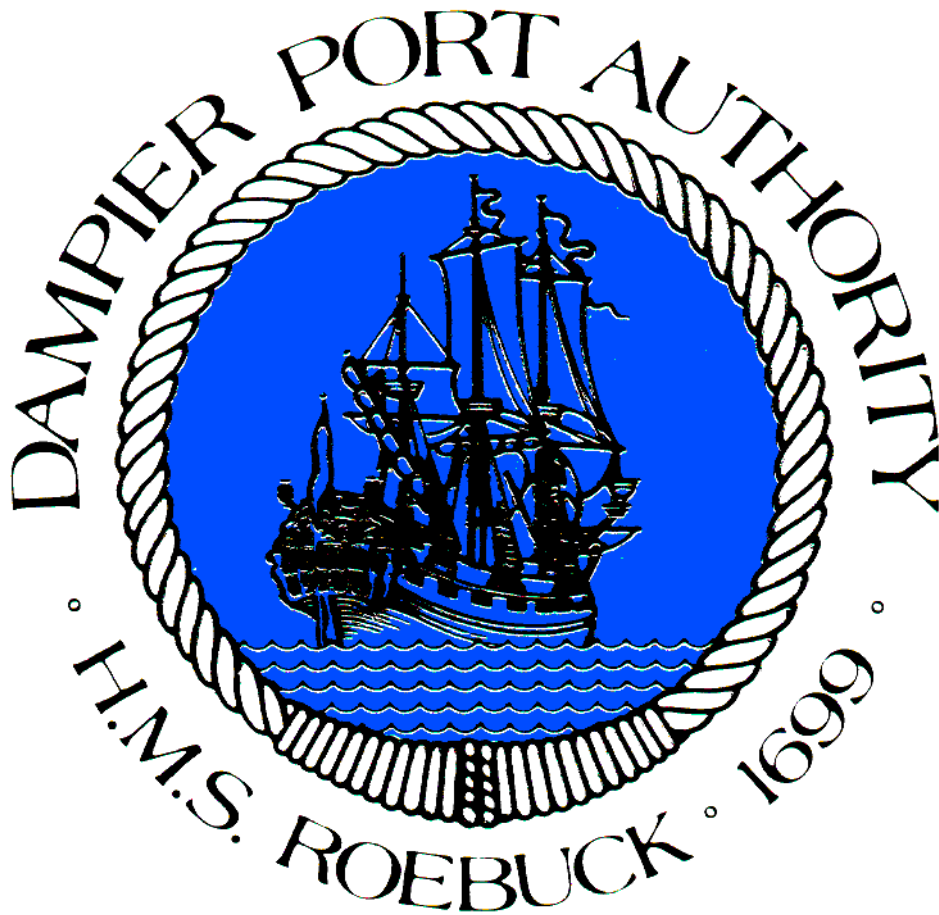


PORT OF DAMPIER



2002 Annual Report

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DAMPIER PORT AUTHORITY AUTHORITY DIRECTORY

Directors

Peter West
Chairman

Graeme Rowley
Representing Hamersley Iron

Glen Bajars
Representing Woodside Energy

Robert Vitenbergs

Tonia Swetman

Chief Executive Officer

Greg Trenberth

Principal Accounting Officer

Megan Marion

Address of Office

Mof Road
Burrup Peninsula
Dampier WA 6713
Telephone: 08 9159 6555

Auditors

Auditor General

Internal Auditors

Northwest Accountancy Pty Ltd

Annual Report

Internet: www.dpa.wa.gov.au

DIRECTORS DECLARATION

In the opinion of the directors of Dampier Port Authority:

- (a) The financial statements and notes comply with applicable accounting standards, Urgent Issues Group Consensus Views, other mandatory professional reporting requirements and the Port Authorities Act 1999;
- (b) The statement of Financial Performance gives a true and fair view of the profit of the Authority for the financial year ended 30 June 2002;
- (c) And Statement of Financial Position gives a true and fair view of the state of affairs of the Authority as at 30 June 2002 and;
- (d) At the date of this declaration there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due.

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



P. WEST
(Chairman)



G. ROWLEY
(Director)

Dated this 6th day of August, 2002
Dampier, WA

DIRECTORS REPORT

In accordance with Schedule 5, Division 9 we report on the operations of the Dampier Port Authority for the year to 30th June, 2002 as follows -:

BOARD MEMBERS

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

Name	Position	Expiry Date of Tenure
Mr. Graeme Rowley	Representing Hamersley Iron	31 December 2002
Mr. Robert Vitenbergs	Member	31 December 2003
Mrs. Tonia Swetman	Member	31 December 2002

Current Board Members

Chairman: Mr Peter West

Ministerial Appointment commenced May 2002. Expiry of term 31 December 2004.

Qualifications: Bachelor Science (Honors)

Experience: 34 years with BP in variety of management positions culminating in being Manufacturing Director for BP in Australasia and Managing Director of BP Kwinana Refinery

Woodside Nominee: Glen Bajars

Commenced May 2002, replacing Capt. Warwick Pointon as the Woodside representative. Term to expire 31 December 2004.

Experience: 18 years with Woodside Energy in a variety of management positions, currently Operations Manager Offshore Gas.

Hamersely Iron Nominee: Mr Graeme Rowley

Qualifications: Graduated as a Pilot from RAAF Flying Training
Completed a Post- Graduate Management Programme.

Experience: Pilot for RAAF
Former GM of Cargo companies involved in the mining industry, currently General Manager of Dampier Operations incorporating Port and Power.
Chairman Northwest Regional Council of Chamber of Minerals and Energy
Acting Chairman & Board Member Pilbara Development Commission

Member: Mr Robert Vitenbergs

Mr Robert Vitenbergs was appointed to the Board in May 1999

Qualifications: Degree in Marine Engineering

Experience: 22 years Royal Australian Navy
Marine Manager Hamersley Iron
Councillor Shire of Roebourne

Member: Mrs Tonia Swetman

Appointed to the Board in January 2000, Expiry of Term December 2002

Qualifications: Bachelor of Art Degree with an Economics Major and a Post Graduate Diploma in Education.

Experience: Owns a management consultant Business
Senior officer for the Pilbara Development Commission
Deputy Chairman Burrup Peninsula Management Advisory Board
Chairman Boodarie and Maitland Industrial Estate Consultative Committees
Currently working for the North West Shelf Phase IV Expansion Position Project, in Employee Relations

Retirement, Election and Continuation of Office of Members

Mr. Wayne Stewart	Chairman	Resigned April 2002
Capt. Warwick Pointon	Representing Woodside Energy	Resigned April 2002
Mr. Glen Bajars	Representing Woodside Energy	Commenced May 2002
Mr. Peter West	Chairman	Commenced May 2002

<u>Meetings of the Board</u>	2001/2002	2000/2001
Number of Meetings Held	14	6
Number of Meetings attended by		
Wayne Stewart (Chairman)	10	6
Graeme Rowley (representing Hamersley Iron)	13	5
Capt. Warwick Pointon (representing Woodside Energy)	12	6
Robert Vitenbergs	12	6
Tonia Swetman	12	5
Glen Bajars (representing Woodside Energy)	2	-
Peter West	2	-

The number of meetings held whilst Glen was a Director was two.

The number of meetings held whilst Peter was Chairman was two.

STAFF

Name	Position
Mr. Greg Trenberth	Chief Executive Officer
Capt. Malcolm Bolderson	Deputy Harbour Master
Mr. Roy Gillespie	Safety and Environment Manager
Mrs. Megan Marion	Accountant
Mrs. Vicki Lorantas	Executive Officer

CONTRACTORS

Company	Position
Roy Scott & Partners	Port Development Manager
Sillawdon Pty Ltd	Port Communications

PRINCIPAL ACTIVITIES

There was no significant change in the nature of the Authority's activities this year. Those activities can be summarised as follows -:

Oversee the strategic planning for the port's development in conjunction with port users and other relevant Government agencies;
make the Dampier Cargo Wharf available for port users;
negotiate Port Facilities Agreements for the Major Gas to Liquids Projects that propose to utilise the Burrup;
approve pilots that operate in the port and grant pilotage exemptions as appropriate to eligible vessel masters;
exercise the powers of Harbour Master to control shipping in the port to achieve safe and efficient operations;
operate port communications
pass and monitor compliance with port regulations that set standards and procedures for vessels using the port, and other marine matters;
monitor marine pollution issues associated with port operations;
provide marine pollution response planning and capability;
provide emergency response planning;

NET PROFIT AFTER TAX

The Authority finished the financial year with a loss after compliance with the "National Tax Equivalent" legislation of \$197,978 compared to last year's net profit result of \$363,799. See the accompanying Financial Statements for further details.

DIVIDEND

The directors have declared a final dividend of \$22,000. This is in accordance with the Port Authorities Act 1999, and the Governments dividend policy applicable to the State's ports.

Normal dividend	0
Efficiency dividend	22

	2002	2001
	\$'000	\$'000
Total dividends recommended in respect of the year	22	109
Total dividends paid during the financial year	109	0

For the financial year ending 30 June 2001, the Directors declared an additional dividend of \$73,887 on the 28th June 2002. The Board originally declared a dividend of 10% of net profit after tax, however following a request from the Minister the Board has reconsidered and proposes a dividend of 30% of net profit after tax, in line with the expectations from the Minister for Planning & Infrastructure.

SIGNIFICANT CHANGES TO THE STATE OF AFFAIRS

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

- A decrease in total equity of \$294,055 due to a negative financial performance throughout the year.
- Write down of the Port Authorities Barge Ramp in accordance with AASB 1010 Recoverable Amount of Non Current Assets. As a result of the write down an additional expense of \$282,929 was recognised, with an asset valuation of \$561,871.

REVIEW OF OPERATIONS

Finance

The Dampier Port Authority projected an operating profit of \$463,995 for the financial year ending 30 June 2002, as reported in the 2001/02 Statement of Corporate Intent. Due to unforeseen circumstances the Port at its mid year review projected an annual operating loss of \$125,000.

The major items that contributed to the loss were the restructuring of Port Communications, and the unbudgeted maintenance programme on the Dampier Cargo Wharf.

It should be noted that the Authority's financial goals are secondary to its role as a trade facilitator. To that end, the aim is to minimise revenue without effecting financial viability so as to provide the most cost-effective service to port users.

The final result was a pre-tax loss of \$268,610 against a revised mid year review budget of \$125,000 loss.

The port as at the 30th June 2002 is debt free.

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

	2002	2001
	\$'000	\$'000
Port Dues	2,029	2,031
Dampier Cargo Wharf Operations	796	832
Barge Ramp	98	172
Lease-King Bay Industrial Estate	179	151
Interest	155	219
Proceeds from sale of Non Current Assets	38	25
Other Revenues	<u>69</u>	<u>77</u>
Total Revenue	3,364	3,507
Less unallocated expenses		
Administration & Provisions	1,350	1,103
Maintenance	312	208
Power & Water	155	216
Depreciation	902	912
Insurance	115	101
Consulting, Legal & Audit	338	101
Other	178	331
Asset Write Down to Recoverable Amount	<u>283</u>	<u>0</u>
Total Expenditure	3,633	2,972
Profit/(Loss) from ordinary activities before income tax expense	(269)	535
Income tax expense	<u>(71)</u>	<u>171</u>
Profit/(Loss) from ordinary activities after income tax expense	<u>(198)</u>	<u>364</u>

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

(a) Port Dues

Port dues are on par to the previous financial year.

(b) Dampier Cargo Wharf Operations

Decrease in water sales, is the main attributer to the decline in income. The vessels' visiting the berth is similar to last financial year.

(c) Barge Ramp

Income from the barge ramp declined substantially during the 2001/2002 financial year. The vessels using the barge ramp were similar to the previous year, however decreases in wharfage and berth hire were the main contributors to the fall in income.

(d) Lease – King Bay Industrial Estate

The increases in the lease payments were attributed to amendments to a number of leases.

(e) Interest

The income generated from investments were significantly lower, this is mainly attributed to the low interest rates. Interest rates for this financial year remained in the lower end of the 4% range.

(f) Other Revenues

Due the Port Authorities decision to lease 5 of its properties commercially, rental income has increased substantially.

(g) Administration & Provisions

Increases were mainly due to the cost involved in closing Port Communications. Following the Boards decision to close Port Control from the 3rd September 2001, the Minister subsequently sought to arrange an independent audit regarding the closure. A recommendation from the audit is currently being conducted in regards to the future of Port Communications with recommendations due late August.

(h) Maintenance

The Dampier Port Authority in July 2001 commenced a structured maintenance program on the Dampier Cargo Wharf. The maintenance program was based on recommendations from Martin Searle Consultancy.

(i) Power & Water

The decrease in expenditure is largely due to a decline for water usage on the Dampier Cargo Wharf.

(j) Depreciation

Depreciation was slightly lower compared to last year, due to a few assets being fully depreciated in the previous financial year. No significant assets were purchased or disposed of during the year, that would significantly vary the depreciation amounts between the two years.

(k) Insurance

Costs for insurance increased slightly to last financial year, with increases in Property Insurance, and Public Liability Insurance.

(l) Consulting, Legal and Audit

Substantial increases in legal costs were incurred during 2001/2002. The increase is attributed to the Port Authority changing legal representation and an increase in work associated with major projects.

Consultancy work was also higher due to a number of works / studies undertaken by the Port Authority. These include Review of the Environment Management Plan, Study on Port Control and Strategic Communication Plan.

(m) Other

The decrease in other expenditure is due to the Port Authority repaying its loan to WA Treasury Corporation in 2000/2001.

All other expenditure is similar to the previous financial year.

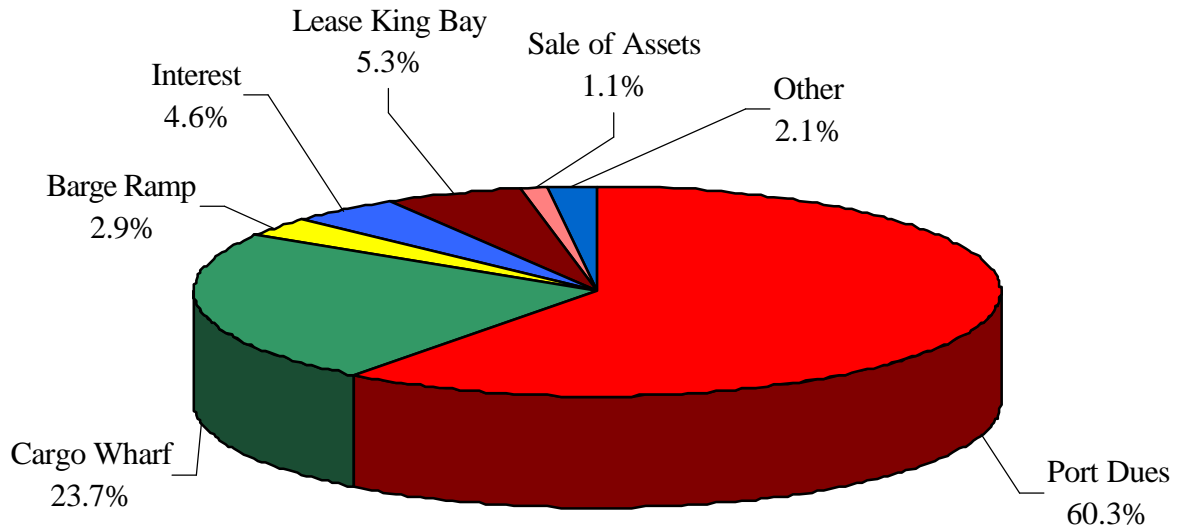
(n) Asset Write Down to Recoverable Amount

In accordance with the requirements set out in AASB 1010 Recoverable Amount of Non Current Assets. It was discovered the Port Authority was carrying the asset at a higher value the recoverable amount of the asset. The Port Authority recognised the decrement in carrying value as an expense in the net profit or loss for the reporting period in which the recoverable amount write down occurs.

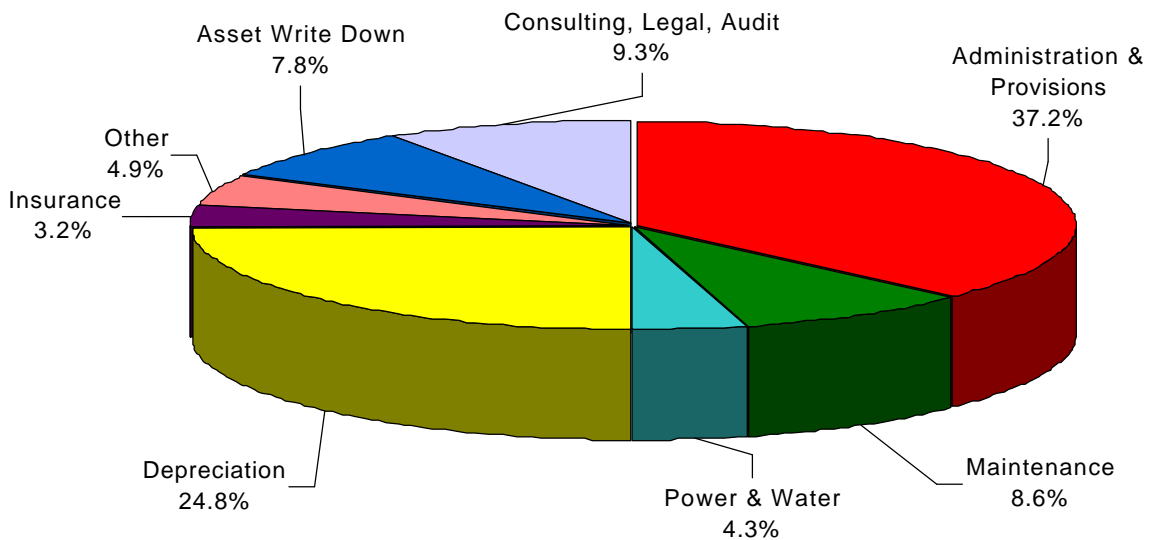
Written Down Value as at 30 June	844,800
Economic Benefit of the Barge Ramp	<u>561,871</u>
Decrement in carrying value	282,929

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

Sources of Revenue 2001/2002



Expenditure Allocation 2001/2002



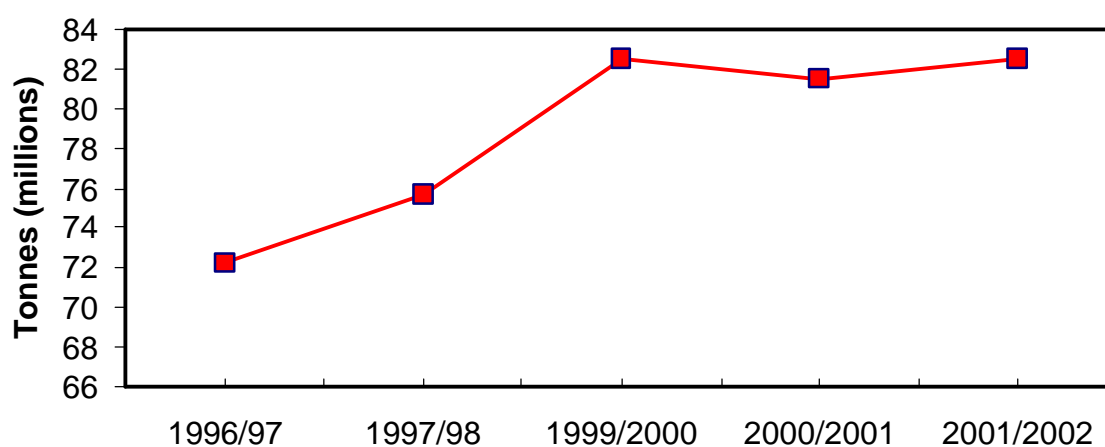
Trade Performance

The table below shows commodity throughput for the past 3 years. Export of Iron Ore continues to be the predominant contributor.

PORT TRADE AND GENERAL STATISTICS			
COMMODITY	2001/2002	2000/2001	1999/2000
Iron Ore	64,947,306	65,965,726	65,269,047
Salt	4,074,307	3,155,975	3,897,052
Condensate	4,264,609	3,766,896	4,505,659
Liquefied Natural Gas	7,743,799	7,329,089	7,775,708
Liquified Petroleum Gas	1,261,048	797,921	711,423
Petroleum Products	189,196	211,527	187,468
General Cargo - Supply Base	215,080	218,376	181,158
Total Cargo Tonnes	<u>82,695,345</u>	<u>81,445,510</u>	<u>82,527,515</u>
Total Vessel Numbers	2,265	2,540	2,221
Total Gross Registered Tonnage	65,497,258	66,567,398	66,102,883

Commodity trade throughput increased in comparison to last financial year. The following commodities experienced an increase in export trade Salt, Condensate, LNG and LPG. Iron Ore exports declined by 1,018,420 metric tonnes.

PORT OF DAMPIER ANNUAL CARGO THROUGHPUT



Operations

A proper response capability to marine pollution incident remains a keystone to the Authority's environmental strategy and remains a high priority. The Authority through its operations plans to promote a 'Whole of Port' approach to environmental matters.

The goodwill and goodwork created by the Authority hosting Exercise 2000 highlighted this. The Authority each year conducts pollution exercise training involving a number of external agencies.

SIGNIFICANT EVENTS AFTER YEAR END

Nil

EVENTS SUBSEQUENT TO BALANCE DATE

There were no matters to report that occurred subsequent to the end of the financial year.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

The Authority expects that trade volumes for 2002/2003 financial year will remain at similar levels to 2002 year with an estimated trade volume of 84,325,000 metric tonnes. Revenue is expected to remain on par with 2002. The Dampier Cargo Wharf will be upgraded at a cost of \$400,000.

Significant changes in the Authority's operations could occur in the near future if any or all of the various development projects, that are currently under consideration, come to fruition.

It is possible that there will be a demand for a common user wharf, channels, towage and pilotage services, particularly if Burrup Fertilisers Ammonia Plant and/or Methanex Methonal project come to fruition.

ENVIRONMENTAL PERFORMANCE

Section 51(1)(b) of the Port Authorities Act 1999 requires the Port Authority to have an environmental management plan for the Port.

There was one significant safety accident and no environmental accidents in the port during the year. The safety accident relates to the vessel 'Nego Kim' whilst anchored within Port limits, the vessel was performing maintenance on the ballast tanks. An accidental explosion occurred which caused significant structural damage and the loss of life. The police conducted the search and rescue.

ELECTORAL ACT

As required by the Electoral Act S175ZE, the Authority declares that it did not incur any expenditure greater than \$1,600 during the reporting period in relation to advertising agencies, market research organisations, polling organisations and direct marketing organisations. However, the Authority did incur \$4,741 on media advertising.

DIRECTORS BENEFITS

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

DIRECTORS INTEREST IN CONTRACTS

During the financial year, the Authority did not enter into any contracts with entities, in which Directors declared an interest, except as set out in Note 20.

DIRECTORS AND OFFICERS REMUNERATION

Remuneration of directors is determined by the Minister for Infrastructure and Planning. The Board oversees the remuneration of the Chief Executive Officer on an annual performance basis. Remuneration of officers other than the Chief Executive Officer is based on their individual contract agreements.

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

Board Members

Name	Directors Fees \$	Superannuation \$	Total \$
P West - Chairman	3,029	242	3,271
W . Stewart – Retired Chairman	11,227	898	12,125
R. Vitenbergs	6,900	552	7,452
T. Swetman	6,900	552	7,452

Note representatives from Woodside Energy and Hamersley Iron do not receive remuneration for board member duties.

Other Executives

Name	Base Salary \$	Motor Vehicle \$	Other \$	Superannuation \$	Total \$
G Trenberth Chief Executive Officer	107,406	8,140	12,448	12,076	140,070

INDEMNIFICATION OF DIRECTORS AND OFFICER

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

The Authority paid an insurance premium of \$5,310 in respect of the Directors' and Officers' Liability Insurance Policy for the reporting period.

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

INDEMNIFICATION OF AUDITORS

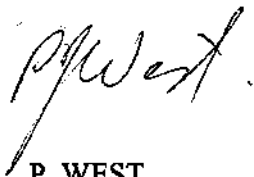
The Auditor General's Office has been appointed as the Port Authority's auditor in accordance with Schedule 5 Section 37 (2) of the Port Authorities Act 1999.

The total fee payable for the financial year ending 30 June 2002 \$20,000 GST Exclusive.


ROUNDING OF AMOUNTS

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

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



P. WEST
(Chairman)



T. SWETMAN
(Director)

Dated this 6th day of August 2002
Dampier. WA



AUDITOR GENERAL

INDEPENDENT AUDIT REPORT ON DAMPIER PORT AUTHORITY

To the Parliament of Western Australia

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit report relates to the financial statements of Dampier Port Authority for the year ended June 30, 2002 included on Dampier Port Authority's web site. The Authority's directors are responsible for the integrity of Dampier Port Authority's web site. I have not been engaged to report on the integrity of this web site. The audit report refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Scope

I have audited the financial statements of Dampier Port Authority for the year ended June 30, 2002 comprising the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, accompanying Notes and Directors' Declaration. The Authority's directors are responsible for the financial statements. I have conducted an independent audit of the financial statements in order to express an opinion on them as required by the Port Authorities Act 1999.

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial statements are free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with my understanding of the Authority's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial statements of Dampier Port Authority are properly drawn up:

- (a) so as to give a true and fair view of:
 - (i) the Authority's financial position at June 30, 2002 and of its performance for the financial year ended on that date; and
 - (ii) the other matters required by schedule 5 of the Port Authorities Act 1999 to be dealt with in the financial statements;
- (b) in accordance with the provisions of the Port Authorities Act 1999; and
- (c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

D D R PEARSON
AUDITOR GENERAL
September 27, 2002

**DAMPIER PORT AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2002**

	Note	2002 \$'000	2001 \$'000
CURRENT ASSETS			
Cash Assets	22(a)	3,995	3,742
Receivables	5	526	300
Other	6	6	57
TOTAL CURRENT ASSETS		4,527	4,099
NON-CURRENT ASSETS			
Property, plant and equipment	8	17,698	18,618
Deferred Tax Assets	7	162	110
TOTAL NON-CURRENT ASSETS		17,860	18,728
TOTAL ASSETS		22,387	22,827
CURRENT LIABILITIES			
Payables	9	360	225
Unearned Income	11	150	150
Current Tax Liabilities	12	0	38
Provisions	13	144	233
TOTAL CURRENT LIABILITIES		654	646
NON-CURRENT LIABILITIES			
Deferred Tax Liabilities	14	8	27
Unearned Income	11	76	184
Provisions	13	18	45
TOTAL NON-CURRENT LIABILITIES		102	256
TOTAL LIABILITIES		756	902
NET ASSETS		21,631	21,925
EQUITY			
Contributed Equity	16	17,002	17,002
Reserves	16	0	1,549
Retained profits	17	4,629	3,374
TOTAL EQUITY		21,631	21,925

The accompanying notes form part of these financial statements.

DAMPIER PORT AUTHORITY
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2002

	Note	2002 \$'000	2001 \$'000
Revenue from Ordinary Activities	3	3,364	3,507
Administration & Provisions	2	(1,350)	(1,103)
Maintenance	2	(312)	(208)
Power & Water	2	(155)	(216)
Depreciation	2	(902)	(912)
Borrowing cost expense	2	-	(148)
Legal	2	(220)	(35)
Insurance	2	(92)	(84)
Write down of non current asset to recoverable amount	2	(283)	-
Other expenses from Ordinary Activities	2	(319)	(266)
<i>Profit /(loss) from ordinary activities before income tax expense</i>	2	(269)	535
Income tax expense/(benefit)	4	(71)	171
<i>Profit /(loss) from ordinary activities after income tax</i>		(198)	364

The accompanying notes form part of these financial statements.

DAMPIER PORT AUTHORITY
STATEMENT OF CASH FLOWS
For The Year Ended 30 June 2002

	Note	2002 \$'000	2001 \$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		3,771	3,882
Payments to suppliers and employees		(3,323)	(2,722)
Interest received		55	84
Interest received on investments		95	134
Borrowing costs		-	(178)
Income tax "equivalents" paid		(118)	(263)
Net cash inflow from operating activities	22(b)	480	937
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		38	25
Payment for property, plant and equipment		(156)	(204)
Net cash outflow from investing activities		(118)	(179)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	(1,637)
Payment of Dividends	10	(109)	-
Net cash outflow from financing activities		(109)	(1,637)
Net increase/(decrease) in cash held		253	(879)
Cash at beginning of financial year		3,742	4,621
Cash at end of financial year	22(a)	3,995	3,742

The accompanying notes form part of these financial statements.

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2002

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards and UIG Consensus Views and the Port Authorities Act 1999. The financial report is prepared on an accrual basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

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

(a) Income Tax “Equivalent”

Dampier Port Authority is exempt from income tax under section 23(d) of the Income Tax Assessment Act. From July 1, 2001, the Authority is subject to the National Tax Equivalent Regime (“NTER”) administered by the Australian Taxation Office (“ATO”). Prior to the introduction of the NTER, the Authority complied with the State TER.

The Authority adopts the liability method of tax-effect accounting whereby the income tax attributable to operating profit shown in the Statement of Financial Performance is based on the operating profit before income tax adjusted for any permanent differences. Income tax on cumulative timing differences is set aside to the deferred income tax or future income tax benefit accounts at the rates which were expected to apply when those timing differences reverse.

(b) Property, Plant & Equipment

Property, plant and equipment are measured on the cost basis less, where applicable, any accumulated depreciation or amortisation. The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight line basis over their useful lives to the Authority commencing from the time the asset is held ready for use.

Useful lives for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings & Improvements	40 – 50 years
Plant and equipment	3 – 5 years
Berths/Wharves	25 years
Navigational Aids	50 years

The Authority has a general policy of expensing at the time of purchase all individual assets costing \$300 or less or with a useful life of less than three (3) years. The materiality of the item purchased is also taken into consideration when adopting this policy. Regardless of cost, physical control over all the Authority’s assets is maintained

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2002

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Maintenance and Repairs

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

(d) Employee Entitlements

The requirements of AASB 1028 with regard to long service leave have been investigated and found not to materially differ from the undiscounted method of calculation. The undiscounted method has therefore been adopted in determining the Authority's liability.

Annual and long service leave entitlements are measured as the amount unpaid at the reporting date at current remuneration rates in respect of employees' service up to that date.

Staff who are members of the Gold State Superannuation Scheme make contributions to that fund which is now closed to new members. All other permanent staff are non-contributory members of the West State Superannuation Scheme or other funds of their choosing which comply with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

The liabilities for superannuation charges under these schemes are extinguished by fortnightly (West State and Gold State) and other payments of employer contributions to the appropriate funds.

The note disclosure required by paragraph 14 (e) of AASB 1028 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The Government Employees Superannuation Board's records are not structured to provide the information for the Authority. Accordingly, deriving the information for the Authority is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

(e) Cash Assets

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at call deposits with banks or financial institutions and investments in money market instruments maturing within six months.

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2002

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to customers (e.g. when a vessel enters the port limits). Interest revenue is recognised on a proportional basis as it accrues taking in to account the interest rates applicable to the financial assets.

(g) Payables

Payables, including trade creditors, amounts payable and accrued expenses, are recognised when the Authority is obliged to make future payments as a result of a purchase for goods & services. Trade creditors are unsecured and are usually paid within 30 days of recognition.

(h) Interest Bearing Liabilities

Borrowings are recognised and carried at the amount of the net proceeds received. Interest expense is recognised on an accrual basis.

(i) Investments

Investments are recognised at cost, and the interest revenue is recognised as it accrues.

(j) Receivables

Trade debtors are recognised at the amounts due and are generally settled within 30 days except for property rentals, which are governed by individual lease agreements.

Collectability of debtors is reviewed on an ongoing basis. A provision for doubtful debts is raised following a review of all outstanding amounts at reporting date. Bad debts are written off in the period in which they were identified.

(k) Recoverable amount of non-current assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in the Statement of Financial Performance in the reporting period in which the recoverable amount write-down occurs.

The expected net cash flows included in determining the recoverable amounts of non-current assets are discounted to their present values using a risk-adjusted discount rate. The discount rate used was 5% for 2002.

This policy is in accordance with AASB 1010 Recoverable Amount of Non Current Assets.

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2002

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Comparatives

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

(m) Borrowing cost

Borrowing cost are recognised as expenses in the period in which they are incurred, except where they are included in the cost of qualifying assets

(n) Rounding

Amounts have been rounded to the nearest thousand dollars, or in certain cases to the nearest dollar.

(o) Payment of Dividend to the State

In accordance with section 84 of the Port Authorities Act 1999 the Board of the Authority shall as soon as practicable after the end of the financial year make a recommendation to the Minister as to the amount of dividend appropriate for the financial year.

(p) Goods and Services Tax

Goods and Services Tax legislation became effective on 1 July 2000. The Authority has registered for GST.

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax.

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2002

	2002	2001
	\$'000	\$'000
NOTE 2: PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities before income tax expense has been determined after charging the following gains and expenses:		
Borrowing costs	-	148
Employee entitlements		
Annual Leave	25	107
Long Service Leave	19	30
Superannuation	57	121
Depreciation		
Building and improvements	107	108
Plant and equipment	63	67
Berths/wharves	653	658
Navigation aids	79	80
Other charges against assets		
Write down of non current asset to recoverable amount	283	-
Auditors Remuneration	25	17
Gain (loss) on sale of non current assets		
Proceeds from sale of plant and equipment	38	25
Carrying amount	<u>38</u>	<u>26</u>
Gain (loss) on sale of plant and equipment	<u>-</u>	<u>(1)</u>
NOTE 3: REVENUE FROM ORDINARY ACTIVITIES		
Operating activities of the Authority		
– rendering of services	2,931	3,088
– leases revenue	240	175
Non-operating activities of the Authority		
– proceeds on disposal of property, plant and equipment	38	25
– interest received	55	85
– interest received on investments	<u>100</u>	<u>134</u>
	<u>3,364</u>	<u>3,507</u>

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2002

	2002	2001
	\$'000	\$'000
NOTE 4: INCOME TAX		
The income tax attributable to the financial year differs from the amount prima facie payable on the profit from ordinary activities and is reconciled as follows:		
Profit /(loss) from ordinary activities:	(269)	535
Prima facie income tax on operating profit at 30% (2001 -34%)	(81)	182
Tax effect on permanent differences:		
Sundry Items	-	1
Income tax adjusted for permanent differences	(81)	183
Adjustment to deferred income tax liabilities and assets to reflect the decrease in company tax rate to 30%/ 34%	<u>(10)</u>	<u>12</u>
Income tax attributable to profit /(loss) from ordinary activities	<u>(71)</u>	<u>171</u>
Income tax expense comprises:		
Provision attributable to current year	(104)	169
Decrease in deferred income tax provision	(19)	(13)
Decrease in future income tax benefit	<u>52</u>	<u>15</u>
	<u>(71)</u>	<u>171</u>

Adjustment to deferred income tax balances

Legislation reducing the company tax rate from 34% to 30% in respect of the 2002 income tax year was passed during the year ended 30 June 2000. As a consequence, deferred tax balances were measured during the year ended 30 June 2002 using the appropriate new rates, depending on the timing difference of their reversal.

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2002

	2002	2001
	\$'000	\$'000
NOTE 5: RECEIVABLES		
Trade debtors	526	302
Less: Provision for doubtful debts	<u>0</u>	<u>2</u>
	<u><u>526</u></u>	<u><u>300</u></u>

Included in the trade debtors balance as at 30 June 2002 is an amount of \$114,413 being instalments paid during the year refundable by the ATO as the Authority is in a tax loss position.

NOTE 6: OTHER

Prepayments	0	3
Accrued Income	<u>6</u>	<u>54</u>
	<u><u>6</u></u>	<u><u>57</u></u>

NOTE 7: DEFERRED TAX ASSETS

The future income tax benefit is made up of the following estimated tax benefits:

- tax losses	104	-
- timing differences	<u>58</u>	<u>110</u>
	<u><u>162</u></u>	<u><u>110</u></u>

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2002

	2002	2001
	\$'000	\$'000
NOTE 8: PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land		
At cost	450	450
Building and improvements		
At cost	4,165	4,163
Accumulated depreciation	<u>(1,214)</u>	<u>(1,108)</u>
Total buildings and improvements	<u>2,951</u>	<u>3,055</u>
Total land buildings and improvements	3,401	3,505
Plant and equipment		
At cost	923	937
Accumulated depreciation	<u>747</u>	<u>782</u>
Total plant and equipment	176	155
Infrastructure		
Berths / Wharves		
At cost	19,141	20,198
At recoverable amount	562	-
Accumulated depreciation	<u>(8,057)</u>	<u>(7,616)</u>
	<u>11,646</u>	<u>12,582</u>
Work in progress for channel dredging at cost	<u>178</u>	<u>-</u>
Total berths/wharves	<u>11,824</u>	<u>12,582</u>
Navigation aids		
At cost	3,283	3,283
Accumulated depreciation	<u>(986)</u>	<u>(907)</u>
Total navigation aids	<u>2,297</u>	<u>2,376</u>
Total infrastructure	14,121	14,958
Total property, plant and equipment	<u>17,698</u>	<u>18,618</u>

Reconciliation of the carrying amounts of each class of property, plant & equipment are prepared in accordance with AASB1041 Revaluation of Non Current Assets.

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2002

	2002	2001
	\$'000	\$'000
NOTE 8: PROPERTY, PLANT AND EQUIPMENT (Cont.)		
 (b) Reconciliation of carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below:		
 Land		
Carrying amount at 1 July	<u>450</u>	<u>450</u>
Carrying amount 30 June	<u>450</u>	<u>450</u>
 Building and improvements		
Carrying amount at 1 July	3,055	3,020
Additions	2	143
Depreciation for the year	<u>(106)</u>	<u>(108)</u>
Carrying amount 30 June	<u>2,951</u>	<u>3,055</u>
 Plant and equipment		
Carrying Amount at 1 July	155	187
Additions	123	61
Disposals	(136)	(62)
Accumulated depreciation on disposal	97	36
Depreciation for the year	<u>(63)</u>	<u>(67)</u>
Carrying Amount 30 June	<u>176</u>	<u>155</u>
 Infrastructure		
Berths/Wharves		
Carrying Amount at 1 July	12,582	13,240
Additions	178	-
Disposals	(1)	-
Accumulated depreciation on disposal	1	-
Recoverable amount write down	(283)	-
Depreciation for the year	<u>(653)</u>	<u>(658)</u>
Carrying Amount 30 June	<u>11,824</u>	<u>12,582</u>
 Navigational Aids		
Carrying Amount at 1 July	2,376	2,456
Depreciation for the year	<u>(79)</u>	<u>(80)</u>
Carrying Amount 30 June	<u>2,297</u>	<u>2,376</u>
 Total property, plant and equipment	 <u>17,698</u>	 <u>18,618</u>

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2002

	2002	2001
	\$'000	\$'000
NOTE 8: PROPERTY, PLANT AND EQUIPMENT (Cont.)		
Write-down of non-current asset		
Barge Ramp at carrying value	845	-
Barge Ramp recoverable amount	<u>(562)</u>	<u>-</u>
Loss arising from write-down	<u>283</u>	<u>-</u>

The Port was carrying the asset at a higher value than its recoverable amount. In accordance with the requirements set out in AASB 1010 Recoverable Amount of Non-Current Assets, the Port is required to recognise the decrement in the carrying amount as an expense.

NOTE 9: PAYABLES

Trade creditors	213	77
Sundry creditors	<u>147</u>	<u>148</u>
	<u>360</u>	<u>225</u>

NOTE 10: DIVIDENDS

Operating Dividend	74	35
Efficiency Dividend	<u>22</u>	<u>-</u>
	<u>96</u>	<u>35</u>

During the financial year, an additional \$74,000 operating dividend pertaining to the previous financial year was paid based on the Boards recommendation.

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2002

NOTE 11: UNEARNED INCOME

Amounts under current and non-current unearned income relate to an arrangement originally with WA Petroleum Ltd. (WAPET) which has recently been assigned to Chevron (Aust.) Pty Ltd. Under the arrangement, in return for the title to the barge ramp built by WAPET, the Authority rebates amounts due and payable for the use of the ramp and wharf by Chevron.

The barge ramp is recognised as an asset, while the rebates outstanding have been recognised as unearned income. The original liability of \$1,056,000 has reduced to \$226,419 as at 30 June 2002.

	2002	2001
	\$'000	\$'000
NOTE 12: CURRENT TAX LIABILITIES		
Provision for current income tax	<u>-</u>	<u>38</u>

NOTE 13: PROVISIONS

(a)	Current		
	Dividends	22	35
	Employee entitlements		
	Annual leave	86	173
	Long service leave	<u>36</u>	<u>25</u>
		<u>122</u>	<u>198</u>
		<u>144</u>	<u>233</u>
(b)	Non-current		
	Employee entitlements – long service leave	<u>18</u>	<u>45</u>
	Total employee entitlements	<u>140</u>	<u>243</u>

NOTE 14: DEFERRED TAX LIABILITIES

Provision for deferred income tax	<u>8</u>	<u>27</u>
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DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2002

2002 **2001**
\$'000 **\$'000**

NOTE 15: CONTRIBUTED EQUITY

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

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

These funds are not available for distribution.

Developers Contribution	16,111	16,111
State Equity Contribution	<u>891</u>	<u>891</u>
	<u>17,002</u>	<u>17,002</u>

NOTE 16: RESERVES

Capital Reserve -:

This reserve was created to represent surplus port dues that have been accumulated since the inception of the Dampier Port Authority, as was required under the repealed Dampier Port Authority Act. The balance was adjusted each year by transfer to/from retained profit. Under the new Port Authorities Act 1999 this Reserve was no longer required and was transferred to retained profits during the year ended 30 June 2002.

Opening Balance	1,549	1,549
Transfer to Retained Profit	<u>(1,549)</u>	<u>-</u>
	<u>-</u>	<u>1,549</u>

NOTE 17: RETAINED PROFITS

	Note		
Retained profits at the beginning of the financial year		3,374	3,045
Net profit/(loss)		(198)	364
Dividends	11	(96)	(35)
Transfer from capital reserve	17	<u>1,549</u>	<u>0</u>
Retained profits at the end of the financial year		<u>4,629</u>	<u>3,374</u>

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2002

	2002	2001
	\$'000	\$'000
NOTE 18: EQUITY		
Total equity at the beginning of the financial year	21,925	21,596
Total changes in equity recognised in the statement of financial performance	(198)	364
Transactions with owners as owners		
Contribution of equity	-	-
Dividends	<u>(96)</u>	<u>(35)</u>
Total equity at the end of financial year	<u><u>21,631</u></u>	<u><u>21,925</u></u>

NOTE 19: REMUNERATION AND RETIREMENT BENEFITS

(a)	Remuneration of Directors		
	Remuneration and other benefits received or receivable from the Authority by all Directors of the Authority:	31	31
	The number of Directors whose total of fees and retirement benefits received or due and receivable, for the financial year are shown in the following bands:		
		No	No
	\$0 - \$10,000	3	2
	\$10,000 - \$20,000	1	1
(b)	Remuneration of Executives		
	Remuneration and other benefits received or receivable from the Authority by the Executives of the Authority:	140	134
	The number of Executives whose total salaries and retirement benefits received or due and receivable, for the financial year are shown in the following bands:		
		No	No
	\$130,000 - \$140,000	1	1

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2002

NOTE 20: RELATED PARTY TRANSACTIONS

(a) Directors

The names of persons who were directors of Dampier Port Authority any time during the financial year are as follows: W Stewart, G. Rowley, W Pointon, R Vitenbergs, T Swetman, P West and G Bajars.

(b) Remuneration and Retirement Benefits

Information on remuneration of directors is disclosed in note 19.

(c) Other Transactions with Directors and Director related entities

- In terms of the Port Authorities Act 1999 (Schedule 6, Division 1), 2 directors are nominated by companies that have contractual dealings on normal commercial terms and conditions with the Authority from time to time, being Mr. Glen Bajars for Woodside Energy and Mr. Graeme Rowley for Hamersley Iron.
- The Retired Chairman W Stewart has controlling interest in WP Stewart and Associates. The Authority from time to time based on commercial terms has contracted the company and conditions agreed to when contracted. There were no payments to this company for the 12 months ended 30 June 2002 (2001 \$7,257).

NOTE 21: SEGMENT REPORTING

The Authority operates in one reportable business segment and predominantly provides a service to mining and other industries involved with importing and exporting products in the region.

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2002

2002 **2001**
\$'000 **\$'000**

NOTE 22: NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows and Statement of Financial Position comprises the following:

Cash at bank	1,670	1,912
Cash on hand	1	1
Short-term deposits with financial institutions	<u>2,324</u>	<u>1,829</u>
	<u>3,995</u>	<u>3,742</u>

(b) Reconciliation of net cash inflow from operating activities to profit from ordinary activities after income tax

Profit/(loss) from ordinary activities after income tax	(198)	364
Depreciation	902	912
Write down asset to recoverable amount	283	0
Profit (loss) on sale of property, plant and equipment	0	(1)
Changes in assets and liabilities		
Receivables	(112)	(65)
Prepayments	3	(3)
Accrued income	48	55
Payables	(12)	(19)
Unearned income	(108)	(210)
Movements in provisions		
Employee entitlements	(103)	(25)
Income taxes	(256)	(74)
Deferred income taxes	<u>33</u>	<u>3</u>
Net cash inflows from operating activities	<u>480</u>	<u>937</u>

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2002

NOTE 23: FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The Authority's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

2002

	Floating Interest Rate \$000	Fixed Interest maturing in 1 year or less \$000	Non interest bearing \$000	Total \$000
<i>Financial Assets</i>				
Cash at bank	1,670	-	-	1,670
Short term deposits	-	2,324	-	2,324
Receivables	-	-	418	418
	1,670	2,324	418	4,412
<i>Financial liabilities</i>				
Payables	-	-	360	360
Employee entitlements	-	-	140	140
	-	-	500	500

2001

	Floating Interest Rate \$000	Fixed Interest maturing in 1 year or less \$000	Non interest bearing \$000	Total \$000
<i>Financial Assets</i>				
Cash at bank	1,912	-	-	1,912
Short term deposits	-	1,829	-	1,829
Receivables	-	-	357	357
	1,912	1,829	357	4,098
<i>Financial liabilities</i>				
Payables	-	-	225	225
Employee entitlements	-	-	243	243
	-	-	468	468

Cash & Cash Investments earn interest between 4% -5%. (4% -5% in 2001)

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2002

NOTE 23: FINANCIAL INSTRUMENTS (Cont)

(b) Credit Risk

All financial assets are unsecured and the Authority does not believe it is materially exposed to any credit risk. The credit risk therefore considered to be their carrying amount. The Authority does not have any material credit risk exposure to any single debtor or group of debtors.

(c) Net Fair Values

For financial assets and liabilities, net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in a standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the notes to and forming part of the financial statements.

	2002	2001
	\$'000	\$'000

NOTE 24: CAPITAL COMMITMENTS

Capital Commitments

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

Within one year	42	30
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Capital commitments include amounts for:

- telephone upgrade	9	-
- vehicle changeover	21	-
- dredging approval for channel	12	-
- installation of a voice recorder	-	30
	<u>42</u>	<u>30</u>