

DAMPIER PORT AUTHORITY

# ANNUAL REPORT 2008



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## Authority Directory

### Board of Directors

Peter West  
*Chairman*

Robert Vitenbergs  
*Deputy Chairman*

Michael Spreadborough  
*Member (representing Pilbara Iron)*

Lisa Hamilton  
*Member (representing Woodside Energy)*

Des Rothe  
*Member*

### Chief Executive Officer

Steve Lewis

### Principal Accounting Officer

Megan Marion

### Address of Office

Mof Road  
Burrup Peninsula  
Dampier WA 6713  
Telephone 08 9159 6555  
Website [www.dpa.wa.gov.au](http://www.dpa.wa.gov.au)

### Auditors

Auditor General

### Internal Auditors

PKF Chartered Accountants

Navy vessel alongside Dampier Cargo Wharf



## Directors' Declaration

The Directors declare that the financial statements and notes:

- (a) comply with Accounting Standards, the *Port Authorities Act 1999* and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Authority's financial position as at 30 June 2008 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the *Port Authorities Act 1999*; and
- (b) there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they become due and payable.

This declaration has been made in accordance with a resolution of the Directors.



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Chairman



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Director

Dated this 12th day of August, 2008

# Chairman's Report



The Port of Dampier is very proud to have been named the 2007 Lloyds List DCN Australian Port of the Year – one of only three WA ports to hold the title in the 12 year history of the awards. Receiving the award was a fitting end to 2007, because it capped off a year of unprecedented activity in the port. It is particularly pleasing that the award was for “customer service”, recognising our contribution to the North West Shelf Venture and our assistance with its world-leading modular construction of an LNG train.

This is the most exciting era in the history of the Dampier Port Authority. The port is at the heart of the resource boom in the Pilbara and is playing an important role in facilitating efficient, safe, and effective movement of trade. These are also challenging times as, in concert with port users, we direct our combined energy toward managing unprecedented growth in export activity and development of the Pilbara region.

The highlights for 2007-08 are presented later in this Annual Report and the Authority has made significant progress in achieving its strategic objectives. However, I particularly note the following key achievements.

- Major port customers have continued to capitalise on newly-created export

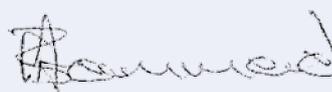
infrastructure and this has been reflected in higher export tonnages of iron ore, liquefied natural gas and associated products. The Port of Dampier has set a new Australian record for tonnage throughput - 133.95 million tonnes - and has confirmed its status as the world's largest bulk export port. Tonnage was 6.2 per cent above the record 126.1 million tonnes set in the previous year. The increased tonnage was supported by a record 4029 vessel arrivals during the year.

- Development activity in the port continued during the year, with Rio Tinto completing its Dampier Port Upgrade project. In addition, Woodside Energy Ltd commenced its Pluto LNG plant project, with the first stage of dredging completed and jetty construction underway. The Authority is also well-advanced on planning for vessel growth, with the planned introduction of a Vessel Traffic System and the additional berths project. The Authority recognises that continuous and coordinated planning is essential to facilitating trade now and in the future.
- The Authority recorded a pre-tax profit for the year of \$6.565 million. The actual rate of return for 2007-08 was 9.61 per cent compared with a target of 6.08 per cent. This result is the highest level of profit achieved by the Authority in its 19 year history, and takes the average long run rate of return to 4.81 per cent (over the past five years) against a long run target of 5.2 per cent.

On any measure, it has been an outstanding year of achievement for the Dampier Port Authority. Special appreciation is extended to outgoing Chairman Peter West, who has presided over the transformation of the Authority over the past six years. Peter has been ably supported by fellow Board members who have shown their continued commitment to the port and its governance.

On behalf of the Board, I express sincere appreciation to the men and women of the Dampier Port Authority for working as an effective team to further the objectives of the organisation. These challenging times present many opportunities for staff to develop new skills and achieve success, and I encourage them to embrace those opportunities.

As the newly-appointed Chairman of the Dampier Port Authority I am excited about the future and I look forward to working with the Board, management and staff in 2008-09 to achieve the next important step in supporting the economic development of the Pilbara region and the State of Western Australia.



**Brendan Hammond**  
Chairman

# Major Achievements in 2007-08

The 2007-08 year has been one of outstanding achievement for the Dampier Port Authority. The high point of the year was receiving the Lloyds List DCN 2007 Australian Port of the Year award in November 2007.

The Port of Dampier continues to be a major centre for export and for the development of the oil and gas industry of the North-West Shelf. It is anticipated that port activities will continue to grow substantially over the next decade.

This year the Port of Dampier again set a new Australian record for tonnage throughput, confirming its position as the world's largest bulk export port. It has been another challenging year in the Pilbara, with local skills and housing shortages combined with difficulty in securing construction materials and achieving timely responses from service suppliers. These pressures are part of a booming economy and the Dampier Port Authority is now well-experienced in operating in this environment, and has continued to achieve its strategic objectives.

The Dampier Port Authority delivered the following major outcomes during the reporting year.

- Total trade throughput for 2007-08 of 133.95 million tonnes is a new tonnage record for an Australian port, but more importantly it is clear evidence of the tremendous work being done by the major port customers to respond to global demand for iron ore and gas products. A record 4029 vessel were received at the Port of Dampier during the year.
- The Dampier Cargo Wharf recorded a steady year for general cargo with 0.382 million tonnes being handled (around three per cent below the previous year). It is expected that projected construction and exploration activity will see an increase in general cargo trade in 2008-09.

- The Dampier Port Authority was awarded the coveted Lloyds List DCN 2007 Australian Port of the Year title for its work in facilitating the North West Shelf Venture (NWSV) Train V project. The project involved the transfer of pre-fabricated modules from specialist vessels and the transport of those modules through a busy port. The movements were conducted exceptionally well and were a credit to the logistics work done by the NWSV and the dedicated team at the Dampier Port Authority. The port is particularly pleased to receive this award for customer service in 2007, following on from its earlier success in being awarded the 2006 Premier's Award in the "Better Services" category.

Loading at the Dampier Cargo Wharf



Major Achievements in 2007-08



Above: DCW and laydown area; and  
Right: MI Swaco 'mud' facility

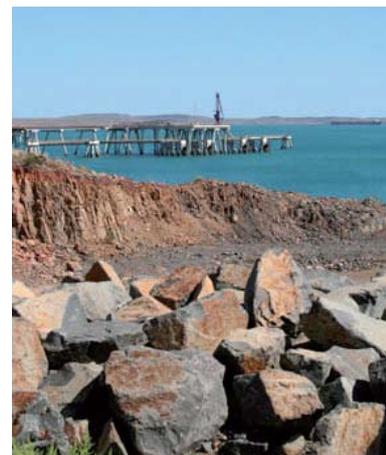


- Under an agreement with Department of Defence, the navy has augmented Berth 6 of the Dampier Cargo Wharf with a purpose-built staircase. The development has allowed Armidale Class patrol boats to utilise Dampier for crew change and resupply. The first patrol boat visit occurred in November 2007.
- Detailed demand forecasts have underpinned the planning work for additional general cargo berth capacity at the port. During the year, concept plans were developed, and geotechnical and environmental work undertaken to support this project. It is expected that the facility will be built by the end of 2012 in time to meet projected demand for additional space.
- The port is currently working with Woodside Burrup Ltd to undertake the massive Pluto LNG project. This project involves significant dredging works, jetty construction, laying of a trunkline, creation of an access channel, and the movement of more than 340 pre-fabricated units to build an LNG processing plant. The port has facilitated the lease of laydown space, land for a supply base, and seabed to support the proposal.
- The Dampier Port Authority participated in the Government's review of corporate governance arrangements for port facilities along the Pilbara coastline. The review concluded in April 2008 and the findings are currently being considered by Government. It is likely that Dampier will be called upon to extend its experience and expertise to maritime operations in the West Pilbara.
- In July 2007, the Dampier Port Authority was able to assist the Broome Port Authority with a mobile application service for the Maritime Security Identification Card (MSIC). The service, which was very effective in assisting Broome to meet its maritime security obligations, is an example of the collaboration which exists between all WA ports.
- The port continued to show leadership in the region's emergency response capability, including the establishment of the Regional Response Team (a collaboration of public and private port users from Dampier to Port Hedland), and an ongoing program of oil spill response training and equipment deployment exercises.

DCW Barge Ramp



Dampier Bulk Liquids Berth



# Vision – Mission – Values

The Dampier Port Authority was established on 1 March 1989 to oversee the safe, efficient operation of the Port of Dampier, and to support State development in the Pilbara region.

Today, the Authority continues to develop strong links with local industry and is making its unique contribution to the economic development of the region, the State, and the nation.

***The vision for the team at the Dampier Port Authority is –***

To be respected for our contribution to State development and as a port operator in the community we serve.

***The direction provided by the vision, is reinforced by a clear statement of the purpose of the Dampier Port Authority –***

To bring growth and prosperity to the region and the State through the provision of safe, secure, efficient, and innovative management of the Port of Dampier.

On a daily basis, the Dampier Port Authority undertakes its business using the following values:

Integrity.....*in our dealings*

Professionalism.....*in our work*

Value for money .....*to our customers*

Care .....*for our environment, our staff, and community*

Teamwork .....*for shared success*

# Overview of Port Operations

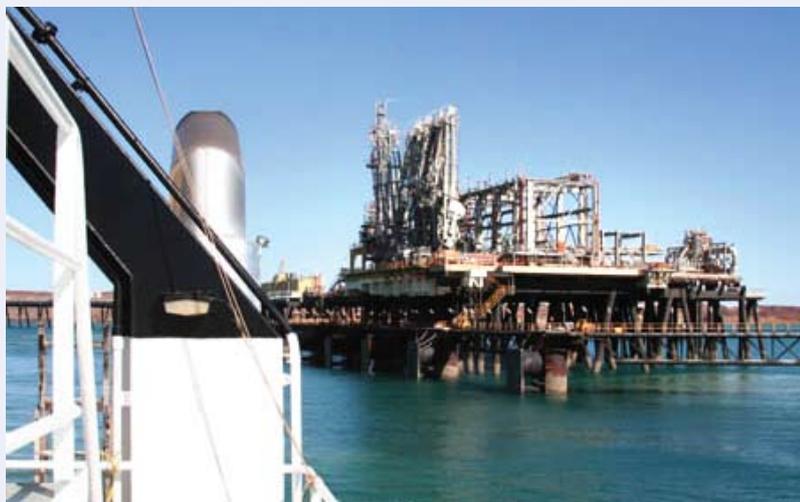
## FACILITATE TRADE

*Strategic Aim: To be supportive and creative in assisting our customers to grow and develop their activities in the Port of Dampier.*

Trade through the Port of Dampier has never been higher. Demand for iron ore and gas products has underpinned record tonnage of 133.95 million tonnes for 2007-08 - a new Australian tonnage record, and reinforcing Dampier's position as the world's largest bulk export port. The record was more than six per cent above the record set in the previous year.

More than 4000 vessels visited the Port of Dampier in 2007-08, an increase of 18.4 per cent on the record set in the previous year. Almost half of vessel arrivals are vessels serving the offshore oil and gas industry, which is experiencing unprecedented levels of exploration and development activity. Vessel arrivals are expected to continue to grow over the next five years

Below: Woodside LNG facility  
Below right: Loading operations at Withnell Bay



as additional berth facilities come on stream, export demand increases, and development activity continues in nearby port locations.

The Dampier Cargo Wharf has had a steady year with a three per cent reduction in tonnage taken through the facility, despite the overall large increase in vessel arrivals. Demand for the facility continues to be erratic with weeks of high demand (and therefore some queuing) and weeks of low demand. The Authority has embarked on a review of the logistics chain to see what can be done to expand the utilisation of the cargo wharf to a 24/7 operation. In addition, a proposed additional berth project has commenced with a view to meeting general cargo demand by the end of 2012.

Despite port dues increasing at the beginning of the financial year to a new rate of 8.9 cents (excluding GST), Dampier still has one of the lowest port charges in Australia, reflecting our continued focus on operational efficiency and value-for-money. Significant work was done in 2007-08 to

develop other revenue sources (such as leasing and laydown fees) which have reduced the requirement to raise port dues. Accordingly, there will be no port dues increase in 2008-09.

## Port developments

Navigation aids were installed in Mermaid Strait during the year, providing better navigation for all shipping and recreational boats, as well as supporting the high vessel traffic expected from the Gorgon project on Barrow Island (once approved). In planning for growth, the Authority has also embarked on a new fender program on the eastern face of the Dampier Cargo Wharf.

A major focus for port development is the creation of additional berth capacity to supplement the cargo wharf. Projected demand suggests that rig tender activity alone will increase to the level where congestion will occur in 2013, and the Authority is well advanced on planning for this event. During the year, concept work was completed, geotechnical survey work undertaken, and environment planning work commenced. The project is on track for delivery at the end of 2012, subject to funding approval.

Rio Tinto recently announced the completion of its Dampier Port Upgrade project, which brings capacity to around 140 million tonnes per annum. Further



expansion of iron ore export capacity is not expected to occur in the port for the next five years, because of additional capacity being created by Rio Tinto at Cape Lambert.

The NWSV has made good progress during the year on its Train V project and the port expects to be receiving regular LNG ships for this added capacity in the second quarter of 2008-09. Woodside Burrup Ltd is now progressing its Pluto LNG project, with the first phase of dredging works completed in May 2008 to allow for jetty construction for the new LNG berth.

The port is continuing to work with Mermaid Marine to increase its facilities to meet project demand in the region. This work involves jetty extension, additional shedding and roadworks.

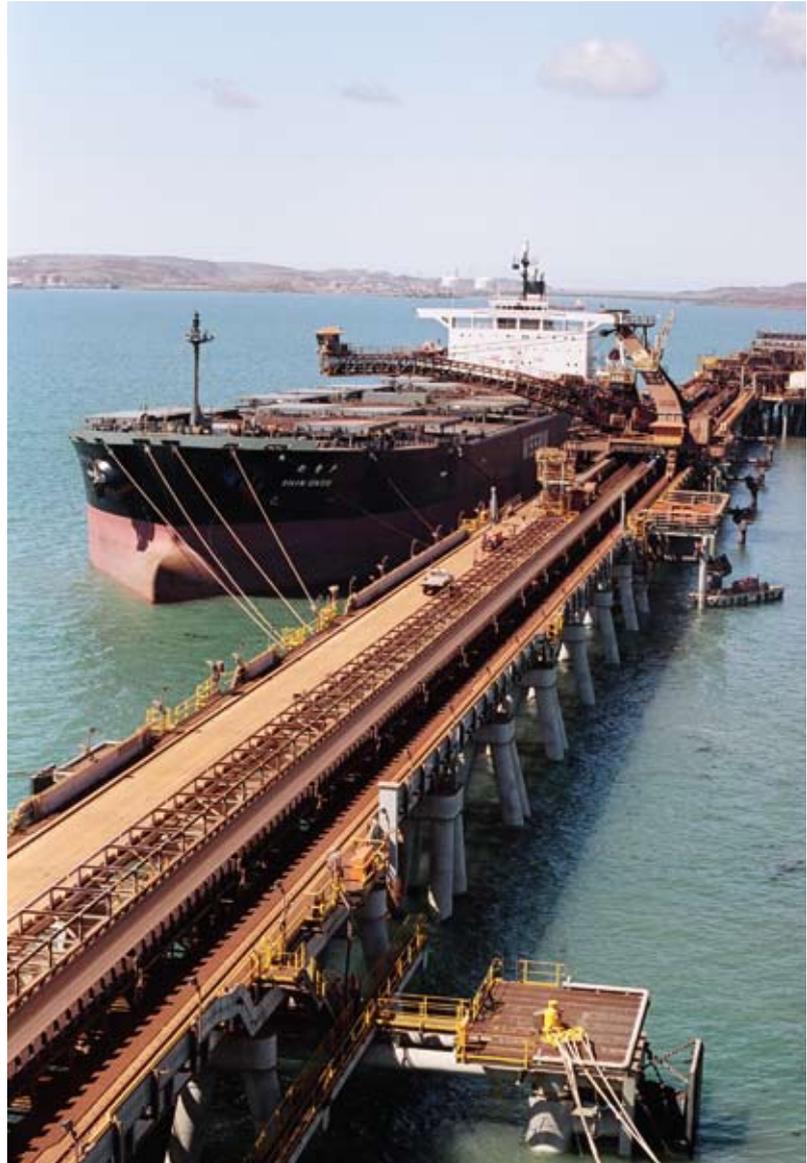
There has been exceptional interest in providing fuel facilities in the Port of Dampier, including diesel, petroleum, heavy fuels and jet fuel. The Authority is currently working with nine proponents with various projects in relation to the provision of fuel. It is expected that the Bulk Liquids Berth will provide an opportunity for the import of diesel fuel by the end of 2009. Other storage and supply options are expected to come on stream in 2010.

## EFFICIENT PORT OPERATIONS

*Strategic Aim: To provide an efficient, professional, port operation which meets the current and future needs of our customers.*

### Port facilities

Rio Tinto has completed its Dampier Port Upgrade which has provided four iron ore export berths at Parker Point to supplement the berth (and layby berth) at East Intercourse Island. The NWSV now has two LNG berths and a condensate berth.



Loading iron ore at Parker Point

An additional LNG berth for the Pluto project will commence construction in 2008-09.

Since October 2007, the Pluto project has leased the Heavy Load Out facility and the associated quarry laydown area to support the logistics for its dredging program, jetty construction and pipe laying activities. This major project will occupy the site until at least the end of 2010. Large scale pre-assembled modules will be used for the project and the port will again be heavily involved in the coordination of the movement of these items.

Patrick's has a non-exclusive licence to provide stevedoring services on the Dampier Cargo Wharf and the Bulk Liquids Berth. Pilotage services are provided by Woodside Marine, and Pilbara Iron (Rio Tinto) maintains its own pilotage services. Woodside and Pilbara Iron provide tug services in the port (including contracted towage services from Riverwigs).

Bunkering of fuel in the port (Dampier Cargo Wharf) is currently provided by Shell under a non-exclusive licence. BP bunkers fuel at the Rio Tinto service wharf.



Loading operations at the DCW

## Port operations

The Dampier Port Authority has seen an unprecedented level of proponent activity in 2007-08 and significant time has been invested in providing professional marine advice to ensure these projects develop in a safe, realistic and appropriate manner. In addition, the Authority continues to be a source of information to existing port users, government agencies and other ports around Australia, and is an active member of Ports Australia, the association body for all Australian port authorities.

The port has strengthened its marine expertise with the engagement of a Deputy Harbour Master and a Vessel Traffic Manager. Both of these new roles will enable the Dampier Port Authority to expand its capability to manage marine safety in the region. In addition, the Authority is in a good position to assist in the major logistics works which will occur for the Pluto project and for the expected work from the Gorgon gasfield development.

The cyclone season presented the usual disruptions to operations, although the season was relatively mild. Established cyclone procedures worked well and minimised any delay in resuming normal operations, and the port was re-opened as soon as possible on each occasion.

The established program of annual hydrographic surveys continued in 2007-08 to build a full profile of current depths in the port. The updated information is provided to the RAN Hydrographer to revise Port of Dampier marine charts.



Pilbara Iron's Parker Point iron ore facility

The Authority has entered into a data sharing arrangement with the Australian Maritime Safety Authority (AMSA) to provide Automatic Information Systems (AIS) data. This vessel information enhances AMSA's awareness of vessel movements, and the Port of Dampier will benefit from being able to utilise vessel information from other monitoring sites through the AMSA network.

The Authority is currently investigating the benefits of moving to a full Vessel Traffic System to support the projected growth in vessel activity in the port and in nearby terminals. The four channels in the port, the increase in trade and rig tender traffic and high level of recreational boat activity is supporting a review of what system of vessel traffic management will best suit the Port of Dampier. Implementation of the new system will be undertaken in 2008-09, once approved.

## MANAGEMENT OF THE PORT ENVIRONMENT

*Strategic Aim: To manage and protect the environment from the commercial activities of Dampier Port.*

The Dampier Port Authority has a comprehensive Environmental Management Plan and Marine Management Plan which assist the Authority and its customers to

properly manage the environment of the port. The Authority continues to strive to provide leadership in environmental management, research and development of good practices.

The Dampier Port Authority has been a member of the Dredging Environmental Management Group for the Pluto project. This has been an invaluable exercise in understanding the unique interactions of the Port of Dampier environment and what natural phenomena exist. The dredging works have been well managed to date, and the impact on the benthic primary producer habitat has been well within the approved limits for the project.

During the year further work was undertaken to coordinate research efforts and to improve the database of survey information. This work will continue, with the objective of creating a very comprehensive and usable suite of information to support future development and environmental management of the port.

The Authority has provided environmental advice and support to major projects planned for the port, and has maintained good liaison with local and State environmental agencies. Monitoring of the leaseholders for environmental compliance is an on-going activity, and is making a difference to the awareness

of environment, heritage, contamination and dangerous goods in the King Bay Industrial Estate.

The Dampier Port Authority has continued its commitment to oil spill response with additional training and exercises during 2007-08. There were a number of minor spills in the port during the year, and this remains an area of concern despite the Authority's very good response capability.

The Woodside Burrup Limited's Pluto project was the first user of the new spoil ground area in the Port of Dampier anchorage during the year. The significant volumes to be generated from the capital dredging works required a ground with sufficient capacity, which exists at the new site. The port proposes to continue to develop this site in 2008-09 and an alternative site for dredge spoil disposal to facilitate infrastructure development over the next decade.

A new Environment Manager was recruited in 2008 and this appointment will help to drive the Environmental Management System, including the achievement of ISO 14001 accreditation in 2008-09.

Withnell Bay LNG facility



## A SAFE AND SECURE PORT

*Strategic Aim: To protect and promote the safety and security of people, assets, and trade within Dampier Port.*

### Safety

Marine safety in 2007-08 continued to be of a high standard, with only minor incidents reported. It was also a very good year for vessel safety. Previous work done by the port (in consultation with major customers) to set tug escort requirements, port parameters and improvements in navigation aids contributed to this good performance. Credit is also due to the very high standard of pilotage which operates in the port. The Dampier Port Authority will continue to work with its customers and port users to continuously improve performance in this area in 2008-09.

The Dampier Cargo Wharf became the site of a six-day cargo fire in August 2007, when the BBC Islander, which was at anchorage, reported a smouldering fire in the hold. The ship was eventually bought to berth to allow the fire to be more effectively combatted by FESA. The incident highlighted

the difficulties presented by cargo hold fires and proved a very useful test for emergency response in the region.

The Dampier Port Authority had another outstanding year for safety performance with no lost time injuries for its own staff in 2007-08, building on the similar performance in recent years. Regular team meetings were held to discuss safety and to provide training in the use of safety equipment, and additional effort was devoted to improved signage and safety awareness in 2007-08.

Whole-of-port safety data is now collected and indicates that the port has a high level of safety compliance. However, there is still work to be done on improving safety in cargo handling and following established safety procedures. The Authority will be placing a concerted effort in this area in 2008-09, including the setting up of a port safety committee which will allow for greater coordination of training, monitoring and safety awareness.

In early 2008, the Authority had a serious near-miss incident with a truck losing its brakes on entering the port – the first such incident since the security gate was installed in 2004. As a result of this incident, improved signage has been implemented, speed limits reduced and the induction program modified to highlight this risk.

The Authority presided over a relatively uneventful cyclone season in 2007-08. Established cyclone procedures worked well, and the level of readiness of the major port users continues to hold the Port of Dampier in good stead in relation to this important seasonal event.

During the year the Dampier Port Authority worked hard to improve the safety of moorings in the port. In a cyclone area, the standard of moorings is critically important and the port has established very sound mooring standards.

## Overview of Port Operations



Approach to DCW and DBLB facilities



Pilbara Iron's Parker Point iron ore facility

All mooring locations are now mapped and provide a much better overview of risk areas. Further work will be done in 2008-09 to ensure all moorings meet the required standards.

### Security

Maritime security continues to evolve and the Dampier Port Authority has been pro-active in its liaison with port users and the facilitation of training exercises. The port has ordered a further vessel which can be utilised for waterside security, and further enhancements to landside security are being undertaken.

A new security access gate tender was awarded in early 2008 and provides better patrolling, incident response capability and greater professionalism. As the

port gets busier, the need for higher standard security services will continue to grow.

The MSIC office processes applications for the security card and port access, and these have continued at a relatively high level with more than 2000 applications taken during the year. This high level of applications reflects the large workforce of the Pilbara supporting major development projects in the region.

### COMMUNITY INTERACTION

*Strategic Aim: To integrate Dampier Port into the community we serve.*

The Dampier Port Authority has had a successful year with its sponsorship of community events

and projects. In recent years major support has been provided to the West Pilbara Volunteer Sea Search and Rescue group, the Cossack Art Awards and the Dampier Seafarers Centre and these key sponsorships continued in 2007-08. As a general principle, the Authority is keen to support marine-related activities and events in the local community. During the year the port provided sponsorship for the North West Swimming Championships, the Dampier Primary School, community associations and various sporting teams, including the Dampier Sharks.

The port continues to play a role in the planning and development of the local area, with involvement in the Dampier Marine Study outcomes, and planning for a Dampier industrial precinct. The port has also supported several publications for the local area, including emergency services and cyclone preparedness and tide chart information.

During 2007-08, the port hosted numerous visits from project proponents, government agencies, environment and community groups, and other port authorities and maritime agencies. The positive feedback from visitors in regard to the local area is always pleasing, and helps promote the Pilbara as a very worthwhile place to live and work.

Aerial view of the Dampier Cargo Wharf



# Compliance Reporting

## ADVERTISING AND SPONSORSHIP

In accordance with Section 175ZE of the *Electoral Act 1907*, the Dampier Port Authority incurred the following expenditure in advertising, market research, sponsorship, direct mail and media advertising.

Item	Organisation	Total Value
<b>Sponsorship</b> \$46,600	Cossack Art Awards	\$12,000
	West Pilbara Volunteer Sea Search & Rescue Group	\$10,909
	Dampier Seafarers	\$15,000
	Dampier Sharks Football Club	\$2,500
	Pilbara Wildlife	\$1,000
	Miscellaneous (schools, community groups)	\$5,251
<b>Media Advertising</b> \$7,030	Miscellaneous (local business support, the Australian Workers' Union, Volunteer Rescue Diaries)	\$7,030
<b>Market Research</b>	N/A	
<b>Direct Mail</b>	N/A	
<b>Advertising</b>	N/A	

## COMPLIANCE WITH CODE OF CONDUCT

In accordance with Section 23 of the *Port Authorities Act 1999* and Section 31 of the *Public Sector Management Act 1994*, the Dampier Port Authority has reported to the Minister for Planning and Infrastructure and to the Office of Public Sector Standards on its compliance with the Code of Conduct. There were no detected breaches of the Code of Conduct during 2007-08.

## CORRUPTION PREVENTION

The Dampier Port Authority continues to revise and implement policies and procedures with a view to identifying, managing and preventing misconduct and corruption. The Dampier Port Authority has developed appropriate segregation of duties pertaining to financial approvals and processing.

## INFORMATION STATEMENT

During 2007-08 only one non-personal application was received by the Dampier Port Authority. The application was later withdrawn.

## RECORDKEEPING

The Dampier Port Authority's record management systems is carried out in accordance with the *State Records Act 2000*, and in line with the minimum reporting requirements advice:

1. Records management training for relevant employees is carried out regularly.
2. Policies and procedures will be incorporated in the DPA Induction Manual and will be also available on the intranet.

## OCCUPATIONAL SAFETY AND HEALTH

"The policy of the Dampier Port Authority is to achieve the highest attainable level of occupational safety and health working conditions for its employees, contractors, visitors and other persons throughout all areas of its activities. At Dampier Port Authority, all people have a responsibility for implementing this Policy by striving to achieve zero tolerance towards hazards, incidents and accidents.

- Employees also have a duty to take care for their own health and safety and of others affected by their actions at work. In order to achieve this each individual employee is required to:
- comply so far as he/she is reasonably able, with safety procedures and directions given by the employer;

- not wilfully interfere with or misuse items or facilities provided in the interests of safety and health of organisation employees; and
- must, in accordance with agreed organisation procedures, report hazards and accidents.”

Extract from Dampier Port Authority's Occupational Safety and Health Policy

### 2007-08 SAFETY PERFORMANCE

Indicator	Actual figures 2007-08
Number of fatalities	Zero
Lost time injury/diseases (LTI/D) incidence rate	Zero
Lost time injury severity rate	Zero



BBC Islander containment

# Directors' Report

In accordance with Schedule 5, Division 9 we report on the operations of the Dampier Port Authority for the year to 30 June, 2008 as follows:

## BOARD MEMBERS

The following persons were members of the Board of the Dampier Port Authority during the whole of the financial year and up to the date of this report.

Name	Position	Expiry date of tenure/resignation
Mr Peter West	Chairman	30 June 2008
Mr Robert Vitenbergs	Deputy Chairman	31 December 2008
Ms Lisa Hamilton	Member	30 April 2009
Mr Michael Spreadborough	Member	30 April 2009
Mr Des Rothe	Member	31 December 2008
Mr Nick Searle (Alternate to Mr Michael Spreadborough)	Member	30 April 2009
Mr John Ketteringham (Alternate to Ms Lisa Hamilton)	Member	30 April 2009

### Current Board Members



DPA Board Members – Steve Lewis, Mike Spreadborough, Rob Vitenbergs, Lisa Hamilton, Des Rothe (standing), Brendan Hammond and Peter West (sitting)



#### Chairman: Mr Peter West

##### **Ministerial Appointment:**

Commenced May 2002; reappointed January 2007 with term expiring June 2008

##### **Qualifications:**

Bachelor of Science (Hons)

##### **Experience:**

34 years in BP in a variety of management positions, culminating in being Manufacturing Director for BP in Australasia and Managing Director of BP Kwinana Refinery.



#### Deputy Chairman: Mr Robert Vitenbergs

##### **Ministerial Appointment:**

Re-appointed January 2007 with term expiring December 2008.

##### **Qualifications:**

Bachelor of Science (Hons)

##### **Experience:**

22 years in the Royal Australian Navy; Marine Manager with Hamersley Iron; former President of the Shire of Roebourne.



**Pilbara Iron Nominee:  
Mr Mike Spreadborough**

Appointed to the Board April 2006 with term expiring April 2009.

**Qualifications:**

Bachelor of Engineering (Mining) (Hons) – University of Queensland 1986.  
Master of Business Administration – Deakin University 1993.  
NSW Below Ground Mine Manager's Certificate.  
WA First Class Mine Manager's Certificate.

**Experience:**

Since April 2006 General Manager Coastal Operations for Pilbara Iron with accountability for the Dampier and Cape Lambert port operations and Pannawonica mining operation. Previously Vice President Mining Olympic Dam for BHP Billiton.



**Northwest Gas Development (Woodside) Agreement Nominee: Ms Lisa Hamilton**

Appointed to the Board in May 2007 with term expiring in April 2009.

**Qualifications:**

BSc/LLB (Hons); Post Graduate Diploma in Energy Studies; Australian Institute of Company Directors – Director's responsibility training.

**Experience:**

Seven years practising in industrial relations and employment law, with 11 years' experience in the oil and gas industry. Past Director with the Ngarluma and Yindjibarndi Foundation Ltd. Currently employed as General Manager Marine for Woodside Energy Limited, responsible for pilotage, marine operations and marine assurance for the Woodside Group.

**STAFF**



**Board Member:  
Mr Desmond Rothe**

Appointed December 2006 with term expiring December 2008.

**Ministerial Appointment:**

Appointed December 2006 with term expiring December 2008.

**Experience:**

Sitting Councillor for the Shire of Roebourne since 1977; Pilbara Homecare Committee member; foundation member of the Karratha APEX club; former Deputy Shire President.

Name	Position
Mr Steve Lewis	Chief Executive Officer
Mrs Vicki Lorantas	Executive Officer
Capt. John Fewings	Harbour Master
Mr Bayden Johnson	Deputy Harbour Master
Mr Daniel Frost	Vessel Traffic Manager
Mr Chris Burgess	Safety and Security Officer
Mr Peter Berry	Deputy Safety and Security Officer
Mr Tony Smith	Wharf Manager
Mr Bruce Young	Deputy Wharf Manager
Ms Jo Cheung	Administration Assistant
Mr Wayne Young	Environment Manager
Mrs Angela Willcocks	Environment Officer
Mr Dave Blackman	Maintenance Superintendent
Mr Patrick Ellison	Maintenance Officer
Mrs Megan Marion	Corporate Services Manager
Mrs Tracie Jennings	Corporate Services Officer
Mrs Carole Luca	Administration Officer
Ms Lizeth De La Hoz	Port Engineer
Ms Rochelle MacDonald	Projects Engineer
Mrs Debbie Buhlman	Port Liaison Administration Officer
Ms Donna Davidson	Port Liaison Administration Officer
Mr Tony Abbott	Port Liaison Administration Officer
Ms Meg Trivett	Port Liaison Administration Officer
Mrs Kim Maree	Port Liaison Administration Officer



Unloading operations at the DCW



Top: Unloading pipe

Above: Heavy Load Out Facility

## PRINCIPAL ACTIVITIES

The principal activities of the Dampier Port Authority are to:

### Manage the safe operations of the port

- Exercise the powers of Harbour Master to control shipping in the port to achieve safe and efficient operations.
- Operate port communications 24 hours a day, 7 days per week.
- Pass and monitor compliance with port regulations that set standards and procedures for vessels using the port, and other marine matters.
- Provide emergency response planning.

### Plan for the future development of the port to meet industry needs

- Oversee the strategic planning for the port's development in conjunction with port users and other relevant government agencies.

### Facilitate trade in the port

- Ensure that port users have access to the facilities of the port.
- Negotiate Port Facilities Agreements for the major Gas to Liquids Projects that propose to utilise the Burrup.

### Manage the environment within the port

- Monitor marine pollution issues associated with port operations.
- Provide marine pollution response planning and capability.

### Maintain security within the port

- Ensure the port meets the *Maritime Security Act 2003* requirements.

There was no significant change in the nature of the Authority's activities this year.

## NET PROFIT AFTER TAX

The Authority finished the financial year with a profit after compliance with the "National Tax Equivalent" legislation of \$4,594,885.87 compared with last year's profit of \$1,937,132.53 after tax. See the accompanying financial statements for further details.

## DIVIDEND

In accordance with the current dividend policy the Directors have recommended \$2,297,443 dividend be paid being 50 per cent of net operating profit after tax.

	2008 \$'000	2007 \$'000
Total dividends recommended in respect of the financial year	2,297	969
Total dividends paid during the financial year	969	478

## SIGNIFICANT CHANGES TO THE STATE OF AFFAIRS

Significant changes to the state of affairs of the Authority that occurred during the financial year, and are reported in the financial statements, were as follows:

- Increase in rental income due to the DPA entering into a three-year lease with Woodside Energy.

## REVIEW OF OPERATIONS

### Finance

The Authority has dual goals of sound financial management and trade facilitation. In achieving these goals, the Authority aims to achieve its rate of return on assets, while providing the most cost-effective service to port users.

The final result was a pre-tax profit of \$6,564,619, against budgeted profit of \$795,842.

A summary of revenues according to significant operating areas is set out below

	2008 \$'000	2007 \$'000
Port dues	8,914	7,134
Dampier Cargo Wharf operations	4,100	2,845
Barge ramp	11	8
Lease – King Bay Industrial Estate/other	2,738	450
Bulk Liquids Berth	8,453	7,844
Interest	532	411
Profit on sale of assets	23	8
MSIC	301	566
Other revenues	1,720	853
<b>Total revenue</b>	<b>26,792</b>	<b>20,119</b>
<b>Less Unallocated Expenses</b>		
Employee expenses	3,795	3,125
Maintenance	3,446	1,639
Power and water	494	411
Depreciation	3,360	3,107
Insurance	271	265
Legal	821	1,348
Consultants	2,442	2,168
Audit fees	51	44
Borrowing expenses	4,429	4,163
Supplies and services	758	786
Other	360	177
<b>Total expenditure</b>	<b>20,228</b>	<b>17,233</b>
Profit from ordinary activities before income tax expense	6,564	2,886
Income tax benefit/(expense)	(1,970)	(949)
<b>Profit from ordinary activities after income tax expense</b>	<b>4,595</b>	<b>1937</b>



Comments on the operations and the results of those operations are set out below:

**(a) Port dues**

Port dues increased compared with last year mainly due to the increase in the number of ships entering the port and port dues increasing by 18.5 per cent from 1 July 2007.

**(b) Dampier Cargo Wharf operations**

The significant increase in revenue is due to higher volume of operations occurring at the cargo wharf. This is in part due to the increase in activity both onshore and offshore and the significant construction growth occurring in the port and region. The increase was also attributed to the port increasing berth hire by 90 per cent at 1 July 2007.

**(c) Barge ramp**

Income from the barge ramp has increased marginally from last financial year. This is due to an increase in usage by Toll Energy.

**(d) Lease – King Bay Industrial Estate/other**

Income from King Bay Industrial Estate has increased significantly compared with last financial year. This is due to an increase in income from the Woodside Energy lease entered into with the port on 1 October. This lease is due to expire on 30 June 2010.

**(e) Bulk Liquids Berth**

Each year the Authority calculates the State Subsidy payable from the WA Government based on budget costs. During the 2007-08 financial year the forecast expenditure on the facility was greater than in previous years.

**(f) Interest**

During the year the Dampier Port Authority invested surplus cash. The Authority had a high amount of surplus cash during the first half of the year due to the \$7.6 million State Subsidy and Community Service Obligation being paid by September 2007.

**(g) Profit from the sale of non current assets**

Net proceeds from the sale of non current assets were higher this year due to an increase in assets sold.

**(h) MSIC**

Maritime Safety Identification Card is a federal requirement to increase security within Australian ports. The MSIC was a requirement for WA ports from 1 January 2007 and is valid for five years. The decline represents a decrease in number of applicants being processed.

**(i) Other revenues**

There has been an increase in other revenue due to the following:

- development applications \$78k new charge for 2007-08;
- reimbursement from Pluto for quarry wall repairs \$357k;
- Pluto project management \$300k; and
- Department of Defence project income \$93k.

**(j) Employee expenses**

This has increased from last financial year due to the increase in staff levels and consultants hired due to the inability to attract staff to the region.

**(k) Maintenance**

Maintenance costs were higher than last financial year due to the implementation of cyclical maintenance program and increase in maintenance on the Dampier Cargo Wharf and repairs to the quarry wall at the heavy rock out load facility.

**(l) Power and water**

The increase in expenditure is largely due to an increase in water usage and electricity consumption at the cargo wharf.

**(m) Depreciation**

Depreciation is similar to the previous year.

**(n) Insurance**

Costs for insurance increased slightly compared with last financial year.

**(o) Legal**

Legal costs decreased during the year, this is mainly due to the litigation with Barclay Mowlem Construction on the Bulk Liquids Berth being finalised last financial year.

**(p) Consultants**

Consultancy costs were also higher due to the need to outsource certain functions due to staff availability and expertise, and to cope with increased demand.

**(q) Auditing**

Audit costs are similar to last financial year.

**(r) Borrowing costs**

Borrowing costs are similar to last financial year.

**(s) Supplies and services**

These costs are similar to last financial year.

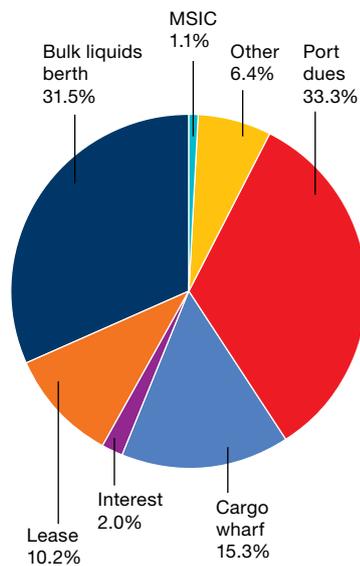
**(t) Other**

Other expenditure is higher than the previous financial year, this is mainly due to the following:

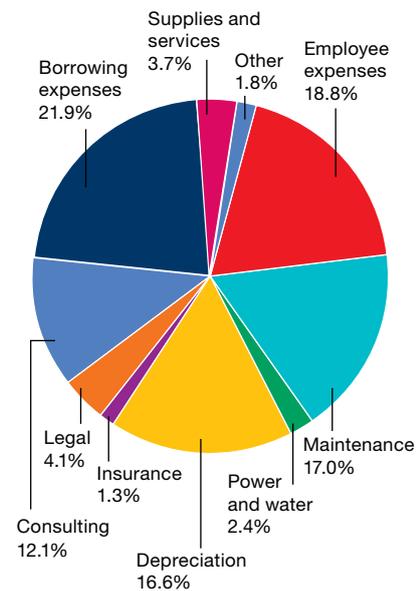
- an \$80k increase in local government rates;
- weather forecast costs of \$30k; and
- mapping expenditure of \$27k.

The graphs below indicate the relative percentage of total revenue and total expenditure spent in each operating classification.

Sources of Revenue 2008



Expenditure Allocation 2008



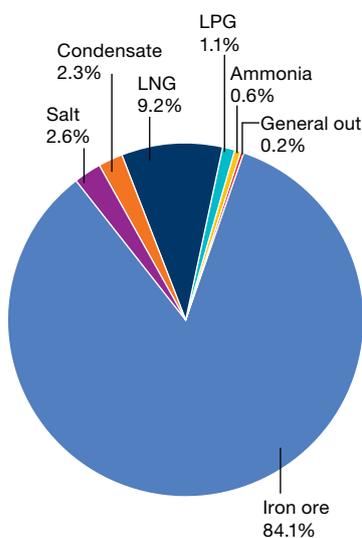
**KEY PERFORMANCE INDICATORS**

**Economic**

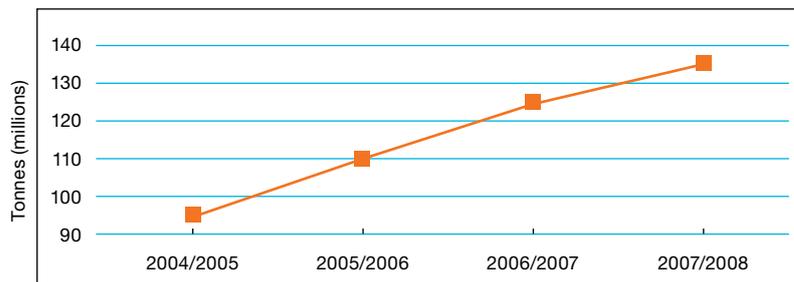
The table below shows commodity throughput for the past four years. Export of iron ore continues to be the predominant contributor.

Commodity	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004	2002-2003
Iron Ore	112,176,315	103,890,562	89,242,635	75,847,351	71,442,883	74,059,983
Salt	3,435,339	3,539,471	3,212,634	3,121,401	3,806,487	3,947,512
Condensate	3,027,115	3,299,767	3,373,302	3,603,478	4,193,684	4,883,480
Liquified Natural Gas	12,279,748	12,508,917	11,784,741	11,279,152	8,088,635	7,899,173
Liquified Petroleum Gas	1,526,302	1,487,877	1,468,917	1,341,409	814,098	1,024,973
Petroleum Products	378,066	274,737	412,653	254,495	247,693	206,287
Ammonia	744,865	727,895	62,171	0	0	0
General Cargo	381,526	395,999	512,092	378,600	286,339	205,185
<b>Total Cargo Tonnes</b>	<b>133,949,276</b>	<b>126,125,225</b>	<b>110,069,145</b>	<b>95,825,886</b>	<b>88,879,819</b>	<b>92,226,593</b>
<b>Total Vessel Numbers</b>	<b>4,029</b>	<b>3,403</b>	<b>3,062</b>	<b>2,669</b>	<b>2,510</b>	<b>2,302</b>
<b>Total Gross Reg'd Tonnage</b>	<b>97,893,363</b>	<b>95,156,837</b>	<b>87,156,692</b>	<b>77,721,593</b>	<b>68,775,815</b>	<b>69,539,088</b>

% Cargo for 2007-2008



Port of Dampier Annual Cargo Throughput



**Financial**

**Rate of return**

The Minister for Planning and Infrastructure sets the Authority's target rate of return. The expected rate of return for the 2007-08 financial year was 6.08 per cent. The rate of return achieved by the Dampier Port Authority was 9.61 per cent. (Bulk Liquids Berth (BLB) 6.56 per cent and general operations excluding BLB was 17.22 per cent).

The average long run rate of return achieved by the Dampier Port Authority over the past five years was 4.81 per cent.

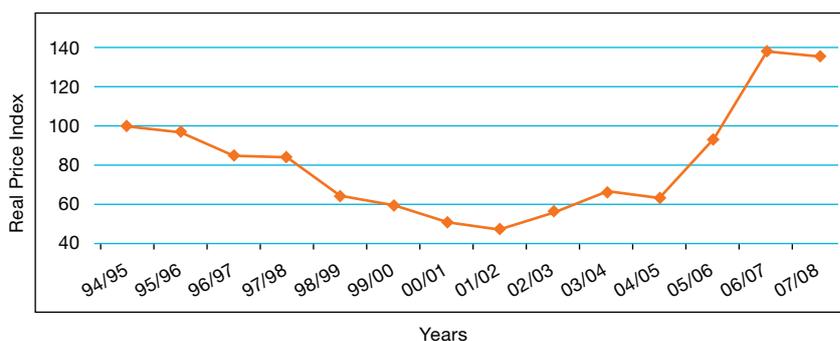
The target rate of return is calculated on profit before borrowing and taxation cost divided by the written down deprival cost of total assets less gifted assets.

**Real Price Index (1994-95 = 100)**

Dampier Port's real price index shows prices deflated by the consumer price index for Perth, to give an indication of the relative value of money over the years shown.

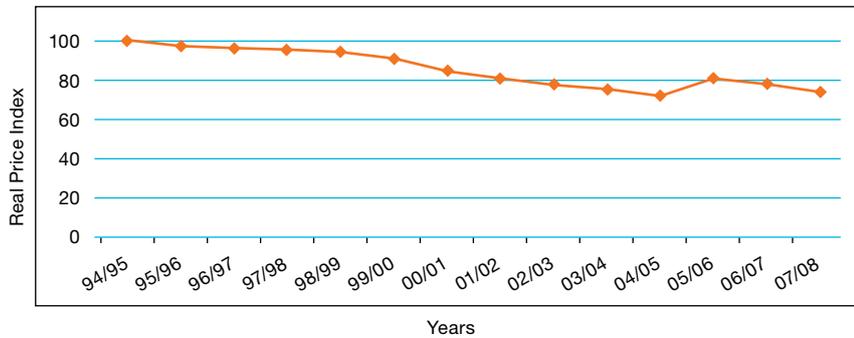
As the graph for port dues indicates, the real price index for port dues has increased by 37.09 per cent between 1994-95 and 2007-08. This is due to the Authority increasing port dues from 1 July 2007, from \$0.075/tonne to \$0.0889/tonne. Prices will remain unchanged for 2008-09.

**Port Dues**



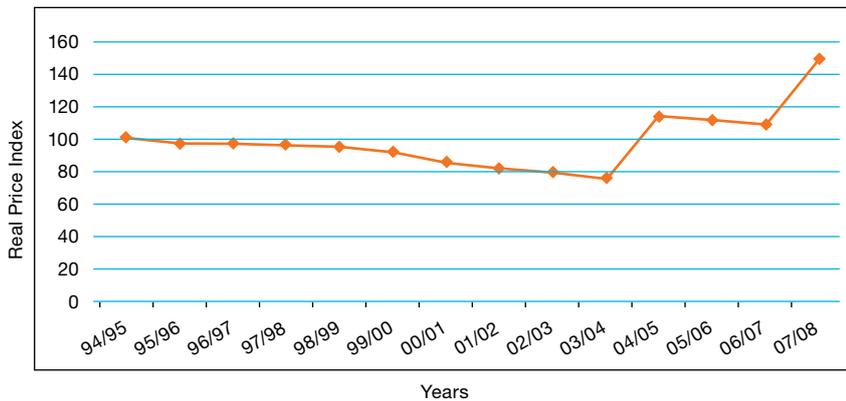
As the graph for wharfage charges indicates, the real price index has fallen by 26.5 per cent from 1994-95 to 2007-08. There will be no change to wharfage charges from 1 July 2008.

### Wharfage



As the graph for berth hire indicates, the real price index for berth hire has increased by 49.96 per cent between 1994-95 and 2007-08. This is due to the Authority increasing berth hire rates from 1 July 2007, from \$25 per hour per 50 metres of vessel LOA to \$47.50 per hour per 50 metres of vessel LOA. Prices will remain unchanged for 2008-09.

### Berth Hire



### Stability of workforce

Staff turnover in 2007-08 was 23.53 per cent.

### Occupational health and safety

No workers' compensation claims were made during the financial year.

### SIGNIFICANT EVENTS AFTER YEAR END

There were no significant matters occurring subsequent to the end of the financial year and the date of this report.

## LIKELY DEVELOPMENTS AND FUTURE RESULTS

The Authority expects that trade volumes for 2008-09 financial year will increase by 25 million tonnes, mostly due to increases in iron ore exports. As a consequence, revenue is expected to rise proportionately over this period.

Significant changes in the Authority's operations are occurring due to a number of development projects coming to fruition.

## ENVIRONMENTAL PERFORMANCE

Section 51(1)(b) of the *Port Authorities Act 1999* requires the Authority to have an environmental management plan for the port. The Dampier Port Authority has a current plan and is constantly working to improve its performance in this area.

## 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 the Authority 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.

## DIRECTORS INTEREST IN CONTRACTS

During the financial year, the Authority did not enter into any contracts with entities in which Directors declared an interest, except as set out in Note 21.

## REMUNERATION REPORT

### Remuneration Policy

The Minister determines remuneration of Dampier Port Authority Directors. The Board oversees the remuneration of the Chief Executive Officer on an annual performance basis. Remuneration of officers other than the Chief Executive Officer is based on their individual contract agreements.

Details of the nature and amount of each element of the emoluments of each Director at the Dampier Port Authority and of the Chief Executive Officer and Senior Managers of the Authority are as follows:

### Board Members

#### 2008

Name	Directors Fees \$	Superannuation \$	Total \$
P West – Chairman	45,000	4,050	49,050
R. Vitenbergs	25,000	2,250	27,250
D. Rothe	16,500	1,485	17,985

Note that Directors appointed from Woodside Energy and Pilbara Iron do not receive remuneration for board member duties.

#### 2007

Name	Directors Fees \$	Superannuation \$	Total \$
P West – Chairman	22,000	1,980	23,980
R. Vitenbergs	11,000	990	11,990
D. Rothe	8,250	742	8,992

## Other Executives

## 2008

Name	Base Salary \$	Motor Vehicle \$	Other \$	Super \$	Total \$
Steve Lewis Chief Executive Officer	207,580	11,420	1,304	20,216	240,520
John Fewings Harbour Master	165,705	17,293	1,223	12,739	196,960
Dave Blackman Maintenance Superintendent	122,042	6,547	2,198	11,028	141,815
Stephen Nicholson (left in February 2008) Port Development Manager	104,870	10,556	6,006	9,803	131,235
Megan Marion Corporate Services Manager	94,441	10,950	3,080	8,500	116,971

## 2007

Name	Base Salary \$	Motor Vehicle \$	Other \$	Super \$	Total \$
Steve Lewis Chief Executive Officer	169,580	11,389	671	14,011	196,651
Victor Justice (left 13th March 2007) Harbour Master	157,250	20,755	885	13,604	192,494
John Fewings Marine Superintendent	140,297	13,749	594	12,549	167,189
Stephen Nicholson Port Development Manager	137,099	8,009	4,033	12,339	161,480

## Retirement, election and continuation of office of members

There were no changes in board membership during 2007-08.

Mr Brendan Hammond was appointed as Chairman to the Board from 1 July 2008, replacing Mr Peter West whose term expired on 30 June 2008.

During the financial year eight directors' meetings were held. The number of meetings in which the Directors were in attendance is shown in the table below.

Name	No. of meetings eligible to attend	Meetings attended
Peter West	8	8
Robert Vitenbergs	8	8
Michael Spreadborough	8	7
Desmond Rothe	8	6
Lisa Hamilton	8	8
Nick Searle (Alternate for Michael Spreadborough)	1	1

## INDEMNIFICATION OF DIRECTORS

During the financial year the Directors' and Officers' Liability Insurance Policy was renewed to ensure that the Directors and officers of the Authority had adequate coverage. The policy provides insurance against all liabilities and expenses arising as a result of work performed in their capacities, to the extent permitted by law.

The Authority paid an insurance premium of \$11,089 GST exclusive in respect of the Directors' and Officers' Liability Insurance Policy for the reporting period.

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

## INDEMNIFICATION OF AUDITORS

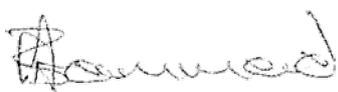
The Auditor General's Office has been appointed as the Port Authority's auditor in accordance with Schedule 5 Section 37(2) of the *Port Authorities Act 1999*.

The total fee payable for the financial year ended 30 June 2008 is \$27,500 GST exclusive.

## ROUNDING OF AMOUNTS

The Authority satisfies the requirements of clause 31 of Schedule 5 contained in the *Port Authorities Act 1999* and accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

This report has been made in accordance with a resolution of the Board.



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Brendan Hammond  
Chairman



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Robert Vitenbergs  
Deputy Chairman

Dated this 12th day of August, 2008

Dampier WA



## Auditor General

### INDEPENDENT AUDIT REPORT ON DAMPIER PORT AUTHORITY

#### To the Parliament of Western Australia

I have audited the financial report of the Dampier Port Authority, which comprises the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory Notes and the Directors' Declaration.

#### Directors' Responsibility for the Financial Report

The directors of the Dampier Port Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Port Authorities Act 1999. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Summary of my Role

As required by the Port Authorities Act 1999, my responsibility is to express an opinion on the financial report based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial report is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial report.

#### Audit Opinion

In my opinion, the financial report of the Dampier Port 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 2008 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

COLIN MURPHY  
AUDITOR GENERAL  
19 September 2008

## DAMPIER PORT AUTHORITY Income Statement

For the year ended 30 June 2007

	Note	2008 \$'000	2007 \$'000
Revenue from ordinary activities	3	26,792	20,119
Employee benefits expense		(3,795)	(3,125)
Maintenance		(3,446)	(1,639)
Power and water		(494)	(411)
Depreciation	2	(3,360)	(3,106)
Legal		(821)	(1,348)
Insurance		(271)	(265)
Consultants		(2,441)	(2,168)
Borrowing costs	2	(4,429)	(4,163)
Audit fees	2	(51)	(44)
Supplies and services (a)		(758)	(786)
Other expenses from ordinary activities		(361)	(178)
<i>Profit from ordinary activities before income tax expense</i>	2	6,565	2,886
Income tax expense	4	(1,970)	(949)
<i>Profit from for the year</i>		4,595	1,937

(a) Administration expenses are included in supplies and services.

*The Income Statement should be read in conjunction with the accompanying notes*

## DAMPIER PORT AUTHORITY

## Balance Sheet

As at 30 June 2008

	Note	2008 \$'000	2007 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	22(a)	6,599	1,691
Receivables	5	3,157	2,822
Other	6	72	24
		9,828	4,537
Non-current assets classified as held for resale	8	3,638	3,638
<b>TOTAL CURRENT ASSETS</b>		<b>13,466</b>	<b>8,175</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	89,769	90,486
Deferred tax assets	7	659	402
<b>TOTAL NON-CURRENT ASSETS</b>		<b>90,428</b>	<b>90,888</b>
<b>TOTAL ASSETS</b>		<b>103,894</b>	<b>99,063</b>
<b>CURRENT LIABILITIES</b>			
Payables	11	2,502	1,566
Borrowings	12	1,592	1,527
Unearned Income	14	580	46
Current tax liabilities	15	1,333	1,080
Provisions	16	312	261
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,319</b>	<b>4,480</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	17	92	18
Borrowings	12	70,189	70,906
Provisions	16	20	11
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>70,301</b>	<b>70,935</b>
<b>TOTAL LIABILITIES</b>		<b>76,620</b>	<b>75,415</b>
<b>NET ASSETS</b>		<b>27,274</b>	<b>23,648</b>
<b>EQUITY</b>			
Contributed equity	18	17,002	17,002
Retained profits	19	10,272	6,646
<b>TOTAL EQUITY</b>		<b>27,274</b>	<b>23,648</b>

*The Balance Sheet should be read in conjunction with the accompanying notes*

DAMPIER PORT AUTHORITY

## Statement of Changes in Equity

For the year ended 30 June 2008

	Note	2008 \$'000	2007 \$'000
<b>Total equity at the beginning of the financial year</b>		23,648	22,189
Profit for the year		4,595	1,937
Dividends paid	13	(969)	(478)
<b>Balance of equity at end of the financial year</b>		27,274	23,648

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

## DAMPIER PORT AUTHORITY

# Cash Flow Statement

For the year ended 30 June 2008

	Note	2008 \$'000	2007 \$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Receipts from customers		18,367	11,264
Receipts from government contributions		7,596	7,005
Payments to suppliers and employees		(11,434)	(10,180)
Interest received		532	409
Interest paid		(4,390)	(4,167)
Income tax "equivalents" paid		(1,521)	(17)
GST receipt on sales		1,862	1,113
GST receipt from taxation authority		1,124	536
GST payments on purchases		(2,986)	(1,649)
Net cash inflow/(outflow) from operating activities	22(b)	9,150	4,314
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant & equipment		129	52
Payment for property, plant and equipment		(2,750)	(10,259)
Net cash inflow/(outflow) from investing activities		(2,621)	(10,207)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividends paid	13	(969)	(478)
Proceeds from borrowings		889	4,700
Repayment of borrowings		(1,541)	(1,317)
Net cash inflow/(outflow) from financing activities		(1,621)	2,905
<b>Net increase in cash held</b>		4,908	(2,988)
<b>Cash at beginning of financial year</b>		1,691	4,679
<b>Cash at end of financial year</b>	22(a)	6,599	1,691

*The Cash Flow Statement should be read in conjunction with the accompanying notes*

## DAMPIER PORT AUTHORITY

## Notes to and forming part of the financial statements

For the year ended 30 June 2008

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Basis of preparation**

The financial report is a general-purpose financial report which has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views and the *Port Authorities Act 1999*. The financial report is prepared on an accrual basis and in accordance with historical cost convention. The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented, unless otherwise stated.

**Early adoption of standards**

No standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Authority for the annual reporting period ended 30 June 2008. Where applicable, the Authority plans to apply these standards and Interpretations from their applicable date. The adoption of new and amending standards and interpretations mandatory for annual periods reporting on or after 1 January 2008 did not result in any significant changes to the accounting policies that were in place at 30 June 2008.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

The following is a summary of the significant accounting policies adopted by the Authority in the preparation of the financial report.

**(a) Income****Revenue**

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

**Sale of goods**

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser.

**Provision of services**

Revenue is recognised on delivery of the service or by reference to the stage of completion.

**Interest**

Revenue is recognised as the interest accrues.

**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.

**Lease income**

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

**Government grants**

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.

**(b) Income tax "equivalent"**

The Authority operates within the national tax equivalent regime ("NTER") whereby an equivalent amount in respect of income tax is payable to the State Department of Treasury and Finance. 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".

The income tax expense or revenue for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rate expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are

DAMPIER PORT AUTHORITY

# Notes to and forming part of the financial statements

For the year ended 30 June 2008

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

### (c) Borrowing costs

Borrowing costs for qualifying assets are capitalised net of any investment income earned on the unexpended portion of the borrowings. Other borrowing costs are expensed when incurred.

### (d) Maintenance and repairs

Plant and equipment of the Authority is required to be overhauled on a regular basis. This is managed as part of an ongoing cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred. Other routine maintenance, repair costs and minor renewals are also charged as expenses as incurred.

### (e) Property, plant and equipment and infrastructure

#### **Initial recognition and measurement**

All items of property, plant and equipment and infrastructure are initially recognised at cost.

For items of property, plant and equipment and infrastructure acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The Authority has a general policy of expensing at the time of purchase all individual assets costing \$1,000 or less or with a useful life of less than three (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.

#### **Subsequent measurement**

After recognition as an asset, the Authority uses the cost basis less, where applicable, any accumulated depreciation or amortisation for all property, plant and equipment. Costs include expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably.

#### **Depreciation**

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	40 to 50 years
Plant and equipment	3 to 5 years
Berths/wharves	25 to 40 years
Navigational aids	20 to 50 years
Motor vehicles	5 years
Software	3 to 5 years
Environmental approvals	50 years
Channel	50 years

### (f) Intangible assets

All acquired and internally developed intangible assets are initially measured at cost. For assets acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses

Intangible assets can only be revalued to fair value where an active market exists.

The carrying value of intangible assets is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Authority have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

Software	3 to 5 years
Web site costs	3 to 5 years
Environmental approvals	50 years

#### (f) Intangible assets (cont'd)

##### **Computer software**

Acquired software items costing less than \$1,000 are expensed in the year of acquisition. Where software is an integral part of the related hardware, it is treated as property, plant and equipment. Where the software is not an integral part of the related hardware, it is treated as an intangible asset.

##### **Web site costs**

Web site costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

##### **Environmental approvals**

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

#### (g) Impairment of assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is written down to the recoverable amount and an impairment loss is recognised. As the Authority is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of 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. Surplus assets at cost are tested for indications of impairments at each reporting date. See note 10 'Impairment of assets' for the outcome of impairment reviews and testing.

#### (h) Cash and cash equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

#### (i) Financial instruments

In addition to cash, the Authority has three categories of financial instrument:

- Loans and receivables;
- Held to maturity investments (term deposits); and
- Financial liabilities measured at amortised cost

These have been disaggregated into the following classes:

##### **Financial Assets**

- Cash and cash equivalents
- Receivables
- Term deposits

##### **Financial Liabilities**

- Payables
- Western Australia Treasury Corporation borrowings

Initial recognition and measurement is at fair value. The transaction cost or face value is equivalent to the fair value. Subsequent measurement is at amortised cost as the effect of discounting is not material.

The fair value of short term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the affect of discounting is not material.

#### (j) Receivables

Receivables are recognised and carried at original invoice amount less any provision for uncollectible amounts (impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off.

DAMPIER PORT AUTHORITY

# Notes to and forming part of the financial statements

For the year ended 30 June 2008

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The provision for uncollectible amounts (doubtful debts) is raised when collectability is no longer probable. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

### (k) Payables

Payables are recognised when the Authority becomes obliged to make future payments as a result of a purchase of goods or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

### (l) Investments and other financial assets

The Authority classifies its investments in the following categories:

#### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Authority provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

#### (ii) Held to maturity assets

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Authority's management has the positive intention and ability to hold to maturity.

The Authority did not hold any investments in these categories for the financial years presented.

### (m) Borrowings

All loans are initially recognised at cost, being the fair value of the net proceeds received. Subsequent measurement is at amortised cost using the effective interest rate method.

### (n) Provisions

Provisions are liabilities of uncertain timing and amount. The Authority only recognises a provision where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance sheet reporting date and adjusted to reflect the current best estimate.

#### (i) Employee benefits

##### *Annual leave and long service leave*

The liability for annual and long service leave expected to be settled within 12 months after the end of the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the reporting date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

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 reporting date.

##### *Superannuation*

The liabilities for superannuation charges under the West State Superannuation Scheme, Gold State Superannuation Scheme or other funds of the employees' choosing are extinguished by fortnightly (West State & Gold State) and other payments of employer contributions to the appropriate funds.

#### (ii) Provisions – other

##### *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 Authority's 'Employee benefits expense' and the related liability is included in Employment on-costs provision.

### Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year, but not distributed at reporting date.

#### (o) Payment of dividend to the State

In accordance with section 84 of the *Port Authorities Act 1999* the Board of the Authority intends to make a recommendation to the Minister for Planning and Infrastructure that dividends amounting to \$2,297,443 (2007: \$968,566) be declared in respect for the year ended 30 June 2008. The proposed dividend is in accordance with the dividend policy included in the Authority's statement of corporate intent for 2007-2008.

#### (p) Comparative figures

Where the classification of an item in the financial statements has been changed in relation to the corresponding item in the financial statements for the immediately preceding financial year, the item for that immediately preceding financial year has been similarly reclassified for the purpose of showing comparative figures.

#### (q) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the acquisition of the asset or part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

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

## DAMPIER PORT AUTHORITY

## Notes to and forming part of the financial statements

For the year ended 30 June 2008

	2008 \$'000	2007 \$'000
<b>NOTE 2: PROFIT BEFORE INCOME TAX</b>		
Profit before income tax expense includes the following expenses:		
Employee benefit		
Annual leave	192	185
Long service leave	84	48
Superannuation	407	271
Depreciation		
Building and improvements	230	229
Plant and equipment	666	456
Berths/wharve	1,916	1,946
Navigation aids	203	131
Channel	345	344
Total depreciation	3,360	3,106
Finance costs	4,429	4,163
Auditors remuneration	51	44
Litigation costs	-	1,302
<b>NOTE 3: REVENUE FROM ORDINARY ACTIVITIES</b>		
Operating activities of the Authority		
– rendering of services – port dues	8,914	7,134
– rendering of services – DCW/Barge Ramp	4,111	2,853
– rendering of services – Bulk Liquids Berth	857	839
– Government contribution – Bulk Liquids Berth	7,596	7,005
– leases revenue	2,738	450
– other	2,021	1,419
	26,237	19,700
Non-operating activities of the Authority		
– net gain on disposal of property, plant and equipment	23	8
– interest received	532	411
	<b>26,792</b>	<b>20,119</b>

	2008 \$'000	2007 \$'000
<b>NOTE 4: TAX EQUIVALENT</b>		
The income tax attributable to the financial year differs from the amount prima facie payable on the profit before income tax and is reconciled as follows:		
Profit before income tax:	6,565	2,886
Tax at the Australian tax rate of 30% (2007: 30%)	(1,969)	(868)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Sundry items	(1)	2
	(1,970)	(866)
(Over)/under provision in prior years	-	(83)
Income tax (expense)	(1,970)	(949)
Income tax expense comprises:		
Provision attributable to current year	(2,152)	(1,101)
(Increase)/decrease in deferred tax liability	(74)	(16)
Increase/(decrease) in deferred tax asset	256	168
	(1,970)	(949)

**NOTE 5: RECEIVABLES**

<b>Trade debtors</b>	<b>3,157</b>	<b>2,822</b>
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Trade debtors are normally settled on 30 day terms.

**NOTE 6: OTHER CURRENT ASSETS**

Prepayments	46	8
Deposit	26	16
	<b>72</b>	<b>24</b>

## DAMPIER PORT AUTHORITY

## Notes to and forming part of the financial statements

For the year ended 30 June 2008

	2008 \$'000	2007 \$'000
<b>NOTE 7: DEFERRED TAX ASSETS</b>		
The deferred tax asset comprises		
- accrued expenses	8	9
- operational expenditure	318	-
- settlement payment	234	312
- provisions	99	81
	659	402
Reconciliation of movement in deferred tax assets		
Opening balance	402	234
(charged)/credited to P&L	257	168
Closing balance	659	402
<b>NOTE 8: NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE</b>		
Building and improvements	3,638	3,638

- (i) The Dampier Port Authority expects the transfer of the service corridor to LandCorp will occur between August and December 2008. A condition of the transfer was to remediate the damaged portion of the service corridor to its original condition. LandCorp requested funds from Treasury in August 2007 to remediate cyclone damage to both LandCorp's and DPA's portion of the corridor that occurred subsequent to August 2006. The funding was approved by Treasury in March 2008, LandCorp will commence the remediation works July 2008. Once completed the DPA will be in a position to transfer the service corridor to LandCorp for \$3.638m.

	2008 \$'000	2007 \$'000
<b>NOTE 9: PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Land and buildings</b>		
Land		
Freehold – at cost (ii)	250	250
<b>Total land</b>	<b>250</b>	<b>250</b>
Building and improvements (iii)		
At cost	8,736	8,701
Accumulated depreciation	(1,848)	(1,622)
<b>Total buildings and improvements</b>	<b>6,888</b>	<b>7,079</b>
<b>Total land buildings and improvements</b>	<b>7,138</b>	<b>7,329</b>
<b>Plant and equipment</b>		
At cost	3,925	3,951
Accumulated depreciation	(1,506)	(1,401)
<b>Total plant and equipment</b>	<b>2,419</b>	<b>2,550</b>
<b>Intangibles</b>		
Computer software, website establishment and environmental approvals		
At cost	556	556
Accumulated depreciation	(65)	(32)
<b>Total intangible assets</b>	<b>491</b>	<b>524</b>
<b>Infrastructure</b>		
Berths/wharves		
At cost	72,687	72,410
Accumulated depreciation	(15,016)	(13,113)
At recoverable amount	339	339
Accumulated depreciation	(68)	(55)
<b>Total berths/wharves</b>	<b>57,942</b>	<b>59,581</b>
Navigation aids		
At cost	5,572	4,317
Accumulated depreciation	(1,670)	(1,467)
<b>Total navigation aids</b>	<b>3,902</b>	<b>2,850</b>
Channel		
At cost	17,210	17,210
Accumulated depreciation	(890)	(545)
<b>Total navigation aids</b>	<b>16,320</b>	<b>16,665</b>

## DAMPIER PORT AUTHORITY

## Notes to and forming part of the financial statements

For the year ended 30 June 2008

	2008 \$'000	2007 \$'000
<b>NOTE 9: PROPERTY, PLANT AND EQUIPMENT (continued)</b>		
Infrastructure in the course of construction - at cost		
Ammonia gas detectors	-	72
Lot 314	432	295
DCW Berth 2 and 4 upgrade	539	115
Dredging DCW approvals	59	49
Navigational aids Mermaid Strait	-	100
BLB gangway	47	20
Intranet development	20	20
New carpark lower laydown	137	115
Concrete office	34	-
Vessel	54	-
Air conditioning upgrade	31	-
Shed	3	-
Strategic environmental assessment	201	201
	1,557	987
<b>Total infrastructure</b>	<b>79,721</b>	<b>80,083</b>
<b>Total property, plant and equipment</b>	<b>89,769</b>	<b>90,486</b>

- (i) The Authority has two parcels of land Lot 471 and Lot 472 Reserve 41636, vested to the Authority for port purposes. The current non improved market valuation is \$425,000. The valuation has been determined by the Valuer General's Office as at 1 July 2003. These two parcels are not reflected in the financial statements.
- (ii) Freehold land has been independently valued by Fudali Waterhouse PRP at \$438,000, based on the property's market value as at 30 June 2003.
- (iii) The Bulk Liquid Berth (BLB) commenced construction in January 2004 and was completed on 7 November 2005. The Authority has entered into an agreement with the Western Australian Government whereby the State will pay to the Authority a State Subsidy for the term of the loan associated with the construction of the BLB (Note 12), as well as a Community Service Obligation for a period of 30 years. The amounts payable each year are determined to ensure that the Authority does not trade at a financial loss.

	2008 \$'000	2007 \$'000
<b>NOTE 9: PROPERTY, PLANT AND EQUIPMENT (continued)</b>		
Reconciliation of carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below:		
<b>Land</b>		
Carrying amount at 1 July	250	250
Disposals	-	-
Carrying amount 30 June	250	250
<b>Building and improvements</b>		
Carrying amount at 1 July	7,079	5,905
Additions	43	1,403
Disposals	(7)	(46)
Depreciation on disposal	3	46
Depreciation for the year	(230)	(229)
Carrying amount 30 June	6,888	7,079
<b>Plant and equipment</b>		
Carrying amount at 1 July	2,550	1,474
Additions	606	1,553
Disposals	(632)	(176)
Accumulated depreciation on disposal	528	133
Depreciation for the year	(633)	(434)
Carrying amount 30 June	2,419	2,550
<b>Intangibles</b>		
Carrying amount at 1 July	524	456
Additions	-	90
Depreciation for the year	(33)	(22)
Carrying amount 30 June	491	524
<b>Infrastructure</b>		
Berths/wharves		
Carrying amount at 1 July	59,581	53,397
Additions	277	8,130
Depreciation for the year	(1,916)	(1,946)
Carrying amount 30 June	57,942	59,581
<b>Navigational aids</b>		
Carrying amount at 1 July	2,850	2,981
Additions	1,255	-
Depreciation for the year	(203)	(131)
Carrying amount 30 June	3,902	2,850

## DAMPIER PORT AUTHORITY

## Notes to and forming part of the financial statements

For the year ended 30 June 2008

	2008 \$'000	2007 \$'000
<b>NOTE 9: PROPERTY, PLANT AND EQUIPMENT (continued)</b>		
<b>Channel</b>		
Carrying amount at 1 July	16,665	17,009
Depreciation for the year	(345)	(344)
Carrying amount 30 June	16,320	16,665
<b>Work in progress</b>		
Carrying amount at 1 July	987	1,906
Additions	2,299	1,777
Transfer to non current assets	(1,729)	(2,696)
Carrying amount 30 June	1,557	987
Total property, plant and equipment	89,769	90,486

**NOTE 10: IMPAIRMENT OF ASSETS**

There were no indications of impairment of property, plant and equipment, infrastructure and intangible assets at 30 June 2008.

The Authority held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.

**NOTE 11: PAYABLES**

Trade creditors	1,743	808
Sundry creditors	759	758
	2,502	1,566

Trade creditors are non-interest bearing and are normally settled on 30 day terms.

	2008 \$'000	2007 \$'000
<b>NOTE 12: BORROWINGS</b>		
Current		
Loan – Western Australian Treasury Corporation	1,592	1,527
Non Current		
Loan – Western Australian Treasury Corporation	70,189	70,906
<b>Total Loan</b>	<b>71,781</b>	<b>72,433</b>

**Terms and conditions**

The Western Australian Treasury Corporation (WATC) loan is repayable, by 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 normal portfolio lending arrangements, the Authority has not provided any security in respect of the loan.

On completion of the multi-user infrastructure projects in November 2005, the original facility of \$75.64 million was reduced to \$73.14 million by \$2.5 million, representing the unused portion of the facility no longer required. The WATC's approved lending facility to the Authority at balance date, is as disclosed in Note 22(c).

**NOTE 13: DIVIDENDS PAID**

Operating dividend	969	478
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During the financial year ended 30 June 2008, an operating dividend of \$968,566 was paid in respect of the financial year ended 30 June 2006. Subsequent to 30 June 2008 the Directors have recommended that a dividend of \$2,297,443, being 50 per cent of net profit after tax, be paid.

**NOTE 14: UNEARNED INCOME**

Revenue received in advance of service delivery	580	46
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**NOTE 15: CURRENT TAX LIABILITIES**

Provision for current income tax	1,333	1,080
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**NOTE 16: PROVISIONS**

(a) Current		
Employee benefits		
Annual leave	176	134
Long service leave	136	127
	<b>312</b>	<b>261</b>
(b) Non-current		
Employee benefits		
Long service leave	20	11
<b>Total employee benefits</b>	<b>332</b>	<b>272</b>

## DAMPIER PORT AUTHORITY

## Notes to and forming part of the financial statements

For the year ended 30 June 2008

	2008 \$'000	2007 \$'000
<b>NOTE 17: DEFERRED TAX LIABILITIES</b>		
The provision for deferred income tax liability is made up of the following:		
- Depreciation	92	18
Reconciliation of deferred tax liabilities		
Opening balance	18	2
Charged/(credited) to P&L	74	16
Closing balance	92	18

**NOTE 18: CONTRIBUTED EQUITY**

On 1 March 1989 the Authority was deemed to have acquired from Woodside Energy, the original fixed assets and support infrastructure required to effectively manage and operate the port. These "gifted" assets included the original Dampier Cargo Wharf, the original administration building, staff houses, navigational aids, plant and other equipment.

The Authority also received refunds from State Treasury for sales and income tax equivalent.

These funds are not available for distribution.

Developers contribution	16,111	16,111
State equity contribution	891	891
	17,002	17,002

**NOTE 19: RETAINED PROFITS**

Retained profits at the beginning of the financial year	6,646	5,187
Net profit for the year	4,595	1,937
Dividends paid	(969)	(478)
Retained profits at the end of the financial year	10,272	6,646

**NOTE 20: REMUNERATION OF DIRECTORS AND EXECUTIVES**

Details of Directors' and executives' remuneration is disclosed in the Remuneration Report which forms part of the Directors Report.

**NOTE 21: RELATED PARTY TRANSACTIONS**

## (a) Directors

The names of persons who were directors of Dampier Port Authority any time during the financial year are as follows: P West, R Vitenbergs, M Spreadborough, L Hamilton, J Ketteringham, N Searle and D Rothe.

## (b) Remuneration and retirement benefits

Information on remuneration of directors is disclosed in note 20.

## (c) Other transactions with Directors and director-related entities

In terms of the *Port Authorities Act 1999* (Schedule 6, Division 1), two (2) directors are nominated by companies that have contractual dealings on normal commercial terms and conditions with the Authority from time to time, being Mrs L Hamilton and Mr J Ketteringham for Woodside Energy and Mr M Spreadborough and Mr N Searle for Pilbara Iron.

	2008 \$'000	2007 \$'000
<b>NOTE 22: NOTES TO STATEMENT OF CASH FLOWS</b>		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows and Statement of Financial Position comprises the following:		
Cash at bank	516	803
Cash at call	6,082	887
Cash on hand	1	1
	6,599	1,691
(b) Reconciliation of net cash inflow from operating activities to profit after income tax		
Profit for the year	4,595	1,937
Depreciation	3,360	3,107
Net (gain) loss on sale of property, plant and equipment	(23)	(8)
Changes in assets and liabilities		
Receivables	(335)	(1,389)
Prepayments	(38)	(1)
Accrued income	(10)	(11)
Payables	936	(262)
Unearned income	534	(32)
Movements in provisions		
Employee benefits	60	52
Income taxes	253	1,073
Deferred income taxes	(182)	(152)
Net cash inflows from operating activities	9,150	4,314

## DAMPIER PORT AUTHORITY

## Notes to and forming part of the financial statements

For the year ended 30 June 2008

	2008 \$'000	2007 \$'000
<b>NOTE 22: NOTES TO STATEMENT OF CASH FLOWS (continued)</b>		
(c) Financing facility		
At the date of this report, the financing arrangement available to the Authority from the Western Australian Treasury Corporation is:		
Loan facility	77,600	74,200
Amount utilised	(71,781)	(72,433)
Unused loan facility	5,819	1,767

**NOTE 23: FINANCIAL INSTRUMENTS**

## (a) Financial risk management objectives and policies

Financial instruments held by the Dampier Port Authority are cash and cash equivalents, term deposits, loans from Western Australian Treasury Corporation, receivables and payables. The Port Authority has limited exposure to financial risk. To minimise the risk the Port Authority does not enter into foreign exchange contracts and cash is invested with banks with an AAA rating. The Port Authority's overall risk management program focuses on managing the risk identified below.

**Credit risk**

Credit risk arises when there is a possibility of the Authority's receivables defaulting on their contractual obligation resulting in the financial loss to the Authority. The Authority measures credit risk on a fair value basis and monitors risk on a regular basis.

All financial assets are unsecured and the Authority does not believe it is materially exposed to any credit risk.

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions or impairment, as shown in the table note 23(c).

The Authority does not have any material credit risk exposure to any single debtor or group of debtors. In addition, receivable balances are monitored on an ongoing basis with the result the Authority's exposure to bad debt is minimal.

Provision for impairment of financial assets is calculated based on past experience, and current and expected changes in client credit ratings.

Trade receivables		
Group 1	52	75
Group 2	1,193	1,025
Total trade receivables	1,245	1,100
Cash and short term deposits	6,599	1,691

Group 1 – New customers (less than 6 months old)

Group 2 – Existing customers (more than 6 months old)

	2008 \$'000	2007 \$'000
<b>NOTE 23: FINANCIAL INSTRUMENTS (continued)</b>		
Ageing of receivables past due but not impaired based on information provided to senior management, at balance sheet date:		
Not more than 3 months old	1,529	611
More than 3 months but less than 6 months old	249	107
More than 6 months but less than 1 year	84	254
More than 1 year	10	-
	1,872	972

**Liquidity risk**

The Authority is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due.

The Authority's objective is to maintain a balance between continuity of funding and flexibility through the use of available loan funds. The Authority has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure sufficient funds are available to meet its commitments.

**Market risk**

The Authority does not trade in foreign currency and is not 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 rate relates primarily to the long term debt obligations. The Authority's borrowings are all obtained through the Western Australia Treasury Corporation (WATC) and are all fixed with varying maturities. The risk is managed by WATC through portfolio diversification and variation in maturity dates. Other than detailed in the interest rate sensitivity analysis table at Note 23 (c), the Authority has limited exposure to interest rate risk because it has no other borrowings.

**(b) Categories of financial instruments**

The carrying amounts of each of the following categories of financial assets and financial liabilities at balance sheet date are as follows:

**Financial assets**

Cash and cash equivalents	6,599	1,691
Loans and receivables (i)	3,117	2,072
Available for sale financial assets	3,638	3,638
	13,354	7,401

**Financial liabilities**

Financial liabilities measured at amortised cost	2,502	1,566
Borrowings	71,781	72,433
	74,283	73,999

(i) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable).

**(c) Financial instrument disclosures****Credit risk, liquidity risk and interest rate exposure risk**

The following table details the exposure to liquidity risk and interest as at the balance sheet date. The Authority's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown in the following table. The table is based on information provided to senior management of the Authority. The contractual maturity amounts in the table are representative of the undiscounted amounts at the balance sheet date.

The Authority does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

## DAMPIER PORT AUTHORITY

## Notes to and forming part of the financial statements

For the year ended 30 June 2008

**NOTE 23: FINANCIAL INSTRUMENTS (continued)**

The Authority does not hold any financial assets that have had their terms renegotiated that would otherwise resulted in them being past due or impaired.

**2008**

	Weighted average interest rate %	Floating interest rate \$000	Fixed interest maturing in 1 year or less \$000	Fixed interest maturing 1-5 years \$'000	Fixed interest maturing over 5 years \$'000	Non interest bearing \$000	Carrying amount \$000
<i>Financial assets</i>							
Cash at bank	6.90	6,599	-	-	-	-	6,599
Receivables		-	-	-	-	3,117	3,117
Available for sale		-	-	-	-	3,638	3,638
		6,599	-	-	-	6,755	13,354

*Financial liabilities*

Payables	6.52	-	-	-	-	2,502	2,502
Borrowings from WATC – fixed rate		-	1,592	9,644	60,545	-	71,781
		-	1,592	9,644	60,545	2,502	74,283

**2007**

	Weighted average interest rate %	Floating interest rate \$000	Fixed interest maturing in 1 year or less \$000	Fixed interest maturing 1-5 years \$'000	Fixed interest maturing over 5 years \$'000	Non interest bearing \$000	Carrying amount \$000
<i>Financial assets</i>							
Cash at bank	5.30	1,691	-	-	-	-	1,691
Receivables		-	-	-	-	2,072	2,072
Available for sale		-	-	-	-	3,638	3,638
		1,691	-	-	-	5,710	7,401

*Financial liabilities*

Payables	6.38	-	-	-	-	1,566	1,566
Borrowings from WATC – fixed rate		-	1,527	6,879	64,027	-	72,433
		-	1,527	6,879	64,027	1,566	73,999

**NOTE 23: FINANCIAL INSTRUMENTS (continued)***Interest rate sensitivity analysis*

The following table represents a summary of the interest rate sensitivity of the Authority's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rate is held constant throughout the reporting period.

**2008**

	Carrying amount	-1% change		+1% change	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000
<i>Financial assets</i>					
Cash at bank	6,599	(66)	(66)	66	66
<i>Financial liabilities</i>					
Total increase/(decrease)		(66)	(66)	66	66

**2007**

	Carrying amount	-1% change		+1% change	
		Profit \$000	Equity \$000	Profit \$000	Equity \$000
<i>Financial assets</i>					
Cash at bank	1,691	(17)	(17)	17	17
<i>Financial liabilities</i>					
Total increase/(decrease)		(17)	(17)	17	17

## c) Net fair values

The net 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	Net Fair Value	Carrying Amount	Net Fair Value
	2008	2008	2007	2007
	\$'000	\$'000	\$'000	\$'000
Borrowings from WATC	71,781	65,798	72,433	67,806

The net fair value of borrowings is estimated by discounting expected cash flows at the interest rates currently offered to the Authority for borrowings of the same remaining maturities and security plus costs expected to be incurred when the liability settled.

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.

## DAMPIER PORT AUTHORITY

## Notes to and forming part of the financial statements

For the year ended 30 June 2008

	2008 \$'000	2007 \$'000
<b>NOTE 24: COMMITMENTS</b>		
<b>(a) Capital commitments</b>		
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities payable:		
Within one year	4,607	1,475
Capital commitments include amounts for:		
- Vehicle	126	47
- Intranet development	-	9
- Vessel	127	-
- BLB water meters	-	115
- Navigational aids Mermaid Strait	-	1,276
- DCW dredging	-	28
- Berths	1,358	-
- Sheds	1,184	-
- Purchase land	1,812	-
	4,607	1,475
<b>(b) Operating commitments</b>		
Commitments for maintenance works contracted at the reporting date but not recognised as liabilities payable		
Within one year	1,120	778
Within one to five years	1,200	1,800
	2,320	2,578
Operating commitments include amounts for		
- Concrete repairs to Dampier Cargo Wharf	1,800	2,400
- King Bay Industrial Area maintenance	-	178
- Repairs to TSEP quarry wall	520	-
	2,320	2,578

	2008 \$'000	2007 \$'000
<b>NOTE 25: LEASE REVENUE RECEIVABLE IN THE FUTURE</b>		
Lease revenue receivable in the future in relation to leases contracted for at the reporting date but not recognised as assets, are receivable as follows:		
Within 1 year	2,727	464
Later than 1 year and not later than 5 years	3,868	1,102
Later than 5 years	3,679	1,388
	10,274	2,954

Lease commitment receivables as at 30 June 2008 was \$108,844 (2007 \$3,179)

The Authority's leases at the King Bay Industrial Estate are leased to companies that provide essential services to the shipping industry.

#### NOTE 26: CONTINGENT LIABILITY

##### (a) Contaminated sites

Under the *Contaminated Sites Act 2003*, the Authority is required to report known and suspected contaminated sites to the Department of Environment and Conservation ("DEC"). In accordance with the Act, the DEC classifies these sites on the basis of risk to human health, the environment and environment values. Where sites are classified as "contamination – remediation required" or "possibly contaminated – investigation required", the Authority will have a liability in respect of investigation or remediation expenses.

The Authority reported four suspected contaminated sites, all within the De Witt Location 471, to the Department of Environment and Conservation. On 15 June 2007, the Department classified De Witt Location 471 ("the site") as "possibly contaminated – investigation required" after limited investigations were carried out and concentrations of contaminants were found to exceed adopted assessment levels for marine environments. According to the Department's assessment based on information available at the time of classification, the site appears suitable for commercial/industrial use, but may not be suitable for more sensitive land uses such as residential housing and child care centres. It has also indicated that further works are required to determine the contamination status of soil, surface water and groundwater at the site.

In light of the above, a memorial will be lodged by the Department against the Certificate of Title on the De Witt Location 471 with the Registrar of the Department of Land Information, which will record the site classification.

The site involved is occupied and used by lessees. The lease agreements require lessees to comply with all forms of environmental legislation and to address all forms of damage to the occupied leased land, including contamination. On this ground, the Directors do not believe that the Authority has to bear the financial obligations in respect of further investigation and remediation expenses for the affected site.

#### NOTE 27: SUBSEQUENT EVENTS

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

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