

Pilbara Ports Authority

Annual Report 2014-2015







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Statement of Compliance

To the Hon. Dean Nalder MLA

Minister for Transport

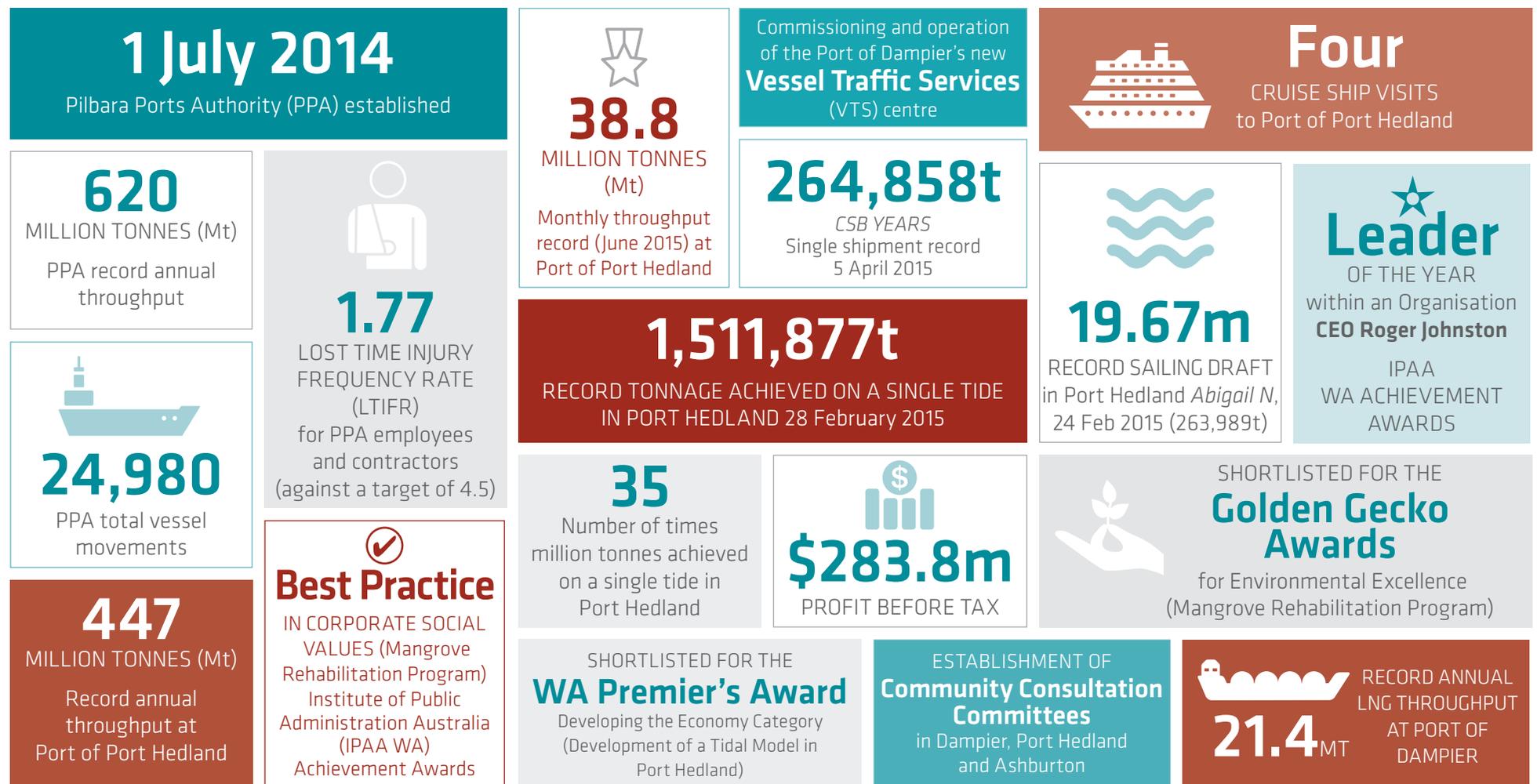
In accordance with Section 68 and clauses 34 and 35 of Schedule 5 of the *Port Authorities Act 1999*, I hereby submit for your information and presentation to Parliament, the Annual Report of Pilbara Ports Authority for the financial year ended 30 June 2015.

Ken Pettit

Chairman, PPA Board of Directors



Year in review highlights



Chairman's Report

Pilbara Ports Authority's (PPA) inaugural year has been an outstanding success.

The year has seen two of the world's largest bulk export ports transition to a single port authority, without adverse effects on the operations of either port or their customers. On the contrary, the year produced record-breaking operational performance, while maintaining the highest safety, health and environmental management standards.

The ports of Dampier and Port Hedland have handled significant increases in the State's exports in recent years, and in 2014/15 PPA achieved a record throughput of 620 million tonnes, an increase of 13 per cent from the previous year. This performance produced a strong financial result, with PPA recording a before-tax profit of \$283.8 million, and a dividend return to the State of \$164.5 million. State royalties from exports from Dampier and Port Hedland ports totalled approximately \$4.3 billion during the year.

In December 2014, PPA's Board fixed prices at current levels for Port Hedland and Dampier ports until at least 1 July 2016. This was in response to the challenging iron ore market conditions. PPA continues to make port operations as efficient and cost effective as possible, to assist in meeting market conditions.

During the reporting year, the State Government announced its first round of asset sales, which included PPA's Utah Point Multi-User Bulk Export Facility at Port Hedland. PPA is working with Department of Treasury's Asset Sales Unit (ASU) on the divestment during the scoping and due diligence phases. We will continue to work with the ASU to maximise transaction proceeds from the proposals, while striving to ensure the operating model for PPA's business remains financially sustainable and retained activities are effectively structured and managed.

Safety remains a priority for PPA. In the past few years, the reporting and awareness cultures have improved markedly, which underpin a much improved outcome, including among contractors as well as PPA staff. The Board is very pleased to report the Lost Time Injury Frequency Rate (LTIFR) for 2014/15 was 1.77.

This commendable achievement is the result of the CEO's leadership, enculturation of safety priorities, and great support from staff and contractors.

There are a number of strategic development opportunities on the horizon for PPA. Planning for Tranche 2 of the Ports Amalgamation is underway. A number of *Shipping and Pilotage Act 1967* ports are expected to progressively transfer to PPA after legislation is passed in 2016. Planning continues for the development of future ports at Anketell, Balla Balla and Cape Preston East. PPA also continues to scan opportunities to diversify trade (e.g. agricultural exports, especially livestock).

Early in 2015, PPA surveyed stakeholders' views of the organisation. More than 100 stakeholders were interviewed, including port users, service providers and local and state government. The survey revealed that PPA is well known as an organisation, has a good reputation, and is thought to reliably maintain excellent standards of safety and environmental management. It was also reported that PPA has a diverse range of stakeholders, requiring it to address different and sometimes conflicting needs and issues.

Chairman's Report

In June 2015, PPA won two Institute of Public Administration Australia WA Achievement Awards. CEO Roger Johnston won Leader of the Year (Working within a Division/Team/Organisation), and PPA's Mangrove Rehabilitation Program won Best Practice in Corporate Social Values. PPA has also been shortlisted for the Premier's Awards, Golden Gecko Awards for Environmental Excellence and Department of Fisheries Awards for Excellence in Marine Biosecurity. These awards and short-listings demonstrate the organisation's commitment to excellence. They also help illuminate the public sector role and engagement of the Authority that underlies our statutory commercial orientation.

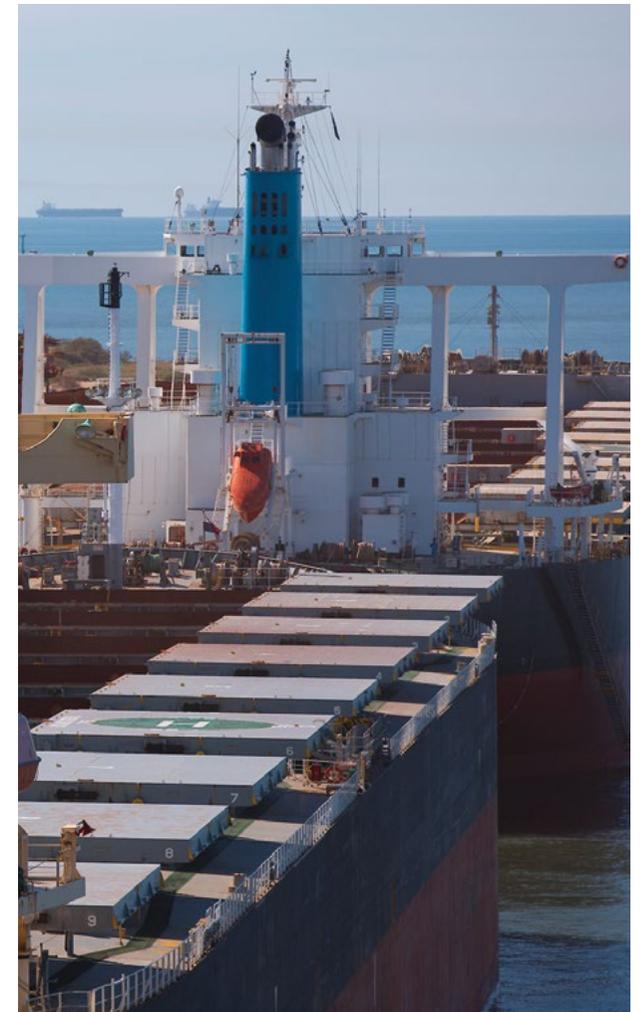
On behalf of the PPA Board, I congratulate and thank the CEO, the Executive team and staff for their resolve and commitment in delivering an outstanding performance during 2014/15, and for their work towards our shared vision of excellence – to be the global leader in port planning, operations and marine services.

I thank the Minister for Transport and his staff, and the executive teams at the Departments of Transport, State Development and Treasury for their support and advice.

I thank my fellow Directors for their diligent and competent contributions to our successful 12 months.

Ken Pettit

Chairman, PPA Board of Directors



▲ A bulk carrier berths alongside wharf

Chief Executive Officer's Report

I am pleased to report a strong and successful first year as PPA following the amalgamation of the former Dampier and Port Hedland port authorities on 1 July 2014.

The smooth transition to a single port authority, incorporating the world's largest and second largest bulk export ports, whilst achieving outstanding results in its first year and with no disruption to operations is testament to PPA's dedicated and high-performing staff, Executive Team and Board of Directors.

The safety, health and well-being of every single person who enters PPA's ports remains the utmost priority. The LTIFR for 2014/15 was 1.77, well below the target of 4.50. This is made up of three Lost Time Injuries sustained in the year, down from eight in the previous year. During 2014/15, PPA developed draft Lead Performance Indicators as a means of ensuring our safety systems and processes are being followed.

PPA also streamlined the safety reporting systems used by the former port authorities to a single system, to provide more effective reporting and greater transparency.

PPA achieved significant operational milestones during the reporting year, including a record annual throughput of 620 million tonnes (Mt), accounting for approximately 45 per cent of the world's iron ore exports and approximately eight per cent of the world's LNG exports. The record annual throughput was an increase of 70Mt or 13 per cent from the previous year, and has resulted in strong financial performance, with a before-tax profit of \$283.8 million. PPA also facilitated and managed more than 24,000 vessel movements during the year.

The Port of Port Hedland achieved a record annual throughput of 446.9Mt, an increase of 74.6Mt or 20 per cent from the previous year. The port also achieved a record monthly throughput in June of 38.8Mt, an increase of 4.5Mt or 13 per cent from the same month in 2014. During the year, the port also broke records for tonnage on a single tide (1,511,877 tonnes on 28 February), single shipment (264,858 tonnes on 5 April) and sailing draft (19.67m on 24 February).

Other operational milestones included the commissioning and operation of the Port of Dampier's new Vessel Traffic Services (VTS) centre, the completion and operation of FMG's fifth berth (AP5) in Port Hedland, and the commissioning of the Patrick Marine Facility and Floating Deck Transshipment System in Dampier.

During 2014/15, PPA maintained its certifications in Occupational Health and Safety Management (AS/NZS 4801), Environmental Management (ISO 14001), Information Security Management (ISO 27001), and Quality Management Systems (ISO 9001) at Port Hedland and had the VTS in both Port Hedland and Dampier audited to the International Association on Marine Aids to Navigation and Lighthouse Authorities standard. These certifications will be achieved at all sites in 2015/16, ensuring PPA continues to conduct its business activities to independently assessed and acknowledged standards, whilst continually improving its performance.

Chief Executive Officer's Report

PPA continues to work closely with its local communities, and I am pleased to report the establishment of Community Consultation Committees (CCC) at Ashburton, Dampier and Port Hedland ports. These committees provide the opportunity for information sharing between PPA and members of the public, and include representation from community, business and interest groups as well as the relevant local government authority.

At Ashburton, PPA has continued working with Chevron Australia for the development of port infrastructure as part of the Wheatstone LNG project. PPA will manage the port once construction is completed, which is expected in 2017/18.

Meanwhile, planning for the second tranche of the *Ports Legislation Amendment Act 2014* is underway for the progressive transfer of the ports controlled by Department of Transport to PPA. This transfer of Shipping and Pilotage (SPA) ports to PPA is expected to commence after legislation is passed in the latter half of 2016.

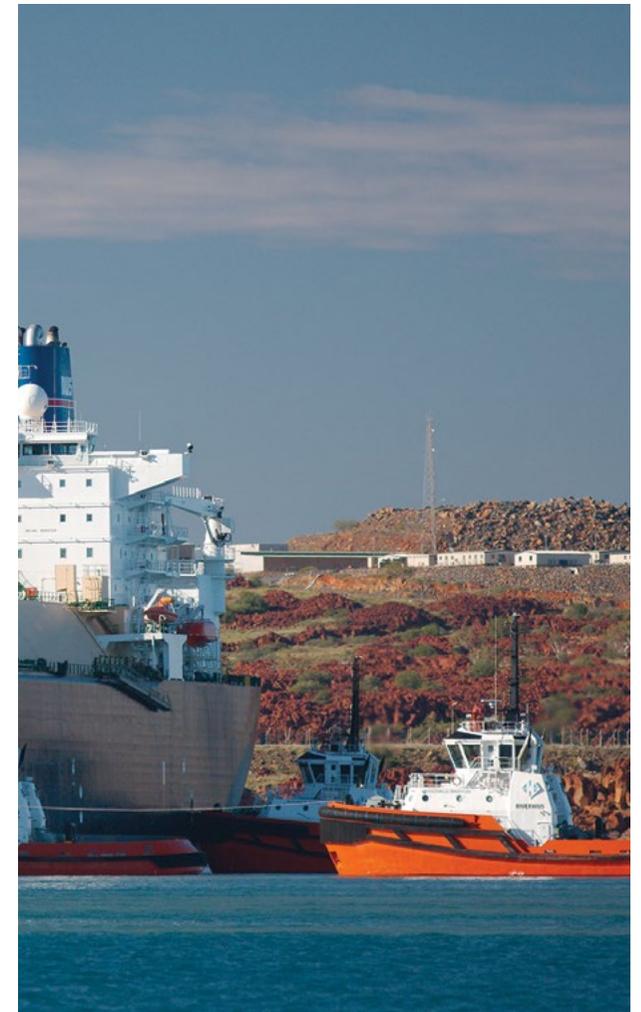
Looking ahead, PPA continues planning for the future ports of Anketell, Balla Balla and Cape Preston East, which will unlock the potential of the West Pilbara. PPA will continue to work with relevant Government agencies and proponents to facilitate these developments.

I would like to extend my thanks to the Minister for Transport Hon. Dean Nalder MLA and his staff for their support of PPA during its inaugural year, as well as the Departments of Transport and State Development.

I also thank the Chairman, Ken Pettit, for his leadership and guidance, and PPA's Board of Directors for their contribution, and support in what has been a successful but challenging 12 months.

Finally, I would like to acknowledge the efforts and support of my dedicated and hard-working Executive Team, and the diligence and professionalism of all PPA staff who have contributed to a successful first year for the new organisation.

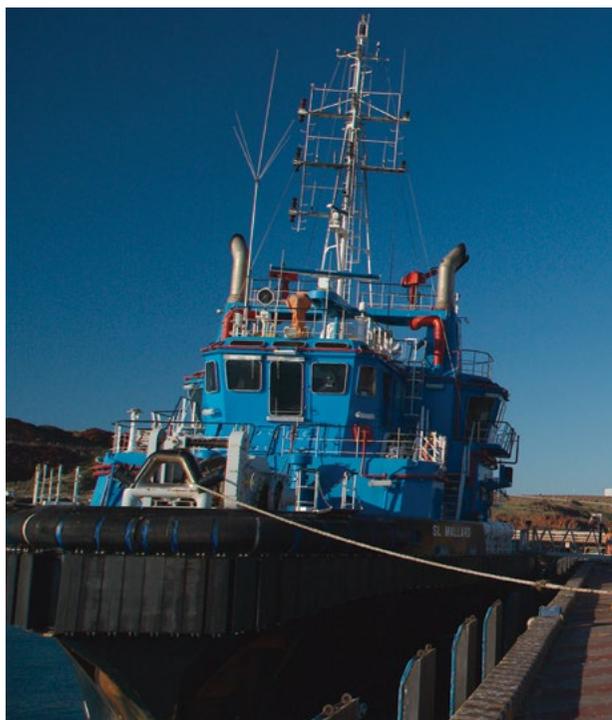
Roger Johnston
Chief Executive Officer



▲ Tugs escorting a vessel at the Port of Dampier

Organisational profile

PPA operates as a Western Australian Government Trading Enterprise, and is governed under the *Port Authorities Act 1999 WA* (the Act).



▲ General cargo vessel

PPA was established on 1 July 2014 as a result of the *Ports Legislation Amendment Act 2014* consolidating seven of WA's eight port authorities into four new regional port authorities. The former port authorities of Dampier and Port Hedland successfully amalgamated and formed PPA.

PPA encompasses the Port of Ashburton, the Port of Dampier and the Port of Port Hedland, and future ports of Anketell, Balla Balla and Cape Preston East. PPA will also assume oversight of a number of SPA ports, including the ports of Port Walcott, Cape Preston, Barrow Island, Varanus Island, Thevenard Island, Airlie Island and Onslow from 2016.

The ports of Dampier and Port Hedland are two of the world's largest bulk export ports, responsible for more than 75 per cent of the State's and 45 per cent of the world's seaborne iron ore exports.

They have handled significant increases in the State's exports in recent years, and as a result, PPA is an organisation of regional, state and national economic significance. In 2014/15, PPA achieved a record annual throughput of 620Mt, with 24,980 vessel movements across its ports. State royalties from exports from Dampier and Port Hedland ports totalled approximately \$4.3 billion, and PPA paid dividends of \$164.46 million to the State.

Another major export commodity for PPA is LNG, which is currently exported through the Port of Dampier and accounts for eight per cent of the world's LNG exports. The Port of Ashburton, a strategic industrial area, and ultimately a multi-user port, will also accommodate LNG and other hydrocarbon-based and natural gas processing for WA's domestic gas supply, with first shipment of LNG expected in late-2016.

PPA's role and Legislative Framework

PPA is governed under the Act, and operates as a corporatised entity with a Board of Directors reporting to Western Australia's Minister for Transport.



▲ Loading at the Dampier Cargo Wharf

Under the Act, which defines a clear role for all port authorities and establishes lines of accountability and reporting requirements to the State Government, PPA has a duty to act on commercial principles, and is afforded the power to perform defined functions, including:

- Facilitating trade within and through the port;
- Planning for future growth and development of the port;
- Undertaking or arranging for activities that will encourage and facilitate the development of trade and commerce generally for the economic benefit of the State through the use of the port and related facilities;
- Controlling business and other activities in the port or in connection with operation of the port;
- Being responsible for the safe and efficient operation of the port;
- Being responsible for maintaining port property;
- Being responsible for port security;
- Protecting the environment of the port; and
- Minimising the impact of port operations on the environment.

The Board's role is to set PPA's strategic direction, agreeing to goals for management and monitoring their achievement. The Board comprises seven directors, including the Chairman. In carrying out its responsibilities and exercising its powers, the Board recognises its overriding responsibility to act honestly, fairly and diligently, and in accordance with the law, in serving the interests of Western Australia, PPA's employees, its port users and the community.

The *Ports Legislation Amendment Act 2014*, resulting in WA's port amalgamations was passed in May 2014 and proclaimed in May and June 2014. A further tranche of amending legislation will effect changes to the *Shipping and Pilotage Act 1967* that will see the responsibility and control of SPA ports shift from the Department of Transport (DoT) to the relevant port authority.

PPA's role and Legislative Framework

PPA provides and maintains shipping channels, navigation aids, cargo berths at common user areas and leased terminals. It also provides road transport infrastructure within port areas, and other port infrastructure such as storage sheds, water, power and public amenities. Services provided directly by PPA include ship scheduling, berthing allocations and port communications. PPA is also responsible for security within port areas, and cooperates with Commonwealth Government agencies responsible for customs, quarantine, maritime safety and security.

Our Vision

To be the global leader in port planning, operations and marine services.

Our Values

Excellence – be the best in all we do

Respect – in all our dealings

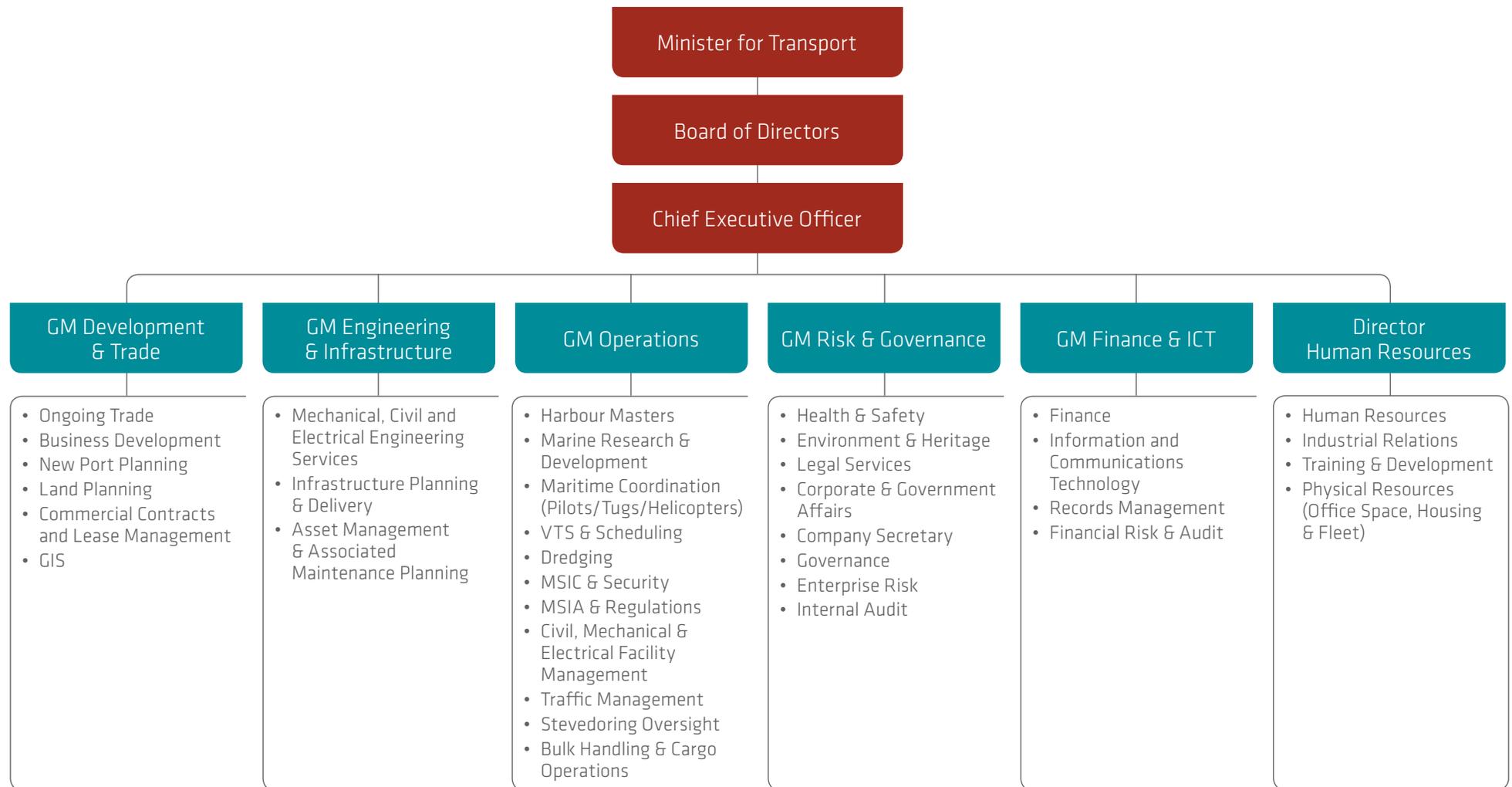
Integrity – operate honestly, fairly and impartially

Care – for our environment, our staff and our community

Courage – do the right thing



Organisational structure



Board of Directors



CHAIRMAN
Ken Pettit

SC, AIT, BA, BJuris (Hons), LLB

Mr Pettit initially joined the Board of the former Port Hedland Port Authority (PHPA) in July 2011. He has been reappointed to PPA for a term expiring 30 June 2016.

Mr Pettit is a senior barrister practicing from Francis Burt Chambers in Perth, Western Australia. He joined the independent bar in 1995 and was appointed as Senior Counsel in 2003. He has 27 years' experience, specialising more recently in the fields of mining, property, planning, native title, commercial and industrial relations law. Mr Pettit worked for the State Solicitor's Office between 1986 and 1995.

Mr Pettit is also a Board Member of the Diabetes Research Foundation WA and the Keogh Institute for Medical Research.



DEPUTY CHAIRMAN
Les Longden

BEng (Hons), Grad Dip App Fin,
FAICD, FFin

Mr Longden was initially appointed to the former PPHA Board on 1 October 2009, and has since been reappointed to the PPA Board for a term expiring 30 June 2016. He was previously also Deputy Chairman of the former Dampier Port Authority (DPA) from July 2013 until its amalgamation into PPA in July 2014.

He has more than 26 years' experience in the resources industry across a variety of development and operations roles. Mr Longden is a principal of a Perth-based engineering and project management consultancy, and was previously an Executive Director of an ASX-listed oil exploration and production company.

Mr Longden is a fellow of the Australian Institute of Company Directors and a fellow of the Financial Services Institute of Australasia.



DIRECTOR
Mike Deeks

CSC, MMgmt, BA, FAICD

Mr Deeks was appointed to the Board as non-executive Director on 26 June 2014 for a term expiring 30 June 2016. He was previously a Director of the former DPA since July 2009.

Mr Deeks is the Deputy Chair of Challenger Institute Governing Council, Executive Director of the Submarine Institute of Australia and Chair of Stepping Stones Child Development Centre. Mr Deeks' previous positions include WA Site Executive for Raytheon Australia, member of the State Training Board, WA Government Advisor and Marine and Defence Industry Strategist, Department of Industry and Resources (DOIR) and Executive Chairman, Nautronix Ltd. He also served 32 years in the Royal Australian Navy retiring in the rank of Commodore.

Board of Directors



DIRECTOR
Julian Tapp

BA (Philosophy), MSc (Economics of Public Policy)

Mr Tapp was appointed to the former PHPA Board on 30 June 2009 and has been reappointed to the PPA Board for a term expiring 31 December 2015.

Mr Tapp is an Executive Director of Vimy Resources Limited. He has a Master's Degree in the Theory of Public Finance, worked as an economics researcher/lecturer (IFS, LSE, Murdoch, Brunel) for five years and as an economist in industry (Ford of Europe, BP and BAE Systems) for 17 years before emigrating to Australia.

He worked for Fortescue Metals Group as Head of Government Relations for eight years before taking up his current position in the uranium industry.



DIRECTOR
Beth Gordon

BCom, MBA, MSc, (Min Ec),
CA, GAICD

Ms Gordon was appointed to the PPA Board as non-executive Director on 26 June 2014 for a term expiring 31 December 2015.

She has worked in the international mining and construction industries in project and corporate roles, specialising in the commercial risks of large operating and infrastructure projects. She has held senior positions with Thiess Pty Limited (coal – Hunter Valley, NSW), Sino Gold Limited (gold – China) and Inco Limited (nickel – Indonesia, New Caledonia, Australia) as well as KPMG (Australia and Texas). Formerly Director for Strategy and Planning, Asia Pacific for Vale Inco Limited, Ms Gordon now consults to boards and executive teams on commercial sustainability and efficiency.

Ms Gordon is a Chartered Accountant and a Board Member of Senses Australia, a not-for-profit provider of disability and deaf/blind support services.



DIRECTOR
John Lillywhite

BCom, MBA, Grad Dip Ornithology

Mr Lillywhite was appointed to the Board as non-executive Director on 22 October 2014 for a term expiring 31 March 2016.

He has held positions in the telecommunications, energy and waste utilities industries, working in various Australian states, and countries including USA, Saudi Arabia, Poland and India.

Mr Lillywhite is a graduate of the Advanced Management Program from the Harvard Business School and holds directorships with Gumala Enterprises Pty Ltd (Chairman), Western Resource Recovery/Total Waste Management Pty Ltd and Aprisa Pty Ltd.

He also holds a Bachelor of Commerce and an MBA with a Graduate Diploma in Ornithology.

Board of Directors



DIRECTOR
Boyd Winton
BCom, BEcon, GAICD

Mr Winton was appointed to the Board as non-executive Director on 22 October 2014 for a term expiring 31 March 2016.

He has spent 25 years' involved with the financial services industry, including more than 20 years working in a broad range of senior wholesale banking roles based with both global and regional banks in Sydney, Melbourne, London and Bahrain. More recently he was with the Government of Bahrain where he was responsible for the development of Bahrain's Financial Services Industry.

He holds a Bachelor of Commerce (Accounting and Finance) and Bachelor of Economics.



▲ LNG tanker at Woodside's Pluto LNG terminal

Executive team



CHIEF EXECUTIVE OFFICER
Roger Johnston
BSc

Mr Johnston was previously the CEO for PHPA, appointed by the Minister for Transport in January 2012. He has been reappointed as PPA CEO for a five year term from 1 July 2015 to 30 June 2020.

Well-regarded for his clear leadership and focused strategic capabilities, he brings with him over 35 years' experience as a senior executive and company director. Mr Johnston has previously worked in senior roles with a number of multinationals and logistics companies, most recently in the construction materials sector in Western Australia.

He holds a Bachelor of Science Degree and is a Member of the Australian Institute of Company Directors.



GENERAL MANAGER RISK AND GOVERNANCE
Raechel Paris
BA, LLB

Ms Paris has more than 18 years' experience in legal, commercial and governance roles with national and international accountability, and brings a wealth of corporate governance knowledge to PPA. She joined the former PHPA in 2011 as the General Manager, Risk and Governance.

Ms Paris holds a Bachelor of Arts/Law from Monash University, and is a member of the Governance Institute and a Graduate of the Australian Institute of Company Directors. She is also PPA's Company Secretary.



GENERAL MANAGER OPERATIONS
Captain John Finch
MBA

Captain Finch was previously the General Manager of Operations at PHPA. He is a Master Mariner by profession and holds a MBA in Maritime Management.

Mr Finch has 30 years' experience in marine, regulatory and port management roles and brings extensive knowledge and operational expertise to PPA.

Previously, he was Harbour Master in a number of Queensland ports. Mr Finch has held senior port operations and regulatory positions after serving approximately 15 years on international and coastal vessels in various marine industry sectors.

Executive team



**GENERAL MANAGER
DEVELOPMENT AND TRADE**
Lyle Banks
BEng, LL.M

Mr Banks brings with him 25 years' national and international experience in port planning and development in both private and public sectors.

He holds a Masters of Law and Bachelor of Engineering from the University of Melbourne, a Diploma in Business (Port and Terminal Management) from the Australian Maritime College, and is a Member of the Australian Institute of Company Directors.



**GENERAL MANAGER
FINANCE AND ICT**
Nick Sarandopoulos
BCom, CA, Grad Dip App Fin, MBA

Mr Sarandopoulos has extensive financial and management experience in the resources sector having worked in major ASX listed companies in the mining, oil and gas sector over the past 18 years.

In his previous role, he managed the finance, administration and IT functions of Toll Energy as the National Finance Manager, providing strategic and commercial advice to assist in the significant growth of the business. Mr Sarandopoulos has also held financial and commercial roles at Brambles Industrial Services over seven years, including Financial Controller of the BIS Western division.

He is a Chartered Accountant and holds post graduate qualifications in Advanced Finance and Investment with the Financial Securities Institute of Australia and an MBA from the University of Western Australia.



**ACTING GENERAL MANAGER,
ENGINEERING AND
INFRASTRUCTURE**
Steve Tyter
BEng

Mr Tyter has more than 30 years' of engineering management experience focused on asset, project and works program management in both the public and private sectors. He was previously the Engineering Services Manager for the former DPA.

Mr Tyter holds a degree in Civil Engineering from the University of Newcastle and a Diploma of Administration from the University of Technology, Sydney.

Executive team

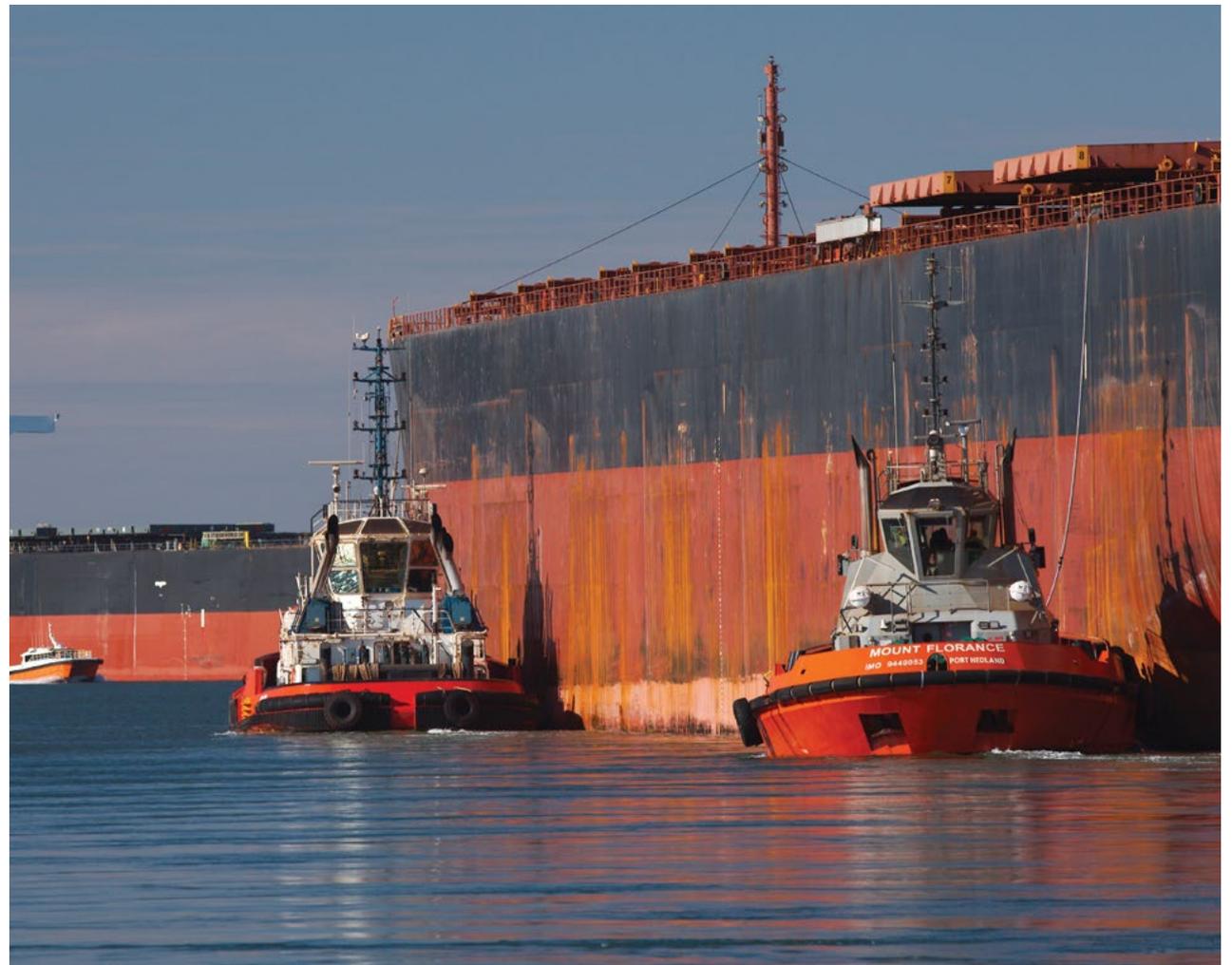


DIRECTOR, HUMAN RESOURCES
Damien Miles

BSW (Hons), Grad Cert IHS,
Adv Dip Mgt

Mr Miles was previously Human Resources Manager with PHPA, and was the Director responsible for the Pilbara Ports amalgamation. Mr Miles has more than 15 years' experience in the human resources and human services sectors.

He graduated with Honours in Social Work from Curtin University and was awarded membership of the Vice Chancellor's List. Mr Miles holds an Advanced Diploma in Management, is a Graduate of the Australian Institute of Company Directors, and has post-graduate qualifications in Integrated Human Studies from the University of Western Australia. He is currently undertaking a Masters in Ethics and Legal Studies.



▲ Tugs alongside an iron ore bulk carrier

Overview

GOVERNMENT GOAL

Financial and economic responsibility

Responsibly managing the State's finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector

PPA OBJECTIVE

To facilitate trade through the Pilbara for the benefit of the State

PLANNED ACHIEVEMENTS

- Work with customers to look for opportunities to promote trade, enhance efficiency, improve safety and provide operational support
- Develop Port Master Plans for all known and planned port facilities
- Prepare for operational responsibility for the Port of Ashburton
- Promote the use of larger, shallower, draft-efficient vessels to improve port efficiency and throughput capacity

RESULTS

- PPA continues to work with existing and potential customers on berth development at the various Pilbara ports
- Regular meetings with stakeholders and customers, including monthly meetings of the Port Operations Users Group
- 2015 Stakeholder Satisfaction Survey
- Development of an overarching Strategic Plan for Pilbara ports and port specific Master Plans has commenced
- Port of Ashburton is in both the construction and operational phase, preparing for a handover to PPA from Chevron expected in 2017/18
- Larger vessels above 200,000DWT continue to increase, and now represent over 35% of the total fleet profile at Port Hedland

Overview

PLANNED ACHIEVEMENTS

- Planning for the development of a Multi-User Outer Harbour Facility (Port Hedland) to provide additional capacity
- Development of two new general cargo wharves and laydown areas in the preferred location of Lumsden Point (Port Hedland)
- Development of Boodarie Stockyards (Port Hedland) to increase land capacity to facilitate trade growth
- Facilitate development of proponent facilities

RESULTS

- Planning for the proposed facility is ongoing, and a Master Plan is in place to guide ongoing development and infrastructure, which will provide future export capacity
- Development of Lumsden Point has progressed with the establishment of access from the Great Northern Highway. The proposed general cargo facility is designed to alleviate the increased trade growth of general cargo across PPA's three public berths in Port Hedland (PPA Berths 1-3) in the longer term
- The first stage of the Boodarie Stockyards has been cleared of native title and is under the PPA management for vesting under the Act
- Patrick Marine Facility at Dampier commissioned and operational in May 2015
- FMG's AP5 commissioned and operational in June 2015
- Roy Hill Infrastructure well advanced in construction of 55mtpa export facility in Port Hedland

Overview

GOVERNMENT GOAL

Social and environmental responsibility

Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long-term benefit of the State

PPA OBJECTIVE

To manage the ports' growth and operations while respecting the Pilbara's environment and heritage

PLANNED ACHIEVEMENTS

- Maintain licence to operate on an ongoing basis by ensuring strong environmental performance against all requirements, with numerous strategies in place
- Continue development of VTS, including extended operational coverage of new port areas in support of port governance and safety of navigation
- Undertake seabed hydrographic surveys to assist all users with accurate navigation charts and to facilitate various development activities

RESULTS

- Development of a whole of PPA Environmental Management Plan, including a revision of environmental risk registers. This has been prepared to Australian standards and is a component of PPA's ISO 14001 certified Integrated Management System
- Improvements to environmental controls associated with product handling and dust minimisation within Utah Facility Stockyard 2 Operations
- Implementation of Port of Dampier's new Port Communications Centre, which is equipped with the latest VTS equipment, providing operational coverage of Dampier and Ashburton ports, as well as proposed future ports
- Completion of Hydrographic surveys at both Dampier and Port Hedland ports during 2014/15

Overview

PLANNED ACHIEVEMENTS

- Ongoing community engagement and consultation to help the port's growth and development, and to be valued by its neighbours as an important public and community asset
- Establishment of a rigorous framework of risk management, incident response and emergency preparedness to ensure appropriate systems are in place to protect the port
- Procedures and policies to support PPA's legislative requirement to provide a secure environment

RESULTS

- Community strategies including establishment of Community Consultation Committees at Dampier, Port Hedland and Ashburton ports, Port Consultative Group (Port Hedland) meetings, development of Stakeholder Engagement and Communications Strategy, public forums, education programs, Community Support Initiative Program
- Ongoing partnership with local Care for Hedland Environmental Association
- Extension of Mangrove Mates Education Program to Onslow Primary School
- Emergency response plans and procedures are in place including Port Emergency Plan, Cyclone Plan, Cyclone Contingency Plans, Oil Spill Contingency Plan, Business Continuity Plan, Marine Safety Plan, Dangerous Goods Response Procedures and Salvage Plan
- Plans to expand CCTV surveillance and improve access control
- Following amalgamation, PPA has reviewed and updated all policies and procedures to ensure alignment

Overview

GOVERNMENT GOAL

Stronger focus on the regions

Greater focus on service delivery, infrastructure investment and economic development to improve quality of life in regional and remote areas

PPA OBJECTIVE

To optimise performance through industry leading practices and innovation

PLANNED ACHIEVEMENTS

- Key initiatives for safe and attractive workplace are continued and improved
- Maintain leading port status by promoting emerging technologies and industry best practice
- Implementing best practice operational tools and continually improving current systems such as the ISO 27001/9001 framework

RESULTS

- LTIFR for PPA employees and contractors was 1.77 for the reporting period
- Lead Performance Indicators for safety continue to be reviewed. Planned safety topics are regularly communicated to staff
- Development of a tidal model, use of hydrographic surveys, implementation of Dynamic Under Keel Clearance and Portable Pilot Units, establishment of Full Mission Bridge Simulator
- PPA commitment to training across all functions including National and State oil spill response training, National Plan Training, and AIIMS course participation to maintain a high level of incident management capability in the Pilbara
- PPA successfully maintained its certification to four standards for safety, environment, quality management and information security management systems for Port Hedland and Perth sites

Overview

PLANNED ACHIEVEMENTS

- Enhance contract management capability of PPA through enhanced systems, skills training and appropriate resourcing
- Share internal expertise and resources with other regional agencies and ports
- Implementing a risk-aware culture, underpinned by PPA's Enterprise Risk Management Framework

RESULTS

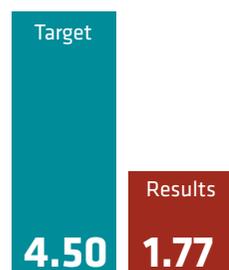
- Relevant Commercial and Commercial Trade team members engaged in Diploma of Contract Management
- Developing PPA contract negotiation guidelines and contractor management procedures and appointed additional resource
- Ongoing engagement with relevant regional agencies and other port authorities
- PPA supports the attendance of key staff at State and National Working Groups, in addition to ongoing communications and assistance
- An Enterprise Risk Management Framework has been implemented at all sites

Shared responsibilities

PPA has shared responsibilities with numerous Federal and State Government agencies in areas such as planning, emergency response, security and environmental management.

Corporate scorecard 2014/15

Lost Time Injury Frequency Rate (PPA employees and contractors)

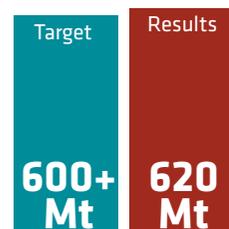


Economic (financial results)

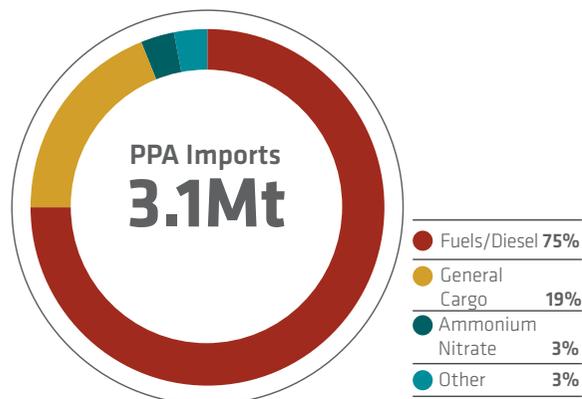
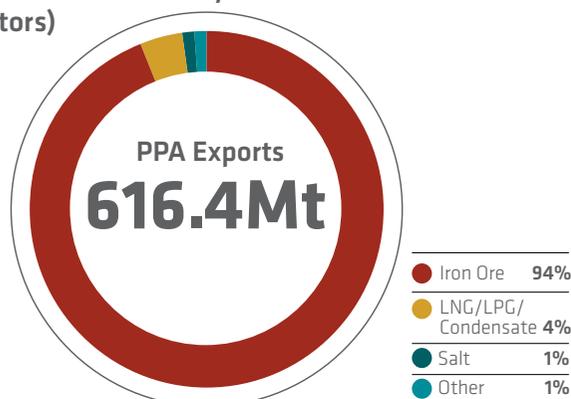
Operating profit before tax (including PIR)



Trade results (Total throughput)



Commodity breakdown



3% Port of Dampier total throughput = 172.9Mt 3% decrease from previous year

20% Port of Port Hedland total throughput = Record 446.9Mt 20% increase from previous year

Stakeholder Satisfaction survey

TARGET	RESULTS
To understand the current (benchmark) level of stakeholder awareness and perceptions of PPA and how satisfied stakeholders are with the performance of PPA's ports and services	<ul style="list-style-type: none"> While stakeholders appreciate the ease and frequency of contact from PPA, there is an appetite for increased engagement from PPA's Executive team PPA consistently delivers excellent safety and environmental management performance Provision of efficient services is one of PPA's key strengths. PPA will continue its commitment to service innovation and excellence The amalgamation of Port Hedland and Dampier port authorities caused some concern among stakeholders involved with Dampier and Ashburton ports regarding the retention of expertise and knowledge of these ports

Accreditation

TARGET	RESULTS
AS/NZS 4801 (Occupational Health and Safety Management System)	Port of Port Hedland remains certified. Port of Dampier expected to be certified in 2015/16
ISO 14001 (Environmental Management System)	Port of Port Hedland recertified. Port of Dampier expected to be certified in 2015/16
ISO 27001 (Information Security Management)	Port of Port Hedland recertified. Port of Dampier expected to be certified in 2015/16
ISO 9001 (Quality Management Systems)	Port Hedland and Perth recertified. Port of Dampier expected to be certified in 2015/16
International Association of Lighthouse Authorities (IALA) VTS Standards	Port of Dampier Communications Centre facility commissioned September 2014. Both Dampier and Port Hedland VTS centres were audited by AMSA



TRADE FACILITATION

To facilitate trade through
the Pilbara for the benefit
of the State

Trade facilitation

The ports of Dampier and Port Hedland have handled substantial increases in the State's exports in recent years. PPA's role is to help ensure the continued sustainability of the Pilbara region as a resource rich economy by facilitating and expanding trade in the region.

During the reporting year, PPA has progressed with development projects and plans across the ports of Dampier, Port Hedland and Ashburton and the proposed ports of Anketell, Cape Preston East and Balla Balla, to facilitate and manage future trade growth.

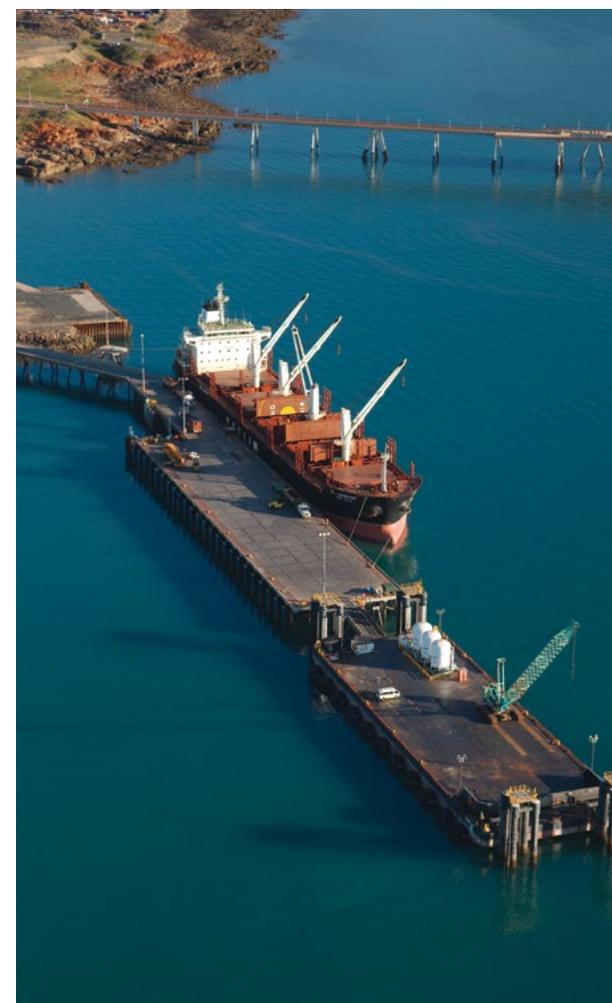
PORT OF DAMPIER

Dampier Cargo Wharf (DCW)

The DCW continues to facilitate the import and export of general cargo and heavy loads through the Port of Dampier. During the reporting period, a maintenance regime was undertaken, which included ongoing deck work and condition assessments. The year also saw the completion of the Patrick Marine Facility, which provides access as an offshore support facility at the northern end of the DCW.

Heavy Load Out (HLO) facility

The HLO facility was originally constructed as a temporary facility to support Woodside's construction work in 2003. Most recently the HLO facility has been used to transfer quarry rock to barges for Chevron's Gorgon and Wheatstone projects. Chevron's lease at the HLO facility concluded during 2014/15. With the HLO wharf structure approaching the end of its design life, PPA is reviewing the long-term options of the facility.



▲ Dampier Cargo Wharf, Heavy Load Out Facility and Patrick Marine Facility

Trade facilitation

PORT OF PORT HEDLAND

South West Creek

PPA has continued to facilitate the development of South West Creek for new and existing exporters. The construction of Fortescue Metals Group's (FMG) fifth berth at Anderson Point 5 (AP5) commenced in May 2014 and was completed and commissioned in June 2015. The additional berth will lift FMG's export capacity by a further 15 million tonnes per annum (mtpa).

The construction of Roy Hill Infrastructure's (RHI) two berths (SP1 and SP2) at South West Creek continued throughout the reporting period. The completion and commissioning of these two berths is expected in late 2015, and will have an export capacity of up to 55mtpa.

Multi-User Outer Harbour (MUOH) Facility

Consultation has continued between PPA and private industry for a proposed MUOH facility. Planning for the proposed facility is ongoing, and a Master Plan is in place to guide ongoing development and infrastructure, which will provide future export capacity beyond the current designated 495mtpa inner-harbour capacity.

Lumsden Point

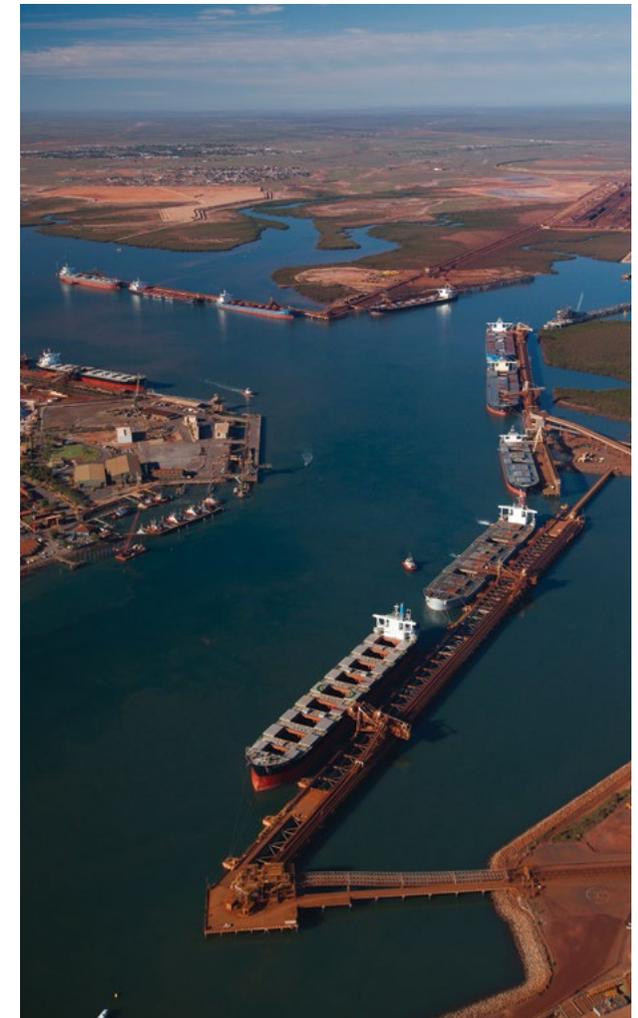
The development of Lumsden Point, identified by PPA as a potential site to develop a common-user facility, has progressed during the reporting year with the establishment of access from the Great Northern Highway. The proposed general cargo facility is designed to alleviate the increased trade growth of general cargo across PPA's three public berths in Port Hedland (PPA Berths 1-3) in the longer term.

Boodarie Stockyards

The development of the Boodarie Stockyards will result in additional land being made available so that the port can facilitate trade growth on the western side of the Inner Harbour and future MUOH facility off Finucane Island.

The first stage of the Boodarie Stockyards (comprising 297ha) has been cleared of native title and is under the management of PPA for vesting under the Act. The second stage (more than 2,000ha) was approved by the Minister for Lands in 2012 to progress native title clearance, which will enable the land to be brought under the management of PPA.

The Boodarie Stockyards also provides for multi-user stockyards and associated port infrastructure to support at least 200mtpa of trade from the planned MUOH facility off Finucane Island.



▲ Port of Port Hedland (aerial)

Trade facilitation

Navigational Aids replacement

PPA has commenced a Channel Marker Replacement Program to mitigate the risk associated with ageing and deteriorating navigational aids in the Port Hedland harbour and shipping channel. The loss of one or a combination of navigation aids may result in significant disruption to shipping operations. The program will:

- Provide a reliable navigation system for vessels entering and departing the Port of Port Hedland waters for the next 25 years;
- Comply with maritime standards and industry best practice for beacon lighting; and
- Guarantee the structural integrity and reliability of the visual navigation aids.

The program will ensure the continuation of 24/7 shipping operations in Port Hedland and further facilitate trade into the future.

Works have commenced.

Integrated Marine Operations Centre (IMOC)

An IMOC will be constructed at the Port of Port Hedland to facilitate the safe and efficient movement of increasing numbers of vessels through the harbour. The IMOC will replace the existing Shipping Control Tower, which was built more than 45 years ago, at a time when less than 500 ships visited the port each year. By the time the IMOC is expected to be fully operational in 2018, the number of ships visiting Port Hedland is expected to exceed 3,000 per year.

The IMOC ensures PPA is able to fulfil its objective of facilitating trade and business opportunities through the port, while providing competitive, efficient and safe port and marine services to meet the growing needs of port users.

The IMOC will feature a new Control Tower, best in class VTS equipment, training and marine pilot briefing facilities and an Incident Control Room. The IMOC will also house PPA's Harbour Master, Marine Operations staff, a security centre and a new reception area.

During the reporting period, development of the IMOC progressed including approvals by the Executive and Board, DoT and Treasury, the Economic and Expenditure Reform Committee (EERC) and the Minister for Transport. Other milestones included design development details of the IMOC Tower and Building to inform a design and construct tender process, definition of the new VTS systems, internal and external stakeholder consultation and environmental remediation works of the construction site. Works onsite are expected to commence in mid-2016, with the IMOC expected to be fully operational in 2018.

Trade facilitation

PORT OF ASHBURTON

PPA continues to work with Chevron for the development of port infrastructure at the Port of Ashburton as part of the Chevron-operated Wheatstone project. This future multi-user port has been designed specifically for the export of LNG and other hydrocarbon based products, as well as the import/export for heavy industry, general cargo and fuel. The facility will also have supply base capability to service offshore operations.

The port is under construction by Chevron and has the facilities to accept direct international shipping. The majority of port infrastructure is now constructed and includes a dredged shipping channel, Material Offloading Facility (MOF) and protective breakwater.

The port will be managed by PPA upon completion of construction, which is expected in 2017/18.

PROPOSED PORTS

Anketell

Plans continue for the development of Port of Anketell, a proposed iron ore export facility and strategic industrial area, approximately 30km east of Karratha with an ultimate capacity of 350mtpa.

The proposed facility will have the provision for the export of other bulk commodities and the import of fuel and general cargo. The Port of Anketell will be developed and funded by private sector builders/users, and managed by PPA under the Act.

The Department of State Development (DSD) is the lead agency for the port, infrastructure corridor and industrial areas, and is responsible for the coordination of the project approval processes.



▲ Port of Ashburton, picture courtesy of Chevron Australia Pty Ltd

Trade facilitation

Cape Preston East

Cape Preston East is a greenfield site being planned and developed as a multi-user transshipping port intended to facilitate the export of iron ore. It is located approximately 70km south-west of Dampier and 2km north-east of CITIC-Pacific's Sino Iron Project. The development of Cape Preston East will underpin BC Iron Limited's (BCI) Buckland Project located in the western Pilbara.

It is anticipated that the land for the proposed port is likely to be acquired and placed under PPA's management by late 2015.

During 2014/15, conditional in-principle approval was received from Main Roads WA and the City of Karratha to relocate the Fortescue River Mouth Road intersection with North West Coastal Highway. The new intersection will separate heavy-haul traffic (associated with port operations) from recreational traffic seeking access to the Fortescue River camping grounds.

Balla Balla

PPA is overseeing the development of a new multi-user transshipping port at Balla Balla, which is located close to the Pilbara coastline approximately 100km east of Anketell Point and 120km south-west of Port Hedland.

The development of a new greenfield port with an export capacity of 35mtpa is expected to generate employment for the community during the procurement, construction and operational phases of the project.

The foundation proponent, Balla Balla Infrastructure (BBI), is proposing to develop a transshipment facility to export iron ore for Stage 1 of the Pilbara Iron Ore Project, with first ore export anticipated in 2018. This will include developing port infrastructure, including: a port access road off North West Coastal Highway; rail infrastructure; a car dumper; stockyard with stacker; reclaimers; overland conveyor; causeway and jetty suitable for loading ore onto new generation Transshipment Shuttle Vessels (TSV). TSV's will tranship iron to cape size bulk carriers in deep water anchorages.

During 2014/15, the establishment of port boundaries (land, seabed and waters) was agreed between the proponent, PPA, DSD and other government agencies. This included early engagement with all stakeholders in relation to the land, seabed and water assembly process.

SHIPPING AND PILOTAGE ACT PORTS

Planning for the second tranche of the *Ports Legislation Amendment Act 2014* is underway for the progressive transfer of DoT's responsibility for ports in the Pilbara to PPA, governed under the *Shipping and Pilotage Act 1967*. The progressive transfer of SPA ports to PPA is expected to commence after legislation is passed in the latter half of 2016.

The transfer will include the ports of Port Walcott, Cape Preston, Varanus Island, Airlie Island, Barrow Island, Thevenard Island, and Onslow.

During the reporting period, PPA has reviewed the port boundaries in consultation with external stakeholders including port users and operators. PPA is also conducting due diligence on all related leases, licenses, and infrastructure associated with the ports being transferred from DoT.



SUSTAINABILITY

To manage the ports' growth and operations, while respecting the Pilbara's environment and heritage

Sustainability

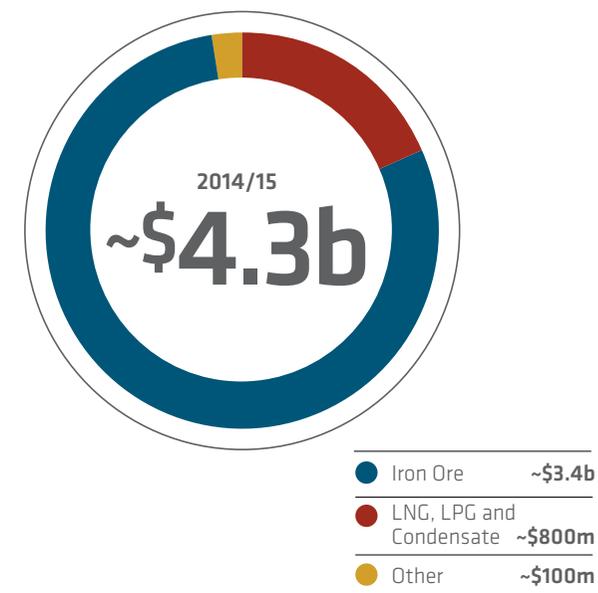
At Port Hedland and Dampier, trade throughput has increased significantly in recent years. The growth in global demand for commodities is expected to continue, driving further expansion of port facilities and infrastructure, and further increasing trade through the ports.

PPA's aim is to manage the ports' growth and plan for future demand, while ensuring strong environmental and heritage performance against all requirements.

ECONOMIC CONTRIBUTION

The Pilbara is a major contributor to the regional, state and national economies. Its Gross Domestic Product (GDP) per capita is the highest in the nation. The Pilbara's economy is strongly dominated by the mining and petroleum industries and is considered to be the State's premier mining region. Large investments in both iron ore and LNG infrastructure, will ensure the Pilbara continues to be one of the most productive resource regions in the world.

STATE ROYALTIES FROM PPA'S EXPORT COMMODITIES



Sustainability

MARINE SAFETY AND EMERGENCY PLANS

Emergency Response Plans

PPA has implemented emergency response plans and procedures across its operating ports. This supports PPA's objective of managing the ports' growth and operations, while ensuring the provision and maintenance of safe, reliable and efficient port and marine services that meet the needs of its users.

At the Port of Dampier, the standard operating and emergency procedures were reviewed in the reporting period, in line with the newly established Port Communications Centre. The internal training plan for Dampier's VTS officers has been renewed based on the new Communication Centre operating as an accredited VTS facility. The former DPA Marine Safety Plan was reviewed in the reporting period and rebranded to PPA.

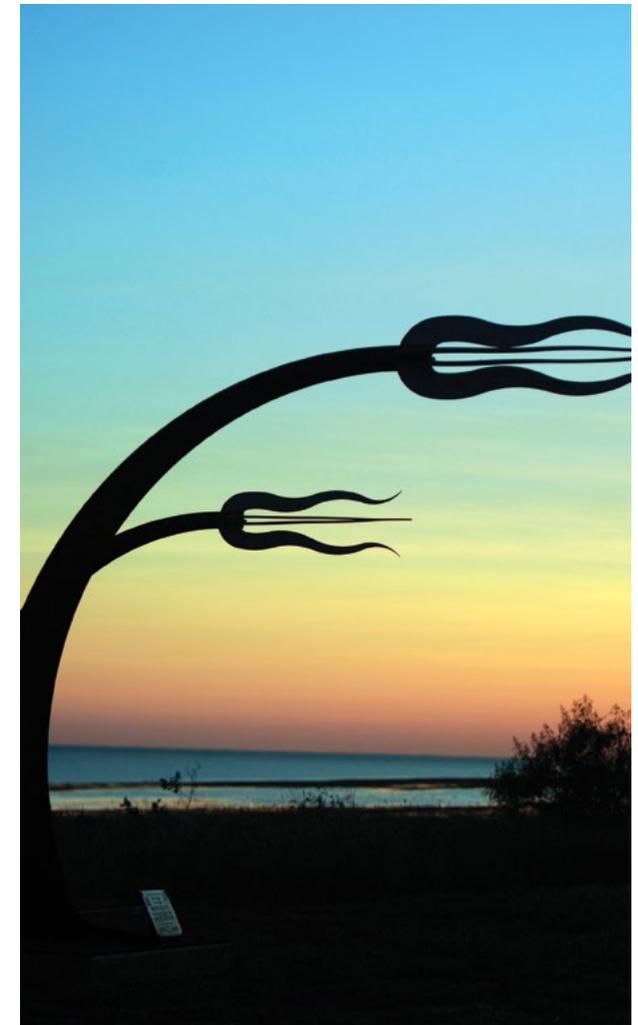
At the Port of Port Hedland, the emergency response plan, covering marine and landside emergencies was reviewed in the reporting period as part of ongoing, regular procedures. Port Hedland's Marine Safety Plan, which meets the requirements of the Act was approved by the Minister for Transport on 26 February 2014.

Cyclone Contingency Plan

PPA's operating ports are required to have a cyclone contingency plan. Each site's plan is reviewed annually prior to the cyclone season and is communicated to all stakeholders. During the 2014/15 cyclone season, three tropical systems (a tropical low, Tropical Cyclone Owen and Tropical Cyclone Quang) affected the ports of Dampier, Port Hedland and Ashburton. This forced the closure of the ports as follows:

- Port of Dampier = Closed for 35 hours
- Port of Port Hedland = Closed for 10 hours
- Port of Ashburton = Closed for 52 hours

There were no significant issues as a result of the tropical systems.



▲ *Sculpture in Port Hedland*

Sustainability



▲ Oil spill exercise at Port of Port Hedland

Oil Spill Contingency Plan

An Oil Spill Contingency Plan is in place across PPA's operating sites, and is reviewed in line with the ports' growth and associated risks.

At Port Hedland, leased oil spill equipment has been maintained in good working order throughout the reporting period and oil spill training has been delivered to staff and stakeholders.

In May 2015, PPA conducted its annual oil spill exercise in Port Hedland, "Exercise Laurentius", in which 44 staff and 14 stakeholders participated. The aim of the exercise was to launch a first strike response plan and to allow the Incident Management Team (IMT) to develop situational awareness.

Staff across the ports of Dampier and Port Hedland also attended National and State oil spill response training. Ten staff members attended National Plan Training, 13 staff attended DoT training and six staff members participated in the Western Australian State Exercise. PPA also hosted a Level 2 AIIMS Incident Controller course to maintain a high level of incident management capability in the Pilbara.

This course was attended by five PPA employees, two BHP Billiton employees, two Southern Ports Authority employees and one Midwest Ports Authority employee.

PPA's Ashburton Marine Oil Pollution Plan was rebranded during the reporting period as part of the amalgamation. The plan will continue to be updated once the construction of marine infrastructure at the port is complete. Regular oil spill drills were conducted during the reporting period by contractors working at the Port of Ashburton to enhance preparedness and response capabilities. PPA will continue working with port proponents at the Port of Ashburton to enhance this capability.

Business Continuity Plan

During the reporting period, PPA also reviewed its Business Continuity and Crisis Management processes across its sites. In the first half of 2015, a review was undertaken to facilitate greater alignment with ISO 22301:2012 Societal Security – Business Continuity Management Systems. Recommendations from the review, which include scenario testing, are being implemented throughout 2015/16.

Sustainability

PORT SECURITY

PPA is required to develop and implement Maritime Security Plans to meet its legal obligations under the *Maritime Transport and Offshore Facilities Security Act 2003* and associated regulations. The plans for the ports of Dampier, Port Hedland and Ashburton were approved by the Federal Government's Office of Transport Security (OTS) on 25 June 2014, prior to amalgamation.

In May 2015, maritime security inspectors from OTS visited Dampier, Port Hedland and Ashburton to conduct a security compliance audit of the Maritime Security Plans. The audits assessed PPA's compliance under the Act and regulations and covered:

- Current versions of the Maritime Security Plans;
- Staff training records/register;
- Internal audit and review records;
- Drill and exercise reports; and
- Declaration of security records.

The maritime security inspectors did not identify any non-compliance during the audits.

Port Hedland Improved Electronic Access Control System

During the reporting period, PPA made improvements to its Electronic Access Control System (EACS) at Port Hedland, with the widening of the Eastern Harbour entry gate and software upgrades.

The entry gate to the Eastern Harbour was completed in January 2015 with the road widening to two entry lanes and one 12m wide exit lane. This project was undertaken to allow oversized loads to exit the port, without the need to physically remove the EACS card reader stations.

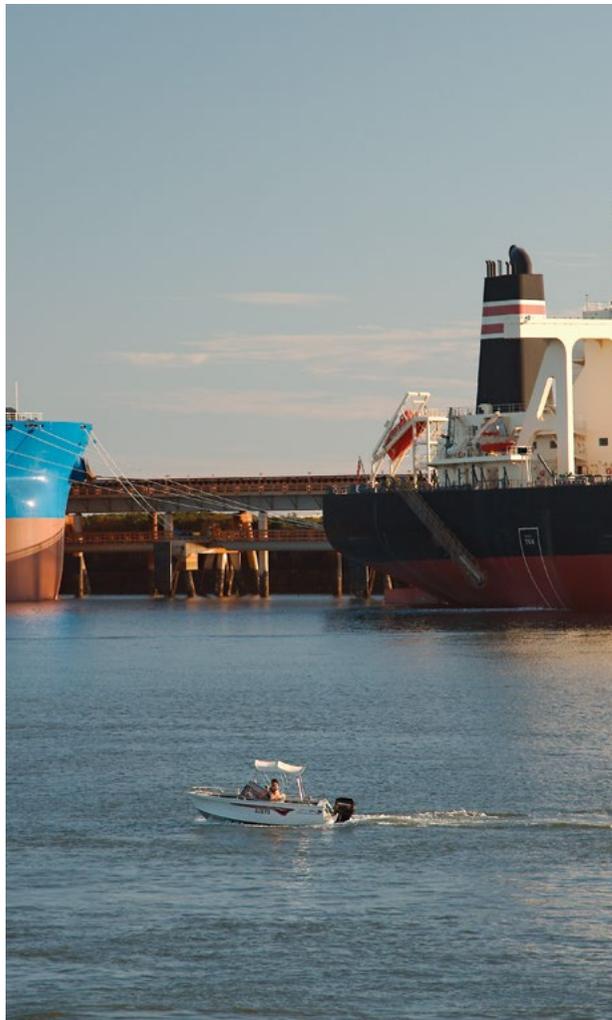
PPA has also upgraded the EACS with Gallagher software to allow additional modules to be installed for fatigue management, drug and alcohol testing and a mustering tag board. A Windows-based tablet has been implemented to run the Gallagher EACS mustering tag board and Indigo Vision CCTV system. This leading edge technology will assist the port's Chief Warden during a building or site evacuation with a live-feed of the evacuation and mustering status.

Dampier CCTV expansion and upgrade project

The Dampier CCTV upgrade project progressed during the reporting period. Completion of this project will enable the integration of Dampier's system into Port Hedland's network to create a single CCTV system operating across PPA.

The implementation will enable PPA to meet its obligations under the *Customs and AusCheck Legislation Amendment (Organised Crime and Other Measures) Act 2013*. The upgrade and expansion will enable security personnel to monitor the entire port, including the perimeter boundary, entry/exit gate, wharves and buildings. The project is expected to be completed in late 2015.

Sustainability



▲ Recreational vessel in the Port Hedland harbour

Recreational Vessel Safety Awareness Campaign

PPA is experiencing an ever increasing number of vessel movements and is committed to educating recreational vessel users about the potential dangers of large commercial vessels entering and leaving the harbour, and informing recreational vessel skippers of water-side restricted zones.

PPA has developed and implemented a Recreational Vessel Safety Awareness campaign as part of a proactive risk management tool to reduce the number of recreational vessel related incidents in the harbour. The campaign was originally launched in Port Hedland in May 2013 and run again in May 2014, and involved media coverage, local radio and print advertising, and distribution of recreational vessel safety brochures.

PPA's Recreational Vessel Safety Campaign will launch in 2015/16, and will feature Dampier and Port Hedland specific campaigns.

Maritime Security Identification Card

PPA is an approved Maritime Security Identification Card (MSIC) Issuing Body with offices located at Dampier and Port Hedland. To date more than 38,000 MSIC applications have been processed since the opening of the two MSIC issuing offices in May 2006.

Two maritime security inspectors from OTS performed an external audit of the Port Hedland MSIC Office and MSIC Issuing Body Plan in December 2014. The audit assessed PPA's compliance within the requirements of:

- *Maritime Transport and Offshore Facilities Security Act 2003*;
- *Maritime Transport and Offshore Facilities Security Regulations 2003*; and
- The security measures detailed in the PPA MSIC Plan approved in July 2014.

The maritime security inspectors did not identify any non-compliances or observations during the audit.

Sustainability

PORT SERVICES

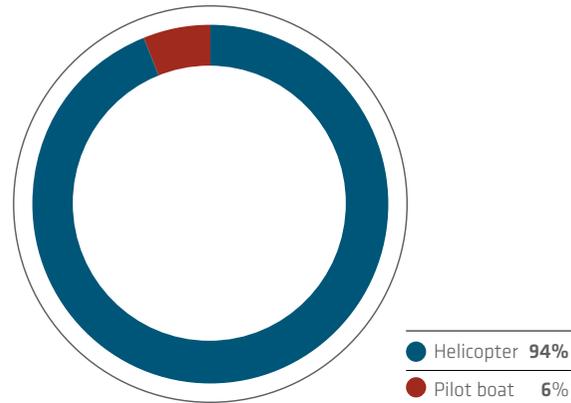
Pilotage (Port Hedland)

Port Hedland Pilots (PHP) is in the fifth year of a five-year contract with the Port of Port Hedland. PHP is an internationally certified company, which is accredited by both the International Standard for Pilotage Organisations Code 2011 (ISPO) and Det Norske Veritas (DNV).

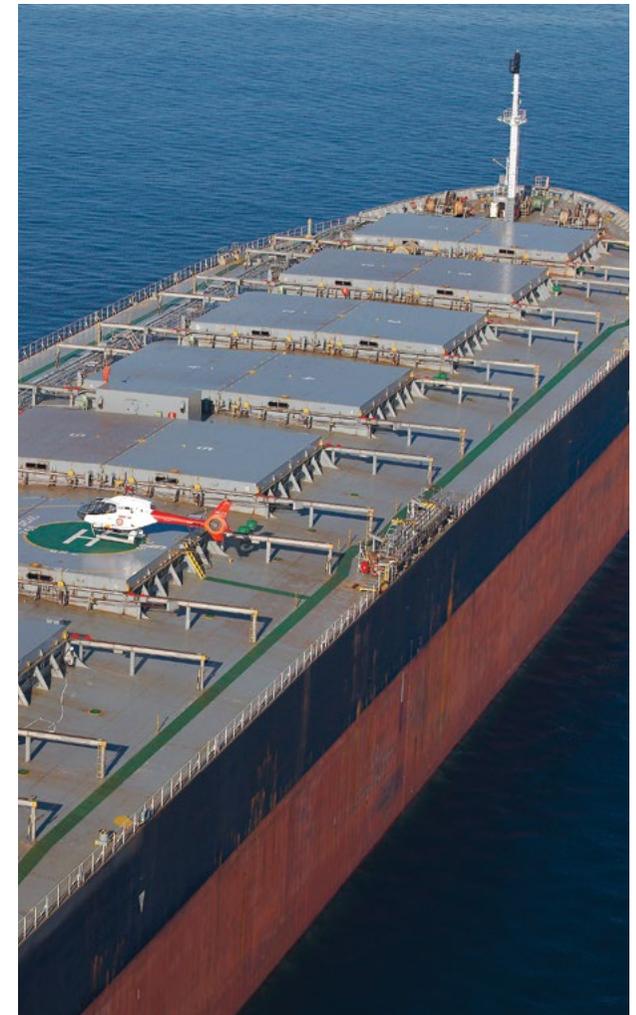
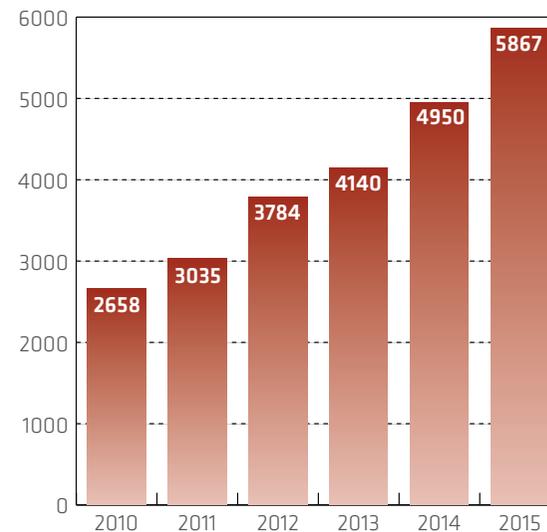
At 30 June 2015, PHP's workforce totalled 24 marine pilots, an increase of nine per cent from the previous financial year. An additional two marine pilot positions will be filled in accordance with the Ultimate Port Development Plan and current shipping movement trends for the 2015/2016 financial year.

In 2014/15, a total of 5,867 piloted shipping movements were undertaken, an 18 per cent increase from 2013/14.

PILOT TRANSIT MODE OF OPERATION



PILOTED SHIPPING MOVEMENTS



▲ Transfer of a marine pilot onto a vessel

Sustainability



▲ *Avicennia Marina pneumatophores* (mangrove roots)

ENVIRONMENT

The Pilbara region is recognised worldwide for its environmental, cultural and heritage significance. PPA provides responsible environmental stewardship of port controlled land, seabed and waters, and minimises the environmental impact of port activities. The environmental management of PPA's operations and ongoing development is a function of the Act, which is "to protect the environment of the port and minimise the impact of port activities on that environment".

ISO 14001: 2004 (Environmental Management System approach)

PPA's Environmental Management System (EMS) has been certified to ISO 14001 standard at the Port of Port Hedland since 2011. This certification ensures a standardised approach to environmental management with a focus on continual improvement of environmental performance. PPA is working towards certification to the ISO 14001 standard for the Port of Dampier in 2015/16.

Environmental Management Plan

PPA maintains an Environmental Management Plan (EMP). The plan is a key component of PPA's certified EMS.

The EMP addresses the scope of PPA's environmental management of port services and activities across its regional operational ports in the Pilbara, and its corporate office in Perth. It also provides a framework to include additional ports as they transition to PPA's jurisdiction.

This plan includes an environmental profile of each port site and a register identifying current environmental risks of port operations, including measures to manage significant environmental risks.

PPA's operational activities underwent an annual risk review in 2014/15 and its Environmental Risk Register and EMP were updated. This review was the first for PPA and aimed at streamlining EMS processes at Dampier, Port Hedland and Ashburton to ensure consistency in environmental management across all PPA sites.

PPA reviews its EMP at least annually to continually improve its environmental management performance.

Sustainability

This review is preceded by an annual review of PPA's Environmental Risk Register, which was completed in May 2015. The outcomes of this risk review inform the annual development of the EMP.

State and Federal Government approvals for projects in Port Hedland

- **Environmental Licence**

PPA holds an environmental licence for its Port Hedland public access berths, PPA Berth 1, PPA Berth 2, and PPA Berth 4, Utah Point Multi-User Bulk Export facility (Utah Facility). The conditions contained within the licence relate to the prevention, reduction or control of emissions and discharges to the environment and to the monitoring and reporting of them. PPA is audited annually by the Department of Environment Regulation and was deemed compliant with all licence conditions during the last audit in October 2014.

PPA completed an Environmental Compliance Action Plan for Utah Facility's Stockyard 1 operation in July 2014 and began implementing, in conjunction with Atlas Iron Limited, an Environmental Improvement Plan for Utah Facility's Stockyard 2 operation in January 2015.

- **Maintenance Dredging – Dredge Management Plans**

PPA is responsible for maintenance dredging of the Port Hedland shipping channel, inner harbour and berthing pockets to remove accumulated, unconsolidated sediments.

All dredge material is disposed of at sea in accordance with the *Environmental Protection (Sea Dumping) Act 1981* and as regulated by the Federal Department of the Environment. PPA also holds a Sea Dumping Permit for maintenance dredging activities in Port Hedland. Dredging activities were undertaken by PPA during the reporting year in accordance with the conditions of its Sea Dumping Permit and Long-Term Dredge Material Management Plan. PPA also conducted internal audits against the Long-Term Dredge Material Management Plan during 2014/15.

- **Capital Dredging – Small Vessel Cyclone Mooring Protection Facility project**

PPA holds a Sea Dumping Permit for capital dredging activities in the Port of Port Hedland for the purpose of installing cyclone moorings for vessels. During 2014/15, dredging activities were undertaken by a third party proponent for the construction of new cyclone moorings in Stingray Creek. Under the conditions of its Sea Dumping Permit for the project, and in accordance with its approved Dredging and Spoil Disposal Management Plan, PPA undertook environmental monitoring during the dredging and disposal activities.

Sustainability



▲ Water monitoring at the Port of Dampier

Water quality monitoring programs

In 2006, the Port of Dampier commenced a Marine Water Quality Monitoring program during the construction of the Dampier Bulk Liquids Berth (BLB). This monitoring program is still applied today and has been extended to the Port of Port Hedland. As part of the monitoring works, water is collected at inner port sites to determine water quality, which is then developed into a time-series data set. This data is used to determine water quality changes across the ports.

During the reporting period, PPA monitored surface and ground water quality at Port Hedland. PPA also conducted quarterly surface water monitoring of recirculation ponds, quarterly groundwater monitoring of Eastside operations and bi-annual groundwater quality monitoring at the Utah Facility. PPA also undertakes opportunistic monitoring of potential contaminants in stormwater at the Utah Facility and Eastside operations, when sufficient rainfall allows. No formal exceedances of licence limits were recorded during the reporting period.

Marine water quality monitoring is also undertaken at a range of sites within the Port of Dampier. Monitoring is undertaken weekly in a five week block, four times per year on a seasonal basis, with the aim to capture broad scale and long-term trends. A review of this data has shown marked seasonal variation and differences between sites, but does not indicate long term changes in the port environment.

PPA also undertakes stormwater monitoring for potential contaminants on a first flush basis. A review of this data indicates some variability from within and across sub-catchments, with some peaks in contaminants typical of a light industrial catchment.

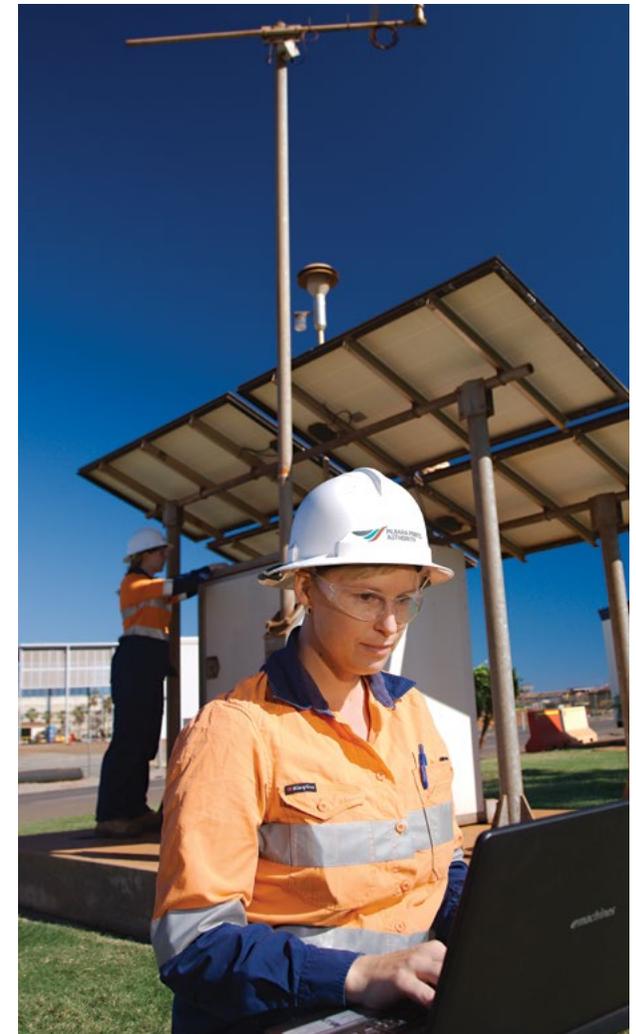
Sustainability

Air quality monitoring programs

PPA manages impacts from its operations on air quality in Port Hedland through its Air Quality Monitoring Program. Dust monitoring continued in the reporting period at the boundary of Port Hedland's public berths, PPA Berth's 1 and 2, and PPA Berth 4 (Utah Facility). Alarms from PPA's dust monitoring stations are used in conjunction with a dust forecast tool to predict and proactively manage dust in adverse weather conditions. To further aid the management of dust emissions at Port Hedland, PPA installed two internal boundary monitors at its Utah Facility during 2014/15.

PPA has more than 24 months of data available for the upgraded boundary dust monitoring network. Trending against local climate parameters indicates that dust exceedance events are seasonally influenced. Trending of exceedance events indicates that dust exceedances are relative to throughput, which suggests dust management practices implemented by PPA are assisting to keep dust levels to as low as reasonably practicable.

PPA continued in its role as a major stakeholder in the Port Hedland Industries Council (PHIC), which convened several sub-committees focusing on areas of common interest to industry. PHIC continued to monitor ambient air quality in the Port Hedland region with results published in real time via the PHIC website. During the reporting period, PHIC undertook a trial utilising Light Detection and Ranging (LiDAR) technology as a method of determining dust emission sources and for tracking dust plumes. The trial included the development of a website which allowed for relative backscatter to be displayed as dust concentrations. Both the LiDAR technology and website interface demonstrated promising results for monitoring cumulative dust in Port Hedland. A second trial is expected to be initiated in 2015/16.



▲ Dust monitoring at the Port of Port Hedland

Sustainability



Mangrove Rehabilitation Program

As part of a commitment to offset habitat loss due to port development activities, PPA continued its Mangrove Rehabilitation Program in the reporting period. In 2014/15, PPA advanced mangrove propagation trials in its purpose-built nurseries and monitoring of mangrove seedling growth rates and survival at its Redbank trial rehabilitation area.

PPA supported local environmental groups including Greening Australia, Rangelands NRM and Care for Hedland to rehabilitate the De Grey River, approximately 80km north-east of Port Hedland. PPA donated and planted 1,000 mangrove seedlings at the mouth of the river to prevent erosion and slow the speed of water passing through the area. In late 2014, PPA also provided 4,000 mangrove seedlings to Chevron for rehabilitation works.

PPA also continued its Mangrove Education Program in Port Hedland and extended the program to Onslow Primary School in 2014/15.

The program's aim is to educate younger members of the community about PPA's Mangrove Rehabilitation Program and emphasise the important role mangroves play in the environment. In 2014, more than 280 students from five primary schools participated. The children attended an in-class presentation followed by a hands-on activity of re-potting a mangrove seedling. In early 2015, a further 4,000 seedlings were planted into PPA's saltwater nursery. PPA will continue the program in 2015/16 and will investigate opportunities to extend the program to Dampier and Karratha.

PPA was awarded Best Practice in Corporate Social Values for its Mangrove Rehabilitation Program (Port Hedland) at the 2015 Annual Institute of Public Administration Australia (IPAA WA) Achievement Awards on 26 June 2015. The award recognised the Mangrove Rehabilitation Program for public service excellence in improving outcomes for the organisation and service delivery for the community. The Mangrove Rehabilitation Program has also been shortlisted for the Department of Mines and Petroleum's Golden Gecko Awards for Environmental Excellence. The winner will be announced in the first half of 2015/16.

Sustainability

Cultural Heritage Management Plan

During the reporting year, PPA commenced the development of a Cultural Heritage Management Plan. The plan documents PPA's heritage management practices providing transparency to regulators, Traditional Owners and other stakeholders.

The plan, which is expected to be finalised in the first half of 2015/16, also identifies processes and strategies that will enable PPA to continue its operations, while seeking to preserve heritage values or mitigate heritage impacts in consultation with stakeholders and in compliance with legislation. The plan will be subject to an annual review to ensure optimal performance of processes and strategies.

PPA also collaborated with the Department of Aboriginal Affairs to provide graffiti management training to the Murujuga Rangers and Department of Parks and Wildlife (DPaW) staff in Dampier in March 2015. The training will allow the Murujuga Rangers and DPaW to effectively manage graffiti at culturally significant heritage sites within the Murujuga National Park located on the Burrup Peninsula, Dampier.

Carbon Neutral Program

During the reporting period, carbon dioxide emissions were calculated from PPA's Port Hedland vehicles and other plant used at the port, including small vessels and forklifts. A corresponding number of trees were planted via a third party to offset these emissions. Over the last 10 years PPA has contributed to the planting of more than 1,200 native trees and shrubs in an effort to reduce its carbon footprint.

Feral Animal Management

PPA's Vertebrate Pest Management Program was continued in 2014/15 with trapping to control feral animal populations across PPA lands in Port Hedland and Dampier. The program uses a risk based approach to the management of feral animals, with greater trapping efforts targeted towards areas that are within or immediately adjacent to sensitive environmental areas (e.g. turtle nesting beaches) and/or where confirmed sightings have occurred. Foxes and feral cats remain the key target species of this program.

Water Efficiency Management Plan

PPA continues to participate in the Water Corporation's Industry Water Efficiency Program. During the reporting year, the Port of Port Hedland reduced its gross water usage by 11 per cent, despite a 17 per cent increase in tonnage throughput.

Introduced Marine Pests Management

In collaboration with the Department of Fisheries (DoF) and other major WA ports, PPA continued to monitor for invasive marine species in the Dampier and Port Hedland harbours. No invasive marine species were detected during the reporting period.

PPA has also been nominated for the DoF Excellence in Marine Biosecurity Awards for its contribution to the establishment of the DoF Early Warning Monitoring System and its ongoing implementation of PPA's Vessel Risk Assessment process for all construction vessels working within the Port of Port Hedland. Award winners are announced in August 2015.

Sustainability



ICARE King Bay Industrial Estate Clean Up

PPA coordinated the first clean-up of 2015 of the King Bay Industrial Estate (KBIE) with its leaseholders on the Burrup Peninsula as part of an ongoing industrial partnership known as ICARE – Industrial Communities Against Rubbishing our Environment. The clean-up coincided with World Environment Day and saw 89 volunteers participate including PPA staff and volunteers from 17 other locally-based organisations. A total of 86 large bags of rubbish were collected from the roadsides of the KBIE, amounting to approximately 300kg.

Sustainability

LOCAL COMMUNITIES

Stakeholder Engagement and Communications Strategy

Community and stakeholder engagement is vital to the ongoing success of the ports' growth and development. PPA establishes and maintains strong, effective links between community and industry, and fosters an open, working relationship with local communities in which it has port operations.

PPA regularly engages with local community groups and businesses, and works with the Town of Port Hedland, the City of Karratha and the Shire of Ashburton to ensure two-way communication between the respective ports and the wider community is maintained.

PPA is developing a Stakeholder Engagement and Communications Strategy to continue to maintain and develop effective working relationships with the community and stakeholders. It will increase community understanding and support for PPA's goals, improve transparency and accountability, as well as build trust within the community and others.

Community Consultation Committee (CCC)

In 2014/15, PPA established a CCC for each port under its control, as required under Section 14A of the amended Act.

The purpose of these committees is to promote and facilitate communication, information sharing and consultation between PPA and members of the relevant local communities.

Membership of each CCC consists of representatives from relevant local community, business and interest groups as well as the relevant local government. Meetings are held every four months at the ports of Dampier and Port Hedland and every six months at the Port of Ashburton. The minutes of these meeting are made public on PPA's website.

LOCATION	NO. OF CCC MEETINGS HELD IN 2014/15	NO. OF CCC MEETINGS EXPECTED IN 2015/16
Port of Dampier	1	3
Port of Port Hedland	1	3
Port of Ashburton	1	2

In addition, PPA participates in several forums at all port locations with port users and operators to discuss specific issues.

Community Support Initiative (CSI) Program

PPA has an established Community Support Policy, which allows PPA to commit financial resources and in-kind support to community initiatives. PPA provides support to a broad cross-section of community groups and charities through its CSI program.

During 2014/15, PPA supported a number of community events and organisations including:

- Port Hedland's Australia Day Fireworks event;
- Cossack Art Awards;
- NAIDOC Week;
- Onslow Business Forum;
- Passion of the Pilbara Festival;
- Town of Port Hedland's Community Awards;
- Karratha Water Polo Association; and
- West Pilbara Junior Cricket – Country Week.

In excess of \$250,000 of financial and in-kind support was provided to local community, sporting and not-for-profit organisations in the Dampier/ Karratha, Port Hedland and Onslow communities in 2014/15.

Sustainability



▲ *Voyager of the Seas* entering the Port of Port Hedland

Cruise ship visits

PPA continues to promote the diversification of trade through its ports and recognises the social and economic benefits of cruise ship visits to the Port of Port Hedland. During the 2014/15 financial year, PPA facilitated four cruise ship visits to the Port of Port Hedland, bringing with them significant benefits to the local economy. In February 2015, PPA welcomed the return of one of the world's largest cruise ships, the *Celebrity Solstice*.

Maritime security inspectors from OTS attended the port in November 2014 to perform an audit of PPA, following the arrival of the *Radiance of the Seas* cruise ship. The port was found to be fully compliant with all legislative requirements.



BUSINESS EXCELLENCE

To optimise performance
through industry leading
practices and innovation

Business excellence

SAFETY

PPA integrates safety into all facets of its operations and provides a healthy and safe work environment. PPA has set and achieved clear safety targets, with the ultimate aim of no injuries or harm. The 2014/15 LTIFR for employees and contractors was 1.77 against a target of 4.50.

PPA's Board of Directors and Executive have continued to take a strong leadership role in ensuring that a safe workplace remains a top priority. PPA's safety performance, including incident and hazard reporting, LTIFR, significant incident statistics, drug and alcohol testing and Lead Performance Indicators (LPI) are reviewed at every PPA Board and Executive meeting, and PPA's Executive continues to support and promote the review of safety performance of PPA's stakeholders, including service providers and port users.

PPA's Safety Management System (AS/NZS 4801)

PPA's Occupational Safety and Health (OSH) Management System remains certified to the AS/NZS 4801 (Australian Standard and New Zealand Standard for OSH Safety Management Systems) with a surveillance audit conducted in December 2014 identifying no major or minor non-conformances.

During the reporting year, PPA identified an opportunity to integrate two safety reporting systems used across the sites of Port Hedland (MYOSH) and Dampier (STEMS). The transition to a single safety reporting system has commenced utilising *Complispace*, a software program already used by PPA to manage its Risk Management and Compliance Programs. The application of a single safety reporting system will achieve greater transparency across the organisation and increase the overall level of health and safety information available.

Reviews in 2014/15

PPA continues to review its health and safety procedures with relevant internal and external stakeholders. The intended outcome of the reviews is to ensure that procedures are a true reflection of PPA's operations and activities.

In order to maintain PPA's adherence to legislative requirements, a number of High Impact Function (HIF) Audits have been undertaken in areas such as traffic management, fixed plant and the management of mobile equipment. The outcomes from this process have seen a number of improvements implemented across PPA's sites and has facilitated continuous improvement to the controls which manage hazards. The HIF Audit program has been complemented by a number of internal OSH audits which form part of PPA's LPI's.

Business excellence

Risk Assessment Procedures

PPA adopts a risk-based approach to hazard management utilising the competence and knowledge of its staff in development and implementation. PPA's Hazard Management Procedure contains a number of tools designed to assist staff in identifying and managing hazards. These include the Take 5 Risk Assessment and the Job Hazard Analysis Risk Assessment. The use of these tools is tracked as part of the PPA's LPI's as well as Workplace Inspections, Hazard Reports, OSH Audits and Safety Meetings. The collection of LPI data will be extended in 2015/16 to include other contractors and port users.

Injury Management

A thorough Injury Management Procedure complements PPA's Injury Management Policy. Employees injured during the course of their work receive immediate and appropriate treatment. Returning to work following injury is based on a medically advised Return to Work (RTW) Program. PPA actively provides alternate duties during RTW programs and liaises closely with employees and medical professionals to ensure the best outcome for both the employee and PPA.

OUR PEOPLE

PPA Amalgamation

Following the passing of the *Ports Legislation Amendment Act 2014*, and completion of the Department of Finance's Gateway review, the amalgamation of the former port authorities of Port Hedland and Dampier occurred on 1 July 2014.

The Ports Governance Review outlined the objectives of the WA ports, with the primary objective being the successful consolidation of existing port authorities into four new regional port authorities. This will improve outcomes for port customers by:

- Optimising utilisation of port infrastructure;
- Improving investment decisions;
- Enhancing corporate governance via strategic, operational and financial planning, risk management, human resource and skills management, stakeholder management, safety management, and environmental management;
- Reducing expenditure through efficiency gains and reduced duplication of effort;
- Improving commercial practices and skills, acumen and capability;

- Providing consistency of port views on regional issues; and
- Extending economy of scale benefits for service provision.

Prior to the amalgamation, key activities were identified and undertaken by 13 subject matter expert groups, which resulted in a successful transition to PPA.

The Ports Governance Review required the consolidation of port authorities be undertaken with minimal or no disruption to current operators. PPA's approach to minimising the impact to customers in its day-to-day port operations, while still achieving the amalgamation objectives set by the Minister for Transport, was successfully achieved. There were no impacts to PPA's customers' operations and shipping operations continued without delay.

During the reporting period, PPA achieved key outcomes for the business as part of the amalgamation process. These included:

- Establishing staff consultative committee meetings following the passage of legislation to determine how information and consultation should occur;

Business excellence

- The preparation and Board approval of all PPA policies;
- Identifying and appointing Executive positions in preparation for PPA's commencement;
- Implementing PPA's new Organisational Structure on 1 July 2014;
- Reviewing and publishing PPA's Human Resources procedures by 31 December 2014;
- Integrating DPA and PHPA electronic systems across payroll, training and physical resources; and;
- Completing the PPA Salary Strategy in April 2015.

The second tranche of the *Ports Legislation Amendment Act 2014*, focused on SPA Ports is underway and discussed earlier in this report.

Physical Resources

During 2014/15, PPA closed the former PHPA Hay Street office (West Perth) and located its corporate office at the former DPA office in Parliament Place (West Perth).

In the Pilbara, refurbishment was undertaken at the Port of Dampier on the administration building. Additional office facilities have also been provided at the Utah Facility. Significant renovations have also been completed on residential housing in Port Hedland and Karratha, as well as the construction of three housing units in Onslow. PPA's car fleet management and processes were also integrated in the past year.

Recruitment

PPA finalises workforce planning in October each year. In 2014, this enabled PPA to review and improve the organisational structure following the amalgamation.

Recruitment processes were standardised across the organisation in 2014/15, with PPA also implementing web-based video technology for initial interviews following shortlisting.

In 2014/15, PPA successfully commenced the Public Sector Commission Aboriginal traineeship program in Port Hedland. Following on from this success, PPA will host one Aboriginal trainee for the 2015/16 intake in Perth. PPA's commitment to training opportunities for young West Australians is evident through the commencement of three apprentices in January 2015 across electrical, boilermaking and mechanical fitting.

Training & Development

The Working with Respect initiative is PPA's flagship program for employees, providing an opportunity to consider and discuss PPA's values, code of conduct and ethical decision making. The program was redeveloped following amalgamation and delivered to all employees.

The Leading with Respect program builds on Working with Respect, focusing on leadership in the organisation. An initial module was rolled out to 30 managers across the business in May 2015. The module focused on high performing teams and how to approach difficult conversations.

As part of the amalgamation, mandatory training requirements were reviewed. Significant training and development opportunities have been provided by PPA during the reporting year, including:

- Manual Handling Awareness;
- Emergency Response Awareness;
- Incident Management and Oil Spill training;
- Competition and Consumer Protection training;
- VTS Officer training; and
- OSH for Line Managers and Supervisors.

Business excellence

Dampier VTS Centre

The Port of Dampier has a newly-established Port Communications Centre, which became operational in September 2014. The facility is equipped with the latest VTS equipment, such as large visual displays and vessel monitoring features to assist VTS operators with situational awareness. The facility also features data-recording equipment, which has the ability to replay events in real-time and assist PPA during incidents.

The Australian Maritime Safety Authority (AMSA) audited both Dampier and Port Hedland VTS centres during 2014/15.



Business excellence

INNOVATION AND TECHNOLOGY

Implementation of latest maritime technology across PPA ports

PPA implements a number of innovative maritime technologies to manage larger vessels and increased sailing tonnages at its Dampier and Port Hedland ports. The Dynamic Under Keel Clearance (DUKC) system is a critical tool that predicts the depth of water between a vessel's keel and the seabed. At Port Hedland, the DUKC system (Series 5) is fed by live tidal gauges from the channel, allowing for a minimum of 90cm clearance for vessels. At the Port of Dampier, Rio Tinto's DUKC was redesigned in January 2014 and will shortly be updated to the Series 5 version.

The world's most advanced Portable Pilot Units (PPUs) are also used by marine pilots at PPA's operating ports. These units provide pilots direct live feeds from tidal, weather, under-keel clearance and current flow rates, which promotes safety, emergency contingency plans and general overall channel passage efficiency. At Dampier, the systems have been upgraded and an overlay of the new DUKC channel has been installed for Dampier marine pilots using PPUs.

Dampier Hydrographic Works

During 2014/15, PPA undertook hydrographic works at the Port of Dampier to improve the accuracy of hydrographic survey data, and bring the port in line with world's best practice. PPA also established a tidal network, with new tide gauges at Eagle Hawke Island, South Reef, PPA's facilities channel, Rio Tinto Fairway Beacon and the Woodside channel beacon. Data collected from these gauges will enable PPA to create a port tidal model, and gain a better understanding of tidal heights and currents within the port.

In November 2014, PPA commenced a hydrographic survey covering a large area of Mermaid Strait and Mermaid Sound in an effort to improve the accuracy of the harbour chart soundings. Port users Woodside and Rio Tinto also surveyed their own channels, resulting in a significant area of the Dampier harbour re-surveyed to the same high hydrographic standards. The survey was completed on 22 December 2014.

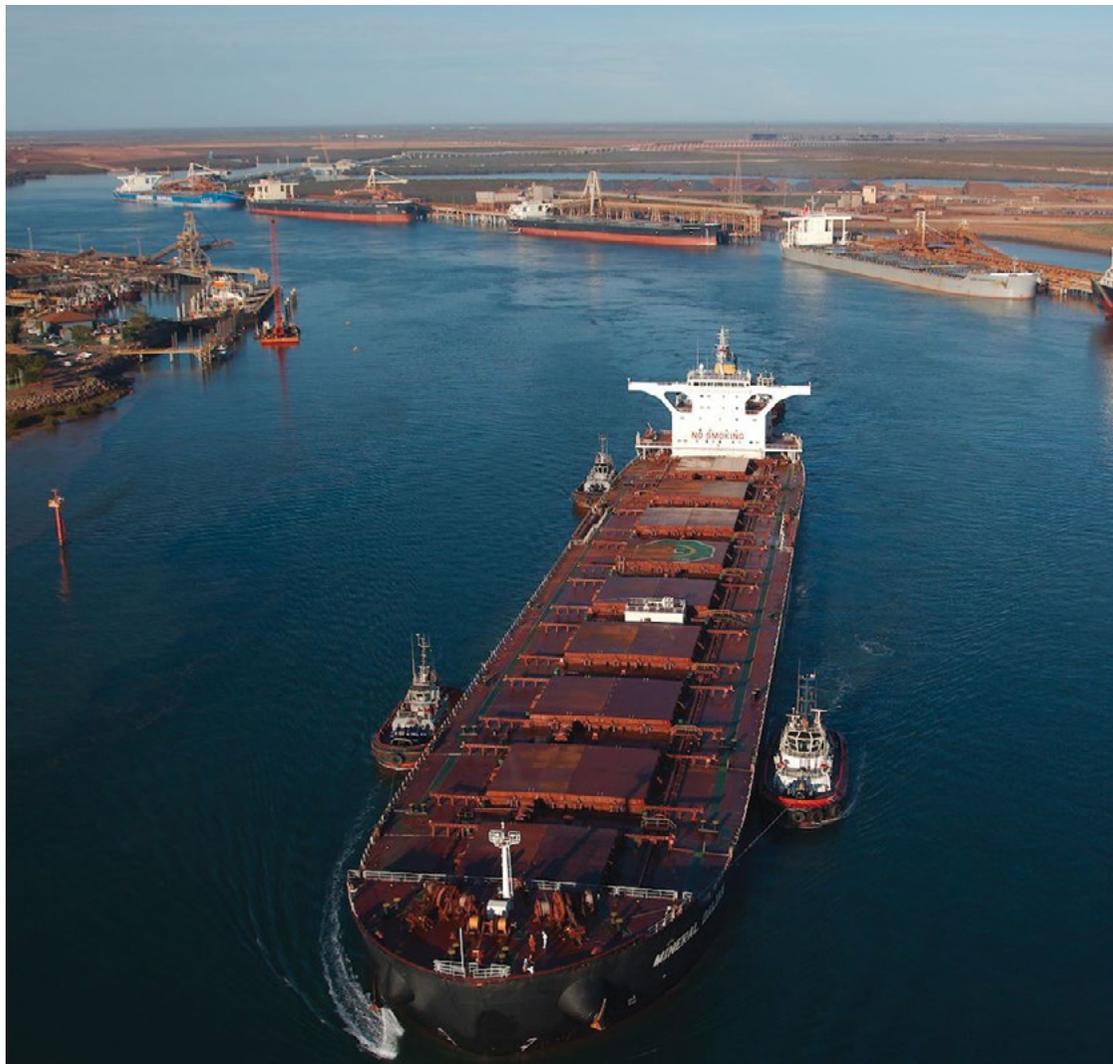
Dampier Moorings

PPA has implemented Portmap, an internally-developed electronic system of its port maps at Dampier, which shows the location, compliance and approval status of moorings. The system was further enhanced during the reporting year, with pop-up boxes now displaying photographs and text with details of the port's 244 moorings.

In addition, PPA has implemented the KLEIN Moorings Management System, which went live in May 2015. The program, developed by PPA staff, will deliver numerous benefits including:

- Enhancing the efficiency of the moorings approval process with owners and service providers;
- Creating an auditable trail of the mooring process and records;
- Allowing remote access to mooring details specific to owner, diver and naval architect; and
- Allowing electronic interactions between mooring owners, service providers and the Dampier Port Communications Centre, an important aspect for cyclone preparation.

Business excellence



Development of Port Hedland tidal model

PPA conducted an extensive two-year tidal study at the Port of Port Hedland to accurately determine channel depths during hydrographic surveys. The study resulted in a world-first redefined Lowest Astronomical Tide (LAT) (measured to the ellipsoid), which when combined with the results of a maintenance dredging campaign in 2013, realised an average extra 71cm of draft in the channel. This increased draft will extend sailing windows for larger vessels by almost an hour, enhancing export capacity and safely managing vessel movements. The increased draft has also extended departure windows, increasing the number of vessel departures from six to eight on a tide.

The tidal model is fully integrated into the DUKC system. As tidal data continues to be gathered, the model is updated and refined annually. The model is supported by an improved metocean network of meteorological and sea state monitoring instruments. PPA has received widespread acclaim for the development of the tidal model and receives regular requests from other ports and hydrographic survey societies to share the methodology and its results.

Business excellence

Maritime Simulation Technology

In early 2014, PPA contracted HR Wallingford to provide a state-of-the-art Full Mission Bridge Simulator facility to train PPA's operational staff, marine pilots and tug masters in various scenarios, including port emergencies. The facility allows participants to exercise their existing skills and respond to port incidents with little to no risk to port infrastructure.

Since the partnership with HR Wallingford, PPA has used the simulation facility to complete:

- 17 days of training, resulting in five pilots completing the port emergency package licence;
- Two pre-cape licence packages; and
- Four two-yearly (unrestricted pilot) emergency scenario training.

During the reporting period, simulator visuals have been updated for Anderson Point Berth 5 (AP5) and Stanley Point Berths 1 and 2 (SP 1 & 2). The bathymetry data has also been updated for South West Creek.

Infrastructure projects

PPA's ICT department has implemented critical infrastructure integration projects to streamline the different internal controls, processes and technologies used by the former DPA and PPHA. Three projects were completed following the amalgamation:

- Telstra Internet Protocol Technology Telephone system integration;
- PPA Network integration; and
- PPA Domain migration.

PPA conducted a comprehensive analysis of all existing infrastructure and engaged with application vendors to determine the business impact of telephone, network and application migration and consolidation opportunities. These decisions were based on improvement, cost, timing and risk mitigation. The scope and complexity of the projects has required detailed planning to minimise disruptions and achieve satisfactory outcomes.

These infrastructure projects will also provide a robust foundation for future business application integration, with the following benefits:

- Improved operational performance (i.e. enhanced user access to PPA applications);
- Improved efficiency;
- Improved service with the faster deployment of applications to staff;
- Improved security;
- Improved hardware capacity (i.e. reduced duplication of infrastructure applications resulting in the reduced use of hardware); and
- Additional software licence capacity.

Information Security Management Recertification

A recertification audit for ISO 27001 (Information Security Management) was completed in December 2014 for the Port of Port Hedland. No major or minor non-conformances were reported from the audit. This was an outstanding and successful result, particularly with the additional challenges faced by the amalgamation. The Port of Dampier is expected to be certified to ISO 27001 in December 2015.

Business excellence

Information Security Management System (ISMS)

The following ISMS processes have been implemented by PPA during the year:

- Record Keeping and Information Security policies;
- Records disposal form, New user form, Exit form, User modification form, Hardware request form and Software request form;
- Mobile computing devices procedure;
- Quick reference guide – request a new file, adding email to Objective, Document naming guidelines, Helpdesk user manual; and
- Revision of ICT Risk assessments.

Finance and Asset Management System Implementation (TechnologyOne)

A review was undertaken of the existing standalone Finance and Maintenance systems for both Dampier (TechnologyOne) and Port Hedland (Synergysoft and Mex) during 2014/15. A decision to implement an integrated Finance and Maintenance system (being TechnologyOne) across PPA was made. The TechnologyOne system was operational on 1 July 2015.

This project delivers the following benefits to PPA;

- Consolidated reporting of PPA financials and maintenance;

- Integrated financial and maintenance system;
- A more user-friendly system;
- Improved efficiency and productivity via reduction of manual data entry;
- Improved accuracy through automated processes and reporting;
- Improved reporting turnaround times for both internal and external stakeholders;
- Improved reporting and analysis capability;
- More informed decision making; and
- Scalability for future growth.

Disaster Recovery Capability

PPA's Disaster Recovery (DR) capability has been reviewed during the reporting period to determine whether the existing capability is appropriate and can be improved by performing current state assessment on PPA's ICT infrastructure. These scope of works include:

- A review of current state of PPA ICT infrastructure (Data centre, Hardware, Infrastructure software);
- Benchmarking PPA's ICT infrastructure to peer organisations, which is expected to be completed 30 June 2015; and

- Conducting management interviews and preparing an ICT DR plan according to PPA requirements including identifying gaps, deficiencies and points of failure in the current environment by the end of the first quarter of 2015/16.

Metoccean Network

During the reporting period, PPA's ICT and Port Hedland Marine Operations department have been working closely to establish a Metoccean Network at both the ports of Dampier and Port Hedland.

This work includes the design and creation of Data Acquisition Units (DAU) for different Metoccean instruments, (e.g. Meteorological, Tides and Oceanography stations) and the implementation of a custom-made software package that can display, monitor and archive large amounts of Metoccean data. The new DAUs are specifically designed to be used in any PPA port, present or future. The development of PPA's Metoccean Networks has included the in-house development of DAUs, special software adaptations and the installation of technical instruments. These state-of-the-art applications have received nationwide acclaim.

Business excellence

RISK MANAGEMENT

Enterprise Risk Management Framework

PPA implemented a revised Enterprise Risk Management framework in September 2014, based on the ISO 31000:2009, Risk Management – Principles and Guideline. This encompasses all levels of risk within the organisation including strategic, project, corporate and operations. Utilising a structured and systematic approach to risk, a culture of awareness has been embedded, which actively encourages the management of risk and opportunity at all levels within the business. PPA's Enterprise Risk Management framework assists in improved corporate performance against objectives by contributing to:

- Fewer unwelcome surprises;
- More efficient use of resources;
- Safe, secure and efficient service delivery;
- Asset management;
- Project delivery;
- More focus internally on doing the right things properly; and
- More focus externally to shape effective strategies.

During the reporting year, several milestones were achieved, including:

- Implementation of Risk Maturity Assessments to prioritise continuous improvement activities;
- Continued collaboration with Port users on the management of critical operational risks associated with a single channel Port;
- Roll-out of Project Risk Management procedures;
- Effective integration of risk and strategy; and
- Regular reporting to the Executive and Risk and Audit Committee.

CORPORATE GOVERNANCE AND COMPLIANCE

PPA's Corporate Governance Framework

Corporate governance is the framework of rules, relationships, systems and processes within, and by which, PPA exercises and controls its authority.

PPA manages this framework through structured planning, decision making, organisational policies and procedures, and the appropriate management of risk and accountability. PPA's Corporate Governance Policy sets out the corporate governance principles of risk management, transparency, accountability and integrity.

Through its Corporate Authorisations Policy, PPA delegates the performance of particular functions within its business. PPA exercises and controls its authority through documented financial records and information, communication and technology management systems.

PPA ensures a continued licence to operate by meeting its occupational health and safety, and environmental and heritage obligations.

Business excellence

Integrated Management System (IMS)

PPA retained its certifications for its Port Hedland and Perth sites to international standards for Environment, Information Technology and Quality Management and Australian/New Zealand standard for Occupational Health and Safety Management Systems in December 2014. The Dampier site will be audited for certification to these standards in 2015/16.

PPA's Compliance Program

A comprehensive compliance management framework supports PPA in achieving its goals and objectives. The framework is compliant with Australian Standard AS 3806-2006 and assists PPA to conduct its business activities lawfully, while maintaining the highest standards of compliance with applicable laws, regulations and policies.

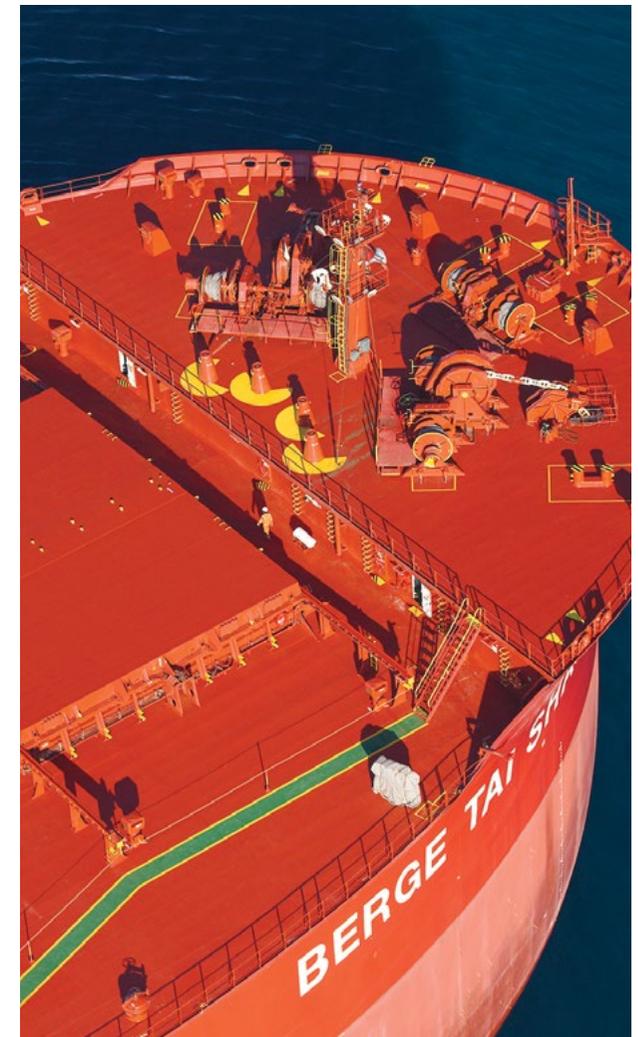
It also enables PPA to promptly detect and correct any material non-compliances and gives greater clarity to employees about their legal and regulatory obligations, as well as providing transparency to the Board and Executive on areas of non-conformance. This transparency also informs the training requirements for staff.



▲ Dampier Cargo Wharf

Significant issues

- Port Hedland and Dampier Ports have facilitated significant increases in the State's exports over recent years. The growth in global demand for commodities is expected to continue into the future, driving further expansion of port facilities and infrastructure, and further increasing trade through PPA ports.
- PPA will assume oversight of the SPA ports of Port Walcott, Cape Preston, Varanus Island, Barrow Island, Airlie Island, Thevenard Island and Onslow. The progressive transfer to PPA is expected to commence after legislation is passed in the latter half of 2016.
- PPA continues to plan for the future development of its ports in a responsible and coordinated manner, and strive for recognition as a centre of port planning excellence. This will include the incorporation of the Port of Ashburton into PPA business, and planning for new ports at Cape Preston East, Anketell and Balla Balla.
- PPA continues to respond to market conditions. PPA's primary objective is the facilitation of trade, and as a result PPA will continue to make port operations as efficient and cost effective as possible.
- PPA continues to liaise with Department of Treasury's ASU regarding the proposed sale of its Utah Facility at the Port of Port Hedland.



▲ Bow of a bulk carrier

Directors' Report

In accordance with Schedule 5, Division 9 of the Act, the Directors of PPA present their report for the 12 months ended 30 June 2015.

Appointment, retirement and continuation of Office of Directors

A Director is appointed by the Minister for Transport in accordance with Section 7 (1) of the Act. Directors are appointed for periods of up to three years and are eligible for reappointment.

The following persons were directors of PPA's Board at the end of the reporting period:

Mr Ken Pettit (Chairman) – Director and Chairman since July 2011

Mr Ken Pettit SC was reappointed to the Board as Chairman on 26 June 2014 for a period expiring 30 June 2016.

Mr Les Longden – Director since 1 October 2009

Mr Les Longden was reappointed to the Board as Deputy Chairman on 26 June 2014 for a term expiring 30 June 2016.

Mr Julian Tapp – Director since 15 June 2009

Mr Julian Tapp was reappointed to the Board as a Director on 26 June 2014 for a term expiring 31 December 2015.

Ms Beth Gordon – Director since 26 June 2014
Ms Beth Gordon was appointed to the Board as a Director on 26 June 2014 for a term expiring 31 December 2015.

Mr Mike Deeks – Director since 26 June 2014
Mr Mike Deeks was appointed to the Board as a Director on 26 June 2014 for a term expiring 30 June 2016.

Mr John Lillywhite – Director since 22 October 2014
Mr John Lillywhite was appointed to the Board as a Director on 22 October 2014 for a term expiring 31 March 2016.

Mr Boyd Winton – Director since 22 October 2014
Mr Boyd Winton was appointed to the Board as a Director on 22 October 2014 for a term expiring 31 March 2016.

Eleven Board Meetings and two Special Board Meetings were held during 2014/15.

The Risk and Audit Committee (RAC) sat six times throughout the reporting period. The Committee members are Ms Beth Gordon (Chair), Mr Les Longden, Mr Mike Deeks and Mr Julian Tapp.

The Remuneration Committee sat once throughout the reporting period. The Committee members are Mr Ken Pettit, Mr Julian Tapp and Mr Mike Deeks.

Director's biographies are shown on pages 12-14.

DIRECTORS' MEETINGS

PPA Board

DIRECTOR	BOARD MEETINGS ATTENDED	RAC MEETINGS ATTENDED	REMUNERATION COMMITTEE
Mr Ken Pettit*	12	1*	1
Mr Les Longden	13	5	
Mr Julian Tapp	13	6	1
Ms Beth Gordon	13	6	
Mr Mike Deeks	13	6	1
Mr John Lillywhite	7	0	
Mr Boyd Winton	8	0	

* Ken Pettit is not a member of the Risk and Audit Committee, but attended a committee meeting at the invitation of the Committee Chair

Directors' Report

Dampier Port Authority (DPA) Reporting Board

Following the amalgamation of the former DPA and PHPA, a reporting board of DPA was constituted to finalise its reporting obligations. One DPA Reporting Board meeting was held to approve the final Annual Financial Statements for DPA.

DIRECTOR	BOARD MEETINGS ATTENDED
Mr Les Longden	1
Mr Noel Bridge	1
Mr Mike Deeks	1
Mr Peter Wilshaw	1

RESULTS

The profit before income tax for the financial year was \$283.8m. The income tax expense attributable to the profit for the financial year was \$84.9m.

DIVIDENDS

Total dividend payments of \$164.5m were paid in the financial year.

REVIEW OF OPERATIONS

PPA manages the ports of Dampier, Port Hedland and Ashburton and ensures that port services and facilities meet the needs of its customers.

A summary of the results during the year is detailed below.

	2015 (\$'000)	2014 (\$'000)
Profit before income tax	283,832	158,189
Income tax expense	(84,931)	(46,551)
Profit for the period	198,901	111,638
Other Income	(50)	(163)
Total Comprehensive Income	198,851	111,475
Retained earnings at 1 July	237,577	155,879
Dividends paid in the financial year	(164,462)	(29,777)
Retained earnings at 30 June	271,966	237,577

EVENTS SUBSEQUENT TO REPORTING DATE

PPA received a Ministerial Direction (Direction) under Section 72 of the Act from the Minister for Transport. The Direction dated 9 June 2015, is to provide a discount of up to \$2.50 per tonne for iron ore exported from Stockyard 1 at the Port Hedland Utah Facility from 1 July 2015.

PPA also received a Direction, dated 20 July 2015, to assist with the processes for the pre-divestment of the Utah Facility.

DIRECTORS' DISCLOSURES

Directors' benefits

During the financial year, no director has received or become entitled to receive a benefit, other than the benefits disclosed in the financial statements as emoluments, by reason of a contract made by PPA with the director or with a firm of which he or she is a member, or an entity in which he or she has substantial interest.

Interests in contracts

During the financial year, PPA did not enter into any contracts with entities in which Directors declared a conflict of interest.

INDEMNIFICATION OF OFFICERS

The Director's and Officer's Liability Insurance Policy was renewed during the financial year to ensure that the Directors and Officers had adequate insurance cover against all liabilities and expenses arising as a result of work performed in their capacities, to the extent permissible under the law.

PPA paid an insurance premium of \$82,781.06 (GST exclusive) in respect of the Director's and Officer's Liability Insurance Policy for the reporting period.

At the date of this report, no claims have been made against the policy.

Directors' Report

INDEMNIFICATION OF THE DPA REPORTING BOARD

PPA also indemnified the DPA Reporting Board during the financial year, to ensure the DPA Reporting Board Directors had adequate insurance cover against all liabilities and expenses, arising as a result of work performed in their capacities, to the extent permissible under the law.

The indemnification of the DPA Reporting Board did not increase the insurance premium paid by PPA for the reporting period.

At the date of this report, no claims have been made against the policy.

APPOINTMENT OF AUDITORS

The Office of the Auditor General (OAG) has been appointed as PPA's auditor in accordance with Schedule 5 Section 37 (2) of the Act. KPMG has been engaged by the OAG to conduct the audit field work and provide advice to the OAG.

The total fee payable for the financial year ending 30 June 2015 was \$113,000 (GST exclusive).

ROUNDING OF AMOUNTS

PPA satisfies the requirements of clause 31 of Schedule 5 contained within the Act and accordingly, amounts in the financial statements and Director's Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

This report has been prepared in accordance with a resolution of the Board on 27 August 2015.

REMUNERATION REPORT

In accordance with Section 13(c) (ii) of Schedule 5 of the Act, the following report details the nature and amount of each element of the emolument of each Director and the three officers of PPA receiving the highest emolument.

Two of the Directors, Mr Les Longden and Mr Mike Deeks, are Ex-DPA Directors and were made a payment out of PPA funds, in their capacity as Directors of the DPA Reporting Board. These payments are included in the table below.

PPA BOARD & COMMITTEES				
Name	Gross/actual remuneration 2014-2015 financial year			Period of Membership
	Lump Sum Board Fee	Superannuation	Total	
Mr Ken Pettit	\$89,662	\$8,821	\$98,483	12 months
Mr Les Longden	\$58,825	\$5,588	\$64,413	12 months
Mr Julian Tapp	\$45,676	\$4,339	\$50,015	12 months
Ms Beth Gordon	\$45,222	\$4,296	\$49,518	12 months
Mr Mike Deeks	\$49,552	\$4,707	\$54,259	12 months
Mr Boyd Winton	\$27,477	\$2,610	\$30,087	8 Months
Mr John Lillywhite	\$27,477	\$2,610	\$30,087	8 Months
Total:			\$376,862	

Directors' Report

PPA also paid Directors' fees of two Ex-DPA Directors, Mr Peter Wilshaw and Mr Noel Bridge, as shown in the table below for their duties and service on the DPA Reporting Board.

DPA REPORTING BOARD				
Name	Gross/actual remuneration 2014-2015 financial year			Period of Membership
	Lump Sum Board Fee	Superannuation	Total	
Mr Peter Wilshaw	\$4,125	\$392	\$4,517	3 months
Mr Noel Bridge	\$4,125	\$392	\$4,517	3 months
Total:			\$9,034	

Executives' Emoluments

Details of emoluments provided to the three PPA officers receiving the highest emoluments are as follows:

Executive	Short-term Benefits		Post-employment benefits	Long-Term Benefits		Total
	Salary & fees	Others	Super-annuation	Short-term compensated absences	Long Service Leave	
Roger Johnston	366,444	116,114	62,732	18,005	9,777	573,072
John Finch	318,347	72,102	48,601	1,671	9,588	450,309
Raechel Paris	267,411	43,838	37,390	-105	7,656	356,190

Directors' Declaration

In the opinion of the Directors of the Pilbara Ports Authority (PPA):

- (a) the financial statements and notes are set out in accordance with the financial reporting provisions of the *Port Authorities Act 1999*, including:
 - (i) giving a true and fair view of the financial position of PPA as at 30 June 2015 and its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Port Authorities Act 1999*; and
- (b) there are reasonable grounds to believe that PPA will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Directors.



Ken Pettit SC

Chairman

27 August 2015



Les Longden

Deputy Chairman

27 August 2015

Independent Auditor's Report



Auditor General

To the Parliament of Western Australia

PILBARA PORTS AUTHORITY

I have audited the financial report of the Pilbara Ports Authority. The financial report comprises the Statement of Financial Position as at 30 June 2015, the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Report

The directors of the Pilbara Ports Authority are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Port Authorities Act 1999*, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Port Authorities Act 1999*, my responsibility is to express an opinion on the financial report based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about 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 Authority's preparation of the financial report that gives a true and fair view 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 Authority's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting this audit, I have complied with the independence requirements of the *Auditor General Act 2006* and Australian Auditing Standards, and other relevant ethical requirements.

Opinion

In my opinion, the financial report of the Pilbara Ports Authority is in accordance with schedule 5 of the *Port Authorities Act 1999*, including:

- (a) giving a true and fair view of the Authority's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Independent Auditor's Report

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Pilbara Ports Authority for the year ended 30 June 2015 included on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
31 August 2015

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2015

Financial Statements for the year ended 30 June 2015

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Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2015

	NOTES	2015 \$'000	2014 \$'000		NOTES	2015 \$'000	2014 \$'000
Revenue	3	436,565	312,270	Other comprehensive income			
Other revenue	3	61,385	14,309	Items that will never be reclassified to profit or loss			
Employee benefits expense	4	(46,433)	(29,838)	Remeasurement of defined benefit liability, net of tax	17(c)	(50)	(163)
Asset maintenance		(33,183)	(24,933)				
Port Utilities		(13,093)	(8,341)				
Depreciation and amortisation expense	4	(25,170)	(19,221)	Total comprehensive income		198,851	111,475
Finance costs	4	(13,264)	(12,210)	(a) Administration expenses are included in supplies and services			
Supplies and services (a)		(66,431)	(61,509)	<i>The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.</i>			
Other expenditure		(16,544)	(12,338)				
Profit before income tax		283,832	158,189				
Income tax expense	5	(84,931)	(46,551)				
Net profit for the year		198,901	111,638				

Statement of Financial Position for the year ended 30 June 2015

	NOTES	2015 \$'000	2014 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	7	225,367	34,248
Other financial assets	8	-	125,000
Trade and other receivables	9	83,564	50,746
Inventories	10	1,559	1,454
Total current assets		310,490	211,448
Non-current assets			
Property, plant and equipment	11	468,847	336,926
Intangible assets	12	1,553	378
Deferred tax assets	13	13,453	10,855
Other receivables	14	24,853	37,605
Total non-current assets		508,706	385,764
Total assets		819,196	597,212
LIABILITIES			
Current liabilities			
Trade and other payables	15(a)	26,039	27,607
Interest bearing borrowings	15(b)	22,389	20,000
Current tax liabilities	16	35,219	27,352
Provisions	17(a)	8,338	9,714
Total current liabilities		91,985	84,673

	NOTES	2015 \$'000	2014 \$'000
Non-current liabilities			
Other non-current liabilities	18(a)	1,076	1,193
Interest bearing borrowings	18(b)	199,947	164,700
Provisions	17(b)	75,941	69,901
Total non-current liabilities		276,964	235,794
Total liabilities		368,949	320,467
Net assets		450,247	276,745
EQUITY			
Contributed equity	19	178,281	39,168
Retained earnings		271,966	237,577
Total equity		450,247	276,745

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 30 June 2015

	NOTES	CONTRI- BUTED EQUITY \$'000	RETAINED EARNINGS \$'000	TOTAL EQUITY \$'000
Balance at 1 July 2013		39,155	155,879	195,034
Total comprehensive income				
Profit		-	111,638	111,638
Other comprehensive income/(loss)		-	(163)	(163)
Total comprehensive income		-	111,475	111,475
Transactions with owners in their capacity as owners:				
Contribution of vested land		13	-	13
Dividends paid	6	-	(29,777)	(29,777)
Balance as at 30 June 2014		39,168	237,577	276,745
Balance at 1 July 2014		39,168	237,577	276,745
Total comprehensive income				
Profit		-	198,901	198,901
Other comprehensive income/(loss)		-	(50)	(50)
Total comprehensive income		-	198,851	198,851

	NOTES	CONTRI- BUTED EQUITY \$'000	RETAINED EARNINGS \$'000	TOTAL EQUITY \$'000
Transactions with owners in their capacity as owners:				
PIR Equity injection	19(i)	32,390	-	32,390
Amalgamation - Dampier	19(ii)	105,893	-	105,893
Other	19(iii)	830	-	830
Dividends paid	6	-	(164,462)	(164,462)
Balance as at 30 June 2015		178,281	271,966	450,247

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the year ended 30 June 2015

	NOTES	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		407,805	278,964
Payments to suppliers and employees (inclusive of goods and services tax)		(176,858)	(137,932)
Other receipts		17,901	19,158
Interest received		9,051	3,725
Interest paid		(10,748)	(7,826)
Income taxes paid		(92,276)	(29,357)
Net cash inflow from operating activities	24	154,875	126,732
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		(17,565)	(14,625)
Investment in term deposits with a maturity date greater than 3 months		125,000	(63,000)
Proceeds from sale of property, plant and equipment		46	6
Net cash inflow / (outflow) from investing activities		107,481	(77,619)

	NOTES	2015 \$'000	2014 \$'000
Cash flows from financing activities			
Repayment of borrowings		(22,251)	(20,000)
Equity contributions		32,390	-
Dividends paid	6	(164,462)	(29,777)
Net cash (outflow) from financing activities		(154,323)	(49,777)
Net increase / (decrease) in cash and cash equivalents		108,033	(664)
Contribution of cash and cash equivalents from Port of Dampier on amalgamation	28	83,086	-
Cash and cash equivalents at the beginning of the financial year		34,248	34,912
Cash and cash equivalents at the end of the financial year	7	225,367	34,248

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 30 June 2015

1. Basis of preparation

(a) Statement of compliance

The Pilbara Port Authority (“the Authority”) is a not-for-profit entity that prepares general purpose financial statements in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the financial reporting provisions of the Port Authorities Act 1999, except as disclosed in note 1(b).

The financial statements were authorised for issue on 28 August 2015 by the Board of Directors of the Authority.

(b) Presentation

The financial statements comprise full year results from the amalgamated entity, previously known as Port Hedland Port Authority and Dampier Port Authority for the year ended 30 June 2015. Comparative period financial statements are for the entity previously known as Port Hedland Port Authority (the continuing entity) for the year ended 30 June 2014.

Presentation of Statement of Profit or Loss and Other Comprehensive Income

Expenses have been classified by nature and this is considered to provide more relevant and reliable information than classification by function due to the nature of the Authority’s operations.

According to AASB 101 Presentation of Financial Statements, expenses classified by nature are not allocated among various functions within the entity.

The Directors have concluded that the financial statements present fairly the Authority’s financial position, financial performance and cash flows and that it has complied with applicable standards and interpretations, except that it has departed from AASB 101, Para 99, to achieve a fair presentation.

(c) Basis of measurement

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

(d) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Authority’s functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

(e) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised prospectively.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Notes to the Financial Statements for the year ended 30 June 2015

1. Basis of preparation (continued)

(e) Use of estimates and judgements (continued)

- Note 2(m) – Annual and long service leave: actuarial assumptions
- Note 2 (f) – Property, Plant & Equipment: useful life of Assets
- Note 21 – Provision for environmental remediation: assumptions and uncertainties including the:
 - extent of environmental damages to be rectified
 - methodology and timing of the rectifications
 - financial rates to be used, including discount and inflation rates

2. Statement of significant accounting policies

(a) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

(i) Rendering of services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. Where a contract outcome cannot be measured reliably, revenue is recognised only to the extent of the costs incurred that are likely to be recoverable.

(ii) Interest revenue

Interest revenue is recognised using the effective interest method. (See note 2(b)).

(iii) Rental income

Rental income is recognised as revenue on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of total rental income, over the term of the lease.

(iv) Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets.

(v) Government grants/subsidies

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Authority will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

(vi) Contributions

Income arising from non-reciprocal contributions is recognised when:

- The Authority obtains control of the contribution or the right to receive the contribution;
- It is probable that the economic benefits will flow to the Authority; and
- The amount can be measured reliably.

Notes to the Financial Statements for the year ended 30 June 2015

2. Statement of significant accounting policies (continued)

(b) Finance income and finance costs

Finance income and finance costs include:

- Interest Income;
- Interest Expense;
- Unwinding of discount on provisions;
- Finance charges payable under finance leases;
- Borrowing costs.

All finance income and finance costs are recognised using the effective interest method.

Borrowing costs are recognised as expenses in the period in which they are incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset in which case they are capitalised as part of the cost of the asset, in accordance with AASB 123 *Borrowing Costs*.

In determining the amount of borrowing costs to be capitalised during the financial year, investment revenue earned directly relating to the borrowings is deducted from the borrowing costs incurred.

(c) Income tax

The Authority operates within the national tax equivalent regime ("NTER") whereby an equivalent amount in respect of income tax is payable to the State Government. The calculation of the liability in respect of income tax is governed by NTER guidelines and directions approved by Government.

As a consequence of participation in the NTER, the Authority is required to comply with AASB 112 *Income Taxes*.

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(i) Current Tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

(ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the Financial Statements for the year ended 30 June 2015

2. Statement of significant accounting policies (continued)

(c) Income tax (continued)

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit(s) will be realised.

(d) Receivables

(i) Trade receivables

Trade receivables are recognised and carried at the original invoice amounts less an allowance for any uncollectible amounts. Receivables are generally settled within 30 days except for property rentals, which are governed by individual lease agreements and may be settled under different terms as a result.

The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect the debts.

(ii) Lease receivables

A finance lease receivable is recognised for leases of property, plant and equipment which effectively transfer to the lessee substantially all of the risks and benefits incidental to legal ownership of the leased asset. The lease receivable is initially recognised as the amount of the present value of the minimum lease payments receivable at the reporting date plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term.

Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease with interest revenue calculated using the interest rate implicit in the lease and recognised directly in the Statement of Profit or Loss and Other Comprehensive Income.

(iii) Other receivables

Other receivables are recognised initially at fair value and accounted for on an amortised cost base using the effective interest method. In estimating the fair value a discounted cash flow methodology has been applied using a risk free rate (5 year government bond rate) plus a risk premium of 1% to more accurately reflect the low risk associated with this receivable.

(e) Inventories

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

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Purchased software that is integral to the functionality of related equipment is capitalised as part of that equipment.

Notes to the Financial Statements for the year ended 30 June 2015

2. Statement of significant accounting policies (continued)

(f) Property, plant and equipment (continued)

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

For vested land the land is transferred at the Valuer General's fair value at the time of transfer and thereafter deemed recorded at cost.

(ii) Capitalisation/expensing of assets

The Authority has a general policy of expensing at the time of purchase all individual assets costing \$5,000 or less or with a useful life of less than 3 years. The materiality of the item purchased is also taken into consideration when adopting this policy. Regardless of cost, physical control over all the Authority's assets is maintained.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Authority.

(iv) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straightline method over the estimated useful lives, and is generally recognised in the profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Authority will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and port improvements	25 – 50 years
Navigational aids	10 – 30 years
Wharves and utilities	10 – 40 years
Plant and equipment including motor vehicles	3 – 20 years
Channel	50 years

(v) Repairs and maintenance

Routine maintenance, repair costs, and minor renewal costs (under \$5,000) are expensed as incurred. This includes repairs that relate to the restoration of an asset to its original service potential. Repairs that improve the functionality of the asset or increase the effective life are capitalised and depreciated.

(vi) Land

Land which is either freehold, vested in the Authority or under management order is considered to be under the control of the Authority and is subsequently recorded in Property, Plant and Equipment.

(g) Intangible assets

(i) Research and development

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Authority intends to and has sufficient resources to complete development and to use or sell the asset, otherwise it is recognised in profit or loss as incurred.

Notes to the Financial Statements for the year ended 30 June 2015

2. Statement of significant accounting policies (continued)

(g) Intangible assets (continued)

Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

(iii) Computer software

Software that is an integral part of related hardware is treated as property, plant and equipment. Software that is not an integral part of related hardware is treated as an intangible asset.

(iv) Environmental approvals

These are costs associated with obtaining approval to dredge the channel to the Bulk Liquids Berth and are depreciated over the life of the channel.

(v) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives, and is generally recognised in the profit or loss.

The estimated useful lives are as follows:

- Computer software 4 years
- Environmental approvals 50 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Impairment

Property, plant and equipment and intangible assets are tested for any indication of impairment at each balance sheet date. Where there is any indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation / amortisation reflect the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at each reporting date irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets valued at cost are tested for indications of impairment at the end of each reporting period.

Notes to the Financial Statements for the year ended 30 June 2015

2. Statement of significant accounting policies (continued)

(h) Impairment (continued)

Impairment losses are recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Leases

(i) Leased Assets

Assets held by the Authority under leases that transfer to the Authority substantially all the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Authority's statement of financial position.

(ii) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(j) Financial instruments

In addition to cash and cash equivalents, the Authority has three categories of financial instruments:

- Loans and receivables;
- Held to maturity investments; and
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

- Financial assets
 - Cash and cash equivalents;
 - Other financial assets; and
 - Trade and other receivables.
- Financial liabilities
 - Trade and other payables; and
 - Interest bearing liabilities.

Refer to Note 20 for further information on the classification of financial instruments.

Initial recognition and measurement is at fair value plus directly attributable transaction costs for assets not carried at fair value through profit or loss. Subsequent measurement is at amortised cost using the effective interest method.

Notes to the Financial Statements for the year ended 30 June 2015

2. Statement of significant accounting policies (continued)

(j) Financial instruments (continued)

The fair value of short-term receivables and payables approximates their carrying amount because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material. Gains or losses are recognised when the financial assets are derecognised or impaired.

(k) Payables

Payables, including trade payables, other amounts payable and accrued expenses, are recognised for amounts to be paid in the future for goods and services received prior to the reporting date. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

(l) Borrowings

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest rate method.

Gains and losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income when the liabilities are derecognised, as well as through the amortisation process.

Borrowing costs are expensed as incurred unless they relate to qualifying assets.

(m) Employee benefits

The liability for annual and long service leave expected to be settled within 12 months after the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled using the remuneration rates expected to apply at the time of settlement. Unless all annual leave and long service leave for all employees is expected to be settled wholly within 12 months after the reporting date, it will be considered as an “other long term benefit” and the calculation of the leave will be discounted accordingly. Leave liabilities are in respect of services provided by employees up to the reporting date.

When assessing expected future payments, consideration is given to estimated future wage and salary levels including non-salary components, as well as the experience of employee departures and periods of service. The expected future payments are discounted to present value using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Associated payroll on-costs are included in the determination of employee benefits.

Notes to the Financial Statements for the year ended 30 June 2015

2. Statement of significant accounting policies (continued)

(n) Dividends

Dividends, to the extent that they are not paid within the period, are recognised as a liability in the period in which they are declared.

(o) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash on hand, cash at bank, at call deposits and term deposits due within 3 months.

For the purpose of the Statement of Cash Flows, cash equivalents consist of cash and cash equivalents as defined above.

(p) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

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

(q) Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

The unwinding of the discount is recognised as a finance cost.

(i) Payroll

Payroll is processed fortnightly, accordingly a provision is recognised to account for the salary costs arising to 30 June, yet not payable until after year end. Further employee benefits are discussed in Note 17.

(ii) Land rehabilitation

Provision for land rehabilitation liability has been recognised using a discounted cash flow methodology. The cash flows have been inflated at the Port's estimated long term inflation rate and discounted at the risk free rate (5 year government bond rate). No adjustment for risk has been made to the discount rate as management has built risk factors into the cash flow estimates.

(iii) Employment on costs

Employment on-costs, including workers compensation insurance and payroll tax are not employee benefits and are recognised as liabilities and expenses when the employment to which they relate has occurred.

Employment on-costs are not included as part of the PPA's employee benefits expense and the related liability is included in the employment on cost provision.

Notes to the Financial Statements for the year ended 30 June 2015

2. Statement of significant accounting policies (continued)

(r) Contributed equity

The Authority receives support from the WA Government. Any amount received is recognised directly as a credit to contributed equity.

(s) New accounting standards and interpretations

The Authority has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2014 that impacted on the Authority:

- *AASB 12 Disclosure of Interests in Other Entities*
This Standard, issued in August 2011, supersedes disclosure requirements in AASB127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. There is no financial impact.
- *AASB 1031 Materiality*
This Standard supersedes AASB 1031 (February 2010), removing Australian guidance on materiality not available in IFRSs and refers to guidance on materiality in other Australian pronouncements. There is no financial impact.
- *AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.*
This Standard introduces editorial and disclosure changes. There is no financial impact.
- *AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*
Part B of this omnibus Standard makes amendments to other Standards arising from the deletion of references to AASB 1031 in other Standards for periods beginning on or after 1 January 2014. It has no financial impact.

Future impact of Australian Accounting Standards not yet operative

The Authority has not adopted any of the following Australian Accounting Standards in the current reporting period. Below is a list of issued Accounting Standards that may impact the Authority in the future. Where applicable, the Authority intends to apply these Australian Accounting Standards from their noted application date.

- *AASB 9 Financial Instruments*
This Standard supersedes AASB 139 *Financial Instruments: Recognition and Measurement*, introducing a number of changes to accounting treatments. The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 *Amendments to Australian Accounting Standards*. The Authority has not yet determined the application or the potential impact of the Standard.
- *AASB 15 Revenue from Contracts with Customers*
This Standard establishes the principles that the Authority shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Authority has not yet determined the application or the potential impact of the Standard.

(t) Comparative amounts

Certain comparative disclosures have been reclassified to conform to the current year's presentation.

Notes to the Financial Statements for the year ended 30 June 2015

3. Revenue

Revenue consists of the following items

	2015 \$'000	2014 \$'000
Rendering of services		
Charges on cargo	149,766	135,805
Shipping	188,006	117,438
Port improvement rate	49,434	35,134
Interest revenue	8,340	4,349
Rental and leases	32,817	19,544
Government contribution (b)	8,202	-
Total revenue	436,565	312,270
Other revenue		
Other revenue (a)	61,385	14,309
Revenue from ordinary activities	497,950	326,579
Total revenue	497,950	326,579

(a) Includes finance revenue of \$1.8m (2014: \$1.8m), and gifted assets of \$46.4m that were brought to account on amalgamation.

(b) Contribution by government for operation of the Bulk Liquids Berth at Dampier Port.

4. Expenses

Profit before income tax expense includes the following expenses

	2015 \$'000	2014 \$'000
Employee benefits expense		
Annual leave	2,598	1,428
Long service leave	1,269	566
Superannuation (a)	4,232	2,924
Board member fee	377	183
Wages	34,017	22,729
Temporary staff	1,400	560
Other	2,540	1,448
Total employee benefits	46,433	29,838
Depreciation and amortisation		
Channels and breakwater	1,458	404
Building and improvements	1,655	1,176
Plant and equipment	9,917	8,822
Berth, jetties and infrastructure	11,397	8,251
Intangible assets (b)	743	568
Total depreciation and amortisation	25,170	19,221

Notes to the Financial Statements for the year ended 30 June 2015

4. Expenses (continued)

	2015 \$'000	2014 \$'000
Finance costs (c)		
Interest expensed	14	843
WATC borrowing costs	12,011	9,254
Finance costs (rehabilitation)	1,239	2,113
Total finance costs	13,264	12,210
Auditors remuneration		
Auditor General's fee (external audit)	113	51

(a) Includes contributions to the defined benefits plan.

(b) A detailed description of intangible assets can be found at Note 12: Intangible Assets.

(c) Finance costs include borrowing costs. AASB 123.5 defines borrowing costs as interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs may include finance charges in respect of finance leases recognised in accordance with AASB 117 Leases (AASB 123.6(d)). AASB 119 requires the unwinding of the discount of employee benefits to be recognised under employee benefits expense rather than separately as a finance cost.

5. Income tax expense

	2015 \$'000	2014 \$'000
(a) Income tax expense		
Current taxation	71,629	48,484
Reversal of temporary differences	13,315	(1,011)
Over/(under) provision in prior year	(13)	(922)
	84,931	46,551
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	283,832	158,189
Tax at the Australian tax rate of 30% (2014 30%)	85,150	47,457
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment and travel	20	16
Other	(226)	-
	84,944	47,473
Under/(over) provision in prior years	(13)	(922)
Total income tax expense	84,931	46,551

Notes to the Financial Statements for the year ended 30 June 2015

6. Dividends

	2015 \$'000	2014 \$'000
Final dividend from prior year	92,024	29,777
Interim dividend	72,438	-
Dividends paid in the financial year	164,462	29,777

In accordance with Government Financial Policy, WA Ports are required to pay a dividend of 65% of after tax profits. This is to be paid in two tranches, 75% via an interim dividend prior to year-end, and the remaining 25% final dividend after year end. However, in accordance with Australian Accounting Standards, the final dividend relating to the financial results for the year ended 30 June 2015 has not been provided as it is expected to be declared by the Board and approved by Government after the reporting date.

The Government and the Authority have agreed that the proportion of dividends paid which relates to the Port Improvement Rate are to be returned to the Authority as an equity contribution each year. In 2015, \$32.4m was returned to the Authority. Please refer to Note 19.

A final dividend based on the audited financial statements for the year ended 30 June 2015 is to be paid by 31 December 2015.

7. Cash and cash equivalents

	2015 \$'000	2014 \$'000
Current		
Cash and cash equivalents in the statement of cash flows	225,367	34,248

The Authority's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in Note 20.

8. Other financial assets

Term deposits maturing in greater than 3 months but less than 1 year.	-	125,000
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9. Trade and other receivables

Net trade receivables		
Trade receivables	54,286	40,562
Provision for doubtful debts	-	(251)
Prepayments	816	435
Other receivables	4,462	-
	59,564	40,746
Other current receivables		
Rehabilitation costs receivable (i)	24,000	10,000
Trade and other receivables	83,564	50,746

(i) Refer also to Note 14.

Notes to the Financial Statements for the year ended 30 June 2015

9. Trade and other receivables (continued)

At 30 June, the aged analysis of trade debtors past due but not impaired is as follows:

	2015 \$'000	2014 \$'000
Not more than 3 months	8,513	5,168
More than 3 months but less than 6 months	9,284	-
More than 6 months but less than 1 year	3	7
More than 1 year	-	224
	17,800	5,399

10. Inventories

Spares – at cost	1,559	1,454
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11. Property, Plant and Equipment

	2015 \$'000	2014 \$'000
Channels and breakwaters		
At cost	47,214	24,339
Less: Accumulated depreciation	(13,751)	(6,515)
	33,463	17,824
Land		
<i>Freehold Land</i>		
At cost	4,891	1,305
<i>Vested/management order Land</i>	12,338	9,753
	17,229	11,058
Buildings and improvements		
At cost	53,703	32,291
Less: Accumulated depreciation	(11,628)	(7,097)
	42,075	25,194
Plant and equipment		
At cost	152,659	144,425
Less: Accumulated depreciation	(50,960)	(38,912)
	101,699	105,513
Berths, jetties and infrastructure		
At cost	351,306	217,328
Less: Accumulated depreciation	(79,287)	(40,674)
	272,019	176,654
Total property, plant and equipment at net book value	466,485	336,243

Notes to the Financial Statements for the year ended 30 June 2015

11. Property, Plant and Equipment (continued)

	2015 \$'000	2014 \$'000
Add: Work in progress at cost	2,362	683
Total Property plant & equipment	468,847	336,926

Reconciliation of carrying amounts

Channels and breakwaters

Carrying amount as at 1 July	17,824	13,456
Amalgamation – Dampier balance at 1 July 2014	16,706	-
Additions	469	5,044
Transfer from work in progress	-	-
Depreciation for year	(1,459)	(672)
Disposals	(374)	(8)
Accumulated depreciation on disposals	297	4
Carrying amount as at 30 June	33,463	17,824

Land

Carrying amount as at 1 July	11,058	11,045
Amalgamation – Dampier balance at 1 July 2014	5,092	-
Additions – Freehold land	250	13
Additions – Vested land	1,099	-
Disposals	(270)	-
Carrying amount as at 30 June	17,229	11,058

	2015 \$'000	2014 \$'000
Buildings and improvements		
Carrying amount as at 1 July	25,194	25,125
Amalgamation – Dampier balance at 1 July 2014	9,693	-
Additions	4,990	1,103
Transfer from work in progress	4,517	-
Depreciation for year	(1,655)	(1,034)
Disposals	(1,064)	(5)
Accumulated depreciation on disposals	400	5
Carrying amount as at 30 June	42,075	25,194

Plant and equipment

Carrying amount as at 1 July	105,513	110,372
Amalgamation – Dampier balance at 1 July 2014	2,023	-
Additions	4,271	4,211
Transfer from work in progress	378	99
Depreciation for year	(9,917)	(9,147)
Disposals	(3,129)	(166)
Accumulated depreciation on disposals	2,560	144
Carrying amount as at 30 June	101,699	105,513

Notes to the Financial Statements for the year ended 30 June 2015

11. Property, Plant and Equipment (continued)

	2015 \$'000	2014 \$'000
Berths, jetties and infrastructure		
Carrying amount as at 1 July	176,654	181,317
Amalgamation – Dampier balance at 1 July 2014	55,252	–
Addition – Amalgamation*	46,422	3,336
Additions	5,481	
Transfer from work in progress	63	64
Depreciation for year	(11,397)	(8,063)
Disposals	(2,053)	–
Accumulated depreciation on disposals	1,597	–
Carrying amount as at 30 June	272,019	176,654
Work in progress		
Carrying amount as at 1 July	683	219
Amalgamation – Dampier balance at 1 July 2014	4,625	–
Additions	2,691	683
Transfer to property, plant and equipment	(4,958)	(219)
Transfer to other	(679)	–
Carrying amount as at 30 June	2,362	683

* Addition relates to assets not previously brought to account prior to the Ports amalgamation. The asset has been brought to account through revenue at fair value which is deemed cost.

Impairment of assets

There were no indications of impairment to property, plant and equipment as at 30 June 2015.

The Authority held no goodwill or intangible assets with an indefinite useful life at reporting date.

12. Intangible assets

	2015 \$'000	2014 \$'000
Computer software		
At cost	4,209	1,964
Less: Accumulated amortisation	(3,019)	(1,586)
	1,190	378
Environmental Approvals		
At cost	449	–
Less: Accumulated amortisation	(86)	–
	363	–
Total intangible assets	1,553	378

Notes to the Financial Statements for the year ended 30 June 2015

12. Intangible assets (continued)

Reconciliation of carrying amounts

	2015 \$'000	2014 \$'000
Computer software		
Carrying amount as at 1 July	378	381
Amalgamation – Dampier balance at 1 July 2014	636	
Additions	969	246
Transfer from work in progress	-	56
Amortisation expense	(733)	(305)
Disposals	(112)	-
Accumulated amortisation on disposals	52	-
Carrying amount as at 30 June	1,190	378
Environmental Approvals		
Carrying amount as at 1 July	-	-
Amalgamation – Dampier balance at 1 July 2014	372	-
Additions	-	-
Transfer from work in progress	-	-
Amortisation expense	(9)	-
Disposals	-	-
Carrying amount as at 30 June	363	-

13. Deferred tax assets

	2015 \$'000	2014 \$'000
Deferred tax liabilities		
Accelerated depreciation for accounting purposes	3,919	-
Receivables	14,656	14,281
Other	421	24
Gross Deferred Tax Liabilities	18,996	14,305
Deferred tax assets		
Accelerated depreciation for accounting purposes	2,653	222
Project pool expenditure	3,120	-
Provisions	25,284	23,884
Other	1,392	1,054
Gross Deferred Tax Assets	32,449	25,160
Net Deferred Tax Assets	13,453	10,855

14. Other receivables

Rehabilitation costs receivable	24,853	37,605
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Notes to the Financial Statements for the year ended 30 June 2015

15. Trade and other payables and interest bearing borrowings

	2015 \$'000	2014 \$'000
(a) Trade and other payables		
Trade payables	5,991	9,712
Rent received in advance	8,772	5,252
Prepaid revenue	-	5,289
Other payables	5,217	2,985
Accrued expenses	6,059	4,369
	26,039	27,607

(b) Interest bearing borrowings

WA Treasury Corporation loans	22,389	20,000
	22,389	20,000

16. Current tax liabilities

Opening balance	27,352	9,874
Amalgamation – Dampier balance at 1 July 2014	12,204	-
Prior year true up	16,256	(1,649)
Tax instalments paid	(61,990)	(26,391)
R&D claim refund received	-	1,005
Tax paid	(30,232)	(3,971)
Tax payable	71,629	48,484
	35,219	27,352

17. Provisions

	2015 \$'000	2014 \$'000
(a) Current		
Employee benefits provision		
Annual leave	2,865	1,691
Long service leave	2,651	823
Other employee benefits	240	36
Other		
Provision for rehabilitation	2,582	7,164
	8,338	9,714

(b) Non-Current

Employee benefits provision		
Long service leave	1,056	876
Other employee benefits	547	508
Other		
Provision for rehabilitation	74,338	68,517
	75,941	69,901

Notes to the Financial Statements for the year ended 30 June 2015

17. Provisions (continued)

	2015 \$'000	2014 \$'000
Movements in provisions		
Movements in each class of provision during the financial year, other than employee benefits, are set out below.		
Current		
Rehabilitation		
Carrying amount at 1 July	7,164	12,000
Provisions made during the year (incl. unwind of discount)	(4,582)	(4,150)
Amounts utilised during the year	-	(686)
Carrying amount at 30 June	2,582	7,164
Non-current		
Rehabilitation		
Carrying amount at 1 July	68,517	62,254
Movements during the year	5,821	6,263
Carrying amount at 30 June	74,338	68,517
(c) Pension and gold state scheme		
Reconciliation of the present value of the defined benefit obligation		
Present value of defined benefit obligations at the beginning of the year	508	370
Interest cost	18	12
Actuarial (gains)/losses	50	163
Benefits paid	(29)	(37)
Present value of defined benefit obligations at end of the year	547	508

Three persons remain in the gold state scheme.

18. Non-current liabilities

	2015 \$'000	2014 \$'000
(a) Other non-current liabilities		
Prepaid revenue	1,076	1,193
	1,076	1,193
(b) Interest bearing borrowings		
WA Treasury Corporation loans	199,947	164,700
	199,947	164,700

The Port Authority has two loans with the Western Australian Treasury Corporation (WATC). The loan for Utah Facility is repayable via annual payments of principal in accordance with the 5 year borrowing limit schedule provide by WATC and quarterly interest payments in accordance with a fixed instalment repayment schedule. The loan for the BLB is repayable in quarterly instalments of principal and interest over 25 years in accordance with a fixed instalment repayment schedule.

Apart from the contractual obligation to repay the WATC under its portfolio lending arrangements, the PPA has not provided any security in respect of the loan.

Notes to the Financial Statements for the year ended 30 June 2015

19. Contributed equity

	2015 \$'000	2014 \$'000
As at July 1	39,168	39,155
PIR Equity Injection (i)	32,390	-
Amalgamation – Dampier (ii)	105,893	-
Other (iii)	830	13
	178,281	39,168

- (i) The Government and the Authority have agreed that the proportion of dividends paid which relates to the Port Improvement Rate are to be returned to the Authority as an equity contribution each year. In 2015, \$32.4m was returned to the Authority.
- (ii) The contributions received in the current year were in relation to the transfer, from the State Government of Western Australia, the assets and liabilities from the former Dampier Port Authority on 1 July 2014. Refer to Note 28.
- (iii) The other contributions (net of tax) relate to the vesting of land in the Authority by the State Government of Western Australia.

20. Financial instruments

(i) Financial risk management objectives and policies

The Authority's principal financial instruments comprise cash and cash equivalents, other financial assets, trade receivables, other receivables, payables and interest bearing borrowings. The Authority has limited exposure to financial risks. The Authority's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk is the risk of financial loss to the Authority if the Authority's debtors fail to meet their contractual obligations and arises principally from the Authority's receivables from customers and investments. The Authority measures credit risk on a fair value basis being the expected recoverable amount and monitors risk on a regular basis including regular reporting to the Executive and the Board.

Trade and other receivables

The Authority operates predominantly within the shipping and cargo handling industry and accordingly is exposed to risks affecting the industry. The maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 9 'Trade and other receivables'.

The Authority follows stringent credit control and management procedures in reviewing and monitoring debtor accounts and outstanding balances as evidenced by the improvement in historical aged debtor balances. In addition, management of receivable balances includes frequent monitoring thereby minimising the Authority's exposure to bad debts. For financial assets that are either past due or impaired, refer to note 9 'Trade and other receivables'.

The Authority has very low levels of default. Aged accounts receivable and key debts are reviewed monthly by the Board and legal action instigated if necessary. There have been three bad debt write offs totaling \$654,000 this financial year.

Notes to the Financial Statements for the year ended 30 June 2015

20. Financial instruments (continued)

The Authority's credit risk management is further supported by rental agreements and sections 116 & 117 of the Port Authorities Act 1999. Section 116 refers to the liability to pay port charges in respect of vessels and Section 117 refers to the liability to pay port charges in respect of goods. Port charges are defined in Section 115.

BHP Billiton (BHPB) is one of the world's largest diversified resource companies. The Authority has a commercial arrangement with BHPB (Towage Services) Pty Ltd that clearly sets out each parties rights. While the Authority has a concentration risk associated with the large receivable that ensues from this deed, the risk is controlled by management by monitoring BHPB's financial position, maintaining positive business relationships with BHPB and managing the factors which attach to its rights under the deed. On this basis, the residual concentration risk is felt to be satisfactorily managed.

Cash and cash equivalents and other financial assets

The Authority's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of the cash and cash equivalents and other financial assets. The Authority only holds funds and deposits with Australian financial institutions with appropriate credit ratings.

Liquidity risk

Liquidity risk is the risk that the Authority will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Authority's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Authority's reputation. This is achieved by maintaining a balance between continuity of funding and flexibility through the use of cash reserves and its borrowing facilities and ensuring appropriate procedures are in place to manage cash flows, including monitoring forecast cash flows.

Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Authority's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Authority does not trade in foreign currency and is not directly materially exposed to other price risks (*for example, equity securities or commodity price changes*). The Authority's exposure to market risk for changes in interest rates relates primarily to cash and cash equivalents. The Authority's borrowings are all obtained through the Western Australian Treasury Corporation (WATC) and are at fixed rates with varying maturity dates. The risk is managed by WATC through portfolio diversification and variation in maturity dates.

Notes to the Financial Statements for the year ended 30 June 2015

20. Financial instruments (continued)

Cash flow sensitivity analysis

Fair value sensitivity analysis for financial instruments.

The Authority does not account for any fixed rate financial assets and liabilities at fair value through the Statement of Profit or Loss and Other Comprehensive Income. Therefore a change in interest rates at the end of the reporting period would not affect the reported profit.

The Authority's policy is to manage its investment portfolio through diversification and variation in maturity dates with the objective of achieving optimum returns whilst managing interest rate risk to avoid uncertainty and volatility in the market place.

The Authority constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions and alternative financing structures.

At the reporting date, if interest rates had moved as illustrated in the table below, with all other variables held constant, the effect would be as follows:

	2014/15		
	CARRYING AMOUNT (\$'000)	-1% CHANGE PROFIT (\$'000)	+1% CHANGE PROFIT (\$'000)
<i>Interest rate sensitivity analysis</i>			
Financial assets			
Cash and cash equivalents	225,367	(2,254)	2,254

	2013/14		
	CARRYING AMOUNT (\$'000)	-1% CHANGE PROFIT (\$'000)	+1% CHANGE PROFIT (\$'000)
<i>Interest rate sensitivity analysis</i>			
Financial assets			
Cash and cash equivalents	34,248	(342)	342

Categories of financial instruments

Set out below are the carrying amounts of the Authority's financial instruments. The Directors consider the carrying amounts of the financial instruments represent their fair values unless otherwise disclosed.

	2015 \$'000	2014 \$'000
Financial assets		
Cash and cash equivalents	225,367	34,248
Deposits (with maturity dates greater than 3 months)	-	125,000
Loans and receivables	107,601	87,916
	332,968	247,164
Financial liabilities		
Interest bearing liabilities	222,336	184,700
Trade and other payables	17,267	17,066
	239,603	201,766

Notes to the Financial Statements for the year ended 30 June 2015

20. Financial instruments (continued)

The risk implied from the values shown in the table below reflects cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in the ongoing operations such as property, plant and equipment and investments in working capital e.g. inventories and trade receivables. These assets are considered in the Authority's overall liquidity risk.

Risk associated with the liability on borrowings is reduced by the Authority paying a guarantee charge. This charge guarantees payment to the WATC by the Government for outstanding borrowings in case of default.

The table below reflects the contractual maturity values of financial liabilities. The table includes the sum of both principal and projected interest cash flows related to interest bearing borrowings year on year, together with the current balance of trade and other payables which are all assumed to be settled in less than 6 months.

	2015 \$'000	2014 \$'000
Composition and maturity analysis		
Financial Liabilities are expected to be paid as follows:		
Less than 6 months	27,613	20,677
6 months to 1 year	26,392	23,611
1 to 5 years	123,873	101,067
Over 5 years	150,250	93,439
	328,128	238,794

2015 Financial assets and liabilities	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	INTEREST BEARING \$'000	NON- INTEREST BEARING \$'000	TOTAL \$'000
Cash and cash equivalents	2.87%	225,364	3	225,367
Deposits		-	-	-
Receivables		-	54,286	54,286
Other receivables		-	53,315	53,315
Interest bearing borrowings	3.74%	(222,336)	-	(222,236)
Trade and other payables		-	(17,267)	(17,267)
2014 Financial assets and liabilities	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE	INTEREST BEARING \$'000	NON- INTEREST BEARING \$'000	TOTAL \$'000
Cash and cash equivalents	2.52%	34,247	1	34,248
Deposits	3.70%	125,000	-	125,000
Receivables		-	40,311	40,311
Other receivables		-	47,605	47,605
Interest bearing borrowings	3.83%	(184,700)	-	(184,700)
Trade and other payables		-	(17,066)	(17,066)

Notes to the Financial Statements for the year ended 30 June 2015

20. Financial instruments (continued)

Fair values

All financial assets and liabilities recognised in the statement of financial position, whether they are carried at amortised cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise disclosed.

The fair value of a financial asset or financial liability is the amount at which the asset could be exchanged or the liability settled in a current transaction between willing parties after allowing for transaction costs.

	CARRYING AMOUNT 2015 \$'000	FAIR VALUE 2015 \$'000	CARRYING AMOUNT 2014 \$'000	FAIR VALUE 2014 \$'000
Borrowings from WATC	222,336	237,734	184,700	190,383

The fair value of borrowings is estimated by discounting expected principal and interest cash flows at the interest rate at the measurement date.

Other than the above, the carrying amounts of financial assets and liabilities included in the balance sheet approximate their fair values due to their short terms of maturity.

21. Contingencies

Contingent liabilities

Under the *Contaminated Sites Act 2003*, PPA is required to report known and/or suspected contaminated sites to the Department of Environment Regulation (DER). In accordance with this Act, the DER classifies these sites on the basis of risk to human health, the environment and/or environmental values. Where sites are classified as “contamination – remediation required” or “possibly contaminated – investigation required”, PPA may have a liability in respect of investigation or remediation expenses.

Port of Dampier

In October 2006, PPA (formerly DPA) reported three suspected isolated contaminated sites within the De Witt Location 471. As the DEC management system is tied to the State cadastral system, it can only list whole land parcels, not portions of a lot. As such, on 15 June 2007, after limited investigations were carried out and concentrations of contaminants have been found to exceed adopted assessment levels the DEC classified all of De Witt Location 471 (‘the Site’) as “possibly contaminated – investigation required”. In 2009, Rio Tinto undertook the required works to have one of the three areas de-listed from the Memorial.

In 2010, Mermaid Marine Australia had another area added to the same Memorial and in 2014, a small diesel spill occurred within the Woodside leased area within the lot, investigations and remedial works were undertaken. Some residual impact remains beneath a concrete slab and as a result, this incident has been added to the Memorial.

Notes to the Financial Statements for the year ended 30 June 2015

21. Contingencies (continued)

The DEC has assessed the site to be suitable for commercial/industrial use, but may not be suitable for more sensitive land uses (such as residential housing). It has also indicated that further works may be required to determine the contamination status of soil, surface water and groundwater at the site.

The site is occupied by lessees. The lease agreements require lessees to comply with all forms of environmental legislation, to prepare and submit an Operational Environmental Management Plan to PPA, and to address all forms of damage to the occupied leased land, including contamination. Where specific contamination events have resulted from the direct actions of the lessee, the lessees have the financial obligation and duty to investigate and remediate the affected site. PPA will only incur liability if the lessee defaults in its contractual obligations.

Port of Ashburton

As part of the pre-establishment works associated with the development of the Ashburton North Strategic Industrial Area (ANSIA), a preliminary site investigation was undertaken in 2010 to investigate land contamination matters within port vested parcels of land. The report found no issues of concern, and reported that the port tenure area has not been contaminated, as defined under the *Contaminated Sites Act 2003*. No Memorial has therefore been issued against any lot for which PPA has an interest in Ashburton.

Port of Port Hedland

(a) On 1 July 2010, a section of land (Lot 6098) vested in PPHA (now PPA) was listed under the Contaminated Sites Act as Contaminated-Remediation Required. PPHA has made submissions under the Act and is working with the lessees and specialist consultants to investigate and manage the remediation requirements.

(b) PPA is currently engaged in negotiations in relation to a commercial dispute. PPA has received independent legal advice in regards to the matter. Based on legal advice, management believes PPA's position in relation to the commercial matter is favourable.

22. Expense commitments

	2015 \$'000	2014 \$'000
Service contracts – Port operations		
Within one year	17,827	35,847
Later than one year but not later than five years	21,978	30,980
Later than five years	13,725	20,579
Total	53,530	87,406
Capital commitments		
Within one year	5,701	9,572
Later than one year but not later than five years	-	-
Later than five years	-	-
Total	5,701	9,572

Notes to the Financial Statements for the year ended 30 June 2015

22. Expense commitments (continued)

	2015 \$'000	2014 \$'000
Operating lease commitments (non-cancellable)		
Within one year	4,970	676
Later than one year but not later than five years	15,668	900
Later than five years	336	-
Total	20,974	1,576

Operating lease commitments – leased in employee housing (non-cancellable)

Within one year	5,429	5,801
Later than one year but not later than five years	4,451	4,675
Later than five years	455	1,000
Total	10,335	11,476

23. Revenue commitments

Long Term Property Leases

Properties are leased to proponents under operating leases with lease payments in accordance with the terms of their respective lease agreements.

Minimum lease payments receivable on property leases are as follows:

	2015 \$'000	2014 \$'000
Within one year	27,977	19,708
Later than one year but not later than five years	94,812	68,824
Later than five years (Up to 50 years)	458,615	420,172
Total	581,404	508,704

24. Notes to Statement of Cash Flows

Reconciliation of profit after income tax to net cash inflow from operating activities

	2015 \$'000	2014 \$'000
Net profit	198,901	111,638
Non-cash items:		
Depreciation and amortisation expense	25,170	19,221
Non-cash contributions	(46,422)	-
Net loss on disposal of non-current assets	1,768	20
Other	(133)	-
Change in assets and liabilities:		
Trade debtors	(13,786)	(10,735)
Inventory	(105)	589
Future tax benefits	-	(4,160)
Prepayments	1,113	110
Accrued income	10	-
Trade creditors	(4,903)	3,172
Land rehabilitation liability	1,239	1,426
Accrued expenses	546	(3,366)
Prepaid revenue	(4,731)	(13,146)
Provision for income tax	(4,337)	17,478
Provision for deferred income tax	(572)	3,875
Provision for employee entitlements	1,117	610
	154,875	126,732

Notes to the Financial Statements for the year ended 30 June 2015

25. Related parties

Directors

The following persons held the position of director during the financial year and until the date of this report:

Ken Pettit, Chairman

Les Longden, Deputy Chairman

Julian Tapp

Mike Deeks

Beth Gordon

Boyd Winton

John Lillywhite

There are no transactions during the year with the directors or other related parties.

Remuneration Benefits

Information on remuneration of Directors is disclosed in the Directors' Report.

26. Subsequent events

There were no events occurring after the reporting date which would impact on these financial statements.

A Ministerial Direction has been received by the Authority to provide a discount of up to \$2.50 per tonne for Iron Ore exported from Stockyard 1 at the Port Hedland Bulk Handling Facility Utah from 1 July 2015. The application of the discount will have an adverse material impact on the Authority's Profit before income tax for financial year 2015/16.

27. Supplementary financial information

Write offs

	2015 \$'000	2014 \$'000
Bad debts	654	60
	654	60

Notes to the Financial Statements for the year ended 30 June 2015

28. Impact of amalgamation

On the 1 July 2014 DPA and PHPA amalgamated to become PPA, with PHPA being the continuing entity.

As PHPA is the continuing entity the comparative column throughout these financial statements reflects that of PHPA only. The below note outlines the impact the amalgamation would have on the continuing entity's balance sheet for the comparative year, for information purposes.

	DAMPIER 2014 \$'000	PORT HEDLAND 2014 \$'000	PPA 2014 \$'000
Current assets			
Cash and cash equivalents	83,086	34,247	117,334
Other financial assets	-	125,000	125,000
Trade and other receivables	8,015	50,746	58,761
Inventories	-	1,454	1,454
Total Current Assets	91,101	211,448	302,549
Non-current assets			
Property, plant and equipment	93,391*	336,926	430,318
Intangible assets	1,009	378	1,387
Deferred tax assets	2,026	10,855	12,881
Other receivables	-	37,604	37,604
Total non-current assets	96,426	385,764	482,190
Total assets	187,527	597,212	784,739

	DAMPIER 2014 \$'000	PORT HEDLAND 2014 \$'000	PPA 2014 \$'000
LIABILITIES			
Current liabilities			
Trade and other payables	7,235	27,607	34,842
Borrowings	2,251	20,000	22,251
Current tax liabilities	12,204	27,352	39,556
Provisions	2,216	9,714	11,930
Total current liabilities	23,906	84,673	108,579
Non-current liabilities			
Borrowings	57,636	164,700	222,336
Provisions	92	69,901	69,993
Other	-	1,193	1,193
Total non-current liabilities	57,728	235,794	293,522
Total liabilities	81,634	320,467	402,101
Net assets	105,893	276,745	382,638
EQUITY			
Contributed equity	28,477	39,168	67,645
Retained earnings	77,416	237,577	314,993
Total equity	105,893	276,745	382,638

Note that the total equity from the Dampier Port Authority is treated as contributed equity on amalgamation. See note 19.

*Excludes assets not previously brought to account that were identified during the amalgamation. These assets have been recognised as additions at 1 July 2014, being the amalgamation date.

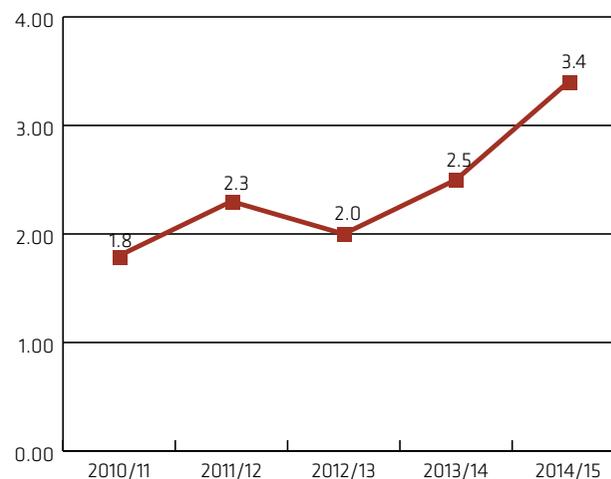
Financial Performance Indicators for the year ended 30 June 2015

In addition to the key performance indicators provided, the following financial performance indicators, which are not subject to audit, are provided to assist users to assess the financial management performance of the PHPA. The indicators selected are considered appropriate for use in either evaluating the performance of a Government Trading Enterprise or an entity in the private sector.

Current ratio

The current ratio is a liquidity ratio that measures the Authority's ability to pay its short term obligations.

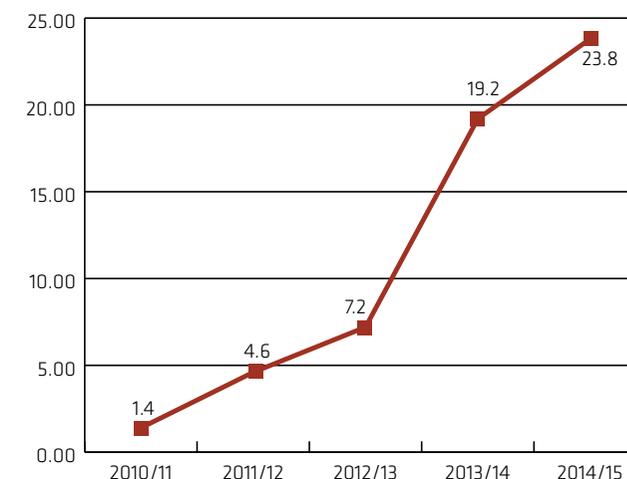
The current ratio is calculated by dividing the Authority's current assets at the reporting date by the Authority's current liabilities at the reporting date.



Interest cover ratio

A ratio used to determine the ability of the Authority to pay interest on its outstanding debt.

The interest cover ratio is calculated by dividing the Authority's earnings before interest and taxes (EBIT) for the reporting period by the Authority's interest expenses for the same period.

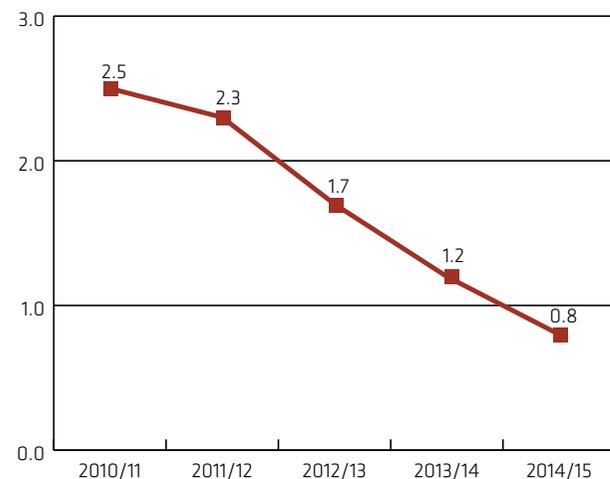


Financial Performance Indicators for the year ended 30 June 2015

Debt to equity ratio

The debt to equity ratio is a measure of the Authority's financial leverage. It indicates what proportion of equity and debt the Authority is using to finance its assets.

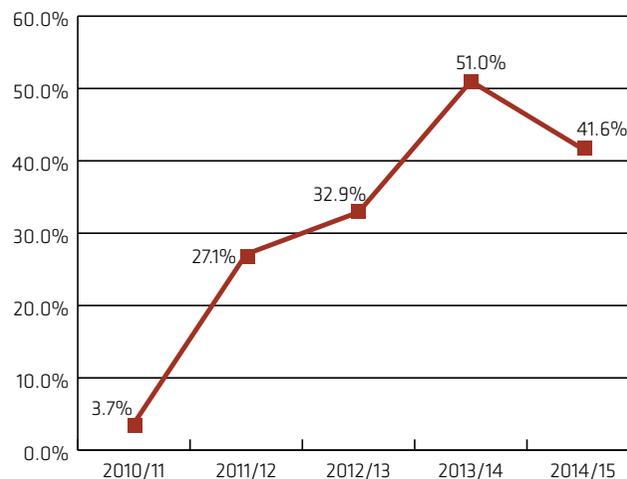
The debt to equity ratio is calculated by dividing the Authority's total liabilities by the Authority's total equity.



Return on equity

The return on equity ratio measures the Authority's profitability by revealing how much profit a company generates on its total equity.

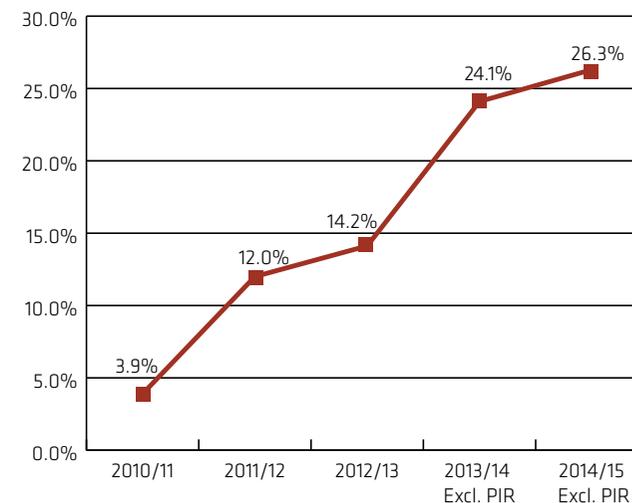
The return on equity ratio is calculated by dividing the Authority's profit before tax by the Authority's total equity.



Return on assets

The return on assets ratio is an indicator of how profitable the Authority is relative to the value of its total assets. It gives an idea as to how efficient management is at using its assets to generate earnings.

The return on assets ratio is calculated by dividing the Authority's earnings before interest and taxes (EBIT) by the Authority's average total assets.



Financial Performance Indicators for the year ended 30 June 2015

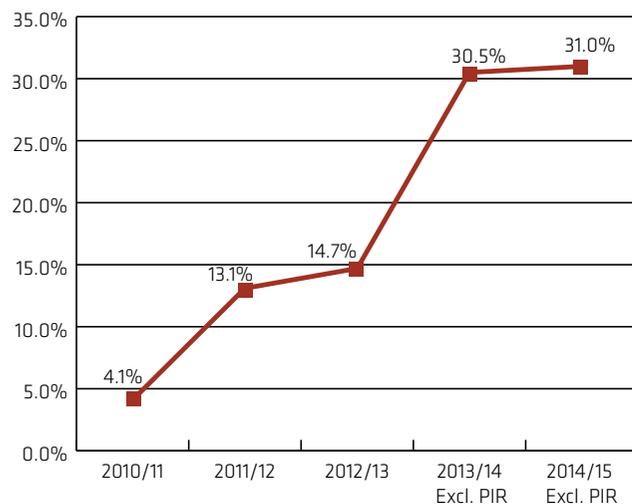
Economic rate of return

In accordance with Government policy effective July 2000, The Authority is required to report a rate of return on non-current assets valued at Deprival Value.

The economic rate of return is calculated as per below:

$$\frac{\text{EBIT} + \text{historical depreciation} - \text{deprival depreciation}}{\text{Deprival value of average net non-current assets}^*}$$

** Non-Current Assets excludes gifted assets and assets funded through the Port Improvement Rate.*



Note: 2013/14 has been restated to exclude current assets from the calculation, however earlier years have not been restated.

Ministerial directives

The Minister for Transport may give directions in writing to the Board of Directors with respect to the performance of functions prescribed by the legislation.

On 10 June 2015, PPA received a Ministerial Direction under Section 72(1) of the Act from the Minister for Transport dated 9 June 2015 (Direction). The Direction was specifically to aid Utah Facility customers for a specified period of time.

A copy of the Direction was tabled in Parliament on 18 June 2015, pursuant to section 72(2) of the Act.

LEGAL AND GOVERNMENT POLICY REQUIREMENTS

Advertising

In accordance with s175ZE of the *Electoral Act 1907*, PPA incurred the following expenditure in advertising, market research and media advertising:

Total expenditure for 2014/15 was \$223,392.

Expenditure was incurred in the following areas:

EXPENDITURE	TOTAL	EXPENDITURE	TOTAL
Advertising agencies/ media advertising	\$173,842	Market Creations	\$4,010
		Adcorp	\$130,037
		Seek	\$16,428
		West Australian Newspapers	\$1,851
		Beilby Corporation Pty Ltd	\$15,183
		Other	\$6,333
Market research organisations	\$49,550	Taylor Nelson Sofres (TNS) Australia Pty Ltd	\$49,550
Polling Organisations	N/A	NA	N/A
Direct mail organisations	N/A	N/A	N/A

Code of Ethics and Conduct

PPA's Code of Ethics and Conduct was approved by the Board in readiness for the amalgamation and was subsequently reviewed in March 2015. The Code of Ethics and Conduct is designed to communicate PPA's standards of conduct and integrity, and to promote professionalism in the provision of services to customers, port users and the community. PPA's Code of Ethics and Conduct is available on PPA's intranet site and is publicly available on PPA's website.

The Code of Ethics and Conduct was reviewed in March 2015 following a Fraud Prevention and Control Internal Audit recommendation in December 2014, that a clearer reference to fraudulent and corrupt activities be represented in the code. The Code of Conduct was also reviewed and amended at this time to ensure compliance against Section 2.4 of the Public Sector Commission's "Commissioners Instruction No.8 - Codes of conduct and integrity training". The updated code was approved at a Board meeting in March 2015.

PPA's Working with Respect program provides an opportunity for all employees to explore the code and reinforces the importance of observance. There were two breaches of the Code of Ethics and Conduct during the 2014/15 financial year, both of which were investigated and concluded in accordance with PPA's procedures.

Record-keeping plans

Under Section 21 of the *State Records Act 2000*, PPA was required to submit its new Record-keeping Plan to the State Records Commission by 1 January 2015. This was achieved after considerable work by PPA, and the new Record-keeping Plan was accepted by the State Records Commission on 20 March 2015.

PPA file plan

A new single functional file plan was implemented on July 2014 combining the former PHPA's AAA Key Word Files and the former DPA's Functional File Plan.

The new file plan achieved the following benefits:

- Enabling departments to share information across multiple locations (i.e Objective application);
- Encouraging staff to use the Records Management System;
- Discouraging network drive usage; and
- Disbanding information silos.

Objective roll out

During the reporting period, PPA implemented the phased rollout of Objective, an electronic document management system, across all PPA sites. Staff training of the system began in June 2014 and was completed in April 2015. PPA continues to train new staff as they commence employment and also conducts regular refresher training across the business.

The implementation of Objective has achieved the following benefits:

- Enables all staff to share information across all sites of the business regardless of the size of documents; and
- Enables compliance with the *State Records Act 2000*.

RecFind migration

In an effort to streamline existing documents from the former port authorities to a single document management system, PPA commenced migrating documents from RecFind (used by the former PHPA) to Objective.

This project commenced in September 2014 and was completed in December 2014. This project achieved the following benefits:

- Increases user accessibility to corporate historical data;
- Historical data is quickly located by using Objective's search engine; and
- RecFind database can be removed from server and desktops.

Objective SharePoint Governance

Objective SharePoint Governance provides a single, integrated platform that delivers security and governance across all SharePoint sites throughout the organisation. By integrating with Objective, content is stored in a secure and scalable manner while SharePoint provides the collaborative workspace.

This project was commenced by PPA in February 2015 with workshops between Objective and users at PPA. SharePoint Governance is being utilised by PPA to add corporate information including, policies and procedures, media releases, newsletters and the organisational chart to SharePoint. The training by the Governance and Business Assurance Advisor of Document Controllers for the DMS is ongoing and will be rolled out during 2015/16.

Record-keeping plans

Techniworks

During the reporting period, PPA implemented the Techniworks Record Awareness Training, an external training module that all new staff are required to complete. A new refresher training module for PPA staff is in the process of being developed.

Policies and procedures

Following the July 1 2014 amalgamation, PPA reviewed and updated all policies and procedures to ensure alignment with the requirements of the new organisation. The following Records documents, policies and procedures have been completed and rolled out across PPA:

- Physical Mail Procedure;
- Request a New File (Reference guide);
- Records Disposal Procedure;
- Adding email to Objective (Reference guide);
- Document Naming Guidelines;
- Physical and Electronic Archive procedure;
- Disposal of Records form;
- WA Sector Disposal Authority procedure; and
- Record Keeping Plan.

Records audit

During 2014/15, PPA's Records team completed a review of each staff computer and physical surrounds. This review enabled PPA to understand the quantum of work required to correctly capture all physical/electronic documents in the records system. The completion of this process will assist PPA to meet its records management obligations as defined by regulatory requirements and ensure that the Records team is able to allocate assistance to PPA staff members in need of support.

GOVERNMENT POLICY REQUIREMENTS

Occupational Safety and Health (PPA employees only)

MEASURE	ACTUAL RESULTS		RESULTS AGAINST TARGET	
	2012-13 ⁽¹⁾	2014-15 ⁽²⁾	Target	Comment on result
Number of fatalities	0	0	0	Achieved
Lost time injury and/or disease incidence rate	0	2.46	0	One Lost Time Injury sustained, classified from 08/05/2015
Lost time injury and/or disease severity rate	N/A	106	0	Days lost per million work hours
Percentage of injured workers returned to work:				
(i) within 13 weeks	N/A	0%	Greater than or equal to 80%	Injured worker did not return to work by 30 June 2015.
(ii) within 26 weeks	N/A	0%		
Percentage of managers trained in occupational safety, health and injury management responsibilities	100%	93%	Greater than or equal to 80%	Achieved

Note (1) this is a three-year trend and as such the year is to be three years prior to current reporting year (i.e. current year is 2014/15 and comparison year is 2012/13).

Note (2) the current year i.e. 2014/15.

Glossary of terms

AIIMS	Australasian Inter-service Incident Management System	EMS	Environmental Management System
ALO	Alternate Load Out	ERMF	Enterprise Risk Management Framework
AMSA	Australian Maritime Safety Authority	HIF	High Impact Function
AP	Anderson Point	HLO	Heavy Load Out
ASU	Asset Sales Unit	ICARE	Industrial Communities Against Rubbishing our Environment
BHF	Bulk Handling Facility	ICT	Information and Communication Technologies
BLB	Bulk Liquids Berth	IMOC	Integrated Marine Operations Centre
CCC	Community Consultation Committee	IMS	Integrated Management System
CPE	Cape Preston East	ISMS	Information Security Management System
CSI	Community Support Initiative	ISO	International Organisation for Standardisation
DAU	Data Acquisition Units	ISPO	International Standard for Pilotage Organisations
DMS	Document Management System	KBIE	King Bay Industrial Estate
DMSF	Dampier Marine Services Facility	LAT	Lowest Astronomical Tide
DNV	Det Norske Veritas	LiDAR	Light Detection and Ranging
DPA	Dampier Port Authority	LNG	Liquefied Natural Gas
DoF	Department of Fisheries	LPI	Lead Performance Indicators
DoT	Department of Transport	LTIFR	Lost Time Injury Frequency Rate
DPaW	Department of Parks and Wildlife	MOF	Materials Offload Facility
DR	Disaster Recovery	MSIC	Maritime Security Identification Card
DSD	Department of State Development	mtpa	Million tonnes per annum
DUKC	Dynamic Under Keel Clearance	MUOH	Multi-User Outer Harbour Facility
DWT	Dead-Weight Tonnes	OAG	Office of the Auditor General
EACS	Electronic Access Control System	OTS	Office of Transport Security
EERC	Economic and Expenditure Reform Committee	PHIC	Port Hedland Industries Council
EMP	Environmental Management Plan	PHP	Port Hedland Pilots

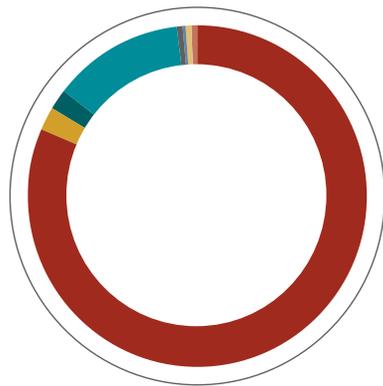
Glossary of terms

PHPA	Port Hedland Port Authority
PIR	Port Improvement Rate
PPA	Pilbara Ports Authority
PPU	Portable Pilot Units
RTW	Return to Work
SPA	Shipping and Pilotage Act
VTMIS	Vessel Tracking Management Information System
VTS	Vessel Traffic Service
WATC	Western Australia Treasury Corporation

Port Statistics

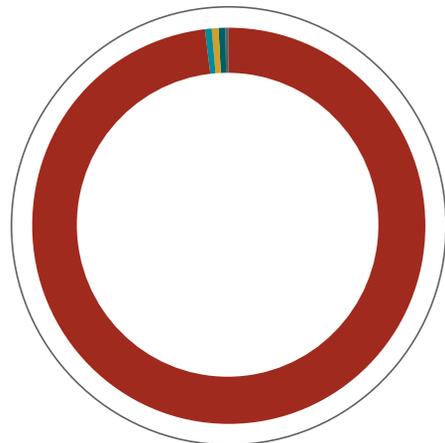
Percentage of throughput by Commodity

PORT OF DAMPIER - COMMODITY BREAKDOWN (2014/15)



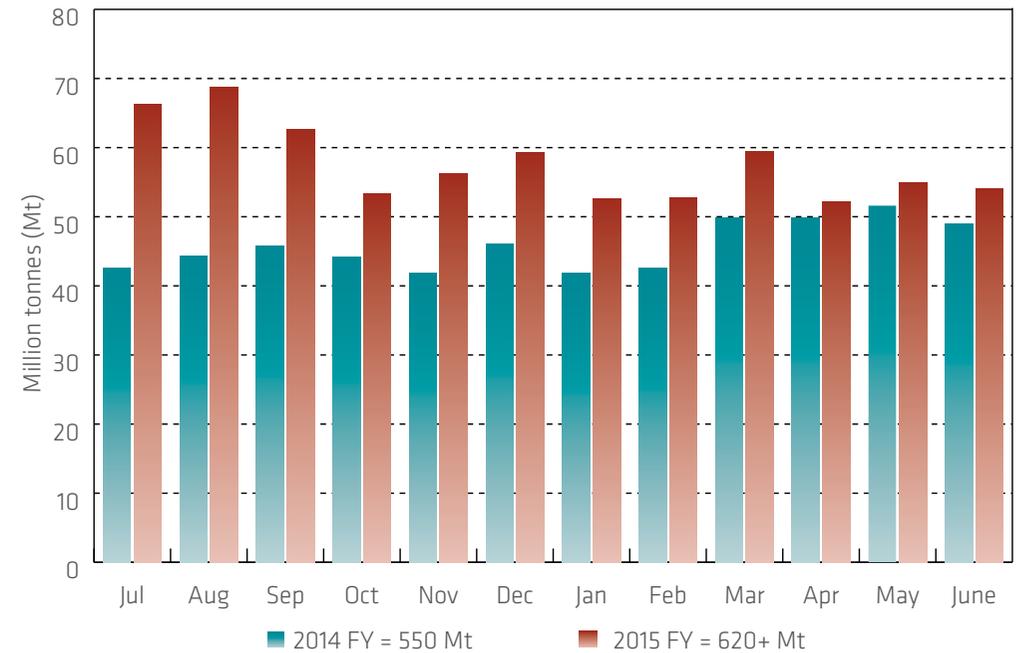
● Iron Ore (exports)	81.65
● Salt (exports)	2.18
● Condensate (exports)	1.86
● LNG (exports)	12.36
● LPG (exports)	0.60
● Petroleum Products (imports)	0.50
● Ammonia (imports)	0.40
● General Cargo (exports/imports)	0.45

PORT OF PORT HEDLAND - COMMODITY BREAKDOWN (2014/15)



● Iron Ore (Exports)	98.3
● Imports	0.5
● Manganese (Exports)	0.45
● Salt (Exports)	0.6
● Other	0.15

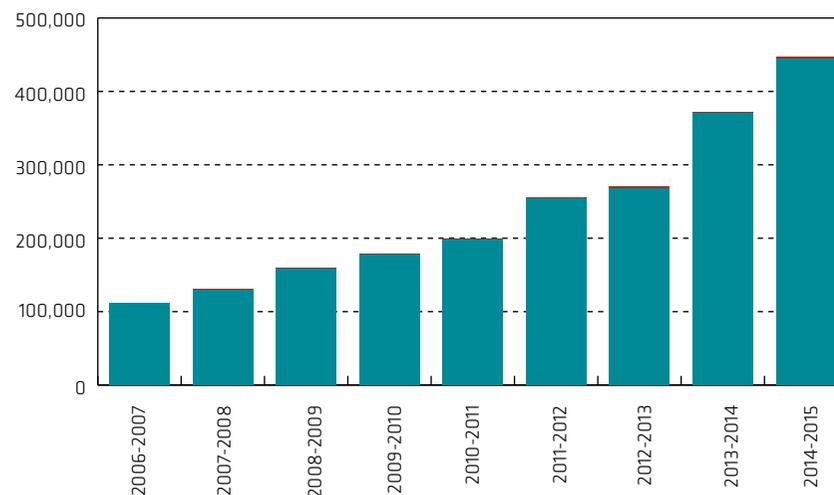
COMPARATIVE TRADE STATISTICS (PORT HEDLAND, DAMPIER AND ASHBURTON)



Port Statistics

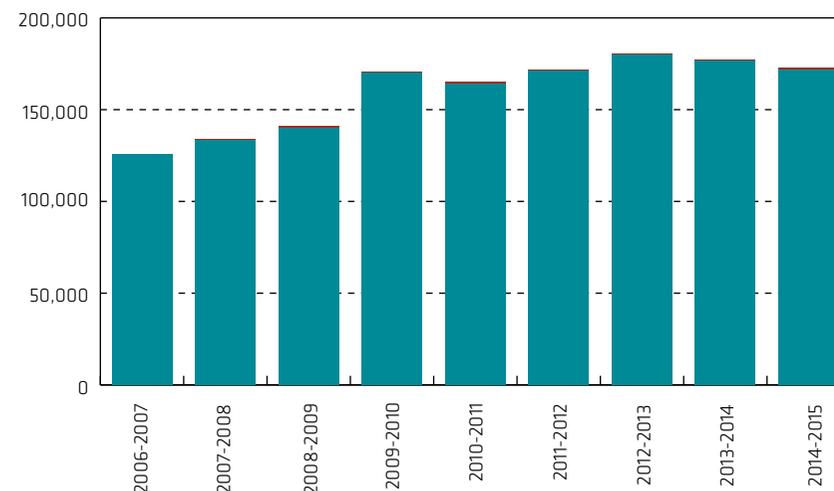
PORT OF PORT HEDLAND

	IMPORTS ('000)	EXPORTS ('000)
2006-2007	812	110,997
2007-2008	794	129,913
2008-2009	1,009	158,382
2009-2010	1,160	177,468
2010-2011	1,270	197,732
2011-2012	1,656	254,016
2012-2013	1,938	286,200
2013-2014	2,240	370,061
2014-2015	2,135	444,786



PORT OF DAMPIER

	IMPORTS ('000)	EXPORTS ('000)
2006-2007	498	125,627
2007-2008	551	133,398
2008-2009	702	140,122
2009-2010	691	170,041
2010-2011	819	164,206
2011-2012	807	171,037
2012-2013	509	179,857
2013-2014	556	176,588
2014-2015	1,003	171,798



Corporate office

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WEST PERTH WA 6005
Tel: (08) 6217 7112

Dampier office

Mof Road
Burrup Peninsula
DAMPIER WA 6713
Tel: (08) 9159 6555

Port Hedland office

The Esplanade
PORT HEDLAND WA 6721
Tel: (08) 9173 9000

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