

Town of  
Port Hedland

# LG Financial Management

Community Conversations

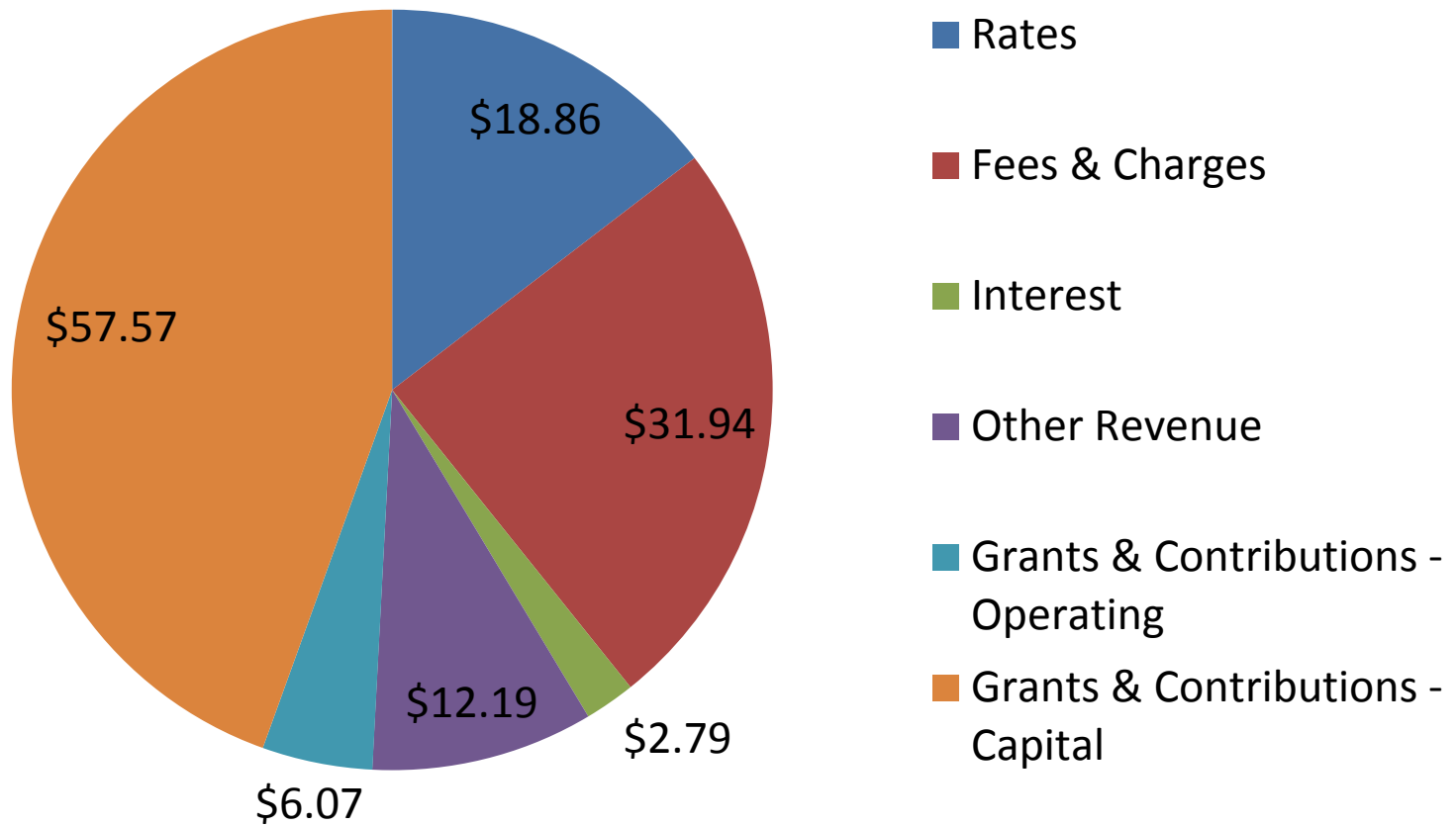
12 February 2014



# Revenue by Type

2012/13 Financial Statements

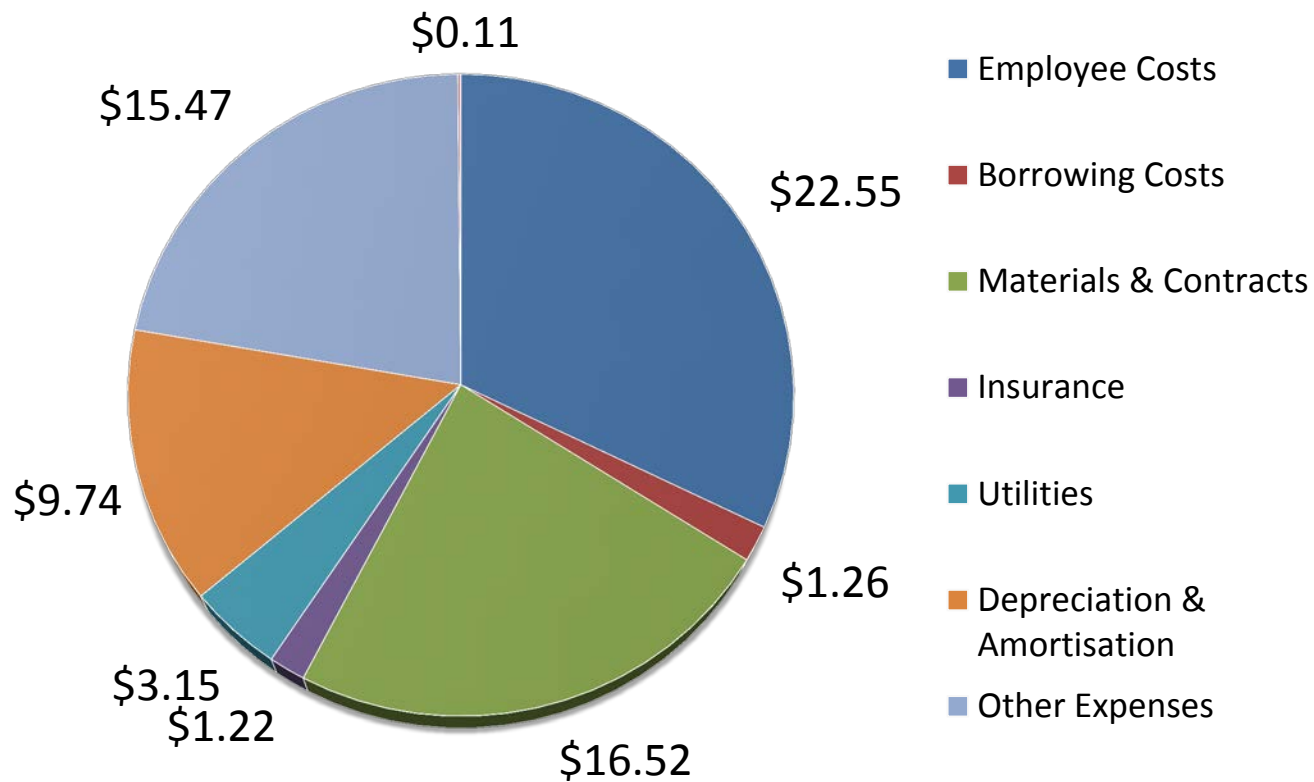
**\$ Millions – Total \$130 m**



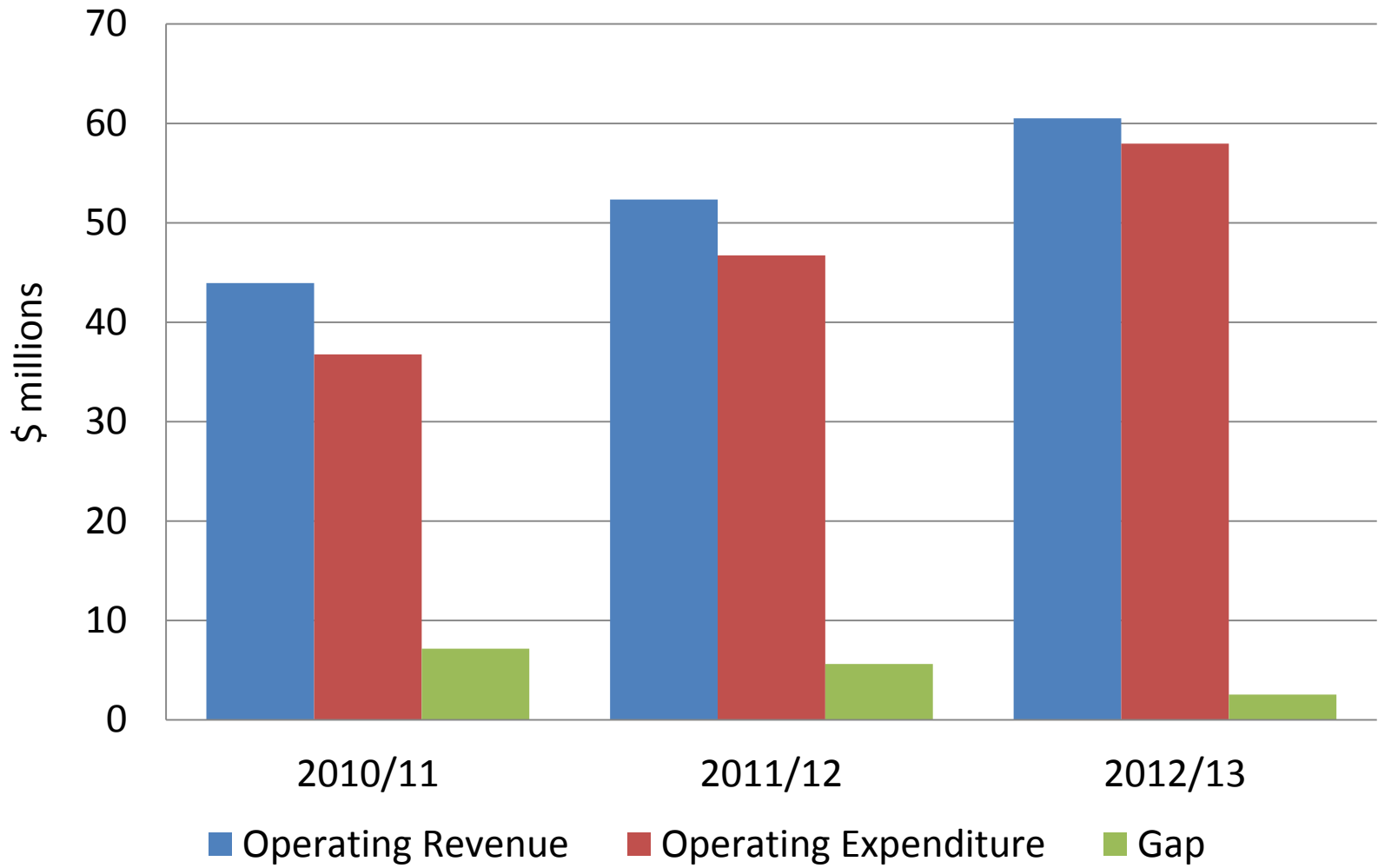
# Expenditure by Type

2012/13 Financial Statements

## \$ Millions – Total \$70 m



# The Gap



# Balance Sheet

2012/13 Financial Statements

| Assets                                      | 2012/13        | 2011/12        |
|---|----------------|----------------|
| <b>Current Assets</b>                       |                |                |
| Cash & Cash Equivalents                     | 76,243         | 77,119         |
| Trade & Other Receivables                   | 32,215         | 10,982         |
| Inventories                                 | 12             | 5              |
| <b>Total Current Assets</b>                 | <b>108,470</b> | <b>88,106</b>  |
| <b>Non Current Assets</b>                   |                |                |
| Receivables                                 | 823            | 891            |
| Infrastructure, Property, Plant & Equipment | 232,343        | 219,410        |
| <b>Total Non Current Assets</b>             | <b>233,166</b> | <b>220,301</b> |
| <b>Total Assets</b>                         | <b>341,636</b> | <b>308,407</b> |



# Balance Sheet

2012/13 Financial Statements

| Liabilities                          | 2012/13       | 2011/12       |
|--------------------------------------|---------------|---------------|
| <b>Current Liabilities</b>           |               |               |
| Trade & Other Payables               | 11,837        | 43,934        |
| Interest Bearing Liabilities         | 1,304         | 1,009         |
| Provisions                           | 2,289         | 1,516         |
| <b>Total Current Liabilities</b>     | <b>15,430</b> | <b>46,459</b> |
| <b>Non Current Liabilities</b>       |               |               |
| Interest Bearing Liabilities         | 25,360        | 20,564        |
| Provisions                           | 154           | 117           |
| <b>Total Non Current Liabilities</b> | <b>25,514</b> | <b>20,681</b> |
| <b>Total Liabilities</b>             | <b>40,944</b> | <b>67,140</b> |



# Balance Sheet

2012/13 Financial Statements

| Net Assets & Equity                 | 2012/13        | 2011/12        |
|-------------------------------------|----------------|----------------|
| <b>Net Assets</b>                   | <b>300,693</b> | <b>241,267</b> |
|                                     |                |                |
| <b>Equity</b>                       |                |                |
| Accumulated Surplus                 | 225,282        | 202,882        |
| Reserves – Cash & Investment Backed | 74,559         | 37,533         |
| Asset Revaluation Reserve           | 852            | 852            |
| <b>Total Equity</b>                 | <b>300,693</b> | <b>241,267</b> |



# Financial Ratios

| Ratio                         | 2013  |  |
|-------------------------------|-------|--|
| Unrestricted Current Ratio    | 0.804 |  |
| Debt Service Coverage         | 5.77  |  |
| Own Source Revenue Ratio      | 0.847 |  |
| Rates Outstanding Ratio       | 0.021 |  |
| Infrastructure Renewal Ratio* | 2.440 |  |





# Town of Port Hedland

consolidated

Municipal  
Fund

Airport  
Fund

Waste  
Fund



# Municipal Fund

Externally  
Restricted

Unspent  
Contributions  
Unspent Grants  
Unspent Loans

Internally  
Restricted

Spoilbank  
Asset Management  
Community  
Facilities

Unrestricted

Working Capital

# The Financial Planning Process



# How the budget works

## Operational Budget

- Cost of continuing at existing service levels
- Cost increases must be constrained to less than inflation
- Rates restricted to price path to be established by Council
- Need to maintain adequate working capital
- Linked to Community Plan outcomes

## Budget Initiatives

- Opportunities to introduce new or increased levels of service
- Should come from Council, Staff, Community and Other Stakeholders
- Need to identify funding source – new revenue streams, Developer Contributions, Reserves, Loan
- Many competing priorities for Council to consider on behalf of the community
- Linked to Community Plan outcomes

# Rates

- Rates are subject to annual increases determined by Council
- Rate revenue has a number of drivers
  - Valuation
  - Growth
  - Indexation
- Various rate models to be prepared each year for Council to consider
- Meaningful community engagement is essential
- Development of a Rating Strategy provides clarity and assurance to the Town and the Community
- We have a strong focus on effective debtor management



## Where to from here

- We are at the very beginning of the budget process
- We will be seeking community input on
  - levels of service,
  - proposed works,
  - and rating models
- Please keep an eye on our Facebook page for budget progress and your opportunity to have your say.



Questions?

