



Port Hedland Port Authority

Annual Report 2011





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WHO WE ARE

THE
WORLD'S
LEADING
PORT

OUR VISION, MISSION, VALUES and WHO WE ARE

Who we are

The Port Hedland Port Authority (PHPA) is the largest bulk minerals export Port in the world. This vital infrastructure serves the mineral rich Eastern Pilbara region in Western Australia. Its major export commodity is iron ore. Not only is the PHPA Australia's largest Port based on total annual tonnes throughput, but in 2004/05 it was also the first Port in Australia to exceed the 100 million tonnes throughput milestone, and finished marginally below the 200 million tonne milestone in 2010/11.

The PHPA is a statutory authority owned by the Western Australian Government and has a charter to operate along commercial lines. One of the PHPA's major functions is the control of all shipping through the Port. The PHPA facilitates trade through the Port in a safe and efficient manner, and minimises the impact of Port activities on the environment. The PHPA aims to maximise the loaded capacity of ships through the use of world leading technology that allows the PHPA to maintain minimum safe under keel clearances. The PHPA also has a responsibility to plan for and manage new developments whilst protecting the environment of the Port.

Vision

The world's leading Port, helping to create a sustainable region.

Mission

To safely, profitably, sustainably, efficiently and innovatively operate the Port to promote, facilitate and expand regional trade.

Values

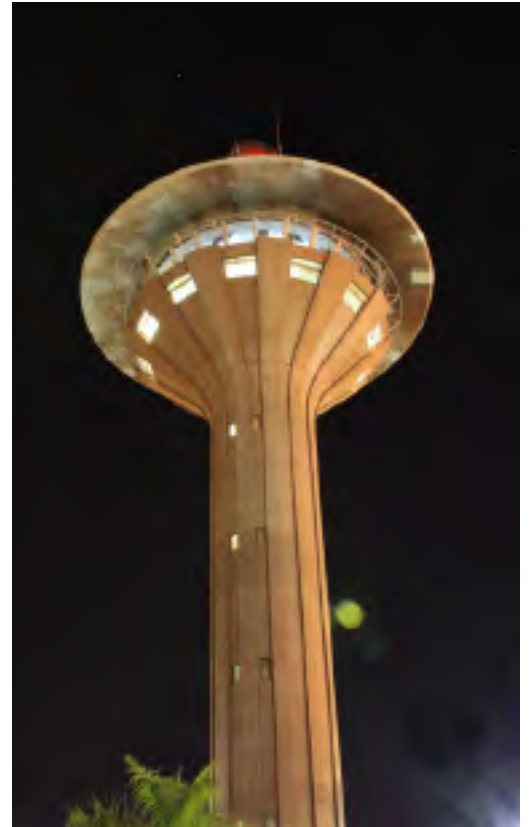
Respect - operate fairly and honestly in all dealings with all stakeholders.

Excellence - strive to be the best in all we do, and maintain strong focus on continuous improvement and innovation.

Courage - do the right thing every time, act with integrity in all we do, and always speak up.



OUR YEAR IN **REVIEW**



With a trade record of 199 million tonnes for the year, the Port Hedland Port Authority (PHPA) celebrated its fortieth anniversary by almost doubling the 2005 record when the PHPA became the first Port in Australia to ship more than 100 million tonnes in a single year.

Operational

The Utah Point Bulk Handling Facility commissioned in September 2010 has proven to be a major success with annualised throughput from January to June 2011 running at 9.4Mtpa. Other records to fall this year were the largest single cargo uplift, broken in November 2010 when the MV Bao Fu took 241,896 tonnes and then bettered in June 2011 by the MV Cape Infinity which took 247,858 tonnes. A record tonnage of 869,558 tonnes on a single tide occurred in October 2010.

The PHPA has embraced world leading technologies such as the Cavotec suction mooring systems, Rotor Tugs, oil pollution response equipment and shipping management software which now form an integral part of our future direction.

Financial

The PHPA's tonnages have increased year upon year for the last decade and this has been reflected in the revenue moving rapidly from \$19 million in 2005 to \$104 million for the current year.

The PHPA's return on assets was 4.1% which is set to improve as the Utah facility reaches its full potential.

People

Following an organisational restructure in 2010, the general management structure was divided into four business areas:

- Strategic Planning and Development;
- Port Operations;
- Corporate Services; and
- Risk and Governance.

The PHPA is confident that this structure creates a sound basis for expected growth in activity in the next five years. During the year the PHPA workforce grew from 45 to 88.

**" THE PORT
HEDLAND
PORT
AUTHORITY
CELEBRATED
ITS 40TH
ANNIVERSARY
WITH A
RECORD
199 MILLION
TONNES"**

Environment

The PHPA's Environmental Management Plan has been implemented. A fully integrated dust monitoring network has been established across the two PHPA controlled bulk loading facilities. A major research project was undertaken to investigate the stability of the ocean dredge material disposal areas using fluorescent tracer technology.

The environmental approvals process for the new Utah Point Bulk Handling Facility was finalised with commissioning commenced in September 2010 and the operational Environmental Licence issued in June 2011. Environmental approval was obtained for the dredging of 16.7 million cubic metres of material from South West Creek, including both offshore and onshore disposal of material. Research into mangrove offset strategies continued with propagation trials undertaken.

Planning and Development

The new multi-user bulk export facility at Utah Point handled over six million tonnes since commissioning in September 2010 through Stockyard 1.

Stockyard 2 is planned to become operational in the next two years. BHP Billiton commissioned two new berths at Harriet Point and commenced construction on a further two berths at Burgess Point. BHP Billiton also announced its intention to progress plans for the outer harbour.

The Fortescue Metals Group commenced construction of a third berth at Anderson Point and has commenced the dredging of its fourth berth in South West Creek with construction to start in the latter part of 2011. Fortescue Metals Group has also obtained approvals to proceed with construction of its railway line from mine to Port.

Roy Hill has also obtained approval from the PHPA to develop its two berths in South West Creek and has commenced dredging of its berth pockets.

The North West Infrastructure Alliance is in the final stages of its approvals process to develop two berths in South West Creek. Preliminary evaluation work has commenced assessing expanded Port berth capacity.



OUR HISTORY



1896

Construction of the first Port Hedland jetty began and was extended in 1908 when gold was discovered in Marble Bar.

1965

Goldsworthy Mining Ltd (now BHP Billiton Iron Ore) dredged an approach channel and turning basin for ships of up to 65,000 Dead Weight Tonnes (DWT).

Throughput

100,000 T

1976

The turning basin was extended and some channel widening took place allowing ships of up to 225,000 DWT to be handled.

Throughput

37.1 Mt

1986

The channel was deepened by 2.5m. In conjunction with a computerised under keel clearance program, (the first in an Australian port) this allowed the port to handle ships up to 330m, and 260,000 DWT.

Throughput

35.6 Mt

2004

BHP Billiton constructed a second berth on Finucane Island, and construction was underway to extend the Port Authority's No. 1 berth to recreate No. 2 berth.

Throughput

89.7 Mt

2008

FMG completed construction of its Herb Elliott port facilities comprising two cape size berths with an installed capacity of 45 Mtpa and shipped its first ore in May.

Throughput

130.7 Mt

2011

First ore on ship at the new Utah berth in September 2010. BHP Billiton Limited commissioned two new berths and commenced construction of a further two berth. Fortescue Metals Group commenced construction of its third berth.

Throughput

199.002 Mt



CHAIRMAN AND CEO REPORT

CONTINUED EXPANSION and DEVELOPMENT

PHPA trade figures have grown year upon year for the past decade and this year the PHPA celebrates its fortieth year with another new record. The 199 million tonnes of trade facilitated, worth over \$40b, sees the PHPA retain the title of the largest tonnage Port in Australia, largest bulk mineral export Port in the world and the largest iron ore Port in the world. In 2011 the PHPA broke its own record set in 2010 for the largest tonnage on a single tide and set a record for the largest single cargo uplift in the Ports' history.

The PHPA's new multi user bulk handling facility at Utah Point shipped its first ore on 17 September 2010 and by 30 June 2011 the facility had handled over six million tonnes and was exporting at an annualised rate in excess

of the initially planned Stockyard 1 capacity of 9Mtpa. The Utah Point Berth Facility utilises the world leading Cavotec mooring system for faster and safer mooring.

The PHPA is facilitating BHP Billiton Iron Ore's (BHPBIO) Outer Harbour Project off Finucane Island, which is proposed to provide 400Mtpa capacity and includes a second channel, rail and conveyer corridors and stockyards to support the berths. BHPBIO commissioned two new berths this year at Harriet Point and commenced construction on a further two berths at Burgess Point in the Inner Harbour.

The Fortescue Metals Group (FMG) achieved annualised rates in excess of 55Mtpa by June 2011

and has commenced construction on a third berth at Anderson Point and dredging of its fourth berth in South West Creek with construction to commence later in 2011. BHPBIO exported 145.6 million tonnes, FMG 40.6 million tonnes, Atlas Iron 3.9 million tonnes, Mineral Resources 2.3 million tonnes, Consolidated Minerals 1.6 million tonnes and Moly Metals 0.4 million tonnes.

Manganese exports increased to a record 1.9 million tonnes which was an increase of 14.3% over the previous year. Fuel imports increased 20% to a record 0.99 million tonnes. Salt exports were 2.6 million tonnes and copper was 0.5 million tonnes. Ship calls for the year increased by 12% to 1,460 equating to an average of four calls a day.

The Port's expansion plans are approaching one billion tonnes of cargo. The PHPA is ensuring adequate resourcing to support this growth, and has subsequently updated its workforce plan. Staff numbers as at 30 June 2011 were 88, in part attributable to the Utah facility being commissioned, and in part due to the need to resource the increased and forecast shipping and development activities. Plans for a new office and control tower building are well advanced.

To facilitate the substantial increase in project work, both in servicing requirements of the major exporters and the PHPA's own projects, a new position of General Manager Strategic Planning and Development was created and the incumbent, together with a small project team, was located in the PHPA's Office in Perth. The advantages of this office, shared with the Dampier Port Authority, have been significant.

The PHPA achieved another year without any major safety incidents, and a below industry average Lost Time Injury rate. The Board affirmed its focus on safety with the appointment of a Safety Manager and ongoing commitment to continuous improvement in safety awareness, systems and practices.

Port charges were generally adjusted by 2.5%. The ranges for Berthage (measured by vessel length) were reviewed and increased to promote greater efficiency of time alongside the berth. Ship loader charges increased by 30% to reflect increased costs. In keeping with government's preference for the PHPA to fund minor capital works projects from retained earnings, rather than treasury grants, it will be necessary to further increase charges during the 2011/12 year.

The financial performance of the PHPA improved this year as the Utah Berth was commissioned. The operating profit for the 2010/11 financial year was \$4,955,000, of which 75.5% will be paid to the Western Australian State Government in the form of taxes and dividends. In December 2010, Andre Bush resigned as Chief Executive Officer of the PHPA. The PHPA's Harbour Master and General Manager Operations was appointed

as the Acting Chief Executive Officer. The permanent appointment of a Chief Executive Officer has been delayed pending the release of the Western Australian Government's WA Ports Review, and determination by the Government of implementing recommendations contained within the Review report.

The PHPA continues to contribute to the social fabric of Port Hedland and in conjunction with the Town of Port Hedland has engaged in several community projects to enhance the main entrance to the Port and develop a landscaped interpretive walk along the Port boundary.

During 2010 the Board heightened the focus on the PHPA's corporate governance and enterprise risk management. This saw the creation of a new General Management position in charge of Risk and Governance, with accountability for delivering an enterprise risk management framework, and managing the PHPA's Environment, Heritage and Safety sections. This same role was also appointed as the Corporate Secretary and will support the Chief Executive Officer and the Board of Directors to mature its corporate governance processes and practices.

"WE EXTEND OUR APPRECIATION TO THE DIRECTORS, PORT AUTHORITY STAFF, CONTRACTORS AND SERVICE PROVIDERS FOR THEIR CONTRIBUTION TO WHAT HAS BEEN A VERY BUSY BUT SUCCESSFUL YEAR."



OUR DIRECTORS



IAN WILLIAMS, AO, BE.Elect., FIEAust., FAusIMM
Chairman

Ian was reappointed Chairman on 22 September 2009 for a term expiring on 30 June 2011. Ian is a widely experienced executive who has held a number of very senior positions within the mining and processing industries in Australian and overseas. Ian is a chairman of Alara Resources Ltd and a director Bougainville Copper Ltd. Ian holds a degree in Electrical Engineering and is a fellow of the Australasian Institute of Mining and Metallurgy and of Engineers Australia.

In June 2010 Ian was awarded the honour of Officer of the Order of Australia for distinguished service to the Indigenous community of Western Australia and Queensland through the establishment of training programs providing sustainable employment in the mining industry, the promotion of social responsibility and as a supporter of business development initiatives



LES LONGDEN BE (Hons), Grad Dip App Fin, FAICD, F Fin
Deputy chairman

Les was appointed to the Board on 1 October 2009 for a term expiring 31 December 2011. Les has over 20 years' experience in the resources industry across a variety of development and operations roles and is a principal of a Perth based engineering and project management consultancy and was previously executive director of an ASX listed oil exploration and production company.

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



JAN FORD Dip Business (RE)
Director

Jan was appointed to the Board on 8 June 2009 for a term expiring 30 June 2011. Jan is a local business owner with strong community focus and is involved in several organisations, across industry, community, not-for-profit, planning, environmental and women's sectors. As a former Town Councillor, Jan brings solid understanding of local issues, pressures and opportunities for the enhancement and development of the region. Jan established the Port Hedland Community Progress Association, a conduit between Community, Industry and Government resulting in industrial expansion within environmental parameters with community engagement.



JULIAN TAPP MSc (Distinction), BA (Upper Second)
Director

Julian was appointed to the Board on 30 June 2009 for a term of expiring on 30 June 2012. Julian is Director of Strategy for Fortescue Metals Group. Julian has a Master's Degree in the Theory of Public Finance and worked as an economics lecturer (LSE, Murdoch, Brunel) for five years and then as an economist in industry (Ford of Europe, BP and BAE Systems) for 17 years, prior to joining FMG in 2004.



MATTHEW CURRIE MBA, BE (Hons), Dip Man]
Director

Matt was appointed to the Board on 1 December 2009. Matt is General Manager Port Operations for BHP Billiton and has held a number of operational and strategic roles in BHP Billiton's business. Matt graduated from Monash University as a Mechanical Engineer with First Class Honours. Matt was awarded Deans Honours when receiving his MBA from Melbourne Business School and is a Six Sigma Black Belt.

Matt brings extensive knowledge of the iron ore industry both domestically and globally. He brings valuable insight as the Registered Manager under the Mines Safety and Inspections Act for the Nelson Point and Finucane Island Port Facilities.



ELISA FEAR B Comm, MBA
Director

Elisa was appointed on 15 June 2010 for a term expiring 31 December 2012. Elisa has held a wide variety of positions within the financial sector, both in Australia and the United Kingdom, including three years with Macquarie Bank's Project and Structured Finance Division providing advice in relation to infrastructure assets in Western Australian.



ANGELA RILEY MBA, CPA (inactive USA), GAICD
Director

Angela was appointed as a Director on 22 January 2010 and resigned from the Board in December 2010 to return to reside in the United States. Angela is an accountant by profession, and has extensive experience with global companies such as 3M, Coopers & Lybrand, Honeywell, Dain Rauscher, and Ball Corporation. Angela's experience covers corporate governance, external and internal audit, finance, compliance, and strategy in the United States, Canada, Europe, South America, Asia and Australia.



ROGER RICHARDSON
Alternate director

Roger was first appointed to the Board as an Alternate Director in 1991 and then as a member in 1996. Roger is Superintendent Shipping for BHP Billiton Iron Ore Pty Ltd and a former Town Councilor. Roger is also Chairman of the Tropical Cyclone Industrial Liaison Committee. Roger was the Alternate Director until May 2011.

OUR EXECUTIVE



**CAPTAIN LINDSAY
COPEMAN**
Acting Chief
Executive Officer



DAPHNE GOLLOGLY
BBus, CPA
General Manager
Corporate Services
(Chief Financial
Officer)



**CAPTAIN JOHN
FINCH**
Acting General
Manager Operations
(Harbour Master)



RAECHEL KRAUSE
BA/LLB
General Manager
Risk and Governance
(Corporate Secretary)



**RONALD
HOLTSHAUSEN**
BCom, HdTax Law,
MBL, AGA (SA)
General Manager
Strategic Planning
and Development





OUR PRINCIPAL ACTIVITIES

The PHPA:

- provides and maintains essential Port facilities including the channel and turning basin, navigation aids, tug havens, berths, shiploaders, storage areas and utilities;
- provides services for the safe movement of ships within the Port including scheduling and movement control, pilotage, and under keel clearance optimisation;
- controls services provided by others in the Port including stevedoring, towage, and line boats;
- controls the activities of others in the Port including the planning and construction of dedicated private facilities;
- leases industrial land; and
- plans for the future growth and development of the Port.

There have been no significant changes in the nature of the principal activities during the financial year.

Operating results

Information on the operations and financial position of the PHPA and its business strategies and prospects is summarised in the Performance Overview section. Refer to pages 23 to 26.

Dividends Paid or Recommended

Dividends are recommended and paid on the previous financial year. No dividend was recommended or paid in the 2011 financial year.

Likely Developments and Expected Results

In the opinion of the Directors, no developments have occurred since 30 June 2011 which is likely to significantly affect the operations of the PHPA as at the date of this report.

Significant Changes in the State of Affairs

There have been no significant changes to the state of affairs of the PHPA since the previous Directors' report.



"THE PHPA PROVIDES AND MAINTAINS ESSENTIAL PORT FACILITIES INCLUDING TUG HAVENS, BERTHS AND SHIPLOADERS"



Events Subsequent to Balance Date

No events have occurred subsequent to balance date that requires reporting.

Remuneration Report

Remuneration Policy: The Minister determines the emoluments of the Directors’. The Board, with the approval of the Minister, determines the emolument package of the Chief Executive Officer. The Board delegates to the Chief Executive Officer the power to determine the terms and conditions of other senior executives in accord with competitive emolument packages for senior executives based on benchmarking with other organisations.

The performance and bonus of the Chief Executive Officer and senior executives is monitored against agreed criteria.

Directors’ Emoluments

The emoluments of each director of the PHPA have been disclosed in the Financial Statements.

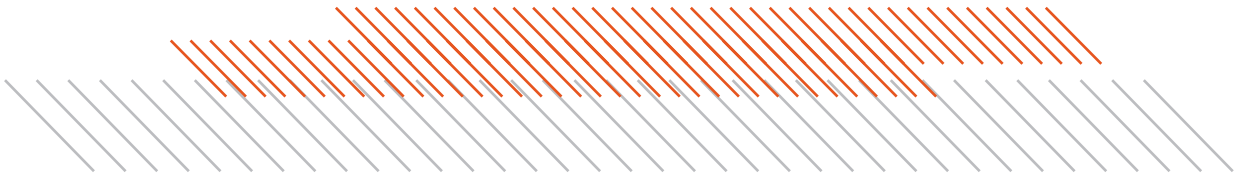
Directors’ Interest in Contracts

During or since the previous financial year, no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received, or due and receivable in the accounts or the fixed salary of a full time employee) by reason of a contract made by the PHPA with the Director or with a firm of which the Director is a member or an entity in which the Director has a substantial financial interest.

Directors’ Meetings

The number of meetings of the PHPA’s Board of Directors held during this financial year, and the number of meetings attended by each Director, were as follows:

	Directors’ meetings		Special Directors’ meetings	
	No. of meetings held while in office	Meetings attended	No. of meetings held while in office	Meetings attended
Ian Williams	10	10	-	-
Les Longden	10	10	-	-
Angela Riley	5	5	-	-
Jan Ford	10	10	-	-
Julian Tapp	10	10	-	-
Matthew Currie	10	6	-	-
Elisa Fear	1	1	-	-
Roger Richardson	5	3	-	-
Chris Campbell	1	-	-	-







OUR
**SENIOR
MANAGEMENT**



REBECCA
MCLELLAN
BCom
Commercial
Manager



KATERINA
BUSNOSKA
BCom (Hons)
Business
Development
Manager



LYLE STANLEY
BEng (Mech)(Hons),
MIEAust
Engineering
Manager



CRAIG WILSON
BApp Sc (Hons),
MEBM Environment
and Heritage
Manager



NADIA NICKOLAI
Finance Manager



DAMIEN MILES BSW
(Hons), GAICD
Human Resources
Manager



ARUN THAVASI
BCom, Masters
(Network Comp.)
Acting ICT Manager



JON GILES
Landside Operations
Manager



JOHN TUMBERS
Maintenance
Manager



GARY DUSCHER
Acting Marine
Operations Manager



WARREN FARROW
BEng (Civil)(Hons),
MIEAust, MBAPort
Development
Manager



KAREN
WATHERSTON
Safety Manager



MATTHEW REID
BCom, Info Sys.
Acting Shipping
Superintendent

“ OUR SENIOR
MANAGEMENT
TEAM BRING A
WIDE BREADTH OF
EXPERIENCE AND
KNOWLEDGE TO THE
PHPA ”

Executive Emoluments

The emoluments of the three highest earning executives of the PHPA have been disclosed in the Financial Statements.



“THIS SECTION DISCUSSES THE
SIGNIFICANT PROGRESS MADE BY THE
PHPA AGAINST THE BROAD PERFORMANCE
OBJECTIVES THAT THE PHPA SET FOR ITSELF
FOR THE 2010/11 FINANCIAL YEAR.”



OUR PERFORMANCE OVERVIEW

Service Provision: The provision of reliable, competitive and efficient Port and marine services that meet and are responsive to the needs of users.

Promote effective and efficient Port practices that ensure minimal disruptions to marine operations.

Implementation of rigorous internal and external risk identification has resulted in proactive Port management strategies and recruitment of critical staff and functions to ensure the PHPA is prepared for the future growth. Reviews have been completed of Port protocols, Port service licensees, Port growth management and capacity, emergency plans and preparedness.

Promote and oversee a "safety first" philosophy during a period of unprecedented Port growth.

The PHPA continues to manage and promote occupational health and safety on site and has rolled out a common incident reporting and investigation system for all site stakeholders and service providers in the Port. Internal employee and external contractor health, safety and environment (HSE) committees are an integral part of the PHPA's philosophy and future direction and direct coordination of construction, dredging and cyclone planning activities have been reviewed and improved in recent times.

Port Facilities: The provision and maintenance of suitable, reliable and competitive Port facilities to meet user needs.

Improve No.1 berth shiploader performance

The project to expand the installation of VVVF drives to all conveyors was commenced and a business case developed for further improvements.

Provide facilities for increasing bulk export capacity

The PHPA bulk handling facility located on the west

side of the harbour at Utah Point shipped its first ore as forecast on 17 September 2010. At year end the facility was exporting at an annualised rate in excess of the initially planned Stockyard 1 capacity of 9Mtpa.

Ensure appropriate and compliant Port infrastructure

South West Creek Dredging and reclamation

During the year the PHPA received environmental approval for the dredging and reclamation works within South West Creek enabling a potential eight new berths to be developed in the area. Dredging was commenced in May 2011 by Roy Hill and FMG.

Lumsden Point

The Lumsden Point development north of the Wedgefield industrial estate, an area of 140 hectares of land, was used by BHP Billiton for dredging spoils from its Burgess Point development. Once remediated, the land will be used for future Port development. Feasibility studies into the possible uses of Lumsden Point were initiated during the year.

Facilitate a new office building and the Marrapikurinya Park developments.

New Office Building

In order to meet the staffing requirements to achieve the continued growth forecasts of 800Mtpa and beyond, PHPA developed a business case and sought government approval and funding to develop a new control centre and office space to replace the existing facilities, which cannot be modified to meet future demand.

Interpretive Walk

The recently completed Interpretative Walk is a continuation of the PHPA's aim to improve the visual aspect of the Port when looking in from public roadways.

The Walk provides a connection between the PHPA's front entry to the tug pens and the proposed Cultural Centre/Observation Tower.

The Walk is elevated above the existing roadway level to allow the public to view Port and tug operations in that area. The development was sponsored by three of the PHPA's major customers, BHP Billiton, Aditya Birla and Newcrest who have operations near the Interpretive Walk. There are interpretive nodes located along the Walk where these sponsoring companies can promote their activities.

Staff housing

Construction of five new houses at Pretty Pool was completed. Design options for other PHPA owned properties have been developed.

Planning and Development: Through planning, ensure that future development is not unreasonably constrained by external restrictions, effectively meets the needs of expected trades, is coordinated and efficiently uses the Port area.

Port Development Plan

The PHPA completed the Port Development Plan for 2010/11 which incorporated the upgrades that have taken place in the Port since the Ultimate Development Plan was developed in 2007. This document will be updated as the stockyards are developed in the Boodarie Industrial Estate and South West Creek terminals become operative, and the Port embarks on the development of the Outer Harbour.

Outer Harbour development

The PHPA, in conjunction with BHP Billiton, commenced the planning and design work of the Outer Harbour which includes a second channel, rail and conveyer corridors and stockyards to support the Outer Harbour berths.

Inner Harbour proponent funded berth developments

To meet forecast growth, the PHPA embarked on a number of inner harbour expansion programs consisting of new terminals in South West Creek. The PHPA facilitated planning and approvals by Roy Hill to develop an export facility comprising two cape-sized berths and one ship-loader to export iron ore fed from the Boodarie Stockyards.

Financial: To establish pricing for users of Port services and facilities commensurate with the achievement of the required return on Government investment and consistent with the Authority's trade facilitation objective.

The PHPA commenced a pricing review with the aim of re-structuring Port charges to reflect the increased cost base incurred as a result of the significant and rapid growth of the Port, and to address the ongoing funding of critical Port infrastructure.

Human Resources: To provide a safe, healthy and supportive environment which encourages employees to work with commitment and enthusiasm to achieve corporate objectives.

Port security improvements

The Electronic Access Control System (EACS) was tendered and awarded, and implementation commenced in November 2010.



A high level security exercise was held in partnership with the Critical Infrastructure Unit and Tactical Response Group from the WA Police Service. The PHPA hosted a desktop security exercise with the WA Police Tactical Response Group (TRG), Pilbara District Response Group and Water Police.

Increased Port management, staff and enhanced service provider contracts to handle future exponential growth.

Following the restructuring into three business areas of Strategic Planning and Development, Port Operations and Corporate Services in 2009/10, the PHPA created the Risk and Governance business area in early 2011. Within this section, new positions of Risk Manager, Corporate Communications and Health, Safety and Environment Officers were created. The focus on safety was augmented by the appointment of a Safety Manager as a separate function from Security.

Staffing numbers grew from 45 to 88 in the 2010/11 financial year. In the coming year, the PHPA will focus on maturing its human resources systems, leadership, and training programs.

Zero harm to employees and others in the Port area

With the commencement of the Utah Bulk Handling Facility, the PHPA's safety systems continued to be developed and implemented, with the PHPA moving towards certification to AS4801 in 2011/12. The PHPA's incident management system is now being used for the reporting of all safety hazard notifications and incidents.

This was also supported by investigation training. Health, Safety and Environment Committee meetings involving

contractors and Port users were held regularly at both the Eastern Harbour and Utah Bulk Handling Facility.

The PHPA also reviewed its current drug and alcohol policy to address recent developments in synthetic substances.

Employees skilled in their jobs

An enterprise level leadership program was commenced with training being delivered in the second half of 2010/11. Learning and development standards and processes were developed and implementation of competency based training for all roles commenced. In addition to on-the-job training, over 50 different training courses were provided to staff this financial year.

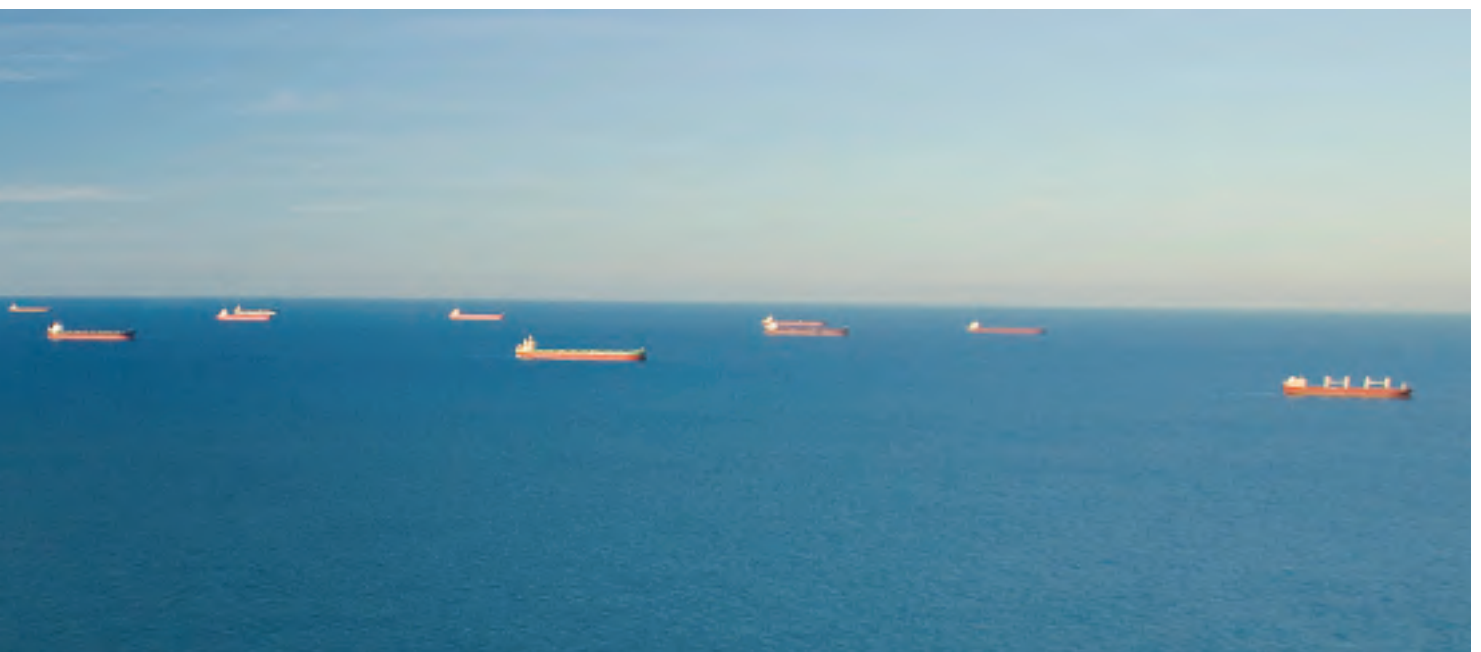
Annual workforce planning and forecasting took place in October 2010.

Community Support: Establish and maintain a close relationship with the Port Hedland community in order to win support for current Port operations and future developments.

Be recognised as a good corporate citizen.

The PHPA has proudly achieved its target investment in the community related projects of 2% pre-tax profits.

Community support provided by the PHPA included sponsorship of Australia Day fireworks, Many Rivers Microfinance Pilbara Region, Port Hedland Golf Club Classic, Port Hedland Economic Resources Forum, Rotary Ball, Movember, Community Directory, Hedland Art Awards, Port Hedland Chamber of Commerce, SES



Orange Ball, Port Hedland Speedway, Variety WA, C3 Church MYGEN Conference, Yo Gabba Gabba Event, Port Hedland Softball Association, Pink Ribbon Breakfast, Seafarers Shoe Box Appeal, Town of Port Hedland Christmas Lights Competition, Sports wheel chair and wheel chair for basketball, Constable Care Child Safety Hedland School Visit 31 Footballs, and Cancer Council's Greatest Morning Tea event.

Environment, Community Safety and Health: To protect the environment of the Port area and minimise the impacts of Port activities on the environment and the community by ensuring that environmental management is incorporated in our operations and Port development.

Marine pollution response capability

A number of staff were trained in oil spill response and oil spill management. The PHPA installed world class, first strike oil response equipment in the inner harbour. This equipment augments state and federal emergency spill response capability in Port Hedland and reflects the Board's commitment to the protection of the natural environment.

2010/11 PHPA Environmental Management Plan (EMP)

The PHPA EMP was implemented with the majority of targets met. A copy of the EMP can be found on the PHPA's website at www.phpa.com.au.

Minimise contamination of the harbour sediments from product spillage

A number of upgrades were undertaken on the No.1 Wharf shiploading system including the installation of concrete bunding to the wharf and the installation of a spill plate to the ship-loader.

The Utah Point Berth Facility has been designed to capture all run-off water and rainfall up to a one-in-ten year event. All water will be recycled through the facility.

Minimise dust from the PHPA area

The PHPA has installed five E-Samplers as part of the operational dust management program. Dust monitoring data has been analysed and dust exceedance alarms were developed. The program will be expanded further to include an interactive dust management system to assist operators in dealing with dust events.

The PHPA has been a key participant in both the Port Hedland Industries Council and the State Government Dust Taskforce.

Ensure dust and noise of future developments are sufficiently minimised and mitigated

The PHPA has developed a set of dust management guidelines which have been endorsed by the Board of Directors. These guidelines will be applied to all future developments at the Port and existing operations will be encouraged to comply. The PHPA has developed and implemented a Noise Monitoring Program and undertaken an Occupational Noise Exposure Program at Utah.

Manage mangrove habitats

Significant scientific research, including a number of trials, were undertaken to determine the feasibility of a mangrove offset program.





STRATEGIC PLANNING AND DEVELOPMENT

South West Creek Dredging and Reclamation

During the year, the PHPA received environmental approval for the dredging and reclamation works within South West Creek enabling a potential eight new berths to be developed in the area. Dredging commenced by Roy Hill and FMG and is scheduled to continue for two to three more years as the creek is gradually developed.

Utah Berth Development

The PHPA's bulk handling facility located on the west side of the harbour at Utah Point shipped its first ore on 17 September 2010. At the end of the 2010/11 financial year the facility was exporting at an annualised rate in excess of the initially planned stockyard capacity of 9Mtpa.

The Utah Point Multi-User Bulk Export Facility (Utah Facility) addresses the resource industry's need for expanded Port facilities to meet growth in global demand for Western Australian mineral resources and to facilitate export for emerging mineral producers in the region.

The Utah Facility was constructed on Finucane Island opposite the existing public berths and within the narrow neck of the Port Hedland harbour. The Utah Facility

development consists of a new dredged berth pocket and 270 metre long concrete wharf, travelling shiploader, 24 hectare stockyard and associated materials handling infrastructure, administration and controls facility, and a ten kilometre dedicated access road.

The Utah Facility, as installed, had an initial approved capacity of 9Mtpa and is designed for expansion to accommodate an export volume of approximately 20Mtpa. To reach this capacity the facility utilises an innovative new automatic mooring system to berth larger vessels and a materials handling system peak loading rate of up to 7,500 tonnes per hour. It is expected the facility will export approximately 13Mtpa as installed with the revision to operating parameters and approvals.

Construction of the Utah Facility started in March 2009 with the first ore on ship was achieved within four years on 17 September 2010 and construction finishing after 20 months. During this period, despite the difficult nature of the construction work, the project delivered a Lost Time Injury Frequency Rate (LTI FR) of 1.4 resulting from one lost day through injury from a total 850,000 site man hours. This LTI FR is 1/10th of the WA construction industry's average of 13.9.



“AT YEAR END THE UTAH FACILITY WAS PERFORMING BEYOND EXPECTATION IN SHIPPING 951,000 TONNES IN THE MONTH OF JUNE.”

A number of sustainable technology initiatives were adopted to address the complexities of constructing a Port facility to transport, store and export a multitude of minerals with potentially adverse environmental and community impacts. Innovations include a 45,000m³ water recirculation and stormwater harvesting system, bentonite geosynthetic lined stockyard floor with plastic reinforced seawall embankments, quad road-train wash facilities and a commitment to a mangrove propagation farm.

At year end the facility was performing beyond expectation in shipping 951,000 tonnes in the month of June equating to an annualised export rate of 11.6Mtpa.

OUR PERFORMANCE

Port Operations

Port Operations has experienced significant growth in all areas during the year, which included operating berths, Port throughput, construction activity, vessel management and staffing levels.

The new multi-user facility at Utah Point was commissioned in September 2010 with further new

berths at BHP's Harriet Point Finucane Island facility coming on line in November and December respectively. This increased Port operational environment, along with operational upgrades at some existing facilities, has seen an increase in Port throughput by more than 21 million tonnes for the year to reach an annual total of more than 199 million tonnes.

Staffing levels continue to increase within all Marine, Landside and Maintenance Operations sections, with a newly created position of Maintenance Manager appointed. Demand on all Port services continues to grow with large scale construction and dredging programs continuing throughout the year.

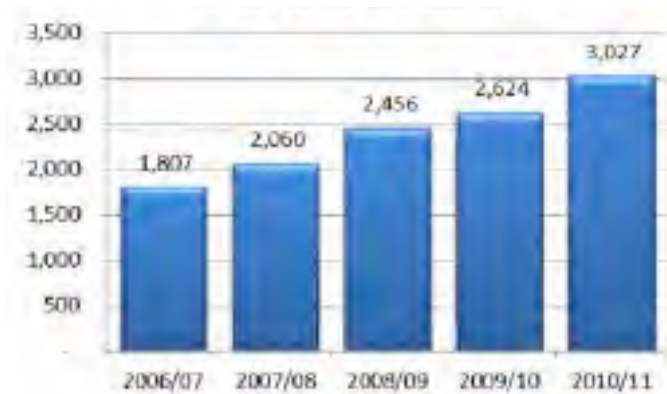
The transition to new technologies is well advanced with a new web based on-line Klein booking system expected to be rolled out later in 2011 and further advancement in Klein / DUKC optimisation software also on the horizon.

Pilotage

Port Hedland Pilots continued to provide pilotage services within the Port Hedland harbour having completed the first year of a five year service contract. Continued growth in shipping movements has required an increase from 12 to 16 permanent marine pilots, with significant resources being invested in best practice pilot training.

During 2010/11 a total of 3,027 piloted shipping movements were undertaken, representing a 15% increase on shipping movements in comparison to the 2009/10 financial year.

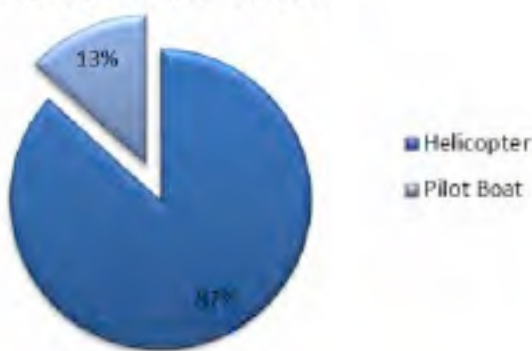
Number of Piloted Movements



Marine Pilot Transfers

Marine Pilot transfers continued to be operated by Jayrow Helicopters and GO Marine Group, for both helicopter and pilot boat operations respectively. The demand placed upon these services continued to grow, with additional marine and aviation staff being required to manage increased operations.

Pilot Transit Mode of Operation



Port Risk Management Philosophy

The PHPA continued to implement robust risk management strategies for existing and developing risks within the Port. The PHPA's Risk Review Committee which was formed in 2010 met biannually to review identified risk controls.

In addition, the PHPA engaged Bureau Veritas International Risk Consultants (BVIRC) to review the changing risk environment of the Port in August 2010. Other smaller risk workshops were completed dealing with such risks as the proposed Tank Farm location, traffic management planning and electrical systems management.

Pollution Response Capability

Following exercise 'Black Jack' in late 2008, the PHPA conducted a whole of Port review and risk assessment to determine the consequences of an oil spill incident within Port Hedland. As a result of this process, the PHPA signed a long term service agreement with Response Resource Management (RRM) to supply and maintain oil spill response equipment and train response staff in preparedness for forecast oil spill incidents.

The PHPA is now exceptionally well prepared for such an incident with significant equipment being available and pre-deployed on barges within the harbour, which makes the Port the best oil spill response resourced regional Port in Australia.

Ship Vetting

In another risk management reduction strategy, Rightship ship vetting has become an integral part of the PHPA's vessel management, with all vessels nominated



JAYROW
HELICOPTER
PILOT, DUNCAN
HARRISON.



for Port Hedland having to be deemed appropriate for the Port in terms of vessel and operating company performance. The system operates a 'star' rating system for operational safety and has recently implemented a 'green star' system for environmental performance.

Occupational Health and Safety

Health Safety and Environment Committees

The PHPA continued to promote staff and contractor safety and welfare via both an internal staff and management represented committee and a whole of Port Health, Safety and Environment Committee that met monthly.

Port Safety Inductions

The PHPA undertook a complete review of the Port's safety induction program and expanded it to include the new Utah Point Bulk handling facility.

Port Security

The PHPA continued to implement rigorous security measures within the Port to ensure compliance with National Port and Maritime legislative requirements. These included access control systems, on water patrols, CCTV monitoring and extensive training, auditing and exercise requirements.

The Port also implemented a levy of four cents per gross registered tonne (GRT) to ensure adequate security measures could be proactively implemented.

Port Maintenance

To assist with Utah Berth commissioning and ramp up, the PHPA established a maintenance function at Utah. Twenty one staff were recruited across two trade groups, maintenance management and administrative areas.

Analysis of the plant enabled the construction of relevant maintenance strategies and tactics for the entire out load equipment at Utah. This information was loaded into MEX (Computerised Maintenance Management System) and forms the basis for all maintenance activity at Utah.

Lost Time Injury Frequency Rates (LTIFR)

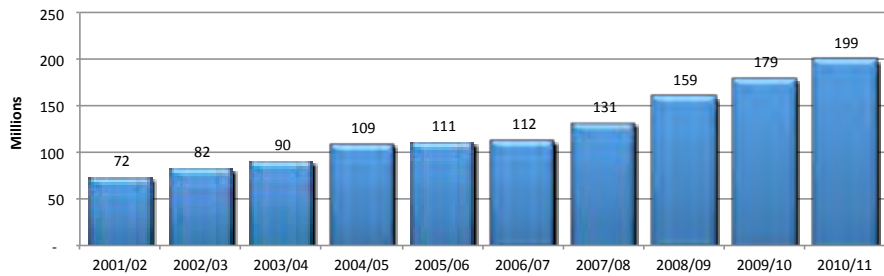
Financial Year	No of Employees & Contractors	LTI's	Hours worked	Days lost	LTI frequency rate	Incidence rate 2011
2011	422.8	4	754 860	95	5.4	0.9
2010	327.3	4	545 199	36	1.8	0.3



Statistics

Port Throughput

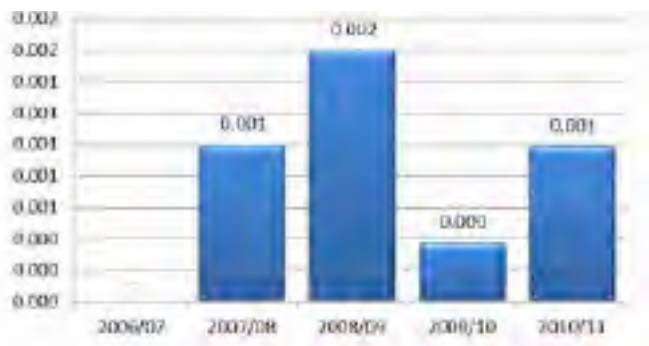
Total Throughput in Tonnes



Imports	2010/11	2009/10	2008/09	2007/08	2006/07
Sulphuric Acid	10,177	-	73,577	69,649	145,583
Cement	98,573	163,604	82,803	25,148	6,872
Fuel Oils	988,989	822,794	716,411	621,241	531,081
General/Containers	172,286	167,796	136,075	77,908	129,150
TOTAL	1,270,025	1,154,194	1,008,866	793,946	812,686
Export					
Iron Ore	192,548,683	173,957,507	153,895,882	125,267,292	106,617,011
HBI Fines	-	44,576	324,389	321,702	-
Salt	2,623,412	1,165,401	2,609,954	2,409,527	2,669,441
Manganese	1,881,708	1,645,950	920,216	1,217,026	1,184,927
Feldspar	-	-	-	-	-
Copper	461,383	479,545	423,050	417,075	249,824
Chromite	173,236	143,421	180,128	209,792	219,337
Livestock	-	7,817	5,825	7,951	6,335
General/Containers	43,632	27,038	22,350	62,897	50,562
TOTAL	197,732,054	177,471,255	158,381,794	129,913,262	110,997,437
GRAND TOTAL	199,002,079	178,625,449	159,390,660	130,707,208	111,810,123

Operational Performance Indicators

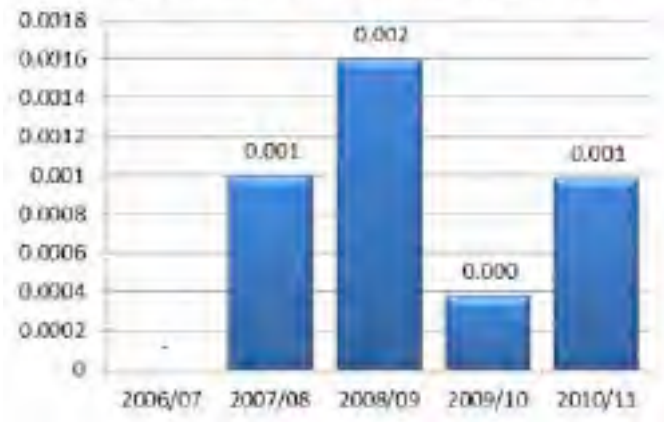
Number of Accidents to Vessels and Port



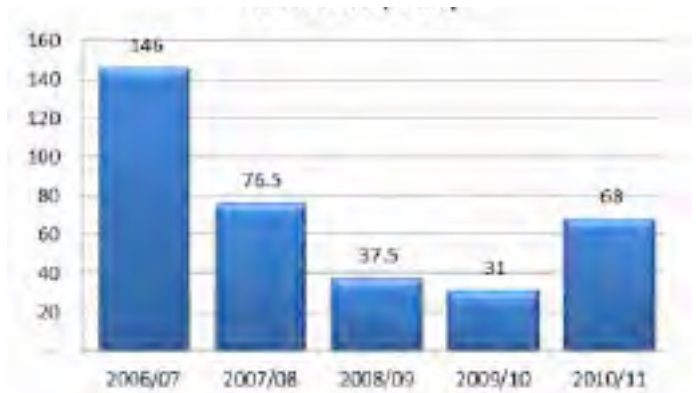
Note: The table left indicates the number of incidents involving large commercial vessels (any vessel requiring a marine pilot) as a ratio of total vessel movements.



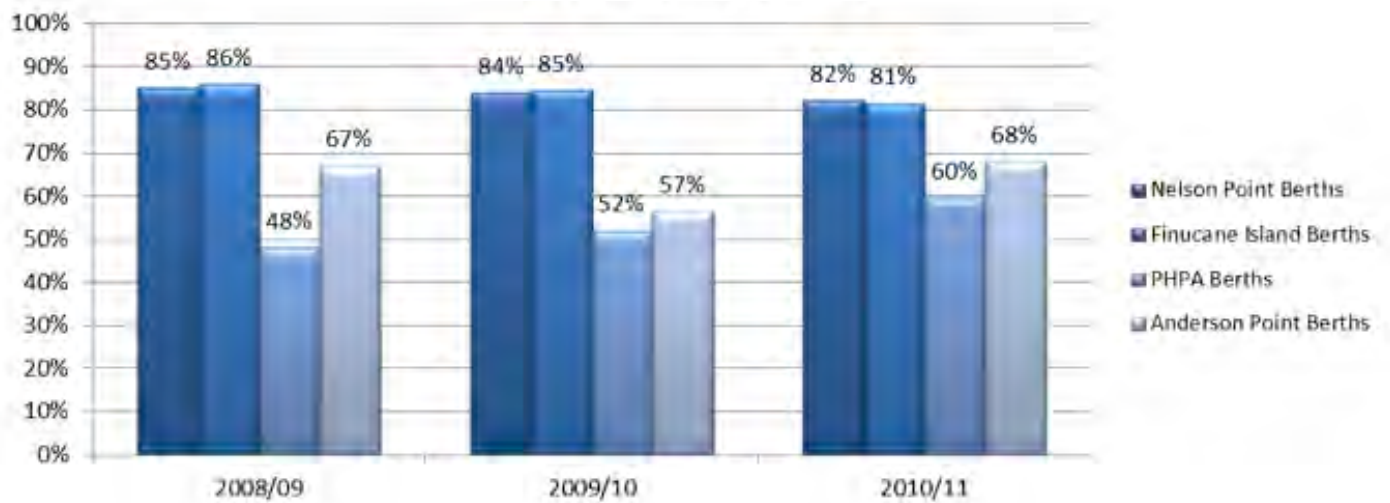
Ratio of Accident/Total Vessel Movements



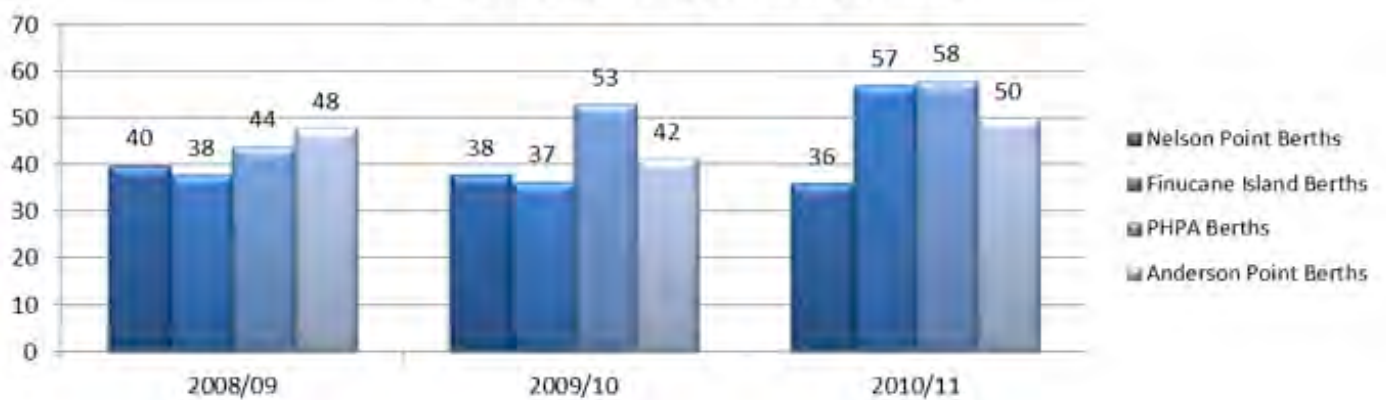
Port Closure (hours)



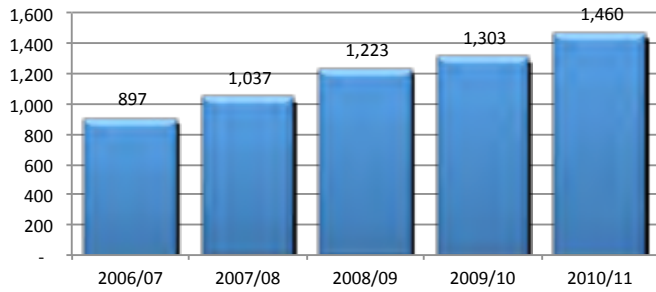
Berth Occupancy (percent)



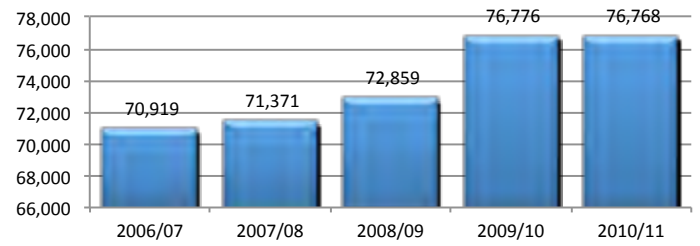
Average Berth Hours alongside per vessel



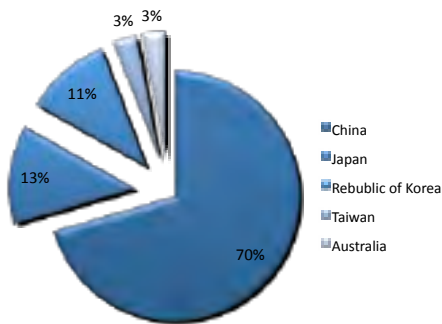
Total Number of Vessels



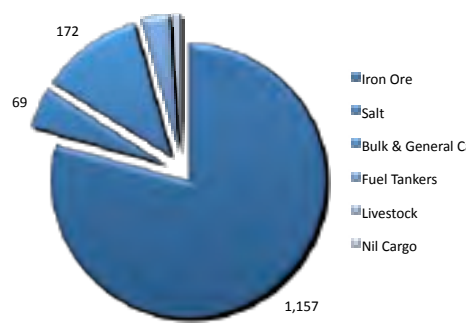
Average Vessel Gross Registered Tonnage



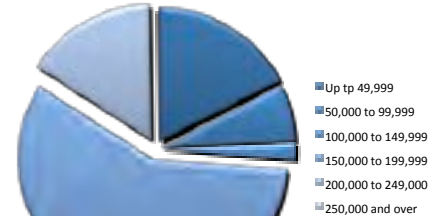
Iron Ore distribution by Destination



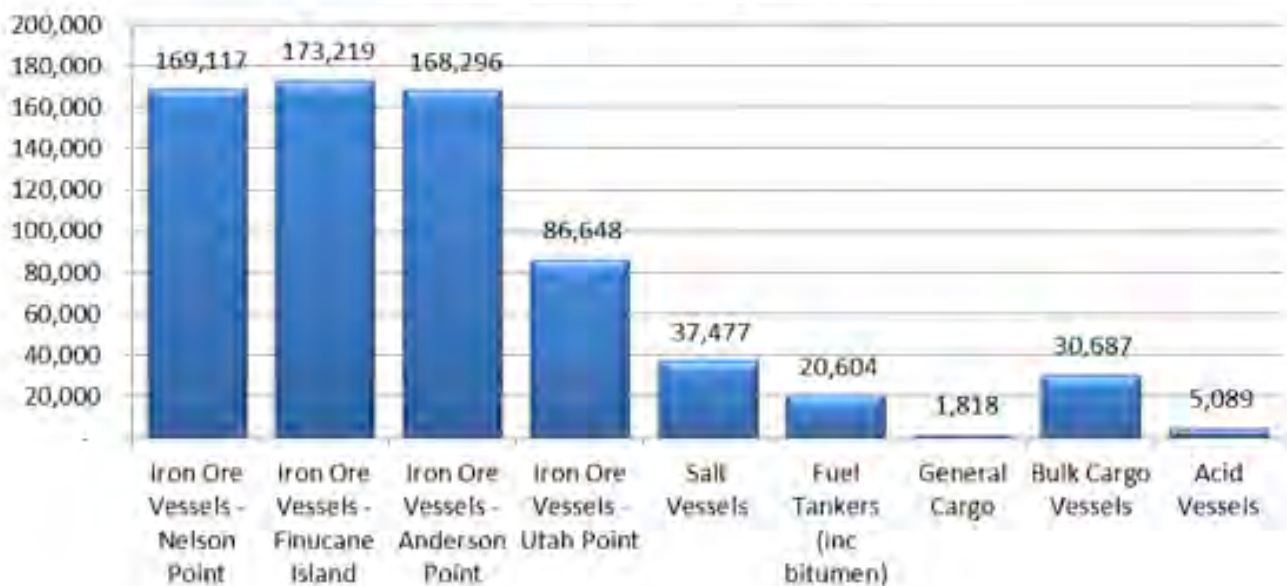
Number of Vessels by Cargo Type



Vessels Piloted by Deadweight Tonnes



Average Cargo Tonnes per Vessel





OUR PEOPLE

PEOPLE AND CULTURE

The PHPA prides itself on being a workplace that fosters equity and diversity and provides equal employment and advancement opportunities based on merit.

The PHPA measures merit on the basis of qualifications, experience, potential suitability and job performance. Merit is determined regardless of sex, age, race, pregnancy, marital status, family responsibility or family status, religious conviction, political conviction or impairment.

In support of our commitment to our workforce, our Human Resources Team were provided with equal opportunity law and workplace culture training, as well as grievance management training, in May 2011.

The PHPA is aware that access to opportunity is often a pre-requisite to building merit. As such, through the Port Collaboration and Heritage Agreement with Marapikurrinya, the PHPA has outlined specific employment and contracting undertakings.

The PHPA also encourages the provision of employment opportunities for the traditional owners of the Port area, both within the Port and through contractors.

The PHPA's diversity representation is as follows:

% Representation as at June 2011

- Women: 38.6% (50% at the Executive level)
- People from culturally diverse backgrounds: 9.1%
- Indigenous Australians: 2.3%
- People with Disabilities: 0%

The PHPA has procedures and practices that build a strong and positive workplace culture that embraces the diversity of employees, potential employees, and people generally. This commitment is supported by the staff consultative committee, established to assist in the review of policies and procedures that have a material impact on staff. This year the consultative committee focussed on the review and endorsement of recruitment and selection, as well as performance development procedures. Updated travel, training, and conflict of interest procedures were also approved.

A photograph of Captain Matthew Shirley, a man with short brown hair and sunglasses, smiling while standing on the deck of a ship. He is wearing a blue long-sleeved shirt and a high-visibility orange and black life vest. He is holding onto a rope railing. In the background, another ship is visible in the water, and the ship's hull is partially visible on the left.

PORT HEDLAND
PILOTS, CAPTAIN
MATTHEW SHIRLEY,
AFTER DELIVERING
ANOTHER SHIP
SAFELY INTO PORT.



Peter Leonard

Recruitment Practices

The PHPA's recruitment and selection process is undertaken in accordance with the criteria set down in our recruitment and selection procedure.

The recruitment and selection procedure is designed to ensure the PHPA attracts and retains high quality staff to assist in the achievement of its business objectives. Permanent and fixed term contract employees are selected on merit (such as, selection of the best available person for the job on the basis of job related criteria from a pool of applicants in open competition) and the selection processes are free from bias and discrimination.

Whilst upholding the high standards of selection on merit, the procedure creates flexibility in advertising options with a focus on the internet and use of any appropriate medium. The procedure also enables panels to look at options that evaluate merit outside traditional interviews.

In support of ensuring equal employment opportunity, the PHPA's recruitment panels reflect the diversity of the wider community as well as an understanding of equal opportunity and diversity principles. The procedure also contains specific instruction on interviewing people with disabilities.

Code of Conduct

The code of conduct is designed to communicate the PHPA's standards of conduct and integrity and to promote professionalism and best practice in the provision of services to our customers, Port users and the community.

During the 2010/11 financial year one breach of the code of conduct was investigated. All follow up actions have occurred in relation to this matter and it is now closed.

Corruption Prevention

The PHPA is required to specifically consider risk of corruption and misconduct of its staff.

The duty to act ethically and to comply with the code of conduct as well as policy and procedures is discussed and required to be acknowledged during induction and orientation of new employees.

The PHPA has increased its commitment to this area by creating a new Risk and Governance section which holds responsibility for risk identification and mitigation as well as testing compliance of our systems, and focussing on corporate governance.

Training

The PHPA has continued to demonstrate commitment to training in job competency requirements as well as broader professional development throughout the 2010/11 financial year.

A diverse range of training opportunities were provided that included financial, environmental, ethical, risk management, operational, occupational, safety and health, managerial, project management, information technology and records management training.

"OUR RECRUITMENT AND SELECTION PROCEDURES ARE DESIGNED TO ENSURE THE PHPA ATTRACTS AND RETAINS HIGH QUALITY STAFF TO ASSIST IN THE ACHIEVEMENT OF ITS BUSINESS OBJECTIVES."

Workers Compensation and Injury Management

Workers Compensation and Injury Management provides timely and effective intervention for employees that have injured themselves at work or those employees who have injuries that may affect their ability to undertake their duties.

The PHPA ensures that injured employees receive their entitlements and can access injury management interventions and rehabilitation programs, including structured return to work programs providing light or restricted duties for those employees with injuries. These programs are developed in conjunction with the employee, their doctor, medical providers, and their manager.

Future Direction - Human Resources

The PHPA’s continued success is directly attributable to the efforts and commitment of our people. The PHPA is committed to developing a workplace culture where employees are valued and offered the opportunity to develop their skills and experience.

The PHPA has grown from an organisation employing 26 staff in 2008 to 88 staff in June 2011 with an expected staffing of 100 by the end of 2011. This will require a focus on developing a comprehensive human resources management system with procedures covering the gamut of matters that impact on our people and culture.

Workplace Injuries Performance Indicators

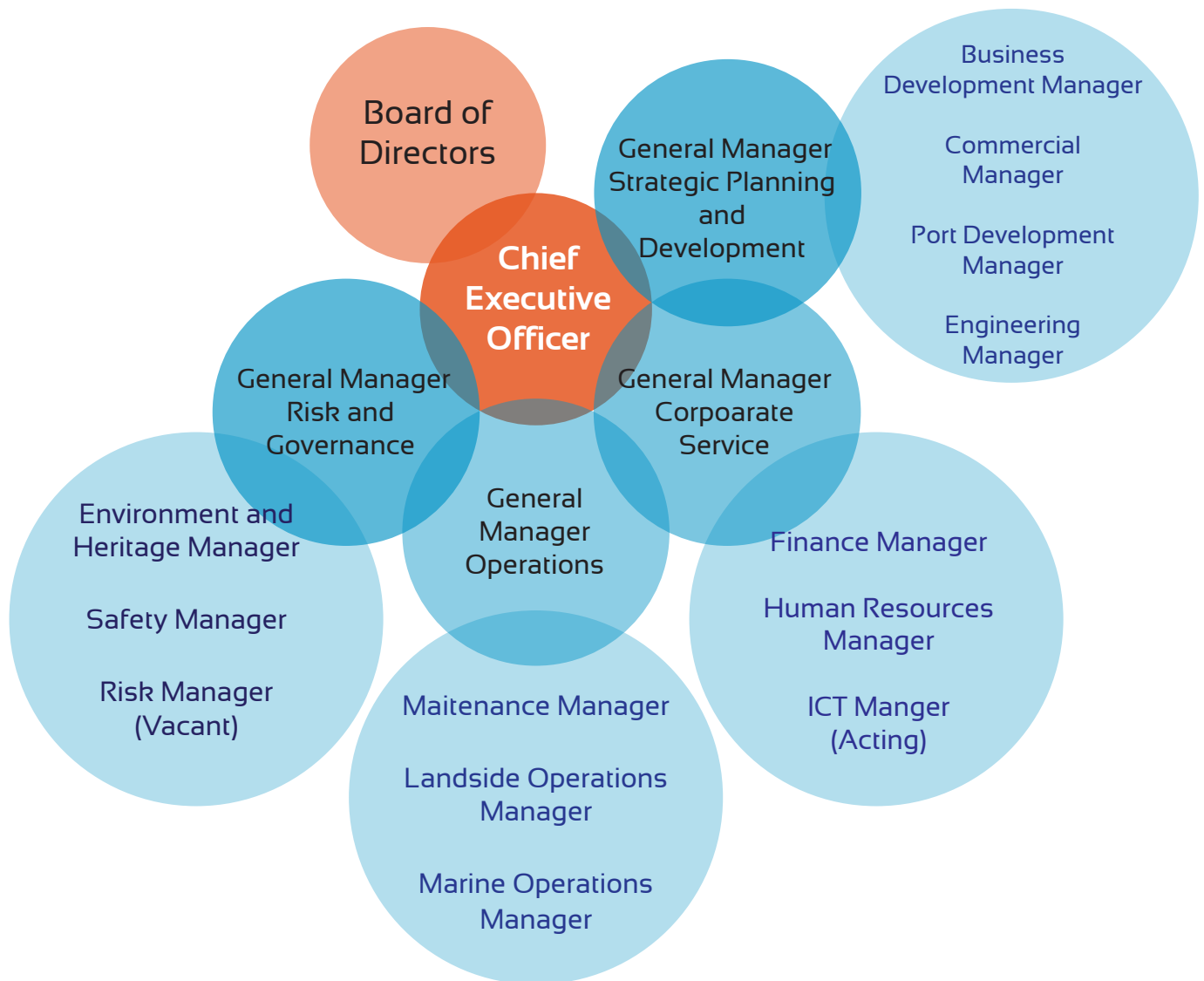
PHPA employees

	Notes	2010/11	2009/10	2008/09	2007/08
Number of Fatalities	(1)	0	0	0	0
Number of Severe Claims	(2)	0	0	0	0
Number of Lost Time Injury/ Diseases	(3)	0	1	0	0
Lost Time Injury Severity Rate	(4)	0	0.3	0	0

- Notes
- 1. Number of compensated work related fatalities
 - 2. Number of claims in the financial year where the estimate for lost time exceeds 60 days. Fatal claims are included.
 - 3. Number of claims occurring in the financial year where one day or more is estimated to be lost.
 - 4. Number of severe claims divided by the number of Lost Time Injury/Diseases multiplied by 100



Organisational Structure





PORT HEDLAND

PORT AUTHORITY



**"THE PHPA CONTINUES
TO MANAGE THE IMPACT
OF ACTIVITIES ON THE
ENVIRONMENT THROUGH
PLANNING AND RESEARCH"**

OUR ENVIRONMENT

Environmental Management Plan Review

The PHPA's Environmental Management Plan was reviewed as part of the PHPA's continuous improvement program. An environmental risk assessment was undertaken and the environmental risk register was updated to record the significant environmental risks to the business. A number of new management initiatives have been planned for the 2011/12 financial year.

Environmental Management System

The PHPA continued to work on the development of an ISO14001 Environmental Management System. A number of procedures have been identified and developed to standardise work practices throughout the Port. The Environmental Management System is being developed as part of an integrated system, with synergies with both the Quality Management and Occupational Health and Safety Management Systems.

Air Quality Management

The PHPA completed the implementation of its operational dust monitoring program during the year. The monitoring program now consists of four E-Sampler units at the No.1 Wharf bulk loading facility and five E-Sampler units at the Utah Point bulk loading facility.

All data reports to a user-friendly dust management system displayed on a number of computers around site. These guide the operators through a series of decision matrices to determine the most appropriate dust management option for alarms. This system assists in managing high dust events to ensure licence conditions are not exceeded.

The PHPA continued to fulfil a role as a major stakeholder in the Port Hedland Industries Council, with the Port Hedland Port Authority fulfilling the President role of the Management Committee. The main objective

PORT COLLABORATION AND HERITAGE AGREEMENT

In May 2008, the PHPA and Marapikurrinya Pty Ltd developed and ratified the Port Collaboration and Heritage Agreement. The Agreement allows for a cooperative approach to heritage management and the Port for a better management outcome.



of the Industries Council in the 2010/11 financial year was to develop an integrated air quality monitoring network in Port Hedland. A network design was developed in consultation with the Department of Environment and Conservation and the Department of Health and the network is currently being installed.

The PHPA was also a member of the State Government Dust Management Taskforce and provided valuable information to the group on dust and noise issues in Port Hedland. The PHPA has committed to undertake certain responsibilities through the Port Hedland Air Quality and Noise Management Plan. Through this process, the PHPA has developed draft Dust Management Guidelines which are currently being finalised following input from the Taskforce.

Long Term Sea Dump Permit

In light of the process to secure the PHPA's own dredge, and the imminent expiry of the current permit, the PHPA has approached the Department of Sustainability, Environment, Water, Population and Communities regarding a new long term Sea Dump Permit. The PHPA has commenced the process to secure this permit including the design of the new long term sediment monitoring program and the review and redrafting of a new long term dredge material management plan.

“ RESEARCH PROVIDES A REAL TIME VALIDATION TOOL FOR HYDRODYNAMIC MODELS.”

The PHPA undertook a significant research program into the stability of dredge material disposal areas. Fluorescent tracer material was deposited at both the spoil ground and spoil bank and samples were collected at pre-defined sample locations around the deposition areas over pre-defined time periods. The samples were then sent to a laboratory and injected with fluorescent dye and tracer particles counted to determine densities.

This research provides a real time validation tool for hydrodynamic models and allows the PHPA to accurately determine the migration of sediment from the disposal areas.

Utah Point Berth Project Environmental Approvals

The Utah Point Berth Project moved from a construction phase to a commissioning phase and finally to full operation during the 2010/11 financial year. The progression of the project involved a high level of environmental monitoring and auditing to ensure the facility met the various environmental conditions.

The shift to full operation at Utah Point involved an amendment to the existing Environmental Licence which also culminated in the final move of externally stored bulk mineral products from the eastern side of the harbour. This move was one of the main catalysts for the Utah Point facility and as resulted in a significant environmental benefit in terms of dust, noise and traffic impacts in Port Hedland.

There were a number of unforeseen environmental impacts associated with the Utah Point facility related to dust management which are currently being addressed through planning and research.

South West Creek Dredging and Reclamation Project Environmental Approvals

Following discussion with the Environmental Protection Authority (EPA), the PHPA took on the role as lead proponent for the proposed South West Creek Dredging and Reclamation Project for environmental approvals. This process involved initially developing an understanding of stakeholder requirements and subsequently working with proponents to develop a single proposal for the project and identifying and assessing the environmental impacts such that a suitable document could be submitted to the EPA for assessment.

Environmental approval was received in a timely manner, with final approval of the project received in March 2011. A number of innovative environmental monitoring programs were developed as part of the project including a new industry first method for assessing sedimentation rates, involving real-time scanners.

The project commenced in March 2011 and the PHPA is responsible for all compliance including environmental monitoring, auditing and reporting. This requires a high level of interaction with proponents to ensure that operations comply with environmental conditions.

Introduced Marine Pests (IMP)

In association with the WA Department of Fisheries, the PHPA implemented both a long term IMP monitoring program and undertook a marine pest survey. The long term monitoring program was developed in association with Dampier and Fremantle Port Authorities and includes the use of settlement arrays, crab traps and shoreline walks.

The marine pest survey was undertaken by the Department of Fisheries in March 2011 and involved a number of survey techniques approved by the Commonwealth Department of Agriculture, Forestry and Fisheries.



Mangrove Research

Further work on mangrove research has taken place, particularly relating to the mangrove offset project. Further to the trial propagation study undertaken during the previous financial year, a mangrove nursery has been constructed and the PHPA is continuing trialling various methods of propagation.

Carbon Neutral Program

The PHPA again participated in the Carbon Neutral Program. All of the carbon dioxide emissions from PHPA's vehicles, and other plant used throughout the Port including front end loaders, other mobile plant and the pilot boat and work boat, were calculated and the appropriate number of trees planted to offset these emissions.

Feral Animal Control

Due to reported sightings of foxes on the Utah Point construction site, the PHPA undertook feral animal trapping in an attempt to reduce feral animal populations on Port land. As a result of high catch numbers, the program was expanded to include other land owners in the area including Rio Tinto Minerals, BHP Billiton, Fortescue Metals Group and the Town of Port Hedland.

The program now involves quarterly trapping on large areas of land around the Port area with target species being foxes and feral cats. Additionally, a targeted

baiting program was undertaken on Downes Island to address large fox numbers on the island. It is hoped that by targeting the feral animals on the island, the PHPA will be able to totally eliminate all feral animals and turn the island into a native animal sanctuary.

Water and Energy Audit

The PHPA undertook both water and energy audits of Port operations during the year and has subsequently implemented a number of upgrades and trials to improve efficiencies in these areas. A number of different light types have been trialled in both operational and office environments with a number of successful outcomes. New lights are currently being phased in throughout the Port which will significantly improve energy consumption.

Aboriginal Heritage

A number of initiatives were implemented during the year including the provision of employment positions, the provision of contracting opportunities through the Utah Point Project contracts, the development of a cultural awareness package and the development of a Cultural Heritage Master Plan.



A photograph of a wooden walkway leading to a circular wooden structure on a beach at sunset. The structure has a sign that reads "HAWAIIAN JUNGLE". The sky is orange and yellow, and the ocean is visible in the background.

OUR CORPORATE GOVERNANCE

The PHPA and the Board are committed to achieving and demonstrating the highest standard of corporate governance. This commitment was augmented during 2011 with the expansion of the Port's general management team to include a General Manager, Risk and Governance.

The relationship between the Board and senior management is critical to the PHPA's long term success. The Board has adopted the following corporate governance principles to enhance the interests of the government shareholder and other key stakeholders.

Legislative Framework

The PHPA is a commercialised trading entity under the Port Authorities Act 1999. The Act defines the functions of the Port Authority to include the following:

- a) The facilitation of trade, and planning for future growth and development of the Port for the economic benefit of the State.
- b) The control of the operations and business of the Port.
- c) The safe and efficient operation of the Port.
- d) The maintenance and preservation of property vested in the Port.
- e) The protection of the Port environment, and minimising the impact of Port activities on that environment.

The Act further defines the accountability of the Port to the State Government.

While the PHPA is substantially exempt from the provisions of the Public Sector Management Act 1985, it is still subject to audit by the Auditor General, and the Public Sector Commissioner may direct the Board to report to the Commissioner.

Board of Directors

The role of the Board is to "perform the functions, determine the policies and control the affairs of the Port authority". In carrying out its responsibilities and exercising its powers, the Board at all times recognises its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of State of Western Australia, as well as its employees, customers, and the community. The responsibilities of the Board include the following:

- Articulating the PHPA's values, vision, mission and strategies.

- Providing strategic guidance to the PHPA including contribution to the development and approval of corporate strategy.
- Reviewing and approving business plans, annual budgets and financial plans for Ministerial consent, including available resources and major capital expenditure initiatives.
- Overseeing and monitoring the following:
 - Organisational performance and the achievement of the PHPA's strategic goals and objectives, including safety, environment and human resources.
 - Compliance with the PHPA's Code of Conduct and policies.
 - The financial performance of the PHPA against its budgets.
- Facilitating and protecting the interests of the Western Australian Government, as shareholder.
- Appointment, performance assessment and, if necessary, removal of the Chief Executive Officer.
- Ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team.
- Enhancing and protecting the reputation of the PHPA;
- Overseeing the operation of the PHPA's system for legal compliance, corporate governance and enterprise risk management.

Composition of Board

The PHPA has six non-executive directors, including the Chairperson. The six directors comprise five Ministerial appointments, plus one industry-nominated Board Director. The Board meets once a month and as required during the year when special meetings may be called.

Appointments and Retirement of Directors

The appointment of a Director is by the Minister in accordance with Section 7 (1) of the Port Authorities Act 1999. Directors are appointed for periods of up to three years and are eligible for reappointment. The Minister may at any time remove a Director from office and is not required to give any reason for doing so. The Minister appoints a Director as Chairman and another as Deputy Chairman.

Independent Professional Advice

The PHPA will permit any Director to seek external professional advice as considered necessary in the performance of their responsibility as a Director at the PHPA's expense, with the approval of the Chairman.

Conflicts of Interest

In the event that a potential conflict of interest may arise, involved Directors must withdraw from all deliberations concerning the matter. They are not permitted to exercise any influence over other Board members and to make improper use of information or their position. Fees for Directors are determined in accordance with Section 10 of the Port Authorities Act 1999.

Ethical and Public Sector Standards

The Board recognises that the PHPA's corporate governance, safety, occupational health, environmental and ethical standards must reflect best Australian and international practices. The Board therefore keeps these practices under review. All Directors and employees are required to meet the minimum standards set out under the Port Authorities Act (1999) and Sections 8 and 9 of the Public Sector Management Act 1994 for Ethical Business Practice and Code of Conduct.

The PHPA has not had any incidences, complaints, or grievances regarding recruitment nor any cases of unfair dismissal. Occupational health issues and accidents were dealt with appropriately by management and no further action by the Board was required.

Remuneration Committee

The Remuneration Committee consisted of two Directors, I Williams (Chair) and A Riley, and the CEO by invitation. The Committee reviews employment conditions for the PHPA. All Directors are involved in the performance and review of the remuneration of the Chief Executive Officer. A comprehensive annual review includes performance evaluation, having regard to comparative remuneration and independent advice is taken as necessary. Ministerial approval is sought for recommendations to the salary and conditions for the Chief Executive Officer.

Audit and Risk Management Committee

The Audit and Risk Management Committee consisted of three Directors, J Tapp (Chair), A Riley and M Currie. The General Manager Corporate Services and General Manager Risk and Governance attend by invitation. The Committee performs the following functions:

- Ensuring compliance with statutory responsibilities relating to accounting policy and disclosure.

- Assessing the quality and reviewing the scope of work and reports of the external and internal auditors.
- Assessing the adequacy of accounting, financial and operating controls.
- Reviewing proposed reported financial information and recommends its approval or otherwise to the board.
- Monitoring the identification, management and control of risk.

Development Committee

The Development Committee consisted of three directors, L Longden (Chair), Jan Ford and Ian Williams. The role of the Development Committee is to review the development opportunities identified by management, and to oversee the implementation of approved developments.

Internal Audit

Through the Internal Audit process, the auditors work with the management of the PHPA to improve business processes and provide reasonable assurance that the activities of the Port are carried out efficiently and effectively in accordance with sound business practices, and regulatory and legislative requirements.

Internal Audit work during the 2010/11 financial year included strategic communications, monitoring of legislative and regulatory changes, fixed assets, travel and entertainment, management of Common User Berth Agreements and IT general controls.

Internal Controls and Risk Management

Procedures have been established at the Executive and Board level that are designed to safeguard the assets and interests of the PHPA and to ensure the integrity of reporting.

These include accounting, financial reporting and internal control policies and procedures. The PHPA has in place the following arrangements to monitor:

- Approval and review by the Board of the annual budget, Statement of Corporate Intent and Strategic Development Plan. These are to be agreed between the Minister and the Board with the concurrence of the Treasurer.
- Authorisation of major capital and contract commitments by the Board.
- Guidelines, limits and controls on all financial exposure.

- A comprehensive annual insurance program operated with the assistance of professional external advisors.
- Compliance with equal opportunity covering affirmative action, sexual harassment, discrimination and the environment.
- A regulatory compliance program to cover legal requirements.

The Board reviews actual financial results against budget each month. The PHPA prepares six monthly financial statements and performance reports which are submitted to the Minister.

Risk management is discussed at monthly senior managers' meetings where operational and business risks are assessed and appropriate action implemented. An enterprise risk management framework will be implemented in 2011/12 financial year.

Expenditure Guidelines

The PHPA has clearly defined guidelines for operating and capital expenditure. These include monthly reports against budget for the major business units as well as formally approved levels of delegated financial authority endorsed by the Board. The PHPA is required to obtain the approval of the Minister for major capital works expenditure that exceeds \$2,000,000. The Board also reviews capital expenditure and cash flows on a monthly basis.

Freedom of Information

The provisions of the Freedom of Information Act 1992 apply to the Authority. During the 2010/11 financial year, the PHPA received three new applications and two partial transfers under the Act. Two applications from prior years were closed. One is still with the Information Commissioner for external review. All of the new applications have been responded to by the PHPA or are in consultation with third parties.

Record Keeping

The PHPA's Record Keeping Policy and Procedure Manual complement the PHPA's Policy Manual and its procedures. During the 2010/11 financial year, the PHPA implemented an electronic document registering system, assuring all emails and correspondence is captured electronically. Relevant Employees are advised of their responsibilities under the State Records Act in relation to record keeping. In April 2011 the PHPA's Record Keeping Plan was approved by the State Records Commission. The Port Hedland Port Authority Retention and Disposal Schedule was approved by the State Records Advisory Committee and the State Records Commission on 5 August 2011.

Signed in accordance with a resolution of the directors

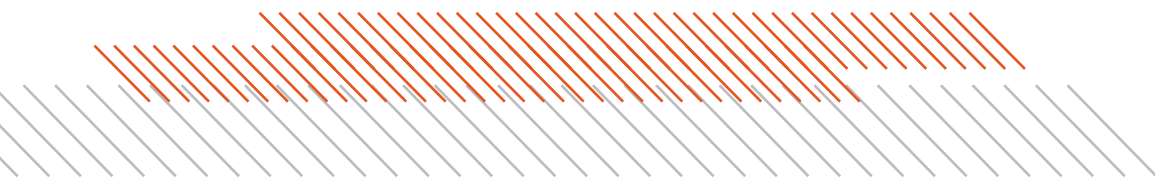
Director

12 September 2011

Director

12 September 2011





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The Port Hedland Port Authority was established through the Port Authorities Act 1999.

Its principal place of business is The Esplanade, Port Hedland.

Annual reports and other information are available on our Website: www.phpa.com.au

Financial Overview

PRINCIPAL ITEMS OF REVENUE AND EXPENDITURE

	2010/11		2009/10		2008/09		2007/08		2006/07	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
REVENUE										
Pilotage and Tonnage	37,772	36	32,869	42	27,298	23	19,641	51	13,402	49
Wharfage and Berthage	21,382	21	10,684	14	8,476	7	7,827	20	6,422	24
Shiploader and Facility Fee	27,395	26	4,848	6	3,308	3	3,876	10	2,962	11
Other	17,645	17	29,409	38	81,271	67	6,909	19	4,344	16
Total	104,194	100	77,810	100	120,353	100	38,253	100	27,130	100
EXPENDITURE										
Maintenance	24,879	27	38,401	48	9,108	22	7,982	24	4,935	21
Salaries	9,970	10	5,240	6	4,042	10	3,303	10	2,647	11
Depreciation	12,667	13	8,777	11	6,699	16	4,732	14	4,178	18
Pilotage and Hydro Survey	14,524	15	12,899	16	10,840	27	8,141	25	6,580	28
Other Charges	37,199	35	15,244	19	10,317	25	8,619	27	5,194	22
Total	99,239	100	80,561	100	41,006	100	32,777	100	23,534	100

APPROPRIATION STATEMENT

	2010/11 \$000	2009/10 \$000	2008/09 \$000	2007/08 \$000	2006/07 \$000
Net Profit / (Loss)	4,955	(2,577)	6,848	5,476	3,596
Capital Contributions	-	-	72,500	-	-
Income Tax Expense	(1,786)	849	(23,584)	(1,854)	(1,189)
Prior Period Tax Adjustments	(52)	235	289	116	100
Accumulated Profit	97,667	101,811	47,627	45,143	44,241
Total	100,784	100,318	103,680	48,881	46,748
Less Appropriations					
Dividend Paid	-	(2,651)	(1,869)	(1,254)	(1,605)
Accumulated Profit as at 30 June	100,784	97,667	101,811	47,627	45,143

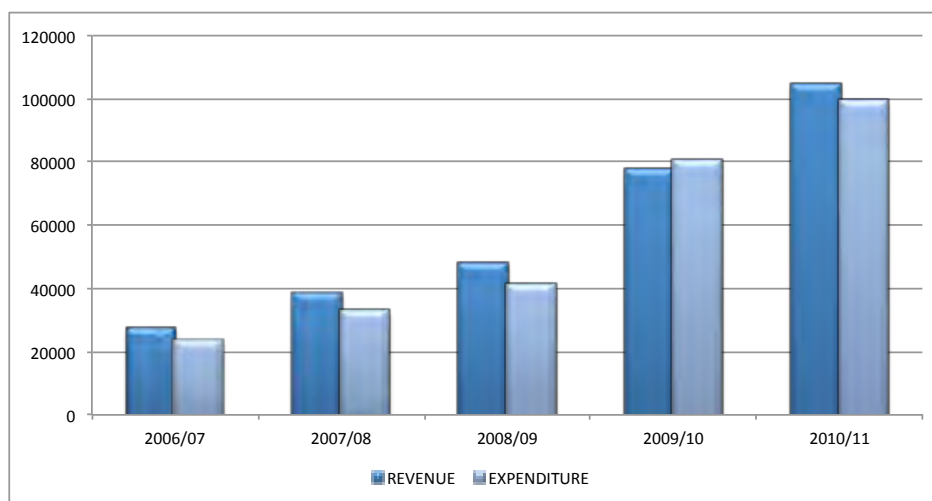
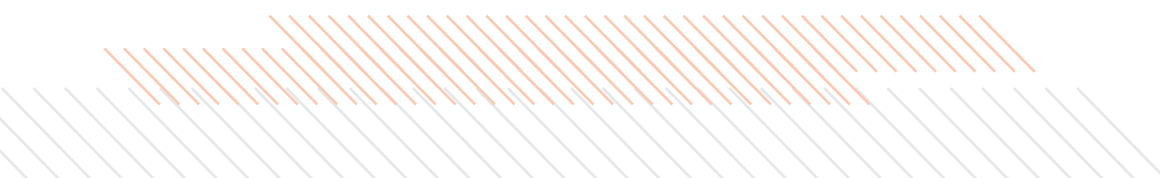


Figure 1 - PHPA OPERATING REVENUE & EXPENDITURE

Statement of Comprehensive Income for the Year Ended 30 June 2011

	Notes	2011 \$'000	2010 \$'000
Revenue	3	98,263	56,970
Other Income	3	5,931	20,840
Depreciation and Amortisation Expense	5	(12,667)	(8,777)
Marine Expenses		(19,406)	(17,709)
Port Operations Expenses		(6,754)	(2,159)
General Administration		(7,903)	(4,040)
Asset Maintenance		(23,936)	(38,353)
Environmental Expenses		(2,339)	(1,379)
Port Utilities		(3,319)	(1,129)
Safety and Security		(3,302)	(1,656)
Finance Costs	6	(15,036)	(4,153)
Other Expenses	7	(4,577)	(1,032)
Profit before income tax		4,955	(2,577)
Income tax benefit/(expense)	8	(1,838)	1,084
Net profit/(loss) for the year		3,117	(1,493)
Total Comprehensive Income for the year		3,117	(1,493)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.





Statement of Financial Position as at 30 June 2011

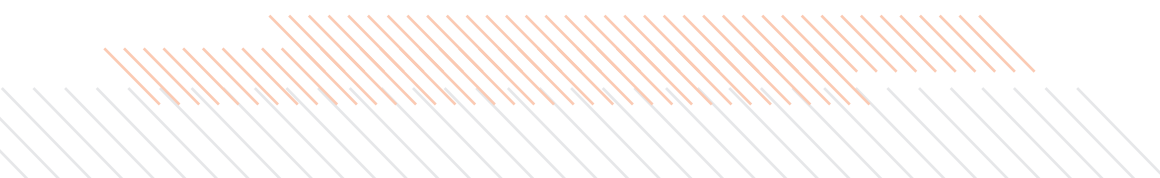
	Notes	2011 \$'000	2010 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	10	27,632	50,393
Trade and other receivables	11	23,394	13,314
Inventories	12	2,310	1,241
Current tax asset	11	7,125	2,602
Total current assets		60,461	67,550
Non current assets			
Property, plant and equipment	13	351,432	297,643
Trade and other receivables	14	39,729	43,118
Deferred tax assets	14	24,034	1,316
Total non current assets		415,195	342,077
Total assets		475,656	409,627
LIABILITIES			
Current liabilities			
Trade and other payables	15	19,962	40,103
Interest bearing borrowing	15	15,000	5,000
Provisions	16	1,629	1,199
Total current liabilities		36,591	46,302
Non current liabilities			
Other non-current liabilities	17	103,738	108,483
Deferred tax liabilities	17	16,942	281
Interest bearing borrowing	17	193,700	133,700
Provisions	18	486	529
Total non current liabilities		314,866	242,993
Total liabilities		351,457	289,295
Net Assets		124,199	120,332
EQUITY			
Contributed equity		23,415	22,665
Retained earnings		100,784	97,667
Total equity		124,199	120,332

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

Statement of Changes in Equity for the Year Ended 30 June 2011

	Notes	2011 \$'000	2010 \$'000
Balance of equity at start of period		120,332	103,476
Contributed Equity			
Balance at start of period		22,665	1,665
Transactions with Owners in their capacity as owners			
Capital Contribution		750	21,000
Balance at end of period		23,415	22,665
Retained Earnings			
Balance at start of period		97,667	101,811
Total Comprehensive Income for the year		3,117	(1,493)
Transactions with Owners in their capacity as owners			
Dividends paid	19	-	(2,651)
Balance at end of period		100,784	97,667
Balance of equity at end of period		124,199	120,332

The above statement of changes in equity should be read in conjunction with the accompanying notes.





Statement of Cash Flows for the Year Ended 30 June 2011

	Notes	2011 \$'000	2010 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		84,735	54,100
Payments to suppliers and employees (inclusive of goods and services tax)		(90,063)	(49,265)
		(5,328)	4,835
Other revenue		5,999	21,386
Other receipts		(4,026)	20,536
Receipt for BHPB Rehabilitation		-	20,003
Interest paid		(11,786)	(4,111)
Interest received		1,101	618
Income taxes paid		(12,418)	(23,135)
Net cash inflow from operating activities	27	(26,458)	40,132
Cash flows from investing activities			
Payments for property, plant and equipment		(66,520)	(180,467)
Proceeds from sale of property, plant and equipment		36	1,585
Finance Revenue		2,612	-
Finance Costs		(3,169)	-
Net cash outflow from investing activities		(67,041)	(178,882)
Cash flows from financing activities			
Proceeds from borrowings		70,000	123,700
Repayment of borrowings		-	-
Equity contributions		750	21,000
Other		(12)	12
Dividends paid	19	-	(2,651)
Net cash inflow (outflow) from financing activities		70,738	142,061
Net increase (decrease) in cash and cash equivalents		(22,761)	3,311
Cash and cash equivalents at the beginning of the financial year		50,393	47,082
Cash and cash equivalents at the end of the financial year	10	27,632	50,393

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements and Forming Part of the Accounts for the Year Ended 30 June 2011

Note 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 Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the financial reporting provisions of the Port Authorities Act 1999, except as disclosed in note 1(b).

The financial statements were authorised for issue on 12 September 2011 by the Board of Directors of Port Hedland Port Authority ("the Authority").

(b) Presentation of the statement of comprehensive income

According to AASB 101 *Presentation of Financial Statements*, expenses classified by nature are not reallocated among various functions within the entity. However, the Authority has allocated employee benefits expenses to various line items on the statement of comprehensive income including marine expenses, port operations expenses, general administration, and asset maintenance. This allocation reflects the internal reporting structure of the Authority which allocates labour expenses to significant expense items in the statement of comprehensive income based on the nature of the expenses incurred. The Authority believes that the allocation is more relevant to the understanding of the financial performance of the Authority and does not result in a function of expense presentation.

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

Total employee benefits expenses are disclosed in note 9 to the financial statements.

(c) Basis of measurement

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

(d) Functional and presentation currency

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

(e) Use of estimates and judgements

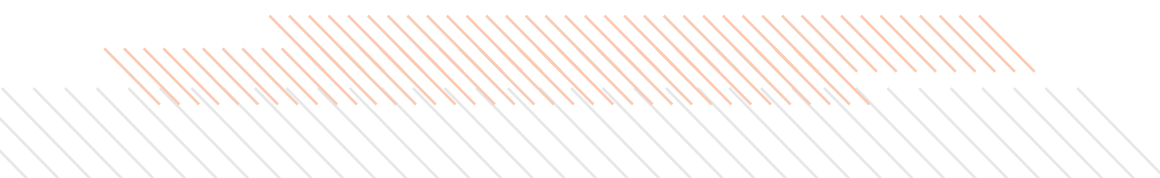
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to 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 judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are:

Provision for environmental remediation

Various assumptions are required in determining Port Hedland Port Authority's environmental rehabilitation obligation including the extent of environmental damages to be rectified and the methodology and timing for rectifications. A discount rate of 5.11% was applied over ten years.



Note 2. Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise stated.

Certain comparative amounts have been reclassified to conform with the current year's presentation (see note 1(b)).

(a) Revenue recognition

Revenue from ordinary activities is net of returns and taxes, for services to entities outside the Authority and is recognised as revenue when the services have been provided. Lease revenue, derived from the lease of vacant land and buildings is recognised on a straight line basis over the lease term. Other Revenue and Interest Revenue which includes interest on short term investments, is recognised when earned.

(b) Income tax

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

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

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(c) Receivables

Trade debtors are recognised and carried at the original invoice amounts less an allowance for any uncollectible amounts. Debtors are generally settled within 30 days except for property rentals, which are governed by individual lease agreements.

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

(d) Inventories

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

(e) Property, plant and equipment

Land and buildings (note 13) are shown at cost less subsequent depreciation for buildings. All other property, plant and equipment are stated at cost less depreciation. Cost includes 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 future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings and Port Improvements	25 - 40 years	Straight line
Capital Dredging	40 years	Straight line
Navigational Aids	2 - 30 years	Straight line
Wharves and Utilities	10 - 40 years	Straight line
Office Furniture, Fittings and Equipment	3 - 20 years	Straight line

(f) Impairment

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Leases

Leases in terms of which the Authority assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Authority's Statement of Financial Position.

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(h) Financial instruments

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

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

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

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 using the effective interest method.

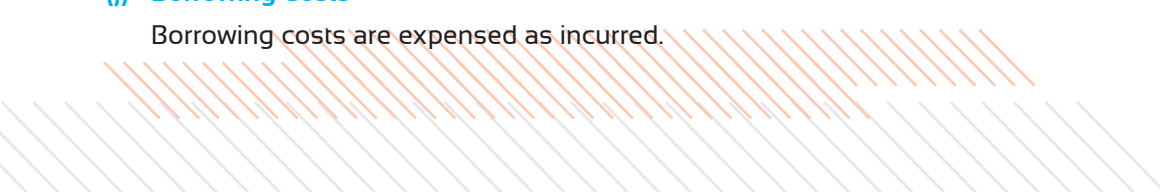
The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(i) Payables

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

(j) Borrowing Costs

Borrowing costs are expensed as incurred.





(k) Employee benefits

The liability for annual and long service leave expected to be settled within 12 months after the Statement of Financial Position 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 Statement of Financial Position 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 Statement of Financial Position 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 Statement of Financial Position 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 Statement of Financial Position date.

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

Contributions are made by the Authority to employee superannuation funds and are charged as expenses as when incurred.

(l) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(m) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash on hand, cash at bank, at call deposits and term deposits due within 30 days.

For the purpose of the cash flow statement, cash equivalents consist of cash and cash equivalents as defined above.

(n) Goods and services tax

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

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

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

(o) Provisions

A provision is recognised if, as a result of a past event, the Authority has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

(p) Contributed equity

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

(q) New accounting standards and interpretations not yet adopted

No new amendments to standards and interpretations have been identified which may impact the entity in the period of initial application.

Note 3. Revenue

Revenue consists of the following items

	2011 \$'000	2010 \$'000
Rendering of Services		
Charges on Cargo	45,091	14,139
Charges on Ships	26,065	20,767
Shipping Services	16,485	14,192
Interest Revenue	1,101	618
Rental and Leases	9,521	7,254
	98,263	56,970
Other Revenue		
Other Revenue (a)	5,931	20,840
Revenue from Ordinary Activities	104,194	77,810
Total Revenue	104,194	77,810

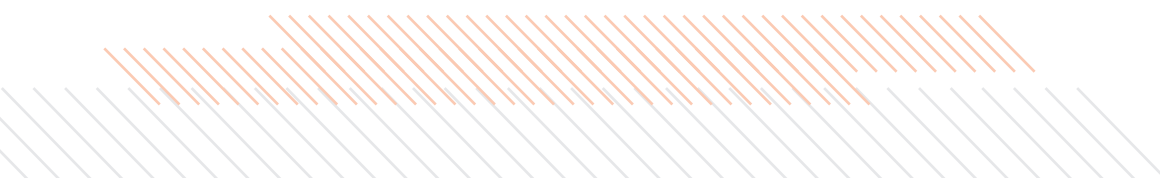
(a) 2011 includes \$2.6m finance revenue (rehabilitation) and 2010 includes \$20m proponent contribution toward high spot dredging.

Note 4. Expenses

Operating expenses are presented on the face of the statement of comprehensive income using a classification based on the nature of expenses (see note 1(b)). Marine expenses include those expenses derived from water based activities, port operations expenses include those expenses related to land based support activities, whilst general administration expenses includes expenditure of an administrative nature.

Note 5. Depreciation and Amortisation Expense

	2011 \$'000	2010 \$'000
Depreciation		
Buildings and Port Improvement	3,966	580
Navigation Aids	224	240
Wharves and utilities	2,304	1,228
Other Equipment	5,977	1,196
	12,471	3,244
Amortisation		
Capital Dredging	196	5,533
	196	5,533
Total Depreciation and Amortisation	12,667	8,777





Note 6. Finance Costs

	2011 \$'000	2010 \$'000
Interest Expensed	2,182	2,200
WATC Interest and Borrowing Costs	9,604	1,941
Finance Costs (rehab)	3,169	-
Foreign Exchange Loss	81	12
	15,036	4,153

Note 7. Other Expenses

	2011 \$'000	2010 \$'000
Rented Accommodation	3,609	848
Loss on Disposal of Fixed Assets	43	21
Port Development Costs	925	168
Doubtful Debts	-	(5)
	4,577	1,032

Note 8. Income Tax Expense

(a) Income Tax Expense

	2011 \$'000	2010 \$'000
Current Taxation	2,014	551
Deferred Income Tax	(228)	(1,400)
Under (Over) Provision in Prior Year	52	(235)
	1,838	(1,084)

(b) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable

Profit Before Income Tax Expense	4,955	(2,577)
Tax at the Australian Tax Rate of 30% (2010 30%)	1,487	(773)
Tax Effect of Amounts Which are not Deductible (Taxable) in Calculating Taxable Income:		
Entertainment and Travel	26	21
Non Deductible Consulting Expense	-	2
Investment Allowance	-	(72)
Adjustment to tax fixed assets	-	21
Consumables	272	-
Other	-	(52)
Depreciation on Plant and Equipment (Non Depreciable for Tax)	1	4
	1,786	(849)
Under (Over) Provision in Prior Years	52	(235)
Total Income Tax Expense	1,838	(1,084)

Note 9. Employee Benefits

	2011 \$'000	2010 \$'000
Wages and Salaries (a)	9,499	4,993
Superannuation (b)	1,155	718
Long Service Leave	188	105
Annual Leave	822	525
	11,664	6,341

(a) Includes the value of the fringe benefit to the employee plus the fringe benefit tax component.

(b) Includes defined benefits plan.

Note 10. Cash and Cash Equivalents

	2011 \$'000	2010 \$'000
Current		
Cash and Cash Equivalent	27,632	50,393
Restricted Cash	-	-
	27,632	50,393

Note 11. Current Assets - Trade and Other Receivables

	2011 \$'000	2010 \$'000
Net trade Receivables		
Trade Receivables	16,839	13,193
Provision for Doubtful Debts	-	-
Prepayments	555	121
	17,394	13,314
Current Tax Asset		
Current Tax Asset	-	2,602
	17,394	15,916
Other Current Assets		
Rehabilitation Costs Receivable	6,000	-
	23,394	15,916
	2011 \$'000	2010 \$'000
Ageing of Receivables Past due but not Impaired		
Not more than 3 months	2,370	-
More than 3 months but less than 6 months	446	-
More than 6 months but less than 1 year	1,143	-
More than 1 year	-	-
	3,959	-



Note 12. Current Assets - Inventories

	2011 \$'000	2010 \$'000
Spares - at Cost	2,310	1,241

Note 13. Non Current Assets - Property, Plant and Equipment

	2011 \$'000	2010 \$'000
Land and Buildings		
Freehold Land		
At Cost	1,305	1,305
	1,305	1,305
Buildings		
At Cost	130,007	18,037
Less: Accumulated Depreciation	(9,125)	(5,183)
	120,882	12,854
Capital Dredging		
At Carrying Value	10,136	7,505
Less: Depreciation	(195)	(5,533)
	9,941	1,972
Plant and Equipment		
Navigational Aids		
At Cost	7,643	7,686
Less: Accumulated Depreciation	(4,662)	(4,483)
	2,981	3,203
Wharves and Utilities		
At Cost	111,057	40,771
Less: Accumulated Depreciation	(12,859)	(10,554)
	98,198	30,217
Other Equipment		
At Cost	130,351	16,358
Less: Accumulated Depreciation	(12,226)	(6,560)
	118,125	9,798
	351,432	59,349
Work in Progress		
Work in Progress		
At Cost	-	238,294
	-	238,294
Total Property Plant & Equipment	351,432	297,643

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment and work in progress at the beginning and end of the current and previous financial year are set out below:

PPE	Freehold land \$'000	Buildings and port improvement \$'000	Capital dredging \$'000	Navigation aids \$'000	Wharves and utilities \$'000	Other equipment \$'000	Total \$'000
Carrying Amount at 1 July 2010	1,305	12,854	1,972	3,203	30,217	9,798	59,349
Adds& Transfers	-	112,005	8,165	7	70,285	114,355	304,817
Disposals	-	(11)	-	(5)	-	(51)	(67)
Depreciation Expense	-	(3,966)	(196)	(224)	(2,304)	(5,977)	(12,667)
Carrying Amount at 30 June 2011	1,305	120,882	9,941	2,981	98,198	118,125	351,432

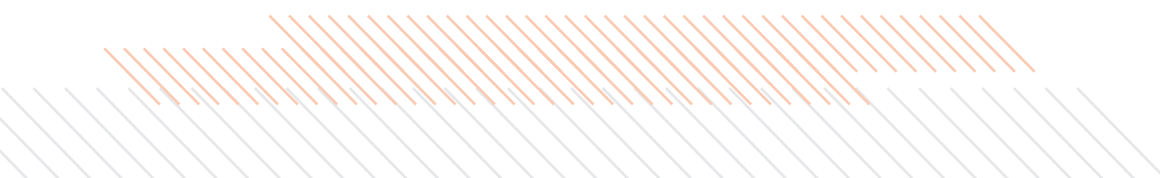
WIP	Freehold land \$'000	Buildings and port im- provement \$'000	Capital dredging \$'000	Navigation aids \$'000	Wharves and utilities \$'000	Other equip- ment \$'000	Total \$'000
Carrying Amount at 1 July 2010	-	-	8,164	-	230,130	-	238,294
Adds& Transfers	-	-	(8,164)	-	(230,130)	-	(238,294)
Carrying Amount at 30 June 2011	-	-	-	-	-	-	-

Impairment of Assets

There were no indications of impairment to property, plant and equipment as at 30 June 2011.

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

All surplus assets at 30 June 2011 have been classified as non-current assets held for sale or written off.





Note 14. NonCurrent Assets

	2011 \$'000	2010 \$'000
Deferred Tax Assets		
The Balance Comprises Temporary Differences Attributable to:		
Movements:		
Opening Balance at 1 July	1,316	1,002
Charged/(Credit) to the Statement of comprehensive income	16,006	314
Movement Attributable to the Prior Year Adjustments	5,829	-
Closing Balance at 30 June	23,151	1,316
Amounts recognised in profit or loss:		
Accrued Expenses	25	46
Employee Benefits	634	570
Incentive Provision	4	7
Borrowing Expenses	55	-
Income Received in Advance	-	394
Capital Works Expenditure	3,104	39
Fixed Assets	409	256
Forward FX Contract	-	4
Sundry Items	29	-
Other:		
Rehabilitation Contribution	19,774	-
	24,034	1,316
Other Non-Current Assets		
Rehabilitation Costs Receivable	39,729	43,118
	39,729	43,118

Note 15. Current Liabilities

	2011 \$'000	2010 \$'000
Trade and Other Payables		
Trade and Other Payables	5,885	17,699
Rental Received in Advance	1,846	1,312
Other Payables	7,408	731
Accrued Expenses	4,823	20,361
	19,962	40,103
Interest Bearing Borrowings		
WA Treasury Corporation Loans	15,000	5,000
	15,000	5,000

Note 16. Current Liabilities Provisions

	2011 \$'000	2010 \$'000
Employee Benefits - Annual Leave	995	752
Employee Benefits - Long Service Leave	597	410
Other Employee Benefits	37	37
	1,629	1,199

Movements in Provisions

Movements in each class of provision during the financial year are set out below.

2011	Employee Benefits - Annual Leave \$'000	Employee Benefits - Long Service Leave \$'000	Other Employee Benefits - Pension Scheme \$'000	Total \$'000
Current				
Carrying Amount at Start of Year	752	410	37	1,199
Additional Provisions Recognised	822	223	-	1,045
Payments/Other Sacrifices of Economic Benefits	(579)	(36)	-	(615)
Carrying Amount at End of Year	995	597	37	1,629

Reconciliation of other employee benefits - pension scheme, see note 18 (a).

Note 17. Non Current Liabilities

	2011 \$'000	2010 \$'000
Deferred Tax Liabilities		
The Balance Comprises Temporary Difference Attributable to:		
Inventory	-	272
Others	12	9
Fixed Assets	3,211	-
Receivable	13,719	-
Net Deferred Tax Liabilities	16,942	281

Movements:

Opening Balance at 1 July	281	1,465
Charged/(Credit) to the Statement of comprehensive income	16,661	(1,086)
Movement Attributable to the Prior Year Adjustments	-	(98)
Closing Balance at 30 June	16,942	281

Other Non Current Liabilities

Prepaid Revenue	42,495	46,521
Land Rehabilitation	61,243	61,962
	103,738	108,483

Loans

WA Treasury Corporation Loans	193,700	133,700
	193,700	133,700



Note 18. NonCurrent Liabilities Provisions

	2011 \$'000	2010 \$'000
Employee Benefits Long Service Leave	136	170
Other Employee Benefits	350	359
	486	529

Movements in Provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below.

2011	Employee Benefits - Long Service Leave \$'000	Other Employee Benefits \$'000	Total \$'000
Non Current			
Carrying Amount at Start of Year	170	359	529
Movements for the Year	(34)	(9)	(43)
Carrying Amount at End of Year	136	350	486

(a) Pension and Gold State Scheme

	2011 \$'000	2010 \$'000
Reconciliation of the Present Value of the Defined Benefit Obligation		
Present Value of Defined Benefit Obligations at the Beginning of the Year	358	304
Interest Cost	18	15
Actuarial (Gains)/Losses	11	76
Benefits Paid	(37)	(37)
Present Value of Defined Benefit Obligations at End of the Year	350	358
Two persons remain in this scheme		

Note 19. Dividends

	2011 \$'000	2010 \$'000
Dividends Paid in the financial year	-	2,651

A dividend is recommended after financial year end by the board in accordance with S84 of the Port Authorities Act 1999, based on the dividend formula agreed between the Minister for Transport and the Treasurer. The dividend proposed for the 2010/11 year is \$2,026,111 (2010 dividend there was no dividend payable as the after tax result was a loss).

Note 20. Financial Instruments

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Authority are cash and cash equivalents, term deposits, loans, Treasurer's advances and receivables and payables. The Authority has limited exposure to financial risks. The Authority's overall risk management program focuses on managing the risks identified below.

Credit risk

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

The maximum exposure to credit risk at Statement of Financial Position date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 11.

The Authority trades only with recognised, creditworthy third parties. The Authority has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Authority's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

The Authority has very low levels of default. All overdue accounts are reviewed monthly by the Board and legal action instigated if necessary. There has only been one case where this action was necessary in the current year and none in the prior year.

Provision for impairment of financial assets is calculated based on past experience, and current and expected changes in client credit ratings. For financial assets that are either past due or impaired, refer to Note 11 'Receivables'.

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

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 bank overdrafts, loans and finance leases. The Authority has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that 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 prices changes*). The Authority's exposure to market risk for changes in interest rates relate primarily to the long-term debt obligations. The Authority's borrowings are all obtained through the Western Australian Treasury Corporation (WATC) and are at fixed rates with varying maturities. The risk is managed by WATC through portfolio diversification and variation in maturity dates. Other than as detailed in the Interest rate sensitivity analysis table, the Authority has limited exposure to interest rate risk because it has no borrowings other than WATC borrowings.

(b) Categories of Financial Instruments

In addition to cash and bank overdraft, the carrying amounts of each of the following categories of financial assets and financial liabilities at the Statement of Financial Position date are as follows

	2011 \$'000	2010 \$'000
Financial Assets		
Cash and cash equivalents	27,632	50,393
Loans and receivables	22,839	13,193
Held-to-maturity investments	-	-
	50,471	63,586
	2011 \$'000	2010 \$'000
Financial Liabilities		
Bank overdraft	-	-
Financial liabilities measured at amortised cost	228,662	178,804
	228,662	178,804

(c) Composition and Maturity Analysis

Financial Liabilities are expected to be paid as follows:

	2011 \$'000	2010 \$'000
Less than 6 months	19,962	40,103
6 months to 1 year	15,000	5,000
1 to 5 years	74,000	66,000
Over 5 years	119,700	67,700
	228,662	178,803

Receivables are expected to be collected as follows:

	2011 \$'000	2010 \$'000
Less than 6 months	22,839	13,193
6 months to 1 year	-	-
1 to 5 years	-	-
Over 5 years	-	-
	22,839	13,193

2011	Weighted Average Effective Interest Rate	Floating Interest Rate \$'000	Non Interest Bearing \$'000	Total \$'000
Financial Assets and Liabilities				
Cash and Cash Equivalents	3.90%	27,631	1	27,632
Receivables		-	22,839	22,839
Interest Bearing Borrowings	5.24%	(208,700)	-	(208,700)
Trade and Other Payables		-	(19,962)	(19,962)
Net Financial Assets (Liabilities)		(181,069)	2,878	(178,191)

2010	Weighted Average Effective Interest Rate	Floating Interest Rate \$'000	Non Interest Bearing \$'000	Total \$'000
Financial Assets and Liabilities				
Cash and Cash Equivalents	3.30%	50,392	1	50,393
Receivables		-	13,193	13,193
Interest Bearing Borrowings	4.58%	(138,700)	-	(138,700)
Trade and Other Payables		-	(40,103)	(40,103)
Net Financial Assets (Liabilities)		(88,308)	(26,909)	(115,217)

(d) Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents and non interest bearing monetary financial assets and financial liabilities of the Authority approximates their carrying amounts.

	2011		2010	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
On Statement of Financial Position				
<i>Non Traded Financial Assets</i>				
Cash and Cash Equivalents	13,692	13,692	28,796	28,796
Deposits	13,940	13,940	21,597	21,597
Trade Debtors	22,839	22,839	13,193	13,193
Trade Creditors	(14,113)	(14,113)	(37,153)	(37,153)
Other Creditors	(5,849)	(5,849)	(2,950)	(2,950)
	30,509	30,509	23,483	23,483

(e) Interest rate sensitivity analysis and price risk

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

		2010/11			
	Carrying amount (\$000's)	-1% change Profit (\$000's)	Equity (\$000's)	+1% change Profit (\$000's)	Equity (\$000's)
<i>Interest rate sensitivity analysis</i>					
Financial Assets					
Cash and cash equivalents	27,632	(276)	(276)	276	276
Financial Liabilities					
Borrowings	208,700	(2,087)	(2,087)	2,087	2,087
Other financial liabilities					

		2009/10			
	Carrying amount (\$000's)	-1% change Profit (\$000's)	Equity (\$000's)	+1% change Profit (\$000's)	Equity (\$000's)
<i>Interest rate sensitivity analysis</i>					
Financial Assets					
Cash and cash equivalents	50,393	(504)	(504)	504	504
Financial Liabilities					
Borrowings	138,700	(1,387)	(1,387)	1,387	1,387
Other financial liabilities					

Note 21. Director and Executive Disclosures

(a) Directors

The following persons were directors of Port Hedland Port Authority during the financial year:

Chairman - Non Executive

I Williams

Directors - Non Executive

M Currie

J Ford

L Longden

A Riley (resigned December 2010)

J Tapp

E Fear (appointed June 2011)

Alternate Directors - Non Executive

R Richardson (resigned May 2011)

C Campbell (appointed May 2011)

Directors' Emoluments

The emoluments of each Director of the Authority are as follows:

2011

Director	Directors' Fees	Committee Fees	Superannuation Benefits	Allowance	Non Cash Benefits	Total
I Williams	45,000	-	4,050	-	-	49,050
L Longden	25,000	-	2,250	-	-	27,250
J Tapp	16,500	-	1,485	-	-	17,985
J Ford	16,500	-	1,485	-	-	17,985
A Riley	8,567	-	771	-	-	9,338
M Currie*	16,500	-	-	-	-	16,500
E Fear	-	-	-	-	-	-

* Directors' fees are paid to the Director's respective employers.

2010

Director	Directors' Fees	Committee Fees	Superannuation Benefits	Allowance	Non Cash Benefits	Total
I Williams	45,000	-	4,050	-	-	49,050
A Cooke	10,153	-	914	-	-	11,067
M Dziombak	4,442	-	400	-	-	4,842
R Richardson*	6,875	-	-	-	-	6,875
M Currie*	9,625	-	-	-	-	9,625
J Ford	16,373	-	1,473	-	-	17,846
L Longden	18,462	-	1,661	-	-	20,123
A Riley	7,044	-	634	-	-	7,678
J Tapp	16,373	-	1,473	-	-	17,846

* Directors' fees are paid to the Directors' respective employers.

(b) Key Management Personnel

The following also had the authority and responsibility for planning, directing and controlling the activities of the Authority, directly or indirectly during the financial year:

Name	Position
A Bush	Chief Executive Officer (until December 2010)
L Copeman	Acting Chief Executive Officer (from December 2010 and previously General Manager Operation)
D Gollogly	General Manager Corporate Services
J Finch	Acting General Manager Operations
L Stanley	Engineering Manager
W Farrow	Port Development Manager
N Nickolai	Finance Manager
D Miles	Human Resources Manager
C Wilson	Environment and Heritage Manager
G Duscher	Acting Marine Operations Manager
J Giles	Landside Operations Manager

All of the above persons were also specified executives during the year ended 30 June 2010. Additionally the following persons had the authority and responsibility for planning, directing and controlling the activities of the Authority, directly and indirectly during the financial year:

Name	Position
R Holtshausen	General Manager Strategic Planning and Development
R Krause	General Manager Risk and Governance
R McLellan	Commercial Manager
K Businoska	Business Development Manager
J Tumbers	Maintenance Manager
M Reid	Acting Shipping Superintendent
A Thavasi	Information Technology Manager

Executive Emoluments

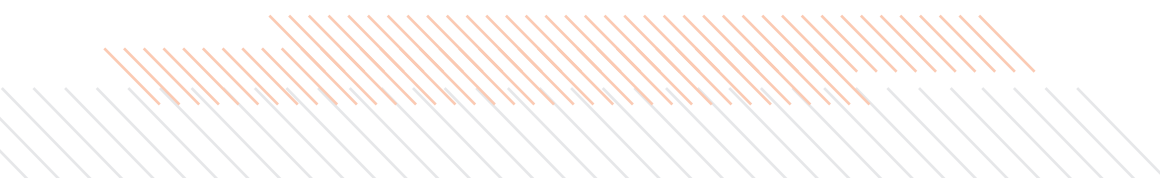
The emoluments of the Executive Officers receiving the highest emoluments for the Authority are as follows:

2011

Officer	Date Commenced	Salary	Superannuation Benefits	Incentives	Non Cash Benefits	Total
Lindsay Copeman	11/10/01	310,331	43,243	24,883	22,713	401,170
Daphne Gollogly	13/08/07	260,424	36,384	19,950	16,562	333,320
John Finch	15/02/10	228,763	32,246	19,465	13,738	294,212

2010

Officer	Date Commenced	Salary	Superannuation Benefits	Incentives	Non Cash Benefits	Total
Andre Bush	06/12/05	285,181	45,180	64,575	21,138	416,074
Lindsay Copeman	11/10/01	235,545	31,580	11,586	14,628	293,339
Lyle Stanley	10/09/01	190,896	26,023	9,790	16,565	243,274





Note 22. Remuneration of Auditors

Remuneration Payable to the Auditor General in respect to the audit for the current financial year is as follows:

	2011 \$'000	2010 \$'000
Auditing the accounts and the financial statements	35	30

Note 23. Contingencies

Contingent Liabilities

Under the Contaminated Sites Act 2003, the Authority is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. During the reporting period, a section of land vested in Port Hedland Port Authority was listed under the Contaminated Sites Act as Contaminated-Remediation Required.

Where sites are classified as contaminated - remediation required or possibly contaminated - investigation required, the Authority may have a liability in respect of investigation or remediation expenses. Port Hedland Port Authority have made submissions under the Act and is working with the lessees to manage the remediation. One contract as part of the delivery of the Utah Point project is currently in dispute and has proceeded to arbitration, and PHPA have lodged a counter claim.

Note 24. Commitments

	2011 \$'000	2010 \$'000
Service Contracts - Port Operations		
Within One Year	18,963	15,042
Later Than One Year but Not Later Than 5 Years	56,075	35,137
Later Than 5 Years	-	4,683
Total	75,038	54,862
Capital Commitments		
Within One Year	753	50,825
Later Than One Year but Not Later Than 5 Years	-	-
Later Than 5 Years	-	-
Total	753	50,825
Operating Lease Commitments		
Within One Year	273	226
Later Than One Year but Not Later Than 5 Years	300	428
Later Than 5 Years	-	-
Total	573	654

Construction was completed during the financial year on a new multi-user public berth at Utah Point, Port Hedland. It has been funded by capital contributions, prepaid charges and borrowings.

The prepaid charges will be applied as future prepaid revenue as the new port facilities are utilized. The amount advanced as at 30 June 2010 was \$46.5 million, included as part of prepaid revenue in Note 17 and the capital contribution of \$70 million was received in 2008/09. The remaining funding has been sourced from port borrowings, which will be fully repaid with port user fees within ten years.

Lease Rentals

Properties are leased to tenants under operating leases with rental payments in accordance with the terms of the lease agreement. Minimum lease payments receivable on property leases are as follows:

	2011 \$'000	2010 \$'000
Minimum lease payments under non-cancellable operating leases not recognised in the financial statements are as follows:		
Within One Year	7,280	4,262
Later Than One Year but not Later than Five Years	24,878	16,089
Later Than Five Years	85,008	41,079
TOTAL	117,166	61,430

Note 25. Related Parties

Directors

Mr. M Currie and his alternate Mr. R Richardson and Mr. C Campbell are employees of BHP Billiton Iron Ore Pty Ltd. Mr J Tapp is an employee of Fortescue Metals Group Pty Ltd. Both BHPB and FMG use port facilities for the export of iron ore commodities and the terms of trade offered to these customers are equivalent to those offered to all other port users.

BHPB and FMG are leaseholders of the Port Hedland Port Authority, and the lease agreements are based on normal commercial terms and conditions.

Port Hedland Port Authority lease a house from Mr. André Bush to assist with staff housing needs. This house is leased at the lower end of market rates.

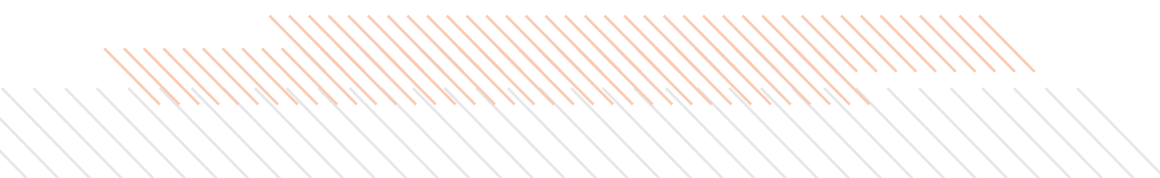
Mr. Ian Williams has declared a non-pecuniary interest in the Pinc Group. Pinc Group provide management posts as part of a PHPA integrated construction management team for the construction of the Utah Berth.

Remuneration Benefits

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

Note 26. Events Occurring after the Statement of Financial Position Date

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





Note 27. Reconciliation of Profit after Income Tax to Net Cash Inflow from Operating Activities

	2011 \$'000	2010 \$'000
Profit for the Year	3,117	(1,493)
Depreciation and Amortisation	12,667	8,777
Net (Gain) Loss on Sale of Non-Current Assets	28	12
Finance Revenue	(2,612)	-
Finance Costs	3,169	-
Decrease (Increase) in Trade Debtors	(7,922)	(45,918)
Decrease (Increase) in Inventories	(1,069)	(896)
Decrease (Increase) Prepayments	1,282	(84)
Increase (Decrease) in Accrued Charges	(12,835)	13,800
Increase (Decrease) in Trade Creditors	(11,108)	6,682
Increase (Decrease) in Rehabilitation Liability	3,095	62,818
(Increase) Decrease in Future Income Tax Benefit	(22,718)	(315)
Increase (Decrease) in Provisions for Income Taxes Payable	(4,523)	(22,721)
Increase (Decrease) in Provision for Deferred Income Tax	16,661	(1,183)
Increase (Decrease) Prepaid Revenue	(4,026)	20,536
Increase (Decrease) in Other Provisions	336	117
Net Cash (Outflow) Inflow From Operating Activities	(26,458)	40,132

Directors' Declaration

In the opinion of the directors of Port Hedland Port Authority (the "Authority"):

- (a) the financial statements and notes, set out on pages 52 - 74, are in accordance with the financial reporting provisions of the Port Authorities Act 1999, including:
 - (i) giving a true and fair view of the Authority's financial position as at 30 June 2011 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Port Authorities Act 1999;
- (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.

Signed in accordance with a resolution of the directors:



Les Longden
Director
12 September 2011



Julian Tapp
Director
12 September 2011



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

PORT HEDLAND PORT AUTHORITY

I have audited the financial report of the Port Hedland Port Authority. The financial statements comprise the Statement of Financial Position as at 30 June 2011, 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 Port Hedland 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 the Australian Auditing Standards, and other relevant ethical requirements.

Port Hedland Port Authority

Opinion

In my opinion, the financial report of the Port Hedland 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 2011 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.



COLIN MURPHY
AUDITOR GENERAL
15 September 2011