



ANNUAL REPORT 2012



DAMPIER PORT AUTHORITY

Think Big. Think Smart. Think Future.

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Our Intent

Our vision

Australia's premier energy and industry hub and gateway to Asia

Our purpose

To facilitate trade and help optimise the West Pilbara coast for the benefit of all

Our values

Integrity – in our dealings

Professionalism – in our work

Value for money – to our customers

Care – for our environment, our staff and community

Teamwork – for shared success

Highlights

The Pilbara region is one of the most important and growing areas of the Australian economy, contributing 61%* of mineral and energy exports to the national GDP. The region's reputation for large scale resource projects and innovative logistics solutions continues with a significant stream of major developments underway or in prospect.

The Port of Dampier is the world's second largest bulk export port. In 2011-12, approximately 171 million tonnes of product transited through port waters, worth an estimated \$33 billion. This included iron ore, salt, liquefied natural gas, anhydrous ammonia as well as project cargo, break bulk and general cargo. The port is also a major port for rig tenders servicing the offshore gas fields. As the Port Manager, the Dampier Port Authority (DPA) operates 24/7 with the port serving as a vital gateway for exports and imports for the West Pilbara region.

In 2011, the Port of Ashburton area was formally vested to the DPA. The Port of Ashburton area will be home to a world class liquefied natural gas (LNG) hub supported by a multi-user port facility. The DPA will manage the port area, another significant gateway to the Asia-Pacific region, generating enormous value for Western Australia.

Most recently, the greenfield Anketell Port Development project, which will see a deep water iron ore port facility constructed 50kms from Dampier, has been assigned to the DPA to plan and manage.

In total, 2011-12 saw the DPA expand its area of influence along the West Pilbara coastline, securing 900km² of port water jurisdiction along a coastline that has in excess of \$170 billion* worth of major new resource projects, either committed or under construction.

* Statistic courtesy of the Department of Mines and Petroleum and the Department of State Development

↗ 4.1%
INCREASE in total tonnage to 171,843,622 tonnes

↗ 4.4%
INCREASE in vessel visits to 6269

↗ 21.78%
INCREASE in total revenue to \$53,995,484

↗ 83.9%
INCREASE in net profit before tax to \$17,977,451

↗ 76.33%
INCREASE in dividend declared to \$8,028,565

↘ 2.86%
DECREASE in capital expenditure to \$4,383,460

Facilitating trade

The DPA ensures the necessary planning, development and provision of vital services are in place to assist industry to do what it does best – the efficient delivery of trade and services.

- › Record tonnage through the port – 171,843,622 tonnes.
- › Diesel import line installed on the Dampier Bulk Liquids Berth.
- › Issued 20 development approvals and 13 construction approvals.
- › Constructed a new Safety and Security Services building.

Commercial approach

The DPA adopts a commercial approach to business, acting as the conduit between government and industry.

- › Concluded Port Facility Agreement with Chevron Australia Pty Ltd for Ashburton North.

Achieving the balance

The DPA ensures appropriate safeguards are in place to protect the environment from the commercial activities of the port.

- › The DPA was one of 18 ports participating in Introduced Marine Pest Monitoring works. In 2011-12 zero marine pests were detected.
- › 10ha of land set aside to maintain and protect heritage values on the Burrup Peninsula.

Our people

The DPA's commitment to attracting capable people ensures we provide professional, world class port operations.

- › Workforce grew to match business demands, employee numbers rose to 67 in 2012, a 17.5% increase from 2011.

Our future

Since 2009 the DPA has focused on expanding its boundaries, building on this the future lies with developing new state gateways.

- › Port of Ashburton area: the DPA officially assumed responsibility for the new Port of Ashburton area and issued Chevron with conditional development approval.
- › Port of Anketell: the DPA's Anketell development activities have been focused on refining the Anketell Land Use and Infrastructure Master Plan 2011-41.

Chairman's Report

The Dampier Port Authority is focused on creating value in the Pilbara – an area alive with opportunity!

We do that by thinking 'value' in all our dealings, looking to secure a better outcome for customers, the community, the State and the Nation in how we respond to each opportunity. The Port of Dampier is a 'Gateway Port'. This means we understand the central and catalytic role of ports and we think outside our port boundaries to see and develop opportunity within a broad context and with clear intent.

It is always satisfying to set strategy and then over a period of years, see that strategy unfold into the creation of real value. In 2009, the DPA set itself the challenge of expanding its thinking and its expertise to embrace new opportunities to create value beyond that which a port may produce from the standard 'landlord' model. In 2011-12, we can be proud that the benefits of that innovative thinking are well evident.

The DPA has achieved record results for the year ended 30 June 2012:

- › Record annual tonnage for Dampier (171.8 million tonnes);
- › A 4.4% increase in vessel arrivals at the port (6269 vessels) – a new record; and
- › A dividend to the State of \$8,028,565 - reflecting good cost control and capturing value from port activities – the highest dividend ever achieved.

A particular highlight of 2011-12 was the gazetting of the DPA as the governing port authority for the new Port of Ashburton area (now officially an extension of the Port of Dampier from 1 December 2011). The DPA has assisted the State in the planning of this greenfield port and has played a critical role in working with the foundation proponent, Chevron Australia Pty Ltd, to achieve the necessary commercial agreements and good development planning which together will deliver value in this emerging world-class LNG port. This is highly complex work, and the Board, management and team at the DPA have collectively proven how capable and experienced the port has become in managing good outcomes for new development on this scale.

Further value has been created with the planning for operations expansion at the Port of Dampier – a vital component for facilitating trade. The port continues to pursue its Dampier Marine Services Facility, which will increase berth and laydown capacity, while creating other opportunities for the private sector to better support and manage its logistics.

The proposed bulk commodity port at Anketell was also a strong focus during the year, with port master planning and design being undertaken by the DPA. Working with proponents and government agencies to plan and develop this fantastic greenfields opportunity has been another great example of creating value from existing knowledge and processes and applying that to new opportunities. The DPA is well placed to continue to support the work needed to bring this important port to fruition.



To achieve what we have in 2011-12 with a relatively small but capable team is a testament to the clear focus we have on what does create value, as well as our ability to attract talented people to join the port and experience the pure joy of doing interesting work that has national significance. We continue to look for opportunities to support other regional ports with shared resources, common learnings, and sharing of ideas, mutually recognising and utilising the talent in WA ports.

In February 2012 the Premier and the Minister for Transport announced the outcomes of the Port Governance Review which, among other reforms, has confirmed the amalgamation of the ports of Dampier and Port Hedland to form the Pilbara Ports Authority, with a target commencement in 2014. The announcement is consistent with our 2009 strategy to "expand the boundaries" of our thinking, and the implementation of the new Authority presents challenges but also a significant opportunity to, if done well, create more value in the region.

I extend my sincere appreciation to my fellow Board members for their support, guidance, and enthusiasm for good governance, sound strategy and for seizing opportunity when it has presented. I also acknowledge the excellent work done by the CEO, Steve Lewis, and his dedicated team in upholding the values of the organisation and maintaining the alignment of strategy and focus which is so important to our success.

The Pilbara region continues to be full of opportunities to create value. Identifying and developing that value will continue to be the focus of all our activity in 2012-13.



Brendan Hammond
CHAIRMAN

Facilitating Trade

The Port of Dampier is strategically located on the West Pilbara coastline, servicing both the rich iron ore reserves to the east and the offshore gas fields of the Carnarvon Basin to the west. The West Pilbara region has been identified as a key population growth centre for the future with a range of ancillary industries, service providers and communities becoming established. The coastline also boasts an abundance of natural and heritage assets. The DPA has a significant role to play in delivering sustainable development outcomes, not only to local businesses and the communities, but also to the State and the Nation, as a key trading gateway for Australia.

As the nominated port authority of over 900km² of port vested waters, the DPA is responsible for ensuring that all elements of the port gateway are in place to optimise trade from the region now and into the future. It's not a short term commitment. The DPA are striving to create in-perpetuity assets that create ongoing value. Smart port operations and sound planning are central to providing this value. The DPA is making a unique contribution to ensuring that the export of resources and the import of equipment and materials occur in the smartest and most efficient manner.

The DPA is focused on ensuring necessary planning and the provision of vital services and supporting infrastructure is in place for industry to do what it does best – the efficient delivery of trade and services.

Under the *Port Authorities Act (1999)*, the DPA has a statutory role to facilitate trade and development in a safe and secure environment. The DPA has also taken the initiative to consider services and delivery outcomes outside the direct responsibility of the Authority through interdependent and collaborative relationships with neighbouring exporters (existing and potential) and the wider port community. The DPA seek to influence and provide leadership to this group in terms of port planning and, where possible, provide this group with assistance to develop their activities within the port.

Asset management in the Port of Dampier

The DPA operate a range of multi-user facilities to support the safe and efficient movement of cargo. These include both seaward and landside facilities. The DPA aims to provide on-time infrastructure to support port operations, whilst looking forward and identifying opportunities. Key infrastructure includes:

- › Dampier Bulk Liquids Berth
- › Dampier Cargo Wharf
- › Heavy Load Out Facility
- › Alternate Load Out Facility
- › King Bay Industrial Estate



Dampier Bulk Liquids Berth

The Dampier Bulk Liquids Berth (DBLB) was constructed in 2005 to support the Burrup Peninsula's downstream gas processing industry. The DBLB has a berthing basin depth of 13m and can accommodate vessels from 20,000 up to 65,000 tonnes displacement.

Yara International (previously Burrup Fertilisers Pty Ltd) is the primary user of the facility and continues to export anhydrous ammonia. Anhydrous ammonia is a vital raw product in the manufacture of fertiliser. Output from the facility is supplied to the Australian domestic market, as well as being exported into Korea, Indonesia and other South East Asian markets. Approximately three shipments of Yara's anhydrous ammonia are exported each month through the DBLB. A total of 732,185 tonnes was exported in 2011-12.

Recognising the opportunity to optimise the use of this facility, the DPA entered into an agreement with Shell Australia to install a diesel import pipeline to the four 55,000L storage tanks located in the Woodside Supply Base. The import line was completed in 2011 along with the installation of a loading arm. First diesel was imported on 30 March 2012 on board *Ocean Mars*.

The new arrangement has eliminated the use of road tankers to transport diesel fuel within the Port, thereby alleviating traffic congestion and improving handling efficiencies.

Based on the success of this arrangement, the DPA is now assisting Shell in the planning and design of a second pipeline. It is expected this will significantly increase the DBLB's utilisation and provide further value for port stakeholders. The DPA has issued Shell with a development approval for the project and is awaiting submission of a construction approval application prior to the commencement of works.

Facilitating Trade (continued)

Dampier Cargo Wharf

The Dampier Cargo Wharf (DCW) was constructed in 1982 as part of the North West Shelf Venture (NWSV) and was extended in 1997. The facility continues to be an essential piece of infrastructure for project cargo and general cargo for the region. The DCW is located on the Dampier Archipelago, positioned between Rio Tinto Iron Ore and Pluto LNG terminals.

Cargoes across the DCW during 2011-12 included break bulk, project cargo, general cargo and offshore services and supplies.

The DPA has an extensive on-going maintenance program for the DCW which is expected to extend the operational life of this facility through to 2021. In 2011-12, work included deck and underside repairs, pile and fender remedial works and the installation of new safety ladders.

During 2011-12, the DPA commissioned a study to investigate and identify opportunities for the DCW beyond 2021. The findings of this study will shape the next phase in the import and export of cargo through the Port of Dampier.

The DPA have direct operational control over the DCW. A team of three wharf managers oversee 24/7 operations of the facility, with the assistance of two licensed stevedore companies: QUBE and Patricks. In addition, the DPA has worked to refine wharf management procedures in the last 12 months. Standard operating procedures and facility handbooks have been implemented to ensure the DPA is applying best practice wharf management.

Floating deck concept

The DPA advanced the floating deck concept in 2011-12. The concept involves installing a large pontoon deck at the end of the DCW to provide additional berth capacity for offshore vessel tonnage. The concept has attracted considerable interest from industry, suppliers and shipping agents.

Heavy Load-out Facility and Alternate Load-out Facility

The Heavy Load-out Facility (HLO) was constructed in 2003 to support the NWSV Trunkline Expansion Project. The facility has a loading capacity of 7.82 million tonnes, which is supplemented by the Alternate Load-out Facility (ALF), which equals its loading capacity, although it is smaller in size. The ALF was installed in 2008.

Last financial year, Chevron Australia Pty Ltd (CAPL) leased the HLO, ALF and quarry laydown area to support operations associated with the Gorgon Project.

This year CAPL moved loading operations to the Woodside Burrup Materials Facility (BMF) located in the King Bay Industrial Estate. Chevron plan to use the BMF to load the remainder of the rock and equipment for the downstream project bound for Barrow Island.

CAPL will use the HLO and ALF lease for the loading of rock for its upstream works. Prior to using the HLO site, some additional dredging of the berth pocket will be required to allow for the large rock barges to moor and load. The DPA is assisting CAPL by obtaining the required Commonwealth environmental approvals for the dredging of the berth pocket and the disposal of material at approved spoil placement sites within port waters. This will allow CAPL's contractors to bring deep draft vessels (30,000 DWT) alongside a barge berthed at the HLO and load rock for the Gorgon Upstream Project. It is expected that this project will commence late 2012.

Dampier Marine Services Facility

To ensure efficient movement of product and material through the port, the DPA has developed plans and had approval to construct a multi-user general and specialised cargo load and unloading facility adjacent to the DCW. When constructed the Dampier Marine Services Facility (DMSF) will support and complement the activities currently undertaken at the DCW and provide additional opportunities for existing and new customers to the Port of Dampier.

The DMSF will have in excess of seven additional berths, with facilities for vessels up to 65,000 DWT. The wharf will be complemented by generous lay down area equipped with general cargo handling facilities, roll-on roll-off wharf and upgraded heavy load out and rock load out facilities.

The DPA has obtained environmental approvals for the DMSF and has completed all project planning, geotechnical investigations, vessel simulations, sea state assumptions and seawall modelling.

The DPA is currently developing funding options to advance the project to construction.

King Bay Industrial Estate

Located on the Burrup Peninsula with direct access to port waters, the King Bay Industrial Estate (KBIE) is a crucial element within the landside support component of the port. The DPA holds and manages 69.4 hectares of the KBIE and works with a total of 12 leaseholders to ensure development opportunities within the estate are sustainably managed. The majority of these leaseholders provide vital support to the port and/or the offshore oil and gas industry.

Recognising the inherent value of this estate, the DPA oversees an ongoing Infrastructure Upgrade Program. The Program aims to optimise land use, through the provision of vital services and critical infrastructure such as roads, drainage and utilities. Ultimately, the Program will provide leaseholders with an enhanced operating environment, thereby creating opportunities to develop their activities.

The first stage of KBIE infrastructure works was completed in 2011. This included realignment and sealing of Streckfuss and Mermaid Roads. The two roads were connected with a new section of Hammond Road. This work resulted in safer alternative routes and more efficient travel around the KBIE.

The DPA is working to secure funding for Stage 2 of the Program which will see the construction of a major stormwater relief drain, the installation of underground power and realignment of major services (e.g. communications) within the estate.

In 2011-12, the DPA undertook further market valuations for leases within the port. The success of these negotiations was aided through support and understanding of all leaseholders, particularly those with significant lease holdings. The DPA's properties are now more closely aligned with market value, keeping critical port land up to date with current prices in this strategic region of Western Australia.

Safety and Security Services Building

In late 2011, the DPA constructed a new Safety and Security Services Building on Mof Road. This checkpoint marks the entry into the port's Landside Restriction Zone. The building is a purpose-designed facility that provides essential office accommodation and a 24 hour controlled check point for port access and security. Supporting activities such as a Maritime Safety Identification Card (MSIC) Issuing Office have also been co-located within the building. Other facilities include meeting rooms, induction areas, security and first aid facilities. As the front gate to the port, the centre plays an important role in managing security protocols and access to port operational areas.



We facilitate trade in our port by focusing on where we can create value to existing and future customers, and we bring our creativity and leadership to that focus.

Steve Lewis, Chief Executive Officer



Facilitating Trade (continued)

Port roads

Well designed and developed road networks and infrastructure corridors within the port are essential for the efficient transit of cargoes. In 2011-12, the DPA had a strong focus on upgrading and improving these assets to cater for a range of users.

Mof Road, the single access point into the port was resurfaced, including the widening of a 900m section between the Haul Road to just west of DPA's Wharf Services Area. Roadway lighting systems were also upgraded as part of this project. The works were completed by Woodside to allow the road to be used for transporting the Pluto Project's 264 pre-fabricated LNG modules. Modules were received at the Heavy Load Out facility and transported through the port. The largest module weighed approximately 2000 tonnes.

The DPA plan to widen further sections of Mof Road and upgrade the intersection as traffic volumes through the port grow. The DPA is investigating the funding opportunities associated with this work as part of the proposed DMSF project and also as a stand-alone project in order to fast track these works.

On behalf of the DPA, Landgate requested the Shire of Roebourne formally approve the DPA's proposed road names within the KBIE. Approval was received in October 2011 to formally name Mermaid Road, Hammonds Road, Streckfuss Road and Nuttal Place.

Office accommodation

The DPA operates from two office locations; the primary office at the port in Dampier, and a second in the State's capital, Perth. Increased staff numbers at the port office required the construction of additional office space during 2011-12. Further works are planned for 2012 to refurbish and reconfigure existing office space to improve the use of the space in line with modern work practices.

The Perth office staff numbers continue to grow. However, forward planning by the DPA has secured suitable office space within the West Perth location, just a short walk to Western Australia's Parliament House. The DPA has secured options for additional space to allow for expected growth over the coming years.

Marine management

The DPA is responsible for developing port operations in line with business strategy and to ensure the DPA meets its obligation to facilitate trade whilst also complying with safety, security and environmental standards. This year the focus was on improving processes and procedures to ensure the DPA was meeting its responsibilities in the Port of Dampier and setting these as benchmarks for additional port area locations, at Ashburton and Anketell.

Moorings

In 2011-12, the DPA revised the port's Moorings Handbook in response to the ever increasing demand for moorings within the Port of Dampier. Currently, the Port of Dampier has 212 moorings. The review saw an overhaul of existing practices with a new administration design model introduced. The DPA's customer base, mooring suppliers and assessors were consulted during the review. The revision included a change to the Mooring Inspection Licensing regime and a change to process which streamlines the issuing and renewing of mooring licenses. There has been positive industry feedback from mooring owners and mooring engineers. This confirms the new process enables a more efficient process, reducing the backlog of license applications and facilitating the achievement of a much higher rate of compliance during the cyclone season.

Vessel traffic

Australian Marine Solutions (AMS) commenced a long term contract in August 2011 to provide pilotage services within the Port of Dampier. Services were previously provided by Woodside Pilots, which now operate exclusively on gas and condensate ships servicing from the Pluto and North West Shelf terminals. The AMS arrangement has launched a new era in marine pilotage service provision. There was a high standard of input, co-operation and training in the changeover from Woodside to AMS. Ongoing pilot training continues to be facilitated at the Pivot Maritime simulator in Fremantle.

In 2010, the DPA conducted a feasibility study into acquiring a Vessel Traffic System (VTS). Under a VTS regime the DPA will introduce procedures covering all marine aspects of port operations to enhance vessel safety within the port. Based on the outcomes of this study, an implementation plan was finalised in 2011. The implementation plan outlines the key considerations for a Dampier-centred control system. The DPA will progress this initiative in 2012.

Safety and security

The ability to effectively facilitate trade doesn't fall on providing infrastructure alone. Providing an operating environment conducive to success does, and that's where the DPA's ongoing commitment to safety and security is so important. The DPA is responsible for protecting and promoting the safety and security of people, assets and trade within the Port of Dampier.

Marine notices

In December 2011, the Port of Ashburton area was officially vested to the DPA. Operational management of port waters commenced immediately. This included the responsibility to communicate marine notices and other navigational and port safety information. The DPA has also recently set up an interim AIS/VHF installation at Onslow. This provides the ability for DPA personnel to monitor and communicate with vessels in Port of Ashburton area waters. While a physical office is some time off, the DPA are ensuring that appropriate measures are now in place to manage the waters within the Port of Ashburton area.

Access to operational areas

A productive and successful port operates in a safe and secure environment. With this in mind, the Safety and Security team conducted a number of awareness campaigns among staff and port users. One particular campaign addressed personnel accessing the Dampier Cargo Wharf, a high traffic and activity area. Health and safety hazards typical to operational environments were highlighted to all relevant parties. A process was implemented advocating proactive reporting by staff to the duty wharf manager(s) and/or port communications team prior to accessing operational areas to ensure situational risks are understood (e.g. crane, truck or forklift movements). A relatively simple measure, communicated well, that has had exceedingly positive results.

Maritime Security Identification Card

The DPA is an authorised issuing body for Maritime Security Identification Cards (MSIC). Since January 2007, all persons requiring access to a maritime security zone must hold a valid MSIC. This is a valuable service to port users and something the DPA continues to resource and develop.

The past year has been busy in the DPA MSIC office. There has been a significant number of MSIC renewals processed during this period as the initial 5 year MSICs that were processed in 2006/07 were scheduled to expire during this financial year. A total of 2883 MSIC applications were processed during the year of which 1156 were MSIC renewals. Since the requirement to hold an MSIC became a legislative requirement on 1 January 2007 the DPA has processed in excess of 15,100 MSIC applications.

In addition to managing the increase in MSIC applications in 2011-12 a project to transfer the MSIC database to a more robust system was completed. The new database has been designed to meet the specific needs of the DPA MSIC office. The system has greater functionality and has integrated many of the manual processes into the database. These new features enable more efficient follow-up with applicants, better search functions and greater reporting capability. The MSIC office has further plans to add features to the new database which will incorporate electronic record keeping. It also has proposed developing the MSIC application which is currently available on the DPA website to be a fully web based application that can be directly imported into the new MSIC database. These proposals will be implemented in the next financial year.

Facilitating Trade (continued)

Leadership

Looking beyond the DPA's facilities and infrastructure, the last 12 months has seen the DPA take on an increasing leadership role, working with proponents and government to create the ports of the future. In 2011-12, the DPA continued to support stakeholders to develop their ideas and expand their business in the Port of Dampier. This year also saw the DPA's responsibilities expand beyond the Port of Dampier.

The Port of Ashburton area was officially vested to the DPA in December 2011. Working with government agencies and Chevron, the DPA has facilitated outstanding results in structure and land-use efficiency associated with the long-term multi-user model for the foundation Wheatstone Project. The Port of Ashburton area will become a key LNG hub within the region, providing a long term benefit for the community, State and the Nation. In addition, the DPA was also awarded full carriage of the Port Master Plan for Port of Anketell, which enables proponents to plan their own projects around a clear port structure provided by the DPA.

The DPA's leadership and involvement with its various stakeholders, including port communities, tenants, proponents, State and Commonwealth agencies has led to a range of innovative solutions and outcomes for both existing and proposed developments. The DPA fully understands and appreciates the interdependency and partnership approach which can lead to long-term sustainable outcomes for port operators and the community. Key to this are leaseholders and neighbours who rely on safe and efficient port operations to allow them to service their customers.

Rio Tinto

As one of the first industries to be developed in the area, Rio Tinto's iron ore facilities at Dampier (Parker Point and East Intercourse Island) accounted for 85% of the port's total tonnage in 2011-12. Located adjacent to the landside areas of the Port of Dampier and the KBIE, the Rio Tinto operations continue to develop. In the past 12 months, 871 iron ore bulk carriers, some up to 246,000 gross registered tonnes, transited the port en route to destinations in the Asia-Pacific region.

Yara International

Construction of the \$700 million anhydrous ammonia plant on the Burrup Peninsula began in 2003. Production started in April 2006, and The Burrup Fertilisers Pty Ltd's first export shipment was made from the Port of Dampier in June 2006. Anhydrous ammonia is piped direct from the plant to the Dampier Bulk Liquids Berth (DBLB).

In 2012, Yara International acquired Burrup Holdings Limited (BHL) as part of its strategy to strengthen its position in Asia and Oceania. The Burrup Fertilisers Pty Ltd was consequently renamed Yara Pilbara Fertilisers Pty Ltd.

Yara Pilbara Fertilisers Pty Ltd is one of the world's largest anhydrous ammonia production facilities, with a production capability of approximately 850,000 metric tonnes annually. In 2012 Yara introduced two new dedicated ships to export the cargo. A total of 732,185 tonnes was exported via the DBLB in 2011-12.

Pluto Gas Plant

Located on land adjacent to the ports landside areas, the first stage of the Pluto LNG Project was completed ahead of time and officially commissioned in April 2012. First gas was exported through the Port of Dampier on board *Woodside Donaldson*, in May 2012 en route to Japan. The vessel had three kangaroos painted on the hull to celebrate such a special Australian achievement.

Pluto Gas Plant is expected to export a total of 4.3 million tonnes per annum. Gas is extracted from the undersea Pluto Gas field located in the Carnarvon basin, some 190 kilometres off-shore from the Port of Dampier before being processed at the Pluto facility.

Woodside have completed a number of feasibility studies into the potential for two additional gas processing units (trains), subject to further LNG discoveries. In anticipation, the foundations for two additional trains are in place and pre-assembled modules are under construction. Facilities are already in place, or are being considered by the DPA, that would support further development and expansion of the Pluto project.

Port Development

In 2008 the DPA established new development guidelines for the Port of Dampier. The guidelines set out the process and specific conditions required for any development within the port. Regardless of the project size or cost, all proponents and leaseholders are required to adopt the Development Guidelines as a template for port development.

The DPA has 12 leaseholders operating from the KBIE. In the past 12 months, a large majority of the leaseholders have taken on projects to improve the aesthetics and functionality of their lease areas. Improvements such as these are always encouraged and are an important contribution towards the future success of the KBIE. The DPA is committed to working with our leaseholders to achieve the best outcome possible.

In the last 12 months, the DPA approved 20 development applications, and 13 construction approvals were subsequently issued.

Approvals issued in 2011-12 included:

- › Toll conducted a drainage upgrade and yard re-surface along Streckfuss Road (Lease Area 19 and Lease Area 26) – laydown area to be used by Apache
- › Resealing of Mof Road by Woodside
- › Installation of a diesel export line by Shell Australia
- › General upgrade of the supply base by Mermaid Marine Australia (MMA)
- › Relocation of Halliburton's mud plant from MMA lease area to Engineered Construction and Maintenance's (ECM) lease area
- › Expansion of MMA's diesel tank farm to support Chevron's Gorgon Project
- › Upgrade of facilities and infrastructure by Patricks
- › Diesel fuel bunkering operations by Caltex Australia
- › Modifications for Chevron's Gorgon project related operations in the Quarry Laydown area/ HLO and Burrup Materials Facility (Woodside Lease)

Rio Tinto Dampier Salt

Rio Tinto's Dampier Salt operation is the world's largest exporter of solar salt. Western Australia's hot dry climate and usually low rainfall are ideal for solar salt production. After processing, salt is conveyed to the 600,000 tonne product stockpiles at Dampier Salt's port facility on Mistaken Island. The facility can accommodate vessels up to 100,000 DWT and exported 3,760,170 tonnes in 2011-12.

North West Shelf Venture

The North West Shelf Venture (NWSV) Project is a joint venture between six major international companies. It is one of the world's largest liquefied natural gas (LNG) producers, supplying oil and gas to Australian and international markets from huge offshore gas and condensate fields in the Carnarvon Basin off the north-west coast of Australia. Woodside-operated NWSV facilities constitute Australia's largest oil and gas resource development and currently account for more than 40% of Australia's oil and gas production.

The transit of LNG accounted for approximately 10% of the DPA's total tonnage in 2011-12. In December 2011, the NWSV Project participants approved the Greater Western Flank (GWF) Phase 1 Project with a total investment of about AUD\$2.5 billion and a project start-up expected early 2016. The GWF Phase 1 Project will continue to maximise the value of existing infrastructure and demonstrates ongoing investment in Australia's largest resource project.



Commercial Approach

The DPA is a government trading entity, sanctioned by the *Port Authorities Act 1999*. The Act sets out specific responsibilities for a port authority. To this end, the DPA adopts a commercial, entrepreneurial approach to business, acting as the conduit between government and industry. This approach allows the DPA to engage with the private sector on a commercial basis, but also to assist the private sector in its interactions with government.

As a gateway port, the DPA is witness to all sides of a transaction and has the best knowledge of the revenue potential and future trade capacity of its ports. It's this knowledge, as well as the DPA's State links, that can assist the private sector to take advantage of infrastructure and service provision opportunities.

The value of this approach has been evident in the DPA's involvement with the greenfield port developments at Ashburton and Anketell. The DPA has taken on the conduit role between the Department of State Development, LandCorp, MainRoads, local shires and the private sector. This conduit role was a key factor in ensuring port facilities equally benefited the private sector and the State.

Our business processes

Maintaining a high standard of professionalism is integral to the DPA value system. Within the last 12 months, the DPA have actively worked to align strategy to business processes and embed these processes into internal culture. Further enhancing the integrated management system, Safety, Health, Environment and Quality system (SHEQ) was one example where the DPA was able to standardise the DPA way. In 2012, the DPA worked hard to emphasise the importance of internal awareness and implementation of the system. Induction and refresher training was conducted across the organisation to ensure all staff, old and new, were aligned with new processes and business requirements.

Levels of Excellence

The key to a successful commercial approach is having a flexible and nimble organisational structure, with clear accountability among roles and staffed with competent, knowledgeable personnel. The DPA has maintained a strong workforce, including the recruitment of additional staff to support the expanding areas of operation. The implementation of the Levels of Excellence (LoE) methodology across the organisation has proven to be highly successful in developing structure, accountability and functional ownership.

The methodology was implemented in 2011 and focuses on an integrated approach to people, process and organisational structure, setting individual accountabilities that support the DPA's very clear strategy of 'value adding'. The emphasis and focus on accountabilities has provided a means for improved performance assessment and forward planning within the organisation.

Moving into next year, the DPA will continue to utilise the LoE framework and refine its organisational structure, business processes and individual accountabilities.

Ports as Gateways

In the last 12 months the DPA has consciously applied 'gateways thinking' to every facet of its business. Gateways' thinking entails strong thinking, with an emphasis on creating in-perpetuity assets (value created exceeds the value of current assets). Being alert to all opportunities to create value is an essential characteristic of a 'gateway port'. The DPA has identified its commercial approach to facilitating trade presents a significant opportunity to add value. The DPA has looked beyond the confines of port operations and assessed how its business and expertise can extend and influence the broader context.

To this end, the DPA has actively encouraged proponents to pursue common user infrastructures. In this arrangement the DPA retains ownership of the basic common infrastructure, allowing for easy access to current and future trades through the port. This approach provides certainty to industry stakeholders in what they can and cannot own in a port, while still allowing them full opportunity to operate those assets as needed to support their activities.

The DPA will continue to promote this approach, particularly within greenfield port development. Greenfield port development provides an excellent opportunity to do something differently and better than what has previously been done.

Smart port tools

The ability to think smart is fundamental in realising the DPA's strategic direction. Thinking smart means asking whether you've maximised opportunities, looked to the future and thought big enough. These are questions the DPA encourage staff to consider in their decision making. To promote this practice, the DPA has purposely enhanced information systems and the use of smart software. Providing these improved tools and resources allows staff to make more informed decisions.

Information technology

Recognising business today runs at an inconceivable rate with instant communication, the DPA increased Information Technology staffing resources and infrastructure. This decision has strengthened the DPA's ability to successfully operate across all areas of operations from multiple locations.

Expanding systems

Last year the DPA's procurement system was upgraded to include Human Resources and payroll. Part of this upgrade also included the addition of a works and assets component. This addition will be functional in late 2012 and will allow stakeholders direct access to the DPA's supply chain management. Ultimately, this will bring better supply at a lower cost to the DPA and reduce overheads for suppliers.

Geographic information systems

In 2011-12, the DPA invested in its Geographic Information Systems (GIS) capability through system upgrades and additional staff. GIS support decision making by providing a tool to communicate complex spatial planning issues in a number of ways.

The data management and spatial planning capacity of GIS have become essential tools for all port development planning undertaken by the DPA. As the Port of Ashburton area project progresses, GIS has been critical in the design of infrastructure and linkages in the common user areas, including the 3D review of infrastructure designs. Assessment and review of proponent designs and the ability to quickly and accurately compare with the DPA's current design thinking have helped to ensure a comprehensive review of all spatial planning.

GIS has been an important tool used for environment and heritage assessments, commercial property management, scoping for engineering designs and joining spatial and non-spatial information for visualising moorings within the port waters and the location of other assets.

The focus over the next 12 months will be on continued compilation of spatial data across the organisation and providing staff with easy to use desktop mapping tools to make better informed decisions and planning.

Achieving the Balance

The Port of Dampier is located within the Dampier Archipelago, an area of enormous conservation value, surrounded by an abundance of natural and heritage assets. The Burrup Peninsula itself has the highest volume of indigenous rock art in the world and is home to countless species of native flora and fauna. It's the natural assets, namely resource commodities that attract the title of the world's second largest bulk export port. Consequently, the DPA finds itself in a position where one hand manages a world class port; the other manages a pristine natural environment. This dual purpose means the DPA must find a balance, between protecting the environment and supporting commercial activities of the port; both on land and water.

Emphasis on smart planning

The DPA is focused on promoting the free flow of information between government, community, and industry to create synergies in planning, logistics and project development. Ports are ideally placed to receive, synthesize and disseminate information across a range of stakeholders. The DPA adopts a whole-of-state perspective on development, through the lens of specific elements related to the port itself (this is particularly relevant to regional ports).

Following on from the DPA's 2010 Port of Dampier Development Plan for Dampier (PDDP), the DPA commenced the Port of Dampier Land Use and Infrastructure Master Plan. This plan will consolidate the strategies defined in the PDDP and provide a roadmap for future land use and development in the port. The master plan will ensure the DPA achieves the right balance between commercial demands and the environment in which it is located to ensure value is added to the area on an ongoing basis.

Greenfield ports present a valuable opportunity to get the right balance between environment and operations from day one.

Stakeholder engagement

The number and diversity of port stakeholders have grown in the last year, as has the DPA's operations and area of responsibility. Key stakeholders include local businesses, port tenants, customers, government agencies and the community. In July 2011, the DPA expanded its communications function within the organisation. This new function will see a renewed vigour in regards to stakeholder engagement and relationship management.

Marine oil pollution

In 2011-12, over 6,200 ships visited the Port of Dampier. The busy nature of the port and the size of ships that visit the port increase the potential risk of oil pollution. Oil pollution can result from a number of events such as collision, vessel groundings and fuel transfers. The DPA applies four essential emergency management principles to protect the environment against the risk of oil pollution: prevention, preparedness, response and recovery.

In August 2011, all staff participated in an oil spill exercise, *Operation Conserve*. The exercise simulated an oil pollution incident within the port. The exercise provided a valuable opportunity to familiarise staff with deploying oil spill response equipment and a means to test response capabilities. It also tested the processes detailed in the Marine Oil Pollution Plan.

The DPA actively encourages key personnel to participate in external training programs and response efforts. In September 2011, the DPA's Harbour Master underwent incident control training and assessment for Tier 2 and Tier 3 incidents at Mount Macedon. In October 2011, the Deputy Harbour Master (Traffic) was invited by AMSA to travel to New Zealand to participate in the oil spill clean-up resulting from the grounding of the container vessel *Rena*. He assumed the role of Australian team leader.

Plans are underway for a large scale exercise in late 2012. This exercise will deploy Tier 2 and 3 equipment. External stakeholders will be invited to participate. The exercise will be called *Archipelago Challenge*.

Heritage conservation area

The DPA has set aside a 10ha area within port land at Dampier as a heritage conservation area in recognition of the significant heritage values contained within it. This area has been excluded from development in all DPA's future plans. A formal agreement was arranged between the DPA, local Aboriginal groups and the Federal Government.

The area also contains a range of vegetation types that are found on the Burrup, including the Burrup Rockpile Communities.

Ongoing management of this area by the DPA aims to minimise external influences and impacts. The DPA works with adjacent operators (BGC) to ensure that the nearby quarry operations have minimal impacts.

Leaseholder communication and consultation

Increasing the frequency and quality of stakeholder engagement is a key focus for the DPA. Throughout January and February the DPA embarked on a proactive schedule of attending contractor and lessee pre-start meetings, incident investigations and general site observation tours. This work provided a platform to launch the quarterly Stakeholder Health, Safety and Security meeting. The inaugural meeting was held in March. The meeting was attended by stakeholders who operate within the Landside Restricted Zone and the KBIE.

Our successful approach to port management and development relies heavily on how well we collaborate and partner with key stakeholders and understand the business through our customers eyes.

Steve Lewis, Chief Executive Officer

Achieving the Balance (continued)

Introduced marine pest monitoring

The Port of Dampier is one of 18 ports around Australia identified as high risk for introduced marine pests. This is principally due to the large volume of shipping traffic (and hence ballast water exchange) as well as being a first port-of-call for international recreational vessels. The DPA has been working with the Department of Fisheries (DoF) over the past four years on targeted introduced marine pest projects.

The Federal Department of Agriculture, Forestry and Fisheries (DAFF) have developed a program whereby these 18 ports are monitoring marine pests, using a standard set of techniques. This captures the large percentage of the entry pathway risk, thus providing a gateway monitoring network.

The DPA working with the assistance of our stakeholders, has developed two monitoring projects within the Port of Dampier:

- › One to the DAFF standard undertaken every two years, involving a wide variety of sampling techniques such as trapping, plankton tows, diver surveys, beam trawls and sediment sampling.
- › A second more targeted program uses settlement arrays at four key shipping locations within the port. Here, settlement plates are left in the water for two months, removed and sent to DoF for specialist analysis looking for introduced marine pests.

Similar projects using the same methodology are also being used at the Port of Fremantle and Port Hedland. To date, the DPA has not detected any new introduced marine pests, a very encouraging result for the port.

ICARE agreement

In 2009, the DPA partnered with key stakeholders on the Burrup and established the Industrial Communities Against Rubbish in our Environment (ICARE) agreement. The partners in the ICARE agreement are Woodside North West Shelf Venture, Woodside Pluto, Dampier Port Authority, Rio Tinto Iron Ore and Rio Tinto Minerals-Dampier Salt.

The key focus for the group is addressing off-site litter which can be attributed broadly to the industrial activity on the Burrup.

Each of the stakeholders has taken ownership of a section of the roads leading to their worksites. Members are required to conduct a minimum of four clean-ups along these road sections each year.

ICARE members also investigate the sources of litter collected in a bid to improve behaviours and/or practices. Litter collected indicated that some 85% is likely to have been blown from the back of vehicles from unsecured loads. This information was used to coordinate awareness campaigns across each of the stakeholder's sites.

The DPA's awareness campaign also targeted logistics companies and freight forwarding organisations. The DPA together with these companies introduced 'Naked Cargoes'. This initiative aimed to eliminate the use of plastic wrapping on cargo throughout the port. This project is a great example of the DPA supporting port business, while still protecting the natural environment.

Boating safety exclusion zone

Dampier Archipelago is a hugely popular recreational boating area. Boasting 42 pristine islands and a diverse number of marine species, 25 of the islands are protected as part of the Dampier Archipelago Marine Park. The islands provide some of Western Australia's best diving, snorkelling and fishing spots.

Managing the interaction between recreational vessels and commercial vessels is something the DPA takes very seriously. In July 2011, the DPA announced a new Boating Safety Exclusion Zone as a way of clearly delineating 'Keep Clear Zones' and 'Proceed with Caution Zones' around the port. These primarily include all major port facilities such as wharves, ship anchorages and other port related marine infrastructure along the Burrup Peninsula. Navigational markers provide a clear boundary around these structures. The exclusion zones were formed under a partnership with major exporters and port leaseholders.

The DPA used the FeNaCING Festival to communicate the new exclusion zone to the local public. Explaining the zone directly to recreational boaters was an extremely valuable exercise. The DPA also advertised the exclusion zone in local print media and replaced signage at the Dampier public boat ramp, Hampton Harbour Yacht Club, Withnell Bay and Back Beach Public ramp in Karratha.

Stormwater network

In 2010, the DPA completed the stormwater network upgrade within the KBIE. In part, this design includes a terminal catchment pond and rock revetment bund. This system is part of the water sensitive urban design concepts being integrated into the DPA's stormwater management. It aims at slowing the water down within the catchment, maximising infiltration and ensuring sediment and litter is removed before discharge to downstream natural areas.

Unfortunately, with the highest rainfall on record in the Pilbara last year, the level of groundwater rose and created a semi permanent pond within this drain. The system successfully retained sediments and litter as expected; however it also made for an ideal breeding environment for frogs and potentially mosquitoes as a result of good water quality.

Frogs are not usually a problem; however the drain is located adjacent to a strict quarantine area. Quarantine management is paramount within the area to protect the unique flora and fauna of offshore islands. Even native mainland frogs posed a real problem.

Working with quarantine operations staff, the DPA investigated several options to control the frogs. Options included pumping salt water into the drain (making it unsuitable for frogs but potentially more suitable for mosquitoes), chemical treatment (removing both the mosquito larvae and their predators, but leaving it suitable for frogs) or pumping the drains dry (likely to be ongoing in the short to medium term).

In the end, the DPA adopted a natural control. By placing a range of native fish species sourced from the local area, the DPA was able to provide predators for both the frogs and the mosquito larvae. The fish also fed on the algae and vegetation within the drain, keeping this element under control.

The project was extremely successful, with continual visual monitoring indicating the system is stable with no mosquito larvae or tadpoles. Some of the fish species are now breeding within the system providing a sustainable resource. The low level of management required and elimination of chemicals is a good outcome for the DPA, the tenants and the environment.

Cyclone response

Not only does the DPA protect the environment from commercial activities, but there is also an obligation to protect commercial activities from environmental factors. Cyclone season runs from September through to April. Accordingly, the DPA has a comprehensive Cyclone Response Plan. During 2011-12 the west Pilbara region experienced two notable cyclone events (Heidi and Iggy).

- › Cyclone Heidi was expected to pass in close proximity to the port. In accordance with the DPA's Cyclone Response Plan, the port was closed on 11 January (fully closed at 1800 hrs WST). Despite Heidi being classed as a category 2 tropical cyclone, no significant impact to infrastructure or assets was experienced at the port. The port was re-opened on 12 January at 0600 hours.
- › Cyclone Iggy occurred on the 3 February 2012. The storm passed well west of the port. The port itself was not closed, however the outer anchorages and all facilities (with the exception of the Mermaid Marine supply base), were closed as swell conditions in the port were above acceptable limits. The slow progress of Cyclone Iggy and high swell generated by a trough line meant that some facilities were closed for three days.

Our People



The DPA's workforce grew to 67 employees in 2012, a 17.5% increase from 2011. New employees bring new ideas, concepts and experience to the DPA, further enhancing the skills base and complementing that of the existing, dedicated workforce. The DPA maintain an office in Dampier and a smaller office in Perth. The Dampier office located at the Port of Dampier is staffed by experienced operational personnel, responsible for the day-to-day operation of the port and its people. The Perth office, established in December 2008, has primary carriage for strategic planning and the development of new greenfield sites and provides a valuable conduit to decision makers, regulators and key stakeholders in the State's capital.

Leadership Team

In 2011 the DPA sought to broaden its senior leadership team by appointing a Chief Operating Officer, Chief Financial Officer, Director of Strategy and Development and Director of Environment and Community. Their efforts are focused on driving strategic initiatives and identifying opportunities where the DPA can add value within the organisation and its wider operating context; the West Pilbara region and the State. The Leadership Team has lead middle management towards applying best practice people management processes, furthering this group's ability and capacity to contribute to the long term growth of the DPA.

Developing our people

The Pilbara region is renowned for attracting a diverse and transient population. The region celebrates the diversity, but the ever-present transient nature is an ongoing issue for staff retention. This, coupled with a competitive recruitment market, challenges the DPA to attract and retain people who can grow with the organisation. Over the past few years, the DPA's workforce has boasted a range of cultural backgrounds. As an active EEO employer, the DPA has continued to foster an organisational culture of diversity and inclusiveness. Diversity in this context includes: cultural background, gender, race and age.

The DPA is committed to expanding the boundaries of its expertise through targeted recruitment and specialised training and development programs. These programs assist staff reach their potential, thereby improving the DPA's workforce capabilities.

In 2011-12, staff have attended programs including:

- › Oil spill response exercise training
- › Levels of Excellence training
- › EEO training and awareness
- › Mount Eliza accelerated management training



Professional experience opportunities

The DPA involvement in a Business Administration Traineeship program was extended to the DPA Perth Office. The program is designed to provide participants with on the job training and exposure, supplemented by a formal qualification.

The DPA is keen to foster industry participation for graduate students where possible. For the last three years, the DPA has offered a vocational placement of an environment undergraduate student. The graduate is able to get involved in a wide variety of environment and heritage tasks. The DPA offers a unique graduate experience, as the port manages both land issues akin to a local council, as well as a wide range of marine issues. The graduate is directly exposed to the activities of our stakeholders.

Our People (continued)

Developing health and safety awareness

The DPA has maintained its people-focused approach to the business. Promoting health and wellbeing and supporting professional development are just two key aspects of this focus. Key initiatives during 2011-12 included:

- › **Fatigue management** – with increases in travel distances and hours of operation, increased emphasis has been placed on effective fatigue management across all areas of operation. A number of qualitative risk assessments and management programs were completed in 2011-12 for DPA and contract personnel.
- › **Seatbelt awareness** – an awareness campaign was implemented providing staff with a timely reminder of the importance of wearing seat belts not only on public roads, but across all our operational areas.
- › **Vehicle security** – an awareness campaign was implemented providing staff with a list of simple rules to help protect personal and DPA vehicles.
- › **Pre-employment medicals** – are now completed for newly appointed personnel. This initiative will provide a baseline health profile for the workforce and enable the DPA to further support staff maintain a state of fitness for work.
- › **Healthy workforce** – free influenza vaccinations were provided to all employees.

Women in professional roles at the DPA

Women represented 58% of the DPA's workforce in 2011-12. Whilst women make up more than half the workforce, it is important for their representation to occur at all levels. Encouraging development and promoting leadership of key talent will be an active step towards maintaining diversity in this area.

Role	Number	Percentage
Board	1	16%
Executive	1	20%
Management	3	21%
Professional	16	54%
Administration	18	100%

In support of maintaining female representation at the DPA, a Parental Leave Program was implemented to assist managers and support the active promotion of the return to work process. Subsequently, managers and employees can balance the transition between parenthood and career.

The DPA is full of the right people, clearly focused on delivering value to our customers and the community.

Steve Lewis, Chief Executive Officer

DPA workforce profile

Workforce Profile	2011 / 2012
Average Age	40
Average length of service (Years)	2.2
No. of females	38
No. of males	29

* Female board representative not included in workforce profile

Employee housing

To combat the regional housing shortage and competitive recruitment market, the DPA continues to provide accommodation for a number of employees. In 2011-12, a four bedroom, two bathroom (4x2) residence in Karratha was constructed for staff housing. Another design and construct contract was awarded for another 4x2 residence. Construction is anticipated to be complete by the end of 2012.

The DPA recently purchased land within the town of Onslow as part of the organisation's ongoing program to provide suitable housing for its staff. With the expansion of activities in the Port of Ashburton area, the DPA recognised the future need to have staff located in this area. Over the coming year, the DPA will advance plans to construct suitable accommodation for staff working on the Port of Ashburton area project.



Strengthening state gateways

In ten years from now the West Pilbara coastline will house yet another world class iron ore export terminal at the Port of Anketell and a third LNG plant (one of the world's largest) at the Port of Ashburton area. The DPA has been charged with managing both ports. The responsibility lies with the DPA to form collaborative relationships with the private sector in planning for, and managing, these greenfield port developments. Recognising the substantial value both ports will provide the State, the DPA has spent the last 12 months focusing on elements that are best undertaken by ports. This will ensure the appropriate port facilities are provided for ongoing operations in the region.

Port of Ashburton area

The Port of Ashburton area is the trading name used by the DPA for the port area alongside the Port of Onslow, approximately 1,380 kilometres north of Perth and approximately 300 kilometres south-west of the Port of Dampier.

The new Port of Ashburton area is a greenfield port with no discernible development or infrastructure at this stage. The Port of Onslow (including the facilities at Beadon Creek) is an existing port under the jurisdiction of the Department of Transport'. The port caters for bulk salt exports and is also used for recreational fishing and charter vessels and a small number of vessels servicing offshore oil and gas facilities.

The Port of Ashburton area is destined to become a multi-user port with common user infrastructure, with an ultimate export capacity of 50 million tonnes of LNG per annum. The Wheatstone Project currently has approval for a 25 million tonnes per annum gas plant within the strategic industrial area. There will also be export capacity for other hydrocarbon-based products (including value-added processing), capacity for heavy industry exports and the facilitation of general cargo trade, including fuel.

The Hydrocarbons Precinct/Ashburton North Strategic Industrial Area will include land areas for proponents and infrastructure to accommodate LNG and other hydrocarbon based processing, as well as natural gas processing for Western Australia's domestic gas market.

The Port of Ashburton area and Hydrocarbons Precinct is ideally located for use by industry for the development of gas reserves in the Carnarvon Basin and Exmouth Gulf.

The DPA recognises the importance of large gas processing projects to the region and to the State, and is keen to support proponents in developing and accessing port infrastructure to facilitate the development of international trade.

The Port of Ashburton area will:

- › support the development of heavy industries and general industries in close proximity to the port, through the provision of fair and equitable access to common user export infrastructure, particularly for smaller projects seeking to enter overseas markets.
- › create an opportunity for the development of a supply base to service the offshore oil and gas industry and provide a means to import cargo into the West Pilbara hinterland in the future.
- › create an opportunity for the development of facilities for the import of diesel fuel potentially reducing the number of fuel tankers on the roads between Perth and the Pilbara Region.
- › support regional development, particularly for the town of Onslow and small to medium sized businesses within the area.

In supporting the Wheatstone Project and other important developments within the region, the DPA has increased its presence in the West Pilbara, and has strategically positioned itself to expand its role in Western Australia's resources-driven economy.

Major milestones

- › 1 December 2011, the DPA officially assumed responsibility for the new Port of Ashburton area and executed the legal documentation with CAPL for the Wheatstone Project.
- › 2 February 2012, the DPA issued CAPL with Development Approval to access the Common User Coastal Area (CUCA) at the port, to carry out site preparation works and develop temporary water infrastructure for the compaction phase of the Wheatstone Project

Outlook for 2012-13:

- › **Q3 2012:** Issue final Development Approval for the Port and CUCA infrastructure
- › **Q3 2012:** Issue Development Approval for the Eastern Infrastructure Corridor
- › **Q3 2012:** Issue Development Approval for upstream works associated with the Wheatstone Project
- › **Q1 2013:** Port of Ashburton Port Development Strategy
- › **Q1 2013:** Port of Ashburton Landuse and Infrastructure Port Master Plan.

Our Future (continued)

Port of Anketell

The Port of Anketell (Anketell) was identified by the WA State Government as the next multi-user deep water port and industrial precinct for the Pilbara region. It envisages the new bulk export port will have an annual capacity of 350 million tonnes of iron ore, with an associated strategic industrial area of more than 1,400 hectares. In 2010, the WA State Government announced the DPA would manage the new port and infrastructure corridors.

Since 2010, the DPA's Anketell development activities have focused on refining the Port of Anketell Land Use and Infrastructure Master Plan 2011-2041 (PAMP), extending the PAMP to all stakeholders and developing commercial models under which the future port can operate. Several studies have been undertaken to finalise the location and layout of port infrastructure and ensure that facilities constructed as part of the Stage 1 port development will satisfy the needs of all potential port users and the State.

The original PAMP, prepared in 2011, provides high level information on port facilities, including location, possible design options and capacity; and a rationale on why specific design options have been chosen. Throughout the financial year, the DPA undertook additional studies to look in more detail at the configuration of key port infrastructure including rail, stockyards and multi-user marine facilities (e.g. the MOF, cargo wharf, fuel berth and causeway). More detailed work on rail layouts for up to four separate railways in the infrastructure corridor, including the allocation of land for marshalling/maintenance

yards and the configuration of grade-separated cross-overs associated with balloon loops was undertaken. Study outputs recommend rail alignments that facilitate the ultimate design capacity for the port in such a manner that the early stage of development does not create barriers to future development.

Following initial extension of the PAMP to both government and proponent stakeholders, further consultation with stakeholders was undertaken to reach an agreed position on marine facilities for the Stage 1 port development and future development stages. Input was sought from potential proponents and several other port users including fuel suppliers. The aim of these consultations was to determine whether the initial development will satisfy all likely future users and the State. Stakeholder feedback has been summarised and incorporated in the updated PAMP. The information provides greater clarity on options for a MOF, fuel berth and cargo wharf.

Following the release of the PAMP, the DPA has worked closely with the foundation proponent and the Office of Environmental Protection Authority (OEPA) to progress the Stage 1 environmental approvals. The approval is being sought by the proponent and will cater for an export capacity of approximately 115 mtpa of iron ore.

The future for WA ports

The WA State Government announced on 2 February 2012 that the State's seven regional port authorities will be consolidated into four regional port authorities. The 12 smaller ports currently controlled by the Department of Transport under the *Shipping and Pilotage Act 1967* (SPA) will come under the jurisdiction of the new regional port authorities. Fremantle Ports will remain a stand-alone port authority.

This decision further confirmed the validity of the DPA's 2009 business strategy; 'expand the boundaries'. Since 2009, the DPA has approached the role of a port authority differently by embracing a commercialised structure and valuing rigorous corporate governance. The DPA is well poised to support the new direction for WA ports.

The DPA is represented on the Ports Reform Steering Committee, a committee reporting directly to the Minister for Transport. The Steering Committee have been tasked with implementing a standard governance structure for WA Ports. Reporting to the Steering Committee are a number of working groups. Each working group assesses the implementation plan for each new port authority. Representatives from the DPA and Port Hedland Port Authority form the working group for the Pilbara Ports Authority. All communication regarding the progress of the ports reform is distributed via the Minister for Transport.

As a gateway port, Dampier aims to be a focal point for leadership, ideas, and professionalism in ensuring that the port plays a strong part in capitalising on the resource-rich opportunities in the Pilbara.

Steve Lewis, Chief Executive Officer

Statement of commitment to safety, health and injury management

The DPA has documented its safety, health and injury management commitment to its employees, contractors, leaseholders and visitors in an Occupational Health & Safety Policy. The policy is available in the public domain via the website. The policy is communicated during the site access induction and is displayed publicly throughout the work environment. The DPA has embraced the Department of Commerce Safety, Health and Injury Management performance targets as a baseline for annual performance assessment. In addition, the organisation's strategic goals for safety and health are expressed in the Port of Dampier Port Development Plan 2010-2020. Refer below to a range of additional targets proposed for implementation in the coming reporting period.

Port Development Plan Commitment

OH&S objectives & targets

Manage the online safety training employee management system

- › 100% of employees to successfully complete online safety training

Manage marine safety in port waters

- › Implement programs and initiatives to promote marine safety in port waters
- › Recording all marine incidents reported to the DPA into the Safety, Training, Employee Management System.
- › Sharing marine industry developments (legislature, technology, incident outcomes) with relevant stakeholders
- › Updating the DPA site induction and public webpage
- › Maintain stakeholder engagement forums

Regular port security patrols

- › 100% of scheduled security patrols to be completed
- › Summary reports on security patrols submitted weekly
- › Initial incident reports arising from security patrols to be submitted in writing within 24 hours

Improving communication and consultation

The DPA is committed to fulfilling its legislative requirements and obligations to preserve the safety of all port users. The focus remains steadfast on eliminating workplace hazards and consistently ensuring prevention of harm. With a growing health and safety presence across all operations, a number of continuous improvement programs are being rolled out concurrently. These include workplace inspections, internal audits, health and well-being promotions, training, security software and infrastructure upgrades, knowledge sharing forums and management system development.

The DPA's process for consultation and communication provides a number of forums (both internal and external) for engagement with stakeholders on matters associated with health, safety and injury management. These meetings provide an excellent opportunity to discuss workplace promotions, hazards and incidents (including near misses). The meetings provide stakeholders with a means of positively influencing the way health, safety and injury management are managed in the workplace. During the reporting period quarterly stakeholder meetings were established as a knowledge sharing forum for all stakeholders operating within or in close proximity to the Port of Dampier.

Compliance (continued)

Code of Conduct

In accordance with Section 23 of the *Port Authorities Act 1999*, the DPA has reported to the Minister of Transport and Public Sector Standards Commission on its compliance with the Code of Conduct. There were no detected breaches of the Code of Conduct during 2011-12.

Public Interest Disclosure

The *Public Interest Disclosure Act 2003* enables people to make disclosures about wrongdoing within the WA public sector, local government and public universities without fear of reprisal. The DPA did not receive any Public Interest Disclosure applications during 2011-12.

Compliance with injury management legislation

As operations expand, the DPA remains committed to ensuring the safety, health and welfare of all personnel (employees, visitors, contractors and leaseholders). Injury management policies are continually reinforced during the site safety induction ensuring participation and compliance with the *Injury Management Act 1981* and internal management system requirements. There has been an increased focus on injury management programs at the DPA throughout the year resulting in:

- › the development of an injury management policy and procedure;
- › training for Injury Management Coordinators;
- › development and implementation of confidentiality agreements for all stakeholders involved in the injury management process; and
- › establishment of key relationships with injury management health providers.

The next phase of this program will involve injury management training for employees and leaders.

Record keeping

The program and policies captured within the SHEQ Management System ensure the DPA's record management systems are carried out in accordance with the *State Records Act 2000*. Accordingly, the DPA ensures:

- › all employees participate in regular records awareness training;
- › the Record Keeping Plan (RKP) is maintained;
- › policies and procedures have been incorporated into the DPA induction process and RKP; and
- › all records management procedures are made available to employees on DPA's intranet.

Advertising and sponsorship

In accordance with Section 175Ze of the *Electoral Act 1907*, the DPA incurred the following expenditure in advertising, market research, sponsorship, direct mail and media advertising during 2011-12.

Item	Organisation(s)	Total Value
Sponsorship	Various (e.g. Cossack Art Awards, Dampier Sharks Football Club, Dampier Seafarer, Tours, Schools, community groups and sporting clubs etc.)	\$54,340
Media advertising	Miscellaneous (e.g. Local Business support and community publications.)	\$26,073
Market research	Nil	Nil

Occupational health and safety performance

Indicator	Result			
	2009-10	2010-11	2011-12	Target
Number of fatalities	Zero (0)	Zero (0)	Zero (0)	Zero (0)
Lost time injury and/or disease incidence rate	Zero (0)	Zero (0)	2.82	Zero (0)
Lost time injury and/or disease severity rate	Zero (0)	Zero (0)	Zero (0)	Zero (0)
% of injured workers returned to work (i) within 13 weeks (ii) within 26 weeks	N/A N/A	N/A N/A	100% 100%	- ≥ 80%
% of managers trained in OH&S and injury management responsibilities	50%	25%	34%	≥ 80%

Freedom of Information

The 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 the DPA documentation and to ensure that all the DPA information held is accurate, complete, up-to-date and not misleading. During the 2011-12 financial year, the DPA received one partial transfer request for information.



Directors Report

Authority Directory

Board of Directors

Chairman:
Brendan Hammond

Chief Executive Officer:
Steve Lewis

Deputy Chairman:
Robert Vitenbergs

Chief Financial Officer:
Valmiki Chandrashekhar

Members:
Noel Bridge
Mike Deeks
Fiona Russell
Nick Serle

Auditors:
Auditor General

Internal Auditors:
Deloitte Touche Tohmatsu

Principal office

Address:
Mof Road
Burrup Peninsula
Dampier WA 6713

Telephone:
08 9159 6555

Website:
www.dpa.wa.gov.au

In accordance with Schedule 5, Division 9 we report on the operations of the Dampier Port Authority (DPA) for the year to 30th June, 2012 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 2013
Mr Robert Vitenbergs	Deputy Chairman	31 December 2013
Mr Mike Deeks	Member	30 June 2014
Mr Noel Bridge	Member	30 June 2014
Mr Nick Serle	Member	30 June 2014
Ms Fiona Russell	Member	30 June 2014
Mr Benjamin Doig (Alternate Rio Tinto)	Member	31 December 2014
Mr Dominic Allery (Alternate North West Shelf Venture)	Member	30 June 2014

Current board members and Chief Executive Officer

Right:

Fiona Russell
Mike Deeks
Brendan Hammond
Steve Lewis (CEO)
Robert Vitenbergs
Nick Serle
Noel Bridge



Chairman: Mr Brendan Hammond

Ministerial Appointment:

Has been Chairman since July 2008, Brendan was re-appointed in June 2011 with term expiring in June 2013.

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, including serving as the Managing Director of Argyle Diamond Mines in Western Australia. He has extensive experience in regional development.

Deputy Chairman: Mr Robert Vitenbergs

Ministerial Appointment:

Has been a Board member since January 2000, Rob was re-appointed in January 2012 with term expiring December 2013.

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.

Director: Mr Mike Deeks

Appointed to the Board in July 2009 with term expiring in June 2014.

Qualifications:

Masters of Management

Bachelor of Arts

Australian Institute of Company Directors

Experience:

Mike is the WA Site Executive for Raytheon Australia. Responsible for all Western and South Australian operations since November 2007. Previous position WA Government Advisor and Marine & Defence Industry Strategist, Department of Industry and Resources (DOIR). Mike served 32 years in the Royal Australian Navy retiring in the rank of Commodore.

Directors Report (continued)

Director: Mr Noel Bridge

Appointed to the Board in July 2010 with term expiring in June 2014.

Qualifications:

Bachelor of Business (Accounting Major)

Australian Rural Leadership Program

Australian Institute of Company Directors

Experience:

Noel currently undertakes various consulting, business and community development projects as the Managing Director and principal consultant of his private company, First Acuity Management Enterprises based in Perth, Western Australia.

Noel had significant involvement in the ongoing operations and development of projects and programs associated with the Unity of First People of Australia (a not-for-profit organisation with a focus on improving the livelihoods of Aboriginal people.)

Director: Ms Fiona Russell

Appointed to the Board in July 2011 with term expiring in June 2014.

Qualifications:

Bachelor of Commerce (International Business)

Post Graduate Certificate Maritime Management

Certificate III and IV Applied Language Studies – Chinese (Mandarin)

Experience:

General Manager – Marine, Woodside Energy Ltd

Fiona is responsible for pilotage, marine operations and marine assurance for the Woodside Group. Fiona provides leadership, direction and support for all marine activities associated with the provision of safe, reliable and effective offshore, port operational and commercial marine services and marine technical assurance.

Fiona has gained experience in various marketing and export roles in the WA mining industry in management of export operations, logistics and contract management.

Director: Mr Nick Serle

Appointed to the Board in July 2011 with term expiring in June 2014.

Qualifications:

Bachelor of Engineering (Electrical and Electronic)

Experience:

Nick was appointed General Manager – Port Operations Rio Tinto in May 2011 and is responsible for port operations, marine, technical and quality across RTIO's three port terminals in the Pilbara. Nick and his team also work closely with the Rio Tinto Expansion Projects group on the planned port expansions.

Nick has held a number of positions within Rio Tinto's Iron Ore's group including Corporate Business Improvement, Engineering Manager Rail, Maintenance Manager Cape Lambert, Marine Manager Dampier and Cape Lambert, and most recently General Manager Project Engineering.

Nick was involved in the Pilbara Iron merger of Robe and Hamersley Iron and the Hope Downs Joint Venture Project.

Executive team *(as at the 30 June 2012)*

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

Name	Position
Mr Steve Lewis	Chief Executive Officer
Mr Valmiki Chandrashekhar	Chief Financial Officer
Captain Paul Toussaint-Jackson	Chief Operating Officer
Dr Rochelle Macdonald	Director of Strategy and Development
Mr Brad Kitchen	Director of Environment and Community

Principal activities

The Dampier Port Authority has jurisdiction of Dampier Port and Port of Ashburton area. 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 Transport and Offshore Facilities 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 \$12,351,638 compared to last year's profit of \$7,005,562 after tax. See the accompanying Financial Statements for further details.

Dividend

In accordance with the current dividend policy the Directors have recommended \$8,028,565 dividend be paid being 65% of net operating profit after tax.

	2012	2011
	\$'000	\$'000
Total dividends recommended in respect of the financial year	8,029	4,554
Total dividends paid during the financial year	4,554	3,427

Significant changes to the state of affairs

There was no significant change in the nature of the Dampier Port Authority activities this year.

Review of operations

Finance

In regard to operations, the Dampier Port Authority has dual goals of sound financial management and trade facilitation. In achieving these goals, the Dampier Port 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 \$17,977,451, against budgeted profit of \$14,913,456.

A summary of revenues and expenditures according to significant areas is set out below:

	2012	2011
	\$'000	\$'000
Port Dues	26,295	21,609
Dampier Cargo Wharf Operations	6,131	5,561
Lease-King Bay Industrial Estate/Other	9,246	5,410
Dampier Bulk Liquids Berth	8,338	8,616
Interest	619	489
Profit on sale of assets	78	-
MSIC	722	426

Directors Report (continued)

	2012	2011
	\$'000	\$'000
Project Management	399	304
Capital Contribution	-	308
Mooring Fees	205	208
Other Revenues	1,963	1,414
Total Revenue	53,996	44,344
Less expenses:		
Employee expenses	11,700	8,713
Maintenance	6,272	6,685
Power & Water	571	605
Depreciation	4,170	4,061
Insurance	492	477
Legal	912	1,777
Consultants	3,574	4,488
Audit Fees	73	72
Finance Costs	4,110	4,183
Supplies and Services	3,012	2,643
Other	1,132	864
Total Expenditure	36,018	34,568
Profit from ordinary activities before income tax expense	17,978	9,776
Income tax benefit/(expense)	(5,626)	(2,771)
Profit from ordinary activities after income tax expense	12,352	7,005

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 port dues rate and also a greater number of ships entering the port.

(b) Dampier Cargo Wharf (DCW) Operations

There has been an 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, and new leases being signed during the year.

(d) Dampier Bulk Liquids Berth

Each year the Dampier Port Authority calculates the State Subsidy payable from the WA Government based on budget costs. Income was lower compared to previous years due to lower tariffs than budgeted. The shortfall in income will be recalculated in July 2012 per Dampier Port Authority State Deed with Treasury.

(e) Interest

During the year the Dampier Port Authority invested surplus cash, the increase is due to higher cash reserves.

(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 validation period changed from 5 years to 2 or 4 years. Income received is higher this year due to a number of MSIC being renewed.

(h) Project Management

Project management fees are on par with the previous financial year.

(i) Capital Contributions

There were no capital contributions during the year.

(j) Mooring Fees

Mooring Fees were on par to last year.

(k) Other Revenues

There has been an increase in other revenue due to contributions from Department of State Development for planning and design works at Ashburton North and an insurance claim at the Dampier Cargo Wharf.

(l) Employee Expenses

This has increased from last financial year due to the increase in staff levels including accommodation requirements.

(m) Maintenance

Maintenance costs are on par with last financial year, reflecting continuation of the cyclical maintenance program.

(n) Power and Water

Water decreased by \$80k during the year, this is due to decrease in water consumption at the Dampier Cargo Wharf.

(o) Depreciation

Depreciation is similar to last financial year.

(p) Insurance

Costs for insurance are slightly higher compared to last financial year.

(q) Legal

Legal costs decreased during the year due to a decrease in negotiations taking place.

(r) Consultants

Decrease in consultancy costs due to cost control measures undertaken as well as deferral of certain works.

(s) Auditing

Audit costs are similar to last financial year.

(t) Borrowing Costs

Borrowing costs are similar to last financial year.

(u) Supplies and Services

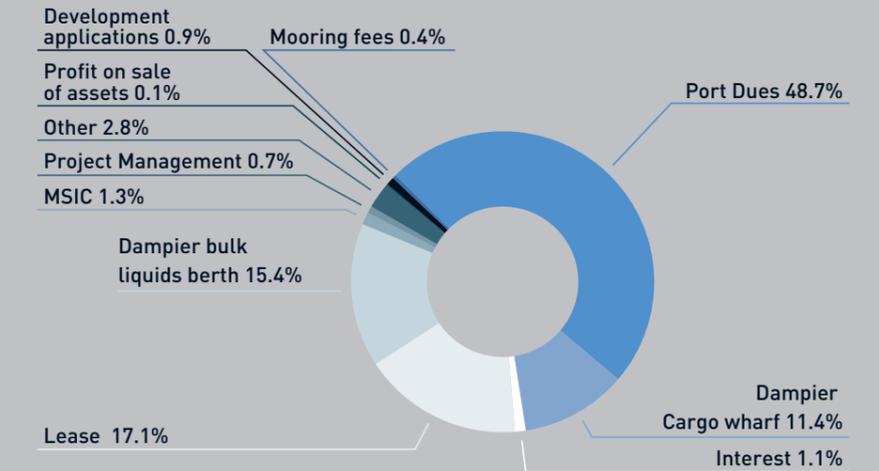
These costs have increased slightly, compared to last financial year. Increases were mainly in account of regulatory costs relating to new employees and office rental cost.

(v) Other

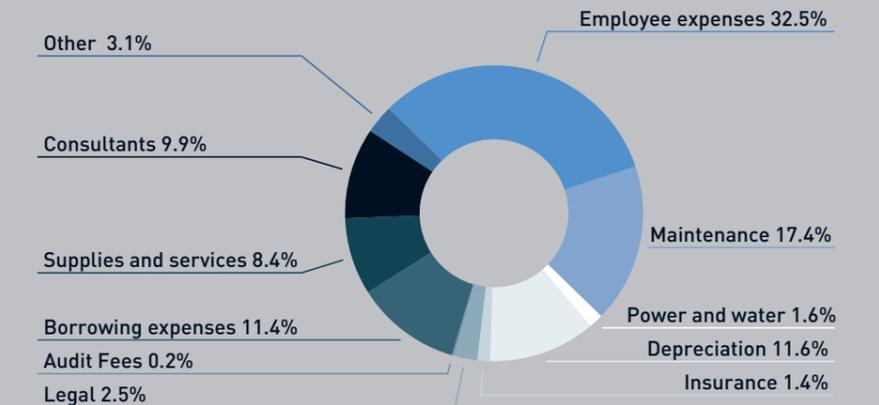
Other expenditure is higher than last financial year, due to increases in payroll tax, hydrographic surveys, land tax and cost of weather forecasting.

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

Sources of Revenue 2012



Expenditure Allocation 2012



Directors Report (continued)

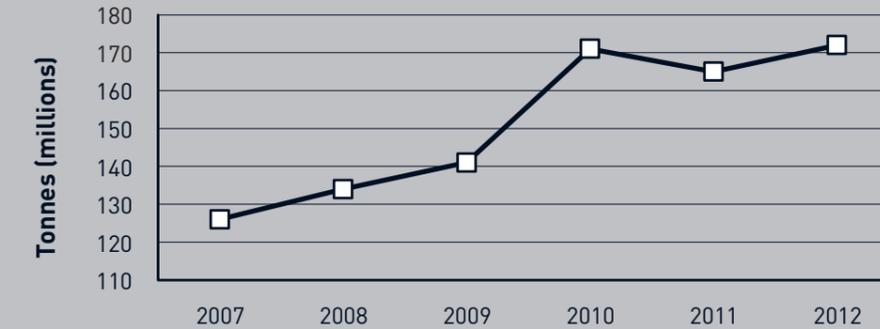
Key performance indicators

Economic

The table below shows commodity throughput for the past 5 years. Export of Iron Ore continues to be the dominant trade by volume.

Commodity	2011-2012	2010 - 2011	2009 - 2010	2008 - 2009	2007-2008
Iron Ore	145,744,327	136,287,257	141,260,217	116,550,652	112,176,315
Salt	3,760,170	4,178,783	4,539,951	3,610,665	3,435,339
Condensate	3,265,661	4,832,060	4,099,877	4,145,638	3,027,115
Liquified Natural Gas	15,616,747	17,094,479	17,214,420	14,407,975	12,279,748
Liquified Petroleum Gas	1,700,281	922,882	1,975,261	957,270	1,526,302
Petroleum Products	582,100	483,055	471,674	443,886	378,066
Anhydrous Ammonia	732,185	765,499	796,165	335,770	744,865
General Cargo	442,151	461,189	374,649	371,891	381,526
Total Cargo Tonnes	171,843,622	165,025,204	170,732,214	140,823,747	133,949,276
Total Vessel Numbers	6,269	6,003	4,657	4,007	4,029
Total Gross Registered Tonnage	125,739,196	121,826,752	123,370,017	106,701,463	97,893,363

**Port of Dampier
Annual Cargo Throughput (Financial Year End)**



Financial

Rate of Return

The Minister for Transport sets the Dampier Port Authority's target rate of return which is 6-8%. The budgeted rate of return for the 2011/2012 financial year was 11.6%. The rate of return achieved by the Dampier Port Authority was 13.3%. (Bulk Liquids Berth (BLB) 4.26%, General operations excl BLB was 8.15%).

The average long run rate of return achieved by the Dampier Port Authority over the past 5 years was 9.52%.

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 Authority'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.

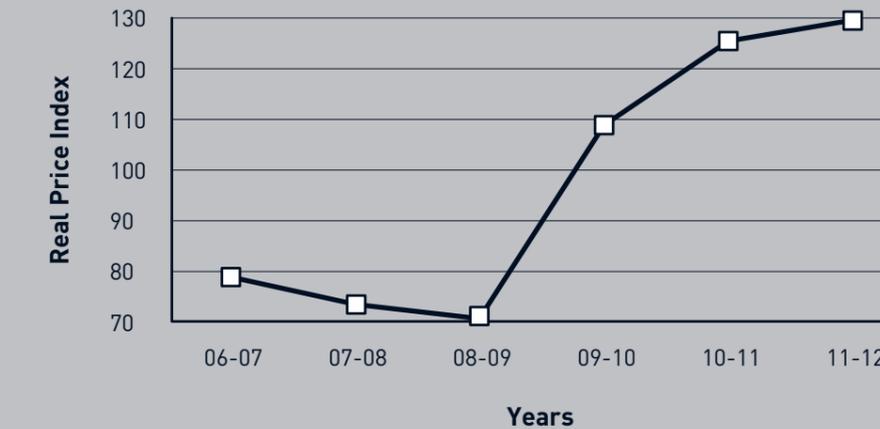
As the graph for port dues indicates the real price index for port dues has increased steadily, over the past 6 years. Prices will increase to \$0.2268 from 1 July 2012.

Port Dues



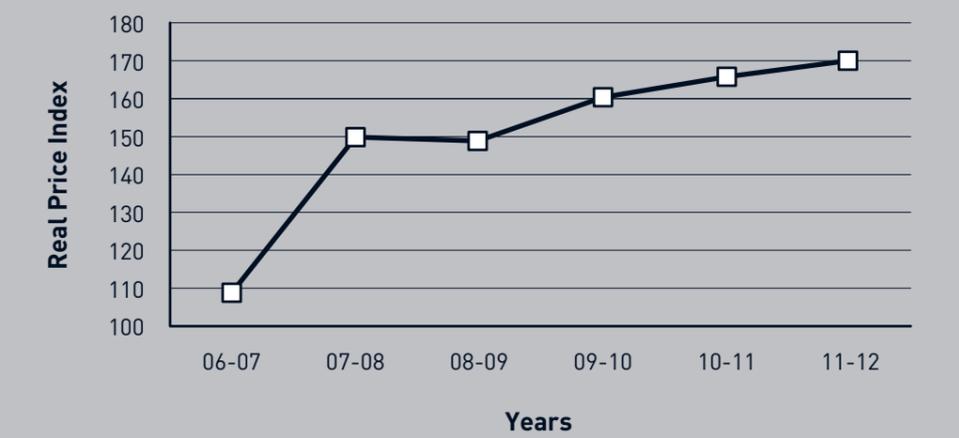
As the graph for wharfage charges indicates the real price index has increased in particularly over the past 2 years, this is in line with DPA introducing user pay principles in July 2009. Wharfage charges will increase from 1 July 2012 to \$10.28.

Wharfage



The graph for berth hire indicates the real price index for berth hire has steadily increased over the last 6 years. Prices will increase to \$105.00 per hour per 50m vessels LOA from 1 July 2012.

Berth Hire



Stability of Workforce

Staff Turnover was 16.66% for 2011-2012.

Occupational Health and Safety

Two 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 Dampier Port Authority occurred during the financial year.

Directors Report (continued)

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 Dampier Port Authority, to affect significantly the operations of the Dampier Port Authority, the results of those operations, or the state of affairs of the Dampier Port Authority, in future financial years.

Likely developments and future results

The Dampier Port Authority expects that trade volumes for 2012/2013 financial year to continue to increase, this is mainly due to the expected increases in iron ore and LNG exports. As a consequence, revenue is expected to rise proportionately over this financial year.

Significant changes in the Dampier Port Authority's operations are occurring due to a number of development projects coming to fruition, including the anticipated expansion of the Dampier Port 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 Dampier Port 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 Dampier Port 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 Dampier Port Authority are as follows:

Board Members

2012

Name	Directors Fees \$	Superannuation \$	Total \$
B. Hammond	45,000	4,050	49,050
R. Vitenbergs	25,000	2,250	27,250
M. Deeks	16,500	1,485	17,985
N. Bridge	16,500	1,485	17,985

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

2011

Name	Directors Fees \$	Superannuation \$	Total \$
B. Hammond	45,000	4,050	49,050
R. Vitenbergs	25,000	2,250	27,250
M. Deeks	16,500	1,485	17,985
N. Bridge	16,500	1,485	17,985

Other Executives

2012

Name	Salary \$	Motor Vehicle \$	Other \$	Super \$	Total \$
Steve Lewis <i>Chief Executive Officer</i>	386,461	-	-	36,853	423,314
Valmiki Chandrashekar <i>Chief Financial Officer</i> (Commenced 3 November 2011)	154,154	12,846	-	15,030	182,030
Paul Toussaint-Jackson <i>Chief Operating Officer</i>	301,834	7,795	1,073	27,125	337,377
Rochelle Macdonald <i>Director Strategy and Development</i>	223,846	-	-	20,510	244,356
Brad Kitchen <i>Director Environment and Community</i> (Commenced 28 May 2012)	16,923	-	-	1,523	18,446

2011

Name	Salary \$	Motor Vehicle \$	Other \$	Super \$	Total \$
Steve Lewis <i>Chief Executive Officer</i>	340,099	-	-	28,537	368,636
John Fewings <i>Harbour Master</i>	214,538	24,457	836	19,308	259,139
Rochelle Macdonald <i>Port Development Mgr</i>	202,076	16,547	-	17,823	236,446

Retirement, Election and Continuation of Office of Members

During the financial year 8 Directors' meetings were held. The number of meetings in which the Directors were in attendance is shown in the table below.

	No. of Meetings eligible to attend	Meetings attended
Brendan Hammond	8	8
Robert Vitenbergs	8	8
Mike Deeks	8	7
Noel Bridge	8	8
Fiona Russell	8	6
Nick Serle	8	5

Directors Report (continued)

Environmental performance

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

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 Dampier Port Authority paid an insurance premium of \$19,696.84 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

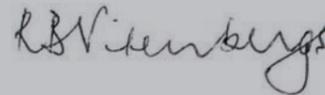
The Auditor General's Office has been appointed as the Port Authority's auditor in accordance with Schedule 5 Section 37(2) of the *Port Authorities Act 1999*.

The total fee payable for the financial year ended 30 June 2012 is \$41,000 GST exclusive

Rounding of amounts

The Dampier Port 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.



Robert Vitenbergs

Acting Chairman



Mike Deeks

Director

Dated this 10th September, 2012

Perth WA

Directors declaration - Dampier Port Authority

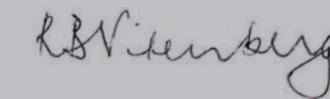
The Directors' declare that the financial statements and notes:

- (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 2012
- (c) 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.



Acting Chairman



Director

Dated this 10th September, 2012

Perth WA



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

DAMPIER PORT AUTHORITY

I have audited the financial report of the Dampier Port Authority. The financial report comprises the Statement of Financial Position as at 30 June 2012, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory Notes and the Directors' Declaration.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

As required by the *Port Authorities Act 1999*, my responsibility is to express an opinion on the financial report based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Opinion

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

- (a) giving a true and fair view of the Authority's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Dampier Port Authority for the year ended 30 June 2012 included on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL ASSURANCE SERVICES
Delegate of the Auditor General for Western Australia
Perth, Western Australia
17 September 2012

Directors Report (continued)

Statement of comprehensive income

For the year ended 30 June 2012

	Note	2012 \$'000	2011 \$'000
Revenue	3	53,996	44,344
Employee benefits expense	2	(11,700)	(8,713)
Asset Maintenance		(6,272)	(6,685)
Power & water		(571)	(605)
Depreciation and amortisation expense	2	(4,170)	(4,061)
Legal		(912)	(1,777)
Insurance		(492)	(477)
Consultants		(3,574)	(4,488)
Finance costs	2	(4,110)	(4,183)
Audit fees	2	(73)	(72)
Supplies and services (a)		(3,012)	(2,643)
Other expenses		(1,132)	(864)
Profit before income tax		17,978	9,776
Income tax expense	4	(5,626)	(2,771)
<i>Profit for the year</i>		12,352	7,005
Total comprehensive income for the year		12,352	7,005

(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 2012

	Note	2012 \$'000	2011 \$'000
CURRENT ASSETS			
Cash and cash equivalents	21(a)	16,863	10,691
Trade and other receivables	5	5,518	5,074
Other	6	288	290
TOTAL CURRENT ASSETS		22,669	16,055
NON-CURRENT ASSETS			
Property, plant and equipment	8	93,131	93,034
Deferred tax assets	7	2,211	1,339
TOTAL NON-CURRENT ASSETS		95,342	94,373
TOTAL ASSETS		118,011	110,428
CURRENT LIABILITIES			
Trade and other payables	10	3,911	3,529
Borrowings	11	1,998	1,894
Unearned Income	13	1,642	2,167
Current tax liability	14	2,655	994
Provisions	15	1,589	1,160
TOTAL CURRENT LIABILITIES		11,795	9,744
NON-CURRENT LIABILITIES			
Deferred tax liabilities	16	1,192	1,032
Borrowings	11	62,007	64,440
Provisions	15	50	43
TOTAL NON-CURRENT LIABILITIES		63,249	65,515
TOTAL LIABILITIES		75,044	75,259
NET ASSETS		42,967	35,169

	Note	2012 \$'000	2011 \$'000
EQUITY			
Contributed equity	17	17,002	17,002
Retained earnings	18	25,965	18,167
TOTAL EQUITY		42,967	35,169

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

Statement of changes in equity

For the year ended 30 June 2012

	Note	Contributed Equity \$'000	Retained Earnings \$'000	Total Equity \$'000
Balance at 1 July 2010		17,002	14,589	31,591
Total comprehensive income for the year		-	7,005	7,005
Transactions with owners in their capacity as owner				
<i>Dividends paid</i>	12		(3,427)	(3,427)
Balance at 30 June 2011		17,002	18,167	35,169
Balance at 1 July 2011		17,002	18,167	35,169
Total comprehensive income for the year		-	12,352	12,352
Transactions with owners in their capacity as owner				
<i>Dividends paid</i>	12		(4,554)	(4,554)
Balance at 30 June 2012		17,002	25,965	42,967

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 2012

	Note	2012 \$'000	2011 \$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		45,758	36,186
Receipts from government contributions		6,597	7,709
Payments to suppliers and employees		(27,577)	(25,160)
Interest received		594	482
Interest paid		(4,134)	(4,208)
Income tax paid		(3,994)	(1,914)
Income tax received		-	1,580
GST receipt on sales		4,550	3,681
GST receipt from taxation authority		(1,881)	(2,041)
GST payments on purchases		(2,669)	(1,640)
Net cash inflow/(outflow) from operating activities	21(b)	17,244	14,675
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		194	39
Payment for acquisition of property, plant and equipment		(4,383)	(4,512)
Net cash inflow/(outflow) from investing activities		(4,189)	(4,473)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	13	(4,554)	(3,427)
Repayment of borrowings		(2,329)	(2,166)
Net cash inflow/(outflow) from financing activities		(6,883)	(5,593)
Net increase in cash and cash equivalents		6,172	4,609
Cash and cash equivalents at 1 July		10,691	6,082
Cash and cash equivalents at 30 June	21(a)	16,863	10,691

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

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 21st August 2012 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.

(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.

Capitalisation/expensing of assets

The Authority has a general policy of expensing at the time of purchase all individual assets costing \$1,000 or less or with a useful life of less than three (3) years. The materiality of the item purchased is also taken into consideration when adopting this policy. Regardless of cost, physical control over all the Authority's assets is maintained.

Subsequent measurement

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

Depreciation

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

Land is not depreciated. Depreciation on other assets is calculated using the straight line method, using rates which are reviewed annually.

Directors Report (continued)

Note 1: Summary of significant accounting policies (Continued)

Estimated useful lives for each class of depreciable asset are:

Buildings	40 to 50 years
Plant and equipment including motor vehicles	3 to 5 years
Berths/Wharves	25 to 40 years
Navigational Aids	20 to 50 years
Software	3 to 5 years
Environmental Approvals	50 years
Channel	50 years

(f) Intangible assets

Capitalisation/expensing of 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 Dampier Port Authority is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling.

Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

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

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment. Surplus assets at cost are tested for indications of impairments at each reporting date. See note 10 'Impairment of assets' for the outcome of impairment reviews and testing.

(h) Cash and cash equivalents

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

(i) Financial instruments

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

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

These have been disaggregated into the following classes;

Financial Assets

- › Cash and cash equivalents
- › Receivables
- › Term Deposits

Financial Liabilities

- › Payables
- › Western Australia Treasury Corporation Borrowings

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

The fair value of short term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the 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 Dampier Port Authority provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

(ii) Held to maturity assets

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

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

Directors Report (continued)

(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 balance sheet 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 balance sheet 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 balance sheet date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted to present value using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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

Associated payroll on-costs are included in the determination of other provisions.

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 \$8,028,565 (2011: \$4,553,615) be declared in respect for the year ended 30 June 2012. The proposed dividend is in accordance with the dividend policy included in the Authority's statement of corporate intent for 2011-2012.

(p) Comparative figures

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

(q) Goods and services tax (GST)

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

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

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

(r) New standards and interpretations not yet adopted

No 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 2012, but have not been applied in preparing this financial report:

Note 2: Profit before income tax

	2012	2011
	\$'000	\$'000
Profit before income tax expense includes the following expenses:		
Employee benefits expense		
<i>Annual Leave</i>	698	555
<i>Long Service Leave</i>	324	225
<i>Superannuation</i>	655	483
<i>Fringe benefits tax</i>	366	296
<i>Board members fee</i>	104	99
<i>Wages</i>	6,579	4,925
<i>Temporary Staff</i>	1,451	1,104
<i>Other</i>	1,433	1,026
Total employee benefits	11,610	8,713

	2012	2011
	\$'000	\$'000
Depreciation and amortisation		
<i>Building and improvements</i>	570	425
<i>Plant and equipment</i>	845	916
<i>Intangibles – environmental approvals</i>	15	9
<i>Intangibles – software</i>	70	55
<i>Berths/wharve</i>	2,085	2,073
<i>Navigation aids</i>	240	239
<i>Channel</i>	345	344
Total depreciation and amortisation	4,170	4,061
Finance costs	4,110	4,183
Auditors Remuneration		
<i>Auditors general fee</i>	41	39
<i>Other audit fees</i>	32	33
Total auditors remuneration	73	72

Note 3: Revenue

	2012	2011
	\$'000	\$'000
Operating activities of the Authority		
– rendering of services – port dues	26,295	21,609
– rendering of services – DCW/Barge Ramp	6,131	5,561
– rendering of services – Bulk Liquids Berth	1,741	907
– Government contribution – Bulk Liquids Berth	6,597	7,709
– leases revenue	9,246	5,410
– foreign exchange gain (loss)	-	[2]
– Other	3,289	2,661
53,299	43,855	
Non-operating activities of the Authority		
– Net gain on disposal of property, plant and equipment	78	-
– interest received	619	489
53,996	44,344	

Directors Report (continued)

Note 4: Income tax expense

	2012	2011
	\$'000	\$'000
The income tax attributable to the financial year differs from the amount prima facie payable on the profit before income tax and is reconciled as follows:		
Profit before income tax:	17,978	9,776
Tax at the Australian tax rate of 30% (2010: 30%)	(5,393)	(2,933)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
<i>Sundry Items</i>	3	5
<i>Research and development</i>	119	178
<i>Prior year under/(over) provision</i>	(355)	(21)
	(5,626)	(2,771)
Income tax (expense)	(5,626)	(2,771)
Income tax expense comprises:		
<i>Provision attributable to current year</i>	(6,338)	(3,416)
<i>(Increase)/decrease in deferred tax liability</i>	(160)	(1)
<i>Increase/(decrease) in deferred tax asset</i>	872	646
	(5,626)	(2,771)

Note 5: Trade and other receivables

	2012	2011
Trade debtors	5,518	5,074
Trade debtors are normally settled on 14 day terms.		

Note 6: Other current assets

	2012	2011
Prepayments	263	207
Deposit	25	83
	288	290

Note 7: Deferred tax assets

	2012	2011
	\$'000	\$'000
The deferred tax asset comprises		
<i>accrued expenses</i>	53	12
<i>operational expenditure</i>	1,667	966
<i>provisions</i>	491	361
	2,211	1,339
Reconciliation of movement in deferred tax assets		
Opening balance	1,339	693
Prior year adjustment	61	255
(charged)/credited to P&L	811	391
Closing balance	2,211	1,339

Note 8: Property, plant and equipment

	2012	2011
	\$'000	\$'000
Land and buildings		
Land		
Freehold - at cost (ii)	3,057	2,082
Total Land	3,057	2,082
Building and improvements		
<i>At cost</i>	17,947	13,633
<i>Accumulated depreciation</i>	(3,540)	(2,970)
Total buildings and improvements	14,407	10,663
Total land buildings and improvements	17,464	12,745
Plant and equipment		
<i>At cost</i>	6,368	5,717

	2012	2011
	\$'000	\$'000
<i>Accumulated depreciation</i>	(4,016)	(3,587)
Total plant and equipment	2,352	2,130
Intangibles – environmental approvals		
<i>At cost</i>	697	449
<i>Accumulated depreciation</i>	(65)	(50)
Total intangible environmental approvals	632	399
Intangibles – software		
<i>At cost</i>	444	286
<i>Accumulated depreciation</i>	(220)	(149)
<i>At cost</i>	224	137
Total intangible software	856	536
Infrastructure		
Berths / Wharves (iii)		
<i>At cost</i>	76,474	76,474
<i>Accumulated depreciation</i>	(23,046)	(20,975)
<i>At recoverable amount</i>	339	339
<i>Accumulated depreciation</i>	(123)	(109)
Total berths/wharves	53,644	55,729
Navigation aids		
<i>At cost</i>	5,572	5,572
<i>Accumulated depreciation</i>	(2,643)	(2,403)
<i>Total navigation aids</i>	2,929	3,169
Channel		
<i>At cost</i>	17,210	17,210
<i>Accumulated depreciation</i>	(2,267)	(1,922)
<i>Total navigation aids</i>	14,943	15,288

	2012	2011
	\$'000	\$'000
Infrastructure in the course of construction - at cost		
<i>Dredging DCW Approvals</i>	59	59
<i>Residential housing</i>	600	491
<i>Arrestor bed</i>	-	1,667
<i>Payroll software</i>	-	-
<i>Gatehouse</i>	-	1,220
<i>DBLB Gangway</i>	-	-
<i>TechOne - 11.09 Upgrade & Maintenance</i>	136	-
<i>Laydown Area Electrical Supply</i>	97	-
<i>DCW Access Ladders</i>	51	-
	943	3,437
Total infrastructure	72,459	77,623
Total property, plant and equipment	93,131	93,034

- (i) The Authority has 2 parcels of land Lot 471 and Lot 472 Reserve 41636, vested to the Dampier Port 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, this does not include the purchase of land at Onslow for \$974,112 on the 22 June 2012.
- (iii) The Dampier Bulk Liquid Berth (BLB) commenced construction in January 2004 and was completed on the 7th November 2005. The Dampier Port Authority has entered into an agreement with the Western Australian Government whereby the State will pay to the Dampier Port Authority a State subsidy for the term of the loan associated with the construction of the DBLB (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.

Directors Report (continued)

Note 8: Property, plant and equipment (Continued)

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:

	2012	2011
	\$'000	\$'000
Land		
Carrying amount at 1 July	2,082	1,868
Additions	975	214
Disposals	-	-
Carrying amount 30 June	3,057	2,082
Building and improvements		
Carrying amount at 1 July	10,663	10,671
Additions	4,314	418
Depreciation for the year	(570)	(426)
Carrying amount 30 June	14,407	10,663
Plant and equipment		
Carrying amount at 1 July	2,130	2,718
Additions	1,184	367
Disposals	(532)	(116)
Accumulated depreciation on disposal	415	77
Depreciation for the year	(845)	(916)
Carrying amount 30 June	2,352	2,130
Intangibles		
Environmental approvals		
Carrying amount at 1 July	399	908
Additions	248	0
Depreciation for the year	(15)	(9)
Carrying amount 30 June	632	399

	2012	2011
	\$'000	\$'000
Software		
Carrying amount at 1 July	137	66
Additions	158	125
Depreciation for the year	(71)	(54)
Carrying amount 30 June	224	137
Infrastructure		
Berths/Wharves		
Carrying Amount at 1 July	55,729	56,654
Additions	-	1,148
Depreciation for the year	(2,085)	(2,073)
Carrying Amount 30 June	53,644	55,729
Navigational Aids		
Carrying Amount at 1 July	3,169	3,408
Depreciation for the year	(240)	(239)
Carrying Amount 30 June	2,929	3,169
Channel		
Carrying Amount at 1 July	15,288	15,632
Depreciation for the year	(345)	(344)
Carrying Amount 30 June	14,943	15,288
Work in Progress		
Carrying amount at 1 July	3,437	1,195
Additions	1,460	3,897
Transfer to non current assets	(3,954)	(1,655)
Carrying Amount 30 June	943	3,437
Total property, plant and equipment	93,131	93,034

Note 9: Impairment of assets

There were no indications of impairment of Property, Plant & Equipment, Infrastructure and Intangible assets at 30 June 2012.

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 10: Trade and other payables

	2012	2011
	\$'000	\$'000
Trade creditors	2,468	1,687
Sundry creditors	1,238	1,752
Payroll accrual	205	90
	3,911	3,529

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

Note 11: Borrowings

	2012	2011
	\$'000	\$'000
Current		
Loan - Western Australian Treasury Corporation	1,998	1,894
Non Current		
Loan - Western Australian Treasury Corporation	62,007	64,440
Total Loan	64,005	66,334

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.

The WATC's approved lending facility to the Authority at balance date, is as disclosed in Note 21(c).

Note 12: Dividends paid

	2012	2011
	\$'000	\$'000
Operating dividend	4,554	3,427

During the financial year ended 30 June 2012, an operating dividend of \$4,553,615 was paid in respect of the financial year ended 30 June 2011. Subsequent to 30 June 2012 the Directors have recommended that a dividend of \$8,028,565, being 65% of net profit after tax, be paid.

Note 13: Unearned income

	2012	2011
	\$'000	\$'000
Revenue received in advance of service delivery	1,642	2,167

Note 14: Current tax liability

	2012	2011
	\$'000	\$'000
Current tax liability	2,655	994

Note 15: Provisions

	2012	2011
	\$'000	\$'000
(a) Current		
<i>Employee benefits</i>		
<i>Annual leave</i>	683	528
<i>Annual leave on cost</i>	75	59
<i>Long service leave</i>	748	516
<i>Long service leave on cost</i>	83	57
	1,589	1,160
(b) Non-current		
<i>Employee benefits</i>		
<i>Long service leave</i>	45	39
<i>Long service leave on cost</i>	5	4
	50	43
Total employee benefits	1,639	1,203

Directors Report (continued)

Note 15: Provisions (continued)

(c) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of liabilities will occur as follows:

	2012	2011
	\$'000	\$'000
Within 12 months of balance date	595	573
More than 12 months after balance sheet date	286	43
	881	616

	2012	2011
	\$'000	\$'000
Movements in Provisions		
Employment on cost provision		
Carrying amount at 1 July	1,203	909
Provisions made during the year	1,051	783
Amounts utilised in the year	(615)	(489)
Carrying amount at 30 June	1,639	1,203

Note 16: Deferred tax liabilities

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

	2012	2011
	\$'000	\$'000
- Depreciation	1,179	1,026
- Prepayments	6	4
- Accrued income	7	2
	1,192	1,032
Reconciliation of deferred tax liabilities		
Opening balance	1,032	1,031
Prior year adjustment	0	-
Charged/(credited) to P&L	160	1
Closing balance	1,192	1,032

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.

	2012	2011
	\$'000	\$'000
Developers Contribution	16,111	16,111
State Equity Contribution	891	891
	17,002	17,002

Note 18: Retained profits

	2012	2011
	\$'000	\$'000
Retained profits at the beginning of the financial year	18,167	14,589
Net profit for the year	12,352	7,005
Dividends paid	(4,554)	(3,427)
Retained profits at the end of the financial year	25,965	18,167

Note 19: Remuneration of Directors and Executives

Details of Directors' and executives' remuneration are 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: B Hammond, R Vitenbergs, N Serle, M Deeks, F Russell, N Bridge, B Doig and D Allery.

(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, L Mrs F Russell for Woodside Energy and Mr N Serle and Mr B Doig for Rio Tinto.

Note 21: Notes to statement of cash flows

	2012	2011
	\$'000	\$'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	2,801	3,440
Cash at call	14,060	7,249
Cash on hand	2	2
	16,863	10,691

	2012	2011
	\$'000	\$'000
(b) Reconciliation of net cash inflow from operating activities to profit after income tax		
Profit for the year	12,352	7,005
Depreciation	4,170	4,061
Net (gain)/loss on sale of property, plant and equipment	(78)	-
Changes in assets and liabilities		
Receivables	(444)	(1,374)
Prepayments	(56)	(170)
Accrued income	58	7
Payables	382	812
Unearned income	(525)	1,408
Movements in provisions		
Employee benefits	436	294
Income taxes	1,661	2,284
Deferred income taxes	(712)	348
Net cash inflows from operating activities	17,244	14,675
(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	64,200	66,334
Amount utilised	(64,005)	(66,334)
Unused loan facility	195	-

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 Dampier 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 Dampier Port Authority 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 Dampier Port 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 22 (d).

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 Authorities 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.

	2012	2011
	\$'000	\$'000
Trade receivables		
Group 1	85	60
Group 2	2,948	3,019
Total group trade receivables	3,033	3,079
Cash and short term deposits	16,863	10,691
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:		
Not more than 3 months old	2,093	1,993
More than 3 months but less than 6 months old	21	-
More than 6 months but less than 1 year	371	-
More than 1 year	-	2
	2,485	1,995

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.

(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:

	2012	2011
	\$'000	\$'000
Financial Assets		
Cash and cash equivalents	16,863	10,691
Loans and Receivables L(i)	5,518	5,074
	22,381	15,765
Financial Liabilities		
Financial liabilities measured at amortised cost	3,911	3,529
Borrowings	64,005	66,334
	67,916	69,863

Directors Report (continued)

(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.

2012

Financial liabilities/assets

	Weighted average interest rate %	Floating Interest Rate \$'000	Fixed Interest Maturing in 1 year or less \$'000	Fixed Interest Maturing 1-5 years \$'000	Fixed Interest Maturing over 5 years \$'000	Non Interest Bearing \$'000	Total \$'000
Financial Assets							
Cash at Bank	4.1	16,863	-	-	-	-	16,863
Receivables			-	-	-	5,518	5,518
		16,863	-	-	-	5,518	22,381
Financial Liabilities							
Payables						3,911	3,911
Borrowings from WATC	fixed rate 5.95%	-	1,998	9,295	52,712	-	64,005
		-	1,998	9,259	52,712	3,911	67,916

2011

Financial liabilities/assets

	Weighted average interest rate %	Floating Interest Rate \$'000	Fixed Interest Maturing in 1 year or less \$'000	Fixed Interest Maturing 1-5 years \$'000	Fixed Interest Maturing over 5 years \$'000	Non Interest Bearing \$'000	Total \$'000
Financial Assets							
Cash at Bank	3.50	10,691	-	-	-	-	10,691
Receivables			-	-	-	5,074	5,074
		10,691	-	-	-	5,074	15,765
Financial Liabilities							
Payables						3,529	3,529
Borrowings from WATC	fixed rate 5.95%	-	1,894	8,813	55,627	-	66,334
		-	1,894	8,813	55,627	3,529	69,863

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.

2012

	Carrying amount \$'000	-1% change		+1% change	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets					
Cash and cash equivalents	16,863	(169)	(169)	169	169
Financial Liabilities					
Payables	3,911	(39)	(39)	39	39

2011

	Carrying amount \$'000	-1% change		+1% change	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets					
Cash and cash equivalents	10,691	(107)	(107)	107	107
Financial Liabilities					
Payables	3,529	(35)	(35)	35	35

Directors Report (continued)

Note 22: Financial instruments (Continued)

(d) Net Fair Values

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

	Carrying Amount	Net Fair Value	Carrying Amount	Net Fair Value
	2012 \$'000	2012 \$'000	2011 \$'000	2011 \$'000
Borrowings from WATC	64,005	73,573	66,334	67,110

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.

Note 23: Commitments

	2012 \$'000	2011 \$'000
(a) Capital Expenditure Commitments		
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities payable:		
Within one year	1,089	1,425
Capital commitments include amounts for:		
› Vehicle	236	597
› Housing	730	97

	2012 \$'000	2011 \$'000
› Arrestor bed	-	184
› Electrical supply	62	-
› Software and licence system	61	205
› CCTV equipment	-	18
› Gatehouse	-	324
	1,089	1,425
(b) Operating Expenditure Commitments		
Commitments for maintenance works contracted at the reporting date but not recognised as liabilities payable		
Within one year	2,263	1,256
Within one to five years	3,585	2,195
Greater than five years	727	33
	6,575	3,484
Operating commitments include amounts for		
› Piling repairs to Dampier Cargo Wharf	313	553
› Concrete repairs to Dampier Cargo Wharf	787	-
› Hire of 16 Parliament Place	2,326	2,237
› Transportable	3,149	694
	6,575	3,484

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:

	2012 \$'000	2011 \$'000
Within 1 year	7,936	3,541
Later than 1 year and not later than 5 years	24,239	4,209
Later than 5 years	17,994	14,621
	50,169	22,371

Lease commitment receivables as at the 30 June 2012 was \$926,745 (2011 \$1,432,073)

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 liability

(a) Contaminated Sites

Under the *Contaminated Sites Act 2003*, the Authority is required to report known and/or 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/or environmental values. Where sites are classified as "contamination - remediation required" or "possibly contaminated - investigation required", the Authority may have a liability in respect of investigation or remediation expenses.

The Authority reported three suspected isolated contaminated sites within the De Witt Location 471, to the DEC in October 2006. As the DEC management system is tied to the State cadastral system, it can only list whole land parcels, not portions of a lot. As such, on 15 June 2007, the Department classified all of 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. In 2009, Rio Tinto did the required works to have one of these issues de-listed from the memorial while in 2010, MMA had another issue added to that memorial.

According to the Department's assessment, the site is 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 may be required to determine the contamination status of soil, surface water and groundwater at the site.

In light of the above, a memorial has been 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 records 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. Where specific contamination events have resulted in the direct actions of this lessee, the Directors do not believe that the Authority has exposure to the financial obligations in respect of further investigation and remediation expenses for the affected site.

Note 26: Subsequent events

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

Think Big. Think Smart. Think Future.



Dampier - Principal Office

Mof Road,
Burrup Peninsula
Dampier 6713

P: +61 8 9159 6555
F: +61 8 9159 6557
E: info@dpa.wa.gov.au

www.dpa.wa.gov.au

Perth Office

Level 3
16 Parliament Place
West Perth 6005

P: +61 8 6217 7112
F: +61 8 9226 2196
E: info@dpa.wa.gov.au

ABN: 23 897 227 533

