

# 2010 ANNUAL REPORT



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## AUTHORITY DIRECTORY

### Board of Directors

|                       |  |
|-----------------------|--|
| Brendan Hammond       | <i>Chairman</i>                              |
| Robert Vitenbergs     | <i>Deputy Chairman</i>                       |
| Mike Deeks            | <i>Member</i>                                |
| Michael Spreadborough | <i>Member (representing Pilbara Iron)</i>    |
| Lisa Hamilton         | <i>Member (representing Woodside Energy)</i> |

### 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



# Our Commitment



## Our Vision

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

## Our Purpose

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

## Our Values

The following **Values** define how the Board, management and staff will conduct its activities:

### 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

# Our Organisation

**The Dampier Port Authority (DPA) has been operating since 1 March 1989, ultimately responsible for the efficient, safe and effective operation of the Port of Dampier. The Port of Dampier is a young and vibrant Port, located along the West Pilbara coastline, approximately 1,260 kilometres north of Perth in Western Australia, and is at the heart of a logistics network which extends 350 kilometres inland to the iron ore rich deposits of the Pilbara Region and 200 kilometres seaward to the oil and gas fields of the North West Shelf. The Port itself is geographically one of the largest in Australia, with 200 hectares of land area and 650 square kilometres of marine area.**

As the world's second largest bulk export port, the Port of Dampier is a critical part of the vast export precinct in the North West Region of Western Australia and a strategic gateway to the Asia – Pacific Region. Many cargoes leaving the Port are destined for the Asian nations of China, Japan, South Korea and Taiwan.

The Port of Dampier consists of separate terminals for iron ore, salt, gas products and general cargo. Under existing State Agreements Rio Tinto Iron Ore and Dampier Salt operate to the western side of the Port from private facilities at Parker Point, East Intercourse Island, and Mistaken Island. Woodside Energy Limited operates from private facilities located in the Eastern side of the Port at Withnell Bay. The facilities consist of two LNG/LPG berths and separate berth for Condensate.

Under a lease agreement from DPA, Mermaid Marine Australia (MMA) operates a supply base within King Bay Sound. The supply base includes a private wharf, marine logistics services, vessel support, supply base services, ship repair, engineering and maintenance facilities. MMA has recently completed a \$60 million upgrade of the Mermaid Marine Dampier Supply Base, including a \$25 million upgrade of its private multi-user wharf facility. The upgrade has doubled the berth face with the addition of three extra berths, all with fuel and water loading facilities.





The DPA operates the Dampier Cargo Wharf (DCW) and the Dampier Bulk Liquids Berth (DBLB). The DCW provides up to seven berths, water and fuel to the vessels servicing the marine industry, offshore oil and gas facilities. The DPA's facilities consist of the Wharf, a Heavy Load Out facility (HLO), Alternate Load out Facility (ALF) and a barge ramp. Demand for this facility has increased significantly in the past year and further berth capacity is currently under design. The Dampier Bulk Liquids Berth promotes and supports the downstream gas processing industry on the Burrup Peninsula. The facility was designed to handle other bulk liquid products which industry may require, including but not limited to anhydrous ammonia, dimethyl ether, diesel and methanol. The facility can accommodate vessels from 5,000 to 50,000 tonnes displacement.

The DPA maintains a 24 hour, 7 days a week Communications Tower to coordinate vessel movements at Dampier Port and to oversee safety and security of the Port of Dampier. In addition to the services provided directly by the DPA, the following services are provided by the private sector under license arrangements with the DPA:

- Stevedoring
- Pilotage
- Towing
- Bunkering

DPA have two workplaces: Dampier and the Planning and Development Office based in Perth. There are six departments: Corporate Services, Engineering Services, Environment, Maintenance, Operations and Port Development.

**The DPA is a State Government owned corporation, operating on a commercial basis under the auspices of the Western Australian Ports Authorities Act 1999. The Act describes the functions of the Port as:**

**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 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 requirements of the Maritime Security Act 2003.

***The DPA is committed to delivering on its responsibilities as prescribed under the Act, and has developed a corporate framework to guide its operation, activities and future planning.***



# From The Board



Dampier Supply Base

The year ended 30 June 2010 has been another memorable one for records and achievements. The Port of Dampier has seen record tonnage at 170.7 million tonnes, record vessel arrivals (4657), and a record financial dividend to the State (\$3.4m). We have expanded our planning and development capabilities, expanded our Perth Office strategy, and undertaken extensive engineering and design of new facilities in the port, including our proposed Dampier Marine Services Facility. The Pilbara continues to be alive with resource projects, enthusiastic proponents, unbounded opportunities, and the new “Pilbara Cities” commitment, and the Dampier Port Authority is centrally placed to add value across all these elements of growth.

Against this backdrop, the Board has been very active in developing the necessary strategic direction for the DPA to meet the challenges of substantial growth, and create value in how it goes about its business. In particular the Board has confirmed the importance and benefit of expanding the boundaries of the port’s expertise and experience to take account of proposed port developments near Onslow (Ashburton North) and Point Samson (Anketell Port/SIA ), and it has been very pleasing to have the State endorse this expansion of responsibility. The Board sees even greater potential for this approach to be adopted in other export locations in the West Pilbara, as necessary to promote good governance, marine safety and trade facilitation.

The DPA has taken a leadership role in working with proponents to establish their projects across its areas of responsibility – this is exciting work, and crucially important to the future functionality and development of export facilities, and the DPA is adding tremendous value through its experience and well-established processes. This has been a particularly pleasing aspect of our achievements this year, and justifies the development in expertise and systems supported by the Board over the past five years.

The Board has also placed significant importance on maintaining and enhancing the DPA's operational excellence as the platform from which all its other opportunities and value-adding work arises. Particular attention has been given to promoting a strong safety culture, good security practices, sound investment in maintenance, and careful and leading management of the extraordinary environment and rich heritage in which the port must operate. These are areas for continued focus as the DPA plans for further growth, but the Board is very pleased with the progress and commitment of the DPA management, staff and customers to these priorities.

Most pleasing of all the achievements of 2009-10 is the continuing good reputation that the DPA enjoys in being proactive, innovative, flexible, and professional. A recent customer survey has highlighted these key strengths, but has also indicated that the port can be confident in taking a leadership role in providing additional facilities, improving the efficiency of the supply chain, water and waste management, and community development. The Board is very encouraged by this support and will be working to lead in those areas in 2010-11.

The Board of the Dampier Port Authority has fulfilled its corporate governance obligations in positioning the port with a clear direction for growth, and ensuring it has the resources necessary to implement those plans. As Chairman, I applaud the work and commitment of my fellow Board members in creating a very clear and reaching future for the Port. On behalf of the Board I also congratulate the CEO and the DPA team for their success in implementing our strategy during the year and taking up the opportunities which have been identified as critically important to our region and the port's development.

The year ahead will see the DPA continuing its daily pursuit of operational excellence, while showing the leadership necessary to make our important contribution to the growth and development of the West Pilbara and the communities we serve. The Board of Directors remain enthusiastic and energised about the port's prospects and look forward to another very strong year of achievement.



A handwritten signature in black ink that reads "Brendan Hammond". The signature is written in a cursive style.

**Brendan Hammond**  
**CHAIRMAN**





# Our Highlights



## Our Financial Performance

|                            | Result<br>\$'000 | % change<br>from 08/09 |
|----------------------------|------------------|------------------------|
| <b>Total Revenue</b>       | 37,973           | 41.88%                 |
| <b>Net Profit</b>          | 5,272            | 96.5%                  |
| <b>Dividend Declared</b>   | 1,341            | (41.62)%               |
| <b>Capital Expenditure</b> | 4,270            | (36.65)%               |
| <b>Total Assets</b>        | 105,507          | 3.34%                  |

## Our Regional Focus

- Expanding the boundaries of DPA's responsibility with ongoing involvement with the Ashburton North Industrial Estate
- Port of Onslow implementation plan developed and submitted to Department of Transport for consideration.
- DPA commence planning for Anketell Port precinct and multi-user facilities. *See page 28*

## Our Port

- Extensive ongoing design and planning work undertaken for the proposed Dampier Marine Services Facility. *See page 9*
- DPA launched the Development Guidelines in August 2009. *See page 8*
- Facilitated the management of module transportation for the Pluto Project. *See page 10*
- Reviewed and released updated Emergency Response Plan.



## Our People

- “Levels of Excellence” accountability structure adopted. *See page 14*
- As at 30 June 2010, DPA employed a total of 42 staff, a 40% increase on the previous year. *See page 14*
- Staff turnover was down to 7.5% as compared to last year’s 15.87%  
*See page 14*
- American Chamber of Commerce awarded Dampier Port Authority as a Finalist in the Exportential Cup
- Introduction of a customised Intranet, DPA’s major internal communication tool.

## Our Environment

- Australian Building Sustainability Association (ABSA) recognised the DPA for its sustainable design of new staff housing *See page 18*
- New Environment Graduate position appointed *See page 19*

## Our Safety

- Fourth year in a row DPA recorded zero lost time injuries.
- DPA embarked on a behavioural safety analysis of the whole organisation, with very good results. *See page 20*
- New staff flu vaccinations initiative commenced. *See page 20*
- Enhancements to STEMS, DPA’s online incident recording system.

## Our Security

- A total of 1594 MSIC’s processed. *See page 22*
- New Visitor and Escort procedure launched enhancing DPA’s legislative compliance. *See page 22*

## Our Community

- Continued long standing community partnerships with Dampier Seafarers and Cossack Art Awards.
- Conducted a Customer Satisfaction Survey with the Port’s key stakeholders. *See page 24*
- Engaged key stakeholders in the development of the 10 year Port of Dampier Development Plan.

## Our Future

- State appoints DPA as the governing authority for Ashburton North and Anketell Port. *See pages 27 and 28*
- Board of Directors developed expanded strategy, positioning the port for the next 50 years of development.
- DPA expands its Perth presence, and caters for a Regional Port Centre in West Perth. *See page 31*



# Our Port



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

## Dampier Cargo Wharf

The DPA operates the Dampier Cargo Wharf (DCW); the wharf is operational 24 hours a day and 7 days a week and can accommodate general cargo vessels up to 35,000 tonnes displacement and heavy lift cargo to a maximum of 300 tonnes. With a total throughput for the financial year in excess of 266,000 tonnes it has been another year of high demand for the DCW.

The following maintenance and planned projects were completed throughout the year:

- **Fenders Project:** Berths 2, 4 and 6 fender replacement projects completed.
- **Small Boat Access:** Upgraded to allow for larger vessels to berth at higher tides.
- **Pile and Fender Strut Remediation Works:** Separable Portion 2 was successfully completed midyear, with Separable Portion 3 completed in late June this year.
- **Soffit Repairs:** Separable Portion 4 successfully completed late last year, Separable Portion 5 commenced mid 2010.
- **Topside Repairs:** Contract was successfully let out to Central Systems and Separable Portion 1 of 5 was completed in late 2009. Separable Port 2 commenced in June 2010 and is due for completion September 2010. This has been a very challenging project due to the need to optimally accommodate Operations.

## Development Guidelines

DPA aims to provide an efficient and professional port operation which meets the current and future needs of port users. Late 2005 DPA commenced work on standardising port development and implementing a development application process for all leaseholders and works completed on DPA vested land or water. Specified development guidelines ensure all developments within the Port are strategically managed and accommodate for future growth. Late last year DPA released its Port of Dampier Development Guidelines (SHEQ-SYS-G-006), written to assist proponents in preparing and managing development applications. The Development Guidelines have been arranged to provide guidance for designers, architects and other specialists in designing facilities and infrastructure for consideration by the DPA. Due to the complex and unique nature of the port environment, DPA have provided innovative measures that are specifically catered to the region.



Port of Dampier Development Guidelines:

- **Section 1:** Outlines the purpose of the Development Guidelines and provides an overview of the sites to which the guidelines are applicable.
- **Section 2:** Gives details of DPA's Development Approval Process, the required stages, the tasks that shall be carried out by the proponent in each stage and the documentation that is required by the DPA in each stage of the process.
- **Section 3:** Specifies the expected performance criteria for drawings that are to be submitted to the DPA by the proponent in order to meet DPA minimum standards.
- **Section 4:** Specifies the expected performance criteria for land developments.
- **Section 5:** Specifies the expected performance criteria for maritime developments.
- **Section 6:** Specifies the expected performance criteria for developments within DPA-owned facilities.

## Dampier Marine Services Facility

General cargo trade to the DCW has continued to grow on the back of regional project construction activity. The DCW has been a key facility for this type of industry support. High demand on the DCW and the imminent overwhelming project demand prompted a review into the facility's capabilities and associated laydown area.

The result of the review was the inception of the Dampier Marine Services Facility (DMSF). A new marine facility designed to supplement the DCW. The primary objective is to improve infrastructure efficiency in the Port of Dampier. The DMSF will provide efficient multi-user infrastructure to support ongoing growth in the oil, gas, mining, downstream processing and infrastructure industries in Australia's North West.

In addition, the DMSF will provide improved and increased cargo berthing facilities and laydown areas. With berthing of cargo vessels up to 65,000 tonnes and Roll-on Roll-off cargo handling the DMSF will be an essential strategic component of Australia's transport network.

The final facility will enhance regional and national development. The construction of the DMSF will address existing severe shortages in cargo berthing and laydown area capacity at the Port of Dampier. Minimise berthing congestion inefficiencies; reduce risk of berthing related incidents and accidents in the port; creation of an efficient multi-user, strategic transport infrastructure.

Significant investigation, preliminary concept and detailed design work, environmental and heritage planning, and business case work has been undertaken by the DPA to ensure the DMSF can proceed on budget and schedule. The DPA's investment from 2006 to end of 2009-10 exceeds \$10.5 million. The project involves two stages. Stage 1: reclamation of 22 ha of land and creation of a land backed wharves. Stage 2: will add a 300 metre jetty facility.

The DMSF is currently in pre-construction planning and design, with all design drawings and documentation on track to go out for tender late September 2010. Moving forward the progress of the Project is scheduled as follows (subject to funding approvals):

- Development of outer bund wall is expected to commence March 2011 to January 2011.
- Dredging works from November 2011 to June 2012
- Commence land operations by September 2012.
- Construction of the Wharf in 2013
- Operational wharf by the end of 2015.





## Pluto Project Involvement

Since supporting Train V for the NWSV, DPA has become a major exponent of pre-assembled module movements. DPA's level of management expertise was illustrated in managing the transportation of the Pluto Project's modules through the Port of Dampier. The Pluto Project was fabricated in individual modules at the Laem Chabang Port, Thailand. All 264 modules were shipped on heavy lift, wide-deck, roll-on-roll-off vessels arriving at the Port of Dampier before being assembled on the Burrup Peninsula. Modules varied considerably in size and weight, with the largest weighing in at 2,000 tonnes.

DPA focused on refining its logistics process in order to successfully manage the transportation of modules through the Port. DPA's Wharf Manager, Tony Smith visited Laem Chabang with representatives from both Woodside and Australian Quarantine in 2009. The purpose of the trip was to further DPA's knowledge on modular construction and transportation, with the aim of extending expertise in the project management and logistics required.

Despite Australia's steepest port entry and severe constraints in laydown and turnaround area within the Port, module movements were completed with resounding success. Port communications, Wharf Management and Engineering Services were critical in ensuring modules could be manoeuvred through and within the Port of Dampier. External Port Users were kept up-to-the-minute with scheduled module deliveries and movements. Communication efforts were particularly important, as the single entry into the Port was closed and access restricted whilst Modules were transported to the Pluto Project Site.

The Pluto project is the largest single investment by one company in the history of Australia's resources sector; one that represents a significant step in Western Australia's resources industry.

## Internal Systems

### Safety, Health, Environment and Quality Management System

Applying a whole of Port approach to improving the safety and environmental performance of all port operations, saw the introduction and progressive implementation of DPA's integrated Safety, Health, Environmental and Quality Management System (SHEQ). The primary aim of SHEQ is to synchronise the operational functions of DPA by providing a management tool, capable of establishing the common goal of improving the business performance of DPA as a whole. SHEQ provides a clear holistic approach to all operational aspects of DPA, how they affect each other and their associated risks. With SHEQ there are fewer inconsistencies and quality issues within business practices and subsequent improvements to management systems are more easily incorporated.

Department managers have championed the progressive implementation of individual SHEQ Programs. Implementation is expected to be complete last quarter of 2010.

### Electronic Document Management System

Implementation of DPA's new Electronic Document Management System was completed during the year. All staff training on the software was completed in-house in departmental working groups. The new system provides all the functionality required for information and knowledge management, it's a complete solution to records management. The system is still evolving and is capable of being refined as staff become more familiar with the functionalities and their business needs.



## Fire Study Report

In November 2007 DPA commissioned GHD to conduct a Fire Study report for the Port and King Bay Industrial Estate. The report identified the many positive measures DPA has taken and recommended a variety of actions the Port could take. During 2009/10 DPA has methodically implemented the long term recommendations in the Fire Study report including conducting an audit on all fire hydrants, additional signage and introducing a separate water main for the Port site. With the conclusion of the DMSF construction, all recommended actions will have been completed.

## Additional Stevedoring Company

Up until 2009 there was a single licensed stevedore operating the Port's common-user facility, Dampier Cargo Wharf. In August 2009 DPA licensed P&O Automotive and General Stevedoring (POAGS), to date this has been well received by Port users. DPA's intention was to introduce an additional service provider to create greater competition, lift the overall quality of service and most importantly provide a choice to Port users. The DPA will continue to improve standards and competition among suppliers where this can be achieved in the interest of Port users.



Dampier Bulk Liquids Berth

## Strategic Aim:

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





## Vessel Traffic Information System

In 2009-10 DPA's Board of Directors agreed to the further development work to support the introduction of a Vessel Traffic Information System (VTIS). With the assistance of an external consultant, DPA have scoped out the VTIS and tender submissions close September 2010.

The core underlying principle of VTIS is significantly improved situational awareness based on the application of new technology and new standard operating procedures. Under the new VTIS regime detailed procedures covering all marine aspects of port operations will be developed to enhance the safe operation of the port. The current communications staff will undertake formal training and assessment leading to an internationally recognised qualification. In the role as VTIS operators they will support vessel pilots and masters warning them of potential hazards and circumstances where safety may be compromised.

## Gangway

A customised self levelling gangway has been procured for the DBLB. The gangway was designed in consultation with DPA's Project Engineer and fabricated in the Netherlands. The advanced facility will significantly improve ship to shore access for vessels berthing at the DBLB, further enhancing DPA's quality facilities and safety for port users. Delivery is expected in September 2010.

## Port Charges

In 2009 DPA introduced a comprehensive 'user pays' pricing policy taking into account both competition and other commercial considerations. The new pricing structure has improved the consistency, transparency and accountability for cost recovery arrangements and promotes the efficient allocation of resources now and into the future.

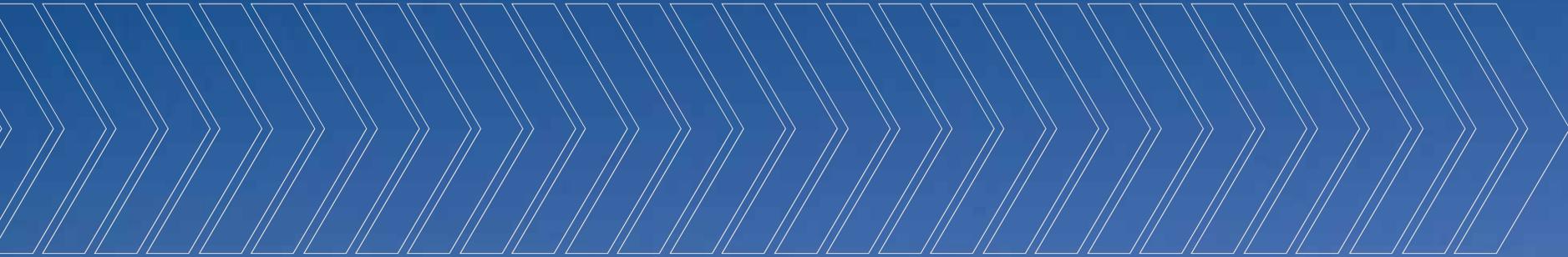
## Perth Office

In January 2009, DPA together with Port Hedland Port Authority (PHPA), established the 'Pilbara Ports' Office in Perth. The intention was to create a Perth presence for both Ports, one which would inevitably strengthen key stakeholder relationships and allow for more effective and integrated strategic port planning. To date, the office is a great success, exceeding original expectations. Face-to-face communication with existing Port Facility Users, Industry and Government has enabled both Ports to reinforce their positions and involvement in government decision making directing affecting the Port and Pilbara region.

The level of planning activity and development has necessitated substantial Perth based recruitment for DPA. As such larger premises were acquired early July. The new office is located at 16 Parliament Place, West Perth. The Perth Office houses the Port Planning and Development Department, headed up by Dr Rochelle Macdonald, DPA's Port Development Manager.

## Information Systems

Throughout the year DPA has embarked on maximising information systems and software in port operations. The introduction of online berth applications has streamlined the berthing process for port users and Wharf Managers. Moving to online inductions has reduced the burden of internal resources and provided additional convenience to Port users. An upgrade of the Port Induction and the MSIC Induction commenced this year. The DPA will continue to work with customers to ensure it offers innovative approaches to achieving better efficiency and value for money. The Port is focused on becoming a 'smart port' with greater use of information technology.



Dampier Cargo Wharf operating at night





# Our People

**The DPA employs a total of 42 staff, an increase of 40 percent this year, largely due to the recruitment of port planning and development personnel. Over the last year DPA has continued to work hard on staff recruitment and retention to ensure that the best possible team is in place to meet business objectives now and into the future. An annual staff turnover was recorded at 7.5 percent.**

**The large majority of staff work in the Dampier Office and live in the Pilbara Region; while a total of 8 staff are based in the Perth Office.**

## Levels of Excellence Review

The DPA business environment is changing rapidly as it becomes more complex than ever before. On account of the strong Western Australian economy and the significant role DPA plays, the number of staff has grown from nine to forty two in the last 6 years. Ensuring DPA is a dynamic organisation, properly structured and capable of delivering results beyond expectations; an organisational structure review was completed in February 2010.

The review was conducted by an external consultant, using an integrated approach to people, process and structure demanding the best returns on investment in each. Phase one was a comprehensive analysis of the strategic intent of DPA, followed by a review of DPA's ability to deliver this. The review employed the 'WorkLevels' methodology and identified opportunities for positive change in DPA's organisational framework. Work is currently underway to roll out all the recommendations.

## Staff Housing

Expansion of the resources sector has created high demand for housing and rental accommodation across the region. The DPA has completed construction of a three unit development (triplex) and a four bedroom residence for staff housing during the year. Both developments have provided much needed accommodation for DPA staff and a wider scope for DPA to recruit. The houses feature environmentally responsible design.

## Training

Staff training is an important element in addressing skills, needs and work competence. DPA is a strong advocate for career development and succession planning and encourages additional training as often as required. During the course of the year 100% of DPA staff participated in one form of additional training, either in-house or external. Notable training for the year: Diploma of Occupational Safety and Health, and Equal Employment Opportunity training.

## Diploma of Occupational Safety & Health

During the year DPA took advantage of the Productivity Places Program (PPP), an initiative under the Commonwealth Government's Skilling Australia for the future. The PPP funds private Registered Training Organisations (RTOs) to deliver training programs addressing identified industry skill shortages and increases the productivity of industry and enterprises throughout Western Australia. DPA arranged for an RTO to facilitate a Diploma in Occupational Safety and Health course in Dampier. DPA's regional location often limits the availability of accredited training programs, staff travel great distances to complete accredited qualifications. This issue is not isolated to the Port; therefore in the interest of regional development DPA's Safety officer invited neighbouring industry members to participate in the program. Four DPA employees completed the nationally endorsed qualification.

>>>



Staff field trip to Onslow





### **Equal Employment Opportunity**

All staff completed EEO training in March 2010. DPA takes a whole Port approach to EEO training; ensuring all employees have equal access to the opportunities that are available at work. Equal Employment Opportunity is an outcome, not just a process for the DPA.

In addition to the EEO training, DPA participate in annual Harmony Day celebrations. Each year DPA holds a Harmony Day luncheon. All staff are encouraged to bring along a plate of food which best reflects they're heritage. It's about participation, inclusiveness, respect and a sense of belonging for everyone. Employees have an opportunity to share with others the importance of their heritage in the workplace, whilst sampling culinary delights from around the globe.

### **Professional Pursuits**

#### **Dr Rochelle Macdonald – Port Development Manager**

Completed Masters in Engineering Management (University of Technology in Sydney)

#### **Lizeth DelaHozRuiz – Port Engineer**

Commenced Masters in Engineering Management (University of Technology Sydney)

#### **Brooke Grieves – Business Development Officer**

Completed Bachelor of Commerce & Bachelor of Social Science (Curtin University of Technology)

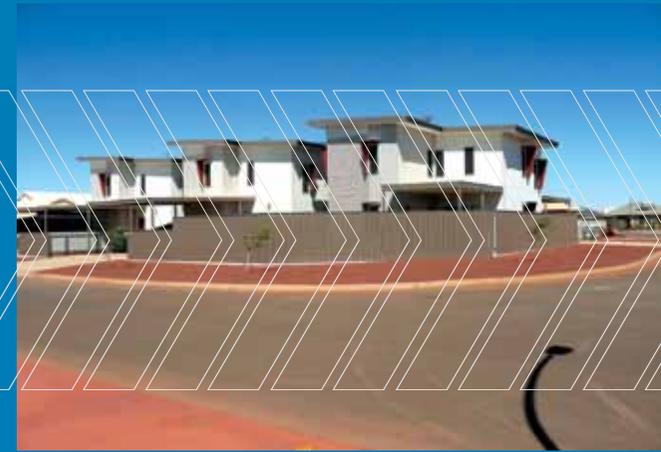
# Expanding the Boundaries of Our Expertise



**DPA recognise the significant position it plays leading development in the West Pilbara Region. Over the last 12 months the following DPA staff had the opportunity to further the DPA objectives through attending various events:**

- Wharf Manager ventured to Laem Chabang Thailand to further DPA's knowledge in modular construction and transportation.
- Port Development Manager and Harbour Master visited Houston to meet with key proponents and discuss future development proposed as part of the Ashburton North Strategic Industrial Area.
- Port Development Manager visited the Aberdeen Port and Peterhead Port in Scotland to gain further insight of port planning and development.
- Business Development Officer travelled to the Port of Brisbane and a conference in Canberra.
- Maintenance Superintendent attended the Ports Australia Engineering and Maintenance working group in Gladstone, Queensland.
- Environment Manager and Senior Officer attended Ports Australia Environment Meeting.
- Engineering Services Manager travelled to South Africa to conduct wave modeling tests on the Dampier Marine Services Facility.
- Corporate Services Officer attended the Ports Australia Human Resources working group in Melbourne.

# Our Environment



## 'Whole Of Port' Oil Spill Risk Assessment and Response Capability Review

The Port of Dampier has experienced unprecedented growth in the last decade. With this recent growth within the Port comes a change to the marine oil spill risk profile of DPA and its port users. Recognising this, the DPA commissioned a comprehensive review into the current and foreseeable marine oil spill risks in the Port of Dampier. The purpose of the study was to develop a better understanding of the DPA and its stakeholders' abilities to respond to the range of oil spill risks identified. The Port-wide study was successfully completed in July 2010 and was led through a joint effort by the DPA Operations and Environment team. From the study, a range of recommendations for additional equipment, human resources and training were identified.

## Sustainable Housing Initiative

In July 2010, the DPA completed the construction of a three unit development ('Triplex') and a four bedroom residence in Karratha's Tambrey Estate. The buildings were designed to maximise their energy and water efficiency and the use of sustainable construction materials. For the Triplex development, this functional brief was particularly challenging given the spatial and design constraints associated with a corner block location.

The Australian Building Sustainability Association (ABSA) has recognised these achievements in sustainable design by awarding the triplex 2 x 7.5 star and 1 x 8 star rating and the house development 6.5 star rating.

Some important sustainable design features of these residential developments include:

- **Low Emissivity ('e') Glass** – all windows on the Triplex development were installed with low 'e' glass. This type of glass has an insulating effect by reflecting radiant infrared energy, thus tending to keep radiant heat on the same side of the glass from which it originated, while letting visible light pass.
- **Shading Treatments** – all windows within the Triplex development were provided with shading treatments to minimise the effects of radiant heat and therefore maximise energy efficiency.
- **Solar Energy** – One kilowatt (1kW) photovoltaic cells were installed on both the Triplex and four bedroom residence. The Triplex development solar panels were designed to be grid connected, allowing excess electricity to be filtered back into the 'grid'.
- **Roof Colours** – Light coloured roofs were favoured to maximise the reflection of radiant heat and therefore improving energy efficiency.
- **Grey Water Reticulation** – Both developments were designed with grey water reticulation, meaning the water from showers, sinks and laundry is retained, treated and used to feed the garden.
- **Water Sensitive Garden** – Both developments were landscaped using (to the maximum possible extent) native Australian plants, which are both drought tolerant and have low water requirements.
- **Environmentally Friendly House Paints** – Paints containing low concentrations of 'VOC' (Volatile Organic Compounds) were selected.



## Strategic Aim:

**To manage and protect the environment from any potentially adverse impacts from the commercial activities of the Port of Dampier**

- **Cross Ventilation** – The design of windows was based on maximising cross ventilation through the bedrooms and within the house. This allows the residents to leave windows open and switch air conditioners off during the cooler months in Karratha, thus maximising energy efficiency.
- **Energy Efficient Fittings** – Energy efficient light fittings were installed as a standard feature in both developments to maximise energy efficiency.
- **Water Efficient Plumbing** – Water efficient plumbing fittings were installed as standard feature in both developments to maximise water efficiency.

## Graduate Environment Position

In April 2010, the DPA seized an opportunity to create a new position within Environment and Heritage Team for a Graduate. Claire Moulin accepted the position in May 2010 and has been actively involved in the wide range of issues that DPA Environment and Heritage team encounter day to day. This ranges from assessing development approvals and strategic documents to feral animal management (unfortunately not engineers).

*“I have really enjoyed the exposure to the wide variety of land and marine issues in this unique part of the world. The experience of being both the regulator and regulated is not something commonly available in this type of role. I find it both exciting and challenging and look forward to gaining more experience and adding value to the team.” Claire Moulin*

## ICARE Group

In January 2010, Environment and Community representatives from the Dampier Port Authority, Woodside, Rio Tinto Iron Ore and Dampier Salt formed an industry group – ‘Industry Communities Against Rubbishing the Environment’ or ‘ICARE’. The group will target the issue of roadside litter along Burrup and Dampier Roads by:

- **Road Custodianship:** Each ICARE stakeholder has committed to becoming the custodian for discrete sections of road between Karratha, Dampier and the Burrup Peninsula and maintaining that roadside area free from rubbish.
- **Determine the Source:** Surveys of litter collected during the regular clean-ups will be used to identify where the rubbish coming from.
- **Pro-active management:** Ensuring a consistent and coordinated approach to managing the issue across all stakeholders is undertaken. This will be achieved through collaboration at ICARE meetings and informal cooperation.

Arguably the most important aspect of the initiative is the network of permanent signs that will be installed along the roadside, which will indicate the start and end of adopted road area. This is a highly visible and long-term commitment by the ICARE stakeholders.

The ICARE initiative has received widespread support, including the local CARE group (of which ICARE forms a subsidiary), the Roebourne Shire Council, Main Roads (North-West) and Keep Australia Beautiful Council of Western Australia.

# Our Safety



**DPA is cognisant of its commitment to managing the Port in a safe, secure, efficient and innovative manner. The organisation's sound safety performance to date is, to some extent, a barrier to improvement. Consequently energies have been focused on assessing, testing and continuously improving the safety performance of DPA. With DPA's expansion plans and scope of responsibility, DPA are committed to maintaining safety to a strategic level in the organisation.**

## Current State of Safety Analysis

The Port has experienced significant growth in tonnage throughput, driven largely by numerous resource projects in the region. Often significant growth poses challenges in regards to leading and managing safety. In order to keep abreast of the changing needs of a developing organisation, DPA engaged the services of a specialised safety consultancy to conduct a behavioural safety analysis of the organisation.

The analysis was conducted in November 2009, with a strong bias towards the characteristics of the DPA's safety culture with a particular emphasis on the areas of leadership, risk management and communication. All staff were interviewed to gain an overall appreciation of how well they understood the HSE processes and how they are applied in practice.

The final report highlighted areas where DPA has the opportunity to refine and improve processes. Measures have been undertaken to adopt several of the recommendations that came out of the analysis report. Continuous improvement is essential as far as safety performance is concerned in order to achieve the vision of expanding boundaries, whilst still achieving high levels of efficiency and safety.

## Staff Vaccinations Initiative

Fostering a healthy workforce is a priority for the DPA. The Safety Officer introduced a new initiative to provide Flu Vaccinations to all DPA staff at the cost of the organisation. The initiative was met extremely well by staff, with a considerably high participation rate. Providing flu vaccinations to staff will continue into the future.

## Commitment to OSH And Injury Management

The DPA is committed to a Duty of care to ensure the safety, health and welfare of all its employees as well as contractors and clients. DPA is committed to implementing and maintaining the systematic management of the OSH management program in all operations and through compliance with legislated and non-legislated requirements.

Communication of OSH matters begins from the outset of employment with the DPA, firstly through employee participation a Safety induction. During such induction the OSH and Injury Management policies are communicated to ensure participation and compliance with the OSH Act 1984 and the internal DPA SHEQ management system and underlying policies.



## Communication of OSH Related Matters

In addition to the safety inductions, OSH matters are communicated with all employees through monthly safety meetings and are managed through the Safety Department on site. These meetings are a great opportunity to discuss events, incidents and undertake OSH training with staff to encourage input and ideas into the way OSH and injury management are managed in the workplace. The meeting content has been developed through planning between the safety department and upper level management and ensure our planned goals and ongoing targets for OSH can be met throughout the year.

The recent development of the DPA intranet has also been a great mechanism for communicating OSH matters with the wider employee group on a more frequent basis to complement the OSH monthly meetings. Monthly Safety Insights are posted addressing topical safety concerns for the Port as lessons learned or as preventative safety measures.

Within the SHEQ management system employees are consulted during policy and procedure review to allow everyone the opportunity to share their view and provide feedback to ensure continuous improvement of the current system.

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

## Safety Performance

| Indicator  | Target                                       | Actual 2009/2010 |
|--|--|------------------|
| Number of fatalities   | Zero   | Zero (0)         |
| Lost time injury/disease (LTI/D) incidence rate  | Zero or 10% reduction on previous year       | Zero (0)         |
| Lost time injury severity rate   | Zero or 10% improvement on the previous year | Zero (0)         |
| Percentage of injured workers returned to work within 28 weeks                                       | Actual percentage result to be reported      | N/A (zero LTI's) |
| Percentage of managers trained in occupational safety, health and injury management responsibilities | Greater than or equal to 50%                 | 50%              |

## OSH System Review

Late 2008 DPA procured the services of an external consultant to conduct a Quality, Safety and Environment Gap Analysis on the Port. The analysis highlighted the need for a revised Integrated Management System. The development and implementation of the SHEQ (Safety, Health, Environment and Quality) management system has been of great value in terms of OSH management.

In February 2010 DPA launched the revised OSH Management Program and all associated procedures and process. The new approach to OSH Management, formalises OSH training, reporting, incident analysis, structure consultation and communication mechanisms. All staff received in-house training and are able to access all related documents from the internal intranet. A review of the new OSH Program is planned for first quarter next year.

# Our Security



DPA operates under a heightened sense of security awareness. Providing an efficient, safe, secure and professional port operation is of strategic importance to DPA. As an island nation Australia's international trade is transported by sea and as the world's second largest bulk exporter, DPA is pivotal to Australia's economic future. Accordingly, DPA have continued to focus on improving security capabilities over the past twelve months. The DPA will continue to work with the port community and government agencies to provide the highest level of security that can be achieved within the regional context.

## Updated Security Procedure

The DPA site is a Landside Restricted Zone (LRZ) as per the Maritime Transport and Offshore Facilities Security Act 2003. Consequently, anyone working within the secure areas of the Port is required to hold a valid Maritime Security Identification Card (MSIC). Visitors are able to visit the site provided they are escorted at all times. In May DPA's Operations department updated the security process for the Port by introducing the Escort and Visitor Identification Vest Procedure. The procedure enhances DPA compliance with visitor requirements. The new procedure requires escorts and visitors to wear specific vests; this ensures high visibility of compliance throughout the Port.

## MSIC

Since 2006 DPA has been an issuing body for Maritime Security Identification Cards. This role ensures DPA continues to protect the surrounding coastal area; providing greater security and safety of all port staff and users and ultimately the ongoing prosperity of the port. As such it also plays a significant role in greater national security for Western Australians. During 2009/10 DPA issued a total of 1594 MSIC's, indicative of the ongoing activity in the Port of Dampier. The first wave of issued cards are due for renewal in the next financial year and DPA anticipates a heightened level of card-issuing activity for this period. Consequently work has commenced on adequately resourcing the department to accommodate this.



## Gate House Progress and New Gate Configuration

Construction has commenced on the new gatehouse at the entry of the Port of Dampier. The gatehouse will cater for security, MSIC and safety personnel. A large first aid room is also included in the design incorporating drug and alcohol testing facilities. The gatehouse incorporates transportable building technology, using this has minimized on site construction time and disturbances to Port users entering the Dampier Port. The construction of the gatehouse is expected to be completed late 2010.

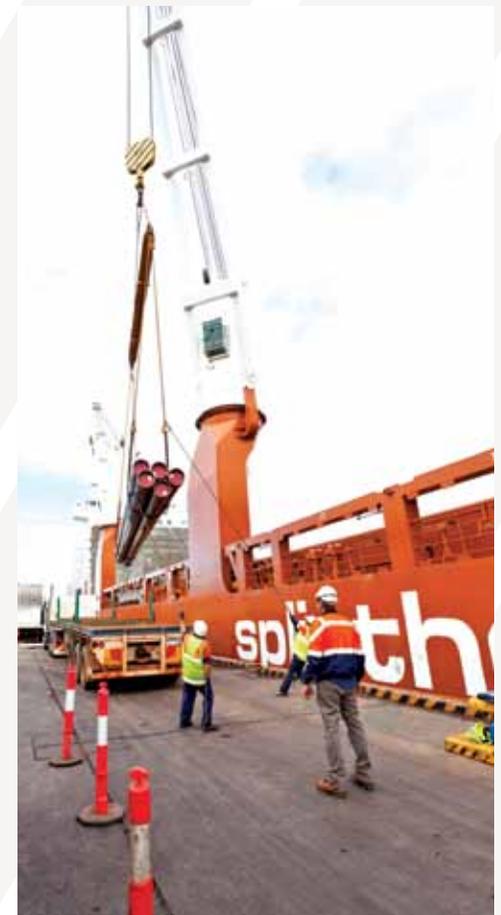
## Access Control Software

Protecting critical economic infrastructure is a responsibility DPA takes seriously. With rising traffic through the Port of Dampier, DPA refined the Port's access control software during 2009/10. The updated access control software allows DPA to control the access to the Port and limit this access to specific zones of the Port area. DPA are now in position to track who's on site and exactly where at any point in time. DPA will continue to invest in technologies and systems to help safeguard the Port of Dampier.



## "Burrup Responder"

In October 2008, DPA procured the Burrup Responder, an 8 metre powered catamaran. The vessel's primary purpose is Port Security; extending DPA's ability to land protects both land and sea. The Burrup Responder has proven to be a valuable asset of the port. In addition to its role in security, the vessel assists the port's mooring management, oil spill response capability and navigational aid maintenance. During the course of the year the vessel was deployed for combined agency and industry activities. DPA also ensures the vessel is made available for surrounding coastal area emergencies.



# Our Community



**Dampier Port Authority is located on the Burrup Peninsula, Dampier being the closest town site. The Port overlooks the Indian Ocean and the 42 near islands that make up the Dampier Archipelago. The relationship between the port and the community is clear: a vibrant and growing community makes for a strong port, and a strong port drives a thriving community.**

## Port Users Information Forum

In May 2010, DPA hosted a Port Users Information Session. Stakeholders were enthusiastic about the opportunity to participate in a communication session. Participants commented that the forum was a positive step towards DPA's engagement with customers, promotion and communication. DPA are planning to hold similar forums every six to twelve months as means to keep the community abreast of changing port initiatives. The next information forum planned is for the release of the 2010 Dampier Port Development Plan.

## Customer Satisfaction Survey

Rapid growth in Pilbara resource exports is driving expansion of export capacity not only in Dampier, but along the Pilbara coastline. As DPA endeavours to meet this growth, it is vitally important to DPA that facilities and services are maintained at a high level. With this in mind, DPA conducted a survey of port users and other stakeholders in order to gauge their views about its management of key functions as defined by the Port Authorities Act 1999 in May 2010.

The survey addressed the following key areas for the Port:

- Strategic Leadership
- Infrastructure and Facilities
- Services
- Planning for the Future
- Management of Regulatory Obligations
- Communications; and
- Relationships with Key Stakeholders

In conducting the survey, independently facilitated, DPA aimed to improve on the quality of infrastructure and services that it provides to port users and other stakeholders. The survey captured a broad cross section of people and organisations that have some relationship with the port. Stakeholders ranged from those who use or are instrumental in affecting the Port Authority's facilities and services, or are indirectly affected by the activities of the Port. A common observation of many long term stakeholders was that the DPA has come a long way in recent years, a marked improvement on previous eras. Throughout the stakeholder interviews it was clear that performance areas are actively being addressed.

## Community Support

In 2009/10 DPA assessed a significant number of sponsorship applications, and invested \$38,662 in community support, including donations, sponsorships, and community events.

## Cossack Art Awards

The Cossack Art Awards is a high profile, internationally recognized acquisitive art exhibition. Since the inaugural event in 1993, the exhibition has grown well beyond initial expectations. The awards event and the exhibition itself are now widely recognized at both a corporate and artistic level throughout Australia. They also represent an extremely important event in the local community's social and cultural calendar. The Cossack Art Awards attracts Pilbara residents and thousands of visitors to Cossack raising the profile of the region and providing a platform for aspiring artists. As a platinum Sponsor of the event DPA host the sponsors evening and sponsors the 'Invited Artists category.

This year's exhibition showcased an impressive, 270 artists in the 15 category event, with total value for artwork reaching approximately \$530,000. There was an exceptional level of indigenous artwork, with a total of 68 indigenous Artists many of whom were local to the Region. Col Jordan was the winner of DPA's sponsored category with his piece titled "Number 7".



### **Dampier Seafarers Centre**

DPA continue to have a long standing commitment with the Dampier Seafarers Group. The group are located in the heart of Dampier town site and provide an invaluable resource to all seafarers stopping over in the Hampton Harbour. The facility provides practical amenities and spiritual welfare for all seafarers.

### **Gibb River Road Challenge**

Participants from across Australia and around the world compete in the Cable Beach Club Resort Gibb River Road Challenge. Now in its fourth year, the event is a relay mountain bike race that traces the iconic Kimberly stock route of the Gibb River Road from Derby to El Questro; an epic five day, eight hundred kilometre journey. This year DPA sponsored the winning team, Team Rawring Forties, it was they're third time competing in the event.

### **Telescope in Dampier Lookout**

DPA funded a new public telescope, installed at the William Dampier Lookout on Hill Road in Dampier. An initiative driven by the Dampier Community Association. The William Dampier Lookout location provides a spectacular view over the Hampton Harbour and Dampier Archipelago.

### **Sci-Tech Joblink Expo**

DPA was one of 48 stalls at the joint Sci-Tech-Joblink expo at the Karratha Entertainment Centre in June 2010. Students were able to see firsthand what the Port of Dampier exports with samples of iron ore, salt and demonstration bottles of condensate and crude oil. Environment Officers showcased the 'Black Duck', DPA's dedicated Oil Spill response vessel as well as water quality testing, feral cat management and snake handling techniques.

## **Sponsorship and/or donations were provided to:**

- **Karratha Senior High School**
- **Karratha Amateur Swimming Club**
- **Dampier Primary School**
- **Jeans for Genes Day**
- **Pegs Creek Cricket Club**
- **Dampier Sharks Football Club**
- **Roebourne District High School**



### **World's Greatest Shave Day**

During the year DPA hosted a morning tea for the Leukaemia Foundations World's Greatest Shave appeal. A total of 14 staff participated in the event's festivities and either shaved or coloured they're hair. An impressive \$4600 was raised from staff and Port user donations, which the DPA matched dollar for dollar. The local radio was live on day relaying the events as they happened to the local community. A stand out bravery award went to Lizeth DelaHozRuiz, DPA's Port Engineer, the only female to shave her head on the day.

*"Shaving my hair off was the very least I could do for a cause close to my heart. I think the rest of the team was more nervous than I was. The day really highlighted out teams camaraderie and commitment to a good cause" Lizeth DelaHozRuiz.*

DPA will continue to focus efforts on establishing active partnerships with the community, for the mutual benefit of both DPA and the community. Focusing on good community relations aids in securing what DPA needs from the community and providing what the community expects.

## **Strategic Aim:**

# **To integrate Dampier Port into the Community we serve.**





**The future success of the DPA is tied to the success of the West Pilbara Region. Accordingly DPA are focused on regional development, specifically providing a vehicle for effective development of the West Pilbara, including sound environmental and heritage management. Moving forward DPA will continue to expand the boundaries of its expertise and area of responsibility to embrace new opportunities for the benefit of the community, the state and the nation.**

# Our Regional Focus

## Expanding the Boundaries of Our Responsibility

Over the last 12 months DPA's Regional Development focus has been involved:

- Ashburton North
- Anketell Port
- Pilbara Cities

### Ashburton North

Premier and State Development Minister Colin Barnett identified a new Strategic Industrial Area would be created at Ashburton North, 11km south-west of Onslow. Ashburton North will provide the opportunity to establish processing facilities for the commercialisation of recent and expected future gas discoveries. The potential Ashburton North site covers an area of up to 8,000ha, making it large enough to accommodate major LNG developments and other prospective industry. Chevron is investigating the site to commercialise its Wheatstone gas discovery, while BHP Billiton Petroleum and Exxon Mobil are considering using the site to develop their Scarborough discovery. The State

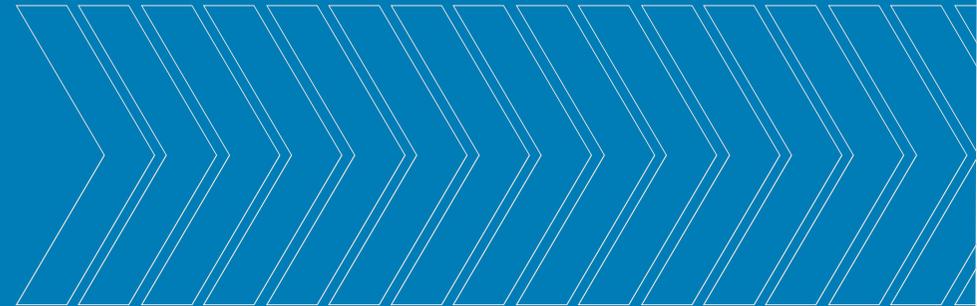
Government will now proceed with detailed planning for the industrial use of the Ashburton North site. This will include a port precinct and multi-user facilities on the coastal strip, and a multi-user infrastructure corridor.

To date DPA has been a driving coordinator in planning for the port precinct and multiuser facilities. The State Government and all proponents have relied heavily on the port planning expertise of the DPA. DPA's Port Development Manager and Harbour Master visited Chevron's head office in Houston on two occasions in the last financial year.

The purpose of the visits were to meet with Chevron subject matter experts and share DPA's marine and planning expertise and advise proponents on project development and approval processes.

In addition to DPA's involvement in the planning process, DPA's Board of Director's held their first remote Board meeting in Onslow in June. The Board were able to visit the Ashburton North site, liaise directly with proponent representatives. A group of staff also took a field trip to Onslow to meet and greet their counterparts in the local shire and familiarise themselves with area. Shire representatives appreciated the efforts DPA made in lieu of a formal transfer of the PO.





### **Anketell Port**

The proposed Anketell Port, 30 km east of Karratha and 10km from Cape Lambert, was identified by the State Government as the site for the next major deepwater iron ore port for the Pilbara. Premier Colin Barnett announced that the government will spend AUD\$3.5 million during the next three years to plan and prepare an Industrial Precinct Development Agreement for the project, including commercial, legal and engineering advice to negotiate the agreement. The deepwater port and industrial precinct are planned to complement the existing Port Hedland and Dampier Ports and will be developed to accommodate a range of users and different mineral commodities. The port will be built by a private proponent under an agreement with the State Government and is planned to have more than 350 million mt/a of export capacity.

DPA has played a pivotal role in the Anketell working groups to date with DSD, Landcorp and potential proponents. Consequently, DPA will manage the new Port and infrastructure corridors and Landcorp will develop the industrial precinct. The Anketell industrial precinct is planned, and industrial area of more than 1,400 ha, and a corridor for transport and services.

Three significant iron ore projects are potential foundation investors in the new precinct:

- API Management for its 30-40 Mtpa West Pilbara Iron Ore Project;
- Fortescue Metals Group Ltd for its 30-60 Mtpa Solomon Project; and
- China Metallurgical Group Corporation for its 15 Mtpa Cape Lambert Iron Ore Project.

DPA will continue to work with the foundation investors to develop the project, with plans to commence operations by 2015. The Anketell Port and industrial precinct will provide opportunities for new exports and processing of iron ore and other minerals.

### **Pilbara Cities Initiative**

In November 2009, the Premier of Western Australia launched the State's vision for the future development of cities in the Pilbara region, which includes major revitalisations of the South Hedland, Karratha, Newman, Dampier, Tom Price and Onslow Town Centres, together with plans to create new marinas and improved waterfronts at Port Hedland and Dampier.

Pilbara Cities is a State Government initiative to encourage more people to live and settle in the Pilbara. The initiative will transform the region by creating modern higher density centres, supported by all the services and facilities enjoyed in other Australian cities. DPA have an obvious interest in supporting such an initiative given that the large majority of staff resides in Dampier and Karratha. Moving into next year DPA will play an active role in informing, partnering and advocating for Pilbara communities in relation to regional priorities in accordance with the expectations of its stakeholders.

**“The Ashburton North Strategic Industrial Area site covers a region of up to 8,000ha, making it large enough to accommodate major LNG developments”**



Dampier local beach front

# Our Future



**Looking to the future DPA aim to facilitate and promote a “whole of port” approach to all elements of port operations, utilising strategic partnerships to manage resource needs and strengthen response capabilities.**

## **2010 Port of Dampier Development Plan**

The Dampier Port Authority is set to embark on a campaign to increase and diversify trade through the Port and improve the critical infrastructure. This will enable the Port to be a driver of sustainable growth in the region through the delivery of trade, Port services and logistics solutions, while obtaining better utilisation and efficiencies from existing Port Infrastructure.

This first step in achieving this is the Implementation of the 2010 Port of Dampier Development Plan. The plan was developed in the last financial year and is due for release last quarter of 2010. It provides a high level strategic planning framework on which to base all future planning and development, it also sets a clear direction for managing expected growth in trade over the next ten years and supports the Government’s planning policy objectives in relation to Port and Port Infrastructure.

In determining a Development Strategy and Development Outcomes for the Port of Dampier, the plan specifically:

- Considers future Port trade and volumes, and the global environment under which these operate.
- Examines existing infrastructure and trade operating environments in order to assess future infrastructure needs.
- Provides a broad land use framework to guide Port Land use development planning.
- Considers and provides direction on the associated implications for land use, water use and transport planning in the short term.
- Acknowledges and integrates existing planning and environmental assessment processes.
- Outlines possible funding strategies to achieve short term outcomes.

The plan also foreshadows longer term infrastructure needs and Port expansions.

Current and future users of the Port and Port land can approach the DPA with confidence, knowing that benefits of integrated land use planning and management and integrated transport solutions will flow on to individual proponents and businesses in the future. DPA is focused on delivering infrastructure projects to facilitate trade through the Port.



## Strategic Approach: Think Big, Think Smart, Think Future

In preparation for expansion plans, DPA has embarked on enhancing its strategic thinking. While the Government and the Port consider the timing and scope for any such restructuring and expansions, DPA is firmly focused on moving the Port of Dampier toward the next stage in its development, and are consistent with the actions which would arise from an expanded role across the West Pilbara coastline.

The following strategic objectives will guide DPA in its future thinking, planning, decisions and actions:

|   |   |
|---|---|
| <b>Trade</b>                                  | To be supportive and creative in assisting our customers to grow and develop their activities in West Pilbara Ports.  |
| <b>Operational Excellence</b>                 | To provide an efficient, safe, secure and professional port operation which meets the current and future needs of our customers.                                      |
| <b>Financial Management</b>                   | To ensure the port remains financially viable and meets the commercial expectations of its shareholders and stakeholders.   |
| <b>Stakeholder Relations</b>                  | To exceed the expectation of stakeholders through the creation of real value for the State and the community we serve.  |
| <b>Maritime Activities</b>                    | To be involved in the creation, development and management of maritime activities along the West Pilbara coast.   |
| <b>Strategic Land Planning and Management</b> | To be a catalyst for effective development of the West Pilbara, including sound environmental and heritage management.  |
| <b>Expanding the Boundaries</b>               | To be ready to apply the expertise and experience of the DPA, when called upon by the Government, to other developing marine facilities along the West Pilbara coast. |

## Regional Port Centre

DPA have acquired additional space in its new Perth Office with the vision to establish a “Regional Port Centre” for Western Australia. A Perth footprint provides other regional ports with the opportunity to widen their scope of planning activities enrich stakeholder relationships and build camaraderie with fellow Western Australian Ports. Most importantly working alongside Ports, provides in invaluable opportunity for Western Australian Ports to share knowledge and skills particularly in planning and development. The new office is fully equipped and ideally located in the heart of West Perth, in close proximity to the Minister’s Office and key stakeholders. It is hoped that this initiative will promote joint contribution and collaboration between regional Western Australian Ports, supporting the achievement of State objectives.





Rio Tinto Dampier Operation

# Our Compliance

## 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 |
|-------------------------|---|-------------|
| Sponsorship \$38,662.26 | Cossack Art Awards  | \$10,000    |
|                         | Dampier Seafarers   | \$15,000    |
|                         | Miscellaneous (Schools, community & sporting clubs)             | \$13,663    |
| Media Advertising       | Miscellaneous (Local Business Support & community publications) | \$6,550     |
| Market Research         | 2010 Stakeholder Satisfaction Survey                            | \$44,260    |
| Advertising             | N/A   | N/A         |



### Code of Conduct

In accordance with Section 23 of the Port Authorities Act 1999 and Section 31 of the Public Sector Management Act 1994, DPA 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 2009-10.

### Freedom of Information Act 1994

DPA provides the Office of the Information Commissioner with a Freedom of Information Statement each 12 months. The statement is made available to the public, aimed at advising the public of their ability to access DPA documents and to ensure that all DPA information held is accurate, complete, up-to-date and not misleading. During the 2009-/10 financial year, DPA did not record any FOI requests.

### MSIC Compliance

In 2006 the DPA became an issuing body processing and issuing Maritime Security Identification Cards. Anyone entering or working in Australia’s maritime security zones, ports, ships and offshore oil and gas facilities is required to hold a valid MSIC demonstrating they have met the minimum background checks.

The number of MSIC’s issued in 2009/10:

|                                    |             |
|------------------------------------|-------------|
| <b>Total MSIC’s Processed:</b>     | <b>1594</b> |
| Standard MSIC:                     | 1469        |
| Provisional MSIC:                  | 4           |
| ASIC Based:                        | 5           |
| Replacement MSIC:                  |             |
| (Lost/Visa Extension/ Name Change) | 116         |

### Public Interest Disclosure

The *Public Interest Disclosure Act 2003 (PID)* enables people to make disclosures about wrongdoing within the State public sector, local government and public universities without fear of reprisal. DPA did not receive any PID disclosure requests during 2009/10.

### State Records Act 2000

DPA issued the Western Australian State Records Commission with the latest revision of its Record Keeping Plan. The new Record Keeping Plan is customised to suit the records management requirements of the DPA. It provides an accurate reflection of the record keeping practices within DPA. More specifically, documentation regarding the DPA’s record keeping system, disposal arrangements, policies, practices and processes are the essential components of the Recordkeeping Plan. It also addresses the new Electronic Document Management System DPA and associated processes and procedures.

### Workers Compensation and Injury Management Act 1981

The DPA is committed to the Workers’ Compensation and Injury Management Act 1981 and recognise the legal requirement to provide workers with compensation in the event of an injury. Accordingly DPA ensure employees are not disadvantaged financially due to injury at work where lost time is sustained.

DPA’s SHEQ Management System includes a dedicated Program for Incident Investigation, Preventative and Corrective Action. The program outlines the internal process for investigating incidents at work and recommends appropriate and effective corrective and/or preventative actions to avoid recurrence. In the event of personnel injury DPA’s Human Resources manual details the relevant procedure. The procedure includes the course of action for employee’s to pursue worker’s compensation and a return to work program for any injured employee sustaining a work related injury.

## FINANCIAL REPORT 2010

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# Directors Report

In accordance with Schedule 5, Division 9 we report on the operations of the Dampier Port Authority (DPA) for the year to 30th June, 2010 as follows:

## Board Members

The following persons were members of the Board of the Dampier Port Authority at the end of the financial year and up to the date of this report:

| Name                     | Position        | Expiry Date of Tenure / Resignation |
|--------------------------|-----------------|-------------------------------------|
| Mr Brendan Hammond       | Chairman        | 30 June 2011                        |
| Mr Robert Vitenbergs     | Deputy Chairman | 31 December 2011                    |
| Ms Lisa Hamilton         | Member          | 31 December 2011                    |
| Mr Michael Spreadborough | Member          | 31 December 2011                    |
| Mr Mike Deeks            | Member          | 30 June 2012                        |
| Mr Benjamin Doig         | Member          | 31 December 2011                    |

(Alternate to Mr Michael Spreadborough)

## Current Board Members



**Chairman:**  
**Mr Brendan Hammond**

**Ministerial Appointment:**

Appointed in July 2008 with term expiring in June 2011.

**Experience:**

Chairman of Horizon Power since April 2006.

Brendan has a wealth of experience, having worked in a large mining corporation for most of his career and until recently served as the Managing Director of Argyle Diamond Mines in Western Australia.



**Deputy Chairman:**  
**Mr Robert Vitenbergs**

**Ministerial Appointment:**

Has been a Board member since January 2000, Rob was re-appointed in January 2009 with term expiring December 2011.

**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.



**Hamersley Iron Nominee:**  
**Mr Mike Spreadborough**

Appointed to the Board April 2006 with term expiring December 2011.

**Qualifications:**

Bachelor of Engineering (Mining) (Hons)  
- University of Queensland 1986.

Master of Business Administration  
- Deakin University 1993.

Australian Institute of Company Directors

NSW Below Ground Mine Managers Certificate.

WA First Class Mine Managers Certificate.

**Experience:**

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

# Directors Report



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

Appointed to the Board in May 2007 with term expiring in December 2011.

**Qualifications:**

- Bachelor Science/Law (Hons);
- Post Graduate Diploma in Energy Studies;
- Company Directors training

**Experience:**

7 years practising in industrial relations and employment law, with 14 years experience in the Oil and gas industry. Past Director with the Ngarluma and Yindjibarndi Foundation Ltd. Currently General Manager Marine for Woodside Energy Limited, responsible for pilotage, marine operations and marine assurance for the Woodside Group.



**Director:  
Mr Mike Deeks**

Appointed to the Board in July 2009 with term expiring in June 2012.

**Qualifications:**

- Masters of Management
- Bachelor of Arts
- Australian Institute of Company Directors

**Experience:**

Since November 2007 WA Site Executive, Raytheon Australia, responsible for management of all Western and South Australian operations including oversight of existing programs. Previous position WA Government Advisor & Defence Industry Strategist, Dept of Industry and Resources (DOIR).

## Executive Team (as at 30 June 2010)

| Name                  | Position                            |
|-----------------------|-------------------------------------|
| Mr Steve Lewis        | Chief Executive Officer             |
| Mr Dave Blackman      | Maintenance Superintendent          |
| Captain John Fewings  | Harbour Master                      |
| Dr Rochelle Macdonald | Port Development Manager            |
| Mrs Megan Marion      | Corporate Services Manager          |
| Mr Kevan Wheeler      | Acting Engineering Services Manager |
| Mr Wayne Young        | Environment and Heritage Manager    |

## Principal Activities

The principal activities of the Dampier Port Authority can be summarised as follows:

### 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 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.

## Net Profit After Tax

The Authority finished the financial year with a profit after compliance with the “National Tax Equivalent” legislation of \$5,272,236 compared to last year’s profit of \$2,683,030 after tax. See the accompanying Financial Statements for further details.

## Dividend

In accordance with the current dividend policy the Directors have recommended \$3,426,953 dividend be paid being 65% of net operating profit after tax.

|  | <b>2010</b>   | <b>2009</b>   |
|--|---------------|---------------|
|  | <b>\$'000</b> | <b>\$'000</b> |
| Total dividends recommended in respect of the financial year | 3,427         | 1,341         |
| Total dividends paid during the financial year               | 1,341         | 2,297         |

## Significant Changes to the State of Affairs

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

# Directors Report

## Review of Operations

### Finance

In regard to Operations 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 \$6,680,553, against budgeted profit of \$8,660,657.

The DPA expensed \$7 million on engineering and design works associated with the proposed Dampier Marine Services Facility.

A summary of revenues according to significant operating areas is set out to the right.

**“the Authority aims to achieve its rate of return on assets, while providing the most cost-effective service to port users.”**

|   | <b>2010</b>   | <b>2009</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| Port Dues   | 19,323        | 9,358         |
| Dampier Cargo Wharf Operations                            | 4,318         | 3,669         |
| Lease-King Bay Industrial Estate/Other                    | 4,024         | 3,592         |
| Bulk Liquids Berth  | 8,574         | 8,718         |
| Interest  | 361           | 430           |
| Profit on sale of assets                                  | 23            | 8             |
| MSIC  | 289           | 289           |
| Project Management  | 381           | 403           |
| Capital contribution                                      | 321           | 0             |
| Other Revenues  | 359           | 298           |
| Total Revenue   | <u>37,973</u> | <u>26,765</u> |
| <i>Less unallocated expenses:</i>                         |               |               |
| Employee expenses   | 6,663         | 5,055         |
| Maintenance   | 4,321         | 4,596         |
| Power & Water   | 367           | 373           |
| Depreciation  | 3,906         | 3,596         |
| Insurance   | 485           | 345           |
| Legal   | 1,220         | 634           |
| Consultants   | 7,944         | 2,309         |
| Audit Fees  | 64            | 57            |
| Borrowing Expenses  | 4,261         | 4,365         |
| Supplies and services                                     | 1,632         | 1,288         |
| Other   | 430           | 338           |
| Total Expenditure   | <u>31,293</u> | <u>22,956</u> |
| Profit from ordinary activities before income tax expense | 6,680         | 3,809         |
| Income tax benefit/(expense)                              | (1,408)       | (1,126)       |
| Profit from ordinary activities after income tax expense  | <u>5,272</u>  | <u>2,683</u>  |

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

**(a) Port Dues**

Port Dues increased compared to last year mainly due to the increase in the rate of port dues and also a greater number of ships entering the port. The port dues rate takes into account the target rate of return.

**(b) Dampier Cargo Wharf (DCW) Operations**

There has been a slight increase in revenue due to an increase in charges associated with the Cargo Wharf.

**(c) Lease - King Bay Industrial Estate)/Other**

Income from King Bay Industrial Estate has increased compared to last financial year. This is due to lease reviews during the year.

**(d) Bulk Liquids Berth**

Each year the DPA calculates the State Subsidy payable from the WA Government based on budget costs. During 09/10 financial year the forecast expenditure on the facility was lower than in previous years.

**(e) Interest**

During the year the DPA invested surplus cash, the decrease is due to the interest rates starting at around 3.5% declining to 2.8% at the end of the financial year.

**(f) Profit from the Sale of Non Current Assets**

The net proceeds from sale of Non Current Assets are higher this year due to an increase in assets sold.

**(g) MSIC**

Maritime Security Identification Card (MSIC) is a federal requirement to increase security within Australian Ports. The MSIC was a requirement for WA ports from 1st January 2007 and is valid for five years. Income received is similar to the previous year.

**(h) Project Management**

There has been a decline in project management fees during the financial year due to a decrease in the number of major projects being managed. Currently the DPA is managing one major project.

**(i) Capital contributions**

Contribution from Woodside to the assist in the construction of the security gatehouse, this is due to be completed in 2010-11.

**(j) Other Revenues**

There has been a slight increase in other revenue being attributable to reimbursement of development costs.

**(k) Employee Expenses**

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

**(l) Maintenance**

Maintenance costs are similar to last financial year, and reflecting continuation of the cyclical maintenance program.

**(m) Power and Water**

Costs are similar to last financial year and reflect same charge in usage.

**(n) Depreciation**

Depreciation is slightly higher, this is mainly due to the fender infrastructure project being completed on the DCW in September 2009.

# Directors Report

## (o) Insurance

Costs for insurance increased slightly compared to last financial year.

## (p) Legal

Legal costs increased during the year due to an increase in negotiations taking place.

## (q) Consultants

Increase in consultancy costs this is mainly due to the costs incurred on the front end engineering and design of the Dampier Marine Services Facility.

## (r) Auditing

Audit costs are similar to last financial year.

## (s) Borrowing costs

Borrowing costs are similar to last financial year.

## (t) Supplies and Services

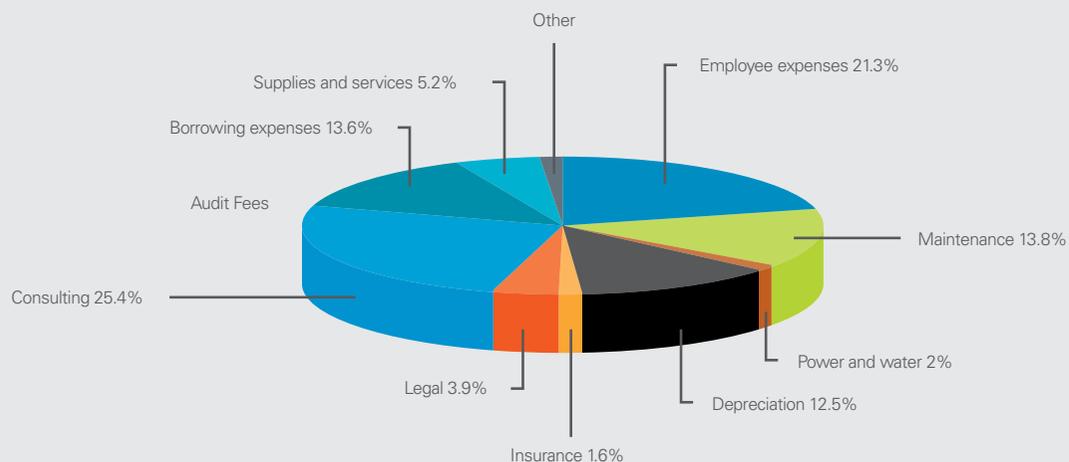
These costs have increased slightly, compared to last financial year. Increases were mainly seen in office hire, staff travel expenses and minor assets.

## (u) Other

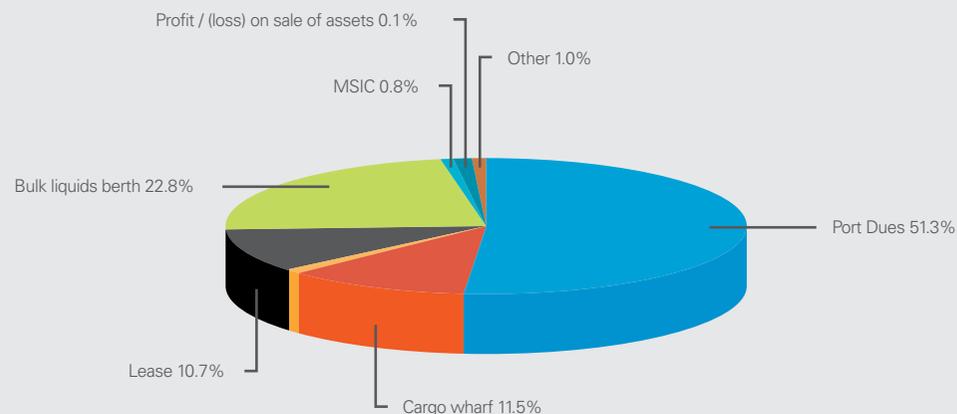
Other expenditure is similar to last financial year.

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

### Expenditure Allocation 2010



### Sources of Revenue 2010



## Key Performance Indicators

### Economic

The table below shows commodity throughput for the past 5 years Export of Iron Ore continues to be the predominant contributor.

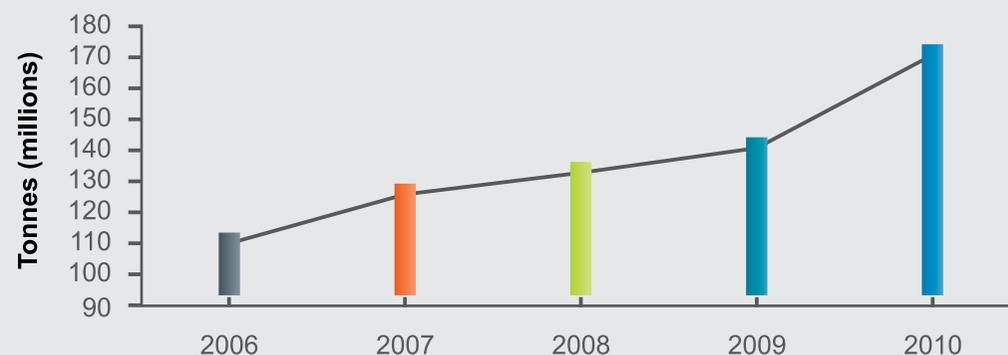
### Financial

#### Rate of Return

The Minister for Transport sets the Authority's target rate of return which is 6-8%. The budgeted rate of return for the 2009/2010 financial year was 9.09%. The rate of return achieved by the Dampier Port Authority was 8.54%. (Bulk Liquids Berth (BLB) 5.01%, General operations excl BLB was 11.83%).

The average long run rate of return achieved by the Dampier Port Authority over the past 5 years was 8.16%

## Port Of Dampier Annual Cargo Throughput (Financial Year End)



| Commodity                      | 2009-2010          | 2008-2009          | 2007-2008          | 2006-2007          | 2005-2006          |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Iron Ore                       | 141,260,217        | 116,550,652        | 112,176,315        | 103,890,562        | 89,242,635         |
| Salt                           | 4,539,951          | 3,610,665          | 3,435,339          | 3,539,471          | 3,212,634          |
| Condensate                     | 4,099,877          | 4,145,638          | 3,027,115          | 3,299,767          | 3,373,302          |
| Liquified Natural Gas          | 17,214,420         | 14,407,975         | 12,279,748         | 12,508,917         | 11,784,741         |
| Liquified Petroleum Gas        | 1,975,261          | 957,270            | 1,526,302          | 1,487,877          | 1,468,917          |
| Petroleum Products             | 471,674            | 443,886            | 378,066            | 274,737            | 412,653            |
| Ammonia                        | 796,165            | 335,770            | 744,865            | 727,895            | 62,171             |
| General Cargo                  | 374,649            | 371,891            | 381,526            | 395,999            | 512,092            |
| <b>Total Cargo Tonnes</b>      | <b>170,732,214</b> | <b>140,823,747</b> | <b>133,949,276</b> | <b>126,125,255</b> | <b>110,069,145</b> |
| Total Vessel Numbers           | 4,657              | 4,007              | 4,029              | 3,403              | 3,062              |
| Total Gross Registered Tonnage | 123,370,017        | 106,701,463        | 97,893,363         | 95,156,837         | 87,156,692         |

# Directors Report

## Financial

### Rate of Return (Continued)

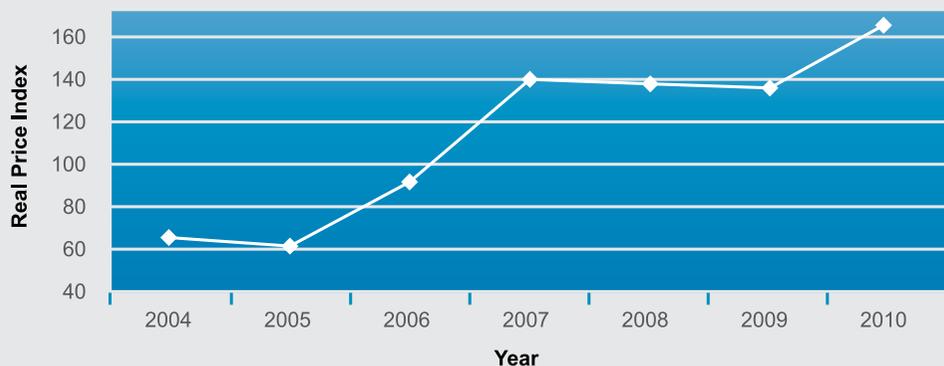
The target rate of return is calculated on profit before borrowing and taxation cost divided by the written down deprival cost of total assets less gifted assets.

### 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.

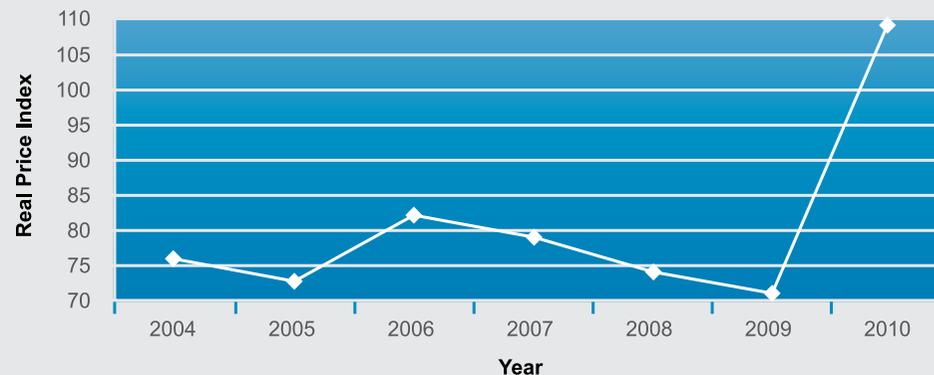
As the graph for port dues indicates the real price index for port dues has increased by 144% from 2004 to 2010. Prices will increase to \$0.1742 from 1 July 2010.

### Port Dues



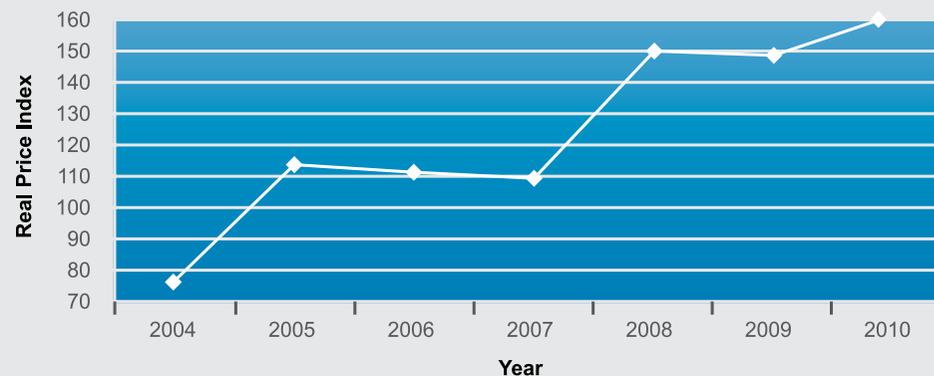
As the graph for Wharfage charges indicates the real price index has increased by 44% from 2004 to 2010. Wharfage charges will increase from 1 July 2010 to \$7.68, reflecting increased costs under 'user pays' principles introduced in July 2009.

### Wharfage



As the graph for berth hire indicates the real price index for berth hire has increased by 112% between 2004 and 2010. Prices will increase to \$75.00 per 50m vessels LOA from 1 July 2010.

### Berth Hire



## Stability of Workforce

Staff Turnover was 7.50 per cent for 2009-2010.

## Occupational Health and Safety

No Workers Compensation claims were made during the financial year.

## Significant Changes to the State of Affairs

No significant changes to the state of affairs of the Authority occurred during the financial year.

## Events Subsequent to Reporting Date

There has not risen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Authority, to affect significantly the operations of the Authority, the results of those operations, or the state of affairs of the Authority, in future financial years.

## Likely Developments and Future Results

The Authority expects that trade volumes for 2010/2011 financial year to continue to increase, this is mainly due to the expected increases in iron ore exports. As a consequence, revenue is expected to rise proportionately over this financial year.

Significant changes in the Authority's operations are occurring due to a number of development projects coming to fruition, including the anticipated expansion of the Authority's coverage to Onslow and Mt Anketell.

## 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 20.

## Remuneration Report

### Remuneration Policy

The Minister determines remuneration of directors of the Dampier Port Authority. 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

#### 2010

| Name                         | Directors Fees<br>\$ | Superannuation<br>\$ | Total<br>\$ |
|------------------------------|----------------------|----------------------|-------------|
| B Hammond                    | 45,000               | 4,050                | 49,050      |
| R. Vitenbergs                | 25,000               | 2,250                | 27,250      |
| M. Deeks (commenced July 09) | 14,575               | 1,312                | 15,887      |

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

#### 2009

| Name                     | Directors Fees<br>\$ | Superannuation<br>\$ | Total<br>\$ |
|--------------------------|----------------------|----------------------|-------------|
| B Hammond                | 45,000               | 4,050                | 49,050      |
| R. Vitenbergs            | 25,000               | 2,214                | 27,214      |
| D. Rothe (left Dec 2008) | 8,250                | 743                  | 8,993       |

# Directors Report

## Other Executives

### 2010

| Name                                       | Salary<br>\$ | Motor Vehicle<br>\$ | Other<br>\$ | Super<br>\$ | Total<br>\$ |
|--|--------------|---------------------|-------------|-------------|-------------|
| Steve Lewis<br>Chief Executive Officer     | 290,389      | 31,421              | 783         | 26,702      | 349,295     |
| John Fewings<br>Harbour Master             | 196,988      | 25,121              | 168         | 18,390      | 240,667     |
| Rochelle MacDonald<br>Port Development Mgr | 177,615      | 16,547              | -           | 15,985      | 210,147     |

### 2009

| Name                                       | Salary<br>\$ | Motor Vehicle<br>\$ | Other<br>\$ | Super<br>\$ | Total<br>\$ |
|--|--------------|---------------------|-------------|-------------|-------------|
| Steve Lewis<br>Chief Executive Officer     | 245,553      | 22,087              | 793         | 21,137      | 289,570     |
| John Fewings<br>Harbour Master             | 177,214      | 24,457              | 872         | 15,430      | 217,973     |
| Rochelle MacDonald<br>Port Development Mgr | 152,415      | 4,195               | -           | 13,717      | 170,327     |

## Retirement, Election and Continuation of Office of Members

The only change to the Board Membership during 2009-2010 was the appointment of Mr Mike Deeks in July 2009 and the resignation of John Jenkins as the alternate for Northwest Shelf Gas Development.

During the financial year 7 Directors' meetings were held. The number of meetings in which the Directors were in attendance is shown in the table below.

|                       | No. of Meetings<br>eligible to attend | Meetings<br>attended |
|-----------------------|---------------------------------------|----------------------|
| Brendan Hammond       | 7                                     | 7                    |
| Robert Vitenbergs     | 7                                     | 7                    |
| Michael Spreadborough | 7                                     | 6                    |
| Mike Deeks            | 7                                     | 6                    |
| Lisa Hamilton         | 7                                     | 6                    |
| Ben Doig              |                                       | 1                    |

(Alternate to Mr Michael Spreadborough)

## Environmental Performance

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

## 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 \$16,887 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 2010 is \$34,100 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.



**Brendan Hammond**  
Chairman



**Robert Vitenbergs**  
Deputy Chairman

Dated this 10th day of August, 2010

Dampier WA

# Directors Declaration

# Auditors' Report

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 2010 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.



Chairman



Director

Dated this 10th day of August, 2010

Dampier WA



Auditor General

## INDEPENDENT AUDIT REPORT ON DAMPIER PORT AUTHORITY

### To the Parliament of Western Australia

I have audited the financial statements of the Dampier Port Authority. The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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 Statements

The directors of the Dampier Port Authority are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Port Authorities Act 1999. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are 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

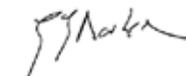
As required by the Port Authorities Act 1999, my responsibility is to express an opinion on the financial statements based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. This document is available on the OAG website under "How We Audit".

An audit does not guarantee that every amount and disclosure in the financial statements 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 statements.

### Audit Opinion

In my opinion, the financial statements of the Dampier Port Authority are 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 2010 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.



GLEN CLARKE  
ACTING AUDITOR GENERAL  
15 September 2010

# Statement of Comprehensive Income

For the year ended 30 June 2010

|                                       | Note | 2010<br>\$'000 | 2009<br>\$'000 |
|---------------------------------------|------|----------------|----------------|
| Revenue                               | 3    | 37,973         | 26,765         |
| Employee benefits expense             | 2    | (6,456)        | (4,915)        |
| Asset Maintenance                     |      | (4,321)        | (4,596)        |
| Power & water                         |      | (369)          | (373)          |
| Depreciation and amortization expense | 2    | (3,906)        | (3,596)        |
| Legal                                 |      | (1,220)        | (634)          |
| Insurance                             |      | (485)          | (345)          |
| Consultants                           |      | (7,944)        | (2,309)        |
| Finance costs                         | 2    | (4,261)        | (4,365)        |
| Audit fees                            | 2    | (64)           | (57)           |
| Supplies and services (a)             |      | (1,632)        | (1,288)        |
| Other expenses                        |      | (637)          | (478)          |
| <b>Profit before income tax</b>       | 2    | <u>6,680</u>   | <u>3,809</u>   |
| Income tax expense                    | 4    | <u>(1,408)</u> | <u>(1,126)</u> |
| <b>Profit for the year</b>            |      | <u>5,272</u>   | <u>2,683</u>   |

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

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

# Statement of Financial Position

As at 30 June 2010

|                                  | Note  | 2010<br>\$'000 | 2009<br>\$'000 |
|----------------------------------|-------|----------------|----------------|
| <b>Current assets</b>            |       |                |                |
| Cash and cash equivalents        | 21(a) | 6,082          | 5,913          |
| Trade and other receivables      | 5     | 3,701          | 2,260          |
| Other                            | 6     | 127            | 82             |
| Current tax asset                | 7     | 2,284          | 384            |
| <b>Total current assets</b>      |       | <b>12,194</b>  | <b>8,639</b>   |
| <b>Non-current assets</b>        |       |                |                |
| Property, plant and equipment    | 9     | 92,620         | 92,437         |
| Deferred tax assets              | 8     | 693            | 1,026          |
| <b>Total non-current assets</b>  |       | <b>93,313</b>  | <b>93,463</b>  |
| <b>Total assets</b>              |       | <b>105,507</b> | <b>102,102</b> |
| <b>Current liabilities</b>       |       |                |                |
| Trade and other payables         | 11    | 2,717          | 2,916          |
| Borrowings                       | 12    | 1,794          | 1,693          |
| Unearned Income                  | 14    | 759            | 632            |
| Provisions                       | 15    | 869            | 516            |
| <b>Total current liabilities</b> |       | <b>6,139</b>   | <b>5,757</b>   |

# Statement of Financial Position (Continued)

As at 30 June 2010

|                                      | Note | 2010<br>\$'000 | 2009<br>\$'000 |
|--------------------------------------|------|----------------|----------------|
| <b>Non-current liabilities</b>       |      |                |                |
| Deferred tax liabilities             | 16   | 1,031          | 153            |
| Borrowings                           | 12   | 66,706         | 68,496         |
| Provisions                           | 15   | 40             | 36             |
| <b>Total non-current liabilities</b> |      | <u>67,777</u>  | <u>68,685</u>  |
| <b>Total liabilities</b>             |      | <u>73,916</u>  | <u>74,442</u>  |
| <b>Net assets</b>                    |      | <u>31,591</u>  | <u>27,660</u>  |
| <b>Equity</b>                        |      |                |                |
| Contributed equity                   | 17   | 17,002         | 17,002         |
| Retained earnings                    | 18   | 14,589         | 10,658         |
| <b>Total equity</b>                  |      | <u>31,591</u>  | <u>27,660</u>  |

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

# Statement of Changes in Equity

For the year ended 30 June 2010

|   | Note | Contributed Equity<br>\$'000 | Retained Earnings<br>\$'000 | Total Equity<br>\$'000 |
|---|------|------------------------------|-----------------------------|------------------------|
| <b>Balance at 1 July 2008</b>                       |      | 17,002                       | 10,272                      | 27,274                 |
| Total comprehensive income for the year             |      |                              | 2,683                       | 2,683                  |
| Transactions with owners in their capacity as owner |      |                              |                             |                        |
| Dividends paid                                      | 13   |                              | (2,297)                     | (2,297)                |
| <b>Balance at 30 June 2009</b>                      |      | 17,002                       | 10,658                      | 27,660                 |
| <b>Balance at 1 July 2009</b>                       |      | 17,002                       | 10,658                      | 27,660                 |
| Total comprehensive income for the year             |      |                              | 5,272                       | 5,272                  |
| Transactions with owners in their capacity as owner |      |                              |                             |                        |
| Dividends paid                                      | 13   |                              | (1,341)                     | (1,341)                |
| <b>Balance at 30 June 2010</b>                      |      | 17,002                       | 14,589                      | 31,591                 |

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

# Statement of Cash Flows

For the year ended 30 June 2010

|  | Note  | 2010<br>\$'000 | 2009<br>\$'000 |
|--|-------|----------------|----------------|
| <b>Cash flow from operating activities</b>               |       |                |                |
| Receipts from customers                                  |       | 28,631         | 19,020         |
| Receipts from government contributions                   |       | 7,670          | 8,252          |
| Payments to suppliers and employees                      |       | (22,903)       | (15,018)       |
| Interest received  |       | 335            | 424            |
| Interest paid  |       | (4,279)        | (4,377)        |
| Income tax paid  |       | (2,189)        | (2,937)        |
| GST receipt on sales                                     |       | 2,980          | 2,118          |
| GST receipt from taxation authority                      |       | (1,114)        | 1,497          |
| GST payments on purchases                                |       | (1,836)        | (3,615)        |
| Net cash inflow / (outflow) from operating activities    | 21(b) | 7,265          | 5,364          |
| <b>Cash flow from investing activities</b>               |       |                |                |
| Proceeds from sale of property, plant & equipment        |       | 183            | 3,725          |
| Payment for acquisition of property, plant and equipment |       | (4,249)        | (5,886)        |
| Net cash inflow / (outflow) from investing activities    |       | (4,066)        | (2,161)        |
| <b>Cash flow from financing activities</b>               |       |                |                |
| Dividends paid   | 13    | (1,341)        | (2,297)        |
| Repayment of borrowings                                  |       | (1,689)        | (1,592)        |
| Net cash inflow / (outflow) from financing activities    |       | (3,030)        | (3,889)        |
| <b>Net increase / (decrease) in cash equivalents</b>     |       | 169            | (686)          |
| <b>Cash and cash equivalents at 1 July</b>               |       | 5,913          | 6,599          |
| <b>Cash and cash equivalents at 30 June</b>              | 21(a) | 6,082          | 5,913          |

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

# Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

## Note 1: Summary of Significant Accounting Policies

### 1. Basis of Preparation

#### a) Statement of Compliance

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 accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented, unless otherwise stated.

The financial statements were authorised for issue on 10th August 2010 by the Board of Directors of the Dampier Port Authority.

#### b) Presentation of Statement of Comprehensive Income

The Directors have concluded that the financial statements present fairly the Authority's financial position, financial performance and cash flows with applicable standards and interpretations.

#### c) Basis of Measurement

The financial report is prepared on an accrual basis and in accordance with historical cost convention.

#### d) Functional and Presentation Currency

These financial statements are presented in Australian dollars and all values are rounded to the nearest (\$'000) unless otherwise stated.

#### e) Use of Estimates and Judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statement:

- Discount rates used in estimating provisions
- Estimating useful life of key assets
- Long service leave - retention rates and discount rates.

### 2. Summary of Significant Accounting Policies

#### (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 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.

# Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

## (e) Property, Plant and Equipment and Infrastructure (Continued)

### 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     |

### 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.

### **(g) Impairment of Assets (Continued)**

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 assets 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 not interest rate applicable and subsequent measurement is not required as the effect 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.

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.

# Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

## (l) Investments and Other financial Assets (continued)

### (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 Transport that dividends amounting to \$3,426,953 (2009: \$1,341,515) be declared in respect for the year ended 30 June 2010. The proposed dividend is in accordance with the dividend policy included in the Authority's statement of corporate intent for 2009-2010.

## (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.

### (p) 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.

### q) New Standards and Interpretations Not Yet Adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report.

- Revised AASB 101 Presentation of Financial Statements (2007) introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either single statement of comprehensive income (effectively combining both the income statement and all non owner changes in equity in a single statement) or, in an income statement and a separate statement of comprehensive income. Revised AASB 101, which becomes mandatory for the Authority's 30 June financial statements, is expected to have significant impact on the presentation of the financial statements. The authority plans to provide total comprehensive income in a single statement of comprehensive income for its 2010 financial statements.
- Revised AASB 123 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Authority's 30 June 2010 financial statements. The Authority already capitalises borrowing costs directly attributable to qualifying assets, therefore there will be no impact in the Authority's 30 June financial statements.

### Note 2: Profit Before Income Tax

Profit before income tax expense includes the following expenses:

|                                     | 2010<br>\$'000 | 2009<br>\$'000 |
|-------------------------------------|----------------|----------------|
| Employee benefit                    |                |                |
| Annual Leave                        | 390            | 294            |
| Long Service Leave                  | 171            | 131            |
| Superannuation                      | 415            | 442            |
| Fringe benefits tax                 | 288            | 202            |
| Board members fee                   | 60             | 53             |
| Wages                               | 3,200          | 2,251          |
| Temporary Staff                     | 1,024          | 862            |
| Other                               | 908            | 680            |
| Total employee benefits             | 6,456          | 4,915          |
| Depreciation and amortisation       |                |                |
| Building and improvements           | 382            | 314            |
| Plant and equipment                 | 925            | 771            |
| Berths/wharves                      | 2,016          | 1,912          |
| Navigation aids                     | 239            | 255            |
| Channel                             | 344            | 344            |
| Total depreciation and amortisation | 3,906          | 3,596          |
| Finance costs                       | 4,261          | 4,365          |
| Auditors Remuneration               | 64             | 57             |

# Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

## Note 3: Revenue

|  | 2010<br>\$'000 | 2009<br>\$'000 |
|--|----------------|----------------|
| Operating activities of the Authority                      |                |                |
| - rendering of services - port dues                        | 19,323         | 9,358          |
| - rendering of services - DCW/Barge Ramp                   | 4,318          | 3,669          |
| - rendering of services - Bulk Liquids Berth               | 904            | 465            |
| - Government contribution - Bulk Liquids Berth             | 7,670          | 8,253          |
| - leases revenue   | 4,024          | 3,592          |
| - foreign exchange gain (loss)                             | (23)           | 0              |
| - Other  | 1,373          | 990            |
|  | <u>37,589</u>  | <u>26,327</u>  |
| Non-operating activities of the Authority                  |                |                |
| - Net gain on disposal of property,<br>plant and equipment | 23             | 8              |
| - interest received  | 361            | 430            |
|  | <u>37,973</u>  | <u>26,765</u>  |

## Note 4: Income Tax Expense

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:

|   | 2010<br>\$'000 | 2009<br>\$'000 |
|---|----------------|----------------|
| Profit before income tax:   | <u>6,680</u>   | <u>3,809</u>   |
| Tax at the Australian tax rate<br>of 30% (2009: 30%)  | (2,004)        | (1,143)        |
| Tax effect of amounts which are not<br>deductible (taxable) in calculating<br>taxable income: |                |                |
| Sundry Items  | (2)            | (2)            |
| Investment allowance deduction  | 10             | 18             |
| Research and development  | 495            | -              |
| Prior year under/(over) provision   | 93             | 1              |
|   | <u>(1,408)</u> | <u>(1,126)</u> |
| Income tax (expense)  | <u>(1,408)</u> | <u>(1,126)</u> |
| Income tax expense comprises:   |                |                |
| Provision attributable to current year  | (197)          | (1,431)        |
| (Increase)/decrease in deferred tax liability   | (878)          | (61)           |
| Increase/(decrease) in deferred tax asset   | (333)          | 366            |
|   | <u>(1,408)</u> | <u>(1,126)</u> |

## Note 5: Trade and Other Receivables

|               | 2010<br>\$'000 | 2009<br>\$'000 |
|---------------|----------------|----------------|
| Trade debtors | 3,701          | 2,260          |

Trade debtors are normally settled on 14 day terms.

## Note 6: Other Current Assets

|             | 2010<br>\$'000 | 2009<br>\$'000 |
|-------------|----------------|----------------|
| Prepayments | 37             | 42             |
| Deposit     | 90             | 40             |
|             | 127            | 82             |

## Note 7: Current Tax Asset

|                   | 2010<br>\$'000 | 2009<br>\$'000 |
|-------------------|----------------|----------------|
| Current tax asset | 2,284          | 384            |

## Note 8: Deferred Tax Assets

|                                  | 2010<br>\$'000 | 2009<br>\$'000 |
|----------------------------------|----------------|----------------|
| The deferred tax asset comprises |                |                |
| accrued expenses                 | 7              | 8              |
| operational expenditure          | 326            | 696            |
| settlement payment               | 79             | 156            |
| FX - unrealised                  | 7              | -              |
| provisions                       | 274            | 166            |
|                                  | 693            | 1,026          |

### Reconciliation of movement in deferred tax assets

|  |       |       |
|--|-------|-------|
| Opening balance                                    | 1,026 | 659   |
| Prior year adjustment<br>(charged)/credited to P&L | (371) | -     |
|  | 38    | 367   |
| Closing balance                                    | 693   | 1,026 |

# Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

## Note 9: Property, Plant and Equipment

|  | 2010<br>\$'000 | 2009<br>\$'000 |
|--|----------------|----------------|
| <b>Land and buildings</b>  |                |                |
| Land   |                |                |
| Freehold - at cost (ii)  | 1,868          | 1,222          |
| Total Land   | <u>1,868</u>   | <u>1,222</u>   |
| Building and improvements (iii)                                      |                |                |
| At cost  | 13,216         | 11,110         |
| Accumulated depreciation   | (2,545)        | (2,163)        |
| Total buildings and improvements                                     | <u>10,671</u>  | <u>8,947</u>   |
| Total land buildings and improvements                                | <u>12,539</u>  | <u>10,169</u>  |
| <b>Plant and equipment</b>   |                |                |
| At cost  | 5,466          | 5,109          |
| Accumulated depreciation   | (2,748)        | (2,082)        |
| Total plant and equipment  | <u>2,718</u>   | <u>3,027</u>   |
| <b>Intangibles</b>   |                |                |
| Computer software, website establishment and environmental approvals |                |                |
| At cost  | 610            | 598            |
| Accumulated depreciation   | (136)          | (95)           |
| Total intangible assets  | <u>474</u>     | <u>503</u>     |

|                          | 2010<br>\$'000 | 2009<br>\$'000 |
|--------------------------|----------------|----------------|
| <b>Infrastructure</b>    |                |                |
| Berths / Wharves         |                |                |
| At cost                  | 75,326         | 72,579         |
| Accumulated depreciation | (18,916)       | (16,915)       |
| At recoverable amount    | 339            | 339            |
| Accumulated depreciation | (95)           | (81)           |
| Total berths / wharves   | <u>56,654</u>  | <u>55,922</u>  |
| Navigation aids          |                |                |
| At cost                  | 5,572          | 5,572          |
| Accumulated depreciation | (2,164)        | (1,925)        |
| Total navigation aids    | <u>3,408</u>   | <u>3,647</u>   |
| Channel                  |                |                |
| At cost                  | 17,210         | 17,210         |
| Accumulated depreciation | (1,578)        | (1,234)        |
| Total navigation aids    | <u>15,632</u>  | <u>15,976</u>  |

## Note 9: Property, Plant and Equipment (Continued)

Infrastructure in the course of construction - at cost

|                                     | 2010<br>\$'000 | 2009<br>\$'000 |
|-------------------------------------|----------------|----------------|
| <b>Lot 314</b>                      | <b>0</b>       | <b>433</b>     |
| DCW Berth 2 & 4 Upgrade             | 0              | 2,530          |
| Dredging DCW Approvals              | 59             | 59             |
| Residential housing                 | 0              | 22             |
| Payroll software                    | 59             | 0              |
| Gatehouse                           | 610            | 74             |
| BLB Gangway                         | 467            | 75             |
|                                     | 1,195          | 3,193          |
| <br>                                |                |                |
| Total infrastructure                | 76,889         | 78,738         |
| <br>                                |                |                |
| Total property, plant and equipment | 92,620         | 92,437         |

- (i) The Authority has 2 parcels of land Lot 471 and Lot 472 Reserve 41636, vested to the Authority for port purposes. The current non improved market valuation is \$3,800,000. The valuation has been determined by the Valuer Generals Office as at the 1st July 2009. These 2 parcels are not reflected in the financial statements.
- (ii) Freehold land has been valued at \$3,086,000 based on the property's market value as at 30 June 2010.
- (iii) The Bulk Liquid Berth (BLB) commenced construction in January 2004 and was completed on the 7th 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 in regard to that asset.

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:

|                           | 2010<br>\$'000 | 2009<br>\$'000 |
|---------------------------|----------------|----------------|
| Land                      |                |                |
| Carrying amount at 1 July | 1,222          | 250            |
| Additions                 | 646            | 972            |
| Disposals                 | -              | -              |
| Carrying amount 30 June   | 1, 868         | 1,222          |

# Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

## Note 9: Property, Plant and Equipment (Continued)

|                                      | 2010<br>\$'000 | 2009<br>\$'000 |                                     | 2010<br>\$'000 | 2009<br>\$'000 |
|--------------------------------------|----------------|----------------|-------------------------------------|----------------|----------------|
| Building and improvements            |                |                | Navigational Aids                   |                |                |
| Carrying amount at 1 July            | 8,947          | 6,888          | Carrying Amount at 1 July           | 3,647          | 3,902          |
| Additions                            | 2,106          | 2,373          | Depreciation for the year           | (239)          | (255)          |
| Depreciation for the year            | (382)          | (314)          | Carrying Amount 30 June             | 3,408          | 3,647          |
| Carrying amount 30 June              | 10,671         | 8,947          |                                     |                |                |
|                                      |                |                | Channel                             |                |                |
| Plant and equipment                  |                |                | Carrying Amount at 1 July           | 15,976         | 16,320         |
| Carrying amount at 1 July            | 3,027          | 2,517          | Depreciation for the year           | (344)          | (344)          |
| Additions                            | 734            | 1,329          | Carrying Amount 30 June             | 15,632         | 15,976         |
| Disposals                            | (377)          | (243)          |                                     |                |                |
| Accumulated depreciation on disposal | 218            | 165            | Work in Progress                    |                |                |
| Depreciation for the year            | (884)          | (741)          | Carrying amount at 1 July           | 3,193          | 1,557          |
| Carrying amount 30 June              | 2,718          | 3,027          | Additions                           | 3,280          | 2,116          |
|                                      |                |                | Transfer to non current assets      | (5,278)        | (480)          |
| Intangibles                          |                |                | Carrying Amount 30 June             | 1,195          | 3,193          |
| Carrying amount at 1 July            | 503            | 501            |                                     |                |                |
| Additions                            | 12             | 32             | Total property, plant and equipment | 92,620         | 92,437         |
| Depreciation for the year            | (41)           | (30)           |                                     |                |                |
| Carrying amount 30 June              | 474            | 503            |                                     |                |                |
|                                      |                |                |                                     |                |                |
| Infrastructure                       |                |                |                                     |                |                |
| Berths/Wharves                       |                |                |                                     |                |                |
| Carrying Amount at 1 July            | 55,922         | 57,834         |                                     |                |                |
| Additions                            | 2,746          | -              |                                     |                |                |
| Depreciation for the year            | (2,014)        | (1,912)        |                                     |                |                |
| Carrying Amount 30 June              | 56,654         | 55,922         |                                     |                |                |

## Note 10: Impairment of Assets

There were no indications of impairment of Property, Plant & Equipment, Infrastructure and Intangible assets at 30 June 2010.

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: Trade and Other Payables

|                  | 2010<br>\$'000 | 2009<br>\$'000 |
|------------------|----------------|----------------|
| Trade creditors  | 1,982          | 1,880          |
| Sundry creditors | 735            | 1,036          |
|                  | <u>2,717</u>   | <u>2,916</u>   |

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

## Note 12: Borrowings

|  | 2010<br>\$'000 | 2009<br>\$'000 |
|--|----------------|----------------|
| Current  |                |                |
| Loan - Western Australian Treasury Corporation | 1,794          | 1,693          |
| Non Current                                    |                |                |
| Loan - Western Australian Treasury Corporation | 66,706         | 68,496         |
| Total Loan                                     | <u>68,500</u>  | <u>70,189</u>  |

## 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

|                    | 2010<br>\$'000 | 2009<br>\$'000 |
|--------------------|----------------|----------------|
| Operating dividend | 1,341          | 2,297          |

During the financial year ended 30 June 2010, an operating dividend of \$1,341,515 was paid in respect of the financial year ended 30 June 2009. Subsequent to 30 June 2010 the Directors have recommended that a dividend of \$3,426,953, being 65% of net profit after tax, be paid.

## Note 14: Unearned Income

|   | 2010<br>\$'000 | 2009<br>\$'000 |
|---|----------------|----------------|
| Revenue received in advance of service delivery | <u>759</u>     | <u>632</u>     |

# Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

## Note 15: Provisions

|                         | 2010<br>\$'000 | 2009<br>\$'000 |
|-------------------------|----------------|----------------|
| (a) Current             |                |                |
| Employee benefits       |                |                |
| Annual leave            | 447            | 294            |
| Long service leave      | 422            | 222            |
|                         | 869            | 516            |
| (b) Non-current         |                |                |
| Employee benefits       |                |                |
| Long service leave      | 40             | 36             |
|                         | 40             | 36             |
| Total employee benefits | 909            | 552            |

## Note 16: Deferred Tax Liabilities

The provision for deferred income tax liability is made up of the following:

|  | 2010<br>\$'000 | 2009<br>\$'000 |
|--|----------------|----------------|
| - Depreciation                             | 1,023          | 151            |
| - accrued income                           | 8              | 2              |
|  | 1,031          | 153            |
| Reconciliation of deferred tax liabilities |                |                |
| Opening balance                            | 153            | 92             |
| Prior year adjustment                      | 62             | -              |
| Charged/(credited) to P&L                  | 816            | 61             |
| Closing balance                            | 1,031          | 153            |

## Note 17: Contributed Equity

On 1st 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.

|                           | 2010<br>\$'000 | 2009<br>\$'000 |
|---------------------------|----------------|----------------|
| Developers Contribution   | 16,111         | 16,111         |
| State Equity Contribution | 891            | 891            |
|                           | 17,002         | 17,002         |

## Note 18: Retained Profits

|   | 2010<br>\$'000 | 2009<br>\$'000 |
|---|----------------|----------------|
| Retained profits at the beginning of the financial year | 10,658         | 10,272         |
| Net profit for the year                                 | 5,272          | 2,683          |
| Dividends paid  | (1,341)        | (2,297)        |
| Retained profits at the end of the financial year       | 14,589         | 10,658         |

## Note 19: 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 20: 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: R Vitenbergs, M Spreadborough, L Hamilton, M Deeks, B Doig, J Jenkin and D Rothe.

### (b) Remuneration and Retirement Benefits

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

### (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 Jenkin for Woodside Energy and Mr M Spreadborough and Mr B Doig for Pilbara Iron.

## Note 21: Notes to Statement of Cash Flows

|   | 2010<br>\$'000 | 2009<br>\$'000 |
|---|----------------|----------------|
| (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  | 1,686          | 2,686          |
| Cash at call  | 4,395          | 3,226          |
| Cash on hand  | 1              | 1              |
|   | <u>6,082</u>   | <u>5,913</u>   |
| (b) Reconciliation of net cash inflow from operating activities to profit after income tax  |                |                |
| Profit for the year   | 2,790          | 2,683          |

|  | 2010<br>\$'000 | 2009<br>\$'000 |
|--|----------------|----------------|
| Depreciation   | 3,906          | 3,596          |
| Net (gain) loss on sale of property, plant and equipment   | (23)           | (8)            |
| Capital assets written back  | 0              | (458)          |
| Changes in assets and liabilities  |                |                |
| Receivables  | (1,441)        | 897            |
| Prepayments  | (13)           | 4              |
| Accrued income   | (32)           | (14)           |
| Payables   | (199)          | 414            |
| Unearned income  | 127            | 53             |
| Movements in provisions  |                |                |
| Employee benefits  | 357            | 220            |
| Income taxes   | 198            | (1,333)        |
| Deferred income taxes  | 1,595          | (690)          |
| Net cash inflows from operating activities   | <u>7,265</u>   | <u>5,364</u>   |
| (c) Financial facility   |                |                |
| At the date of this report, the financing arrangement available to the Authority from the Western Australia Treasury Corporation is: |                |                |
| Loan facility  | 69,500         | 74,900         |
| Amount utilised  | (68,500)       | (70,189)       |
| Unused loan facility   | <u>1,000</u>   | <u>4,711</u>   |

# Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

## Note 22: 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 Australia Treasury Corporation, receivables and payables. The Port Authority has limited exposure to financial risk. To minimise the risk the Port Authority cash is invested with banks with an AA rating or better. 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 24 (c).

The Authority does not have any material credit risk exposure to any single debtor or group of debtors. In addition, receivables 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.

|                              | 2010<br>\$'000 | 2009<br>\$'000 |
|------------------------------|----------------|----------------|
| Trade receivables            |                |                |
| Group 1                      | 42             | 97             |
| Group 2                      | 2,722          | 1,209          |
| Total trade receivables      | <u>2,764</u>   | <u>1,306</u>   |
| Cash and short term deposits | <u>6,082</u>   | <u>5,913</u>   |

Group 1 - new customers (less than 6 months old)

Group 2 - existing customers (more than 6 months old)

Ageing of receivables past due but not impaired based on information provided to senior management, at balance sheet date:

|   | 2010<br>\$'000 | 2009<br>\$'000 |
|---|----------------|----------------|
| Not more than 3 months old                    | 937            | 875            |
| More than 3 months but less than 6 months old | -              | 16             |
| More than 6 months but less than 1 year       | -              | -              |
| More than 1 year                              | -              | 63             |
|   | <u>937</u>     | <u>954</u>     |

#### 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 rates relates primarily to the long term debt obligations. The Authority's borrowings are all obtained through 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.

## Note 22: Financial Instruments (Continued)

### (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:

|  | 2010<br>\$'000 | 2009<br>\$'000 |
|--|----------------|----------------|
| Financial Assets                                 |                |                |
| Cash and cash equivalents                        | 6,082          | 5,913          |
| Loans and Receivables (i)                        | 3,701          | 2,260          |
|  | <u>9,783</u>   | <u>8,173</u>   |
| Financial Liabilities                            |                |                |
| Financial liabilities measured at amortised cost | 2,717          | 2,916          |
| Borrowings                                       | 68,500         | 70,189         |
|  | <u>71,217</u>  | <u>73,105</u>  |

### (c) Financial Instrument Disclosures

#### Credit Risk, Liquidity risk and Interest Rate and 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 on 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.

# Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

## 2010

### Financial liabilities

|                                   | Weighted<br>Average<br>interest rate<br>% | Floating Interest<br>Rate \$'000 | Fixed Interest<br>Maturing in<br>1 year or less<br>\$'000 | Fixed Interest<br>Maturing in 1-5 years | Fixed Interest<br>Maturing in 5 years | Non Interest<br>Bearing \$'000 | Total \$'000 |
|-----------------------------------|---|----------------------------------|---|---|---------------------------------------|--------------------------------|--------------|
| Financial Assets                  |   |                                  |   |   |                                       |                                |              |
| Cash at bank                      | 2.7                                       | 6,082                            | -   | -                                       | -                                     | -                              | 6,082        |
| Receivables                       |   | -                                | -   | -                                       | 3,701                                 | 3,701                          |              |
|                                   |   | 6,082                            | -   | -                                       | -                                     | 3,701                          | 9,783        |
| Payables                          |   |                                  |   |   |                                       |                                |              |
| Borrowings from WATC - fixed rate |   | -                                | 1,794   | 8,348                                   | 58,358                                | -                              | 68,500       |
|                                   |   | -                                | 1,794   | 8,348                                   | 58,358                                | 2,717                          | 71,217       |

## 2009

### Financial liabilities

|                                   | Weighted<br>Average<br>interest rate<br>% | Floating Interest<br>Rate \$'000 | Fixed Interest<br>Maturing in<br>1 year or less<br>\$'000 | Fixed Interest<br>Maturing in 1-5 years | Fixed Interest<br>Maturing in 5 years | Non Interest<br>Bearing \$'000 | Total \$'000 |
|-----------------------------------|---|----------------------------------|---|---|---------------------------------------|--------------------------------|--------------|
| Financial Assets                  |   |                                  |   |   |                                       |                                |              |
| Cash at bank                      | 3.5                                       | 5,913                            | -   | -                                       | -                                     | -                              | 5,913        |
| Receivables                       |   | -                                | -   | -                                       | 2,260                                 | 2,260                          |              |
|                                   |   | 5,913                            | -   | -                                       | -                                     | 2,260                          | 8,173        |
| Payables                          |   |                                  |   |   |                                       |                                |              |
| Borrowings from WATC - fixed rate |   | -                                | 1,693   | 10,132                                  | 58,364                                | -                              | 70,189       |
|                                   |   | -                                | 1,693   | 10,132                                  | 58,364                                | 2,916                          | 73,105       |

## 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 the interest rates. It is assumed that the change in interest rate is held constant throughout the reporting period.

| 2010                         | Carrying amount | -1% change |           | +1% change |           |
|------------------------------|-----------------|------------|-----------|------------|-----------|
|                              |                 | Profit     | Equity    | Profit     | Equity    |
|                              | (\$000's)       | (\$000's)  | (\$000's) | (\$000's)  | (\$000's) |
| <b>Financial Assets</b>      |                 |            |           |            |           |
| Cash and cash equivalents    | 6,082           | (61)       | (61)      | 61         | 61        |
| <b>Financial Liabilities</b> |                 |            |           |            |           |
| Payables                     | 2,717           | (27)       | (27)      | 27         | 27        |
| <b>2009</b>                  |                 |            |           |            |           |
| 2009                         | Carrying amount | -1% change |           | +1% change |           |
|                              |                 | Profit     | Equity    | Profit     | Equity    |
|                              | (\$000's)       | (\$000's)  | (\$000's) | (\$000's)  | (\$000's) |
| <b>Financial Assets</b>      |                 |            |           |            |           |
| Cash and cash equivalents    | 5,913           | (59)       | (59)      | 59         | 59        |
| <b>Financial Liabilities</b> |                 |            |           |            |           |
| Payables                     | 2,916           | (29)       | (29)      | 29         | 29        |

## (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 2010 | Net Fair Value 2010 | Carrying Amount 2009 | Net Fair Value 2009 |
|----------------------|----------------------|---------------------|----------------------|---------------------|
|                      | \$'000               | \$'000              | \$'000               | \$'000              |
| Borrowings from WATC | 68,500               | 69,801              | 70,189               | 67,867              |

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.

# Notes to and Forming Part of the Financial Statements

For the year ended 30 June 2010

## Note 23: Commitments

### (a) Capital Expenditure Commitments

Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities payable:

|  | 2010<br>\$'000 | 2009<br>\$'000 |
|--|----------------|----------------|
| Within one year                          | 1,431          | 2,136          |
| Capital commitments include amounts for: |                |                |
| - Vehicle                                | 72             | 45             |
| - Gangway                                | 366            | 515            |
| - Office equipment                       | 4              | 15             |
| - Software upgrade - technology one      | 34             | -              |
| - Land                                   | 208            | -              |
| - Gatehouse                              | 747            | -              |
| - Triplex house                          | -              | 1,561          |
|  | <u>1,431</u>   | <u>2,136</u>   |

### (b) Operating Expenditure Commitments

Commitments for maintenance works contracted at the reporting date but not recognised as liabilities payable

|   | 2010<br>\$'000 | 2009<br>\$'000 |
|---|----------------|----------------|
| Within one year                           | 1,841          | 941            |
| Within one to five years                  | 3,319          | 2,219          |
| Greater than five years                   | 154            | 287            |
|   | <u>5,314</u>   | <u>3,447</u>   |
| Operating commitments include amounts for |                |                |
| - Concrete repairs to Dampier Cargo Wharf | 600            | 1,200          |
| - Piling repairs to Dampier Cargo Wharf   | 1,004          | 1,042          |
| - Hire of 38 Parliament Place             | 86             | 257            |
| - Hire of 16 Parliament Place             | 2,808          | -              |
| - Transportable                           | 816            | 948            |
|   | <u>5,314</u>   | <u>3,447</u>   |

## Note 24: Lease Revenue Receivable in the Future

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:

|  | 2010<br>\$'000 | 2009<br>\$'000 |
|--|----------------|----------------|
| Within 1 year                                | 2,474          | 3,292          |
| Later than 1 year and not later than 5 years | 4,332          | 3,617          |
| Later than 5 years                           | 14,954         | 4,275          |
|  | <u>21,760</u>  | <u>11,184</u>  |

Lease commitment receivables as at the 30 June 2010 was \$0 (2009 \$208,511)

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

## Note 25: Contingent Asset

The Port Authority and one of our lease holders were in dispute regarding an unimproved market valuation effective from 1st January 2007; this valuation is used to calculate the rental income of the lease. In accordance with the terms of the lease agreement both the Port and the leaseholder appointed independent Valuer's to determine the unimproved market valuation in December 2006, due to the complexity of the valuations, the Port received the valuation report in June 2009.

This has now been resolved, without the involvement of arbitration and the increase in rent was back dated to the 1st January 2007.

## 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.

## Note 26: Contingent Liability (Continued)

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 has classified De Witt Location 471 ("the Site") as "possibly contaminated - investigation required" after limited investigations were carried out and concentrations of contaminants have been 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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