

ANNUAL REPORT
2021/22





Acknowledgement of Country

Pilbara Ports Authority acknowledges the Traditional Owners of the land and waters in which it operates and pays its respects to Elders past, present and emerging.

'Pilbara Wildflowers' by Jenna Halden – winner of the People's Choice category in the 2021 Cossack Art Awards, which was sponsored by the Authority through a partnership with the City of Karratha.

Cover: the Port of Port Hedland.



OUR VISION:

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

OUR VALUES:

EXCELLENCE be the best in all we do

RESPECT in all our dealings

INTEGRITY operate honestly, fairly and impartially

CARE for our environment, our staff and our community

COURAGE do the right thing

The Port of Dampier. The vessels are double-banked in order to transfer heavy cargo from one vessel to the other.

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Statement of Compliance

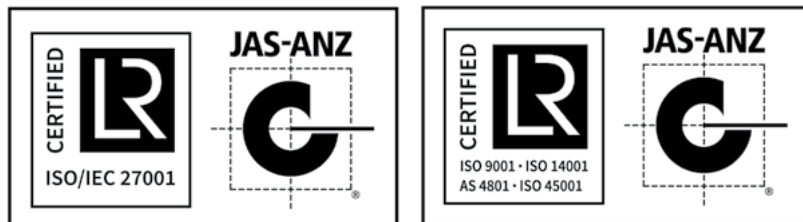
To the Hon. Rita Saffioti MLA

Minister for Transport; Planning; Ports

In accordance with Section 68 and clauses 34 and 35 of Schedule 5 of the *Port Authorities Act 1999* (WA), I hereby submit for your information and presentation to Parliament, the Annual Report of Pilbara Ports Authority for the financial year ended 30 June 2022.

Brad Geatches

Chair, Pilbara Ports Authority Board of Directors





Tyres used in the mining industry are among the direct shipments from Asia to the Pilbara.

2021/22 Highlights



Total revenue
\$589.1 million



Total annual throughput
733.1Mt



Number of safe vessel movements
17,376



A revised **Port of Port Hedland Development Plan** endorsed by State Government

\$78 million allocated in State Budget to develop Lumsden Point as a General Cargo and Logistics Hub

Total annual throughput at the **Port of Port Hedland**
561.1Mt

Total annual throughput at the **Port of Dampier**
161.9Mt

\$144 million in supply contracts awarded, including **\$46 million** to Pilbara businesses

3 regular direct shipping lines established to Port of Port Hedland and **2** to Port of Dampier

Dampier Cargo Wharf

extension and landside development progressed – \$160 million committed by the Northern Australia Infrastructure Facility

Work commenced on a **\$51** million upgrade of Nelson Point Tug Haven in Port Hedland



Highly Commended

for **Youth Training Strategy** – 2021 DCN Shipping & Maritime Industry Awards



\$90 million in works underway on the **Spoilbank Marina** as of June 2022

2021/22 Highlights

Kantar Public Stakeholder Satisfaction Survey:

Excellent

corporate reputation

A rating of 74 on the TR*M index



151 properties acquired through the **Port Hedland Voluntary Buy-Back Scheme**

Varanus Island

transferred from Department of Transport to the Authority



\$280,800

of support provided to local community groups, sporting and not-for-profit organisations in **Dampier/Karratha, Onslow** and **Port Hedland**



200 million tonnes of throughput achieved at Utah Point Bulk Handling Facility



CEO Roger Johnston at the celebration of Utah Point Bulk Handling Facility surpassing 200Mt of throughput.

Chair's Report



I am pleased to report another exceptional year for Pilbara Ports Authority, with high levels of safety and operational performance and good financial returns to the State.

The Authority's high expectations in relation to employee and public safety continued to be reflected in good safety performance, with the Lost Time Injury Frequency Rate (LTIFR) for the year 1.42. The record total throughput of 733.1 million tonnes through the ports of Ashburton, Dampier and Port Hedland was very pleasing in the context of COVID-19 continuing to present operational challenges during the year. The Authority also delivered suitable economic returns, with a profit before income tax of \$272.2 million.

During the reporting period, an estimated \$165.8 billion worth of commodities passed through the Authority's ports, underlining the vital role Pilbara ports play for the Western Australian and Australian economies.

The Authority's success was possible due to continuing support from customers, port services providers and the communities within which it operates. That support was critically important to managing the health and operational risks of COVID-19.

It has been a year of pleasing progress for several major projects that support the State Government's vision for sustainable development in the Pilbara, creating local jobs, improving regional amenities and managing environmental impacts.

The Authority was pleased to progress the Port of Port Hedland Development Plan review, which was endorsed by the State Government in the reporting period. This amended plan will provide capacity for further increases in iron ore and other commodity exports, thus supporting companies' projected needs.

The Authority also progressed plans for the design and construction of a new multi-user wharf at the Port of Dampier that will support the proposed Perdaman urea project. This development will encourage trade diversification by opening access to a world-wide market for urea, as well as creating regional jobs.

In its 2022/23 Budget, the State Government allocated \$78 million to progress works to develop Lumsden Point as a multi-user facility and logistics hub.

The Lumsden Point development is vital to support continuing trade growth and diversification, including the significant opportunities available to WA as the world transitions to renewable energy sources.

The Authority worked closely with industry and the State Government on plans to facilitate iron ore exports through the Port of Ashburton via transshipping operations. This will offer more export pathways for proponents, unlocking smaller iron ore reserves in the West Pilbara.

The Authority's activities to support long-term growth beyond its existing ports are progressing well, with planning continuing for up to five greenfield ports at Balla Balla, Cape Preston East, Cape Preston West, Urala and Anketell. In addition, on 1 July 2021, the Authority assumed oversight of the Port of Varanus Island. This was the first port to be transferred from the Department of Transport (DoT)'s remit under the *Shipping and Pilotage Act 1967* (SPA) to the Authority.

The Authority's two landmark projects that will transform Port Hedland's West End have shown excellent progress, with Hedland Maritime Initiative (HMI) acquiring 151 properties through the Port Hedland Voluntary Buy-Back Scheme (PHVBS) and the Spoilbank Marina Project awarding four out of five major contracts.

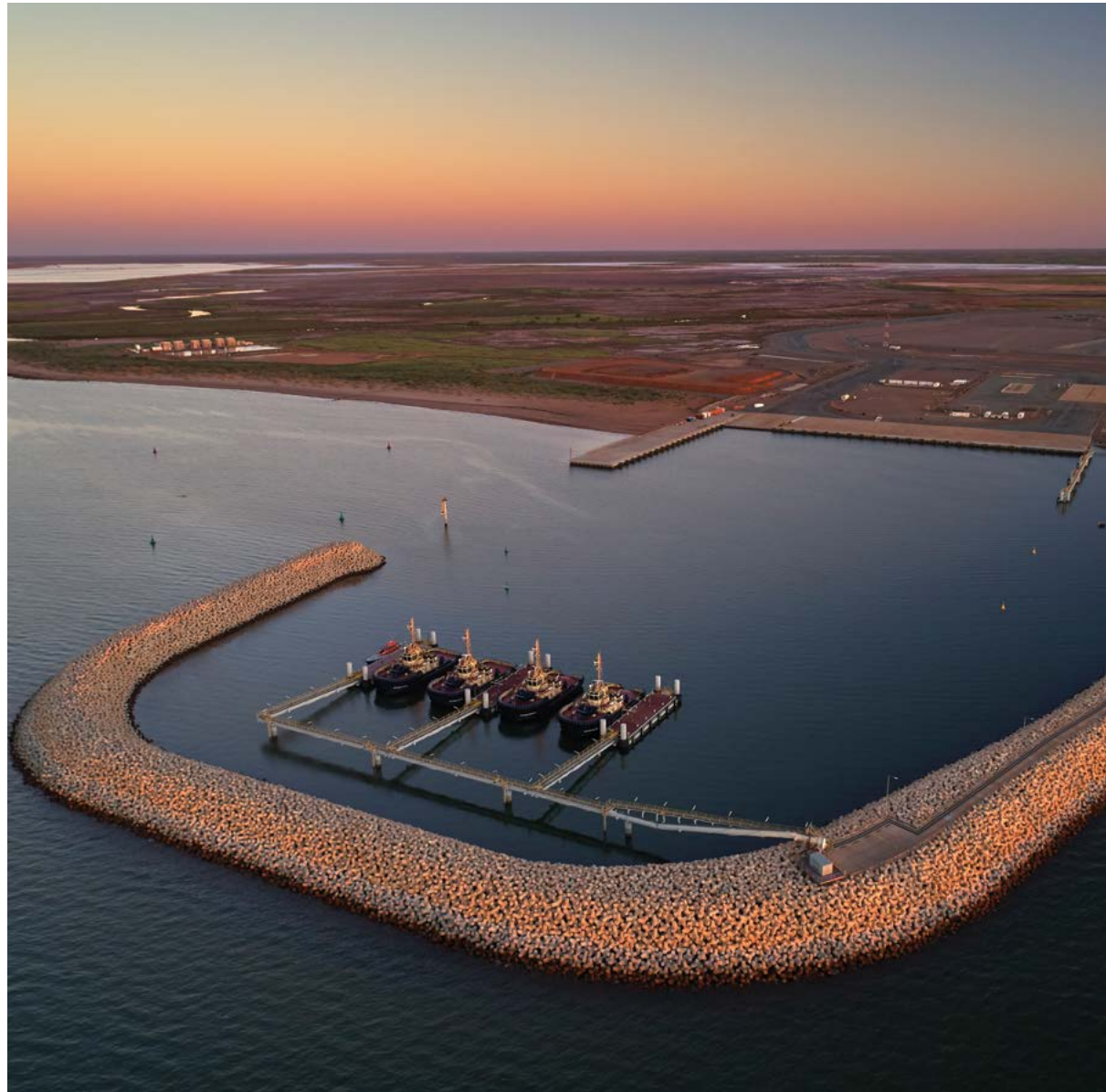
Chair's Report

I would like to express my appreciation to my fellow board members, the Authority's Chief Executive Officer, executive team and staff for their dedication and hard work to deliver outstanding results in challenging circumstances.

I would also like to thank the Minister for Ports, the Hon. Rita Saffioti MLA, for her support and guidance, and the executive teams at DoT, the Department of Jobs, Tourism, Science and Innovation (JTSI) and the Department of Treasury for their contribution to the success of Pilbara Ports Authority.

Brad Geatches

Chair
Pilbara Ports Authority



The Port of Ashburton: tug haven and cargo wharf.

CEO's Report



It has been another year of record throughput and growth, with 733.1 million tonnes passing through Pilbara Ports Authority ports in 2021/22.

This record was achieved while maintaining a safe working environment for staff and contractors, with a LTIFR of 1.42.

While the consequences of the COVID-19 pandemic continued to require new ways of working through the year and close collaboration with industry and government stakeholders to manage continuity of operations, the Authority delivered safe and efficient operations, facilitating more than 17,000 vessel movements through its ports.

The Port of Port Hedland experienced the biggest increase in throughput across Pilbara ports, driven largely by global demand for iron ore exports.

During the year, the State Government endorsed the Authority's amended Port of Port Hedland Development Plan, which will enable growth of iron ore exports through Port Hedland to 660 million tonnes per annum – sufficient to meet the foreseeable aspirations of port proponents.

Work progressed to upgrade infrastructure at the Port of Port Hedland, including the \$51 million upgrade of the Nelson Point Tug Haven and \$20 million upgrade of berth revetment walls.

Plans progressed to develop Lumsden Point as a multi-user facility and logistics hub, with the State Government allocating \$78 million in its 2022/23 Budget for activation works associated with the facility. The ultimate development of Lumsden Point will support forecast trade growth, including the export of battery minerals and the import of renewable energy infrastructure. It will also help foster growth in direct freight shipping.

Plans to build a new wharf at the Port of Dampier and associated landside development took a step forward, with a \$160 million commitment from the Northern Australia Infrastructure Facility. The new wharf will support the proposed Perdaman urea project, as well as accommodating bulk carriers, cargo vessels and cruise ships.

Direct shipping services from Asia grew strongly, with a ten-fold increase in containers through the Port of Port Hedland in 12 months. Three regular direct shipping lines are now established to the Port of Port Hedland and two to the Port of Dampier.

The Authority's operations at the Port of Ashburton increased as we worked with partners to enable future iron ore exports from the port via transshipping operations.

The Authority's remit has grown, with the Port of Varanus Island transferred from DoT management under SPA to the Authority on 1 July 2021. Work is progressing on future port transfers as part of the tranche two port amalgamations announced by the State Government.

Significant progress was achieved on major projects to transform Port Hedland's waterfront: as of 30 June 2022, construction works to a total value of \$90 million are underway for the Spoilbank Marina, which is on track to be operational in late 2023.

The PHVBS, operated by HMI, acquired its 151st property by the end of the year. HMI has engaged widely with stakeholders on plans to develop the West End into a vibrant maritime precinct, including training and educational facilities and a new seafarers' centre.

CEO's Report

The Authority achieved an overall ranking of 'Excellent' on the TR*M index in this year's Stakeholder Satisfaction Survey. Feedback from industry, government and community stakeholders positively highlighted the Authority's safe operations and its contributions to environmental protection, strategy development and trade.

Across Dampier/Karratha, Onslow and Port Hedland, the Authority provided \$280,800 of support to sports and not-for-profit organisations, while also participating in local forums and events and undertaking partnerships with local government to support the communities in which it operates.

The Authority continued to value its people, progress diversity and inclusion initiatives and support regional employment, with more than three quarters of its workforce based in the Pilbara. The Authority offered a range of marine cadet, graduate, trainee, and apprenticeship opportunities during the year. It was particularly rewarding to see the Authority's first marine cadet graduate this year.

I would like to thank the Minister for Ports, Hon. Rita Saffioti MLA and her staff for their support for the Authority this year, and extend this appreciation to other government partners, in particular DoT, JTSI and Pilbara Development Commission (PDC).

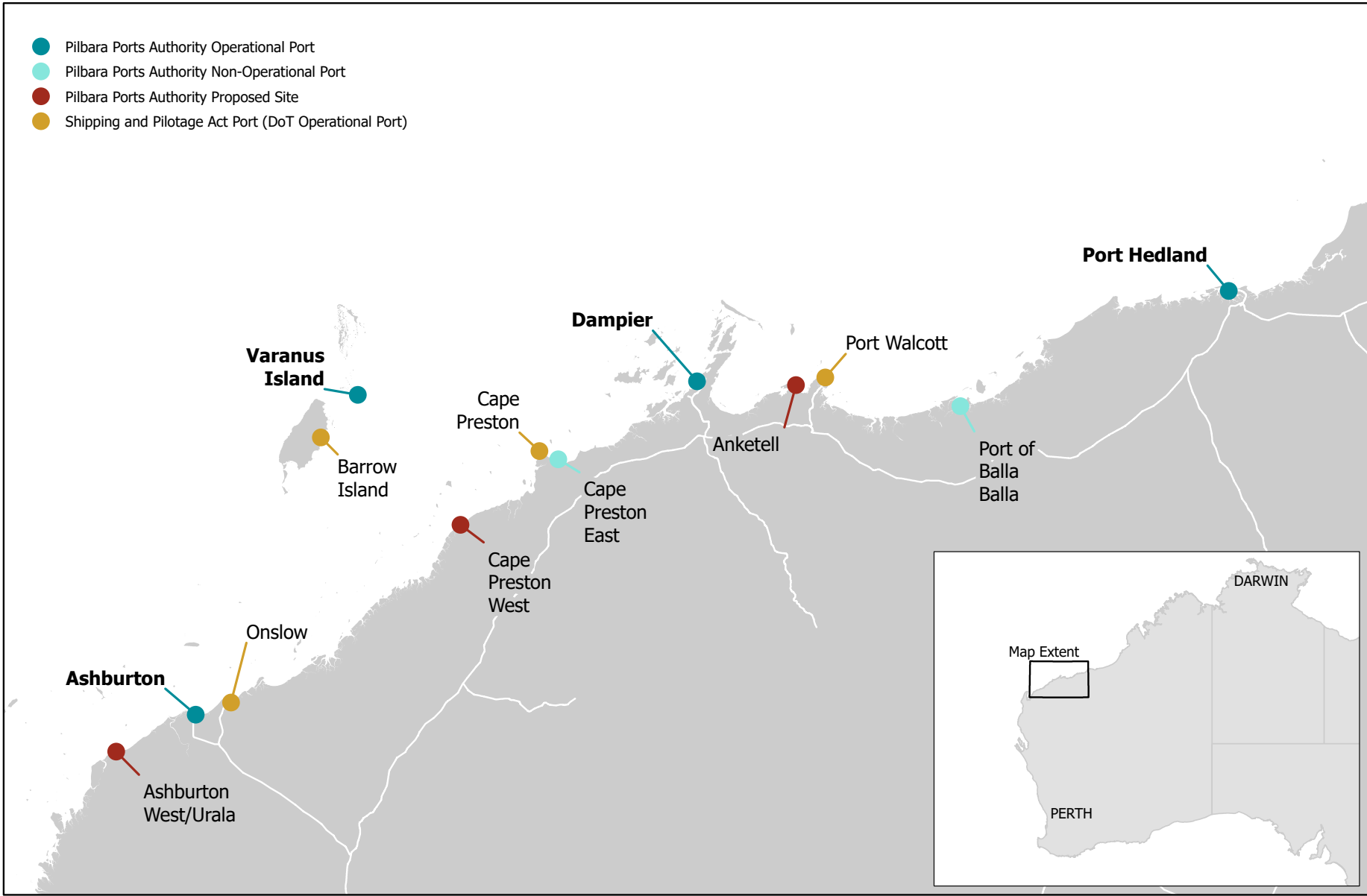
I would like to thank the Authority's Chair Brad Geatches and the Board for their support and strategic direction. I would also like to express my thanks to the excellent Executive team for their hard work and support that enabled the Authority to rise to new challenges and achieve new strategic goals. Last but not least, I would like to thank the Authority's staff for their outstanding contributions and commitment as we strive to deliver safe and efficient operations.

Roger Johnston

Chief Executive Officer
Pilbara Ports Authority

Organisation Profile

PORTS OF THE PILBARA



Organisation Profile

Pilbara Ports Authority is the world's largest bulk export port authority, encompassing the existing ports of Ashburton, Dampier, Port Hedland and Varanus Island and five future port sites.

The ports of Dampier and Port Hedland are among the world's largest bulk export ports, responsible for approximately 77 per cent of Australia's, and 42 per cent of the world's, iron ore trade.

Other major export commodities include liquefied natural gas (LNG) and salt. Approximately 34 per cent of Australia's exports and seven per cent of global LNG trade is exported through the ports of Dampier and Ashburton.

Salt exports through the ports of Port Hedland and Dampier totalled approximately 6.78Mt in 2021/22, accounting for approximately 56 per cent of Australian salt mine production.

In 2021/22, a total annual throughput of 733.1Mt was achieved through more than 17,000 safe vessel movements. Profit before income tax for the financial year was \$272 million. There were no dividends payable to the State in 2021/22, in accordance with Department of Treasury instructions.

There are 19 operational berths at the Port of Port Hedland. The Authority operates berths 1, 2 and 3 in the harbour's east side operations, and the Utah Facility. BHP owns and operates eight berths, Fortescue Metals Group (FMG) owns and operates five berths and Roy Hill Infrastructure owns and operate two berths.

At the Port of Dampier, marine assets owned and operated by the Authority include the Bulk Liquids Berth and the Dampier Cargo Wharf (DCW), which provide up to three berths. Rio Tinto and Woodside Energy own and operate private port terminals; Toll and Qube also operate private facilities.

The Port of Ashburton is a multi-user facility managed by the Authority. The port is located adjacent to a strategic industrial area accommodating LNG facilities and other hydrocarbon-based and natural gas processing facilities for WA's domestic gas supply.

The Authority provides overall port management and coordinates vessel traffic services (VTS), ship scheduling, berthing allocations for multi-user facilities and port communications. The Authority maintains shipping channels, navigation aids and other port infrastructure, and contracts out or issues licences for stevedoring, towage, pilotage, pilot transfer helicopters and pilot boats, security services and waste management services.

The Authority is the parent entity of Hedland Maritime Initiative Pty Ltd (HMI), which is the special purpose vehicle that has been established to administer the Port Hedland Voluntary Buy-Back Scheme (PHVBS) and facilitate the planning and development of a maritime precinct in the West End of Port Hedland.

The Authority has been charged with responsibility for constructing and operating the Spoilbank Marina in Port Hedland. The marina is expected to be operational in late 2023.

The Authority oversees 61,123ha of land and seabed tenure across the operating ports of Ashburton, Dampier, Port Hedland and Varanus Island, and a further 31,673ha of tenure at the future ports of Cape Preston East and Balla Balla. Other future ports are proposed at Ashburton West (Urala), Cape Preston West and Anketell.

The Authority facilitates port-related industries by leasing and licensing land to third parties. As of 30 June, a total 1,938ha of land across the Authority's ports was leased to more than 50 port users.

The Authority assumed oversight of the Port of Varanus Island on 1 July 2021. Pursuant to the *Ports Legislation Amendment Act 2019* enacted in February 2019, the Authority will progressively assume oversight of other SPA ports at Barrow Island, Cape Preston, Onslow and Port Walcott.

Organisation Profile

SHARED RESPONSIBILITIES

The Authority has shared responsibilities with numerous Federal and State Government agencies. The Authority also oversees marine safety and port security, cooperating with Commonwealth Government agencies responsible for customs, quarantine and marine safety.

ROLE AND LEGISLATIVE FRAMEWORK

Pilbara Ports Authority operates as a Western Australian Government Trading Enterprise and is governed by the *Port Authorities Act 1999* (WA) (the Act), which establishes the functions and powers of the Authority and State Government reporting requirements. The Authority has a duty to act on commercial principles, and is granted the power to perform the following defined functions:

- Facilitating trade within and through the ports;
- Planning for future growth and development of the ports;
- Undertaking or arranging for activities that will encourage and facilitate the development of trade and commerce generally for the economic benefit of the State through the use of its port and related facilities;
- Controlling business and other activities in its ports or in connection with operation of the ports;
- Being responsible for the safe and efficient operation of the ports;

- Being responsible for maintaining port property;
- Being responsible for port security;
- Protecting the environment of the ports; and
- Minimising the impact of port operations on the environment.

The Authority operates as a commercialised entity with an independent Board of Directors reporting to the Minister for Ports. The Board comprises up to seven directors, including a Chair. Its role is to set strategic direction and monitor achievements against strategic objectives.

In carrying out its responsibilities and exercising its powers, the Board recognises its overriding responsibility to act honestly, fairly and diligently, and in accordance with the law, in serving the interests of Western Australia, Pilbara Ports Authority's employees, its port users and the community.

The Authority is entitled under the Act to establish a subsidiary to assist in the performance of any of the statutory functions. In November 2020, the State Government approved the PHVBS, a voluntary scheme to acquire residential properties in the West End of Port Hedland, in order to support a cap and reduction of the permanent residential population of the area of the West End covered by Improvement Scheme 1 and provide for the development of a maritime precinct.

The PHVBS is administered by HMI, which is a wholly owned subsidiary of the Authority, operated as permitted under the Act and as a corporatised entity under the *Corporations Act 2001*.

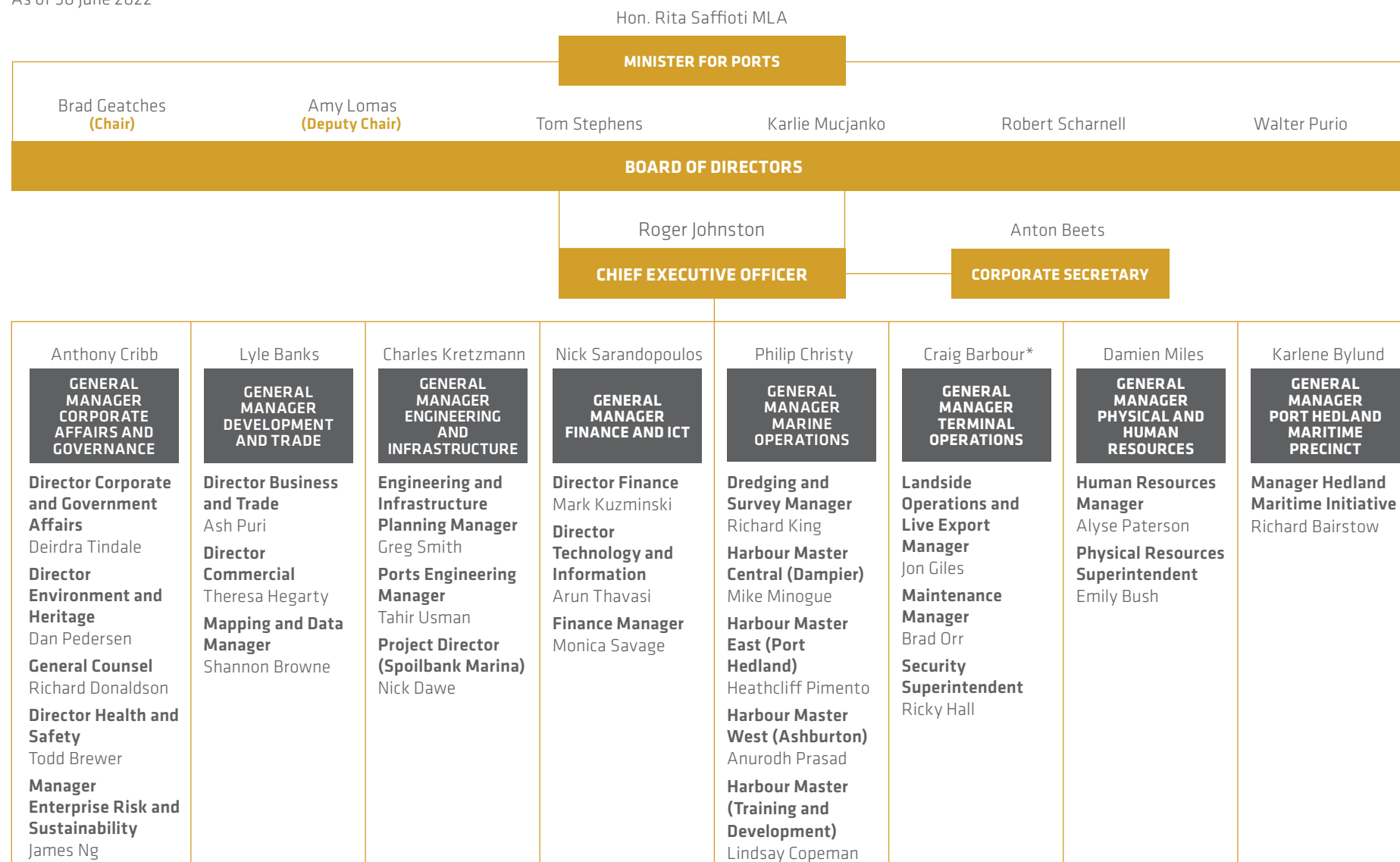
HMI operates with a Board of Directors reporting ultimately to the Minister for Ports. The Board comprises between two and six directors, including a Chair. It oversees the activities of HMI.



Landside Operations Coordinator Malcolm Olive.

Organisation Structure

As of 30 June 2022



*Mr Barbour was appointed to commence working for the Authority on 15 August 2022.

Board of Directors



The Authority's Board of Directors at 30 June 2022: Walter Purio, Karlie Mucjanko, Brad Geatches, Amy Lomas, Robert Scharnell, Tom Stephens.

Board of Directors

CHAIR

Brad Geatches

BComm, MAICD

Mr Geatches was appointed to the Board in May 2019 and was reappointed for a term ending 30 June 2024. Mr Geatches brings more than 30 years' senior executive experience in underground mining, airports and seaports. From 2007 to 2016, he was Chief Executive Officer of Perth Airport Pty Ltd. Previous roles included CEO of Cairns Port Authority and CEO of Powercoal Pty Ltd. Mr Geatches currently sits on the boards of Brisbane and Canberra airports.

DIRECTOR

CHAIR OF THE BOARD RISK, SAFETY AND SUSTAINABILITY COMMITTEE

Robert Scharnell

BSc Eng, MAICD

Mr Scharnell was appointed to the Board in July 2021 for a term ending 31 December 2022. He has more than 30 years' global experience within the resources and maritime sectors, including engineering, project management, business strategy, operations and governance. He was a nominee director of the Marine Preservation Association which oversees the USA's largest oil spill response organisation.

DIRECTOR

Tom Stephens

BA (ANU), OAM, JP, GAICD

Mr Stephens was appointed to the Board in August 2020 for a term expiring 30 June 2023. He served in the WA Parliament from 1982 to 2013, holding various portfolios including Housing and Works, Regional Development, Local Government and Heritage. Since retiring from Parliament, he has maintained his strong focus on regional and Indigenous communities and served on a range of boards and committees. He is Chair of the WA Geographical Names Committee, a member of the WA Regional Development Trust and a Director of the Western Desert Lands Aboriginal Corporation.

DEPUTY CHAIR

CHAIR OF THE BOARD FINANCE AND TECHNOLOGY COMMITTEE

Amy Lomas

BEcon (Hons), MAICD

Ms Lomas was appointed to the Board in July 2018 and was reappointed for a term ending 30 June 2024. Ms Lomas was appointed as Deputy Chair in January 2022. She has a deep understanding of the Western Australian economy accumulated across more than 20 years working in consulting and public sector roles. She is currently a partner in PwC Australia's Integrated Infrastructure team.

DIRECTOR

CHAIR OF THE BOARD ORGANISATIONAL DEVELOPMENT COMMITTEE

Karlie Mucjanko

BA, MBA(Exec), MAICD

Ms Mucjanko was appointed to the Board in October 2020 for a term expiring 30 June 2023. She is an experienced company executive and non-executive director, specialising in strategic communications, social licence and stakeholder relations. Ms Mucjanko spent most of her career in agribusiness including a decade as a senior executive with CBH Group. She is also a Director of Intergrain and the Australian Export Grains Innovation Centre.

DIRECTOR

Walter Purio

Master Mariner, BSc, MBA, GAICD

Captain Purio was appointed to the Board in January 2022 for a term expiring on 31 December 2023. Captain Purio spent 35 years at sea, including time with the US Navy and holds various executive and non-executive roles including as the Chair of Governors for Leeuwin Ocean Adventures Foundation and the Chair of the Asia Pacific committee for the Society for Gas as a Marine Fuel since 2021.

Executive Team



The Authority's Executive Team at 30 June 2022: Charles Kretzmann, Damien Miles, Anthony Cribb, Nick Sarandopoulos, Roger Johnston, Karlene Bylund, Lyle Banks, Philip Christy.

Executive Team

CHIEF EXECUTIVE OFFICER

Roger Johnston

BSc, MAICD

Mr Johnston was appointed Chief Executive Officer of the Port Hedland Port Authority by the Minister for Transport in January 2012 and in 2015, was reappointed as Chief Executive Officer of Pilbara Ports Authority to 30 June 2023. He has 40 years' experience as a senior executive and company director and leads the Executive to deliver on strategic directives. Mr Johnston has previously held senior leadership roles with multinational and logistics companies.

GENERAL MANAGER DEVELOPMENT AND TRADE

Lyle Banks

BEng(Hons), MLaw, Grad Dip Bus, GAICD

Mr Banks joined the Authority in 2013 and is responsible for business development, industrial lands, port planning, commercial contracting and service provider licencing across all port sites. He has 35 years of national and international experience in port planning, approvals and development in the private and public sectors and managed several port expansion projects before joining the Authority. He has chaired Port Hedland Industries Council since 2019.

GENERAL MANAGER – PORT HEDLAND MARITIME PRECINCT

Karlene Bylund

B.Comm, Assoc Dip Accounting, Dip Project Management, GAICD

Ms Bylund joined the Authority in March 2010 and served in property and commercial management roles before being appointed Pilbara Ports Authority Director Commercial from October 2017. In June 2020 she was appointed to lead HMI. Ms Bylund has extensive experience in commercial management and corporate governance, including critical infrastructure and service provider projects.

GENERAL MANAGER MARINE

Philip Christy

Master Mariner

Mr Christy joined the Authority in January 2021. Mr Christy's marine career spans more than 30 years. He served in the British Merchant Navy for a decade before moving to Associated British Ports where he remained for nearly 20 years with the Humber Harbour Authority. He served as marine pilot and then Harbour Master for a range of ports including the UK's largest port by tonnage.

GENERAL MANAGER CORPORATE AFFAIRS AND GOVERNANCE

Anthony Cribb

BA, LL, MAICD

Mr Cribb joined the Authority in 2019 and has more than 20 years' experience as a senior executive in national energy infrastructure businesses and in the upstream oil and gas sectors. He has significant experience in risk management and corporate governance functions, including legal, access regulation, enterprise risk management, risk and assurance and OHS&E, in listed and unlisted companies. He has acted as company secretary and held directorships.

GENERAL MANAGER ENGINEERING AND INFRASTRUCTURE

Charles Kretzmann

BSc (Civil Engineering), BComm, Grad Dip Env Management

Mr Kretzmann joined the Authority in 2017, bringing more than 30 years' experience as a civil engineer in the public and private sectors. He has worked on large infrastructure and services projects as a design consultant, project manager and project director. More recently he held public sector roles on major port construction projects, refurbishment and retrofitting programs, and strategic water and wastewater programs.

Executive Team

GENERAL MANAGER PHYSICAL AND HUMAN RESOURCES

Damien Miles

MEthics&LegStud(Bus), BSW (Hons), Grad Cert IHS, Adv Dip Mgt

Mr Miles has held senior management positions in Western Australian ports since 2007 and was the Director responsible for the Pilbara Ports amalgamation. He has 25 years' experience in the human resources and human services sectors. In 2016, he was awarded the Human Resource Management Practitioner of the Year Award from the WA Institute of Public Administration Australia.

GENERAL MANAGER FINANCE, TECHNOLOGY AND INFORMATION

Nick Sarandopoulos

B.Comm, CA, Grad Dip App Fin, MBA, GAICD

Mr Sarandopoulos has been the Authority's General Manager Finance, Technology and Information since August 2014. He is an experienced financial professional with extensive financial, treasury and commercial management expertise, having held senior executive roles with ASX-listed companies over the past 20 years. Mr Sarandopoulos was the WA Institute of Public Administration Australia's Finance Practitioner of the Year in 2018 and CFO of the Year in 2020.

GENERAL MANAGER TERMINAL OPERATIONS

Craig Barbour

BSc, Assoc Dip Port MGMT, TechIOSH

Mr Barbour was appointed to join the Authority as General Manager Terminal Operations in August 2022. Prior to this, he held several senior roles at Associated British Ports, including General Manager at the Port of Southampton. He is knowledgeable about port management, including containers, roll on/roll off, break bulk and bulk material operations, including rail, and experienced in safe and efficient execution of terminal operations, maintenance and security, with a focus on customer service and productivity.



Utah Point, Port of Port Hedland.

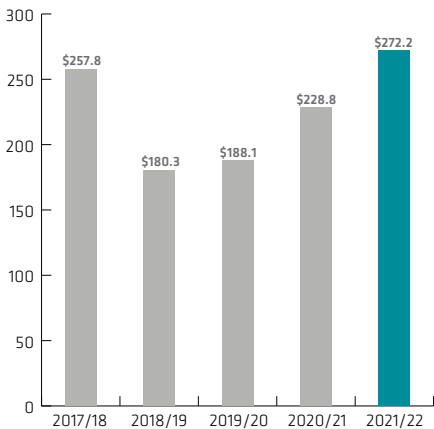


Maintenance Superintendent Nick Perceval.

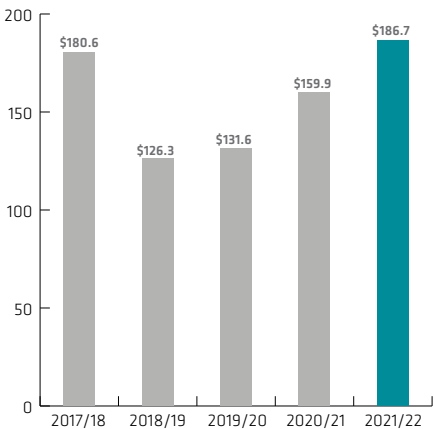
Performance Highlights

FINANCIAL PERFORMANCE

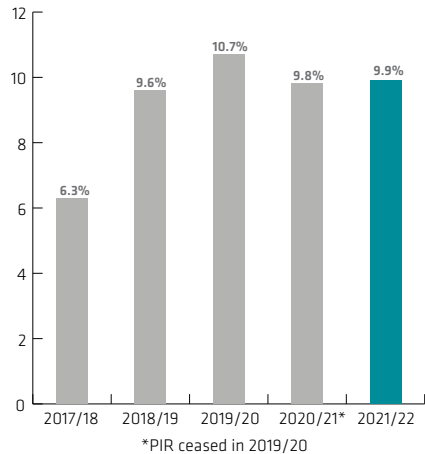
Profit before income tax (million)



Net profit after tax (million)

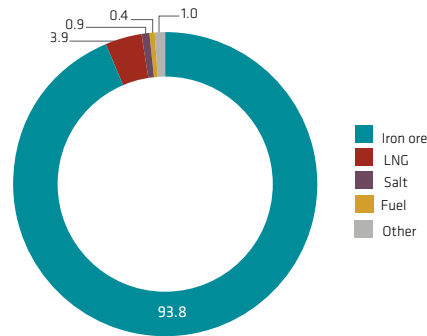


Return on assets

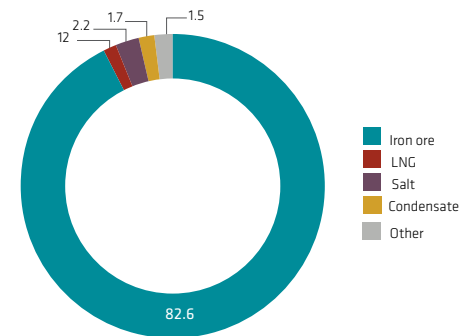


TOTAL THROUGHPUT 2021/22

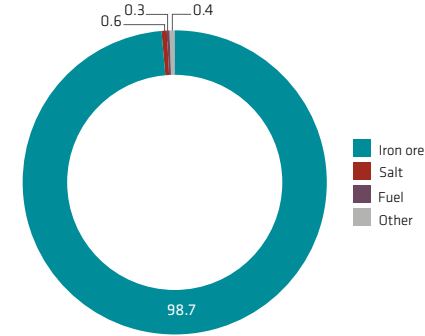
Pilbara Ports Authority total throughput by commodity %



Port of Dampier by commodity %



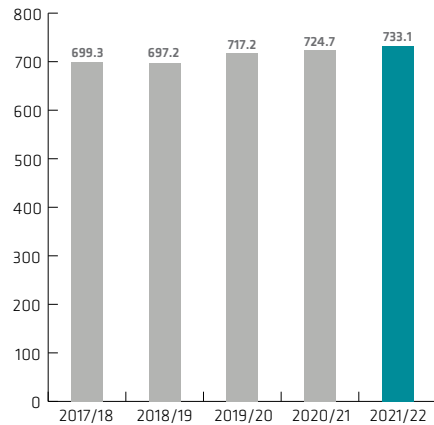
Port of Port Hedland by commodity %



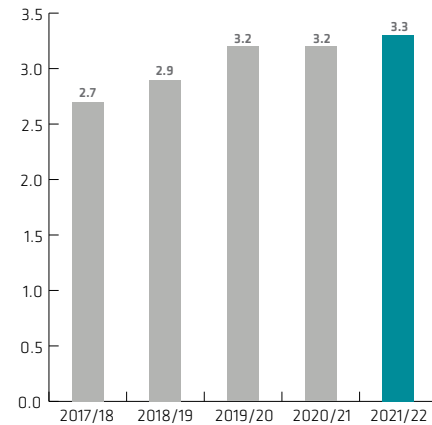
Performance Highlights

PILBARA PORTS AUTHORITY THROUGHPUT (Mt)

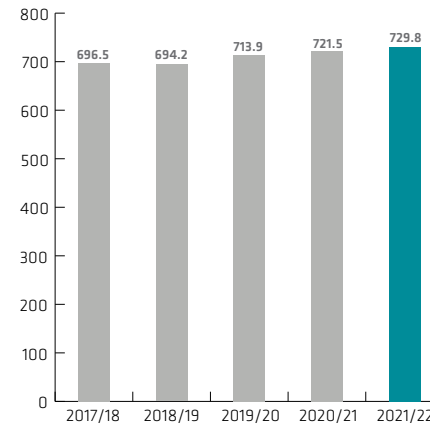
Total throughput



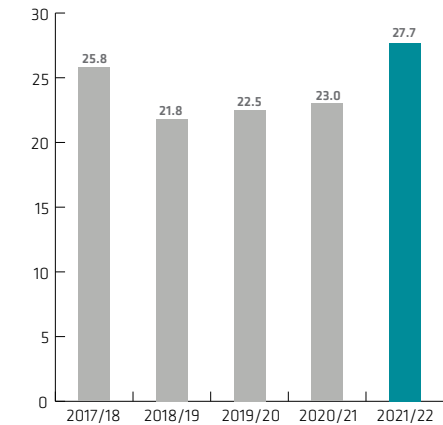
Total imports



Total exports

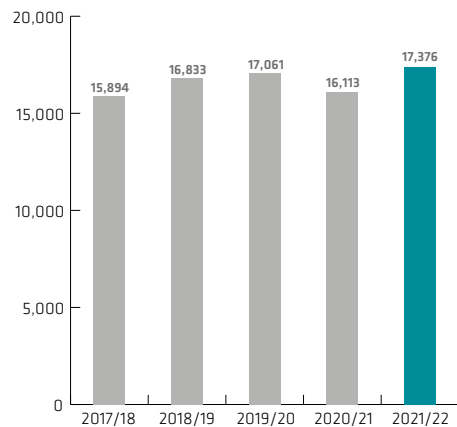


Throughput across the Authority's berths at the Port of Port Hedland

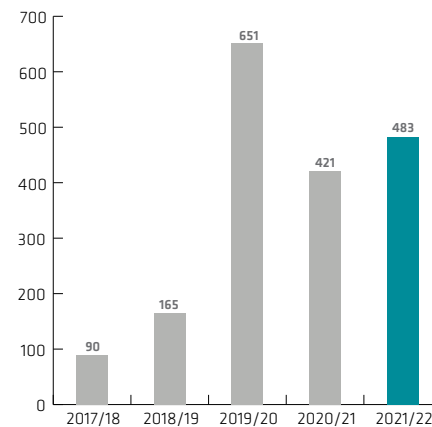


VESSEL MOVEMENTS

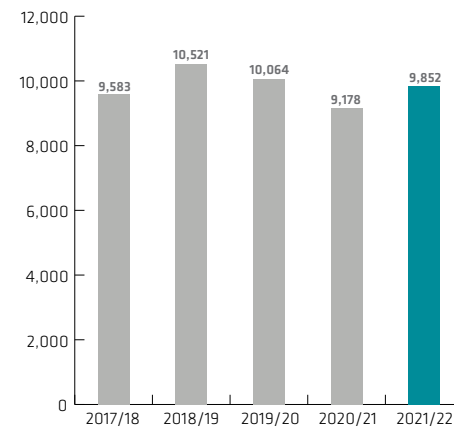
Total vessel movements



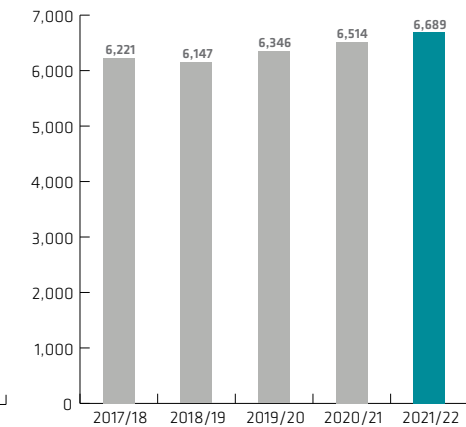
Port of Ashburton



Port of Dampier



Port of Port Hedland



The Port of Varanus Island, which transferred to the Authority's management on 1 July 2022, facilitated 352 vessel movements in 2021/22.

Key Business Results

FINANCIAL AND NON-FINANCIAL KEY PERFORMANCE INDICATORS

RESULTS WITH TARGETS

ECONOMIC RESULTS		
Financial	FY TARGET	FY RESULTS
Rate of return on assets (%)	13.4%	9.9%
Economic rate of return (%)	13.8%	10.3%
EBITDA (\$ million)	330.9	372.9
Debt to equity ratio	0.38	0.37

TRADE RESULTS		
Port Trade (Mt)	FY TARGET	FY RESULTS
Port of Dampier	172.8	161.9
Port of Port Hedland	566.0	561.1
Total port trade	749.4	733.1

VESSEL VISITS		
Port of Ashburton	213	221
Port of Dampier	3,471	3,161
Port of Port Hedland	3,257	3,281
Port of Varanus Island	–	172
Total vessel visits	6,941	6,857

SYSTEMS AND INDUSTRY BEST PRACTICE		
	FY TARGET	FY RESULTS
Lost Time Injury Frequency Rate	2.06	1.42
Environmental Protection Notices (s 65 EP Act)	0	0

CUSTOMER SATISFACTION AND COMMUNITY ENGAGEMENT		
	FY TARGET	FY RESULTS
Stakeholder Satisfaction Survey results	>70	74
Number of CCC meetings held	8	8

EMPLOYEE ENGAGEMENT		
Gallup (%)	FY FORECAST	FY ACTUAL
Participation	75	85
Active engagement (AU avg. 40%)	50	47
Active disengagement (AU avg. 14%)	13	7





VTS Officer David Pich and Port Hedland Deputy Harbour Master Rohan Wadhwa at the Port Hedland Integrated Marine Operations Centre.

Performance Against Government Goals

Performance Management Framework

Pilbara Ports Authority's strategic themes and major initiatives in 2021/22 supported the State Government Goals for Western Australia of:

1. Strong and sustainable finances: responsible, achievable and affordable service delivery;
2. WA Jobs Plan: local manufacturing and production, creating Western Australian jobs and training for jobs of the future;
3. Safe, strong and fair communities: developing healthy and resilient communities; and
4. Growing our communities: protecting our environment with thriving suburbs and regions.

The following table shows how the Authority's strategic themes, initiatives and results in 2021/22 align with the State Government's goals. Further information about the results can be found in the Performance Against Objectives section of this report.



Landside Operations Coordinator Laura Clark and Health and Safety Advisor Kylie Ronald.

Performance Against Government Goals

Strategic Theme REGIONAL PROSPERITY AND DEVELOPMENT (State Government Goals 1, 2 and 4)	
Initiatives	Results
Validate existing and future iron ore infrastructure capacity and capability	- An amended Port of Port Hedland Development Plan incorporating increased throughput capability was endorsed by State Government. - Lumsden Point Module Offloading Facility commenced operations in October 2021, supporting construction of a major iron ore project. - Approvals for developments at the Port of Ashburton to support new iron ore projects were progressed. - An environmental licence to expand throughput through the Utah Point Bulk Handling Facility in Port Hedland was granted. - Work commenced on a \$51 million upgrade of Nelson Point Tug Haven in Port Hedland to strengthen the infrastructure and support expanding throughput.
Grow direct Pilbara freight links	- Three direct shipping lines are now servicing the Port of Port Hedland. - Two regular direct shipping services are now servicing the Port of Dampier. - Port of Port Hedland experienced a ten-fold increase in container volumes over the period February 2021 to February 2022.
Identify the optimal funding and ownership model for new multi-user berths	- The Northern Australia Infrastructure Facility committed \$160 million for the Dampier Cargo Wharf Extension, with a further \$34.8 million committed in the State Budget. - The Authority participated in an evaluation of funding for Lumsden Point Logistics Hub and developed a business case, securing \$78 million in the 2022/23 State Budget.
Maximise regional benefits through management of existing and future ports	Of \$144 million in supply contracts awarded by the Authority during the reporting period, 32 per cent (\$46 million) of the labour, suppliers and materials in the contracts were from the Pilbara region.

Performance Against Government Goals

Strategic Theme

OPTIMAL LAND USE PLANNING AND MANAGEMENT IN PILBARA PORTS (State Government Goals 1 and 2)

Integrate land use planning, delivering optimal outcomes for the port and local governments, including HMI	- Continued success of the PHVBS with offer letters sent to the owners of more than 60 per cent of the 425 eligible PHVBS properties in the West End, and 151 properties so far acquired. Only two offers had been declined at the end of the reporting period. - Port Hedland Maritime Precinct Master Plan concepts progressed, including demolition of an old building at 3 Richardson Street to make way for a new Seafarers' Centre in the heart of the Commercial Portside Sub-Precinct. - The Authority spent \$291,160 on landscape planting on The Esplanade and Wedge Street in Port Hedland as part of the West End Greening Project with BHP and Town of Port Hedland (ToPH).
Deliver and operate the Port Hedland Spoilbank Marina through the Authority's expertise and governance	- Construction works comprising bulk earthworks, breakwaters and revetments, marine structures and dredging to a total value of \$90 million were underway by the end of the reporting period. - More than 85 per cent of the Spoilbank Marina Project spend in the reporting period was awarded to regional Pilbara businesses and registered Aboriginal businesses.
Ensure port land use planning facilitates transition to renewable energy	- The Authority supported JTSI and PDC to develop the Pilbara Hydrogen Hub proposal, resulting in \$17.5 million committed by the Federal Government for port developments. - The development of Lumsden Point will facilitate the export of battery metals such as lithium and copper concentrates and the import of renewable energy infrastructure, including wind turbines and blades. - Future use of renewable energy is incorporated into the Port of Port Hedland and Port of Ashburton draft Land Use Master Plans.

Strategic Theme

APPROPRIATE FINANCIAL RETURNS TO THE STATE (State Government Goals 1 and 2)

Optimise the Authority's capital structure, including consideration of debt and equity funding of major value accretive capital investments	- Record annual throughput achieved across Pilbara ports, resulting in increased dividends and royalties to the State. - A return on assets achieved of 9.9 per cent.
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Performance Against Government Goals

Strategic Theme

IMPROVE ORGANISATIONAL CAPABILITY (State Government Goals 2 and 3)

Support regional employment, cadet and graduate programs, maritime training, and port industry capability

- 75 per cent of the Authority's employees, including the Chief Executive Officer and several executives, reside in the Pilbara region.
- One Marine Cadet from the region graduated and five others from the region progressed or began their cadetships.
- Two local School-Based Trainees completed a Certificate II in Engineering, and one Public Sector Commission Aboriginal Trainee completed a Certificate II in Government. Eight other School-Based Trainees commenced or progressed through their qualification.
- One Apprentice Electrician completed their trade, one new Apprentice commenced, and three others progressed through their apprenticeships.
- One Finance Trainee progressed through their traineeship.
- Two Graduates progressed in their fields of Engineering and Infrastructure and Mapping and Data.

Assess vulnerability of Marine Pilot Services and create availability within WA

- Consistent with its statutory and contractual obligations and to ensure continuity of service, recruitment of two locally based marine pilots was achieved.

Attraction and retention of talent

- The Authority's 2021 Workforce Plan created 20 new permanent positions, seven new and extended fixed term positions, two training positions and two new marine cadets.
- The Authority's remuneration framework was reviewed and amended to promote attraction and retention of staff. Relevant changes were also reflected in amendments to staff enterprise agreements.
- An internal employee referral program was introduced, whereby employees can receive a one-off payment if the candidate to whom they referred the role successfully applies for it and completes six months of service.

Optimise adoption of emerging digital technologies

- ISO 27001 surveillance audit completed, with no non-conformances.
- Grew the Authority's capability and resources to conduct drone surveys and software to create 3D models.
- Developed berth utilisation models for the Authority's Port Hedland public berths and Dampier Cargo Wharf.
- MSIC annual compliance audit was achieved with higher maturity level across the domain.
- A new reporting application to collect, monitor and analyse operations at Utah Point was designed.
- Transition of reporting functions to Power BI for enhanced visibility, collation, collaboration and governance was progressed.

Performance Against Government Goals

Strategic Theme

IMPROVE ORGANISATIONAL CAPABILITY (State Government Goals 2 and 3)

Effectively contribute to overcoming social and economic disadvantage of Aboriginal community members	- Five out of eight tenders awarded by the Authority during the reporting period went to tenderers who had demonstrated a commitment to Aboriginal participation, including Aboriginal employment outcomes or subcontracting opportunities to Aboriginal businesses. - The Authority amended its tender documents to incorporate minimum targets for Aboriginal participation and changed its Procurement Procedure to improve Aboriginal business participation in the Authority's procurement processes. - The Authority presented at workshops in the Pilbara to provide local suppliers with an overview of the Authority's procurement processes and opportunities. - Graffiti removal training was conducted with Murujuga Aboriginal Corporation Rangers. - Mangrove seedling planting project was conducted at Cowrie Cove, Murujuga in collaboration with Murujuga Aboriginal Corporation.
Collaborate with stakeholders to improve liveability of Port Hedland, Dampier /Karratha and Onslow	- Eight Community Consultative Committee meetings were held: three each in Port Hedland and Dampier and two in Onslow. - A total of \$280,800 was allocated to local community groups from the Authority's Community Support Initiative. - The Authority is progressing with the construction of the Spoilbank Marina, which is expected to be operational by late 2023. - The Authority attended, presented at and was a gold sponsor of the Pilbara Summit 2022 conference held in Karratha, which focused on economic growth, investment, development, productivity and innovation across the Pilbara.

Strategic Theme

PORT INDUSTRY SUSTAINABILITY (State Government Goal 4)

Support shipping emissions reductions through port policies and initiatives	- The Authority's Sustainability Strategy was finalised and endorsed by its Board, with a Net Zero Greenhouse Emissions Transition Plan identified as a key initiative. - Work to model estimated air emissions from commercial vessels operating in Pilbara ports including Port Hedland, Dampier and Ashburton continued.
Develop a carbon transition plan	- Work commenced on developing the Authority's carbon transition plan in line with WA Climate Change Policy. - Coastal Hazard Risk Management and Adaptation Planning (CHRMAP) was completed for Port of Port Hedland.

OVERVIEW

PERFORMANCE

DISCLOSURES
AND LEGAL
COMPLIANCE



Principal Engineer Robbie Peck and Senior Project Engineer Svetlana Khaykina discuss an upgrade of the helicopter facility at the Port of Port Hedland that was achieved during the year.

Performance Against Our Objectives

Sustainability Strategy

During the reporting period, the Board endorsed the Authority's Sustainability Strategy.

Sustainability practices have, for some time, been incorporated into the Authority's business by way of the Strategic Development Plan. With the release of Ports Australia's 'Guidelines for Leading Practice Developing a Port Sustainability Strategy' in early 2020, the Authority decided to develop a stand-alone sustainability strategy following the framework outlined in the guidelines. This included a strategic gap analysis, materiality assessment, stakeholder engagement and strategy development.

An assessment was undertaken of the Authority's existing systems and processes against the four sustainability themes – People, Planet, Prosperity and Partnerships. These themes align to the United Nations' Sustainable Development Goals, which form a globally recognised framework for implementing and assessing sustainable development.



PEOPLE

Ensure that all people can fulfil their potential with dignity and equality and in a healthy environment.



PROSPERITY

Ensure that all people can enjoy prosperous and fulfilling lives and that economic, social and technological progress occurs through the inclusion of environmental considerations into all aspects of its decision-making processes and port operations.



PARTNERSHIPS

Develop and strengthen partnerships for sustainable development, based on a spirit of strengthened solidarity, focused in particular on the needs of communities in which the Authority operates, with the participation of all stakeholders and all people.



PLANET

Protect the planet from degradation, including through sustainable consumption and production, sustainably managing its natural resources and taking action on climate change consistent with the WA Government's Climate Policy.

Performance Against Our Objectives

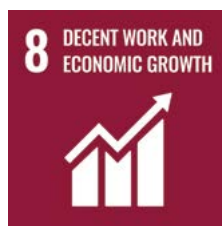
IMPLEMENTATION OF THE STRATEGY

Following the strategic gap analysis and materiality assessment, which engaged both internal and external stakeholders, 10 material issues were identified, these being: workplace health and safety; employee wellbeing; attraction and retention; cyber security; stakeholder engagement; biodiversity and habitat protection; biosecurity; climate change; port efficiency; and robust governance and risk management.

Further engagement was undertaken with stakeholders to develop initiatives to address each material risk, with 75 initiatives identified. A working group has been formed for each material issue and meets quarterly, with members providing an update on progress on all initiatives. This progress is reported to the Authority's Executive quarterly, with a full year review to be provided annually.

The 10 material issues that form the foundation of the Sustainability Strategy will be revisited with both internal and external stakeholders in line with business planning processes to ensure material issues are still relevant to the Authority's stakeholders. The material issues identified will be addressed in business planning.

SUSTAINABLE DEVELOPMENT GOALS



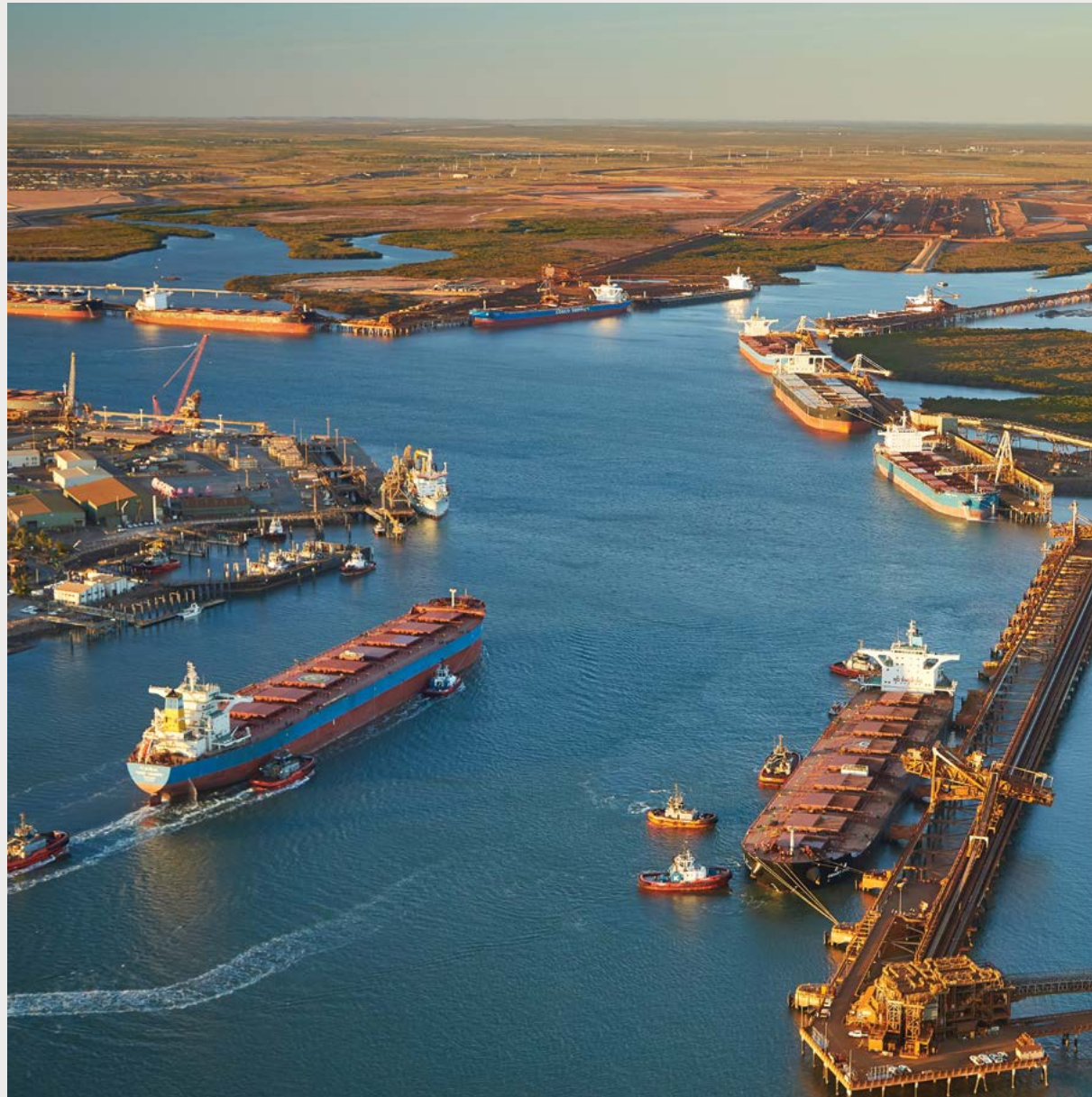
Performance Against Our Objectives

Growing Pilbara Ports' Capacity

Port development projects that will further facilitate growth and trade diversification in the region and the State were significantly progressed.

PORT OF PORT HEDLAND DEVELOPMENT PLAN

During the reporting period, a revised Port of Port Hedland Development Plan that supports proponents' throughput aspirations and maximises exports from Australia's busiest bulk export port was endorsed by the State Government. The plan enables growth of iron ore exports through Port Hedland to 660 million tonnes per annum – a 41 per cent increase to modelled throughput from the previous port plan released in 2012 – and provides for increased capacity allocations to iron ore exporters. The plan will also result in increased capacity for multi-user berths within the Port, supporting growth in direct shipping to the Pilbara and increased exports by junior miners.



The Port of Port Hedland.

Performance Against Our Objectives

The revised Port of Port Hedland Development Plan enables the development of:

- a new iron ore export berth, Stanley Point Berth 3;
- a future bulk liquids berth in South West Creek, PH7;
- two additional general cargo berths at Lumsden Point; and
- a new ship loader on Anderson Point Berth 5.

LUMSDEN POINT PROPOSED GENERAL CARGO FACILITY AND LOGISTICS HUB

During the reporting period, the Authority progressed its vision to establish Lumsden Point as a multi-user facility and logistics hub that will alleviate demand on the existing cargo berths at the Port of Port Hedland and support the Pilbara Hydrogen Hub. This logistics hub will support increased direct shipping services from Asia; the ongoing development of battery mineral mines; opportunities for expanding agribusiness and proposed renewable energy projects in the Pilbara.

In October 2021, a temporary module offloading facility developed at Lumsden Point received its first cargo vessel, supplying FMG's Iron Bridge project. Current operations at the Lumsden Point General Cargo Facility are limited to offloading modules using shallow draft vessels.

A 2021 ACIL Allen study found that the economic and social benefits of the proposed Lumsden Point development would:

- boost Australia's GDP by \$9.7 billion over the modelling period, equating to an average benefit of \$295.8 million per annum;
- generate an average of 460 full-time jobs per year over the project life; and
- generate a net increase in Commonwealth and State taxation of \$5.4 billion over the modelling period, or \$163.8 million per annum.



A vessel at Lumsden Point Module Offloading Facility in October 2021.

Performance Against Our Objectives

In May, the State Government's 2022/23 State Budget contained a \$78 million allocation for the construction of seawalls and causeway as the next step to fully developing Lumsden Point. These works will enable dredging and reclamation works to proceed, followed by construction of an initial multi-user wharf.

PILBARA HYDROGEN HUB

The Authority has identified ensuring port land use planning facilitates transition to renewable energy as one of its major initiatives. During the reporting period, the Authority supported the development by JTSI and PDC of a Pilbara Hydrogen Hub proposal.

The Pilbara Hydrogen Hub plan involves the development of a pipeline to connect the Burrup and Maitland strategic industrial areas near Karratha, the creation of a Clean Energy Training and Research Institute with facilities in Port Hedland and Karratha, and port upgrades to facilitate import and export opportunities.

The Authority provided input into the Pilbara Hydrogen Hub proposal with regard to the proposed port upgrades at Lumsden Point and Clean Energy Training and Research Institute planned for Karratha and Port Hedland. This included \$35 million for road works at Lumsden Point and \$5 million for the Port Hedland Clean Energy Training Institute, being provisionally budgeted subject to further assessment as to how the facility will be constructed.

The Authority and HMI are assessing the feasibility of a Pilbara Training College to be based in Port Hedland. It is proposed that the Port Hedland Clean Energy Training and Research Institute facility would be located within the proposed Pilbara Training College. The Authority also undertook to ensure that the planned port upgrades at Lumsden Point will be designed to facilitate wind turbine imports.

DAMPIER CARGO WHARF

During 2021/22, the Authority progressed plans to build a new wharf at the Port of Dampier to support the proposed Perdaman urea project.

The proposed new wharf will have a new deep berth pocket and vessel manoeuvring area capable of accommodating bulk carriers, cruise ships and general cargo vessels.



The existing Dampier Cargo Wharf.

Performance Against Our Objectives

The Authority undertook extensive investigations to inform the design of the project, including geotechnical and dredging investigations and berth operability and coastal flood studies.

The construction of the new wharf and facilities is to be funded by a \$160 million loan from the Northern Australia Infrastructure Facility and a contribution from the State Government that is subject to a number of conditions, including the project reaching financial close and all statutory and regulatory approvals being met.

Along with facilitating the development of the urea project, the new wharf, capable of berthing Panamax bulk carriers, will support general cargo vessels, cruise ships and the offshore oil and gas industry.

PORT OF ASHBURTON

The Ashburton Cargo Wharf (ACW), located near the town of Onslow in the west Pilbara, was originally constructed as a module offloading facility to support development of the Wheatstone Gas Project. The Authority assumed responsibility for the ACW in December 2017.

During the year, the Authority explored export and import opportunities at the Port of Ashburton and in April, the Port received its first international cargo vessel the Oriental Spirit – a Handymax bulk carrier.

The Authority also undertook works to provide for expansion of multi-user activities at the Port, including commencing construction of a multi-purpose shed and installing security and lighting.

The Authority has engaged with a number of resource companies to unlock stranded iron ore assets in the region by using transshipment operations. While any development of transshipping infrastructure will be driven by

individual proponents, the Authority will ensure that this does not impact upon the multi-user capability of the ACW.

The Port is being developed to operate on renewable energy, initially through solar panels. The Authority also sought biosecurity and Australian Border Force approvals to operate the Port of Ashburton as an unrestricted First Point of Entry for overseas vessels and cargoes.



The Oriental Spirit Handymax bulk carrier visiting Port of Ashburton in April.

Performance Against Our Objectives

GREENFIELD PORTS

During the year, the Authority continued to liaise with stakeholders regarding future greenfield ports and the transfer of SPA ports from DoT to the Authority.

New transshipping facilities are proposed at Port of Cape Preston West (salt), Port of Cape Preston East (salt), Port of Urala (salt) and Port of Balla Balla (iron ore).

The proposed port of Anketell is envisioned to be a multi-user port with capacity for resource commodity exports and general cargo and bulk liquid imports and exports. These proposed developments will be progressed once the foundation customers reach a final investment decision and agreements are entered into with the Authority.

During the reporting period, an inter-agency working group was established to commence the transfer of Port of Barrow Island to the Authority.

DIRECT SHIPPING

During the reporting period, there was significant growth in the direct shipping services that began in late 2020 between Asia and the Pilbara.

Direct shipping gives companies the option to ship directly into the Pilbara, reducing reliance on trucking products from Perth to the Pilbara. This translates into lower costs for Pilbara businesses and consumers and also benefits the State and the

nation by generating more inbound and outbound freight opportunities. Other benefits include a reduction in road traffic, road maintenance costs, emissions and noise pollution.

During the reporting period, the Port of Port Hedland saw the introduction of a third direct shipping line, including two liner services visiting

the Port of Dampier, and an associated ten-fold increase in container volumes over 12 months.

Following First Point of Entry approval being obtained for the Ports of Port Hedland and Dampier, steps are being taken to secure biosecurity approvals to allow direct shipments to the Port of Ashburton.



A vessel carrying containers awaiting departure from Dampier Cargo Wharf in April.

Performance Against Our Objectives



The Authority facilitated the floating of a rig used in offshore drilling onto a heavy lift vessel off the Port of Dampier.

Performance Against Our Objectives

Revitalising Port Hedland's West End

HEDLAND MARITIME INITIATIVE

Established in 2020 as a wholly-owned subsidiary of the Authority, HMI progressed administration of the State Government's Port Hedland Voluntary Buy-Back Scheme and facilitated planning and development of a Maritime Precinct in Port Hedland's West End during the year.

Specific objectives pursued by HMI included:

- providing residential property owners within the area of Port Hedland's West End that are subject to Port Hedland West End Improvement Scheme 1 (IS1) the opportunity to voluntarily sell their property for a government-guaranteed settlement price; and
- planning and facilitating the development of the maritime precinct to support the revitalisation of the area that minimises potential conflicts with existing land uses and provides for commercial, leisure, tourist, cultural, training, educational and other land uses.

Within the first 18 months of the PHVBS, 151 eligible properties have been acquired by HMI. More than 60 per cent of eligible residential property owners have also received an offer and only two owners have declined an offer.

Plans are progressing with a variety of stakeholders to repurpose several of the acquired properties in line with the Maritime Precinct Masterplan and IS1. The first initiative involves the establishment of an interim marine simulator that will provide essential training for marine pilots, tug crews and other marine professionals.



Port Hedland Maritime Precinct General Manager Karlene Bylund outside one of the 151 West End properties that have been acquired by the PHVBS.



Port Hedland's West End.

Performance Against Our Objectives

PHVBS: EXPRESSIONS OF INTEREST AND ACQUISITIONS

At the end of the reporting period, offer letters to the owners of more than 60 per cent of the estimated 425 eligible PHVBS properties in the West End have been sent. This reflects significant progress since the PHVBS opened for participation on 1 January 2021.

The following table provides participation rates in the PHVBS at the end of the reporting period:



Most of the residential dwellings acquired by HMI are from investor owners, with lease agreements in place. Where tenants are living in these properties, HMI continues to honour leases for the agreed term, or until alternative accommodation is available so that residents are not displaced.

PORT HEDLAND MARITIME PRECINCT

The proposed maritime precinct aims to revitalise Port Hedland’s West End, drawing on the town’s rich maritime history and introducing new retail, hospitality, tourism and cultural opportunities, as well as training and education initiatives. It is an opportunity to create a unique and attractive maritime hub of international standing.

During the reporting period, HMI continued to progress the Maritime Precinct Masterplan by engaging with local stakeholders about the opportunities arising from the 60-plus land uses approved for the maritime precinct and its planned sub-precincts.

Milestones achieved included the demolition of the old Sealanes building at 3 Richardson Street to make way for a new Port Hedland Seafarers’ Centre. Discussions occurred with more than 30 stakeholder groups, including government, industry, training providers and port users, on a number of projects including the proposed Pilbara Training College in the Maritime Precinct.

The proposed Pilbara Training College will be developed in a staged approach. Several components can function as stand-alone facilities and will provide essential training associated with day-to-day operations.



Artist’s impression of the proposed Pilbara Training College.

Performance Against Our Objectives

Delivering the Spoilbank Marina

During 2021/22, the Authority significantly progressed delivery of the \$187.5 million Spoilbank Marina Project in Port Hedland, with four of five major contracts underway.

The project is delivered in collaboration with DoT, DevelopmentWA, PDC, BHP and the ToPH.

Works achieved as of the end of the reporting period include:

- excavation of the marina basin footprint, with most of the fill material now removed;
- construction underway of the marina basin revetments and breakwaters;
- marina structure designs approved;
- dredging contract awarded to create a navigational channel linking the marina basin to deep water; and
- tender for the Landscaping and Civil Works package prepared, with successful tenderers required to commit to high levels of local and Aboriginal sub-contracting.

The marina is expected to be operational in late 2023. This timeline allows for cessation of all marine construction activities between December and March each year, as required by the project's environmental approvals.

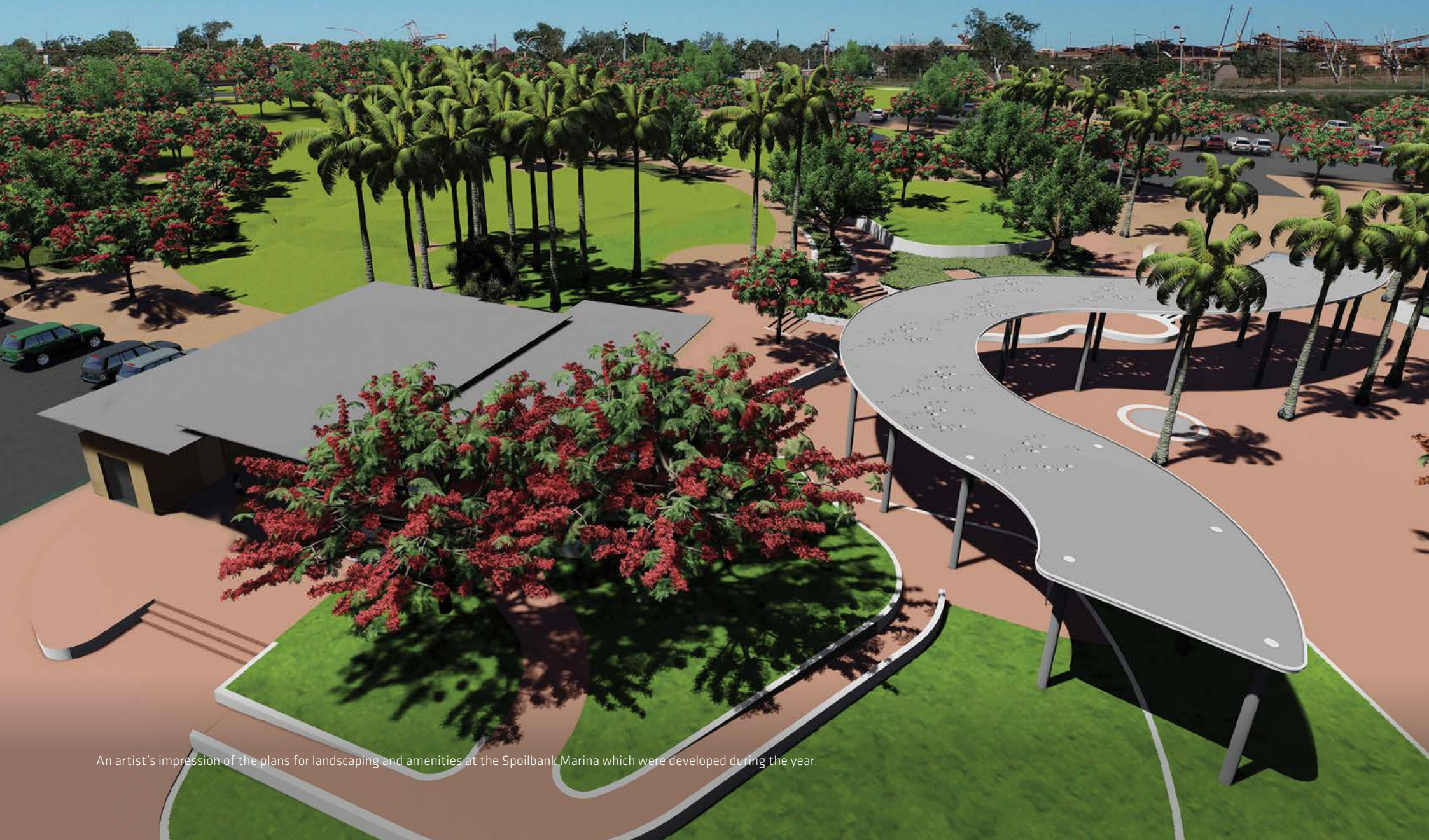
The Spoilbank Marina is funded by the WA State Government, the ToPH and through a grant from BHP.

More than 85 per cent of the Spoilbank Marina Project spend in the reporting period was awarded to regional Pilbara businesses and registered Aboriginal businesses.



The Spoilbank Marina work site in June 2022.

Performance Against Our Objectives



An artist's impression of the plans for landscaping and amenities at the Spoilbank Marina which were developed during the year.

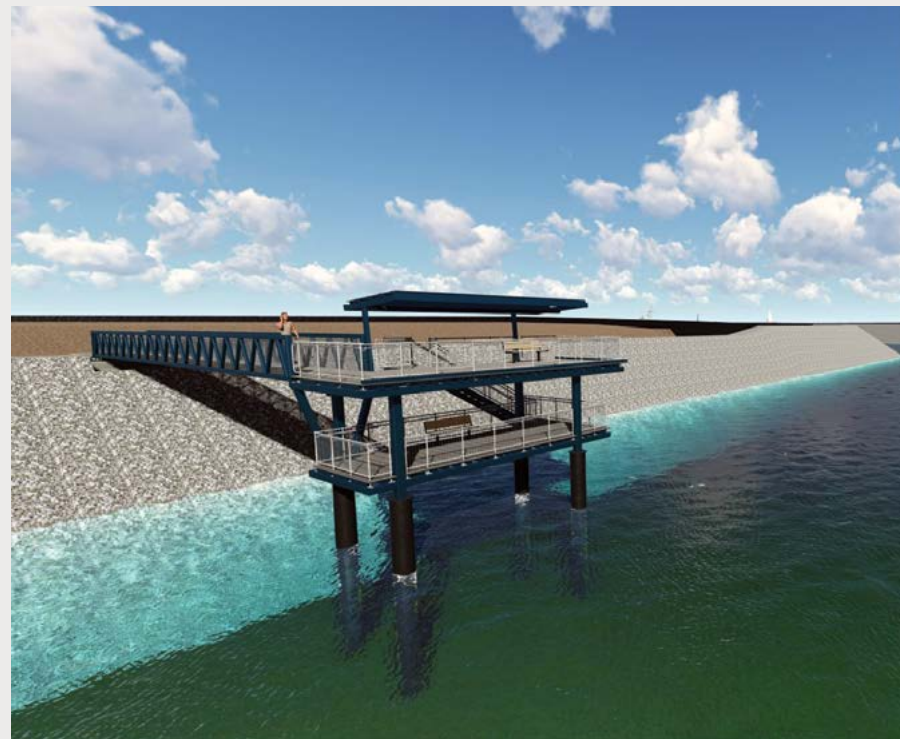
Performance Against Our Objectives



Member for Pilbara Kevin Michel, Minister for Ports Rita Saffioti, the Authority's CEO Roger Johnston, General Manager Engineering and Infrastructure Charles Kretzmann and MGN Civil Project Manager Guy Schweitzer toured the Spoilbank Marina construction site in April.

“The Spoilbank Marina Project will make sure our recreational boaters have safe access to boat launching and berthing facilities, and support the community through a pipeline of works within the region that creates new jobs and opportunities for local businesses.”

MINISTER FOR PORTS RITA SAFFIOTI



Artist's impression: during the year, plans for a wheelchair-accessible public jetty to be built on the western side of the Spoilbank Marina basin were progressed.

Performance Against Our Objectives

Case Study: Working with Kariyarra artists and creatives

Along with providing amenities for recreational vessel users, the Spoilbank Marina is intended to activate the Port Hedland waterfront. Social and recreational benefits to the broader Hedland community will be delivered by providing a new public recreation and gathering space and public art.

Commencing in the latter half of 2021, the Authority partnered with public art consultant FORM to conduct two Expressions of Interest (Eoi) processes to identify local artists and creatives interested in contributing 2D and 3D art and designs for public spaces within the marina.

One of the Eois specifically targeted artists who are Kariyarra (Traditional Owners for the Port Hedland area) while the other invited interest from any artist or artistic team who lives or works in Port Hedland or has a connection to Port Hedland.

Subsequently, 10 Kariyarra artists attended a three-day professional development workshop to develop concepts for public artwork at the Spoilbank Marina.

These concepts are being assessed by a selection committee. The successful artists will be commissioned to create the public artwork that will form a fundamental part of the marina, showcasing the culture and stories of the Kariyarra people.



Project Officer Sion Pierre and Project Director Nick Dawe with artist Willara Barker, centre, at the Kariyarra Artists Workshop. Photos courtesy of FORM.



Artist Sally Mack.



Artist Antahlia Thomas.

Performance Against Our Objectives

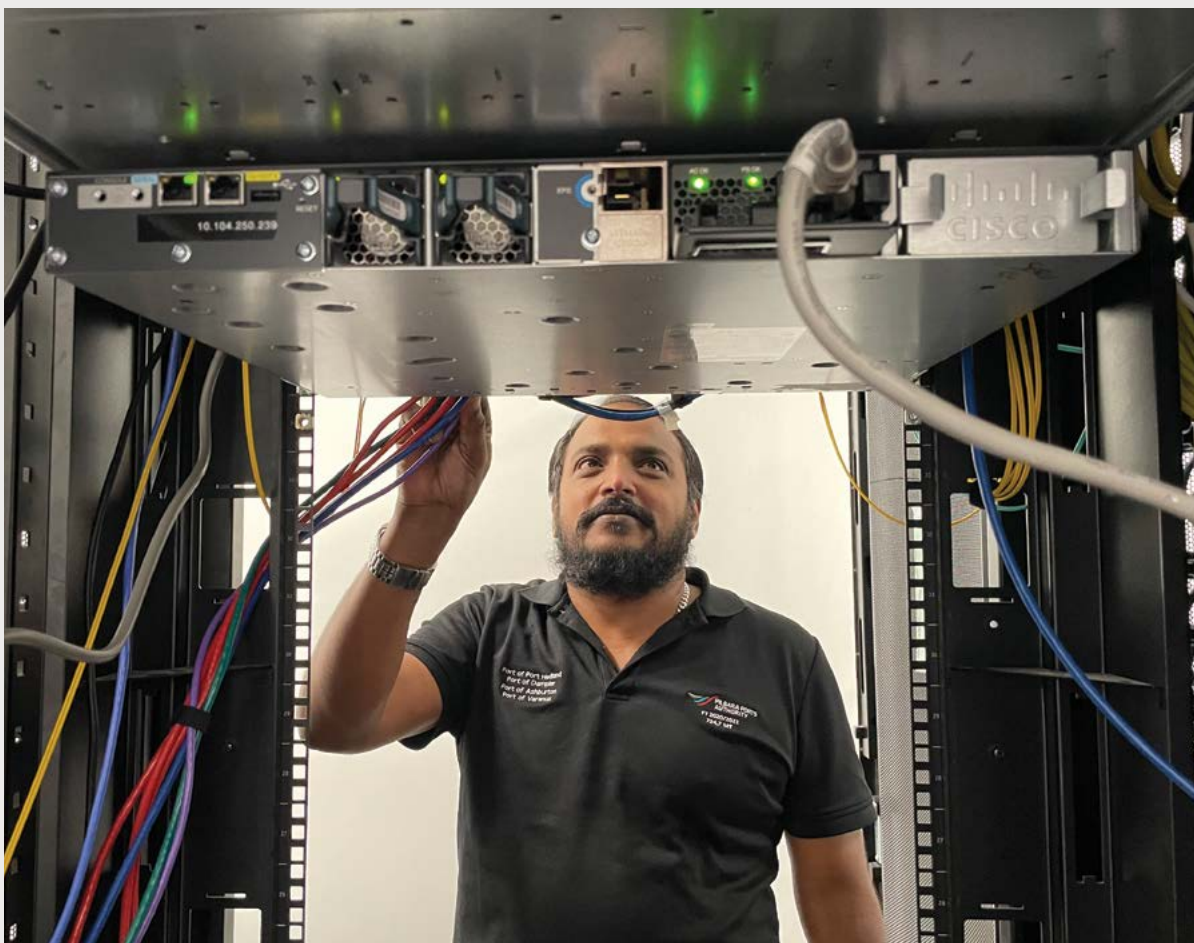
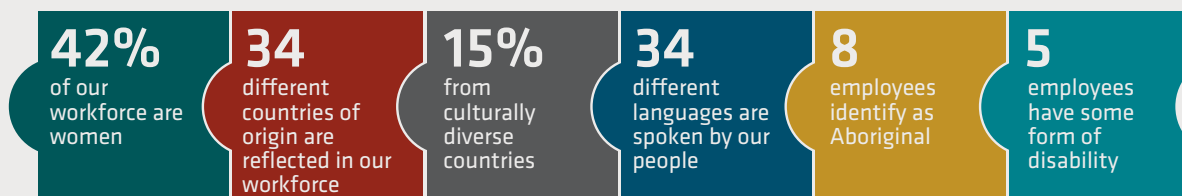
Inclusion at Pilbara Ports Authority

The Authority is committed to advancing an inclusive and productive workplace culture where people are valued and respected.

The Authority's Diversity and Inclusion Plan (the Plan), which received Board approval in September 2020, focuses on building frameworks and programs that support an inclusive workplace culture.

The Plan supports equal employment opportunity (EEO) and a work environment that is free from racial, sexual and any other forms of harassment. It includes actions to achieve a workplace that is free from employment practices that are biased or discriminate unlawfully against employees or potential employees.

The Authority's Human Resources function co-ordinates the implementation of the Diversity and Inclusion Plan and the Diversity and Inclusion Working Group (DIWG). The DIWG draws its membership from all sites and business areas in order to support and consult on initiatives across all of the Authority's work locations.



Manager Technology and Information Habib Rahman.

Performance Against Our Objectives

During the reporting period, the Authority has:

- Developed pathways to improve Aboriginal employment and education as part of the annual Workforce Plan, including designing a legal internship;
- Increased youth development, by creating two additional youth training roles and two additional Marine Cadet positions;
- Delivered Working with Respect training to all new employees and required existing employees to undertake the program every two years;
- Developed and implemented procedures for working from home and individual flexibility;
- Undertaken a partnership agreement with JobAccess to review the Authority's inclusion of people with disability;
- Undertaken career planning initiatives for talented females through leadership programs, internal promotion, development roles and acting opportunities;
- Continued involvement in industry interagency knowledge sharing groups; and
- Provided numerous work experience and training opportunities for young people.

DIVERSITY AND INCLUSION WORKING GROUP

During the reporting period, the DIWG has:

- Finalised the DIWG terms of reference and promoted them internally;
- Developed a survey for employees to vote on cultural and inclusion events of cultural and individual significance. The survey results were used to develop an interactive calendar with links to event resources on PPA's Intranet;

- Arranged for DIWG members to attend training workshops to enhance disability awareness and how to call out poor, inappropriate and non-inclusive behaviours;
- Developed an Intranet page for the DIWG to share information, including the terms of reference, the Cultural and Inclusion Event Calendar and other resources;
- Met quarterly and selected a cultural and inclusion event to promote each quarter,

including International Day of People with Disability, Zero Discrimination Day and National Reconciliation Week;

- Recommended and implemented a membership with Diversity Council Australia;
- Sponsored employees to attend Diversity and Inclusion events and EEO training; and
- Arranged an International Women's Day panel discussion on Women in Leadership.



Utah Landside Superintendent Stephen Myers, Administration Officer Sue Armstrong and Mechanical Supervisor Matthew Newett at Utah Point Bulk Handling Facility.

Performance Against Our Objectives

Supporting Regional Employment and Training

The Authority developed its Youth Training Strategy to increase opportunities for young people based in regional areas where the Authority operates, as well as the skills required to support the port industry more broadly.

The Authority's Strategy started with trade-based apprenticeships and has expanded to include Marine Cadets, Trainees, Graduates and School-Based Trainees.

Highlights from the reporting period:

- The Authority's Youth Training Strategy was Highly Commended in the Diversity & Inclusion Category of the 2021 DCN Shipping and Maritime Industry Awards.
- The Authority's inaugural Marine Cadet, Kyal Randazzo, who started his cadetship in Port Hedland in 2018, graduated with an Advanced Diploma of Nautical Science – 2nd Officer Licence.

- Marine Cadets Ben Hobart and Morgan Ruston continued their sea-going time and broadened their exposure via gas tankers and dredging vessels.
- The Authority's first two female Marine Cadets, Jeri Ingleton and Katelyn Arnold, completed their pre-sea training, and completed their first sea voyage on board an iron ore vessel.
- Brodie Ninness, of Karratha, became the sixth school leaver from the Pilbara to join PPA's Marine Cadetship Program and commenced a Certificate III in Maritime Operations.
- Two Graduates continued their programs in the Engineering and Infrastructure and Mapping and Data teams, and one new Graduate in Engineering and Infrastructure was appointed.



The Authority's Human Resources Team, including Jo-Anne Bell, Alyse Paterson and Helen Myers, was a driving force behind the Youth Training Strategy that was recognised by DCN.

Performance Against Our Objectives



School-based trainee Charity Salise with MSIC Administration Officers Janyce Crawford and Kevina Kluck.

- One Apprentice Electrician completed their trade; another Apprentice Electrician commenced their trade and three other Apprentices continued their trades in heavy fabrication (boiler maker), electrical and mechanical.
- Work experience and familiarisation opportunities were provided to Pilbara high school students.



Marine Cadet Brodie Ninness.

- One full-time Trainee completed their Certificate IV in Accounting and Bookkeeping.
- The Port of Dampier hosted three School-Based Trainees and the Port of Port Hedland hosted five School-Based Trainees. In addition, two School-Based trainees completed a Certificate II in Engineering and one Public



Electrical apprentice Jenana Ramsay.

- Sector Aboriginal School-Based Trainee completed a Certificate II in Government.
- Representation of the Authority's employees who are aged 25 years or younger is 8.4 per cent and has increased from two young people employed in 2015 to 25 young people in 2022.
- Three of the 25 employees aged 25 years or younger identify as Aboriginal.

Performance Against Our Objectives

Case Study: Marine Cadet Program

The Authority is proud to be training the next generation of mariners through its Marine Cadet Program, which is a key component of the Youth Training Strategy.

Maritime workers, including marine pilots, harbour masters and towage operators, are all highly skilled professionals who take years to obtain the necessary qualifications and experience required.

The Marine Cadet Program was initiated in 2017 to provide a career pathway in marine industries for young people in the Pilbara, while also presenting an opportunity to address declining numbers of experienced Australian mariners for specialised roles. The program draws on the wealth of experience within the Authority to provide a fully mentored pathway into the maritime industry for Pilbara-based high school graduates.

The Authority's Human Resources and Marine teams collaborated to establish the program and ongoing mentorship of cadets, including developing a training plan, engaging with shipping companies to arrange sea time for cadets, coordinating mandatory training and preparing cadets for life at sea.

MARINE CADET KYAL RANDAZZO

Kyal Randazzo was the Authority's first Marine Cadet, graduating from the program in January 2022 with an Advanced Diploma of Nautical Science – 2nd Officer Licence.

Port Hedland Deputy Harbour Master Jason Rebello, who mentored Mr Randazzo throughout his cadetship, said he was proud to see him graduate the program and join a ship as a certified navigation officer.

"The most rewarding aspect has been to not just be part of his journey from a cadet to an officer, but to see the flame of desire kindled in him to become a ship's captain someday and eventually to become a marine pilot at the Port of Port Hedland," Captain Rebello said.



Recruitment Coordinator Arlene Taylor, Port Hedland Deputy Harbour Master Jason Rebello, Marine Cadet Kyal Randazzo and Senior HR Business Partner Jo-Anne Bell at Mr Randazzo's graduation celebration.

"The program is fulfilling its original intent and purpose of providing an alternative career pathway to local youth, while also providing a steady stream of maritime talent for the Australian shipping industry."

Performance Against Our Objectives

MARINE CADETS KATELYN ARNOLD AND JERI INGLETON

Katelyn Arnold and Jeri Ingleton joined the Marine Cadet Program in 2021 as the first female Marine Cadets to participate in the program.

They set sail on their first sea-going voyage in December 2021 and spent more than six months on board an iron ore carrier.

Dampier Harbour Master Mike Minogue has mentored the young women through the early stages of their cadetship and is proud to see them successfully complete their first voyage.

“As a cadet, you need to have determination to succeed and a strong support network. We provide them with that support to help them achieve their goal,” Captain Minogue said.

“It has been very rewarding watching the cadets realising their dreams and finding a love for the sea that I share with them.

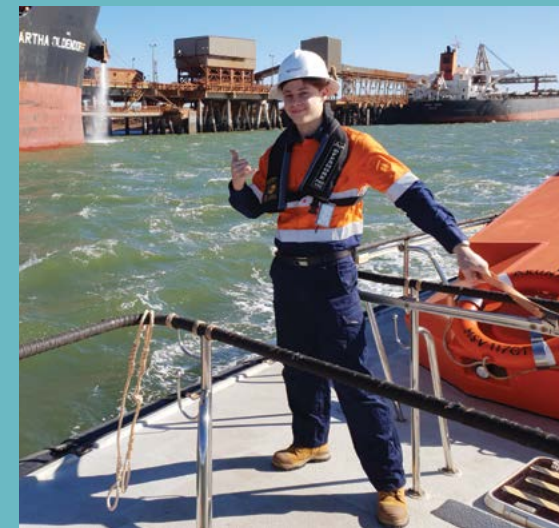
“It is important for Australia’s maritime industry to keep providing these pathways to local youth, especially with the lack of Australian-crewed vessels.”



Marine Cadet Jeri Ingleton, Dampier Harbour Master Mike Minogue, Marine Cadet Katelyn Arnold and the Authority’s CEO Roger Johnston at the Port of Dampier.

Ms Arnold said despite some challenges, she gained invaluable experience on the Capesize bulk carrier, including in navigation and ship maintenance.

“Life on board can at times be lonely and secluded for seafarers, but the support is unbelievable. I’m forever grateful for the opportunity Pilbara Ports Authority provides and I can’t wait to see what the future holds,” she said.



Kyal Randazzo of Port Hedland, pictured here in 2018, became the first Marine Cadet to graduate from the Authority’s program in early 2022.

Performance Against Our Objectives

Supporting Local Jobs and Businesses

During the year, the Authority continued to support local workers and businesses by adopting and supporting State Government procurement and contracting initiatives.

Outcomes from the reporting period are listed here against each initiative.

ABORIGINAL PROCUREMENT POLICY

- Of eight public tender processes completed by the Authority during the reporting period, five of the tenders awarded by the Authority demonstrated a commitment to Aboriginal participation, including Aboriginal employment outcomes or subcontracting opportunities to Aboriginal businesses.
- The Authority amended its tender documents to incorporate minimum targets for Aboriginal participation and changed its Procurement Procedure to improve Aboriginal business participation in the Authority's procurement processes.

WA INDUSTRY PARTICIPATION STRATEGY (WAIPS)

The Authority awarded 20 contracts for the supply of goods and services that met WAIPS requirements to increase participation by local businesses and support jobs in WA.

BUY LOCAL POLICY AND REGIONAL CONTENT

The Authority awarded 69 supply contracts with a total contract value of \$144 million, excluding contingency amounts. The labour, suppliers and materials in the contracts were:

- 32 per cent (\$46 million) from the Pilbara region;
- 39 per cent (\$56 million) from Western Australia outside of the Pilbara region;



The Spoilbank Marina Project team describing contract opportunities to local businesses in Port Hedland.

Performance Against Our Objectives

- 24 per cent (\$35 million) from Australia/New Zealand outside of WA; and
- 5 per cent (\$7 million) from overseas.

The Authority presented at workshops in the Pilbara to provide local suppliers with an overview of the Authority's procurement processes and opportunities. The Authority also executed the Buy Local Policy Implementation Agreement – a non-binding agreement between the Authority and JTSI which acknowledges the Buy Local Policy.

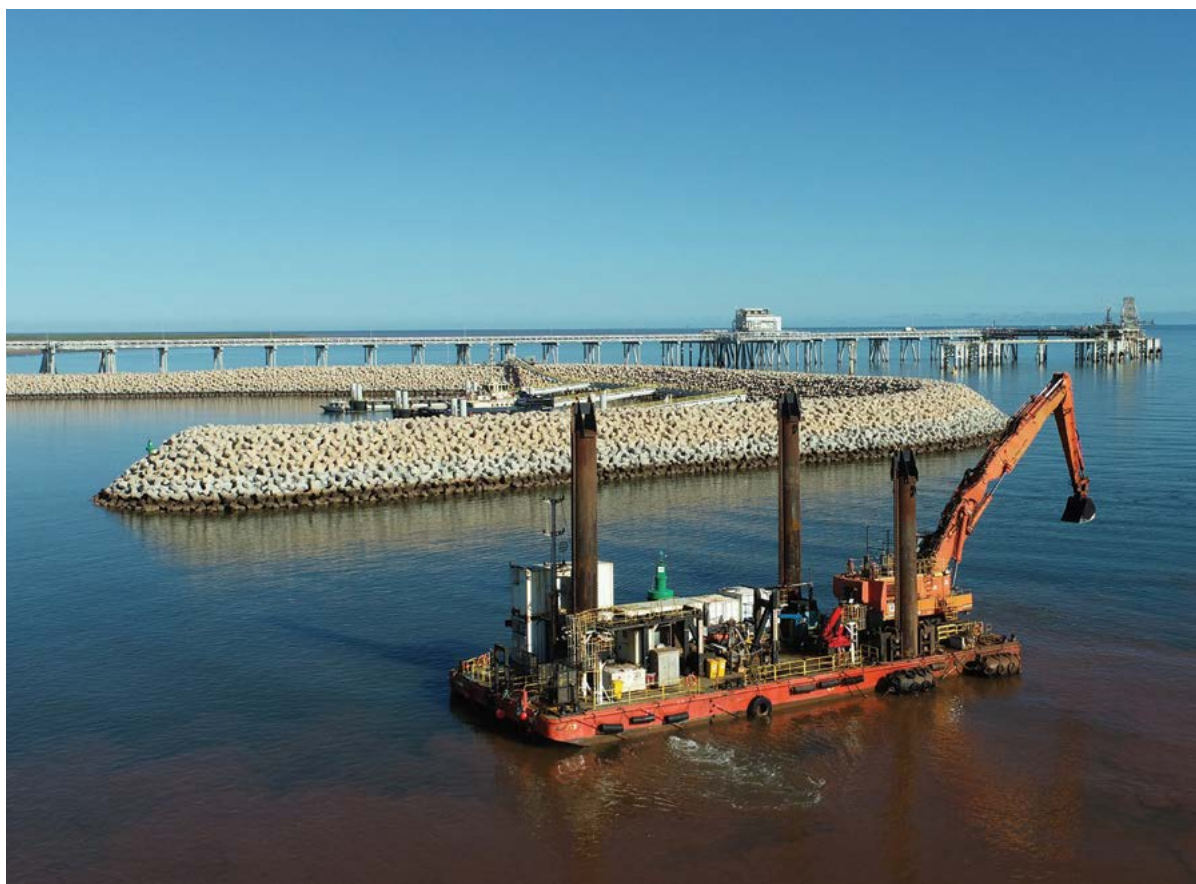
In addition, the Authority provided input to JTSI-sponsored communications forums held in Port Hedland and Karratha and will continue to actively participate in these forums.

OTHER GOVERNMENT INITIATIVES

The Authority addressed commitments outlined in its 2020/21 Modern Slavery Statement by ensuring all contract and tender documents are amended to include terms that manage the risk of modern slavery for contracts awarded by the Authority.

The Authority supported the WA Priority Start Policy, which aims to increase numbers of apprentices and trainees in the building and construction industry, by implementing tender, contract and reporting requirements for applicable building, maintenance or construction contracts issued by the Authority. During the year, the Authority executed six contracts intended to meet the criteria for the Priority Start Policy.

These were: the Spoilbank Marina Works Package 2b (\$25 million), Spoilbank Marina Works Package 2c (\$34 million), Nelson Point Tug Haven Revetment Stabilisation (\$29 million), Ashburton Storage Shed (\$5 million), Port Hedland Berth 1 Piles Refurbishment (\$8 million) and Spoilbank Marina Works Package 3 (\$11 million).



Maintenance dredging was undertaken during the year at Ashburton Cargo Wharf.

Performance Against Our Objectives

Operating Safely During COVID-19

NAVIGATING THE COVID-19 PANDEMIC

During the reporting period, the Authority continued to respond to challenges posed by the COVID-19 pandemic and adapt to an often changing environment, while maintaining safe and efficient operations.

COMMUNITY ENGAGEMENT

The Authority worked with government departments and industry to engage with the community. This included assisting WA Health to establish pop-up vaccination clinics in communities in the Pilbara where the Authority operates. Labour was provided to help set up and pack up clinics, employees helped during clinic operations and free coffee and snacks were provided to people who had received their vaccination.

Through its membership with the Chamber of Minerals and Energy (CME) WA, the Authority participated in a dedicated North-West Response Working Group, which resulted in coordinated assistance to Pilbara communities by CME members. The Authority provided financial assistance to two remote Aboriginal communities, which enabled COVID-19 food and care packs to be delivered to the communities during a peak of case numbers.



Member for Pilbara Kevin Michel, left, Minister for Ports Rita Saffioti, centre, and Authority CEO Roger Johnston, right, visit a Karratha COVID-19 vaccination clinic that Authority staff helped set up.

The Authority provided local knowledge to State Government departments throughout the year and acted as a conduit to communicate key information to the many businesses that work at Pilbara ports.

MARINE OPERATIONS

At the start of the pandemic, the Authority implemented processes for the arrival of vessels and the exchange of seafarers that met all requirements of the State Government, Australian Border Force (ABF) and Department of Agriculture, Water and Environment (DAWE), in accordance with the *Biosecurity Act 2015*.

These were regularly reviewed and modified as government requirements were changed to reflect the changing risk profile of the pandemic. The Authority also remained engaged with government departments and agencies to ensure controls in the maritime sector were appropriate and complied with. For example, the Authority liaised closely with WA Police's Operation Tide throughout the year. The Authority also met with port proponents several times to review vessel berthing protocols and adjusted them when appropriate, so that they remained risk-based while keeping port workers and the community safe.

Performance Against Our Objectives

“I have been very impressed with the meetings they have held about COVID to keep us informed, and their response to handling the COVID situation, and cooperation with Department of Health and the police.”

INDUSTRY STAKEHOLDER, 2022 KANTAR SURVEY

“It has been a challenging period during COVID, and they managed the port during that period effectively to keep it running at maximum capacity.”

INDUSTRY STAKEHOLDER, 2022 KANTAR SURVEY

As part of the implementation of the Government's Safe Transition Plan, the Authority also worked closely with WA Police, DAWE, ABF and the Australian Maritime Safety Authority to re-establish shore leave for seafarers in its ports and also to facilitate further seafarer exchanges.

OPERATIONAL RESPONSE

The State Government's border controls presented the Authority with operational challenges, particularly for movement of a small number of interstate-based port workers critical to the Authority's operations. Working closely with WA Police, WA Health and the Chief Health Officer, the Authority established protocols that kept the community safe while minimising impacts to operations. The protocols were constantly under review and proved to be very successful. The Authority is also taking steps to reduce reliance on interstate-based critical workers.

HEALTH AND SAFETY RESPONSE

The Authority quickly established a COVID-19 management plan at the outset of the pandemic. Throughout the year, this plan was reviewed and adjusted to remain compliant with changing State Government directions and to address the risks presented at the time.

One notable success was the implementation of the State mandatory COVID-19 vaccination policy which applied to port workers. In any 12-month period, around 4,000 workers from a range of organisations will access Authority sites. The Authority communicated with these stakeholders effectively and adapted its existing site access system and adopted other technologies to successfully meet the vaccination policy without causing interruption to operations.

Another notable success was the implementation of working from home arrangements for the Authority's employees. Early in the pandemic, the Authority stress-tested its ICT infrastructure and prepared employees to adapt to working from home, which was required to be adopted several times throughout the year to keep employees safe and meet State Government requirements, while not impacting on port operations.



The Authority helped prepare hampers for seafarers unable to disembark at Christmas due to COVID-19.

Performance Against Our Objectives

Caring For Our Environment

The Authority undertook a wide range of environmental and cultural heritage management activities across its sites during the reporting period.

Some significant achievements and milestones included:

- The State-Wide Array Surveillance Program (SWASP), developed in collaboration with the Department of Primary Industries and Regional Development and other WA port authorities to monitor for and manage introduced marine pests, was positively highlighted as a case study by DAWE in its Making General Surveillance Work report released in April.
- The Authority delivered graffiti management training to Rangers from Murujuga Aboriginal Corporation (MAC) and Department of Biodiversity, Conservation and Attractions (DBCA). Seven Rangers undertook the training, learning how to identify, manage and record graffiti; the removal process for permanent marker, crayon and chalk graffiti; and how to mask scratched graffiti using oxide pigments to camouflage markings so they blend in with the natural rock surface and are no longer visible.



Environment and Heritage Manager Derek Walker preparing to plant mangrove seedlings in Murujuga National Park.

Performance Against Our Objectives

- The Authority implemented an inaugural sand bypassing campaign at the Port of Ashburton in accordance with its Coastal Processes Monitoring and Management Plan to maintain the natural flow of sand along the Ashburton coast and protect its environmental and social values.
- The Authority continued to collect data for and develop a Marine Environmental Quality Management Program as a best practice measure to monitor and protect the unique environmental values of the Ports of Dampier and Port Hedland.
- More than 350 children from eight Pilbara schools participated in the Authority's Mangrove Mates education program, which involves learning about and planting mangrove seedlings. The Authority donated 1,000 seedlings from its mangrove nursery to help rehabilitate a degraded area of Murujuga National Park and helped to plant them in collaboration with MAC Rangers, DBCA, local school children and Yara Pilbara.
- Through Government agency consultation and careful planning of the Spoilbank Marina development, the Authority safely relocated more than 600 fish of over 40 different species from the construction site to the adjacent coastal marine environment.
- The Authority's Vertebrate Pest Management Program was expanded to include BHP's tenure in Port Hedland and was run as a collaborative project through PHIC led by the Authority, while in Dampier it was conducted in conjunction with PKKP Aboriginal Corporation Rangers.
- During the reporting period, the Authority continued work on a study that provides modelled estimates of air emissions derived from commercial vessels operating in the ports of Ashburton, Dampier and Port Hedland. The ability to understand annual commercial vessel emission levels within Pilbara ports provides an opportunity to benchmark these emissions against other sources and to measure incremental improvements resulting from reduction in fuel sulphur levels, which were mandated by the International Maritime Organisation on 1 January 2020. The study is the first of its kind in WA and is being completed in partnership with a leading management and environmental assessment organisation.

"In terms of environmental management, their stakeholder engagement is exceptional."

Partner organisation, 2022 KANTAR Survey



Environment Advisor Zoe Keller delivering the Mangroves Mates program to Pilbara school children.

Performance Against Our Objectives

Listening To Our Stakeholders

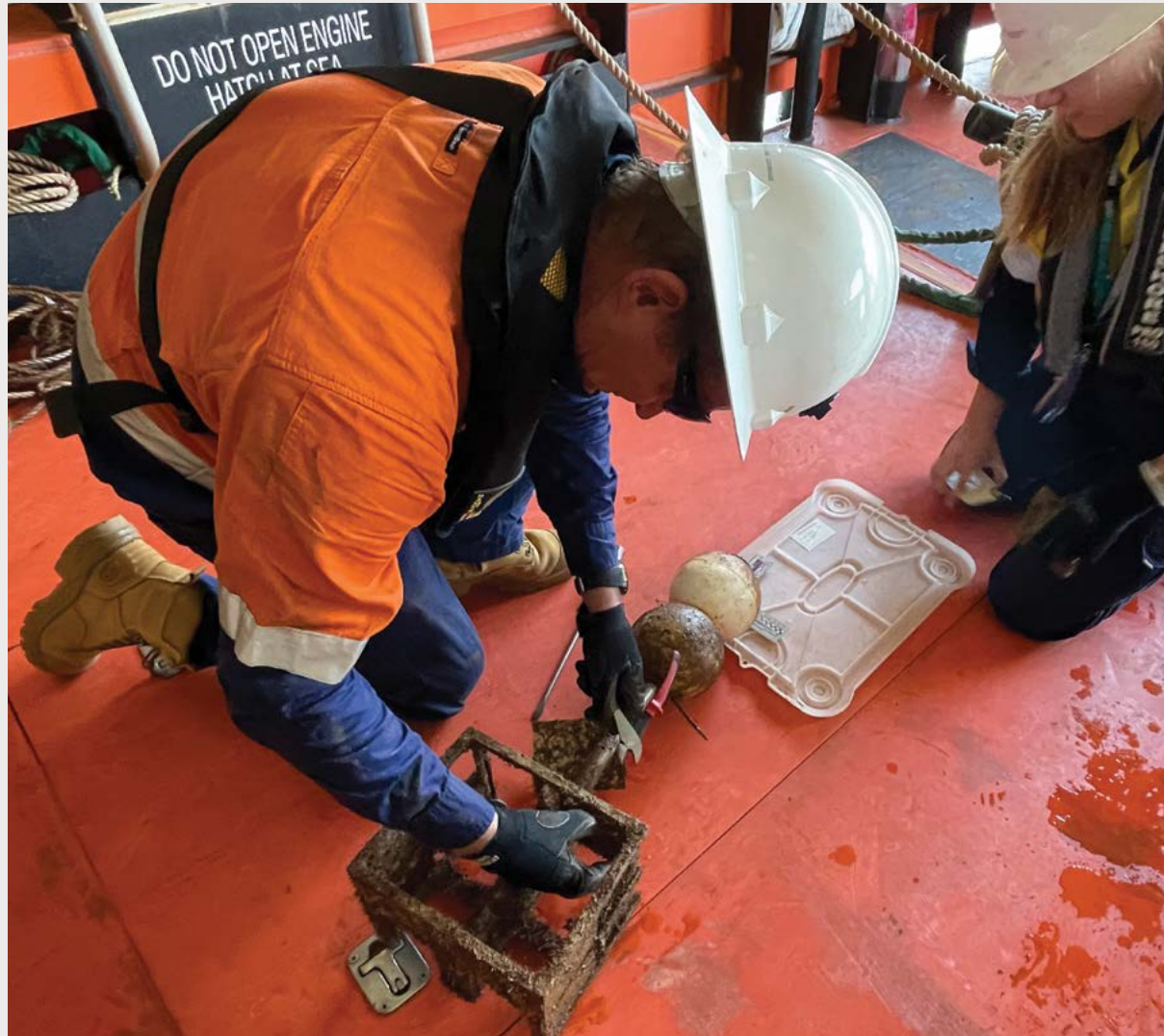
Pilbara Ports Authority seeks feedback on its performance and corporate reputation through its annual Stakeholder Satisfaction Survey.

The 2022 Survey was the eighth instalment.

In the 2022 Survey, 161 stakeholders were interviewed, representing the Authority's port users, service providers, community members and organisations and local, State and Federal government stakeholders.

The Authority achieved a corporate reputation score of 74 based on the Kantar Public TR*M Corporate Reputation Index, which is in the Excellent category. The result was benchmarked against a Western Australia Ports norm of 68 and an all Australia average of 79.

The Authority's employees are considered to be knowledgeable and forthcoming with information which is helpful to port users. The Authority is viewed as an organisation that consistently delivers a high standard of work.

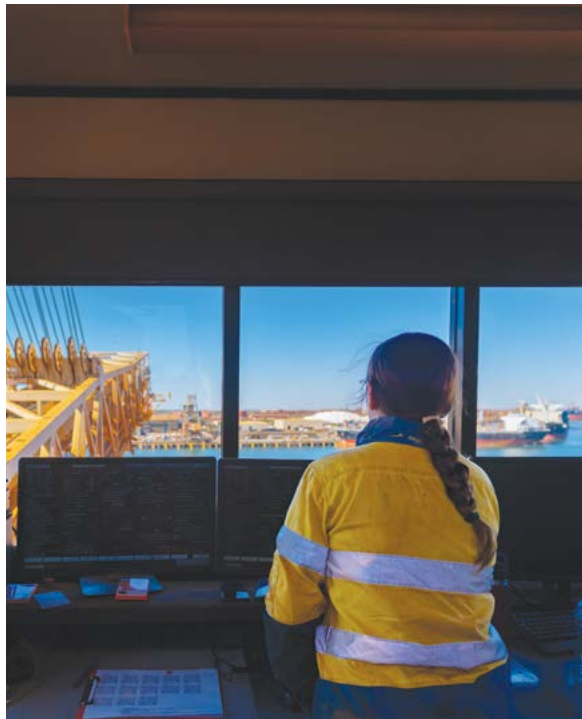


The Authority collaborated with port users and other stakeholders to run a marine pest surveillance program.

Performance Against Our Objectives

The Authority was again recognised for its commitment to safe operations, with the 2022 Survey ranking equal to or higher than last year's results.

Amongst Senior Stakeholders, the Authority was ranked higher in the areas of Safe Operations, Environmental Protection and Strategy Development and Trade than in the 2020 and 2021 surveys.



An operator for a logistics company works a ship loader at Utah Point.



Administration Officer Sue Armstrong, Mechanical Supervisor Matthew Newett, Electrical Supervisor Chris O'Hara and Utah Landside Superintendent Stephen Myers inspecting a warehouse under construction.

Performance Against Our Objectives

WHAT OUR STAKEHOLDERS SAID

SAFE OPERATIONS

What they are able to achieve in terms of productivity and manage that in a safe way – it’s an incredible achievement.”

“They keep improving the productivity year-on-year and always with a high focus on safety.”

“They are extremely effective at providing safe and efficient operations.”

ENVIRONMENT

“They are very strong on anything that might be seen to be causing an environmental issue, in water or in the air. “

“They’re very collaborative, good experience. They’re always driving for the right outcome when it comes to environment and heritage.”

“They could increase their focus further on the environment side of shipping in terms of emissions from vessels and work with the industry to promote more efficient vessels entering the port.”

STAKEHOLDER ENGAGEMENT

“They have good partnerships and take a long-term view and take the relationships seriously.”

“They are always very supportive of local business and easy to get on with.”

“If there is an issue, they are straight on the phone to me, or I am on the phone to them. There’s a trust between us.”

LEADERSHIP

“Their executive is well engaged with relevant stakeholders on key issues.”

“Pretty good wealth of knowledge.”

“They have a comprehensive system of people being trained and the ongoing training that their staff go through is very good.”

FACILITIES

“Their facilities are well looked after, accessible, safe, easy to see and use.”

“They are easy to deal with and they are reinvesting in infrastructure to grow the region.”

FUTURE FOCUS

“PPA have been very forward-thinking in their approach to the West End Buy-Back and redevelopment through HMI.”

“There has been an increase in international cargo straight into Dampier. That has been good and welcomed. I would like to see that expand.”



Port of Port Hedland Deputy Harbour Masters Rohan Wadhwa and Jaspal Buttar (left and right) with VTS Officer Jo Armstrong and VTS Superintendent Mick Bailey, centre.

Performance Against Our Objectives

Cultural Heritage and Engagement

CULTURAL HERITAGE MANAGEMENT PLAN

Pilbara Ports Authority has a Cultural Heritage Management Plan (CHMP), developed in consultation with stakeholders, which identifies the systems and processes that enable the Authority to protect, promote and manage the cultural heritage values that exist within Authority lands and waters.

The CHMP is publicly available on the Authority's website, enabling the Authority to transparently communicate its cultural heritage management systems and processes to a wide range of port stakeholders including Authority staff, lessees and port users. The CHMP was first developed in 2015 by the Authority in consultation with cultural heritage stakeholders including Traditional Owners, port users, regulatory authorities, local government, and local history groups.

The CHMP is reviewed on a biennial basis with feedback from cultural heritage stakeholders taken into consideration. At the end of the reporting period, a review of the CHMP had been undertaken and cultural heritage stakeholders were being consulted on proposed updates to it.

ENGAGEMENT AND RECONCILIATION PLAN

The Authority has an Engagement and Reconciliation Plan (ERP), reviewed annually, that outlines a wide range of actions, initiatives and opportunities led by the Authority to advance engagement and reconciliation with Aboriginal and Torres Strait Islander peoples. The ERP also reports how the Authority progressed actions, initiatives and opportunities in the prior year.

The ERP is publicly available on the Authority's website. Objectives, actions, outcomes, and future goals will continue to be listed in the ERP under four outcome areas: acknowledgment and respect; employment; engagement; and business opportunities. Actions and outcomes related to the ERP that occurred during the reporting period are described throughout relevant sections of this report.

"From a heritage perspective, they are very hands-on protecting and conserving the land and ocean and been proactive with the artefacts that have recently been discovered."

COMMUNITY STAKEHOLDER, 2022 KANTAR SURVEY



Heritage Specialist Rob Brock, left, delivering graffiti management training to MAC Rangers.

Performance Against Our Objectives

Engaging With Our Community

COMMUNITY INVESTMENT

The Authority is a proud member of the Pilbara community and is committed to building sustainable communities in the region where it operates.

Community investment is one element of the Authority's engagement strategy. During the reporting period, the Authority committed \$280,803 in financial and in-kind support to community initiatives and events, local government groups, sporting and not-for-profit organisations through its Community Support Initiative (CSI) program.

The CSI program provides opportunities for the Authority to engage with the local communities in which it operates. The Authority records all community-based investments and activities in which it participates, and a transparent governance framework has been implemented to ensure the CSI application and decision-making process is fair and consistent.

In 2021/22, the Authority supported sporting groups, parents and citizens associations, charitable institutions, volunteer groups, chambers of commerce and industry, schools and Aboriginal foundations. Some examples follow.

The Authority sponsored the inaugural Cossack Dragon Boat Festival held in October 2021. Thirteen teams competed, drawing a crowd of 2,000 people who celebrated historical Aboriginal, Chinese and European cultural connections to Bajinhurrba (Cossack) in Ngarluma Country.

The Authority supported the 2022 State Country Water Polo Championships. As a result of the funding received, the Karratha Water Polo Association (KWPA) were able to host a successful and profitable tournament. In addition to covering the tournament costs, this funding allowed KWPA to procure a new safety cage for the transfer and storage of game equipment, new marquees and a new speaker system. These equipment items made a big difference to the overall running of the tournament and will continue to be used by the Association for years to come.

The Authority awarded funding to the Port Hedland Volunteer Fire and Rescue Services towards the purchase of a new ice machine. Volunteer firefighters have greatly appreciated coming back to the station to icy cold water after long shifts.



Stakeholder Engagement Advisor Ariana St Pierre, centre, with Onslow Primary School representatives, beside a water bottle refill station that the Authority helped to fund.

Performance Against Our Objectives

The Authority also worked with local government authorities to sponsor the following major community events:

Town of Port Hedland

- Australia Day Community Celebration
- Community Sports Awards
- Matt Dann 2022 Season: Presenting partner for S.T.R.I.N.G.S
- Welcome to Hedland Community Expo
- SLAM Basketball program for youth
- Reconciliation Week
- Capturing Port Hedland Memories
- Ship to Shore Run (inaugural event held 13 August 2022)

City of Karratha

- Australia Day Community Celebration
- Australia Day Community Citizen of the Year Awards
- Community Sports Awards
- Cossack Art Awards
- NAIDOC Week Celebrations
- Youth Week
- Red Earth Arts Festival



The Authority has been a proud supporter of the North Pilbara Football League since the launch of its Community Support Initiative.

Performance Against Our Objectives

COMMUNITY CONSULTATION COMMITTEES

The Authority hosts Community Consultation Committees at Onslow (near the Port of Ashburton), Dampier and Port Hedland, as required under Section 14A of the Act. Presentations include updates on port operations, projects and initiatives, environmental matters and community initiatives. Online options were made available when COVID-19 physical distancing restrictions were in effect. Meeting minutes are published on the Authority’s website.

LOCATION	MEETINGS HELD IN 2021/22	MEETINGS EXPECTED IN 2022/23
Port of Ashburton	2	2
Port of Dampier	3	3
Port of Port Hedland	3	3

INDUSTRY COLLABORATION

Pilbara Ports Authority collaborates with other port authorities and industry groups to share experiences and learnings. The Authority is a member and active participant of:

- Chamber of Commerce and Industry WA
- Clean Marine Fuels Institute
- Committee for Economic Development Australia
- Karratha & Districts Chamber of Commerce & Industry
- Onslow Chamber of Commerce & Industry
- Port Hedland Chamber of Commerce

- Port Hedland Industries Council
- Ports Australia
- Ports WA

COMPLAINT MANAGEMENT PROCESS

The Authority encourages feedback from its stakeholders and has a transparent process in place to ensure feedback is captured and responded to in a timely manner. For stakeholders who wish to make a formal complaint, the Authority has an external complaints procedure in place. The procedure is supported by a system which provides stakeholders with several options for progressing a complaint and enables complaints to be submitted in confidence and anonymously if requested. The system ensures complaints are investigated thoroughly, on a timely basis, and with the complainant receiving regular updates.

COMPLAINTS RECEIVED

During the reporting period, the Authority received external complaints relating to 12 matters, which were managed in accordance with the Authority’s External Complaints Procedure.

In July 2021, a complaint was received from a seafarer. However, the complaint matter was outside of the Authority’s jurisdiction. The complainant was advised of this and the Authority liaised with the relevant port authority and the Australian Maritime Safety Authority (AMSA) to ensure the complaint could be investigated.

Between September and November 2021, the Authority received six complaints from Port Hedland residents regarding work undertaken as part of the Spoilbank Marina Project. All complaints were reviewed, investigated and the outcomes, including mitigation strategies, were communicated to the complainants to their satisfaction.

In November 2021, another complaint outside of the Authority’s jurisdiction was received. The complainant was notified, and suitable complaint bodies were suggested.

In April 2022, the Authority received a complaint regarding inadequate waste facilities at the Port of Port Hedland. The complaint was investigated and the outcome communicated to the complainant.

Several noise complaints were received in June 2022 relating to piling works at Nelson Point Tug Haven. A noise exceedance was confirmed and the concern was addressed by scheduling noisy works to periods of least inconvenience and ongoing communication with affected persons and businesses.

Two complaints received in June 2022 were still being investigated at the end of the reporting period. These were a complaint relating to helicopter noise at the Port of Port Hedland and a complaint between neighbours, relating to an Authority-owned property.



The Authority followed up on questions raised by a member of the Port of Ashburton Community Consultation Committee.

Directors' Report

In accordance with Schedule 5, Division 3 of the Act, the Directors of Pilbara Ports Authority present their report for the 12 months ended 30 June 2022.

APPOINTMENT, RETIREMENT AND CONTINUATION OF DIRECTORS

A Director is appointed by the Minister for Ports in accordance with Section 7 (1) of the Act.

Directors are appointed for periods of up to three years and are eligible for reappointment.

The following persons were Directors of the Authority during the reporting period.

CURRENT DIRECTORS

Brad Geatches – BComm, MAICD Chair

Appointed on 24 May 2019 and current term ending on 30 June 2024.

Mr Geatches has 30 years' senior executive experience in underground mining, airports and seaports including as the Chief Executive Officer of Perth Airport Pty Ltd 2007–2016. He is also currently a Board Member of Brisbane Airport and Canberra Airport.

Amy Lomas – BEcon (Hons), MAICD Deputy Chair Chair of the Finance and Technology Committee

Appointed as a Director on 1 July 2018 and Deputy Chair on 1 January 2022 for a current term ending 30 June 2024.

Ms Lomas has 20 years' experience working in WA consulting and public sector roles. She is currently a Partner in PwC Australia's Integrated Infrastructure team.

Tom Stephens – BA (ANU), OAM, JP, GAICD Director

Appointed as Director on 17 August 2020 for a term ending on 30 June 2023.

Mr Stephens was a Member of the Western Australian Parliament 1982–2013, and held various portfolios including Housing and Works, Regional Development, Local Government, and Heritage. He is also the Chair of the WA Geographical Names Committee, a Trust Member of the Western Australia Regional Development Trust and a Director of the Western Desert Lands Aboriginal Corporation.

Karlie Mucjanko – BA, MBA(Exec), MAICD Director Chair of the Organisational Development Committee

Appointed as Director on 5 October 2020 for a term ending on 30 June 2023.

Ms Mucjanko is an experienced company executive and non-executive director, specialising in strategic communications, social licence and stakeholder relations. She spent most of her career in agribusiness including a decade as a senior executive with CBH Group. She is also a Director of Intergrain and the Australian Export Grains Innovation Centre.

Robert Scharnell – BSc Eng, MAICD Director Chair of the Risk, Safety and Sustainability Committee

Appointed as Director on 1 July 2021 for a term ending on 31 December 2022.

Mr Scharnell has 30 years' global experience within the resources and maritime sectors, including engineering, project management, business strategy, operations and governance.

Directors' Report

Walter Purio – Master Mariner, BSc, MBA, GAICD

Director

Appointed as Director on 1 January 2022 for a term ending on 31 December 2023.

Captain Purio spent 35 years at sea, including time with the US Navy and holds various executive and non-executive roles including as the Chair of Governors for Leeuwin Ocean Adventures Foundation and the Chair of the Asia Pacific committee for the Society for Gas as a Marine Fuel since 2021.

FORMER DIRECTORS

Les Longden – BEng (Hons), Grad Dip App Fin, FFIN, FAICD

Deputy Chair to 31 December 2021

Appointed as Deputy Chair of the former Port Hedland Port Authority Board on 1 October 2009 and retired from the Board on 31 December 2021.

Liz Hardwick – BA, LLB, GAICD

Director to 31 December 2021

Appointed as Director on 1 January 2019 for a term that ended on 31 December 2021.

Juliana Jorissen – LLB

Director from 1 January 2022 to 24 February 2022

Appointed as Director on 1 January 2022 and resigned on 24 February 2022.

BOARD MEETINGS AND COMMITTEES

During the reporting period, the Board:

- held 12 Board meetings considering 145 substantive agenda items;
- considered nine circular resolutions covering 14 substantive agenda items; and
- held 16 committee meetings considering 94 substantive agenda items.

CHANGES TO THE BOARD COMMITTEE STRUCTURE DURING THE PERIOD

The Board commenced the reporting period with three committees of the Board constituted under clause 13 of the Act, being the:

- Risk and Audit Committee;
- Organisational Development Committee; and
- Spoilbank Marina Committee.

At a meeting of the Board on 22 September 2021, the Board resolved to dissolve the Spoilbank Marina Committee.

At a meeting of the Board on 28 October 2021, the Board resolved to implement a new Board committee structure with effect from 1 November 2021. The structure composed of the following three Board committees with new or revised terms of reference for each:

- Risk, Safety and Sustainability Committee;
- Finance and Technology Committee; and
- Organisational Development Committee.

THE RISK SAFETY AND SUSTAINABILITY COMMITTEE

The Risk, Safety and Sustainability Committee commenced on 1 November 2021 and assumed most of the responsibilities of the former Risk and Audit Committee in assisting and advising the Board in relation to the internal control systems, corporate governance, risk management systems and internal audit. In addition, the Risk, Safety and Sustainability Committee also assists and advises the Board on sustainability, health and safety management systems and incident management.

Meetings: Three meetings between 1 November 2021 and 30 June 2022

Members: Robert Scharnell – Chair
Les Longden and Liz Hardwick
members to 31 December 2021
Walter Purio became a member from 1 February 2022

THE FINANCE AND TECHNOLOGY COMMITTEE

The Finance and Technology Committee was initiated on 1 November 2021 with its primary responsibilities being to assist and advise the Board in relation to financial reporting, the annual external financial audit, technology and information management governance (including cybersecurity management), and finance and technology internal audits.

Meetings: Two meetings between 1 November 2021 and 30 June 2022

Members: Amy Lomas – Chair
Brad Geatches

Directors' Report

THE ORGANISATIONAL DEVELOPMENT COMMITTEE

The Board reviewed and approved revised terms of reference for the Organisational Development Committee on 28 October 2021. The role of the Committee is to assist and advise the Board on remuneration, Board and committee nominations, people, organisational culture and structure and performance evaluation.

Meetings: Five during the reporting period

Members: Brad Geatches – Chair to 28 October 2021 and a member thereafter
 Karlie Mucjanko – Chair from 28 October 2021 and a member prior
 Tom Stephens – member from 28 October 2021

THE FORMER SPOILBANK MARINA COMMITTEE

The Spoilbank Marina Committee was established in May 2020 with the objective of undertaking additional oversight of the Spoilbank Marina Development Project on behalf of the Board and to provide support to management to facilitate the safe, efficient and cost-effective delivery of the Project while meeting the Minister's performance and strategic expectations.

The Board resolved to dissolve the committee on 22 September 2021 after being satisfied that the additional oversight of the Project by the Board Committee was no longer required.

Meetings: Three meetings between 1 July 2021 and 22 September 2021

Members: Brad Geatches – Chair
 Les Longden

THE FORMER RISK AND AUDIT COMMITTEE

The former Risk and Audit Committee's role was to assist the Board in the effective discharge of its responsibilities for financial reporting, internal control systems, internal and external audit functions, corporate governance and risk management.

The Committee was dissolved, and its functions were split between the new Risk, Safety and Sustainability Committee and Finance and Technology Committee effective from 1 November 2021.

Meetings: Three meetings between 1 July 2021 and 31 October 2021

Members: Les Longden – Chair
 Amy Lomas and Liz Hardwick

OTHER BOARD ACTIVITIES

The Board participated in three strategy planning sessions with executive management during the term and conducted one site visit to Port Hedland in October 2021, with other site visits being impacted by COVID-19 travel restrictions.

Directors' Report

BOARD MEETINGS

DIRECTOR	BOARD MEETINGS		RISK SAFETY AND SUSTAINABILITY COMMITTEE		FINANCE AND TECHNOLOGY COMMITTEE		ORGANISATIONAL DEVELOPMENT COMMITTEE		FORMER RISK AND AUDIT COMMITTEE		FORMER SPOILBANK MARINA COMMITTEE	
	Meetings Held ¹	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended	Meetings Held	Meetings Attended
Brad Geatches	12	12	NonM ²	NonM	2	2	5	5	NonM	NonM	3	3
Amy Lomas	12	11	NonM	NonM	2	2	NonM	NonM	3	3	NonM	NonM
Tom Stephens	12	12	NonM	NonM	NonM	NonM	3	2	NonM	NonM	NonM	NonM
Karlie Mucjanko	12	12	NonM	NonM	NonM	NonM	5	5	NonM	NonM	NonM	NonM
Robert Scharnell	12	12	3	3	NonM	NonM	NonM	NonM	NonM	NonM	NonM	NonM
Walter Purio	6	6	2	2	NonM	NonM	NonM	NonM	NonM	NonM	NonM	NonM
Juliana Jorissen	1	1	NonM	NonM	NonM	NonM	NonM	NonM	NonM	NonM	NonM	NonM
Les Longden	6	6	1	1	NonM	NonM	NonM	NonM	3	3	3	3
Liz Hardwick	6	6	1	1	NonM	NonM	NonM	NonM	3	3	NonM	NonM

1 Meetings in the period and in the Board Member's term.

2 "NonM" signifies that the director was not a member of the Committee, although non-members do attend committee meetings regularly as observers.

PRINCIPAL ACTIVITIES

The principal activities during the year were the provision of port services and facilities and the administration of the PHVBS, undertaken by HMI.

There were no significant changes in the nature of the activities during the year.

RESULTS

The profit before income tax for the financial year was \$272.2 million. The income tax expense attributable to the profit for the financial year was \$85.5 million.

DIVIDENDS

There were no dividend payments made during the financial year. The State Government approved the retention of the interim and final dividend relating to year ended 30 June 2022. These retained dividends are to fund infrastructure projects over the forward estimates.

Directors' Report

REVIEW OF OPERATIONS

The Authority manages the ports of Dampier, Port Hedland, Ashburton and Varanus Island pursuant to its statutory functions. Through its wholly owned subsidiary, HMI, the Authority also administers the PHVBS.

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

	2022	2021
Profit before income tax	272,160	228,768
Income tax expense	(85,500)	(68,842)
Profit for the year	186,660	159,926
Other income	14	36
Retained earnings at 1 July	512,899	464,850
Dividend paid in the financial year	–	(111,913)
Retained earnings at 30 June	699,573	512,899

STATE OF AFFAIRS

There were no significant changes in the state of affairs during the reporting period.

Pilbara Ports Authority operates in WA under the provisions of the *Port Authorities Act 1999* (the Act).

ENVIRONMENTAL REGULATION

The Authority's operations are subject to regulation under both Commonwealth and State environmental legislation applicable to any Australian commercial entity.

Under the Act, the Authority is also required to "protect the environment of the port and minimise the impact of port activities on that environment".

EVENTS SUBSEQUENT TO REPORTING DATE

In the opinion of the Directors, there were no events subsequent to the end of the financial year and to the date of this report that significantly affected, or were likely to affect, operations, the results of those operations or the state of affairs, in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Authority will continue to operate the business and work closely with its customers and stakeholders to fulfil its trade facilitation role, including in relation to the development of Lumsden Point and the Dampier Cargo Wharf Extension.

The Authority will continue to participate in the PHVBS and Spoilbank Marina Development.

DIRECTORS' DISCLOSURES

Directors' Benefits

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

Interests in Contracts

Pilbara Ports Authority did not enter into any contracts with entities in which Directors declared a conflict of interest.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Directors and Officers Liability Insurance Policy was renewed during the financial year to ensure that the Directors and Officers had adequate insurance cover against liabilities and expenses arising as a result of work performed in their capacities, to the extent permissible under the law. The Authority paid an insurance premium of \$159,000 in respect of the Directors and Officers Liability Insurance Policy for the 2021/22 reporting period.

At the date of this report, no claims have been made against the policy in respect to Directors' and Officers' liabilities.

APPOINTMENT OF AUDITORS

The Office of the Auditor General (OAG) has been appointed as the Authority's auditor in accordance with Schedule 5 Clause 14 of the Act.

KPMG was engaged by the OAG to conduct the audit field work and provide advice to the OAG. The total fee payable for the financial year ending 30 June 2022 was \$167,302 (GST exclusive) in accordance with Schedule 5 Clause 37 (2) of the Act.

Directors' Report

ROUNDING OF AMOUNTS

Amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

REMUNERATION REPORT

Board and Executive Remuneration

The nature and amounts of emoluments of the Board are determined by the Minister for Ports. The Board, with the approval of the Minister and subject to the Salaries and Allowances Act 1975, determines the emolument package of the Chief Executive Officer. The Board delegates to the CEO the power to determine the terms and conditions of other senior executives in accord with a policy under which the Authority engages emolument consultants to report and recommend competitive emolument packages for senior executives based on benchmarking with other organisations. The performance of the CEO and senior executives is monitored against agreed criteria and reported regularly to the Board.

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

Non-Executive Directors Emoluments

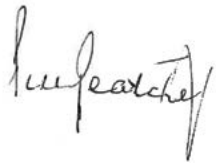
NAME	POSITION	MEMBERSHIP DURING THE PERIOD	SHORT TERM BENEFITS BOARD AND COMMITTEE FEES	POST-EMPLOYMENT BENEFITS SUPER-ANNUATION	TOTAL
			\$'000	\$'000	\$'000
Brad Geatches	Non-Executive Chair	1 July 2021 – 30 June 2022	89	9	98
Amy Lomas	Non-Executive Deputy Chair	1 July 2021 – 30 June 2022	49	5	54
Tom Stephens	Non-Executive Director	1 July 2021 – 30 June 2022	44	4	48
Karlie Mucjanko	Non-Executive Director	1 July 2021 – 30 June 2022	46	5	51
Robert Scharnell	Non-Executive Director	1 July 2021 – 30 June 2022	45	5	50
Walter Purio	Non-Executive Director	1 January 2022 – 30 June 2022	21	2	23
Juliana Jorissen	Former Non-Executive Director	1 January 2022 – 24 February 2022	6	1	7
Les Longden	Former Non-Executive Deputy Chair	1 July 2021 – 31 December 2021	27	3	30
Liz Hardwick	Former Non-Executive Director	1 July 2021 – 31 December 2021	23	2	25
Total			350	36	386

Directors' Report

Executive Emoluments

NAME	POSITION	SHORT TERM BENEFITS			POST-EMPLOYMENT BENEFITS	TOTAL
		SALARY	OTHER	TOTAL	SUPERANNUATION	
		\$'000	\$'000	\$'000	\$'000	\$'000
Roger Johnston	CEO	474	75	549	71	620
Phil Christy	General Manager Marine	377	0	377	49	426
Nick Sarandopoulos	General Manager Finance, Technology & Information	298	35	333	43	376
Total		1,149	110	1,259	163	1,422

This report has been approved in accordance with a resolution of the Board on 29 August 2022.



Brad Geatches
Chair



Amy Lomas
Deputy Chair



Lumsden Point Module Offloading Facility at the Port of Port Hedland, photographed in November.

Financial Statements
for the year ended 30 June 2022

Financial Statements

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Consolidated Statement of Comprehensive Income

for the year ended 30 June 2022

	NOTES	GROUP 2022 \$'000	GROUP 2021 \$'000
REVENUE			
Revenue	3	571,527	495,537
Other revenue	4	17,585	26,339
Total revenue		589,112	521,876
EXPENSES			
Supplies and services	5	(95,540)	(81,569)
Employee benefits	6	(57,189)	(56,768)
Asset maintenance		(23,418)	(25,484)
Port utilities		(11,028)	(10,876)
Rates and taxes		(8,300)	(7,165)
Finance expenses	7	818	(6,475)
Depreciation and amortisation		(98,806)	(83,394)
Impairment of assets	8	(10,023)	(2,463)
Other expenses	9	(13,466)	(18,914)
Total expenses		(316,952)	(293,108)
Profit before income tax		272,160	228,768
Income tax expense	10	(85,500)	(68,842)
Net profit after tax		186,660	159,926
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability, net of tax	23 (c)(ii)	14	36
Changes in the asset revaluation reserve, net of tax	25 (b)	470	331,527
Total other comprehensive income		484	331,563
Total comprehensive income for the period		187,144	491,489

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

Consolidated Statement of Financial Position

As at 30 June 2022

	NOTES	GROUP 2022 \$'000	GROUP 2021 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	11	609,088	422,817
Trade receivables	13	72,478	67,062
Other receivables	14	16,644	6,878
Inventories		6,590	6,614
Total current assets		704,800	503,371
Non-current assets			
Property, plant and equipment	15	2,857,654	2,816,928
ROU property, plant and equipment	17	39,773	39,240
Intangible assets	18	1,789	3,217
Investment in associates		280	302
Total non-current assets		2,899,496	2,859,687
Total assets		3,604,296	3,363,058
LIABILITIES			
Current liabilities			
Trade payables		1,849	4,933
Other payables	19	23,700	28,904
Interest bearing borrowings	20 (a)	43,626	3,416
Lease liabilities	21 (a)	15,181	12,927
Current tax liabilities	22	18,128	19,453
Provisions	23 (a)	10,593	9,726
Total current liabilities		113,077	79,359

Consolidated Statement of Financial Position

As at 30 June 2022

	NOTES	GROUP 2022 \$'000	GROUP 2021 \$'000
Non-current liabilities			
Interest bearing borrowings	20 (b)	98,573	102,198
Lease liabilities	21 (b)	25,707	27,175
Provisions	23 (b)	73,144	80,040
Deferred tax liabilities	24	593,130	608,383
Total non-current liabilities		790,554	817,796
Total liabilities		903,631	897,155
NET ASSETS		2,700,665	2,465,903
EQUITY			
Contributed equity	25 (a)	421,184	373,566
Reserves	25 (b)	1,579,908	1,579,438
Retained earnings	25 (c)	699,573	512,899
Total equity		2,700,665	2,465,903

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2022

	NOTES	CONTRIBUTED EQUITY \$'000	RESERVES \$'000	RETAINED EARNINGS \$'000	TOTAL EQUITY \$'000
Balance at 1 July 2020		353,449	1,247,911	464,850	2,066,210
Total comprehensive income					
Profit for the period		-	-	159,926	159,926
Other comprehensive income		-	331,527	36	331,563
Total comprehensive income for the period		-	331,527	159,962	491,489
Transactions with owners in their capacity as owners	25 (a)	20,117	-	-	20,117
Dividends paid	26	-	-	(111,913)	(111,913)
Balance at 30 June 2021		373,566	1,579,438	512,899	2,465,903
Balance at 1 July 2021		373,566	1,579,438	512,899	2,465,903
Total comprehensive income					
Profit for the period		-	-	186,660	186,660
Other comprehensive income		-	470	14	484
Total comprehensive income for the period		-	470	186,674	187,144
Transactions with owners in their capacity as owners	25 (a)	47,618	-	-	47,618
Dividends paid	26	-	-	-	-
Balance at 30 June 2022		421,184	1,579,908	699,573	2,700,665

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2022

	NOTES	GROUP 2022 \$'000	GROUP 2021 \$'000
Cash flows from operating activities			
Receipts from customers		636,795	546,673
Payments to suppliers and employees		(289,283)	(233,714)
Government contributions	3	6,848	9,110
Interest received		2,702	2,775
Interest paid		(4,000)	(3,767)
Lease interest		(796)	(773)
Income taxes paid		(102,280)	(77,877)
Net cash provided by operating activities	12	249,986	242,427
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		(132,936)	(27,758)
Proceeds from sale of property, plant and equipment		5	-
Net cash (used in) investing activities		(132,931)	(27,758)
Cash flows from financing activities			
Repayment of borrowings		(3,416)	(3,218)
Repayment of lease liabilities		(16,056)	(13,275)
Equity contributions	25 (a)	48,688	20,117
Proceeds from borrowings		40,000	-
Dividends paid	26	-	(111,913)
Net cash provided by/(used in) financing activities		69,216	(108,289)
Net increase in cash and cash equivalents		186,271	106,380
Cash and cash equivalents at the beginning of the period		422,817	316,437
Cash and cash equivalents at the end of the period	11	609,088	422,817

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022

1. REPORTING ENTITY

The Pilbara Ports Authority (“the Authority” or the “Parent”) is a WA Government entity, controlled by the State of Western Australia, which is the ultimate parent. The Authority is a not-for-profit entity (as profit is not its principal objective) formed under the Port Authorities Act 1999. The financial statements comprise the financial results of the Authority and its 100% owned subsidiary Hedland Maritime Initiative Pty Ltd (collectively the “Group”), for the year ended 30 June 2022, which are the Group’s second consolidated financial statements. Hedland Maritime Initiative Pty Ltd (HMI) was incorporated on and controlled by the Authority from 4 November 2020.

A description of the Group’s operations and principal activities has been included in the Director’s Report which does not form part of these financial statements. These annual financial statements were authorised for issue by the Board of Directors on 29 August 2022.

2. BASIS OF PREPARATION

These consolidated financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$’000).

Statement of Compliance

These general purpose financial statements are prepared in accordance with:

- The *Port Authorities Act 1999 (WA)* (the Act);
- Australian Accounting Standards (AASs) including applicable interpretations; and
- Where appropriate, those AASs paragraphs applicable for not-for-profit entities have been modified as the Act take precedence over AASs.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Comparative accounts

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

Changes in accounting policies, new and amended standards and interpretations

In the current year, the Group has adopted all new AASs or Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current reporting period.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

2. BASIS OF PREPARATION (CONTINUED)

Accounting standards and interpretations issued but not yet effective

The Group did not early adopt any new or amended AASs and Interpretations issued but not yet effective. Refer to Note 37 Future impact of Australian Accounting Standards not yet operative for additional information regarding new and amended AASs and Interpretations issued but not yet effective.

Other accounting policies

Significant and other accounting policies that summarise measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements; with the exception of inventory and trade payables. Their accounting policies are below:

Inventory:

Inventories are not held for resale and are measured at cost; unless they are no longer required, in which case they are measured at net realisable value.

Trade payables:

Trade payables are recognised at the amounts payable when the Group becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value as settlement is generally within 30 days.

COVID-19 impact

Since the World Health Organisation declaration of the Coronavirus disease (COVID-19) pandemic, the Group has been complying with guidance and Government regulations. For the year ended 30 June 2022, there has been immaterial financial impact to business operations. The Group continues to facilitate trade through all ports in line with internal forecasts. There has been no impact to the going concern of the Group for the year ended 30 June 2022. The Group will continue to monitor and respond to the COVID-19 pandemic accordingly.

**Notes to the Consolidated
Financial Statements**

for the year ended 30 June 2022
(continued)

2. BASIS OF PREPARATION (CONTINUED)

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. Estimates and associated assumptions are based on professional judgements derived from historical experience and other factors that are believed to be reasonable under the circumstances.

The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed, including in the following notes:

- Note 15: Property, plant and equipment – useful life;
- Note 16: Fair value measurements – fair value;
- Note 21: Lease liabilities: term, control and incremental borrowing rate;
- Note 23: Employee benefit provision – actuarial assumptions; and
- Note 23: Provision for land rehabilitation – assumptions and uncertainties, including the extent of environmental damages to be rectified; methodology and timing of the rectifications; and financial rates to be used, including discount and inflation rates.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

	NOTES	GROUP 2022 \$'000	GROUP 2021 \$'000
3. REVENUE			
Shipping	(i)	361,835	314,320
Charges on cargo	(i)	129,745	126,559
Port Hedland voluntary buy-back scheme port charge	(i)	38,058	12,980
Rental and leases	(ii)	32,495	30,453
Licence		2,546	2,115
Government contributions	(iii)	6,848	9,110
Total revenue		571,527	495,537

Revenue recognition

Revenue is recognised at the transaction price when the Group transfers control of the services to customers. Revenue is recognised for the major activities as follows:

(i) Rendering of services

Revenue from services rendered is recognised in the Statement of Comprehensive Income over time for shipping and cargo related services based on the satisfaction of performance obligations. The Port Hedland voluntary buy-back scheme port charge commenced on 1 March 2021.

(ii) Rental and leases

Rental and leases income is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of total rental income, over the term of the lease. The Group predominantly rents out land assets. Refer to Note 30 Operating lease for the Group's policy on managing lessor risk.

(iii) Government contributions

Grants received from the State Government of Western Australia for the operation of the Bulk Liquids Berth at the Port of Dampier are recognised when the funds are deposited into the Authority's bank account.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

	NOTES	GROUP 2022 \$'000	GROUP 2021 \$'000
4. OTHER REVENUE			
Utility revenue	(i)	6,287	6,244
Interest revenue	(ii)	2,799	2,668
Maritime Security Identification Check (MSIC) revenue	(iii)	856	830
Non-Government contributions	(iv)	200	11,112
Other revenue	(v)	7,443	5,485
Total other revenue		17,585	26,339

Revenue recognition

Other revenue is recognised and measured at the fair value of consideration received or receivable as follows:

(i) Utility revenue

Utility revenue is a cost recovery of utility expenditure passed onto proponents. The revenue is recognised when the utility expenditure is incurred by the Group.

(ii) Interest revenue

Interest revenue is recognised as the interest is earned.

(iii) Maritime Security Identification Check (MSIC) revenue

MSIC revenue is recognised when MSIC cards are ordered by customers.

(iv) Non-Government contributions

Gifted assets of \$200,000 received from a proponent at the Port of Dampier for road improvements (2021: \$1.112 million received from a proponent for the Port of Dampier and \$10 million community donation received from a proponent of the Port of Port Hedland).

(v) Other revenue

Other revenue consists of:

- gains which may be realised or unrealised and are recognised on a net basis;
- income from sub-leasing right-of-use (ROU) residential properties of \$142,137 (2021: \$150,257). Refer to Note 17 ROU Property, plant and equipment for the Group's lease accounting policy; and
- income from renting HMI residential properties \$2.231 million (2021: \$8,030).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

	GROUP 2022 \$'000	GROUP 2021 \$'000
5. SUPPLIES AND SERVICES		
Contractor expenses	59,893	52,259
Consulting	14,193	9,367
Software licences	8,269	7,555
Short-term lease of plant and equipment, and commercial property	265	457
Other	12,920	11,931
Total supplies and services	95,540	81,569

Supplies and services are recognised as expenses in the reporting period in which they are incurred. These include the day-to-day running costs incurred in the normal course of operations.

	GROUP 2022 \$'000	GROUP 2021 \$'000
6. EMPLOYEE BENEFITS		
Salaries	43,497	42,755
Superannuation	5,529	5,327
Annual leave expense	3,183	3,530
Long service leave expense	708	1,019
Board member fees	352	343
Other employee expenses	3,920	3,794
Total employee benefits	57,189	56,768
Add: AASB 16 non-monetary benefits (not included in employee benefits)	3,919	2,563
Less: employee contributions (per the statement of comprehensive income)	(142)	(150)
Net employee benefits	60,966	59,181

Employment on-costs comprising of superannuation, payroll tax and workers' compensation are recognised as liabilities and expenses when the employment to which they relate has occurred. Payroll tax and workers' compensation on costs are included in other expenses.

AASB 16 non-monetary benefits are non-monetary employee benefits predominantly relating to the provision of vehicle and housing benefits that are recognised under AASB 16 which are excluded from the employee benefits expense.

Employee contributions are contributions made to the Group by employees towards employee benefits that have been provided by the Group.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

		GROUP 2022 \$'000	GROUP 2021 \$'000
7. FINANCE EXPENSES	NOTES		
Western Australian Treasury Corporation borrowing expenses		3,945	3,693
Interest expenses		7	5
Land rehabilitation provision net present value increase/(decrease)	23(c)(i)	(5,572)	2,005
Lease finance expenses	21(c)&(i)	802	772
Total finance expenses		(818)	6,475

All finance expenses are recognised using the effective interest method.

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

(i) Lease finance expenses represents the interest incurred on lease liabilities. Refer to Note 21 Lease liabilities for further information.

	GROUP 2022 \$'000	GROUP 2021 \$'000
8. IMPAIRMENT OF ASSETS		
Buildings and improvements	9,201	2,110
Land	1,839	353
Reversal of impairment	(1,017)	-
Total impairment losses	10,023	2,463

Property, plant and equipment and intangible assets are tested for indications of impairment at each reporting period. Where there is indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised in the Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

	NOTES	GROUP 2022 \$'000	GROUP 2021 \$'000
9. OTHER EXPENSES			
Insurance		3,894	3,691
Short-term lease residential properties	(i)	3,754	2,926
Property acquisition expenses		1,773	-
Donations		963	277
Memberships and subscriptions		854	918
Rehabilitation change in cost assumptions	23(c)(i)	(1,094)	8,363
Other		3,322	2,739
Total other expenses		13,466	18,914

Other expenses are recognised as expenses in the reporting period in which they are incurred. These include the day-to-day running costs incurred in the normal course of operations.

All expenditure relating to asset maintenance, port utilities, and rates and taxes is recognised as an expense in the reporting period in which they are incurred.

- (i) Short-term leases (being leases with a term of 12 months or less) are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

	NOTES	GROUP 2022 \$'000	GROUP 2021 \$'000
10. INCOME TAX EXPENSE			
(a) Income tax expense			
Current tax	(i)	100,950	84,655
Adjustment for prior period	(ii)	5	(207)
Temporary differences		(15,451)	(15,668)
Adjustment for prior period		(4)	62
Total income tax expense		85,500	68,842
(b) Numerical reconciliation of income tax expense to profit before income tax			
Profit before income tax		272,160	228,768
Tax at the Australian tax rate of 30%		81,648	68,630
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Other		30	36
Total numerical reconciliation of income tax expense to profit before income tax		81,678	68,666
Under/(over) provision in prior years		-	(145)
Deferred tax asset not recognised		3,822	321
Total income tax expense		85,500	68,842

The Group operates within the National Tax Equivalent Regime (NTER) whereby an equivalent amount of income tax is payable to the State Government. The calculation of income tax is governed by the NTER guidelines and directions approved by Government. As a consequence of participation in the NTER, the Group is required to comply with AASB 112 Income Taxes.

Income tax expense comprises current and deferred tax and is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income. Refer to Note 24 Deferred tax liabilities.

- (i) Current tax comprises the expected tax payable on the taxable income for the year.
- (ii) Any adjustment to tax payable in respect of previous years is separately disclosed. It is measured using tax rates enacted or substantively enacted at the reporting date.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
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	NOTE	GROUP 2022 \$'000	GROUP 2021 \$'000
11. CASH AND CASH EQUIVALENTS			
Non-restricted		285,615	344,327
Restricted	(i)	323,473	78,490
Total cash and cash equivalents		609,088	422,817

For the purposes of the statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

- (i) Cash reserved for a specific purpose and therefore not available for general business use, including:
- Proponent contributions of \$59.872 million (2021: \$60.605 million) for Port of Ashburton development and Port of Port Hedland land rehabilitation;
 - Port improvement rate cash of \$782,236 (2021: \$781,147) for approved Port of Port Hedland improvement projects;
 - Spoilbank Marina development cash of \$25.526 million (2021: \$14.514 million);
 - Retained dividends to fund infrastructure projects of \$230.868 million (2021: \$0); and
 - Cash reserved for property settlements of \$6.425 million (2021: \$2.589 million).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

	GROUP 2022 \$'000	GROUP 2021 \$'000
12. NOTES TO THE STATEMENT OF CASH FLOWS		
Reconciliation of net profit after tax to net cash inflow from operating activities:		
Net profit after tax	186,660	159,926
Non-cash items:		
Non-Government contributions gifted assets	(200)	(1,112)
Depreciation and amortisation expense	98,806	83,394
Impairment expense	11,040	2,463
Impairment reversal	(1,017)	-
Derecognition of assets	605	-
Loss on disposal of assets	143	301
Loss on disposal of right-of-use assets	1	5
Doubtful debt provision	149	(125)
Cost of asset disposal	(26)	-
Other	(271)	90
Change in assets and liabilities:		
Trade receivables	(5,267)	(11,611)
Other receivables	(9,766)	(1,241)
Inventories	24	(203)
Deferred tax liabilities	(15,253)	(15,986)
Trade payables	(3,084)	17
Other payables	(5,204)	8,492
Current income tax	(1,325)	6,565
Provisions	(6,029)	11,452
Net cash inflow from operating activities	249,986	242,427

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.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

	GROUP 2022 \$'000	GROUP 2021 \$'000
13. TRADE RECEIVABLES		
Trade receivables	72,478	67,211
Provision for doubtful debt	-	(149)
Total trade receivables	72,478	67,062

Trade receivables are recognised at the transaction price less allowance for any uncollectible amounts. Receivables are generally settled within 30 days except for property rentals, which are governed by the terms of the individual lease agreements.

The credit risk of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectable amounts (doubtful debts) is based on the estimated lifetime expected credit loss for trade receivables.

The maximum exposure to credit risk at the end of the reporting period for trade receivables is the carrying amount of the asset inclusive of any allowance for impairment. Ageing analysis is shown in Note 27 Financial risk management. Impairment of trade receivables was \$131,880 (2021: \$11,828) and is shown in Note 34 Supplementary financial information.

	GROUP 2022 \$'000	GROUP 2021 \$'000
14. OTHER RECEIVABLES		
Accrued income	3,508	2,484
Prepayments	8,498	2,013
GST paid to suppliers	3,448	2,300
Other receivables	1,190	81
Total other receivables	16,644	6,878

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

15. PROPERTY, PLANT AND EQUIPMENT

GROUP	NOTE	CHANNELS AND BREAK- WATERS \$'000	LAND \$'000	BERTHS AND JETTIES \$'000	BUILDINGS AND IMPROVE- MENTS \$'000	PLANT AND EQUIPMENT \$'000	INFRA- STRUCTURE \$'000	WORK IN PROGRESS \$'000	TOTAL \$'000
1 July 2021									
Gross carrying amount		1,900,581	36,076	330,825	97,672	186,170	142,639	17,303	2,711,265
Add fair value increment		212,736	190,858	70,014	-	-	-	-	473,609
Less accumulated depreciation		(134,317)	-	(41,861)	(23,234)	(105,714)	(57,791)	-	(362,918)
Less accumulated impairment		-	(353)	-	(4,677)	-	-	-	(5,031)
Carrying amount at start of year		1,979,000	226,581	358,978	69,761	80,456	84,848	17,303	2,816,928
Additions		1,928	661	-	3,368	3,115	185	125,061	134,317
Transfer from work in progress		-	12,229	-	55,755	2,755	1,186	(71,925)	-
Transfer to Statement of Comprehensive Income		-	-	-	-	-	-	(163)	(163)
Depreciation and amortisation		(44,659)	-	(18,100)	(3,728)	(9,551)	(6,769)	-	(82,807)
Disposals		-	(1,123)	-	(137)	(576)	-	-	(1,836)
Revaluation increments ⁽ⁱ⁾	25(b)	-	672	-	-	-	-	-	672
Accumulated depreciation on disposals		-	-	-	4	562	-	-	566
Impairment losses ^{(ii) and (iii)}		-	(1,839)	-	(9,201)	-	-	-	(11,040)
Impairment losses reversed ⁽ⁱⁱⁱ⁾		-	-	-	1,017	-	-	-	1,017
Carrying amount at 30 June 2022		1,936,269	237,181	340,878	116,839	76,761	79,450	70,276	2,857,654

(i) For asset classes measured at fair value, revaluation increments are recognised in the asset revaluation reserve.

(ii) HMI fair value decrements are recognised in the Statement of Comprehensive Income.

(iii) Recognised in the Statement of Comprehensive Income. Where an asset measured at cost is written down to the recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income.

**Notes to the Consolidated
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for the year ended 30 June 2022
(continued)

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	NOTE	CHANNELS AND BREAK- WATERS \$'000	LAND \$'000	BERTHS AND JETTIES \$'000	BUILDINGS AND IMPROVE- MENTS \$'000	PLANT AND EQUIPMENT \$'000	INFRA- STRUCTURE \$'000	BUILDINGS UNDER CON- STRUCTION \$'000	WORK IN PROGRESS \$'000	TOTAL \$'000
1 July 2020										
Gross carrying amount		1,900,581	32,615	329,074	92,056	180,828	134,427	193	14,277	2,684,051
Less accumulated depreciation		(97,460)	-	(30,642)	(20,361)	(95,364)	(50,984)	-	-	(294,811)
Less accumulated impairment		-	-	-	(2,567)	-	-	-	-	(2,567)
Carrying amount at start of year		1,803,121	32,615	298,432	69,127	85,464	83,443	193	14,277	2,386,672
Additions		-	3,461	1,201	3,455	4,230	4,478	247	11,341	28,413
Transfer from work in progress		-	-	550	2,201	1,624	3,734	(398)	(7,711)	-
Transfer to Statement of Comprehensive Income		-	-	-	-	-	-	(42)	(604)	(646)
Depreciation		(36,857)	-	(11,219)	(2,906)	(10,602)	(6,807)	-	-	(68,391)
Disposals		-	-	-	(40)	(513)	-	-	-	(553)
Revaluation increments ⁽ⁱ⁾	25(b)	212,736	190,858	70,014	-	-	-	-	-	473,609
Accumulated depreciation on disposals		-	-	-	34	253	-	-	-	288
Impairment losses ^{(ii) and (iii)}		-	(353)	-	(2,110)	-	-	-	-	(2,463)
Carrying amount at 30 June 2021		1,979,000	226,581	358,978	69,761	80,456	84,848	-	17,303	2,816,928

(i) For asset classes measured at fair value, revaluation increments are recognised in the asset revaluation reserve.

(ii) HMI fair value decrements are recognised in the Statement of Comprehensive Income.

(iii) Recognised in the Statement of Comprehensive Income. Where an asset measured at cost is written down to the recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Initial recognition and measurement

Items of property, plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no cost or significantly less than fair value, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment costing less than \$5,000 are immediately expensed directly to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total). Gifted land is generally transferred at the Valuer General's fair value at the time of transfer.

Subsequent measurement

The revaluation model is used for the subsequent measurement of channels and breakwaters, land and berths and jetties, and historical cost is used for all other property, plant and equipment. Channels and breakwaters, land and berths and jetties are carried at fair value less accumulated depreciation and accumulated impairment losses. All other items of property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses.

Useful lives

All items of property, plant and equipment having a limited useful life are systematically depreciated using the straight-line method over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. Depreciation expense is recognised in the Statement of Comprehensive Income.

Estimated useful lives for each class of depreciable asset are:

Asset class at cost	Estimated useful lives	Asset class at fair value	Estimated useful lives
Infrastructure	5 – 50 years	Channels and breakwaters	10 – 89 years
Buildings and improvements	5 – 50 years	Berths and jetties	10 – 50 years
Plant and equipment (including office equipment, motor vehicles)	2 – 40 years		

The estimated useful life and depreciation method are reviewed and adjustments made where appropriate.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount. For assets measured at cost, an impairment loss is recognised in the Statement of Comprehensive Income. Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through Other Comprehensive Income.

As the Group is a not-for-profit entity, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value. If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

Repairs and maintenance

Routine maintenance and repair costs are expensed as incurred. This includes repairs that relate to the restoration of an asset to its original service potential. Repairs that improve functionality or increase an asset's effective life are recognised as an item of property, plant and equipment and depreciated.

Land

Land which is either freehold, vested to the Authority or under management order in accordance with the Port Authorities Act 1999 is considered to be under the control of the Authority and is recorded in property, plant and equipment. Land assets are considered to have an indefinite life and are not depreciated. Depreciation is not recognised because the service potential has not, in any material sense, been consumed during the reporting period.

**Notes to the Consolidated
Financial Statements**
for the year ended 30 June 2022
(continued)

		GROUP LEVEL 2 \$'000	GROUP LEVEL 3 \$'000	GROUP FAIR VALUE AT THE END OF THE PERIOD \$'000
16. FAIR VALUE MEASUREMENTS	NOTES			
2022				
Assets measured at fair value:				
Channels and breakwaters	15	–	1,936,269	1,936,269
Land	15	237,181	–	237,181
Berths and jetties	15	–	340,878	340,878
Total assets measured at fair value		237,181	2,277,147	2,514,328
2021				
Assets measured at fair value:				
Channels and breakwaters	15	–	1,979,000	1,979,000
Land	15	226,581	–	226,581
Berths and jetties	15	–	358,978	358,978
Total assets measured at fair value		226,581	2,337,978	2,564,559

There were no transfers between level 2 or 3 during the current and previous periods.

Valuation techniques

During the year, the Group engaged the services of an independent valuer to determine the fair value of Hedland Maritime Initiative's land assets as at 30 June 2022. The Authority disposed of land to and gained land from the Department of Planning, Lands and Heritage. This land was fair valued on disposal and acquisition.

The Group engaged the services of an independent valuer to determine the fair value of all other assets as at 30 June 2021 and will continue to do so at a minimum of every three years.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

16. FAIR VALUE MEASUREMENTS (CONTINUED)

Valuation technique to derive level 2 and 3 fair value

The basis of the valuation assumes an asset can be exchanged after an adequate period of marketing to obtain its best price, having regard to the highest and best use of the asset for which market participants in the principal or most advantageous markets would be prepared to pay. In the absence of a market price, fair value has been estimated by reference to the best available market evidence including current market prices for recent transactions of similar assets or current market new replacement costs, and are considered to be level 2 inputs against which an allowance for depreciation is applied. Where no market price or market evidence is available, unobservable inputs are applied such as indexation, which are considered to be a level 3 input.

Where the market buying price and market selling price differ materially, often in the case of specialised assets, fair value has been estimated using the direct replacement cost of the asset, whereby replacement cost is depreciated for consumption of service potential and other obsolescence. Where inputs in this method of valuation are directly or indirectly observable they are considered to be level 2 inputs, for example direct replacement cost in new asset market, asset utilisation and allocation of useful life. Where inputs in this method of valuation are unobservable, they are considered level 3 inputs, for example indexation of acquisition cost, industry or consumer price indices.

Channels and breakwaters

To determine the value of the marine channels, the gross current replacement cost was calculated and depreciation applied based on estimated economic life. The gross current replacement cost of each channel was calculated using dredging quantities specific to each channel and recent dredging costs. An assessment of the age of each channel was made from the last date at which the channel was dredged to the current maximum vessel size being able to be operated for the current port operation. The estimated economic life of each channel was assessed using the longest lease period of a current port lessee which was used to depreciate each channel accordingly to determine the current written down value.

Land

Commercial land was valued using an income based approach to best reflect the highest and best use of the assets. Values were determined using current ground lease agreements and applying discount rates in line with the term of the lease and renewal options. Commercial land was previously valued using a market based approach. The change in valuation methodology resulted from new information and has therefore been treated as a change in accounting estimates. Freehold land assets were valued using the sales comparison approach. Available market sales evidence of similar or substitute properties transacted in the market was used to establish a value estimate by processes involving comparison.

Berths and jetties

To determine the value of the berths and jetties the gross current replacement cost was calculated and depreciation applied based on estimated economic life.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

	GROUP BUILDINGS AND IMPROVEMENTS \$'000	GROUP PLANT AND EQUIPMENT \$'000	GROUP TOTAL \$'000
17. ROU PROPERTY, PLANT AND EQUIPMENT			
Year ended 30 June 2022			
At 1 July 2021			
Gross carrying amount	24,189	52,417	76,606
Accumulated depreciation	(12,403)	(24,963)	(37,366)
Carrying amount at start of period	11,786	27,454	39,240
Additions	12,308	5,311	17,619
Depreciation	(5,020)	(10,316)	(15,336)
Derecognition of right of use asset (i)	(664)	(7,083)	(7,747)
Accumulated depreciation on derecognition	664	5,333	5,997
Carrying amount at 30 June 2022	19,074	20,699	39,773
Year ended 30 June 2021			
At 1 July 2020			
Gross carrying amount	22,039	57,630	79,669
Accumulated depreciation	(10,233)	(25,133)	(35,366)
Carrying amount at start of period	11,806	32,497	44,303
Additions	3,863	5,400	9,263
Depreciation	(3,883)	(10,444)	(14,327)
Disposal	(1,713)	(10,614)	(12,327)
Accumulated depreciation on disposal	1,713	10,614	12,327
Carrying amount at 30 June 2021	11,786	27,454	39,240

(i) Relates to right of use assets for which the lease term has ended during the reporting period.

Short-term and low value leases

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (with an underlying value of \$5,000 or less) and short-term leases (with a lease term of 12 months or less). Lease payments associated with these leases are expensed on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

17. ROU PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Initial recognition and measurement

The Group leases residential properties for employee housing in the Pilbara region, commercial buildings, and marine plant and equipment and fleet. Right-of-use assets are recognised at the lease commencement date, which is when the assets are available for use. They are initially measured at cost, which comprises the amount of the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Subsequent measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The impairment accounting policy is outlined in Note 15 Property, plant and equipment.

The following amounts relating to leases have been recognised in the Statement of Comprehensive Income:

	GROUP 2022 \$000	GROUP 2021 \$000
Depreciation expense of right-of-use assets	15,336	14,327
Lease interest expense	802	772
Short-term leases	4,019	3,383
Total amount recognised in the Statement of Comprehensive Income	20,157	18,482

The total cash outflow for leases in 2022 was \$16.852 million (2021: \$14.048 million). As at 30 June 2022 there were no indications of impairment to right-of-use assets.

The Group recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position. The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in Note 21 Lease liabilities.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
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	GROUP WORK IN PROGRESS \$'000	GROUP COMPUTER SOFTWARE \$'000	GROUP ENVIRONMENTAL APPROVALS \$'000	GROUP TOTAL \$'000
18. INTANGIBLE ASSETS				
Year ended 30 June 2022				
At 1 July 2021				
Gross carrying amount	820	7,997	449	9,266
Accumulated amortisation	-	(5,909)	(140)	(6,049)
Carrying amount at start of period	820	2,088	309	3,217
Derecognition of assets	(768)	-	-	(768)
Additions	-	4	-	4
Transfer between asset classes	(52)	52	-	-
Amortisation expense	-	(655)	(9)	(664)
Accumulated amortisation on disposals	-	-	-	-
Carrying amount at 30 June 2022	-	1,489	300	1,789
Year ended 30 June 2021				
At 1 July 2020				
Gross carrying amount	-	7,978	449	8,427
Accumulated amortisation	-	(5,204)	(131)	(5,335)
Carrying amount at start of period	-	2,774	318	3,092
Additions	820	19	-	839
Amortisation expense	-	(705)	(9)	(714)
Carrying amount at 30 June 2021	820	2,088	309	3,217

Initial recognition

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$5,000 or more that comply with the recognition criteria of AASB 138.57 Intangible Assets, are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Costs incurred in the research phase of a project are immediately expensed.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

18. INTANGIBLE ASSETS (CONTINUED)

Subsequent expenditure

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

Computer software

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

Environmental approvals

Environmental approvals are the costs of obtaining dredging approval of the Bulk Liquids Berth Channel; amortised over the life of the channel.

Amortisation

Amortisation of intangible assets with finite useful lives is calculated for the period of the expected benefit on a straight-line basis, recognised in the Statement of Comprehensive Income. All intangible assets controlled by the Group have a finite useful life and zero residual value. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The expected useful lives for each class of intangible asset are:

Asset class at cost	Estimated useful lives
Computer software	2 – 7 years
Environmental approvals	50 years

Impairment

Intangible assets are tested for impairment annually or when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in Note 15 Property, plant and equipment.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

18. INTANGIBLE ASSETS (CONTINUED)

Research and development

Research expenditure is recognised in the Statement of Comprehensive Income, as incurred. Development expenditure is capitalised only if the following applies:

- can be measured reliably;
- the product or process is technically and commercially feasible;
- future economic benefits are probable; and
- the Authority intends to and has sufficient resources to complete development and to use or sell the asset.

	NOTE	GROUP 2022 \$'000	GROUP 2021 \$'000
19. OTHER PAYABLES			
Rent received in advance		7,077	8,964
GST collected from customers		5,887	5,497
Accrued expenses	(i)	10,736	14,443
Total other payables		23,700	28,904

(i) Accrued expenses are recognised at the amounts payable 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.

Notes to the Consolidated Financial Statements

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	GROUP 2022 \$'000	GROUP 2021 \$'000
20. INTEREST BEARING BORROWINGS		
(a) Current		
Western Australian Treasury Corporation loans	43,626	3,416
Total current interest bearing borrowings	43,626	3,416
(b) Non-current		
Western Australian Treasury Corporation loans	98,573	102,198
Total non-current interest bearing borrowings	98,573	102,198
Total interest bearing borrowings	142,199	105,614

Borrowings are classified as financial instruments. All interest bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The Group determines the classification of its interest bearing liabilities at initial recognition. Subsequent measurement depends on whether the Group has categorised its interest bearing liabilities as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'. The classification depends on the nature and purpose of the interest bearing liabilities.

The Authority has three loans with the Western Australian Treasury Corporation (WATC) being:

- The loan for the Utah Point Bulk Handling Facility (BHF) which is interest only loan in accordance with the Authority's approved borrowing limit schedule provided by WATC. Interest payments are made quarterly. The loan is due to conclude by 15 April 2051.
- The loan for the Port of Dampier Bulk Liquids Berth (BLB) which is repayable via quarterly instalments of principal and interest over 25 years in accordance with a fixed instalment repayment schedule, due to conclude by 1 August 2030.
- The loan for Hedland Maritime Initiatives (HMI) is in accordance with the Authority's approved borrowing limit schedule provided by WATC. Interest is paid on the maturity of the liquidity trade. The loan is due to conclude by 26 October 2022.

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
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	GROUP 2022 \$'000	GROUP 2021 \$'000
21. LEASE LIABILITIES		
(a) Current		
Building and improvements	5,274	2,493
Plant and equipment	9,907	10,434
Total current lease liabilities	15,181	12,927
(b) Non-current		
Building and improvements	14,374	9,569
Plant and equipment	11,333	17,606
Total non-current lease liabilities	25,707	27,175
Total lease liabilities	40,888	40,102
Movements in lease liabilities are set out below:		
(i) Buildings and improvements		
Carrying amount as at 1 July	12,062	11,944
Additions	12,266	3,891
Repayments	(5,063)	(3,991)
Accretion of interest	383	246
Disposals	–	(28)
Carrying amount as at 30 June	19,648	12,062
(ii) Plant and equipment		
Carrying amount as at 1 July	28,040	32,938
Additions	5,343	5,398
Repayments	(12,562)	(10,824)
Accretion of interest	419	527
Carrying amount as at 30 June	21,240	28,040
Total lease liability carrying amount as at 30 June	40,888	40,102

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

21. LEASE LIABILITIES (CONTINUED)

Initial recognition and measurement

The Group initially measures lease liabilities for buildings and improvements and plant and equipment at the commencement date, at the present value of future lease payments that are not paid at that date. The lease payments are discounted using the WATC incremental borrowing rate if the rate implicit in the lease cannot be readily determined. Lease payments are fixed payments or index-based variable payments incorporating the Group's expectations of extension options and do not include the non-lease components of a contract, where the Group has elected to separate out non-lease components.

The Group includes the following lease payments as part of the present value calculation of lease liabilities:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options (where these are reasonably certain to be exercised)
- Payments for penalties for terminating a lease, where the lease term reflects the Group exercising an option to terminate the lease.

The interest on the lease liability is recognised in the Statement of Comprehensive Income over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Group if the lease is reasonably certain to be extended (or not terminated).

Subsequent measurement

Lease liabilities are remeasured when there is a change in future lease payments arising from a change in rates, index or lease terms from exercising an extension or termination option. This is done by increasing the carrying amount to reflect interest on the lease liabilities, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount at amortised cost, subject to reassessment or lease modification adjustments. A corresponding adjustment is made to the carrying amount of the right-of-use assets, with any excess recognised in the Statement of Comprehensive Income.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

		GROUP 2022 \$'000	GROUP 2021 \$'000
22. CURRENT TAX LIABILITIES			
Opening balance		19,453	12,888
Prior year true up		5	(11)
Tax instalments paid		(102,280)	(71,192)
Tax refund/(paid)		-	(6,887)
Current tax expense		100,950	84,655
Total current tax liabilities		18,128	19,453
	NOTES	GROUP 2022 \$'000	GROUP 2021 \$'000
23. PROVISIONS			
(a) Current			
Employee benefits			
Annual leave		5,045	4,602
Long service leave		5,095	4,817
Other employee benefits		453	307
Total current employee benefits		10,593	9,726
Total current provisions		10,593	9,726
(b) Non-current			
Employee benefits			
Long service leave		750	933
Other employee benefits	23 (c)(ii)	449	496
Total non-current employee benefits		1,199	1,429
Other provisions			
Provision for land rehabilitation	23 (c)(i)	71,945	78,611
Total other provisions		71,945	78,611
Total non-current provisions		73,144	80,040
Total provisions		83,737	89,766

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

	NOTES	GROUP 2022 \$'000	GROUP 2021 \$'000
23. PROVISIONS (CONTINUED)			
(c) Movements in other non-current provisions are set out below:			
(i) Land rehabilitation			
Carrying amount as at 1 July		78,611	68,502
Land rehabilitation works completed during the year		-	(259)
Change in cost assumptions	9	(1,094)	8,363
Net present value increase/(decrease)	7	(5,572)	2,005
Carrying amount as at 30 June		71,945	78,611
(ii) Pension and Gold State Superannuation			
Carrying amount as at 1 July		496	559
Interest cost		7	5
Actuarial losses/(gain)		(14)	(36)
Benefits paid		(39)	(32)
Carrying amount as at 30 June		449	496

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period. The unwinding of a discount is recognised as a finance cost.

Land rehabilitation

The land rehabilitation provision has been recognised using a discounted cash flow methodology. Management's estimates have been developed from an internal cost model which requires assumptions such as the application of the legislative rehabilitation requirements imposed on the land, available technologies, rehabilitation input costs, inflation and discount rates. Discount rate applied in 2022: 3.6% (2021: 0.77%).

Employee benefits

The liability for annual and long service leave relate to services provided by employees up to the reporting date. These liabilities are expected to be settled within 12 months after the reporting date and are recognised and measured at undiscounted amounts expected to be paid when the liabilities are settled; using the remuneration rates expected to apply at the time of settlement. Long service leave not expected to be settled wholly within 12 months after the reporting date is disclosed as non-current and is discounted accordingly. Discount rate applied in 2022: 2.6% (2021: 0%).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

23. PROVISIONS (CONTINUED)

Employee benefits (continued)

When assessing expected future payments, consideration is given to estimated future wage and salary levels including non-salary components, such as employer superannuation contributions, as well as the trend of employee departures and periods of service. The expected future payments are discounted to present value using market yields at the reporting date based on Federal 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 Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Employment on-costs are not employee benefits and are recognised as liabilities and expenses when the employment to which they relate has occurred.

24. DEFERRED TAX LIABILITIES	NOTES	GROUP 2022 \$'000	GROUP 2021 \$'000
(a) Deferred tax assets			
Property, plant and equipment		58,376	40,891
Project pool expenditure		230	236
Provisions	(i)	25,121	26,975
Lease liabilities	(ii)	12,266	12,030
Other		78	260
Total deferred tax assets		96,071	80,392

- (i) This balance represents the deferred tax impact of the total provisions. Further information on provisions is provided in Note 23 Provisions.
- (ii) This balance represents the deferred tax impact as a result of lease liabilities. Further information on lease liabilities is provided in Note 21 Lease liabilities.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

		GROUP 2022 \$'000	GROUP 2021 \$'000
24. DEFERRED TAX LIABILITIES (CONTINUED)	NOTES		
(b) Deferred tax liabilities			
Property, plant and equipment	(iii)	(677,096)	(676,902)
Right-of-use assets	(iv)	(11,932)	(11,772)
Other		(173)	(101)
Total deferred tax liabilities		(689,201)	(688,775)
Net deferred tax liabilities		(593,130)	(608,383)

(iii) This balance represents the deferred tax impact of increased future depreciation for accounting purposes as a result of fair value accounting. Further information on fair value measurements is provided in Note 16 Fair value measurements.

(iv) This balance represents the deferred tax impact as a result of right-of-use assets. Further information on ROU property, plant and equipment is provided in Note 17 ROU property, plant and equipment.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

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

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

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

	NOTES	GROUP 2022 \$'000	GROUP 2021 \$'000
25. EQUITY			
(a) Contributed equity			
Carrying amount as at 1 July		373,566	353,449
Port improvement rate	(i)	–	4,117
Vested land and port	(ii)	(1,070)	–
Other government contributions	(iii)	48,688	16,000
Equity contributions during the year		47,618	20,117
Carrying amount as at 30 June		421,184	373,566
(b) Asset revaluation reserve			
Carrying amount as at 1 July		1,579,438	1,247,911
Net revaluation increments:			
– Channels and breakwaters	15	–	212,736
– Land	15 & (ii)	672	190,858
– Berths and jetties	15	–	70,014
Asset revaluations during the year		672	473,609
Deferred tax impact		(202)	(142,081)
Carrying amount as at 30 June		1,579,908	1,579,438
(c) Retained earnings			
Carrying amount as at 1 July		512,899	464,850
Total comprehensive income for the year	(iv)	186,674	159,962
Dividends paid	(v)	–	(111,913)
Carrying amount as at 30 June		699,573	512,899
Total equity at end of period		2,700,666	2,465,903

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for the year ended 30 June 2022
(continued)

25. EQUITY (CONTINUED)

Contributions received from the Government of Western Australia are recognised directly as a credit to contributed equity:

- (i) The proportion of dividends paid relating to the Port improvement rate (PIR) are returned to the Authority as an equity contribution each year. PIR has ceased levy in October 2019, the last PIR dividend paid of \$4.117 million has been returned to the Authority in 2021.
- (ii) Care and control of the Port of Varanus Island was received on 1 July 2021, recognised at a fair value of \$50,000. A Port Hedland Boundary Redeclaration was completed. Land was returned to (\$1.122 million) and received from (\$2,450) the State Government of Western Australia. Returned land was fair valued on disposal, with a fair value increment recorded in the asset revaluation reserve.
- (iii) The following equity injections were received:
 - Spoilbank Marina Development funding of \$31.972 million from Royalties for Regions and \$6.4 million from Department of Treasury; and
 - HMI's income tax instalments of \$10.316 million returned from Department of Treasury.
- (iv) Total comprehensive income for the year excludes the changes in the asset revaluation reserve, net of tax.
- (v) Cabinet approved the retention of the 2021/22 dividend payments to fund infrastructure projects over the forward estimates. Further information on dividends is provided in Note 26 Dividends.

	GROUP 2022 \$'000	GROUP 2021 \$'000
26. DIVIDENDS		
Final dividend prior year	–	111,913
Total dividends	–	111,913

The Authority is required to pay dividends to the State Government of Western Australia. Dividends are payable on net profit after tax at the Government approved payout rate of 85%.

The State Government of Western Australia approved the retention of the interim and final dividend relating to year ended 30 June 2021. The Authority did not declare dividends relating to year ended 30 June 2021, therefore, no dividend expense has been recognised. This retained dividend is to fund infrastructure projects over the forward estimates. Refer to Note 11 Cash and Cash Equivalents.

Dividends, to the extent that they are not paid within the period, are recognised as a liability in the period in which they are declared. In accordance with Australian Accounting Standards, the final dividend relating to the financial results for the year ended 30 June 2022 has not been provided for as it is expected to be declared by the Board of Directors and approved by Government after the reporting date.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

27. FINANCIAL RISK MANAGEMENT

Financial risk management objectives and policies

Financial instruments held by the Group are cash and cash equivalents, restricted cash and cash equivalents, receivables, payables and Western Australian Treasury Corporation (WATC) borrowings. The Group has limited exposure to financial risks. The Group's overall risk management program focuses on managing the risks identified below.

(a) Summary of risks and risk management

Credit risk

Credit risk arises when there is the possibility of the Group's customers defaulting on their contractual obligations resulting in financial loss to the Group. The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table in Note 27(c). The Group trades only with recognised, creditworthy third parties. The Group has policies in place to ensure that the provision of 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 Group's exposure to bad debts is minimal. Debt will be written-off against the allowance account when it is improbable or uneconomical to recover the debt. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Group is unable to meet its financial obligations as they fall due. The Group is exposed to liquidity risk through its trading in the normal course of business. The Group has appropriate procedures to manage cash flows including monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The Group does not trade in foreign currency and is not materially exposed to other price risks [for example, equity securities or commodity prices changes]. The Group's exposure to market risk for changes in interest rates relate primarily to the long-term debt obligations.

The Group's borrowings are all obtained through the WATC and are at prescribed fixed and variable rates with varying maturity dates. Interest rate risk is managed by WATC through portfolio diversification and variation in maturity dates. The Group does not trade in foreign currency.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	GROUP 2022 \$'000	GROUP 2021 \$'000
Financial assets		
Cash and cash equivalents	609,088	422,817
Financial assets at amortised cost (i)	70,587	63,517
Total financial assets	679,675	486,334
Financial liabilities		
Financial liabilities at amortised cost (ii)	202,581	173,608
Total financial liabilities	202,581	173,608

(i) The amount of financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable).

(ii) The amount of financial liabilities at amortised cost excludes GST payable to the ATO (statutory payable).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Ageing analysis of financial assets

NOTES	CARRYING AMOUNT \$000	NOT PAST DUE AND NOT IMPAIRED \$000	NOT PAST DUE AND NOT IMPAIRED					IMPAIRED FINANCIAL ASSETS \$000
			UP TO 1 MONTH \$000	1 - 3 MONTHS \$000	3 MONTHS TO 1 YEAR \$000	1-5 YEARS \$000	MORE THAN 5 YEARS \$000	
2022								
Financial assets								
Cash and cash equivalents 11	285,615	285,615	165,006	120,609	-	-	-	-
Restricted cash and cash equivalents 11	323,473	323,473	35,592	287,881	-	-	-	-
Trade receivables (i)	65,889	65,889	51,685	14,204	-	-	-	-
Other receivables (i)	4,698	4,698	4,698	-	-	-	-	-
Total financial assets	679,675	679,675	256,981	422,694	-	-	-	-
2021								
Financial assets								
Cash and cash equivalents 11	344,327	344,327	175,173	169,154	-	-	-	-
Restricted cash and cash equivalents 11	78,490	78,490	18,342	60,148	-	-	-	-
Trade receivables (i)	60,952	60,952	51,228	9,637	87	-	-	-
Other receivables (i)	2,565	2,565	2,565	-	-	-	-	-
Total financial assets	486,334	486,334	247,308	238,939	87	-	-	-

(i) The amount of financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
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27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk and interest rate exposure

The following table details the Group's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

NOTES	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	CARRYING AMOUNT \$000	INTEREST RATE EXPOSURE			NOMINAL AMOUNT \$000	MATURITY DATES				
			FIXED INTEREST RATE \$000	VARIABLE INTEREST RATE \$000	NON- INTEREST BEARING \$000		LESS THAN 1 MONTH \$000	1 MONTH TO 3 MONTHS \$000	3 MONTHS TO 1 YEAR \$000	1-5 YEARS \$000	MORE THAN 5 YEARS \$000
2022											
Financial assets											
Cash and cash equivalents 11	1.26	285,615	-	285,615	-	285,615	165,006	120,609	-	-	-
Restricted cash and cash equivalents 11	1.26	323,473	-	317,048	6,425	323,473	35,592	287,881	-	-	-
Trade receivables (i)		65,889	-	-	65,889	65,889	51,685	14,204	-	-	-
Other receivables (i)		4,698	-	-	4,698	4,698	4,698	-	-	-	-
Total financial assets		679,675	-	602,663	77,012	679,675	256,981	422,694	-	-	-
Financial liabilities											
Trade payables (ii)		1,681	-	-	1,681	1,681	1,681	-	-	-	-
Other payables (ii) 19		17,813	-	-	17,813	17,813	17,813	-	-	-	-
Borrowings (iii) 20	2.59	142,199	82,789	59,410	-	191,046	169	41,873	4,753	27,115	117,136
Lease liabilities 21	1.90	40,888	40,888	-	-	40,888	1,338	2,634	11,210	19,979	5,728
Total financial liabilities		202,581	123,677	59,410	19,494	251,429	21,001	44,507	15,963	47,094	122,864

(i) The amount of financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable) and prepayments.

(ii) The amount of financial liabilities at amortised cost excludes GST payable to the ATO (statutory payable).

(iii) With reference to the nominal amount, the maturity date analysis of borrowings is inclusive of principal and interest cash flows.

(iv) The amount of lease liabilities includes \$19.648 million from leased buildings and \$21.240 million from leased plant and equipment.

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for the year ended 30 June 2022
(continued)

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk and interest rate exposure (continued)

Interest rate exposure and maturity analysis of financial assets and financial liabilities

NOTES	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	CARRYING AMOUNT \$000	INTEREST RATE EXPOSURE			NOMINAL AMOUNT \$000	MATURITY DATES				
			FIXED INTEREST RATE \$000	VARIABLE INTEREST RATE \$000	NON- INTEREST BEARING \$000		LESS THAN 1 MONTH \$000	1 MONTH TO 3 MONTHS \$000	3 MONTHS TO 1 YEAR \$000	1-5 YEARS \$000	MORE THAN 5 YEARS \$000
2021											
Financial assets											
Cash and cash equivalents 11	0.61	344,327	-	344,327	-	344,327	175,173	169,154	-	-	-
Restricted cash and cash equivalents 11	0.61	78,490	-	75,900	2,590	78,490	18,342	60,148	-	-	-
Trade receivables (i)		60,952	-	-	60,952	60,952	51,228	9,637	87	-	-
Other receivables (i)		2,565	-	-	2,565	2,565	2,565	-	-	-	-
Total financial assets		486,334	-	420,227	66,107	486,334	247,308	238,939	87	-	-
Financial liabilities											
Trade payables (ii)		4,485	-	-	4,485	4,485	4,485	-	-	-	-
Other payables (ii) 19		23,407	-	-	23,407	23,407	23,407	-	-	-	-
Borrowings (iii) 20	2.87	105,614	86,204	19,410	-	157,177	128	1,538	4,783	26,656	124,072
Lease liabilities (iv) 21	1.96	40,102	40,102	-	-	40,102	1,096	3,779	8,052	22,074	5,101
Total financial liabilities		173,608	126,306	19,410	27,892	225,171	29,116	5,317	12,835	48,730	129,173

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27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Group's financial assets and liabilities at the end of the reporting period 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.

	NOTES	2022 \$'000	2021 \$'000
Financial assets			
Cash and cash equivalents	27 (d)	602,663	420,227
Change in carrying amount (1%)		6,027	4,202
Change in carrying amount (-1%)		(6,027)	(4,202)
Financial liabilities			
Borrowings	27 (d)	59,410	19,410
Change in carrying amount (1%)		(594)	(194)
Change in carrying amount (-1%)		594	194

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28. CONTINGENCIES

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes and, if quantifiable, are measured at the best estimate. The Group has no contingent assets for the year ended 30 June 2022.

Contingent liabilities

The following contingent liabilities are excluded from the liabilities included in the financial statements:

Litigation in progress

The Authority is the defendant in a plaintiff's claim for damages for personal injuries allegedly sustained in a 'trip and fall' incident at Port of Port Hedland, during the plaintiff's employment with Qube Bulk Pty Ltd. The plaintiff's claim is for damages, interest and costs. The Authority has denied any liability to the plaintiff and is defending the claim. The plaintiff's claim was filed in the District Court of New South Wales on 23 April 2019. The Authority filed its defence in the District Court of New South Wales on 19 June 2020. The plaintiff's claim was transferred from the District Court to the Supreme Court of New South Wales in March 2022.

The Authority is the defendant in a plaintiff's claim for damages for personal injuries resulting from a bacterial infection allegedly contracted while working at the Port of Dampier on a temporary basis, in the course of the plaintiff's employment with DFP Recruitment Services Pty Ltd. The plaintiff's claim is for damages, interest and costs. The Authority has denied any liability to the plaintiff and is defending the claim. The plaintiff's claim was filed in the District Court of Western Australia on 4 May 2021. The Authority filed its defence in the District Court of Western Australia on 17 June 2021.

The Authority is the fourth respondent in a vesting application regarding a residential property in Port Hedland, which the Authority currently occupies as a tenant. The Authority filed a submitting notice in the Federal Court of Australia on 22 June 2022, pursuant to which the Authority submits to any order the Court may make vesting the property.

Contaminated sites

Under the Contaminated Sites Act 2003 (WA), the Authority must report known and/or suspected contamination to the Department of Water and Environmental Regulation (DWER). After receiving such a report, the DWER must classify the site on the basis of risk to human health, the environment and/or environmental values. Where sites are classified as "contamination – remediation required" or "possibly contaminated – investigation required", the Authority is likely to be responsible for investigation and/or remediation (and associated expenses). The Authority will only incur liability if a lessee fails to comply with its obligations under its lease.

Notes to the Consolidated Financial Statements

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(continued)

28. CONTINGENCIES (CONTINUED)

Contaminated sites (continued)

Port of Dampier

In October 2006, the Authority reported suspected contamination at three isolated sites within the De Witt Location 471. As the Contaminated Sites Management System is linked to the State cadastral system, DWER can only list whole land parcels (and not portions of a lot). Accordingly, on 15 June 2007, after investigations identified concentrations of contaminants exceeding adopted assessment levels, DWER classified all of De Witt Location 471 as “Possibly contaminated – investigation required under the *Contaminated Sites Act 2003*”. In 2009, Rio Tinto undertook the required remediation works to have one of the three areas de-listed from the Memorial.

In 2010, Mermaid Marine Australia (lease now assigned to Toll Transport Pty Ltd) had another area added to the same Memorial and in 2014, a small diesel spill occurred within the Woodside leased area. While investigations and remedial works were undertaken, some residual impact remains beneath a concrete slab and as a result, this incident was added to the Memorial.

DWER has assessed the De Witt Location 471 to be suitable for ongoing commercial/industrial use, but it may not be suitable for more sensitive land uses (such as residential housing). DWER has also indicated that further works may be required to determine the contamination status of soil, surface water and groundwater at the site. During financial years 2015/2016 and 2016/2017, the Authority engaged specialist consultants to further investigate groundwater across Lot 471 in accordance with a request from DWER. The Authority also worked with lessees to undertake additional site investigations in order to further understand and manage contamination matters on the site. This information has been provided to DWER and the Authority is yet to be advised of the outcome.

The Authority’s lease agreements require lessees to comply with all environmental laws, to prepare and submit an Operational Environmental Management Plan to the Authority and to address all forms of environmental damage to the occupied leased land, including contamination. Where specific contamination events have resulted from the direct actions of the lessee, the lessee has, at its cost, the obligation and duty to investigate and remediate the affected site.

Port of Port Hedland

On 1 July 2010, an area of land (Lot 6098, now referred to as Lot 400) vested in the Authority was listed under the *Contaminated Sites Act 2003* (WA) as “Contaminated – remediation required”. The Authority has made submissions and is working with the lessees and specialist consultants to investigate and manage remediation requirements.

In February 2016, an area of land located within the Wedgefield Estate (part of Lot 370, now referred to as Lot 603) was classified by DWER as “Possibly contaminated – investigation required” under the *Contaminated Sites Act 2003* (WA). This listing resulted from a hydrocarbon (diesel) spill which occurred on land parcel W002. The spill site was subsequently investigated by specialist consultants and remediated. However, the ongoing use of the site (and surrounding areas) by lessees for commercial and light industrial use warrants the current classification. The Authority is working with lessees in this area and continues to undertake environmental monitoring in order to manage contamination.

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28. CONTINGENCIES (CONTINUED)

Environmental

On 19 June 2020, the Authority was named as the proponent to Ministerial Statement 1131: Wheatstone Development – Shipping Channel, Materials Offloading Facility and Access Road Shire of Ashburton (MS 1131). The change had retrospective effect from 22 April 2020 (being the date that MS 1131 was issued). MS 1131 covers the assets within the Port of Ashburton and requires the Authority to ensure that operation of the nearshore marine facilities achieves outcomes as far as is practicable as measured by the Coastal Processes Monitoring and Management Plan as approved by the CEO of the DWER. The timing and cost of complying with the various requirements of MS 1131 are allocated from the Authority's annual operating budget.

On 18 May 2021, the Authority was named as the proponent for the *Environmental Protection and Biodiversity Conservation Act 1999* (Commonwealth) (EPBC Act) approval 2019/8520 as it relates to the construction and operation of the Port Hedland Spoilbank Marina. The approval was initially issued to the Department of Transport (DoT) in February 2021. With the Authority now taking the lead role in constructing the facility it was agreed to transfer 2019/8520 to the Authority under section 145B of the EPBC Act. Compliance with the conditions listed in 2019/8520 are now the responsibility of the Authority during the construction phase of the marina, and for the ongoing operation of the marine assets. Costs of this compliance will form part of the construction funding and then the ongoing operating budget of the marine facilities.

	GROUP 2022 \$'000	GROUP 2021 \$'000
29. CAPITAL COMMITMENTS		
Within one year	82,624	20,991
Later than one year but not later than five years	7,842	–
Later than five years	–	–
Total capital commitments	90,466	20,991

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for the year ended 30 June 2022
(continued)

30. OPERATING LEASE

The Group leases out properties to proponents under operating leases with lease payments in accordance with the terms of their respective lease agreements. The Group has classified these leases as operating leases, because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets. The Group recognises lease payments received as income on a straight line basis over the lease term; shown as rental and lease income in Note 3 Revenue. Rental income recognised by the Group during 2022 was \$32.495 million (2021: \$30.453 million).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payment to be received after the reporting date.

	GROUP 2022 \$'000	GROUP 2021 \$'000
Less than one year	34,396	32,525
One to two years	31,410	30,660
Two to three years	30,317	28,222
Three to four years	28,356	27,186
Four to five years	27,212	25,520
Later than five years (up to 50 years)	474,928	466,051
Total	626,619	610,164

Lessor risk management

The Authority conducts inspections to verify that leased assets are being used per their permitted use, maintained to the Authority's standard and lessees are meeting their covenants and environment obligations. Lessees must obtain the Authority's approval under a development approval process prior to any modifications to leased assets. Lease agreements include end of term yield up clauses which determines how the leased assets will be handed back to the Authority. If the lessee does not return the leased assets in the state required by the lease agreement, yield up works can be charged or any bonds deducted.

**Notes to the Consolidated
Financial Statements**
for the year ended 30 June 2022
(continued)

31. PARENT ENTITY DISCLOSURE	2022 \$'000	2021 \$'000
Result of parent entity		
Net profit for the period	173,911	145,804
Other comprehensive income	14	331,527
Total comprehensive income	173,925	477,331
Financial Position of parent entity at year end		
Current assets	730,560	489,401
Non-current assets	2,847,192	2,856,098
Total assets	3,577,752	3,345,499
Current liabilities	113,549	75,940
Non-current liabilities	790,529	817,778
Total liabilities	904,078	893,718
Total equity of the parent entity comprising:		
Contributed equity	421,184	373,566
Reserves	1,579,787	1,579,438
Retained earnings	672,703	498,777
Total equity	2,673,674	2,451,781

Parent entity contingent liabilities

The parent entity contingent liabilities are as disclosed in Note 28 Contingencies.

Parent entity capital commitments

Total capital expenditure contracted for at reporting date was \$85.346 million (2021: \$12.073 million).

**Notes to the Consolidated
Financial Statements**
for the year ended 30 June 2022
(continued)

32. RELATED PARTIES

The Group is a wholly owned government trading entity.

Related parties of the Group include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities
- all senior officers and their close family members, and their controlled or jointly controlled entities
- other departments and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements
- associates and joint ventures of a wholly-owned public sector entity
- the Government Employees Superannuation Board (GESB).

Significant transactions with Government-related entities

In conducting its activities, the Group is required to transact with the State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all Government Agencies and Authorities. Such transactions include:

- Income from the State Government of Western Australia.
- Defined contribution superannuation payments made to GESB.
- Defined benefit superannuation payments made to Department of Treasury: \$34,267 in 2022 (2021: \$32,076). Refer to Note 23 Provisions for more information.
- Interest bearing borrowings from WATC: \$142.199 million in 2022 (2021: \$105.614 million). Refer to Note 20: Interest bearing borrowings.
- No dividends paid to the State Government of Western Australia in 2022 (2021: \$111.913 million). Refer to Note 26: Dividends.
- Equity contributions (on net basis) received from the State Government of Western Australia: \$47.618 million in 2022 (2021: \$20.117 million).
- Insurance payments to the Insurance Commission and RiskCover Fund.
- Remuneration for services provided by the Auditor General for Western Australia. Refer to Note 35 Remuneration of Auditors.

**Notes to the Consolidated
Financial Statements**
for the year ended 30 June 2022
(continued)

32. RELATED PARTIES (CONTINUED)

Material transactions with related parties are shown in the below table:

	NOTE	GROUP 2022 \$'000	GROUP 2021 \$'000
Legal services	(i)	1,117	542
Professional services	(ii)	195	245
Total related parties transactions		1,312	787

- (i) The Group has been notified that a current WA State Government Minister has declared that a non-dependent close family member is a partner of a law firm that provided services to the Group. The Group has used the firm in previous years.
- (ii) A Director of the Authority is a partner of a professional services firm that provided services to the Group. The Group has used the firm in previous years.

The Group had no other material related party transactions with key management personnel or their close family members or their controlled (or jointly controlled) entities for disclosure.

Related and affiliated bodies

The Group had no related bodies or affiliated bodies during the financial year.

**Notes to the Consolidated
Financial Statements**
for the year ended 30 June 2022
(continued)

33. KEY MANAGEMENT PERSONNEL

The Group has determined that key management personnel include the Board of Directors and senior management of the Group.

The total fees, salaries, superannuation, non-monetary benefits and other benefits provided to key management personnel of the Group for the reporting period are presented within the following bands:

COMPENSATION BANDS (\$)	GROUP 2022	GROUP 2021
Above 500,000	1	1
400,000 – 500,000	1	–
300,000 – 400,000	6	7
200,000 – 300,000	1	2
100,000 – 200,000	–	2
50,001 – 100,000	3	2
Up to 50,000	7	6
Total number of key management personnel	19	20

	GROUP 2022 \$'000	GROUP 2021 \$'000
COMPENSATION OF KEY MANAGEMENT PERSONNEL		
Short-term employee benefits	3,426	3,564
Post-employment benefits	435	584
Total compensation of key management personnel	3,861	4,148

**Notes to the Consolidated
Financial Statements**
for the year ended 30 June 2022
(continued)

34. SUPPLEMENTARY FINANCIAL INFORMATION

During the financial year, \$131,880 (2021: \$11,828) was written off from the Group's accounts receivable balance:

	GROUP 2022 \$'000	GROUP 2021 \$'000
Write-offs		
Bad debts	132	12
Total write-offs	132	12

35. REMUNERATION OF AUDITORS

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	GROUP 2022 \$'000	GROUP 2021 \$'000
Office of Auditor General – external audit fee	167	167
Total remuneration of Auditors	167	167

36. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

Land titles for the Port of Cape Preston West were granted to the Authority under management order on 3 August 2022.

No other matters have arisen since 30 June 2022 that significantly affect, or may significantly affect the Group's operations, the results of those operations, or the state of its affairs in future financial years.

**Notes to the Consolidated
Financial Statements**
for the year ended 30 June 2022
(continued)

37. FUTURE IMPACT OF AUSTRALIAN ACCOUNTING STANDARDS NOT YET OPERATIVE

Where applicable, the Group plans to apply the following Australian Accounting Standards from their application date.

Insurance Contracts

This Standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. The mandatory effective date of this Standard is 1 Jan 2023. The Group has not assessed the impact of this Standard.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

The Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the Statement of Financial Position as current or non-current. The mandatory effective date of this Standard is 1 January 2023. There is no financial impact.

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments

The Standard amends (a) AASB 1 to simplify the application of AASB 1; (b) AASB 3 to update a reference to the Conceptual Framework for Financial Reporting; (c) AASB 9 to clarify the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability; (d) AASB 116 to require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in profit and loss, instead of deducting the amounts received from the cost of the asset; (e) AASB 137 to specify the costs that an entity includes when assessing whether a contract will be loss-making; and (f) AASB 114 to remove the requirement to exclude cash flows from taxation when measuring fair value. The mandatory effective date of this Standard is 1 January 2022. There is no financial impact.

AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date

The Standard amends AASB 101 to defer requirements for the presentation of liabilities in the Statement of Financial Position as current or non-current that were added to AASB 101 in AASB 2020-1. The mandatory effective date of this Standard is 1 January 2022. There is no financial impact.

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates

This Standard amends: (a) AASB 7, to clarify that information about measurement bases for financial instruments is expected to be material to an entity's financial statements; (b) AASB 101, to require entities to disclose their significant accounting policies; (c) AASB 108, to clarify how entities should distinguish changes in accounting policies and changes in accounting estimates; (d) AASB 134, to identify material accounting policy information as a component of a complete set of financial statements; and (e) AABS Practice Statement 2, to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The mandatory effective date of this Standard is 1 January 2023. There is no financial impact.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2022
(continued)

37. FUTURE IMPACT OF AUSTRALIAN ACCOUNTING STANDARDS NOT YET OPERATIVE (CONTINUED)

AASB 2021-6 Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosure for Not-for-Profit Entities

This standard amends (a) AASB 1049, to require entities to disclose their material accounting policy information rather than their significant accounting policies; (b) AASB 1054 to reflect the updated accounting policy terminology used in AASB 101 Presentation of Financial Statements; and (c) AASB 1060 to require entities to disclose their material accounting policy information rather than a significant impact accounting policy and to clarify that information about measurement basis for financial instruments is expected to be material to an entities financial statements. The mandatory effective date of this standard is 1 January 2023. There is no financial impact.

AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 Editorial Corrections

This standard further defers (to 1 January 2025) the amendments to AASB 10 and AASB 128 relating to the sale or contribution of assets between an investor and its associate or joint venture. The standard also includes editorial corrections. The mandatory effective date of this standard is 1 January 2022. There is no financial impact.

Directors' Declaration

29 August 2022

Directors' Declaration

In the opinion of the Directors of the Group:

- (a) The financial statements and notes are set out in accordance with the financial reporting provisions of the *Port Authorities Act 1999* and the *Corporations Regulations 2001*, including:
- (i) giving a true and fair view of the financial position of the Group as at 30 June 2022 and its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Port Authorities Act 1999*.
- (b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



Brad Geatches
Chair
29 August 2022



Amy Lomas
Deputy Chair
29 August 2022

Independent Auditor's Report



Auditor General

INDEPENDENT AUDITOR'S REPORT

2022

Pilbara Ports Authority

To the Parliament of Western Australia

Opinion

I have audited the consolidated financial report of the Pilbara Ports Authority (the Authority), which comprises:

- the Consolidated Statement of Financial Position as at 30 June 2022, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended
- notes to the consolidated financial report, including a summary of significant accounting policies
- the directors' declaration.

In my opinion, the consolidated financial report of the Authority is prepared in accordance with Schedule 5 of the *Port Authorities Act 1999*, and:

- gives a true and fair view of the Authority's financial position at 30 June 2022 and of its performance for the year then ended
- in accordance with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial report section of my report.

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

Independent Auditor's Report

Other Information

The directors are responsible for the other information. The other information is the information in the Authority's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

My opinion on the consolidated financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to those charged with governance and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the directors for the financial report

The directors of the Authority are responsible for:

- keeping proper records
- preparation of the consolidated financial report that gives a true and fair view in accordance with Australian Accounting Standards and Schedule 5 of the *Port Authorities Act 1999*
- such internal control as the directors determine is necessary to enable the preparation of the consolidated financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial report, the directors are responsible for:

- assessing the Authority's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Authority.

Independent Auditor's Report

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the consolidated financial report. The objectives of my audit are to obtain reasonable assurance about whether the consolidated financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality control relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Auditor's Report

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the consolidated financial report of the Authority for the year ended 30 June 2022 included in the annual report on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the consolidated financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the consolidated financial report are concerned with the inherent risks arising from publication on the website, they are advised to contact the Authority to confirm the information contained in the website version.

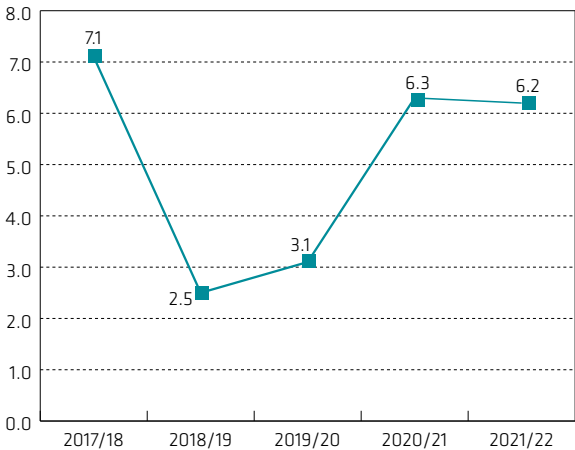


Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
31 August 2022

Financial Performance Indicators

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

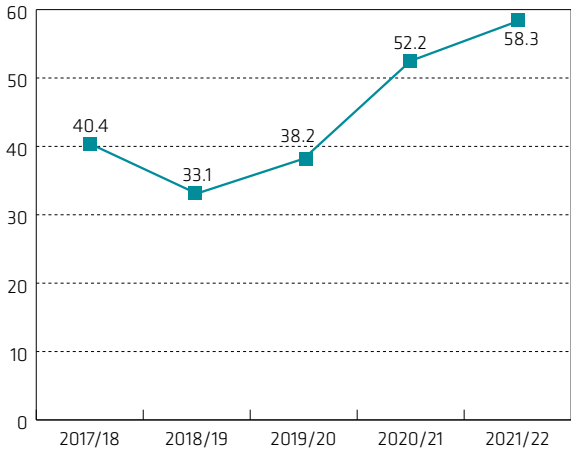
Current ratio comparison
2017/18 to 2021/22



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

The current ratio is calculated by dividing the Group’s current assets at the reporting date by the Group’s current liabilities at the reporting date.

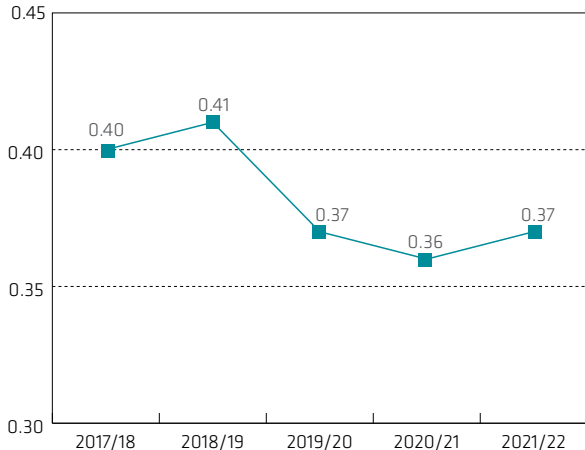
Interest cover comparison
2017/18 to 2021/22



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

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

Debt to equity comparison
2017/18 to 2021/22

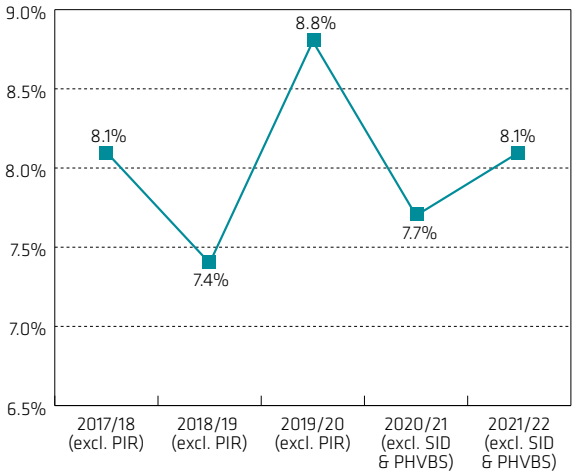


The debt to equity ratio is a measure of the Group’s financial leverage. It indicates what proportion of equity and debt the Group is using to finance its assets.

The debt to equity ratio is calculated by dividing the Group’s total liabilities by the Group’s total equity.

Financial Performance Indicators

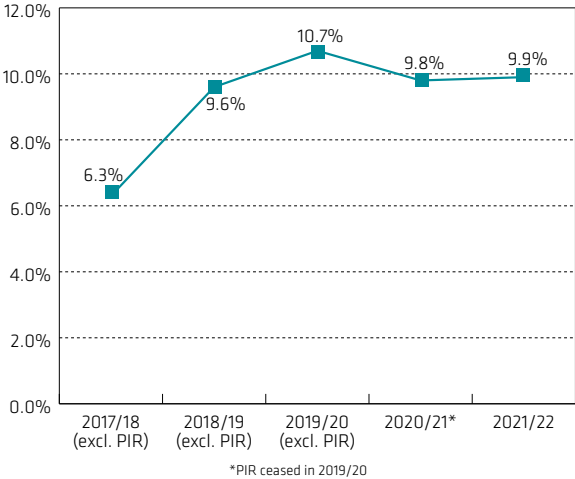
Return on equity comparison
2017/18 to 2021/22



The return on equity ratio measures the Group’s profitability by revealing how much profit an entity generates on its total equity.

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

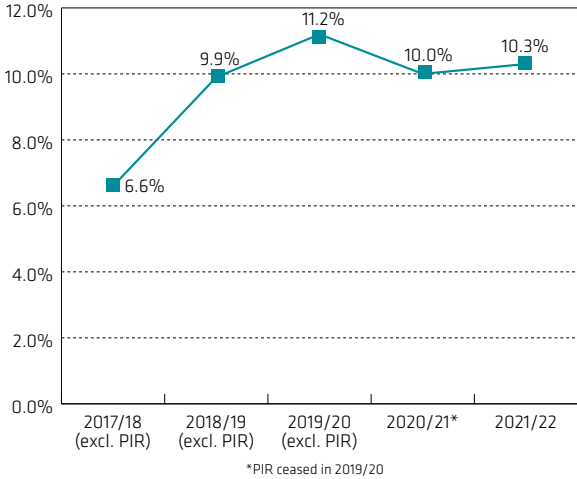
Return on assets comparison
2017/18 to 2021/22



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

The return on assets ratio is calculated by dividing the Group’s earnings before interest and taxes (EBIT) by the Group’s average total assets (EBIT and assets are adjusted to exclude gifted and PIR assets).

Economic rate of return comparison
2017/18 to 2021/22



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

The economic rate of return is calculated as per below:

Adjusted EBIT	+	historical depreciation	-	deprival depreciation
Deprival value of average net non-current assets+ average adjusted current assets*				

*Gifted assets and assets funded through the Port Improvement Rate and the Sustaining Infrastructure Due are excluded.

Governance Disclosures

MINISTERIAL DIRECTIVES

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

There were no Ministerial Directives during the reporting period.

OTHER FINANCIAL DISCLOSURES

Pricing Policies of Services Provided

Pilbara Ports Authority's financial objectives include, as a minimum, recovering costs and achieving the State Government's required Rate of Return on Assets.

The Authority has adopted user-pays principles to recover costs and avoid unintended cross-subsidisation of fees and charges amongst users, both across ports and within ports.

Lease revenue enables the Authority to fund land development opportunities without impacting upon charges for existing port users.

The Authority will continue to seek commercial rents for all its properties and to develop port-vested land to support industry.

The Authority's prices are reviewed on an annual basis and adjustments made to recover costs and achieve both strategic and operational objectives.

Capital Works

Pilbara Ports Authority has multiple capital funding sources including:

- internal funds and balances (Minor Works);
- larger scale projects (Major Capital Works);
- sustaining Infrastructure Due (SID) projects; and
- proponent contributions (the ports of Ashburton and Port Hedland).

The Authority's Minor Works program facilitates:

- upgrades to building, civil, mechanical, and electrical infrastructure;
- safety upgrades; and
- upgrading information and communications technology.

This also includes acquisition and replacement of:

- infrastructure;
- mobile plant;
- housing; and
- office equipment.

The Authority encourages private sector investment that is aligned to long-term port planning objectives. The Authority will also consider and facilitate private investment in port facilities and infrastructure where proponents provide multi-party or common user access.

The Authority may invest in port infrastructure and facilities that cannot be funded by the private sector and which promote trade and provide net economic benefits to the State, regional and local communities. The Authority actively seeks opportunities to invest in new and upgraded facilities.

All investments by the Authority are justified in terms of technical, financial, economic, social, safety and environmental benefits. Where appropriate, the Authority operates on commercial principles, with rates of return on investment agreed with the State Government.

Minor Capital Projects

There were 53 active projects in the reporting period. These had a total value of \$17.9 million versus a total budget of \$20.6 million. Costs for the 53 projects were incurred in previous years and the current reporting period. The spend on completed projects in the current reporting period was \$8.1 million.

Thirty-four projects will continue into the 2022/23 reporting period with a combined total project budget of \$39 million.

Governance Disclosures

Major Capital Projects

Spoilbank Marina

Stage 1 of the Spoilbank Marina has been completed, with Stage 2 now well advanced. The Authority's spend during the reporting period was \$24.3 million, with four of five major contracts now awarded, two of which were awarded in the reporting period. This project is estimated to complete in financial year 2023/24.

Sustaining Infrastructure Due (SID) Projects

Port Hedland Inner Harbour Revetment Upgrades

The spend on this project during the reporting period was \$6.9 million. The total estimated cost of this project is \$20 million, with the remaining estimated cost to complete this project being \$13.1 million and the project estimated to complete in financial year 2022/23.

Nelson Point Tug Haven Revetment and Sheet Pile Wall Upgrades

The spend on this project during the reporting period was \$0.2 million. The total estimated cost of this project is \$50.9 million. The remaining estimated cost to complete this project is \$50.7 million. At the end of the reporting period, significant contracts are in the marketplace and the project is estimated to complete in 2023.

Port of Ashburton Funding Agreement Projects

Two projects were completed at the Port of Ashburton during the reporting period and two approved projects were underway, including the construction of a large building and the finalisation of a Marine Oil Spill Response Vessel. The development of a new eastern port precinct within the Port of Ashburton was placed on hold, pending the completion of a proponent development.

EMPLOYEE NUMBERS

TEAM	EMPLOYEE NUMBERS 30 JUNE 2021	EMPLOYEE NUMBERS 30 JUNE 2022
Executive	3	3
Corporate Affairs & Governance	41	37
Development & Trade	35	27
Engineering & Infrastructure	22	23
Finance & ICT	34	32
Human & Physical Resources	13	21
Marine Operations	44	45
Terminal Operations	100	103
HMI	1	1
Total	293	292

OTHER LEGAL REQUIREMENTS

Unauthorised Use of Credit Cards

The Authority has provided details below of instances where a State Government purchasing card (credit card) is used for personal use, as per TI 321 Credit Card – Authorised Use and TI 903 Agency Annual Reports.

There were 20 instances of unauthorised use of a credit card during the reporting period, with a total value of \$1,052. These occurred due to emergency situations or minor private expenses coinciding with business travel. All instances were declared. The amount of personal use credit card expenditure outstanding at the end of the reporting period was \$0.

Advertising and Market Research Expenditure

Total expenditure for reporting period was \$186,427.

Expenditure was incurred in the following areas:

ADVERTISING AGENCIES AND MEDIA ADVERTISING

Garvey Photographer	\$33,185
Initiative Media	\$70,659
Southern Cross Austereo	\$23,000
West Australian Newspaper	\$22,983
Total	\$149,827

MARKET RESEARCH AGENCIES

Kantar Public Australia	\$36,600
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Governance Disclosures

Compliance with Public Sector Standards and Ethical Codes

The Code of Ethics and Conduct (Code) communicates Pilbara Ports Authority's standards of conduct and integrity and promotes professionalism in the provision of services to customers, port users and the community. The Code is available on the Authority's website and intranet.

The Authority's Working with Respect program incorporates the most recent research on inclusion, provides an opportunity for all employees to explore workplace behaviour and reinforces the importance of observing legal and conduct requirements.

Where breaches occur, procedures are in place to support workplace resolution and/or disciplinary investigation when required. Disciplinary matters involving alleged breaches require involvement of the relevant General Manager and are reported to the CEO as well as the Risk and Audit Committee.

During the reporting period there were nine instances leading to breaches of Pilbara Ports Authority's Code of Ethics and Conduct.

Each instance was reported and managed in accordance with the Authority's procedures. Actions included written warning, apology, discussions at team meetings and termination of employment.

Recordkeeping Plans

The Authority fully meets the recordkeeping plan requirements:

- The Authority's Recordkeeping Plan was updated within the past five years, in December 2019;
- All staff are required to complete recordkeeping and information classification awareness training every two years;
- The training program was reviewed within the past two years to ensure relevance; and
- The Authority's induction program includes training modules on recordkeeping and Objective Awareness, that clearly explain to staff their recordkeeping obligations and processes in accordance with the plan.

Audit of Information Services Business Unit

An internal audit was undertaken in the reporting period to assess the application of information services risk management processes and the design and operating effectiveness of information management processes.

The audit outcome determined that the Authority has mature processes in place across the majority of the core information management process areas, providing a sound basis for managing information management risks across the organisation.

The Authority's Record Management Framework and processes are noted in the audit as well established and in compliance with the *State Records Act 2000* (WA).

Internal Audit

The Authority's Board endorsed a three-year internal audit plan that focuses on reviewing the systems and procedures in place for the highest risk functions performed by the business. Five audits were progressed during the reporting period. Recommendations and actions are being regularly tracked and closed out.

Information Classification

The Authority is in the process of implementing an information classification framework using the State Office of the Digital Government's classification scheme and maturity roadmap. A project has been established to implement the requirements of the State Government's Information Classification Policy and the Authority is working towards the required maturity level.

Freedom of Information

As required under Part 5 of the *Freedom of Information Act 1992* WA (FOI Act), the Authority publishes an Information Statement on its website that conveys information to the public about the Authority's operations, the kinds of documents it holds and the procedures for accessing them. In accordance with the FOI Act, this statement is updated annually, with the Information Commissioner notified on each occasion and provided with a copy of any major changes made.

Governance Disclosures

During the reporting period, the Authority received three FoI applications to which it responded or is responding to as of 30 June. It also attended to three third party consultation requests from other agencies.

GOVERNMENT POLICY REQUIREMENTS

WA Multicultural Policy Framework

The Authority's multicultural plan is incorporated into its recently completed Diversity and Inclusion Plan. The Authority has a number of key initiatives in this area focussed on improving its already strong performance, with more than 14 per cent of its workforce from culturally and linguistically diverse backgrounds.

Substantive Equality

The Authority's Diversity and Inclusion Plan covers the period 2020 to 2023. The Plan acknowledges the importance of a diverse and inclusive workforce, identifies strategies and measures of success, and the Authority's ongoing commitment to building a diverse and inclusive environment.

Occupational Safety, Health and Injury Management

The Authority is committed to workplace health, safety and injury management. The Executive drives the work health and safety agenda and supports investment into improving work health and safety across all the Authority's operations.

The Authority consults widely with employees and other workers at all its operations using several mechanisms. These include meetings, forums, surveys, questionnaires, and a formal electronic reporting system. The Authority has elected health and safety representatives at each of its sites, and staff Health, Safety and Environment (HSE) committees meet regularly to discuss health and safety matters and improvement opportunities.

The Authority complies with the requirements of the *Workers' Compensation and Injury Management Act 1981*. If an employee is injured and not able to immediately return to their normal duties, the Authority will work with the employee and other stakeholders to develop a suitable return to work plan.

The Authority's health and safety management system was audited in December 2021 to assess compliance and effectiveness to the requirements of ISO45001:2018. The audit found no minor or major non-conformities.

Governance Disclosures

Pilbara Ports Authority Employees Only

MEASURES	RESULTS 2019/20 ⁽¹⁾ BASE YEAR	RESULTS 2020/21 PRIOR YEAR	RESULTS 2021/22 ⁽¹⁾ CURRENT REPORTING YEAR	TARGETS	COMMENTS ABOUT TARGETS
Number of fatalities	0	0	0	0	Target met
Lost time injury and disease incidence rate	0.77 ⁽³⁾	0 ⁽³⁾	0 ⁽³⁾	0 or 10% reduction in incidence rate	Target met ⁽²⁾
Lost time injury and severity rate	50	0	0	0 or 10% reduction in severity rate	Target met ⁽²⁾
Percentage of injured workers returned to work (i) within 13 weeks	50%	100%	100%	Greater than or equal to 80%	Target met
Percentage of injured workers returned to work (ii) within 26 weeks	100%	100%	100%	Greater than or equal to 80%	Target met
Percentage of managers trained in occupational safety, health and injury management responsibilities, including refresher training within 3 years	100%	100%	100%	Greater than or equal to 80%	Target met

Note (1) This is a three-year comparison trend (i.e., current reporting year is 2021/22 and comparison year is 2019/20).

Note (2) Comment on performance over the three-year period.

Note (3) Reporting guidelines only allow reporting on FTE, and not million hours worked.

Governance Disclosures

Asbestos Management

Pilbara Ports Authority maintains an asbestos management plan to manage potential health risks associated with the presence of asbestos containing materials (ACM) at its sites.

During the reporting period, activities were completed relating to the management of asbestos such as the removal of a significant amount of ACM during the building demolition at 3 Richardson Street in Port Hedland, inspections on the condition of known ACM at Authority sites and properties, and increased awareness campaigns.

For the first time, the Authority was required to report on its progress towards achieving the State Government's endorsed targets from the National Strategic Plan for Asbestos Awareness and Management 2019-2023. The Authority met all reporting requirements.

Glossary

AAS	Australian Accounting Standards
ABF	Australian Border Force
ACW	Ashburton Cargo Wharf
CCC	Community Consultation Committee
CHMP	Cultural Heritage Management Plan
CSI	Community Support Initiative
DAWE	Department of Agriculture, Water and Environment
DBCA	Department of Biodiversity, Conservation and Attractions
DCW	Dampier Cargo Wharf
DIWG	Diversity and Inclusion Working Group
DoT	Department of Transport
EEO	Equal Employment Opportunity
EP Act	<i>Environmental Protection Act 1986 (WA)</i>
FoI	Freedom of Information
GTE	Government Trading Enterprise
HMI	Hedland Maritime Initiative Pty Ltd
JTSI	Department of Jobs, Tourism, Science and Innovation
LNG	Liquefied Natural Gas
LTIFR	Lost Time Injury Frequency Rate
MAC	Murujuga Aboriginal Corporation
MSIC	Maritime Security Identification Card
Mt	million tonnes
PDC	Pilbara Development Commission
PHIC	Port Hedland Industries Council
PHVBS	Port Hedland Voluntary Buy-Back Scheme
PIR	Port Improvement Rate
PPA	Pilbara Ports Authority
SID	Sustaining Infrastructure Due
SPA	<i>Shipping and Pilotage Act 1967 (WA)</i>
The Act	<i>Port Authorities Act 1999 (WA)</i>
The Authority	Pilbara Ports Authority
The Group	The Pilbara Ports Authority and its wholly-owned subsidiary, the Hedland Maritime Initiative Pty Ltd
ToPH	Town of Port Hedland
VTs	Vessel Traffic Services

Corporate office

Level 5, 999 Hay Street
PERTH WA 6000
Tel: (08) 6217 7112

Dampier office

Mof Road
Murujuga (formerly, the Burrup Peninsula)
DAMPIER WA 6713
Tel: (08) 9159 6555

Port Hedland office

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

www.pilbaraports.com.au

feedback@pilbaraports.com.au