrade will commence in the new financial year.
3. Progress planning and design for an upgraded and extended terminal building.	Capital improvement plan complete and consultation with stakeholders being undertaken.

Other Actions:	2011-12 Achievement
4. Undertake upgrades to the terminal and surrounds to improve the functionality of the facility including:	
a. Creating more common-user check in points	The creation of additional check in points is subject to amendments to existing Qantas leases and upcoming terminal upgrades.
b. Improving airport security screening arrangements	Upgrade in progress.
c. Review parking options and implement an agreed Airport Parking Plan	Paid parking was introduced in December 2011. Shade structure has now been installed over the pay stations.

Other Actions	2011-12 Achievements
5. Develop a Capital Improvement Plan for airport infrastructure that ensures Airport infrastructure can cater for projected growth.	This Plan has been completed and will direct development of the airport infrastructure in the future.



Key Result Area 2

# Community Pride

A key component of the Towns Vision for the future is developing a City where people are ‘proud to call home’. Council will improve community pride through developing a cleaner and more connected community.

## Goal 1 – Townscape

That Council’s parks are recognised by the community as being well maintained, well utilised, safe and accessible.

Immediate Priorities:	2011-12 Achievement
1. Undertake projects that upgrade the appearance of verges and streetscapes along major thoroughfares within the District.	Royalties for Regions funding on public infrastructure upgrades is complete. The project included footpath construction, installation of street and park furniture, bus shelters installation and playground improvements. Street verge maintenance is completed as per budget allocation.
2. Construct the Marquee Park and ensure that a new park is built in Koombana.	Opening and operation of Marquee Park has been delayed in final construction phase due to the water park splash pad. Solutions and way forward has been approved by Council.
3. Develop plans for the upgrades of existing parks (Cemetery Beach, Rock of Ages and Marrapikurinya) plus the development of new parks. Install public art to improve sense of place.	Construction of the Cemetery Beach Park expansion is progressing well, with the completion of car parking area, concrete footpaths, limestone walls and all underground services and irrigation. Shade structures have been delivered to site and construction commenced. Final preparation for plant installation has commenced. The project has experienced some delays due to the long lead times in delivery to site of some items. It is likely that the contractor will request an extension of the original completion date (27 July 2012.)
4. Establish an incentive scheme for residents to develop the verge adjacent to their property.	Initial investigation into this initiative will commence in next financial year.

Immediate Priorities:	2011-12 Achievements
5. Install more shade in parks and public areas (both trees and shade structures), including shade facilities at skate parks.	Boulevard Tree planting program has been completed and will be supported by the delivery of a water truck able to process brown waste water for watering. Royalties for Regions funding on public infrastructure expended this year included bus shelters installation.
6. Implement a whole-of-community anti litter education, information and action campaign, including:	
a. Allocate more Town of Port Hedland resources towards the enforcement of the Litter Act.	Continuation of the community litter report card project assists in reducing litter.
b. Explore additional statutory alternatives to achieve Town of Port Hedland Local Laws with a focus on Litter Act	Project to be completed in the new financial year.
c. Tidy Towns	A submission to the annual Tidy Towns Awards resulted in Hedland (Port and South Hedland) winning the Pilbara Regional 2012 Tidy Towns – Sustainable Communities title. In addition to the overall award Hedland won four of eight Pilbara categories: Natural Heritage & Conservation, Heritage & Culture, Water Conservation and Young Legends.
7. Investigate options of increasing uptake of collection of white goods and bulk items.	Regular collections of large waste items now undertaken.
8. Ensure that regular audits of the functionality of streetlights and other public lighting are undertaken, with faulty lights being repaired in a timely manner.	Council continues to identify faulty lights to Horizon Power. All reported faulty lighting infrastructures are being repaired depending on contractor availability.
Other Actions:	2011-12 Achievement
9. Develop attractive, usable rest nodes along cycle and pedestrian links	Murdoch Drive Nodes complete.
10. Upgrade the appearance of Town of Port Hedland's cemeteries	This project is on hold pending outcomes of the growth Plan report and Precinct 3 (Airport) development. Cemetery development must include buffer area to separate future Precinct 3 commercial/industrial area.

## Goal 2 – Events

That the Town annually hosts a series of well attended community events.

Immediate Priorities:		2011-12 Achievement	
1. Play an integral role in the coordination, operation and communication of community events by:			
a. Assisting Celebrate Hedland Inc. in the management and operation of major community events per annum.		Celebrate Hedland Inc has not met this year. Town of Port Hedland managed the major events of the year, being Portbound, Spinifex Spree, Australia Day and Welcome to Hedland.	
b. Developing and operating a series of smaller community events.		Annual calendar of smaller community events was completed including regular West End Movies, regular movies at the Matt Dann and Sunset Sessions. Introduced annual Matt Dann program of events including live shows for adults and children.	
c. Supporting community groups who are operating community events through training, support, advice and, where appropriate, financial support.		Community Development Officer is providing support and advice to Men's Shed and Community Garden groups. Monthly brochure and web site updates refined through implementation of new system.	
d. Operating neighbourhood events and competitions.		The annual calendar of these events and competitions are complete.  Relevant ToPH staff participated in facilitating Neighbour Day 2011, Christmas Lights competition, and the Local Government Banners in the Terrace competition, NAIDOC Week, Mother's Day Classic Breast Cancer Walk and the annual Walk-It Hedland Program.	
2. Install new signage on thoroughfares that promotes upcoming events		Effective use of variable message board (VMMB) for Welcome to Hedland and Portbound.	
Other Actions:		2011-12 Achievement	
3. Actively seek to attract 'draw card' entertainers and events to the Town of Port Hedland		Date set for high profile music event, performers secured and planning well underway. Tripod booked for Spinifex Spree.	
4. Actively seek to attract or establish a nationally significant event to Port Hedland		Tender awarded for year one to Sunset Events, with the North West Festival to be held 18-19 August 2012.	





# Community Development

One of the Town's biggest positives is the strong sense of community that exists. The Town Council plans on building on this positive by providing a more extensive range of facilities, services and opportunities for community interaction.

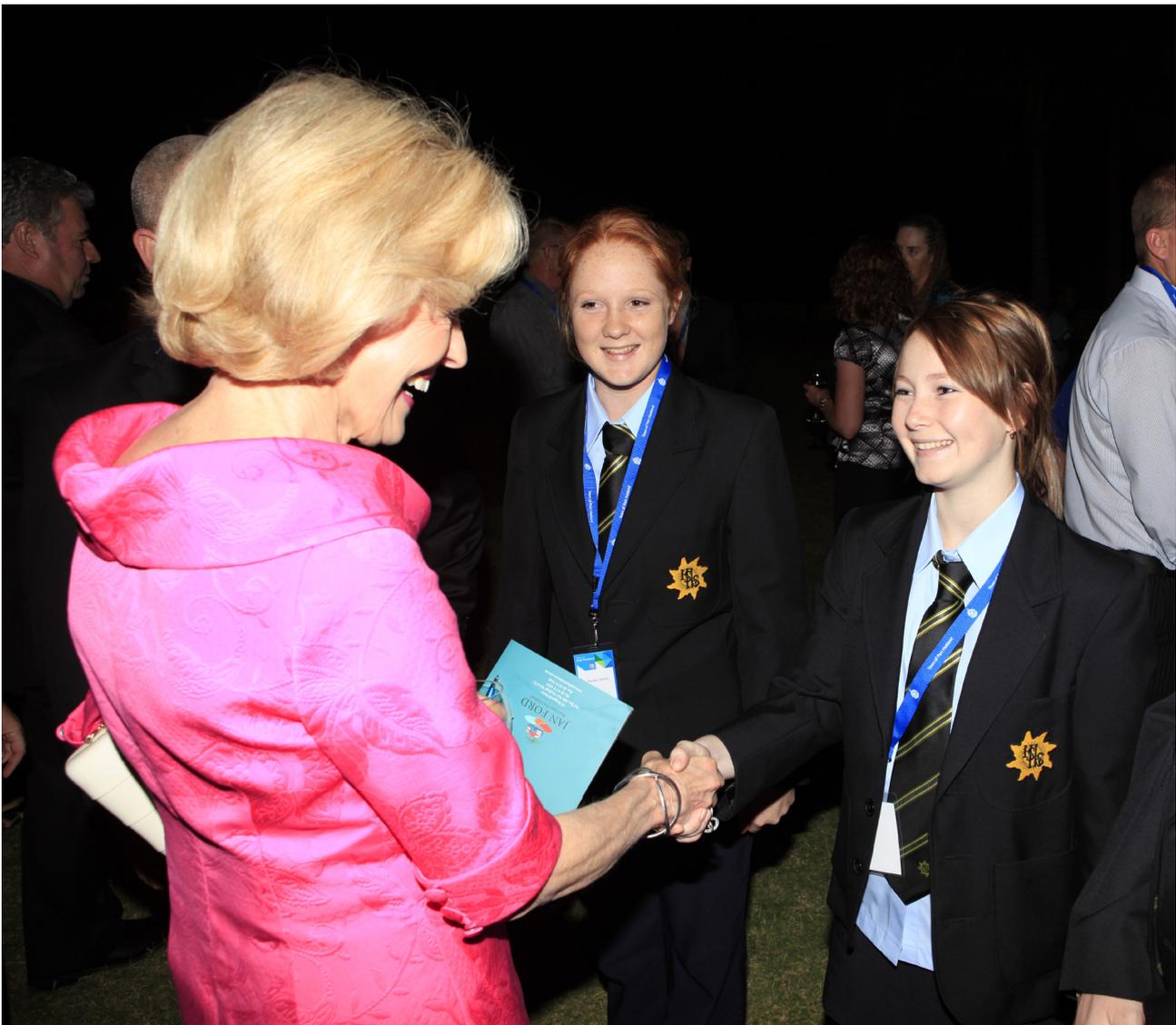
## Goal 1 – Youth and Children

That parents and young people in the Town have access to a range of facilities and services that is comparable to a metropolitan area.

Immediate Priorities:	2011-12 Achievement
1. Convert the JD Hardie Centre into an integrated Youth Centre.	Business Plan approved by Council. JD Hardie will operate as Youth Centre in accordance with Business Plan from 1 July 2012.
2. Support and operate Youth Leadership and Development programs.	Freestyle Motocross workshops held during NAIDOC Week and 'Youth Zone' at Portbound was a great success. Youth engagement as part of North West Festival includes employing a buddy system for young people to gain experience. NAIDOC Week events were held at skate park, in conjunction with Pilbara Population Health, Wirraka Maya and South Hedland Library presented elders storytelling, artwork with Spinifex Hill Artists and traditional cooking.
3. Attract and retain young people in our Town through operating a series of events, information and activities.	Youth Development Officer is working with North West Festival on event management workshops and performers competition.  Youth activities were held during NAIDOC and the Portbound Festival was well attended.



<p>4. Develop and implement a Town of Port Hedland Child Care Plan.</p>	<p>Increased child care services and facilities being provided to families has been identified in the Draft Strategic Community Plan as a priority for years 5-7.</p>
<p>5. Plan for the development of a new library and community centre in South Hedland</p>	<p>Concept designs and costing endorsed by Council in March 2012. Securing project funding will be a priority in the next financial year.</p>
<p>Other Actions: <span style="float: right;">2011-12 Achievement</span></p>	
<p>6. Pursue improved education facilities and additional education choice within the Town.</p>	<p>Town of Port Hedland Mayor is a member of the Hedland Senior High School Board and participates in regular meetings to discuss projects and initiatives to improve education in Port Hedland.</p>



## Goal 2 – Sports and Leisure

That the community has access to sports and leisure facilities at or above the quality that they would be able to access in the metropolitan area.

Immediate Priorities:	2011-12 Achievement
1. Build the Multi Purpose Recreation Centre	All civil works around the immediate vicinity of Wanangkura Stadium are now complete, with the installation of an access road, car park, line marking, bus drop off bay, drainage and landscaping. Stage 2 of civil works to extend road, parking and drainage around the oval will commence following official opening of Wanangkura Stadium on 29 July 2012.
2. Undertake sports facility developments including:	
a. Construction of the Colin Matheson Oval Clubhouse.	An upgrade of the existing clubroom has been designed and costed this year. A tender for the design and construction of an upgrade to the existing clubroom has been awarded, with works due to commence once all designs, approvals and licenses are complete.
b. Construction of a new Tennis/Bowling Club in South Hedland.	Concept designs, budget estimates and project scope have now been confirmed and approved by Council. This project cannot commence further (to a Design and Construct Tender) until all funding has been confirmed in the 2012/13 financial year. Delays in funding announcements have impacted the overall project.
c. Stage 1 of the South Hedland Aquatic Centre re-development.	The installation of new pool lining in the main 50m pool, leisure pool and learn to swim pool is now complete. Installation of the pool filtration system has commenced. Construction of the new plant room has commenced, off-site fabrication of the wave machine and water playground is complete, with all elements delivered to site. The onsite installation of the wave machine has commenced. The project is approximately 1 week behind schedule; therefore a minor delay to re-opening is likely. The installation of compliant lighting will require additional funding and is part of the 2012/13 budget submission.
d. Upgrading of lights at sports facilities	Upgrades have been included in current projects at identified sports facilities.

Immediate Priorities:	2011-12 Achievement
3. Plan for the development of fishing wharfs/jetties within the Town and expand coastal recreational opportunities.	The Pilbara's Port City Growth Plan has provided direction on the development of fishing wharfs/jetties and the expansion of coastal opportunities.
4. Operate a range of programs and initiatives that promote an active, integrated community.	A comprehensive annual calendar has been delivered this year inclusive of sporting programs, youth programs and cultural programs. The Town of Port Hedland presents a number of activities within these programs and works with other community and sporting groups on facilitating and delivering others.
Other Actions:	2011-12 Achievement
5. Establish plans for the managed public access to key coastal areas.	Project is on hold pending Council direction in conjunction with Growth Plan and Pilbara Regional Council proposal. This project will be reviewed as part of tourism strategies and assessment of caravan park locations. The status of some of the recommendations is impacted upon by either a change in the organisational perspective, or as a result of funding no longer being available.
6. Develop plans for future recreation and leisure facility upgrades to accommodate population growth.	A Business Plan and Operational Plan for Marquee Park was presented to Council and adopted.  The final Active Open Space Strategy was presented to Council in July 2011 with outcomes from this strategy being included in the Corporate Business Plan.
7. Actively seek funding for implementing Stage 2 and 3 of the Upgrade and Redevelopment of the South Hedland Aquatic Centre	The installation of new pool lining in the main 50m pool, leisure pool and learn to swim pool is now complete. Installation of the pool filtration system has commenced. Construction of the new plant room has commenced, off-site fabrication of the wave machine and water playground is complete, with all elements delivered to site. The onsite installation of the wave machine has commenced. The installation of compliant lighting will require additional funding and is part of the 2012/13 budget submission







### Goal 3 – Arts and Culture

That the Town is recognised as a location where arts and culture is promoted and quality art work is produced.

Immediate Priorities:	2011-12 Achievement
1. Work with stakeholders to develop an Aboriginal Arts and Culture Centre	<p>The Town of Port Hedland is continuing to participate in the project through representation on the Steering Committee</p> <p>Development application to be submitted regarding Spinifex Hill Studio in South Hedland</p> <p>The outcome of this funding application is expected early in the new financial year. The Aboriginal Centre Working Group focused on identifying a site and building a studio to support Spinifex Hill Artists.</p>
2. Undertake a feasibility study on the potential development of an entertainment complex/ cinema in South Hedland.	Feasibility report complete and adopted by Council.
3. Implement the recommendations of the Library Services Plan.	A Library Activity Plan for the Town of Port Hedland has been submitted and approved by State Library WA. Discussions have commenced on a proposed new South Hedland Library.
Other Actions:	2011-12 Achievement
4. Work with the Port Hedland Port Authority to develop the Marrapikurinya Tower project	Discussions continue with the Port Hedland Port Authority (PHPA) on issues under the Port's Review process including this project.
5. Develop and implement TOPH Cultural Plan	Funds being sought in the 2012/13 Budget to progress this project.

## Goal 4 – Healthy Community

That the community has access to high quality health services and facilities and the Town is taking appropriate preventative measures to ensure a healthy environment.

Immediate Priorities:	2011-12 Achievement
1. Implement plans for the development of subsidised housing for General Practitioners	The construction of housing is progressing well, with the first few houses reaching lock up stage. Initial earthworks for road, drainage and landscaping are complete. Planning approval has been finalised and service connections have commenced. The project is due for completion in December 2012 and is tracking well.
2. Establish a program for control of unwanted dogs in disadvantaged communities.	Program continues with remote communities visited every three months.
3. Implement the Public Health Plan, including the Town's Mosquito Management Plan.	Resource implications in the first half of the year impacted on delivery of the Public Health Plan. Mosquito activity during the year was enhanced by cyclonic rainfall and normal monitoring, larviciding and fogging activities were undertaken. Further improvements in minimisation efforts are planned for the coming year.
Other Actions:	2011-12 Achievement
4. Ensure that future planning for health services covers both Port and South Hedland's growth plans, including attracting and retaining specialist health services.	The GP Housing Project and wider initiatives to attract and retain specialist health services have been included in the development of the City Growth Plan and included in the draft Corporate Business Plan.
5. Explore opportunities for the development of a lifestyle/retirement village within the Town	Development of a lifestyle village in Port Hedland has been considered as part of the development of the City Growth Plan.





## Goal 5 – Indigenous Community

That traditional owners and aboriginal are informed about, and involved with, the provision of Council / Town services and facilities.

Immediate Priorities:	2011-12 Achievement
<p>1. Work with the State Government and Federal Government's to develop and implement a sustainable model for the delivery of municipal services to Aboriginal communities.</p>	<p>Pilbara Regional Council has been representing the Town of Port Hedland along with other Pilbara Councils on a working group between State and Local Government organisations to scope out the issues and costs of services to Aboriginal communities. Pilbara CEOs have received a briefing from the Department of Local Government with a report being presented to Council outlining proposals and funding in the next quarter.</p>
<p>2. Develop and implement new mechanisms for the engagement and involvement of traditional owners and Aboriginal people in Town of Port Hedland related activities.</p>	<p>Quarterly forums are held with Aboriginal people in line with the agreed engagement strategy.</p>
Other Actions:	2011-12 Achievement
<p>3. Engage in forums that seek to develop tangible strategies relating to reducing the gap between indigenous and non-indigenous Australians.</p>	<p>Quarterly forums continue to receive strong support / attendance. This year topics discussed were Health Issues, Employment &amp; Training , Community – The Way Forward and Aspirations for the Future of Port Hedland.</p>

## Goal 6 – Community and Crime Prevention

That Town of Port Hedland is recognized as a safe place to live.

Immediate Priorities:		2011-12 Achievement	
1. Ensure that the CCTV network is working at its optimum and identify further CCTV growth opportunities.		Funding has not been received for this project, however Landcorp are incorporating CCTV within Wedgefield and transport precincts currently under construction. These will be connected to Town of Port Hedland's current CCTV system. The CCTV network is jointly monitored by the South Hedland Police and Town of Port Hedland Rangers.	
2. Develop and implement a new Community Safety Crime Prevention Plan which supports achievable grass roots outcomes to benefit members of the community.		The current Community Safety Crime Prevention Plan continues to be implemented. Updates on all progress are presented to the Community Safety Crime Prevention Committee meeting.	
3. Investigate community security alternatives and implement agreed action plan		This project was completed in 2010/11.	
Other Actions:		2011-12 Achievement	
4. Continue working with the police and the courts to provide avenues to ensure that offenders help fix the damage they cause.		The Young Offenders Graffiti Removal program has recommenced on a weekly basis in partnership with Corrective Services.	





Key Result Area 4

# Economic Development

A key element in the transformation from a regional Town to a regional City is the development of diverse, sustainable economic base.

To achieve this, support is required for other industries including tourism, agriculture, light industrial and small business operators.

## Goal 1 – Tourism

That Tourism is a significant industry within the Town.

Immediate Priorities:	2011-12 Achievement
1. Ensure that new caravan park/backpackers facilities are developed within the Town.	AEC Group has completed the caravan park/backpackers feasibility study.
2. Progress the development of the Spoilbank Marina Precinct.	Negotiations with State Government are underway pending announcement of funding agreement.
3. Construct the Turtle Boardwalk project and the Stairway to the Moon project and work with stakeholders to identify other tourism product development initiatives.	Construction of ramp access to Cemetery Beach park pavilion has been completed. Audio commentary scope has been finalised. An upgrade of the Visitors' Centre is to commence in the first quarter of 2012/13. Request for Proposal for the development of a new caravan park in Pretty Pool will be finalised in the first quarter 2012/13. Planning for cruise ship visits and other initiatives to grow Port Hedland and the region's tourism profile are continually being developed and will foster economic diversification.
4. Develop additional tourist information at Town entry points and other focal points within the Town.	The Council is currently exploring management options for the Visitors' Centre that will address these issues.

Other Actions:	2011-12 Achievement
5. Develop camping facilities at popular coastal and river bed recreation areas.	The AEC Group has prepared a Caravan Backpackers Feasibility Study.
6. Develop a Tourism Plan that focuses on the tourism strengths that exist within the Town such as industrial/port tourism, ecology/biology and indigenous culture.	A 6.8 hectare caravan park site has been identified within Pretty Pool. Request for Proposals are currently being evaluated.

## Goal 2 – Mining / Roads

That the Town has strong working relationships with the mining industry that are achieving sustainable outcomes for the local community, while minimising negative impacts.

Immediate Priorities:	2011-12 Achievement
1. Actively seek funding partnerships with mining companies and contractors on the development of services and facilities within the community.	Discussions on 2012/13 funding partnership with BHP Billiton underway. Agreement reached with Fortescue Metals Group funding of Marquee Park cafe (funding signed) and Wanangkura Stadium operational funding. Negotiations commenced on potential funding of South Hedland Skate facility. Funding agreement reached with Atlas Iron.
2. Actively pursue integration of FIFO workers into the local community.	Working group meetings continue.
Other Actions:	2011-12 Achievement
3. Ensure that integrated accommodation options are available for resource related projects that do not artificially inflate the local real estate market.	The expression of interest process for the development of a temporary workers accommodation on the South Hedland Recreation Reserve was presented to Council and taking into account community feedback resolved not to proceed any further with the process. Completed Major Land Transactions for extension to lease term for Auzcorp - Mia Mia camp and Mineral Resources Limited within Precinct 2.

## Goal 3 – Business Development

That the Town of Port Hedland is recognised as a local government authority that works closely with business to achieve sustainable economic growth and a broad economic base

Immediate Priorities:		2011-12 Achievement	
1. Participate in the development of a Port Hedland Economic Development Strategy		Council and the WA Planning Commission endorsed the Pilbara's Port City Growth Plan. The Implementation Plan will commence prioritising which economic development strategies will be implemented.	
2. Review the alternatives for additional business opportunities at the PHIA including air freight, aircraft maintenance, tourism and industrial uses.		The Airport Development Masterplan is complete. A process has commenced to facilitate the development of an Airport Hotel. An application has been submitted for the construction of a logistics/transport/freight subdivision to increase business opportunities within the Airport precinct.	
3. Actively seek extension of air services with a focus on additional interstate and international services		Continuing to work to launch a direct flight, inclusive of an international freight service, between Port Hedland and Singapore. There has been a positive take-up by major airlines and steady progress with freight hub concept.	
4. Investigate new business / revenue streams for the Town		Whole of organisation identification of new business opportunities and other alternative revenue streams to diversify the Town's income stream continues.	
Other Actions:		2011-12 Achievement	
5. Identify land areas for the development of market gardens, aquaculture and agriculture development.		Some of these elements examined through Draft City Growth Plan in public and stakeholder discussions. No activity undertaken this year on this initiative.	
6. Provide support and incentives for entrepreneurs who are interested in establishing tourism related business within the Town.		Awaiting budget allocation to commence development of strategy.	

## Goal 4 – Land Development Projects

That land is being released and developed to meet the needs of a growing community.

Immediate Priorities:	2011-12 Achievement
1. Fast-track the release and development of commercial, industrial and residential land.	11 parcels of land have been identified for staff housing. Counter telephone and written services remain effective. Consultation continues with developers and state agencies regarding land release throughout Port Hedland.
2. Develop and maintain a register of development sites and project opportunities within the municipality. Promote this register widely.	The Town of Port Hedland has developed the Land Availability Study and the Land Rationalisation Plan, and is also preparing its own investment prospectus.
3. Undertake Town of Port Hedland operated land and building projects including:	
a. Catamore Court housing development	Site environmental investigations have been completed to the site and infrastructures provisions and funding are nearing completion. A Request for Proposals should be delivered by next quarter.
b. Airport Housing	Project complete on provision of three residences.
c. Land Rationalisation Land Projects	Town of Port Hedland staff has been facilitating the Land Rationalisation Plan through rezoning, subdivision, planning approvals, road closures and changing reservation vestings and types.
d. Relocation of the Wedgefield Depot to the Airport	Project on hold.
e. Civic Centre Redevelopment Project	An Office Accommodation Strategy is being developed to support the new Strategic Community Plan and Corporate Business Plan.

Other Actions:	2011-12 Achievement
4. Work with the State Government to enact civil infrastructure projects that will enable additional land developments to occur including:	
a. Port Hedland Infill Sewerage	This project is underway and should be completed in 2014.
b. Relocation of the Port Hedland Sewerage Treatment Ponds	This project is underway and should be completed in 2014..
c. Upgrading water pressure in the West End	Town of Port Hedland officers are in discussions with Watercorp to address water issues in the Town. Watercorp are currently finalising the infill sewerage upgrades in parts of the West End.
5. Ensure that the South Hedland Underground Power Project proceeds in a timely manner.	This project is currently underway and should be completed ahead of schedule.

Other Actions	2011-12 Achievements
6. Where appropriate, support private sector land developments to proceed in a timely manner	Discussions continued with Pilbara Cities, Landcorp, Department of Housing and private developers.
7. Regularly update the community on the status of key land development projects	'Gearing Up' functions to inform residents have been held in consultation with the Community on a regular basis.



## Goal 5 – Town Planning and Building

That Town Planning and Building control policy and practices within the Town are facilitating the rapid development of a sustainable community.

Immediate Priorities:	2011-12 Achievement
1. Develop a Town Plan that identifies opportunities for the following initiatives:	Pilbara's Port City Growth Plan was adopted by Council in May 2012, and has been endorsed by WAPC subject to minor changes.
a. Identification of new areas for future growth (urban and industrial)	Considered as part of the development of the Pilbara's Port City Growth Plan.
b. Bulky goods retail area development along Great Northern Highway.	Considered as part of the development of the Pilbara's Port City Growth Plan.
c. New entry ways into South Hedland	New entry ways into South Hedland constructed by Landcorp and opened to the public in November 2011.
d. Water related developments in South Hedland	Town of Port Hedland working with State Government on Waste Water Treatment Plant Relocation. Considered as part of the development of the Pilbara's Port City Growth Plan.
e. The re-zoning of Wedgefield in accordance with the Land Use Master Plan	Considered as part of the development of the Pilbara's Port City Growth Plan.
f. Location of community and government facilities	Considered as part of the development of the Pilbara's Port City Growth Plan.
g. Ensure that provision is made for industrial and transport corridors within the District.	Considered as part of the development of the Pilbara's Port City Growth Plan.

Immediate Priorities:		2011-12 AchievementV	
2. Develop Structure Plans for key precinct areas with a particular focus on the Spoilbank Precinct, Airport and Pretty Pool.		Various Structure Plans are being progressed through relevant agencies. These include plans for: The East End, The Western Edge, Osprey Precinct, Hamilton Precinct, Spoilbank Marina Precinct. Funding is being sought to undertake more structure plans for other localities.	
3. Review building and planning resources and ensure that turn-around times for applications are at or above industry best practice.		<p>The new Building Act was introduced this year and has taken time to introduce new processes and educate public on the changed requirements.</p> <p>The required pool inspection programme, required by the new legislation, will be introduced in the New Year.</p> <p>Planning Officers are currently reviewing procedures with a view to improving service to the development industry and the community.</p>	
Other Actions:		2011-12 Achievement	
4. Play a leadership role in good design by building Town of Port Hedland facilities that are aesthetically pleasing, environmentally sustainable and promote new technology within the District		All new infrastructure projects undertaken this year have included as a selection criteria proven experience in design and technical expertise to ensure buildings that are aesthetically pleasing, environmentally sustainable and have state of the art technology.	

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## Key Result Area 5

# Environment

The Town of Port Hedland needs and wants to be part of the global response to climate change. The Council recognizes that by acting locally, it can assist globally.

### Goal 1 – Waste Management

That the Town of Port Hedland is recognised as a regional leader in Waste Management.

Immediate Priorities:	2011-12 Achievement
1. Progressively re-develop the South Hedland Landfill Facility in accordance with the Landfill Strategic Plan.	Discussions held with New Energy Corporation to discuss possible impacts of future landfill requirements.
2. Develop strategies that encourage separation of waste by ratepayers to promote more effective and efficient landfill management and additional reuse/recycling opportunities.	The Town of Port Hedland is investigation funding options for a future reuse/recycling program. The Town is exploring the possibility of diverting 65% of its current landfill waste to a new Waste-to-Energy plant proposed by New Energy Corporation that would handle any type of waste that contains carbon. New Energy has also committed to investing in a Materials Recovery Facility to remove recyclable items such as concrete, bricks and metals. This initiative will be carried forward into the next financial year.
3. In conjunction with other Pilbara Regional Council's review the feasibility of establishing a domestic recycling service.	This year's program was deferred until the 2012/13 Financial Year.
4. Install improved waste water re-use facilities to Baler Primary School, Cassia Primary School, Hedland Senior High School and South Hedland Primary School.	Waste water reuse facilities at Cassia Primary School, Baler Primary School, South Hedland Primary School and Hedland Senior High School have been improved.

Other Actions:	2011-12 Achievement
5. Explore opportunities for the expansion of the Town's waste water re-use scheme.	Current negotiation with Water Corporation to secure a MOU to facilitate an allocation of re-use water. This initiative will be taken forward in the new financial year in conjunction with upgrade of the new waste water system in 2013/2014.
6. Commence planning for the construction of a new or expanded Landfill site.	Working with New Energy corporation to discuss possibility for joint venture on future landfill requirements. Site has been identified as part of the Port Hedland City Growth Plan.

## Goal 2 – Natural Resources

That the Town of Port Hedland is managing its unique environment and using its resources in a sustainable manner

Immediate Priorities:	2011-12 Achievement
1. Implement reticulation projects where bore water is used as an alternative to mains water.	Bore water based reticulation projects have been implemented.
2. Actively protect dune, creek and wetland eco-systems from degradation by off-road vehicles and other inappropriate uses.	Regular maintenance occurs with emergency issues receiving priority treatment.
3. Explore opportunities for the installation of additional solar lighting.	All new developments with public open space are encouraged to install solar lighting for low maintenance and operations cost.
Other Actions:	2011-12 Achievement
4. Partner with other agencies on foreshore rehabilitation/protection projects.	This project is now approximately 75 percent complete and further works are planned for August 2012.
5. Water Planning – partner with State Government to implement water initiatives to support the growing community and industry based in Town.	Water Corporation is actively exploring new bore fields and efficiency programs which should increase water supply within Port Hedland.

Key Result Area 6

# Governance

The Town of Port Hedland has developed to become a medium/large sized West Australian Local Government Authority. Council recognises that, as a significant business, it must have the governance structures, systems and procedures in place to lead this community to bigger, better, brighter and more sustainable future.

Goal 1 – Leadership

That the community acknowledges that the Town is leading the future development and management of the municipality in an effective and accountable manner.

Immediate Priorities:	2011-12 Achievement
<p>1. Actively market the achievements that the Town has made and the plans that are in place for the future.</p>	<p>Continued promotion of Town’s projects and achievements through regular communication channels as well as targeting new media outlets, such as WA Today, Western Councilor and Australian Financial Review. Increased coverage through LG Focus, a nationally distributed Local Government publication.</p>
<p>2. In conjunction with other stakeholders, develop and implement a coordinated, lobby campaign for additional resources from the State and Federal Governments for infrastructure and community projects that are needed to transform the Town into a City.</p>	<p>Elected Members and Senior Officers are in constant communication with State and Australian Government agencies and representatives, particularly through memberships of local, regional and State-wide boards, committees and working groups. These working relationships are generally strong and effective and build synergies and funding opportunities.</p>

Other Actions:	2011-12 Achievement
<p>3. Ensure that the Pilbara Regional Council grows and develops into an organization that clearly delivers value for money for Pilbara residents.</p>	<p>The Town of Port Hedland has participated in reviewing the Pilbara Regional Council's Operational Plan and other documentation, as well as in studies for regional and remote services for member Councils. Detailed input was provided to a study on costs and benefits of transient workforces/ FIFO. Opportunities are being considered through the Pilbara Regional Council and the review of its Operational Plan, particularly, the possibilities for shared administrative services.</p>

## Goal 2 – Marketing and Communication

That the Town of Port Hedland is managing its unique environment and using its resources in a sustainable manner.

Immediate Priorities:	2011-12 Achievement
<p>1. Undertake a comprehensive local, intrastate and interstate marketing campaign that details both the importance of the Port Hedland community and the positive achievements and attributes of the community.</p>	<p>The Town of Port Hedland has fostered local and intrastate marketing through a range of channels and opportunities including advertising, advertorial, festivals and events and through visits by corporate and community leaders including the Governor- General of Australia, Governor-General of WA and Premier Colin Barnett. The Town also undertook a national marketing campaign for the inaugural North West Festival which highlighted tourism opportunities for the Town.</p>
<p>2. Develop, refine and review the Town of Port Hedland corporate style guidelines that ensure a consistent clear image of the Town is being delivered.</p>	<p>All corporate, marketing and promotional material continues to be reviewed by the Publicity Officer to ensure the style guide is applied consistently.</p>
<p>3. Redevelop and regularly update the Town of Port Hedland website and other social networking mechanisms, ensuring that it is both interactive and contemporary.</p>	<p>A Social Media Policy has been endorsed by Council and is now operational.  Allocation of funds has been requested through the 2012/2013 budget process to significantly upgrade the Town website. This has been scheduled as a priority task after the network upgrade has been completed.</p>

## Other Actions:

## 2011-12 Achievement

4. Continue to inform and consult with the community regarding local events, issues and decisions through a variety of communication mechanisms.

A Community Engagement Strategy has been developed and following community feedback has been endorsed. A role of Marketing Manager has been created and will commence employment with the Town in the next financial year.

Information distributed through regular media channels, including the popular 'Town Talk' feature. Relationships with intrastate media outlets being developed through regular email/phone contact to facilitate increased publicity/media coverage for the Town of Port Hedland.



## Goal 3 – Systems Development

That the Towns internal operating systems are structured in a manner that assists in providing timely accurate information to the community.

Immediate Priorities:		2011-12 Achievement	
1. Work with other Pilbara Local Government Authorities to develop a standard Information Technology platform as the precursor to potentially regionalise of some local government service delivery.		Awaiting further feasibility and consultation with Pilbara Regional Council.	
2. Expand opportunities for the community to interact with the Town of Port Hedland via the internet including electronic lodgment of applications, GIS expanded payment alternatives and customer comments/ complaints.		The ICT Strategy that is currently being completed is due for completion September 2012. The Strategy will be reviewed quarterly in line with the Strategic Community Plan and the budget process.	
Other Actions:		2011-12 Achievement	
3. Redesign the financial system to allow for more effective and efficient financial management		A 10 Year Financial Plan is currently being completed. This plan will allow for more effective and efficient financial management and will form part of the Integrated Strategic Planning and Reporting Framework to be introduced by June 2013. A Chart of Accounts review and employment of a Financial Analyst will establish a Financial Risk and Efficiency Framework in the 2012/13 financial year.	
4. Review Council's Standing Orders Local Law.		A scope of works is currently being prepared for a consultancy to undertake a full review of Local Laws other than the Standing Orders (which will be reviewed internally).	

**WELCOME**

**TO**

**PILBARA'S**

**PORT**

**CITY**





Town of Port Hedland  
Financial Report

**For Year Ending 30 June 2012**



## Grant Thornton

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

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We have audited the accompanying financial report of Town of Port Hedland (the "Council"), which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information to the financial report and the statement by the Chief Executive Officer.

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

The Council of the Town of Port Hedland are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995 Part 6. This responsibility includes such internal controls as the Council determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances

### **Auditor's responsibility**

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

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

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



accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

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

### **Independence**

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

### **Auditor's Opinion**

In our opinion,

- a the financial report of Town of Port Hedland
  - i presents fairly, in all material respects, the Council's financial position as at 30 June 2012 and of its performance and cash flows for the year then ended ; and
  - ii complies with Australian Accounting Standards (including the Australian Accounting Interpretations); and
  - iii is prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

### **Statutory Compliance**

Other than the matters outlined below, I did not, during the course of my audit, become aware of any instance where the Council did not comply with the requirements of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996 as they relate to financial statements.

Local Government Act (section 6.5(3)) – requires by 30 September following each financial year or such extended time as the Minister allows, a local government is to submit to its auditor –

- (a) the accounts of the local government, balanced up to the last day of the preceding financial year; and
- (b) the annual financial report of the local government for the preceding financial year.



Neither the requirements of (a) or (b) of section 6.5(3) were received by the due date. The final annual financial report was not received until 19 February 2013.

A handwritten signature in black ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

A handwritten signature in black ink that reads "M J Hillgrove".

M J Hillgrove  
Partner – Audit & Assurance

Perth, 22 February 2013

**TOWN OF PORT HEDLAND**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

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**TOWN OF PORT HEDLAND**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 30TH JUNE 2012**

**LOCAL GOVERNMENT ACT 1995**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Town of Port Hedland being the annual financial report and other information for the financial year ended 30th June 2012 are in my opinion properly drawn up to present fairly the financial position of the Town of Port Hedland at 30th June 2012 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on the 22nd day of February 2013



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**M.J. (Mal) Osborne**  
Chief Executive Officer

**TOWN OF PORT HEDLAND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
<b>REVENUE</b>				
Rates	22	15,450,679	15,508,133	13,571,692
Operating Grants, Subsidies and Contributions	28	7,135,769	8,154,544	6,470,557
Fees and Charges	27	26,983,048	23,036,410	21,207,469
Interest Earnings	2(a)	1,839,080	1,352,412	2,195,662
Other Revenue		935,464	546,910	494,801
		<u>52,344,040</u>	<u>48,598,408</u>	<u>43,940,181</u>
<b>EXPENSES</b>				
Employee Costs		(16,770,805)	(16,349,035)	(13,440,726)
Materials and Contracts		(15,941,066)	(15,272,666)	(12,545,565)
Utility Charges		(2,296,862)	(2,128,325)	(1,659,674)
Depreciation on Non-Current Assets	2(a)	(7,982,280)	(7,320,435)	(6,140,570)
Interest Expenses	2(a)	(886,991)	(1,412,011)	(438,565)
Insurance Expenses		(921,331)	(907,050)	(708,908)
Other Expenditure		(1,918,157)	(551,331)	(1,832,152)
		<u>(46,717,492)</u>	<u>(43,940,852)</u>	<u>(36,766,160)</u>
		5,626,548	4,657,557	7,174,021
Non-Operating Grants, Subsidies and Contributions	28	26,741,647	43,266,225	21,822,577
Profit on Asset Disposals	20	11,000	17,900	1,491
Loss on Asset Disposal	20	-	(83,100)	(23,430)
		<u>32,379,195</u>	<u>47,858,582</u>	<u>28,974,659</u>
<b>NET RESULT</b>				
Other Comprehensive Income		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
<b>Total Other Comprehensive income</b>				
		<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL COMPREHENSIVE INCOME</b>				
		<u><u>32,379,195</u></u>	<u><u>47,858,582</u></u>	<u><u>28,974,659</u></u>

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

**TOWN OF PORT HEDLAND**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY PROGRAM**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
<b>REVENUE</b>				
Governance		74,429	179,260	92,818
General Purpose Funding		19,797,838	19,851,886	19,334,947
Law, Order, Public Safety		384,163	287,658	600,884
Health		87,642	47,960	71,845
Education and Welfare		833,931	43,875	334,713
Housing		226,684	245,916	3,280,387
Community Amenities		8,728,700	8,264,429	7,504,098
Recreation and Culture		6,828,127	5,018,526	10,786,599
Transport		20,005,043	11,558,425	13,137,940
Economic Services		21,092,100	2,825,143	10,364,266
Other Property and Services		1,038,031	275,330	255,752
		<u>79,096,688</u>	<u>48,598,408</u>	<u>65,764,249</u>
<b>EXPENSES EXCLUDING FINANCE COSTS</b>				
Governance		(2,033,948)	(1,877,722)	(1,485,539)
General Purpose Funding		(382,952)	(520,388)	(367,773)
Law, Order, Public Safety		(1,573,000)	(1,567,539)	(1,240,196)
Health		(560,984)	(568,993)	(486,096)
Education and Welfare		(1,136,448)	(4,278,625)	(956,184)
Housing		(685,017)	(597,301)	(617,505)
Community Amenities		(7,959,351)	(7,776,205)	(6,970,489)
Recreation & Culture		(16,069,441)	(13,183,060)	(12,792,658)
Transport		(13,031,980)	(9,919,980)	(9,202,724)
Economic Services		(1,600,903)	(1,818,063)	(1,788,306)
Other Property and Services		(796,477)	(420,967)	(443,555)
		<u>(45,830,501)</u>	<u>(42,528,842)</u>	<u>(36,351,025)</u>
<b>FINANCE COSTS</b>				
Governance		(2,550)	(2,563)	(4,499)
Law, Order, Public Safety		(16,214)	(16,858)	(17,882)
Education and Welfare		(19,302)	(20,069)	(21,288)
Housing		(343,617)	(303,253)	(285,892)
Community Amenities		0	(49,215)	(10,688)
Recreation & Culture		(499,569)	(887,900)	(91,137)
Transport		(1,710)	(128,122)	(2,901)
Economic Services		(4,030)	(4,030)	(4,278)
	2 (a)	<u>(886,992)</u>	<u>(1,412,011)</u>	<u>(438,565)</u>
<b>NET RESULT</b>		<u><b>32,379,195</b></u>	<u><b>4,657,555</b></u>	<u><b>28,974,659</b></u>
<b>Other Comprehensive Income</b>		0	0	0
<b>Total Other Comprehensive Income</b>		<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><u><b>32,379,195</b></u></u>	<u><u><b>4,657,555</b></u></u>	<u><u><b>28,974,659</b></u></u>

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

**TOWN OF PORT HEDLAND  
STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	77,118,725	35,458,967
Trade and Other Receivables	4	10,981,715	6,915,465
Inventories	5	4,885	14,451
<b>TOTAL CURRENT ASSETS</b>		<u>88,105,325</u>	<u>42,388,883</u>
<b>NON-CURRENT ASSETS</b>			
Other Receivables	4	891,065	955,808
Property, Plant and Equipment	6	90,200,438	67,587,176
Infrastructure	7	129,210,527	116,744,977
<b>TOTAL NON-CURRENT ASSETS</b>		<u>220,302,030</u>	<u>185,287,961</u>
<b>TOTAL ASSETS</b>		<u>308,407,356</u>	<u>227,676,844</u>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	8	43,933,897	7,274,177
Long Term Borrowings	9	1,008,734	634,820
Provisions	10	1,516,073	1,491,158
<b>TOTAL CURRENT LIABILITIES</b>		<u>46,458,704</u>	<u>9,400,155</u>
<b>NON-CURRENT LIABILITIES</b>			
Long Term Borrowings	9	20,564,243	9,288,722
Provisions	10	117,412	100,166
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>20,681,655</u>	<u>9,388,888</u>
<b>TOTAL LIABILITIES</b>		<u>67,140,359</u>	<u>18,789,043</u>
<b>NET ASSETS</b>		<u>241,266,996</u>	<u>208,887,801</u>
<b>EQUITY</b>			
Retained Surplus		202,881,530	180,557,880
Reserves - Cash Backed	11	37,532,938	27,477,393
Reserves - Asset Revaluation	12	852,528	852,528
<b>TOTAL EQUITY</b>		<u>241,266,996</u>	<u>208,887,801</u>

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

**TOWN OF PORT HEDLAND  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH/ BACKED \$	ASSET REVALUATION RESERVE \$	TOTAL EQUITY \$
Balance as at 1 July 2010		138,687,643	40,372,971	852,528	179,913,142
Net Result		28,974,659	0	0	28,974,659
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		12,895,578	(12,895,578)	0	0
<b>Balance as at 30 June 2011</b>		<b>180,557,880</b>	<b>27,477,393</b>	<b>852,528</b>	<b>208,887,801</b>
Net Result		32,379,195	0	0	32,379,195
Total Other Comprehensive Income		0	0	0	0
Reserve Transfers		(10,055,545)	10,055,545	0	0
<b>Balance as at 30 June 2012</b>		<b>202,881,530</b>	<b>37,532,938</b>	<b>852,528</b>	<b>241,266,996</b>

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

**TOWN OF PORT HEDLAND  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30TH JUNE 2012**

	NOTE	2012 \$	2012 Budget \$	2011 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Rates		15,530,245	15,197,971	13,669,902
Operating Grants, Subsidies and Contributions		7,135,769	8,154,544	6,470,557
Fees and Charges		22,841,333	21,116,709	21,169,768
Interest Earnings		1,839,080	1,352,412	2,195,662
Goods and Services Tax		7,364,997	0	2,710,938
Other Revenue		935,464	546,910	494,801
		<u>55,646,888</u>	<u>46,368,545</u>	<u>46,711,628</u>
<b>Payments</b>				
Employee Costs		(16,633,921)	16,235,104	(13,241,218)
Materials and Contracts		20,370,402	13,999,944	(10,660,080)
Utility Charges		(2,296,862)	2,021,908	(1,659,674)
Insurance Expenses		(921,331)	907,050	(708,908)
Interest expenses		(623,895)	1,412,011	(434,222)
Goods and Services Tax		(7,364,997)	0	(2,710,938)
Other Expenditure		(1,918,162)	551,331	(1,862,589)
		<u>(9,388,766)</u>	<u>35,127,348</u>	<u>(31,277,629)</u>
<b>Net Cash Provided By (Used In) Operating Activities</b>	13(b)	<u>46,258,122</u>	<u>81,495,893</u>	<u>15,433,999</u>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of Property, Plant & Equipment		(26,340,051)	(34,336,726)	(34,524,473)
Payments for Construction of Infrastructure		(16,721,040)	(36,207,509)	(15,387,879)
Non-Operating Grants, Subsidies and Contributions used for the Development of Assets		26,741,647	43,266,255	21,352,577
Proceeds from Sale of Plant & Equipment		11,000	217,300	138,686
Proceeds from the sale of Investments		0	0	0
		<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Cash Provided By (Used In) Investing Activities</b>		<u>(16,308,444)</u>	<u>(27,060,710)</u>	<u>(28,421,089)</u>
<b>Cash Flows from Financing Activities</b>				
Repayment of Debentures		(607,563)	(935,374)	(698,576)
Transfer from Trust - Public Open Space		0	0	470,000
Transfer of Self Supporting Loan		0	(500,000)	(250,000)
Proceeds from Self Supporting Loans		60,642	66,907	56,767
Proceeds from New Debentures		12,257,000	21,778,000	3,930,000
		<u>12,257,000</u>	<u>21,778,000</u>	<u>3,930,000</u>
<b>Net Cash Provided By (Used In) Financing Activities</b>		<u>11,710,079</u>	<u>20,409,533</u>	<u>3,508,191</u>
<b>Net Increase (Decrease) in Cash Held</b>		41,659,758	4,590,020	(9,478,899)
Cash at Beginning of Year		35,458,967	25,808,332	44,937,866
<b>Cash and Cash Equivalents at the End of the Year</b>	13(a)	<u><u>77,118,725</u></u>	<u><u>30,398,353</u></u>	<u><u>35,458,967</u></u>

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

## Annual Financial Report &amp; Auditor's Report

**TOWN OF PORT HEDLAND  
RATE SETTING STATEMENT  
FOR THE YEAR ENDED 30TH JUNE 2012**

NOTE	2012 Actual \$	2012 Budget \$
<b>REVENUE</b>		
Governance	74,429	179,260
General Purpose Funding	4,347,158	4,343,753
Law, Order, Public Safety	384,163	837,658
Health	87,642	47,960
Education and Welfare	833,931	3,893,875
Housing	226,684	245,916
Community Amenities	8,728,700	8,264,429
Recreation and Culture	6,828,127	10,923,154
Transport	20,005,043	36,437,922
Economic Services	21,092,100	10,925,143
Other Property and Services	1,038,031	275,330
	<u>63,646,008</u>	<u>76,374,400</u>
<b>EXPENSES</b>		
Governance	(2,036,497)	(1,880,285)
General Purpose Funding	(382,952)	(520,388)
Law, Order, Public Safety	(1,589,214)	(1,584,397)
Health	(560,984)	(568,993)
Education and Welfare	(1,155,750)	(4,298,694)
Housing	(1,028,633)	(900,554)
Community Amenities	(7,959,351)	(7,829,120)
Recreation & Culture	(16,569,009)	(14,070,960)
Transport	(13,033,690)	(10,127,502)
Economic Services	(1,604,934)	(1,822,093)
Other Property and Services	(796,477)	(420,967)
	<u>(46,717,490)</u>	<u>(44,023,952)</u>
<b>Net Operating Result Excluding Rates</b>	<b>16,928,518</b>	<b>32,350,448</b>
<b>Adjustments for Cash Budget Requirements:</b>		
<b>Non-Cash Expenditure and Revenue</b>		
(Profit)/Loss on Asset Disposals	11,000	65,200
Movement in Accrued Interest	263,096	0
Movement in Deferred Pensioner Rates (non-current)	(1,105)	0
Movement in Accrued Salaries and Wages	94,722	0
Movement in Employee Benefit Provisions	42,161	0
Depreciation and Amortisation on Assets	7,982,280	7,320,435
<b>Capital Expenditure and Revenue</b>		
Purchase Land and Buildings	(23,423,847)	(32,107,672)
Purchase Infrastructure Assets - Roads	(1,023,755)	(32,086,293)
Purchase Infrastructure Assets - Other	(15,697,285)	(13,173,093)
Purchase Plant and Equipment	(1,493,105)	(2,628,000)
Purchase Furniture and Equipment	(1,423,099)	(1,408,250)
Proceeds from Disposal of Assets	11,000	217,300
Repayment of Debentures	(634,818)	(935,374)
Transfer to Self Supporting Loans	0	(500,000)
Proceeds from New Debentures	12,257,000	17,848,000
Self-Supporting Loan Principal Income	60,642	66,908
Transfer from Trust	0	0
Transfers to Reserves (Restricted Assets)	(45,467,628)	(21,929,716)
Transfers from Reserves (Restricted Assets)	35,412,082	28,016,147
<b>ADD Estimated Surplus/(Deficit) July 1 B/Fwd</b>	<b>7,728,477</b>	<b>3,375,828</b>
<b>LESS Estimated Surplus/(Deficit) June 30 C/Fwd</b>	<b>7,077,017</b>	<b>0</b>
<b>Amount Required to be Raised from Rates</b>	<b>22</b>	<b>(15,450,679)</b>
		<u><b>(15,508,133)</b></u>

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

## TOWN OF PORT HEDLAND NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2012

### 1. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Basis of Preparation

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

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

#### *Critical Accounting Estimates*

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

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

#### (b) The Local Government Reporting Entity

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

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

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

#### (c) Goods and Services Tax

Revenues, expenses and assets capitalised are stated net of any GST recoverable.

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

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(d) Cash and Cash Equivalents**

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

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

**(e) Trade and Other Receivables**

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

**(f) Inventories**

**General**

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

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

**Land Held for Resale**

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

Revenue arising from the sale of property is recognised in the statement of comprehensive income as at the time of signing an unconditional contract of sale.

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

**(g) Fixed Assets**

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

**Initial Recognition**

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

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

***Revaluation***

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

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

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

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

***Land under Roads***

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

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

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

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

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

***Depreciation of Non-Current Assets***

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

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

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

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

Buildings	30 to 50 years
Furniture and Equipment	4 to 10 years
Plant and Equipment	5 to 15 years
Sealed roads and streets formation	not depreciated
pavement seal	50 years
- bituminous seals	20 years
- asphalt surfaces	25 years
Gravel roads formation	not depreciated
pavement	50 years
Formed roads (unsealed) formation	not depreciated
pavement	50 years
Footpaths - slab	40 years
Parks	10 to 40 years
Ovals	40 years
Street Verges	40 years
Sewerage piping	100 years
Water supply piping and drainage systems	75 years

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

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

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

**(h) Financial Instruments**

***Initial Recognition and Measurement***

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

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

## TOWN OF PORT HEDLAND NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2012

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (h) Financial Instruments (Continued)

##### ***Classification and Subsequent Measurement***

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

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

Amortised cost is calculated as:

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

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

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

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

##### ***(ii) Loans and receivables***

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

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

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

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

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

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

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

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

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

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

***(v) Financial liabilities***

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

***Impairment***

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

***Derecognition***

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

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(i) Impairment**

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

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

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

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

**(j) Trade and Other Payables**

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

**(k) Employee Benefits**

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

**(l) Borrowing Costs**

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

**(m) Provisions**

Provisions are recognised when:

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

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(n) Leases**

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

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

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

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

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

**(o) Joint Venture**

The Council's interest in a joint venture has been recognised in the financial statements by including its share of any assets, liabilities, revenues and expenses of the joint venture within the appropriate line items of the financial statement. Information about the joint venture is set out in Note 16.

The Council's interest in joint venture entities are recorded using the equity method of accounting in the financial report.

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

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

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

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(q) Superannuation**

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

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

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

**(s) Rounding Off Figures**

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

**(t) Comparative Figures**

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

**(u) Budget Comparative Figures**

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2012.

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

Title and Topic	Issued	Applicable (*)	Impact
(i) AASB 9 – Financial Instruments	December 2009	01 January 2013	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	01 July 2013	Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iii) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9  [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	December 2009	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

Title and Topic	Issued	Applicable (*)	Impact
(iv) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	01 July 2013	Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.
(v) AASB 2010 – 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	December 2010	01 January 2013	Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(vi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 112]	December 2010	01 January 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

Title and Topic	Issued	Applicable (*)	Impact
(vii) AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7]	December 2010	01 January 2013	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 - 2 Amendments to Australian Accounting Standards - Arising from the Trans-Tasman Consequence Project - Reduced Disclosure Requirements. [AASB 101 & 1054]	May 2011	01 July 2013	
AASB 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049]	May 2011	01 July 2012	
AASB 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127,128 & 131]	July 2011	01 July 2013	

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

Title and Topic	Issued	Applicable (*)	Impact
(viii) AASB 10 - Consolidated Financial Statements, AASB 11 - Joint Arrangements, AASB 12 - Disclosure of Interests In Other Entities, AASB 127 - Separate Financial Statements, AASB 128 - Investments in Associates and Joint Ventures, AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	August 2011	01 January 2013	Nil - None of these, except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Joint Venture, the requirements of AASB 128 supercede those of the current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

Title and Topic	Issued	Applicable (*)	Impact
(ix) AASB 13 - Fair Value Measurement, AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	September 2011	01 January 2013	AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. AASB 13 requires inputs to all fair value measurements to be categorised in accordance with fair value hierarchy. AASB 13 also requires enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) measured at fair value. AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards. The amendments to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.
(x) AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	01 July 2013	The main change embodied in this standard is the requirement to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

Title and Topic	Issued	Applicable (*)	Impact
(xi) AASB 119 - Employee Benefits, AASB 2011 - 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Interpretation 14]	September 2011	01 January 2013	The changes in relation to defined benefit plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.
(xii) AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	September 2011	01 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
AASB 2011 – 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]	November 2011	01 January 2013	
AASB 2011 – 13 Amendments to Australian Accounting Standards – Improvements to AASB 1049	December 2011	01 July 2012	

**Notes:**

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

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

These new and revised standards were:

AASB 124  
AASB 1054  
AASB 2009 - 12  
AASB 2009 - 14  
AASB 2010 - 4  
AASB 2010 - 5  
AASB 2010 - 6  
AASB 2010 - 9  
AASB 2011 - 1

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

**2. REVENUE AND EXPENSES**

**2012**                      **2011**  
**\$**                                      **\$**

**(a) Net Result**

The Net Result includes:

(i) Charging as an Expense:

**Auditors Remuneration**

- Audit	18,259	21,200
- Other Services	37,769	18,510
	56,028	39,710

**Depreciation**

Buildings	2,099,341	1,325,246
Furniture and Equipment	345,334	310,856
Plant and Equipment	1,282,114	1,200,430
Roads	1,397,119	1,378,856
Infrastructure - Airport	663,021	526,864
Infrastructure - Other	2,195,350	1,398,318
	7,982,279	6,140,570

**Interest Expenses (Finance Costs)**

Debentures (refer Note 21(a))	622,997	438,565
Accrued Interest	287,228	0
	910,225	438,565

**Rental Charges**

- Operating Leases	321,207	276,360
	321,207	276,360

(ii) Crediting as Revenue:

**2012**                      **2012**                      **2011**  
**\$**                                      **Budget**                      **\$**  
**\$**

**Interest Earnings**

Investments		
- Reserve Funds	1,277,302	953,800
- Other Funds	355,727	270,000
- Loans	62,095	78,612
Other Interest Revenue (refer note 26)	143,956	156,117
	1,839,080	1,470,402
		2,195,662

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(b) Statement of Objective**

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

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

**GOVERNANCE**

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

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

**GENERAL PURPOSE FUNDING**

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

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

**LAW, ORDER, PUBLIC SAFETY**

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

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

**HEALTH**

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

Activities: Food quality and pest control, and Aboriginal Environment health

**EDUCATION AND WELFARE**

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

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

**HOUSING**

Objective: Help ensure adequate housing.

Activities: Maintenance of staff and community housing.

**COMMUNITY AMENITIES**

Objective: Provide services required by the community

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

**RECREATION AND CULTURE**

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

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

**TRANSPORT**

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

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

**ECONOMIC SERVICES**

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

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

**OTHER PROPERTY SERVICES**

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

# Annual Financial Report & Auditor's Report

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

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

Grant/Contribution	Function/ Activity	Opening Balance (*) 01-Jul-10	Received (+) 2011/2011	Expended (#) 2011/2011	Closing Balance (*) 30-Jun-11	Received (+) 2011/2012	Expended (#) 2011/2012	Closing Balance 30-Jun-12
BHP - Environmental Projects		49,838	0	(49,838)	0	0	0	0
Building Safety; (Fire) Grant		15,000	0	0	15,000	0	0	15,000
Office of Crime Prevention (OCPP)		20,000	0	(20,000)	0	0	0	0
Talk R Hedland		435	0	(435)	0	0	0	0
BHP - Hedland Turf Club Grandstand		100,000	0	(48,398)	51,601	0	(51,386)	205
PH Enh. Vicinity Scheme - Boat Ramp		27,562	0	(27,562)	0	0	0	0
PH Enhancement Scheme - Foreshore Park		70,841	0	(60,958)	9,883	0	0	9,883
PH Enhancement Scheme - Sportsbank Masterplan		547,301	0	(547,301)	0	0	0	0
Royalties for Regions - CLGF		57,005	0	(57,005)	0	0	0	0
Pilbara Development Commission - Turle Bay		140,873	0	(140,873)	0	0	0	0
DOTARS Grant - Airport Development		44,581	0	(44,581)	0	0	0	0
Local Road Grant		436,607	0	(436,607)	0	0	0	0
Local Road Grant		15,000	0	(15,000)	0	0	0	0
Local Road Grant		60,000	0	(60,000)	0	0	0	0
Local Road Grant		100,000	0	(100,000)	0	0	0	0
Local Road Grant		6,202	0	(6,202)	0	0	0	0
Local Road Grant		81,931	0	(81,931)	0	0	0	0
Local Road Grant		1,552	0	(1,552)	0	0	0	0
Local Road Grant		743,074	0	(743,074)	0	0	0	0
Local Road Grant		26,979	0	(26,979)	0	0	0	0
Local Road Grant		27,254	0	(27,254)	0	0	0	0
Local Road Grant		73,435	0	(73,435)	0	0	0	0
Local Road Grant		356,155	0	(356,155)	0	0	0	0
Road To Recovery - 10-11 Carry over		0	0	0	0	44,000	0	44,000
Road To Recovery - 40% Payment for Debt Participation		41,212	0	(41,212)	0	0	0	0
Road To Recovery - Joint Project Officer		32,551	0	(32,551)	0	0	0	0
CCP - Reduce the number of burglary and theft offences		0	11,000	0	11,000	0	(11,001)	(901)
BHP Sponsorship 2010 - Dune Restoration		0	20,000	(10,465)	9,535	0	7,803	11,318
BHP Sponsorship 2010 - Port Hedland International Airport Development Plan Project		0	20,000	0	20,000	0	(5,569)	(4,569)
BHP Sponsorship 2010 - Port Hedland International Airport Development Plan Project		0	77,273	(77,273)	0	0	0	0
BHP Sponsorship 2011/12 - Skale Park		0	0	0	0	0	0	0
BHP Sponsorship 2011/12 - Cahn Malleson Change Rooms		0	0	0	0	0	0	0
BHP Sponsorship 2011/12 - Pioneer Cemetery Upgrade		0	0	0	0	0	0	0
BHP Sponsorship 2011/12 - Curram and Backdoctors Feasibility Study		0	0	0	0	0	0	0
BHP Sponsorship 2011/12 - Cemetery Beach Park		0	0	0	0	0	0	0
BHP Sponsorship 2011/12 - Farmer Plan - Golf Turf Club		0	1,500,000	0	1,500,000	750,000	(842,105)	1,407,895
BHP Sponsorship 2010 - GP Housing Project		0	0	0	0	0	0	0
Royalties for Regions 2009/2010 - Community Development Projects		0	1,500,000	(72,840)	1,427,160	0	(800,125)	627,035
Royalties for Regions 2010/2011 - GP Housing		0	3,000,000	(120,472)	2,879,528	0	(1,285,654)	1,593,874
Royalties for Regions 2010/2011 - Cemetery, Park		0	1,230,000	0	1,230,000	2,370,000	(1,817,024)	1,782,976
Royalties for Regions - St Hedland Aquatic Centre		0	665,000	0	665,000	0	0	665,000
Royalties for Regions - St Hedland Library & Community Centre		0	0	0	0	100,000	0	100,000
CLGF 2010/11 - Town Entry Staircase		0	135,564	(33,845)	101,719	0	(102,821)	0
Regional Local Council Incentive Program - St Hedland Aquatic Centre Upgrade		0	0	0	0	32,279	0	32,279
Community Contribution - Bicycle Plan		0	0	0	0	3,800	0	3,800
Children Book Council of Aust		0	100,000	(100,000)	0	0	0	0
Pilbara Cities Port Hedland Growth Plan		0	50,000	(5,325)	44,675	0	0	44,675
PDC - Pilbara Regional Grant - Coastal Access & Managed Camping		3,097,493	8,309,837	(8,448,242)	7,959,088	0	(4,930,485)	49,603
<b>Total</b>						<b>3,209,873</b>	<b>(4,930,485)</b>	<b>0,279,388</b>

**Notes:**

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



**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

	2012 \$	2011 \$
<b>3. CASH AND CASH EQUIVALENTS</b>		
Cash on Hand - Municipal (Unrestricted)	5,230	5,230
Cash at Bank - Municipal	39,580,611	7,976,344
Cash at Bank - Reserves (Restricted)	<u>37,532,884</u>	<u>27,477,393</u>
	<u><u>77,118,725</u></u>	<u><u>35,458,967</u></u>
<u>Cash at Bank - Municipal</u>		
Unrestricted Balance	30,022,829	(467,368)
Restricted Grants Balance	<u>9,557,782</u>	<u>8,443,712</u>
	<u><u>39,580,611</u></u>	<u><u>7,976,344</u></u>
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Leave Reserve	949,398	909,268
Airport Reserve	12,832,619	11,256,168
Plant Reserve	284,697	272,663
Car Parking Reserve	226,624	158,275
Planning Projects Reserve	0	0
Waste Management Reserve	1,284,198	614,645
Bushfire Management Reserve	0	0
Lights Replacement Reserve	22,559	21,333
Depot Facilities Reserve	16,101	15,420
Oval Development Reserve	0	0
BHP - TPRH Alliance Reserve	0	0
South Hedland Library Reserve	14,202	13,602
SES Shed Reserve	34,355	32,903
Planning Permeability Reserve	0	0
Waste Management Recycle Reserve	441,559	422,895
BHP Reserve	7,778,997	8,347,897
Civil Building/Infrastructure Reserve	91,459	87,593
Newcrest Reserve	2,490	2,385
Spoilbank Reserve	10,386,348	514,333
Royalties for Regions Reserve	248,958	3,246,157
Community Facilities Reserve	2,219,262	1,561,856
GP Housing	699,113	0
	<u>37,532,939</u>	<u>27,477,393</u>
Unspent Grants	6,328,267	7,958,888
Unspent Loans	<u>3,229,515</u>	<u>484,824</u>
	<u><u>9,557,782</u></u>	<u><u>8,443,712</u></u>
Total Restricted Funds	<u><u>47,090,721</u></u>	<u><u>35,921,105</u></u>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

	2012 \$	2011 \$
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Rates Outstanding	54,128	132,589
Sundry Debtors	8,572,925	5,189,198
Provision for Doubtful Debts	(243,256)	(24,981)
Loans - Clubs/Institutions	63,638	60,642
Other Receivables	167,849	76,410
Accrued Income	2,366,431	1,481,607
	<u>10,981,715</u>	<u>6,915,465</u>
<b>Non-Current</b>		
Rates Outstanding - Pensioners	19,279	19,279
Service Charges - Underground Power	0	1,105
Loans - Clubs/Institutions	871,786	935,424
	<u>891,065</u>	<u>955,808</u>
<b>5. INVENTORIES</b>		
<b>Current</b>		
Fuel	1,445	7,842
Matt Dann Kiosk	3,440	4,270
JD Hardie Centre	0	2,339
	<u>4,885</u>	<u>14,451</u>
	2012 \$	2011 \$
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
Land - Cost	<u>1,403,748</u>	<u>1,403,748</u>
	1,403,748	1,403,748
Land and Buildings - Cost	91,577,497	68,153,650
Less Accumulated Depreciation	<u>(13,193,013)</u>	<u>(11,093,672)</u>
	78,384,484	57,059,978
Furniture and Equipment - Cost	6,300,420	4,877,321
Less Accumulated Depreciation	<u>(3,941,836)</u>	<u>(3,596,502)</u>
	2,358,584	1,280,819
Plant and Equipment - Cost	17,079,570	15,647,164
Less Accumulated Depreciation	<u>(9,025,948)</u>	<u>(7,804,533)</u>
	8,053,622	7,842,631
	<u>90,200,438</u>	<u>67,587,176</u>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

**Movements in Carrying Amounts**

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

	Land \$	Land & Buildings \$	Furniture & Equipment \$	Plant & Equipment \$	Total \$
Balance as at the beginning of the year 1/7/2011	1,403,748	57,059,978	1,280,819	7,842,631	67,587,176
Additions	-	23,423,847	1,423,099	1,493,105	26,340,051
(Disposals)	-	-	-	-	-
Revaluation - Increments - (Decrements)	-	-	-	-	-
Impairment - (losses) - reversals	-	-	-	-	-
Depreciation (Expense)	-	(2,099,341)	(345,334)	(1,282,114)	(3,726,789)
<b>Carrying amount at the end of year 30/6/2012</b>	<b><u>1,403,748</u></b>	<b><u>78,384,484</u></b>	<b><u>2,358,584</u></b>	<b><u>8,053,622</u></b>	<b><u>90,200,438</u></b>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

**7. INFRASTRUCTURE (Continued)**

**Movements in Carrying Amounts**

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

	Roads \$	Footpaths \$	Drainage \$	Parks and Ovals \$	Bridges \$	Bus Shelters \$	Depots \$	Airport \$	Total \$
Balance at the beginning of the year	60,869,366	7,177,673	6,649,100	28,139,178	1,968,403	86,398	517,701	11,337,158	116,744,977
Additions	1,023,755	1,030	14,687	9,497,396	1,564,177	-	9,735	4,580,260	16,721,040
(Disposals)	-	-	-	-	-	-	-	-	-
Revaluation - Increments - (Decrements)	-	-	-	-	-	-	-	-	-
Impairment - (losses) - reversals	-	-	-	-	-	-	-	-	-
Depreciation (Expense)	(1,397,119)	(8,418)	(131,572)	(1,941,440)	(76,917)	(20,519)	(16,484)	(663,021)	(4,255,481)
<b>Carrying amount at the end of year 30 June 2012</b>	<b>60,496,002</b>	<b>7,170,285</b>	<b>6,532,215</b>	<b>35,695,134</b>	<b>3,485,663</b>	<b>65,879</b>	<b>510,952</b>	<b>15,254,397</b>	<b>129,210,527</b>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

	2012 \$	2011 \$
<b>7. INFRASTRUCTURE</b>		
Roads - Cost	81,968,545	80,944,790
Less Accumulated Depreciation	<u>(21,472,543)</u>	<u>(20,075,424)</u>
	60,496,002	60,869,366
Footpaths - Cost	9,593,029	9,591,999
Less Accumulated Depreciation	<u>(2,422,744)</u>	<u>(2,414,326)</u>
	7,170,285	7,177,673
Drainage - Cost	9,880,203	9,865,516
Less Accumulated Depreciation	<u>(3,347,988)</u>	<u>(3,216,416)</u>
	6,532,215	6,649,100
Parks & Ovals - Cost	43,843,009	34,345,613
Less Accumulated Depreciation	<u>(8,147,875)</u>	<u>(6,206,435)</u>
	35,695,134	28,139,178
Bridges - Cost	3,953,103	2,358,926
Less Accumulated Depreciation	<u>(467,440)</u>	<u>(390,523)</u>
	3,485,663	1,968,403
Bus Shelters - Cost	205,185	205,185
Less Accumulated Depreciation	<u>(139,306)</u>	<u>(118,787)</u>
	65,879	86,398
Depot - Cost	666,027	656,292
Less Accumulated Depreciation	<u>(155,075)</u>	<u>(138,591)</u>
	510,952	517,701
Airport - Cost	27,088,038	22,507,777
Less Accumulated Depreciation	<u>(11,833,641)</u>	<u>(11,170,619)</u>
	15,254,397	11,337,158
	<u><u>129,210,527</u></u>	<u><u>116,744,977</u></u>

Council have adopted a policy of re-valuing with sufficient regularity to ensure the carrying amount of each road asset is fairly stated at reporting date.

This policy also accords with AASB 116.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

	2012 \$	2011 \$
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	11,085,122	6,534,847
Income in Advance	32,373,607	621,980
Accrued Interest on Debentures	287,228	24,132
Accrued Salaries and Wages	187,940	93,218
	<u>43,933,897</u>	<u>7,274,177</u>
<b>9. LONG-TERM BORROWINGS</b>		
<b>Current</b>		
Secured by Floating Charge Debentures	<u>1,008,734</u>	<u>634,820</u>
	<u>1,008,734</u>	<u>634,820</u>
<b>Non-Current</b>		
Secured by Floating Charge Debentures	<u>20,564,243</u>	<u>9,288,722</u>
	<u>20,564,243</u>	<u>9,288,722</u>
Additional detail on borrowings is provided in Note 21.		
<b>10. PROVISIONS</b>		
<b>Current</b>		
Provision for Annual Leave	1,000,056	862,559
Provision for Long Service Leave	305,684	198,129
Provision for Sick Leave	210,333	430,470
	<u>1,516,073</u>	<u>1,491,158</u>
<b>Non-Current</b>		
Provision for Long Service Leave	<u>117,412</u>	<u>100,166</u>
	<u>117,412</u>	<u>100,166</u>

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

	2012 \$	2012 Budget \$	2011 \$
<b>11. RESERVES - CASH BACKED</b>			
<b>(a) Leave Reserve</b>			
Opening Balance	909,268	935,565	941,931
Amount Set Aside / Transfer to Reserve	40,130	42,100	44,156
Amount Used / Transfer from Reserve	0	0	(76,819)
	<u>949,398</u>	<u>977,665</u>	<u>909,268</u>
<b>(b) Airport Reserve</b>			
Opening Balance	11,256,168	8,277,905	6,808,985
Amount Set Aside / Transfer to Reserve	17,628,189	5,661,407	7,086,763
Amount Used / Transfer from Reserve	(16,051,737)	(8,654,415)	(2,639,580)
	<u>12,832,620</u>	<u>5,284,897</u>	<u>11,256,168</u>
<b>(c) Plant Reserve</b>			
Opening Balance	272,663	279,581	260,000
Amount Set Aside / Transfer to Reserve	12,034	12,600	12,663
Amount Used / Transfer from Reserve	0	0	0
	<u>284,697</u>	<u>292,181</u>	<u>272,663</u>
<b>(d) Car Parking Reserve</b>			
Opening Balance	158,275	262,299	150,924
Amount Set Aside / Transfer to Reserve	68,349	511,800	7,351
Amount Used / Transfer from Reserve	0	0	0
	<u>226,624</u>	<u>774,099</u>	<u>158,275</u>
<b>(f) Waste Management Reserve</b>			
Opening Balance	614,645	1,629,438	323,852
Amount Set Aside / Transfer to Reserve	2,791,793	2,539,087	1,748,366
Amount Used / Transfer from Reserve	(2,122,240)	(2,352,811)	(1,457,573)
	<u>1,284,198</u>	<u>1,815,714</u>	<u>614,645</u>
<b>(h) Lights Replacement Reserve</b>			
Opening Balance	21,333	4,083	36,380
Amount Set Aside / Transfer to Reserve	1,226	200	1,772
Amount Used / Transfer from Reserve	0	0	(16,819)
	<u>22,559</u>	<u>4,283</u>	<u>21,333</u>
<b>(i) Depot Facilities Reserve</b>			
Opening Balance	15,420	15,850	14,704
Amount Set Aside / Transfer to Reserve	681	700	716
Amount Used / Transfer from Reserve	0	0	0
	<u>16,101</u>	<u>16,550</u>	<u>15,420</u>
<b>(l) South Hedland Library Reserve</b>			
Opening Balance	13,602	13,963	12,970
Amount Set Aside / Transfer to Reserve	600	600	632
Amount Used / Transfer from Reserve	0	0	0
	<u>14,202</u>	<u>14,563</u>	<u>13,602</u>

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**11. RESERVES - CASH BACKED (continued)****(m) SES Shed Reserve**

Opening Balance	32,903	33,726	31,375
Amount Set Aside / Transfer to Reserve	1,452	1,500	1,528
Amount Used / Transfer from Reserve	0	0	0
	<u>34,355</u>	<u>35,226</u>	<u>32,903</u>

**(o) Waste Management & Recycling Reserve**

Opening Balance	422,895	433,479	403,255
Amount Set Aside / Transfer to Reserve	18,664	19,500	19,640
Amount Used / Transfer from Reserve	0	0	0
	<u>441,559</u>	<u>452,979</u>	<u>422,895</u>

**(p) BHP Reserve**

Opening Balance	8,347,897	4,629,607	13,384,242
Amount Set Aside / Transfer to Reserve	10,686,781	8,208,300	8,596,208
Amount Used / Transfer from Reserve	(11,255,682)	(12,407,453)	(13,632,553)
	<u>7,778,996</u>	<u>430,454</u>	<u>8,347,897</u>

**(q) Civil Building/Infrastructure Reserve**

Opening Balance	87,593	89,557	83,525
Amount Set Aside / Transfer to Reserve	3,866	4,000	4,068
Amount Used / Transfer from Reserve	0	0	0
	<u>91,459</u>	<u>93,557</u>	<u>87,593</u>

**(r) Newcrest Reserve**

Opening Balance	2,385	102,643	2,274
Amount Set Aside / Transfer to Reserve	105	104,600	100,111
Amount Used / Transfer from Reserve	0	(200,000)	(100,000)
	<u>2,490</u>	<u>7,243</u>	<u>2,385</u>

**(s) Spoilbank Reserve**

Opening Balance	514,333	524,113	490,446
Amount Set Aside / Transfer to Reserve	9,872,015	23,600	23,887
Amount Used / Transfer from Reserve	0	0	0
	<u>10,386,348</u>	<u>547,713</u>	<u>514,333</u>

**(t) Royalties for Regions Reserve**

Opening Balance	3,246,157	790,584	17,189,695
Amount Set Aside / Transfer to Reserve	146,168	35,600	686,336
Amount Used / Transfer from Reserve	(3,143,367)	(558,268)	(14,629,874)
	<u>248,958</u>	<u>267,916</u>	<u>3,246,157</u>

**(u) Community Facilities Reserve**

Opening Balance	1,561,856	984,767	238,413
Amount Set Aside / Transfer to Reserve	1,196,338	919,322	1,323,443
Amount Used / Transfer from Reserve	(538,932)	0	0
	<u>2,219,262</u>	<u>1,904,089</u>	<u>1,561,856</u>

**(v) GP Housing Reserve**

Opening Balance	0	0	0
Amount Set Aside / Transfer to Reserve	2,999,238	3,844,800	0
Amount Used / Transfer from Reserve	(2,300,125)	(3,843,200)	0
	<u>699,113</u>	<u>1,600</u>	<u>0</u>

<b>TOTAL CASH BACKED RESERVES</b>	<u><u>37,532,938</u></u>	<u><u>12,920,729</u></u>	<u><u>27,477,393</u></u>
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## TOWN OF PORT HEDLAND NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2012

### 11. RESERVES - CASH BACKED (continued)

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

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

#### Leave Reserve

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

#### Airport Reserve

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

#### Plant Reserve

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

#### Car Parking Reserve

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

#### Waste Management Reserve

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

#### Lights Replacement Reserve

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

#### Depot Facilities Reserve

- to be used for the depot upgrade.

#### South Hedland Library Reserve

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

#### SES Shed Reserve

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

#### Waste Management & Recycling Reserve

- to fund future waste recycling products.

#### BHP Reserve

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

#### Civic Building /Infrastructure Reserve

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

#### Newcrest Reserve

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

#### Spoilbank Reserve

- for development projects on the Port Hedland Spoilbank Reserve.

#### Royalties for Regions Reserve

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

#### Community Facilities Reserve

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

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

**12. RESERVES - ASSET REVALUATION**

**2012**  
\$

**2011**  
\$

Asset revaluation reserves have arisen on revaluation of the following classes of non-current assets:

**(a) Land and Buildings**

Opening balance	662,217	662,217
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2012	662,217	662,217

**(b) Roads**

Opening Balance	190,311	190,311
Revaluation Increment	0	0
Revaluation Decrement	0	0
Balance as at 30 June 2012	190,311	190,311

**TOTAL ASSET REVALUATION RESERVES**

**852,528**

**852,528**

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

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

**(a) Reconciliation of Cash**

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

	2012 \$	2012 Budget \$	2011 \$
Cash and Cash Equivalents	<u>77,118,725</u>	<u>30,398,353</u>	<u>35,458,967</u>

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

Net Result	32,379,195	47,858,581	28,974,659
Depreciation	7,982,280	7,320,435	6,140,570
(Profit)/Loss on Sale of Asset	(11,000)	65,200	21,939
(Increase)/Decrease in Receivables	(4,062,154)	(403,449)	60,509
(Increase)/Decrease in Inventories	9,566	(2,000)	(7,117)
Increase/(Decrease) in Payables	36,659,720	(349,515)	1,911,113
Increase/(Decrease) in Employee Provisions	42,161	18,170	154,903
Grants/Contributions for the Development of Assets	<u>(26,741,647)</u>	<u>(43,266,225)</u>	<u>(21,822,577)</u>
Net Cash from Operating Activities	<u>46,258,122</u>	<u>11,241,197</u>	<u>15,433,999</u>

**(c) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

Bank Overdraft limit	0	50,000
Bank Overdraft at Balance Date	0	0
Credit Card limit	13,000	13,000
Credit Card Balance at Balance Date	<u>7,787</u>	<u>(5,919)</u>
<b>Total Amount of Credit Unused</b>	<u>20,787</u>	<u>57,081</u>

**Loan Facilities**

Loan Facilities - Current	1,008,734	634,820
Loan Facilities - Non-Current	<u>20,564,243</u>	<u>9,288,722</u>
<b>Total Facilities in Use at Balance Date</b>	<u>21,572,977</u>	<u>9,923,542</u>
<b>Unused Loan Facilities at Balance Date</b>	<u>20,787</u>	<u>57,081</u>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

**14. CONTINGENT LIABILITIES**

There were no known contingent liabilities as at 30 June 2012.

	2012	2011
	\$	\$
<b>15. CAPITAL AND LEASING COMMITMENTS</b>		
<b>(a) Finance Lease Commitments</b>		
Nil		
<b>(b) Operating Lease Commitments</b>		
Non-cancellable operating leases contracted for but not capitalised in the accounts.		
Payable:		
- not later than one year	302,899	104,273
- later than one year but not later than five years	377,800	140,926
- later than five years	0	0
	<u>680,699</u>	<u>245,199</u>
<b>(c) Capital Expenditure Commitments</b>		
Contracted for:		
- Building expenditure projects	10,183,515	13,238,870
- Road expenditure projects	1,231,157	1,487,881
- Airport expenditure projects	(33,689)	888,103
- Drainage expenditure projects	125,718	133
- Footpaths expenditure projects	89,768	28,248
- Parks expenditure projects	2,064,682	6,969,996
- Land development expenditure projects	187	7,118
- Furniture & equipment purchases	672,804	24,030
- Plant & equipment purchases	254,696	383,496
	<u>14,588,838</u>	<u>23,027,875</u>
Payable:		
- not later than one year	14,588,838	23,027,875

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

**16. JOINT VENTURE**

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

	2012 \$	2011 \$
<b>Non-Current Assets</b>		
Buildings	463,811	455,350
Less: Accumulated Depreciation	<u>(91,334)</u>	<u>(78,898)</u>
	<u>372,477</u>	<u>376,452</u>

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

Governance	4,531,999	1,408,167
General Purpose Funding	73,407	151,868
Law, Order, Public Safety	4,411,756	1,959,751
Health	420,262	451,174
Education and Welfare	8,102,184	2,190,439
Housing	12,829,502	10,459,571
Community Amenities	6,429,289	6,659,957
Recreation and Culture	91,270,443	66,445,490
Transport	121,670,226	118,649,302
Economic Services	553,933	642,534
Other Property and Services	3,575,749	4,135,317
Unallocated	<u>14,746,011</u>	<u>14,523,274</u>
	<u>268,614,761</u>	<u>227,676,844</u>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

18. FINANCIAL RATIOS	2012	2011	2010
Current Ratio	0.965	1.489	1.245
Untied Cash to Unpaid Trade Creditors Ratio	-0.095	0.002	0.385
Debt Ratio	0.218	0.083	0.071
Debt Service Ratio	0.049	0.026	0.033
Gross Debt to Revenue Ratio	0.410	0.226	0.192
Gross Debt to Economically Realisable Assets Ratio	0.120	0.089	0.075
Rate Coverage Ratio	0.298	0.209	0.258
Outstanding Rates Ratio	0.003	0.010	0.013

The above ratios are calculated as follows:

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

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

## 19. TRUST FUNDS

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

	Balance 01-Jul-11	Amounts Received	Amounts Paid	Balance 30-Jun-12
	\$	\$	(\$)	\$
Special Projects	1,300	900		2,200
Building Retention	4,616			4,616
Staff Bonds	18,276	7,490	(1,860)	23,906
Nomination Election Bonds	0	720	(720)	0
Ranger Services	1,160	4,018	(3,774)	1,404
Community Bank	960			960
Deposits - Halls	15,550	36,600	(40,650)	11,500
Deposits - Trailer/Comm Bus	900	4,500	(4,000)	1,400
Deposits - Sportsgrounds	14,390	16,550	(13,400)	17,540
POS Reserve	898			898
Blackrock Stakes Donations	178			178
Airport Cafe	0			0
BRB Levy	3,131	41,383	(29,723)	14,791
BCITF Levy	55,394	1,064,645	(1,083,600)	36,439
Unclaimed Money	2,547			2,547
Sundry	601	94		695
Garden Competition	4,850			4,850
MDCC Hire Events	0	500	(500)	0
Building Bonds	22,280			22,280
DAP	0	95,207	(83,701)	11,506
Cyclone George	128,740			128,740
	<b>275,773</b>	<b>1,272,607</b>	<b>-1,261,928</b>	<b>286,450</b>

## 20. DISPOSALS OF ASSETS - 2011/12 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Community Amenities</b>						
PH10281 - Hilux 4x4 Single Cab	0	21,200	0	17,500	0	(3,700)
<b>Transport</b>						
PH9743 - Camry Altise	0	13,000	0	11,100	0	(1,900)
PH10814 - Hilux 4x4 Extra Cab	0	34,600	0	24,400	0	(10,200)
PH9742 - Camry Altise	0	13,000	0	11,100	0	(1,900)
PH10214 - Hilux 4x2 Dual Cab	0	19,700	0	15,300	0	(4,400)
PH9903 - Hilux 4x2 Dual Cab	0	19,500	0	15,300	0	(4,200)
PH10732 - Hilux 4x4 Dual Cab	0	32,600	0	25,100	0	(7,500)
PH10280 - Hilux 4x2 Dual Cab	0	21,200	0	15,300	0	(5,900)
PH10283 - Hilux 4x2 Single Cab	0	18,500	0	12,400	0	(6,100)
PH10278 - Hilux 4x2 Single Cab	0	18,500	0	12,400	0	(6,100)
PH10213 - Hilux 4x2 Single Cab	0	18,200	0	12,400	0	(5,800)
P12081707 - Toro Z-Master Mower	0	15,200	0	5,000	0	(10,200)
P30427 - John Deere	0	0	0	5,000	0	5,000
P30471- John Deere	0	11,800	0	5,000	0	(6,800)
P30323- John Deere	0	3,800	0	5,000	0	1,200
P12081807 - Toro Groundmaster	0	13,400	0	5,000	0	(8,400)
P1212270 - Kubota	0	0	11,000	10,000	11,000	10,000
P30218 - John Deere	0	8,300	0	10,000	0	1,700
	<b>0</b>	<b>282,500</b>	<b>11,000</b>	<b>217,300</b>	<b>11,000</b>	<b>(65,200)</b>

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**21. INFORMATION ON BORROWINGS**

(a) Repayments - Debentures

Particulars	Principal 01-Jul-11 \$	New Loans \$	Principal Repayments		Principal 30-Jun-12		Interest Repayments			
			Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$		
<b>Governance</b>										
Admin/Civic Centre Upgrade	117	55,935	36,784	36,704	13,151	54,003	2,563	2,563		
<b>Law, Order &amp; Public Safety</b>										
State Emergency Services Shed(*)	123	271,708	27,001	27,001	244,707	270,071	16,858	16,858		
<b>Education &amp; Welfare</b>										
HACC House Upgrade	122	323,462	32,144	32,144	291,318	321,512	20,069	20,069		
<b>Housing</b>										
Staff Housing	106	360,812	112,188	112,188	248,624	353,434	23,060	23,060		
Staff Housing	107	170,612	53,771	53,771	116,841	167,733	8,780	8,780		
Staff Housing - Morgans Street	125	1,423,178	42,410	42,410	1,380,768	1,420,453	95,361	95,361		
Staff Housing - Morgans Street	127	2,078,365	58,921	58,921	2,020,444	2,075,564	139,999	139,999		
Staff Housing Airport	131	1,300,000	34,844	33,102	1,265,156	1,266,898	78,002	84,901		
Staff Housing Airport			-	5,093	-	194,907	-	13,849		
Catamore Court Housing			-	13,718	-	1,081,282	-	36,052		
GP Housing			-	18,792	-	1,481,208	-	49,215		
<b>Community Amenities</b>										
Underground Power	124	-	-	-	-	-	-	-		
<b>Recreation &amp; Culture</b>										
Aquatic Centres	112	452,694	63,568	63,568	389,126	448,633	29,327	29,327		
Swimming Pool Extensions	114	269,431	35,232	35,232	234,199	267,476	15,097	15,097		
JD Hardie Upgrade 2	129	1,550,000	41,499	41,499	1,508,501	1,508,501	93,157	94,101		
JD Hardie Upgrade 3			-	36,820	-	1,409,180	-	94,331		
Tennis Courts	120	15,066	9,901	9,901	5,165	14,521	725	725		
PH Gold Club (*)	111	883	883	883	-	5,115	7	7		
Yacht Club (Carried Forward*)	126	474,292	22,116	22,116	452,176	472,907	30,085	30,085		
Yacht Club Additional (*)	128	249,183	10,642	10,643	238,541	239,357	14,710	14,947		
Marquee Park Loan A	130	830,000	22,222	22,222	807,778	807,778	49,884	50,390		
Marquee Park Loan B	132	-	-	113,005	4,438,000	4,324,995	-	287,593		
Multi-purpose Recreation Centre	133	-	-	97,956	7,819,000	7,721,044	-	254,582		
South Hedland Bowling Club			-	6,264	-	493,736	-	16,715		
<b>Transport</b>										
Depot	113	26,216	26,216	26,216	-	24,594	1,283	1,283		
Wallwork Road Bridge			-	10,649	-	839,351	-	26,090		
<b>Economic Services</b>										
Port Hedland Visitors' Centre	116	70,706	4,476	4,476	66,230	70,458	4,030	4,030		
			<b>9,923,543</b>	<b>12,257,000</b>	<b>634,818</b>	<b>935,374</b>	<b>21,545,725</b>	<b>27,334,711</b>	<b>622,997</b>	<b>1,412,011</b>

(\*) Self supporting loan financed by payments from third parties.

All other loan repayments were financed by general purpose revenue.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

**21. INFORMATION ON BORROWINGS (Cont'd)**

(b) New Debentures - 2011/12

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges \$	Interest Rate %	Amount Used		Balance Unspent \$
	Actual \$	Budget \$						Actual \$	Budget \$	
Multi-purpose Recreation Centre	7,819,000	7,819,000	WATC	Debenture	20	204,076	5.22%	4,569,485	7,819,000	3,228,515
Marques Park	4,438,000	4,438,000	WATC	Debenture	20	115,832	5.22%	4,438,000	4,438,000	0

(c) Unspent Debentures

Particulars	Date Borrowed	Balance 01-Jul-11 \$	Borrowed During Year \$	Expended During Year \$	Balance 30-Jun-12 \$
Multi-purpose Recreation Centre	03-Feb-12	0	7,819,000	4,569,485	3,229,515

(d) Overdraft

Council does not have an overdraft facility in place for the year ended 30 June 2012.

# Annual Financial Report & Auditor's Report

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

**22. RATING INFORMATION - 2011/12 FINANCIAL YEAR**

(a) Rates	Rate In \$	Number of Properties	Rateable Value \$	Rate Revenue \$	Interim Rates \$	Back Rates \$	Total Revenue \$	Budget Revenue \$	Budget Interim Rate \$	Budget Back Rate \$	Budget Total Revenue \$
<b>Differential General Rate</b>											
GRV Residential	4.5625	4,472	194,788,731	8,856,043	231,108	32,413	9,119,565	8,887,281	500,000	0	9,387,281
GRV Commercial	5.4315	162	15,539,651	837,352	(56,059)	25,093	804,387	844,036	0	0	844,036
GRV Industrial	4.5625	236	22,174,578	1,076,876	76,209	15,168	1,110,253	1,011,715	0	0	1,011,715
GRV Shopping Centre	9.1250	2	6,801,360	620,624	0	0	620,624	620,624	0	0	620,624
GRV Ex Gratia	4.5625	0	0	0	0	0	0	0	0	0	0
GRV Mass Accommodation	9.1250	16	18,533,320	1,681,165	(17,394)	18,862	1,692,633	1,681,165	0	0	1,681,165
UV Mining Improved	31.3051	48	1,578,110	491,451	3,697	(509)	494,640	494,029	0	0	494,029
UV Mining Vacant	31.3050	53	789,882	257,964	74,343	285	332,592	247,276	0	0	247,276
UV Pastoral	5.1049	8	1,611,665	82,274	(28)	0	82,241	82,274	0	0	82,274
UV Other	10.3731	13	1,566,662	162,501	0	0	162,501	162,511	0	0	162,511
UV Other Vacant	11.7752	1	200,000	23,550	0	0	23,550	23,550	0	0	23,550
<b>Sub-Totals</b>		<b>5,071</b>	<b>263,584,959</b>	<b>14,039,800</b>	<b>311,873</b>	<b>91,305</b>	<b>14,442,888</b>	<b>14,064,463</b>	<b>500,000</b>	<b>0</b>	<b>14,564,463</b>
<b>Minimum Rates</b>											
GRV Residential	1000	534	3,947,483	534,000	0	0	534,000	460,000	0	0	460,000
GRV Commercial	1000	210	1,758,260	210,000	0	0	210,000	199,000	0	0	199,000
GRV Industrial	1000	38	325,110	38,000	0	0	38,000	31,000	0	0	31,000
GRV Shopping Centre	1000	0	0	0	0	0	0	0	0	0	0
GRV Ex Gratia	1000	0	0	0	0	0	0	0	0	0	0
UV Mining Improved	1000	50	58,637	50,000	0	0	50,000	46,000	0	0	46,000
UV Mining Vacant	1000	254	190,400	254,000	0	0	254,000	291,000	0	0	291,000
UV Pastoral	1000	3	27,623	3,000	0	0	3,000	3,000	0	0	3,000
UV Other	1000	1	0	1,000	0	0	1,000	0	0	0	0
UV Other Vacant	1000	9	48	9,000	0	0	9,000	9,000	0	0	9,000
<b>Sub-Totals</b>		<b>1,089</b>	<b>6,307,571</b>	<b>1,096,000</b>	<b>0</b>	<b>0</b>	<b>1,096,000</b>	<b>1,039,000</b>	<b>0</b>	<b>0</b>	<b>1,039,000</b>
<b>Ex-Gratia Rates</b>											
Specified Arise Rate (refer note 23)							15,541,986				15,603,463
							0				0
							0				0
<b>Totals</b>							<b>15,541,986</b>				<b>15,603,463</b>
<b>Concessions (refer note 25)</b>							<b>(91,307)</b>				<b>(91,307)</b>
<b>Totals</b>							<b>15,450,679</b>				<b>15,508,133</b>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**23. SPECIFIED AREA RATE - 2011/12 FINANCIAL YEAR**

No specified area rates were raised in 2011/12.

**24. SERVICE CHARGES - 2011/12 FINANCIAL YEAR**

No service charges were imposed in 2011/12.

**25. DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS  
- 2011/12 FINANCIAL YEAR**

**Discounts**

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

**Incentives**

Council has expanded their Rates Incentive Program that provides an Incentive to ratepayers who elect to pay their rates as per Option 1 by 12 September 2011.

**Platinum Sponsors**

**\* Town of Port Hedland:-**

- \$14,536 – 2012 Nissan Micra Hatch including on-road costs
- \$2,419 – Electrical Goods (in conjunction with Harvey Norman Port Hedland)
- \$2,350 – Holiday Package for 2 to Bali including return flights
- \$1,172 – OZ Tent RV 5
- \$1,100 – Engel 40ltr Fridge Platinum Series
- \$435 – Double Jolly Matilda Swag

**\*Airnorth:-**

- \$2,100 – 2x Return Airfares from Port Hedland to Broome

**\* Silver Star: -**

- \$2000 – Private Dining Experience at the Silverstar Cafe

**\* Shane Jacob Settlements: -**

- \$2000 – Settlements Fees as prescribed under the Settlement Agents Act

**\* Pilbara Logistics: -**

- \$2000 – Cash

**\*BJ Young Earthmoving: -**

- \$2000 – Cash

**\* North West Telegraph:-**

- \$2000 – Advertising Package

**\*Hanson Construction Materials: -**

- \$2000 – Concrete delivered to any site in South Hedland, Port Hedland or Wedgefield

**Gold Sponsors**

**\* Harvey Norman (in conjunction with the Town of Port Hedland):-**

- \$81 – Ipod Touch 8GB
- \$33 – Olympus Digital Camera
- \$71 – Westinghouse 120ltr Bar Fridge
- \$217- Yamaha Ipod Docking Station
- \$53 – Playstation 3 320GB
- \$635 – Beefeater 6 Gas Burner BBQ

**\* Dampier Salt:-**

- \$1,100 – Cash, along with an engraved salt grinder and salt

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**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

**Gold Sponsors continued**

- \*R2R Services: -  
\$1,000 – Cash
- \*O'Donnell Griffin: -  
\$1,000 – Cash
- \*National Australia Bank: -  
\$1,000 – Cash

**Silver Sponsors**

- \*Esplanade Hotel  
\$566 – Weekend Package for two, including breakfast/ dinner and accommodation
- \*AllSeasons Karratha  
\$560 – Overnight Package at All Seasons Karratha
- \*Pilbara Motor Group  
\$500 – Cash
- \*Pike Plumbing & South Bound Electrical JV  
\$500 – Cash
- \*Hedland Home Hardware & Garden  
\$500 – Cash
- \*South Hedland Shopping Centre  
\$500 – Cash
- \*LMCD Construction  
\$500 – Cash
- \*Port Hedland Boulevard Shopping Centre  
\$500 – Cash

**Bronze Sponsors**

- \* Goodearth & Perth Ambassador Hotels: -  
\$295 – Winner's Choice Voucher at either Hotel
- \*Elisi Therapies: -  
\$100 – Therapy Voucher

**Concessions**

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

**100% Concession**

- |   |   |
|---|---|
| A106284 – 9 Hamilton Road, South Hedland            | Bloodwood Tree Association              |
| A113927 – 22 Beroona Loop, South Hedland            | Frontier Services/ Uniting Church       |
| A400610 – 10 Smith Street, South Hedland            | Frontier Services/ Uniting Church       |
| A130114 – 2 Leake Street, South Hedland             | Lotteries House                         |
| A401480 – 32 Demarchi Road, South Hedland           | Pilbara Family Violence Prevention Lega |
| A156490 – Lot 5164 Shoata Road, South Hedland       | Port Hedland Golf Club                  |
| A803051 – P48 Wharf Road, Port Hedland              | Port Hedland Peace Memorial Seafarers'  |
| A130005 – 29 Johnson Lane, Port Hedland             | Port Hedland Pony Club                  |
| A156260 – Loc 118 Madigan Road, Port Hedland        | Port Hedland Speedway Club              |
| A802155 – Lot 5164 Shoata Road, South Hedland       | South Hedland Owners & Trainers         |
| A156550 – Lot 55, 56, 57 McKay Street, Port Hedland | Volunteer Marine Rescue Service         |
| A106282 – 1-5 Hamilton Road, South Hedland          | Wirraka Maya Health Service             |
| A406870 – Lot 2916 Stanley Street, South Hedland    | Youth Involvement Centre                |
| A802207 – Lot 2466 Lawson Street, South Hedland     | Youth Involvement Centre                |

**50% Concession**

- |  |                           |
|--|---------------------------|
| A402430 - Lot 2513 Dempster St, Port Hedland | Len Taplin Centre         |
| A154780 - 4 Treloar Street, South Hedland    | Treloar Child Care Centre |

**Write-offs**

Council in accordance with Section 6.12 of the Local Government Act 1995 (as amended) wrote-off debts amounting to \$52.14 during the financial year.

**TOWN OF PORT HEDLAND**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2012**

**26. INTEREST CHARGES AND INSTALMENTS - 2011/12 FINANCIAL YEAR**

	Interest Rate %	Admin. Charge \$	Revenue \$	Budgeted Revenue \$
Interest on Unpaid Rates	11.50%	59	86,290	117,990
Interest on Instalments Plan	5.50%		57,665	50,000
<b>Total Interest on Instalment Plan</b>			<b>143,955</b>	<b>167,990</b>
Charges on Instalment Plan	0.00%	12.10	46,105	66,000
<b>Total Charges on Instalment Plan</b>			<b>46,105</b>	<b>66,000</b>

Ratepayers had the option of paying rates in four equal instalments, due on 12th September 2011, 18th November 2011, 19 January 2012 and 22nd March 2012. Administration charges and interest applied for the final three instalments.

<b>27. FEES &amp; CHARGES</b>	<b>2012</b> \$	<b>2011</b> \$
Governance	4,555	7,754
General Purpose Funding	88,296	100,072
Law, Order, Public Safety	153,457	86,006
Health	57,767	51,581
Education and Welfare	29,386	-6,334
Community Amenities	7,841,724	6,747,514
Recreation and Culture	754,310	491,947
Transport	14,937,668	11,429,088
Economic Services	2,977,555	2,161,511
Other Property and Services	138,330	138,330
	<u>26,983,048</u>	<u>21,207,469</u>

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

**28. GRANT REVENUE**

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

<b>By Nature and Type:</b>	<b>2012</b> \$	<b>2011</b> \$
Operating Grants, Subsidies and Contributions	7,135,769	6,470,557
Non-Operating Grants, Subsidies and Contributions	26,741,647	21,822,577
	<u>33,877,416</u>	<u>28,293,134</u>
<b>By Program:</b>		
Governance	49,299	66,697
General Purpose Funding	2,481,879	3,519,381
Law, Order, Public Safety	213,848	496,381
Health	29,875	20,264
Education and Welfare	804,545	292,134
Housing	7,655	3,023,056
Community Amenities	886,976	756,584
Recreation and Culture	5,855,323	10,115,098
Transport	5,033,819	1,696,563
Economic Services	18,114,545	8,202,755
Other Property and Services	399,652	104,221
	<u>33,877,416</u>	<u>28,293,134</u>

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

<b>29. ELECTED MEMBERS REMUNERATION</b>	<b>2012</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>Budget</b>	<b>\$</b>
		<b>\$</b>	
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	67,062	63,000	60,083
Mayor's Allowance	60,000	60,000	60,000
Deputy Mayor's Allowance	15,000	15,000	11,250
Travelling Expenses	44,476	5,000	27,004
Telecommunications Allowance	20,296	19,200	18,200
Technology Allowance	7,457	8,000	6,833
	<u>214,291</u>	<u>170,200</u>	<u>183,370</u>
<b>30. EMPLOYEE NUMBERS</b>	<b>2012</b>	<b>2011</b>	
The number of full-time equivalent employees as at 30 June 2012			
	<u>161</u>	<u>150</u>	

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2012**

### 31. MAJOR LAND TRANSACTIONS

#### Port Hedland International Airport: Transient Workforce Accommodation

(a) Details

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

(b) Current year transactions	2012 \$	2012 Budget \$	2011 \$
<b>Operating Revenue</b>			
- Rental Income	810,627	526,622	785,739
<b>Capital Revenue</b>			
- Sale Proceeds	0	0	0
<b>Capital Expenditure</b>			
- Purchase of Land	0	0	0
- Development Costs	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>

There are no liabilities in relation to this land transaction as at 30 June 2012.

(c) Expected Future Cash Flows

	2013 \$	2014 \$	2015 \$	2016 \$	2017 \$	Total \$
<b>Cash Outflows</b>						
- Development Costs	0	0	0	0	0	0
- Loan Repayments	0	0	0	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Cash Inflows</b>						
- Lease Revenue	808,094	833,367	858,368	884,119	910,643	4,294,591
	<u>808,094</u>	<u>833,367</u>	<u>858,368</u>	<u>884,119</u>	<u>910,643</u>	<u>4,294,591</u>
<b>Net Cash Flows</b>	<u>808,094</u>	<u>833,367</u>	<u>858,368</u>	<u>884,119</u>	<u>910,643</u>	<u>4,294,591</u>

#### Port Hedland International Airport: Transient Workforce Accommodation

In December 2009 the Town of Port Hedland entered into a lease agreement with Mia Mia Port Hedland International Airport Pty Ltd for the development of a Transient Workforce Accommodation area at the Port Hedland International Airport. The lease revenue incorporated into the 2012/13 Budget is \$170,716 plus a contribution from the lessor of \$350,000 as an unconditional contribution to the Town of Port Hedland's community projects.

During 2012/13 the Town of Port Hedland may be entering into a lease agreement with Mia Mia Port Hedland International Airport Pty Ltd for the further extension of their Transient Workforce Accommodation area at the Port Hedland International Airport. This will be an extension to the existing lease. No additional lease fees have been incorporated into the budget at this stage until the area and rate are agreed. These lease fees will therefore be the subject of a budget review throughout the financial year.

**TOWN OF PORT HEDLAND  
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**31. MAJOR LAND TRANSACTIONS continued**

**Port Hedland International Airport: Transient Workforce Accommodation continued**

During 2012/13 the Town may be entering into a lease agreement with Mineral Resources Ltd for the establishment of a Transient Workforce Accommodation area. The terms agreed by way of a business plan and subsequent endorsement of Council indicate a base rental fee of \$750,000 per annum, plus a community contribution amount of \$911,460 and a once off donation to the of \$25,000 to a key community project. As this business plan has not been endorsed by Council, the lease fees, community contributions and donations outlined above have not been factored into the 2012/13 budget.

**General Practitioner Accommodation**

During 2010/11 the Town of Port Hedland commenced a doctor housing project in conjunction with BHP Billiton and the State Government to facilitate the development and construction of housing for general practitioners throughout the Town of Port Hedland. The development is a staged project that is anticipated to be delivered in three phases. The proposal at this present time has a maximum yield of 23 lots with a central park and loop road. The first stage, and the only stage funded at this time will see the construction of between 5-8 executive style residences. The total project incorporates funding of \$5.25 million from all parties (including a \$1.5 million self supporting loan from the Town which has been factored into the 2012/13 Budget. A Business Plan was developed and advertised for public consultation during 2010/11. The project is still underway with construction continuing in 2012/13.

**Port Hedland International Airport: Development of Precinct 3**

(a) Details

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

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

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

	2012 \$	2011 \$
<b>(b) Current year transactions</b>		
<b>Operating Revenue</b>		
- Rental Income recognised in 11/12	849,315	0
- Rental Income recognised in 12/13	30,150,685	0
<b>Capital Revenue</b>		
- Sale Proceeds	9,000,000	0
<b>Capital Expenditure</b>		
	0	0
<b>Net Cash Flows</b>	<u>40,000,000</u>	<u>0</u>

The 2012/13 Budget does not incorporate any cashflow from the proposal on the basis that the \$40 million prepayment was intended to be received as Year 1 and in 2012/13, but was paid in the 2011/12 financial year.

**TOWN OF PORT HEDLAND  
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**31. MAJOR LAND TRANSACTIONS continued**

**Port Hedland International Airport: Hotel**

During 2012/13 a request for proposal for the development of an Airport Hotel will be released which will ultimately be reduced to a ground lease for land. This may become subject to a business plan.

**Future Transient Workforce Accommodation**

Futher major land transactions are likely to occur in relation to the establishment of Transient Workforce Accommodation, although until approved by Council, they have not been incorporated into the 2012/13 Budget document.

**32. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

Council did not participate in any trading undertakings or major trading undertakings during the 2011/12 financial year.

**33. SUBSEQUENT EVENTS**

There were no material events after 30 June 2012 that require inclusion in the notes to the financial statements.

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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## 34. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2012 \$	2011 \$	2012 \$	2011 \$
<b>Financial Assets</b>				
Cash and cash equivalents	77,118,725	35,458,967	77,118,725	35,458,967
Receivables	11,872,780	7,871,273	11,872,780	7,871,273
	<u>88,991,505</u>	<u>43,330,240</u>	<u>88,991,505</u>	<u>43,330,240</u>
<b>Financial Liabilities</b>				
Payables	(43,933,897)	(7,274,177)	(43,933,897)	(7,274,177)
Borrowings	(21,572,977)	(9,923,542)	(21,572,977)	(8,900,352)
	<u>(65,506,874)</u>	<u>(17,197,719)</u>	<u>(65,506,874)</u>	<u>(16,174,529)</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables – estimated to the carrying value which approximates net market value.
- Borrowings – estimated future cash flows discounted by the current market interest rates applicable to assets and liabilities with similar risk profiles.

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

**(a) Cash and Cash Equivalents**

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

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

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

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

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

	2012 \$	2011 \$
Impact of a 1% (*) movement in interest rates on cash and investments:		
- Equity	2,412,670	354,590
- Statement of Comprehensive Income	323,792	354,590

**Notes:**

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

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

**TOWN OF PORT HEDLAND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
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**34. FINANCIAL RISK MANAGEMENT (Continued)**  
**(b) Receivables**

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

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

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

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

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

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

	2012	2011
<b>Percentage of Rates and Annual Charges</b>		
- Current	73.49%	68.96%
- Overdue	26.51%	31.04%
<b>Percentage of Other Receivables</b>		
- Current	52.03%	77.65%
- Overdue	47.97%	22.35%

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

**(c) Payables**

**Borrowings**

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<b>2012</b>					
Payables	43,933,897	0	0	43,933,897	43,933,897
Borrowings	<u>2,211,396</u>	<u>7,834,963</u>	<u>24,601,997</u>	<u>34,648,356</u>	<u>21,572,977</u>
	<u>46,145,293</u>	<u>7,834,963</u>	<u>24,601,997</u>	<u>78,582,253</u>	<u>65,506,874</u>
<b>2011</b>					
Payables	7,274,177	0	0	7,274,177	7,274,177
Borrowings	<u>1,262,734</u>	<u>4,366,875</u>	<u>10,558,004</u>	<u>16,187,613</u>	<u>9,923,542</u>
	<u>8,536,911</u>	<u>4,366,875</u>	<u>10,558,004</u>	<u>23,461,790</u>	<u>17,197,719</u>

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

**(c) Payables Borrowings (Continued)**

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

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

	<1 year \$	>1<2 years \$	>2<3 years \$	>3<4 years \$	>4<5 years \$	>5 years \$	Total \$	Weighted Average Effective Interest Rate %
<b>Year Ended 30 June 2012</b>								
<b>Payables</b>								
<b>Borrowings</b>	43,933,897							
<b>Fixed Rate</b>								
<b>Debentures</b>	24,315	0	365,466	0	389,125	20,766,816	21,545,722	6.18%
<b>Weighted Average</b>								
<b>Effective Interest Rate</b>	5.43%	0.00%	6.42%	0.00%	6.61%	6.17%		
<b>Year Ended 30 June 2011</b>								
<b>Payables</b>								
<b>Borrowings</b>								
<b>Fixed Rate</b>								
<b>Debentures</b>	27,100	71,000	0	531,425	0	9,294,017	9,923,542	6.36%
<b>Weighted Average</b>								
<b>Effective Interest Rate</b>	6.88%	6.44%	6.35%	0.00%	0.00%	6.62%		







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