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History

The coast of Western Australia was visited by many exploring parties prior to the foundation of the colony in 1829. However, it was not until 1863 that the vessel 'Mystery' dropped anchor in a mangrove inlet, which was given the name of Port Hedland after the Master of the 'Mystery', Captain Peter Hedland.

Towards the end of the century it became apparent that the pastoral industry in the Eastern Pilbara needed a port, and in 1896 the first Port Hedland jetty was begun. With the discovery of gold in the Marble Bar area a few years later, the jetty was extended in 1908, and a railway between Marble Bar and Port Hedland was completed in 1911.

From then until the late 1930s, the port was mainly used for the import of stores and producer items for the local industries, and the export of pearl shell, wool, livestock, gold, tin and small amounts of copper.

After the Second World War, the port continued to serve the pastoral industry, and began to export significant quantities of manganese.

However, in 1965 the iron ore industry, as we know it today, began in the port, when Goldsworthy Mining Ltd (now BHP Billiton Iron Ore) dredged an approach channel and turning basin for ships of up to 65,000 Dead Weight Tonnes (DWT). At the same time the Leslie Salt Company (now Dampier Salt Ltd) commenced development of a solar salt industry. A new land backed wharf was built to cater for salt exports and to improve the facilities available for the import of fuel and producer items.

Subsequently the Mt. Newman Mining Company (now BHP Billiton Iron Ore) chose Port Hedland as its export port, and further dredging and development took place to allow the use of the port by very large bulk carriers of up to 120,000 DWT. With experience, the size of vessels was increased, and vessels of up to 315m in length, and 185,000 DWT, were accepted.

In 1975/76 further work was carried out when extensions to the turning basin and some channel widening took place, allowing ships of up to 225,000 DWT to be handled.

In 1986 major capital dredging was undertaken to deepen the channel by 2.5m. In conjunction with a computerised under keel clearance programme, (the first in an Australian port) this allowed the port to handle ships up to 330m, and 260,000 DWT.

The channel at Port Hedland is now 20 nautical miles in length for outward vessels, varying in both width and depth with minima of 183m and 14.2m respectively. Gated pairs of synchronised beacons, which are maintained and owned by the Port Authority mark the channel to Port limits 10 nautical miles offshore. The Outer Channel (beyond Port Limits) which varies in width from 250m to 470m is marked by 13 synchronised beacons owned and maintained by the Australian Maritime Safety Authority.

Today the Port continues to serve the mining and pastoral industries of the Pilbara. Iron ore continues to be the dominant export trade but also important to the regional economy are exports of salt, HBI, manganese, chromite, feldspar, copper concentrates and livestock.

Highlights

30 June 2003	Record Annual Throughput 81,758,051 tonnes
30 June 2003	Record Annual Iron Ore Throughput 76,578,527 tonnes
30 June 2003	Record Annual Hot Briquetted Iron 1,724,306 tonnes
30 June 2003	Record Annual Bulk Minerals export 785,035 tonnes

Statistical Abstract

Shipping

	2002/03	2001/02	2000/01	1999/00	1998/99
Ratio of Accidents to Total Vessel Movements *	.000	.000	.002	.000	.000
Number of Vessels	693	624	693	603	616
Gross Registered Tonnage (millions)	46.1	41.0	41.6	37.2	38.3
Port Throughput - Cargo (millions)	81.4	72.4	72.9	65.4	67.2

* Accident is defined as: "Any event involving the movement of a ship, which results in damage".

Finance and Performance

	2002/03 \$000	2001/02 \$000	2000/01 \$000	1999/00 \$000	1998/99 \$000
Total Revenue	15,505	13,054	14,027	12,395	11,665
Charges Against Revenue	12,553	10,438	151,354	10,126	9,683
Cumulative Profit (Loss)	19,519	19,411	17,525	18,606	17,836
Working Capital	8,859	10,318	7,821	14,116	12,165
Fixed Assets at Book Value	31,999	30,543	31,166	162,286	163,264
Return on Assets	6.7%	10.5%	(324%)	4.8%	4.1%
Debt Ratio	1:8	1:10	1:10	1:57	1:58
Total Revenue per cargo tonne (in cents)	19.0	18.0	19.2	18.8	17.3

Change in Charges

	2002/03	2001/02	2000/01	1999/00	1998/99
Annual CPI Change	2.1%	2.4%	6.0%	2.6%	1.6%
PHPA Charge Increase *	7.9	-	-	-	-
Real Change in Port Charges	5.8	-2.4%	-6.0%	-2.6%	-1.6%
Cumulative Total **	-20.8%	-26.0%	-23.0%	-16.1%	-13.1%

* Equals percentage increase of Pilotage and Tonnage over total budgeted ship and cargo revenue.

** This represents the compounded total change over the last 10 years.

Chairman And CEO's Report

Chairman's Report

As I step down from the position of Chairman of this Port Authority, it is my pleasure to submit this report for my last year with the Authority. With strong growth in the world demand for iron ore, exports from Port Hedland took the Port Authority to a new record trade result, a result that sees the port move to the second biggest tonnage throughput port in Australia.

A number of trade records were set during the year. Most significant were the record annual total throughput of 81,758,051 tonnes; record annual iron ore exports of 76,578,527 tonnes and record annual HBI exports of 1,724,306 tonnes. It was also good to see a resurgence in salt exports and a strong performance from manganese and chromite exports.

After fourteen years of holding charges at the same level, the Authority found itself needing to increase its Pilotage and Tonnage charges to meet the substantial increases in some contracted services including dredging maintenance. No further increases in charges are envisaged in the foreseeable future.

The financial performance of the Port Authority was very good with a net operating profit of \$2,951,748. Of this, a total of \$1,908,973 or approximately 65% of net operating profit will be paid to the State in the form of dividends and taxes.

Operationally, the services in the port continued to improve. The new shiploader on No 1 Berth is performing near to best practice standards in terms of availability and further improvements are still being implemented. The first year of the maintenance contract with Cervan Marine is proving a success. In addition, we saw the start of some positive changes by our major stevedore aimed at addressing concerns expressed by customers about the cost and standard of some stevedoring services.

The Board received from its consultants a final report on its Port Development Planning Study. The Board supported the thrust of the report but a process of public consultation and further review is required before the report will be ready for presentation to the Environmental Protection Authority and the Western Australian Planning Commission for consideration.

The strong projected growth in iron ore exports and other trades is underpinned by port development. In particular, BHP Billiton's PACE Project is well under way with dredging complete and a new berth under construction. The Port Authority also deepened its No 1 Berth and has called tenders for an extension of the same Berth.

Newcrest Mining Ltd has commenced the development of its new mine at Telfer. To support Newcrest's export of copper concentrates commencing April 2004, the Authority has called tenders for the construction of a storage shed at the port.

Hope Downs Management Services Pty Ltd sought, and was granted, an extension of time for the submission of its proposals for the development of an iron ore mine and an export facility at Port Hedland. The Port Authority is encouraged by the present world demand for iron ore and is hopeful that the project will proceed.

I am pleased that the Authority's new office annexe was approaching completion at the end of the year. The annexe will provide much needed additional space for office accommodation, record storage and meeting areas. This will help the Authority operate more efficiently during this period of rapid expansion.

During my nine years as Chairman I have seen port trade grow from 47.6 million tonnes to 81.8 million tonnes, an increase of approximately 34 million tonnes. With the projected growth in exports envisaged today, I anticipate the remainder of this decade will see a larger increase again than I have already witnessed.

It is an exciting and challenging time for the port and I wish my successor, the Board and staff every success in the coming years. It has been a privilege to serve as Chairman of the Authority and I would like to take this last opportunity to thank all those that have served on the Board with me for their advice and support, and I would like to recognise the dedication displayed by all members of staff.

Peter G Hardie

CHAIRMAN

CEO's Report

We have just come through a very busy year with a 13% increase in trade volume and a number of large capital developments implemented and being planned. Our biggest challenges for the future are to pursue operating excellence whilst concurrently planning for and implementing new developments that will meet the needs of the growth industries in the port.

Our Port Development Planning Study will provide us with guidance for new berths and cargo storage areas within the port. Our next major planning work will be to investigate options for providing capacity for the additional shipping movements that the projected trade growth will bring.

Staff have been hard pressed, and will continue to be hard pressed, meeting the demands of growth and change. To them I extend my personal thanks for their efforts. I would also like to thank the Board for its support of the staff and to our Chairman, Peter Hardie, I express my appreciation for his advice and direction over the years we have worked together.

Ian Hutton

CHIEF EXECUTIVE OFFICER

Corporate Plan

The Authority's Vision, Mission and Broad Objectives provide guidance in its decision making. These were first adopted in 1999 and are still seen as being relevant and helpful.

Vision

To be recognised by customers and other stakeholders as providing the best mix of facilities and services at the Port of Port Hedland.

Mission

To facilitate trade through the Port of Port Hedland.

Broad Objectives**Service Provision**

The provision of reliable, competitive and efficient port and marine services that meet and are responsive to the needs of users.

Port Facilities

The provision and maintenance of suitable, reliable and competitive port facilities to meet user needs.

Planning And Development

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

Trade Facilitation

Facilitate trade and business opportunities within and through the Port.

Financial

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

Human Resources

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

Environment, Community Safety And Health

Ensure the impact of development and operational activities within, and adjacent to, the port meet recognised standards for the environment and for community safety and health.

Community Support

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

Achievements Against Stated Major Goals Planned For 2002/2003

The Authority set a number of major goals for itself for 2002/2003 in its Statement of Corporate Intent submitted to the Minister for Planning and Infrastructure. Those goals and the achievements in respect of those goals are detailed below:

Goals	Achievements
Service Provision	
Maximise the gains achievable from the latest version of the Dynamic Under Keel Clearance System. The greatest benefit to be achieved from the Series III package is wider time windows during which loaded vessels can depart the port safely.	System has worked well achieving consistently wider sailing windows on most tides.
Introduce improved water level monitoring and hydrographic survey procedures that will yield higher quality survey records, and hence greater confidence in available under keel clearance.	Planned program completed. New water level monitoring equipment installed. New hydrographic survey contract awarded providing more detailed procedures and tighter controls.
Submit application for a 5 year offshore dredge spoil disposal permit to minimise the future likelihood of delays in executing a maintenance dredging program.	Initial investigation work initiated.
Work with service providers and customers to resolve concerns about the costs of some privately provided services.	Most effort was applied to stevedoring. By the end of the year, steps had been put in place that promise significant improvements for shippers in service quality and cost.
Port Facilities	
Continue to introduce minor improvements to the shiploader to make cleaning of the machine simpler and cheaper with less risk of marine pollution.	Improvements to washing equipment, conveyor covers, transfer skirts and spillage catch trays were effected. In addition, procedures were improved and training was undertaken to reduce spillage from conveyor belts together with improvements to the process of disposing of spilt material trapped in catch trays and storage bins.
Construct a 130 metre extension of No 1 Berth to meet the needs of growing mineral and livestock exports.	Tendering and construction was delayed whilst the concept plan for the extension was reviewed. Tenders for a design and construct contract were prepared at the end of the year.
Deepen the berthing pocket at No 1 Berth and its extension by 2 metres to 13.2 metres to allow Panamax vessels to load at all states of the tide.	Completed.

Construct pens for two additional tugs within the existing tug harbour. These are required to meet the growth in the number of iron ore vessels.	Deferred for 2 years.
Investigate the feasibility of providing a limited number of moorings suitable for small commercial craft and, if feasible, at an acceptable cost, provide those moorings.	Preliminary investigation only made. No decisions made on this issue.
Planning and Development	
Continue the work with BHP Billiton Iron Ore, Hope Downs Management Services Pty Ltd and Newcrest Mining Ltd to advance these companies' plans for imminent and future development.	<ul style="list-style-type: none"> • BHP Billiton's PACE project is well advanced. • Hope Downs Management Services has received an extension of time for the submission of proposals for the project. • Tenders were prepared and called for a design and construct contract for a storage shed.
In conjunction with the relevant State Agencies and Local Government, complete the preparation of a Port Development Plan that provides for the ultimate development of the harbour and surrounds. The study which is proceeding during the 2002/03 financial year will also provide a strategic plan, consistent with the Ultimate Development Plan, based on trade forecasts for the next 20 years.	The planning study and report was completed.
During 2002/03, it is the intention to seek environmental and planning endorsement for the Ultimate Development Plan to protect the future potential of the port site and to give confidence to future developers.	A public consultation period is to start early in the 2003/04 year prior to submission of the plan to the WA Planning Commission and to the EPA for consideration.
Trade Facilitation	
The retendering of some long term contracts this year at considerable increases in cost, in line with market trends for these services, will make it necessary for the Authority to increase charges. This is the first time since 1987 that the Authority has initiated a change in its pricing regime to generate increased revenue to meet rising costs. The increasing scale of the port's operations and improved efficiencies have allowed the Port Authority to achieve this enviable record for its customers. The Authority will continue to seek opportunities to improve efficiency in its operations and reduce its costs in future.	Pilotage and tonnage charges were increased as proposed.

Seek environmental and planning endorsement for the Ultimate Development Plan to provide guidance to future proponents on opportunities within the port and to provide greater confidence that development will be acceptable.	The plan was complete to the satisfaction of the Authority and endorsement will be sought following a public comment period during the second half of 2003.
Achieve improvements in the efficiency and effectiveness of port and marine services and facilities as indicated above.	Services provided under contract have improved with more timely and cooperative delivery of services such as the pilot launch service.
Financial	
The Authority has budgeted to achieve a net profit before tax of \$2,283,040 which represents a return of 15% of turnover. This result is marginally below the average over the previous six years. Due to increases in specific contracted services and the need to provide additional tug pens it has been necessary to increase Pilotage and Tonnage fees by 12%. The Authority is cognisant of meeting the Government's Rate of Return requirements and will endeavour to achieve this without further increases in Port charges. The estimated ROR on the deprival value of assets for the budget year is 10.5%.	<p>The net profit before tax was \$2,952,000 which represented 19% of turnover.</p> <p>A ROR of 6.7% was achieved which was marginally above the long term target of 6.5%. The forecast was not achieved due to an increase in asset values following an asset valuation exercise.</p>
Corporate	
Review in detail all aspects of the Authority's Marine Safety Plan to ensure the plan takes into account all emerging issues.	Plan is under review. Progress has been limited due to the need to direct resources to the port security arrangements.
Review and update the Authority's Environmental Management Plan and its Safety Management Plan.	<p>The Authority's Environmental Management Plan was reviewed and updated.</p> <p>A Marine Operations Safety Risk Assessment has been conducted as a preliminary step to a full update of the Marine Safety Plan. The plan will be gradually updated during the next 12 months.</p>

Major Goals Planned For 2003/2004

The Authority has established for itself the following major goals for 2003/2004.

Service Provision

Establish new licensing arrangements with better defined KPIs and introduce a tighter performance monitoring system to promote the high quality stevedoring services sought by customers and the Port Authority.

Work with service providers and customers to resolve concerns about the costs of some privately owned services.

Review and update the Authority's Pilotage Standards in consultation with the Marine Pilots.

Investigate the optimum mix of tugs, their number and power, to handle future shipping requirements.

Update the Authority's suite of emergency response plans.

Port Facilities

Complete the extension of No 1 Berth to allow smaller vessels to be stevedored simultaneously with bulk ore loading.

Carry out improvements to the shiploading facility to minimise the cost of operation and spillage of product. The specific aim is to develop a zero spillage shiploader prior to the export of copper concentrates in March 2004.

Provide purpose built and user friendly races for the loading of livestock including cattle and goats.

In conjunction with planned mineral stockpiling changes, review the location and style of office accommodation for port tenants that will be dislocated. Facilitate the provision of appropriate accommodation and the relocation of tenants if necessary.

Establish a single manned entry point for access to the port areas to meet new security requirements consistent with International Marine Organisation (IMO) and National Standards.

Upgrade VHF and HF equipment as a part of a longer term plan to establish a full range of modern radio communication equipment.

Upgrade the radar to automatic identification capability to meet the IMO 2004 deadline as part of the port's safety and security enhancement.

Complete the upgrade of tide and sea state monitoring equipment to ensure the accuracy of data for hydrographic surveys and for input to the Dynamic Under Keel Clearance (DUKC) system.

Obtain an offshore dredge spoil disposal permit to facilitate dredging planned for July 2004.

Investigate the feasibility of providing a limited number of moorings suitable for small commercial craft and, if feasible at an acceptable cost provide those moorings

Planning And Development

Plan and support the development of improved storage and handling of bulk mineral products such as copper concentrates, manganese and chromite.

Support and assist BHP Billiton with the completion of its PACE project development.

Trade Facilitation

It is not proposed to increase general charges during 2003/04. Projections of increasing trade volumes will yield revenue increases and profit increases that satisfy the Authority's commercial objectives. Holding charges at 2002/03 levels will yield some real benefit to port users.

Achieve improvements in the efficiency and effectiveness of port and marine services and facilities as indicated above.

Financial

The Authority has budgeted to achieve a net profit before tax of \$2,151,247 which represents a return of 13% of turnover. This result is marginally below the average over the previous six years. In 2002/03 Pilotage and Tonnage charges were increased by 12% due to increases in the cost of providing those services, which was the first significant charge increase since 1987.

The Authority is cognisant of meeting the Government's Rate of Return requirements and will achieve this without further increases in Port charges in 2003/04. The estimated ROR on the deprival value of assets for the budget year is 6.5%

Human Resources

Continue the program of replacing older staff housing with new construction to assist the Authority to recruit and retain high caliber staff.

Environment, Community Safety And Health

Develop and implement a Port Security Plan consistent with the IMO guidelines and the Department of Transport and Regional Services requirements for ports.

Review and update the port's Marine Pollution Response Plan.

Respond promptly and effectively to oil spill/contamination incidents within the port. Maintain staff skills through regular exercises and training.

Minimise contamination of the harbour sediments from product spillage.

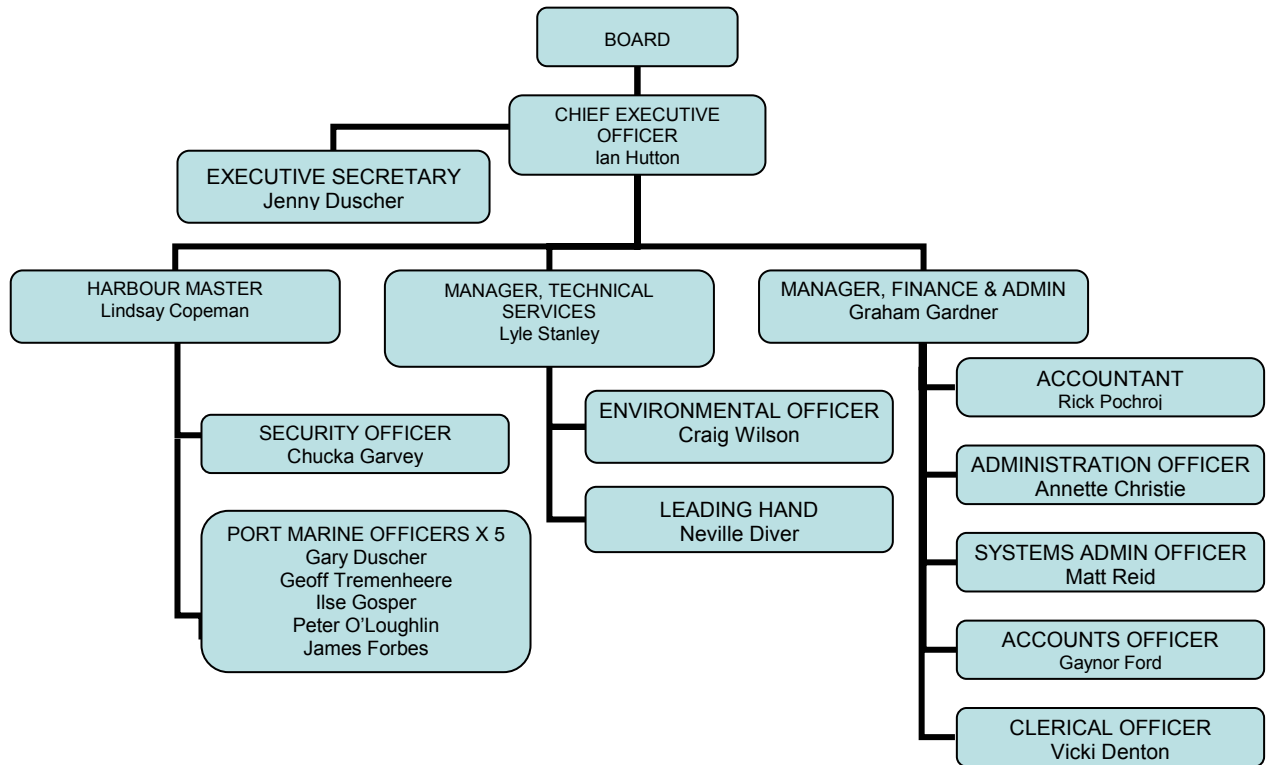
Monitor dust levels within the port and seek continual improvement in accordance with the Environmental Management Plan.

Adopt all practicable initiatives in the reduction of energy usage and improved material recycling.

Personnel

Personnel

Organisational Chart



Policy Statements**Employment**

It is the committed policy of Port Hedland Port Authority to ensure that the talents and resources of employees are utilised to the full and that no job applicant or employee receives less favourable treatment on the grounds of age, sex, marital status, pregnancy, race, family, religious or political conviction, or impairment.

In addition, this organisation is committed to promoting equal employment opportunity for all of its employees.

The overall responsibility for monitoring the effectiveness of this policy, and for implementing an on-going program of action to make the policy fully operative, is vested in the Chief Executive Officer.

It is the responsibility of all employees to accept their personal involvement in the practical application of this policy.

Occupational Safety And Health

This policy recognises that the safety and health of all employees within this Authority is the responsibility of Authority management. In fulfilling this responsibility, management has a duty to provide and maintain so far as is practicable a working environment that is safe and without risks.

The Chief Executive Officer is responsible for the implementation and monitoring of this policy. The safety and health duties of management at all levels are documented, and Authority procedures for training and back-up support are followed. In fulfilling the objectives of this policy, management is committed to regular consultation with employees to ensure that the policy operates effectively, and that safety and health issues are regularly reviewed. In this respect, the Authority has established a Safety and Health Committee comprising of representatives from each section and of representatives of key contractors.

Management seeks co-operation from all employees in realising our safety and health objectives and creating a safe work environment. All employees will be advised, in writing, of agreed changes and arrangements for their implementation.

Workplace Injuries Performance Indicators

	Notes	2002/03	2001/02	2000/01	1999/00	1998/99
No of Lost Time Injuries		0	0	0	0	0
Lost Time Injury Frequency Rate	(1)	0	0	0	0	0
Estimated Cost of Claims Incurred/\$100 Wages Roll	(2)	0	0	0	0.045	0.019
Premium Rate	(3)	2.90	2.84	2.98	3.11	2.08
Rehabilitation Success Rate	(4)	-	-	-	-	-

Notes:

These indicators have been prepared from information provided by the underwriters, Riskcover:

- (1) The Lost Time Injury Frequency Rate is the number of lost time injuries/diseases where one day or more was lost multiplied by 1,000,000, divided by the total hours worked.
- (2) Estimated Cost of Claims incurred per \$100 wages is the actuarially estimated cost of claims incurred in the renewal period, adjusted to their present day value, multiplied by 100, divided by total wages.
- (3) Premium Rate is the total premium paid, multiplied by 100 and divided by total wages.
- (4) Rehabilitation Success Rate is the number of rehabilitated employees, multiplied by 100 and divided by the number of eligible employees.

Staffing

New Appointments

Mr James Forbes – Port Marine Officer
 Ms Renee Hawkins – Administration Officer
 Ms Annette Christie – Administration Officer
 Mr Craig Wilson – Environmental Engineer

Resignations

Mr Nathan Fry – Port Marine Officer
 Ms Kelly Carter – Administration Officer
 Ms Renee Hawkins – Administration Officer
 Ms Rachael Green – Accounts Officer

Future Direction – Human Resources

As is shown above the Port Authority has again experienced a number of changes over the past year. The focus for the coming year is to re-establish a team within the Authority to continue to improve the efficiency and operation of the Port.

It is proposed to introduce the Performance Enhancement system which will identify training needs and allow for a focussed training program for all staff members. A revue of Human Resource policies and procedures is planned for the year, along with the negotiation of a new Certified Agreement to be implemented in December of 2004.

The overall aim of all of the above objectives is to retain valuable staff by making the Port Authority an attractive and supportive environment in which to work.

Overview Of Port Operations

Introduction

The Western Australian Port Authorities Act of 1999 vests responsibility for the control of the port of Port Hedland in the Port Authority. The port includes all waters within a ten nautical mile arc from the harbour entrance and incorporates extensive land area above the high water mark in the area around the harbour proper.

The port is located on the north coast of Western Australia some 1,650 kilometres by road from Perth, the State Capital.

The Authority provides port services and facilities to the industries throughout the Pilbara Region of Western Australia and in particular to the mining industry and their customers.

The Authority's revenue derives from charges in respect to the services provided. The desire to maintain efficient long term financially viable operation notwithstanding the cyclical nature of the port's activities has historically underpinned the ports financial strategy.

Trade And Shipping

The financial year of 2002/2003 saw new cargo throughput records established for Port Hedland. Iron Ore exports exceeded 76,000,000 tonnes. Hot Briquette Iron exports rose to 1,724,306 tonnes with the production plant ramping up toward full capacity after an extended shut down during the last quarter of the 2001/02 financial year. Bulk mineral exports of 785,035 tonnes and Salt exports of 2,278,567 tonnes exceeded forecast figures and contributed to the impressive total port throughout of 81,758,051 tonnes for the twelve months, up 12.96 % on the previous year. This result moved Port Hedland into position as the second largest Australian tonnage port. Live cattle exports were well down on the previous year due to drought conditions throughout the region.

Other export cargoes include scrap metal, general cargo and containers. Imports include bulk liquid petroleum products including bitumen, sulphuric acid, containers, general cargo, bulk cement and magnesium oxide.

The number of ships visiting the port was 693 compared to the 624 calling during 2001/02.

Port Operations

The bulk shiploader commissioned in 2001 has performed well during the year with a total of 27 cargoes of manganese, chrome and feldspar being loaded through the shiploader system. Loading rates for each of these products improved with each shipment. The best rates achieved being for manganese with gross rates of 627 tonnes/hour and a net loading rate for the year of 677 tonnes/hour. Adjustments and modifications to the system and loading procedures throughout the year improved loading rates and reduced some of the cargo spillage and cleaning problems experienced initially. With the export of copper concentrate to resume in the second quarter of 2004 the issues of spillage and cleaning remain the biggest challenge. Spillage will need to be eliminated and cleaning procedures refined to achieve an environmentally acceptable process.

The maintenance contract with Cervan Marine has lived up to expectations with planned maintenance items now being recorded in the MEX system. The asset data base is completed. Major maintenance projects completed above the day to day operational requirements included the blasting of the wharf piles and major refurbishment projects of the small craft landings and walkways at No 1 & 3 Berths together with a major refurbishment of the main street jetty. Several capital works projects were completed by Cervan Marine, including the concreting of the common user hopper ramp.

An opportunistic multi beam swath survey was conducted of the channel and approach area north of Beacon 31. Sections of the inner harbour including No 1 Berth pocket were also surveyed. This survey combined with past conventional surveys will improve the confidence with which the conventional surveys are interpreted leading potentially to significant gains in the use of the DUKC system. The 'manoeuvrability margin' currently based on declared depths can be adjusted to reflect the actual depths this will either improve the sailing windows and/or the cargo uptake in certain situations without compromising on the actual safety of the vessels or the port.

A conventional hydrographical survey of the channel and harbour was commenced under the Hydrographic Survey Contract.

Technological Improvements

Dynamic Under Keel Clearance System (DUKC)

Minor improvements were made to Series III through the year in response to operator and user experience that changed the initial requirements. Following a problem in tidal data output on the change of the calendar year a major Quality Management review was commenced that lead to the development of software to assist in the QM of tidal inputs. To provide additional back up and to improve the quality of tidal data for DUKC and for hydrographical surveys, additional wave and tide gauges using radar and inferred technology were installed.

Port Closures

2002/2003 produced an average cyclone season, Port Hedland was spared with very little direct wind impact with 5 named cyclones and 1 tropical low. The tropical low crossed the coast 25 miles east of Port Hedland on 25 January with winds of up 30 knots and torrential rain affecting small craft operations within the port. On 28 February the port was closed to inbound traffic over 150,000 tonnes for 6 hours due to fresh winds at the port associated with Cyclone Graham. The winds were the result of a pressure squeeze between a high pressure system over the South West region of the state and the cyclone crossing the coast 215 miles to the north east of the port. The remaining cyclones whilst at times holding potential to affect the port passed clear without adversely affecting operations.

Planning And Development

Stage 2 of the Port Development Plan has been completed. The completion of this phase was delayed due to the need to consider in detail some shorter term planning proposals for manganese stockpiling. The document will soon be released for local public comment prior to submission to the EPA for broad approval as a strategic plan.

The completion of the extension of the common user stockpiling area has had a positive impact on the management of bulk ore products and the control of environmental dust.

In the first half of the financial year BHP Billiton's PACE Project commenced marine facilities upgrade with the dredging of a new berth basin north of the existing GML Berth and deepened the GML basin to 19.2m. In May 2003 PHPA's No 1 Berth basin was dredged from 11.2m CD to 13.2m to facilitate the loading of Panamax vessels to their marks on all tides.

The extension of No 1 Berth due to other commitments was pushed into 2003/04.

Occupational Safety And Health

The Port Authority remains committed to Occupational Safety and Health. The Port Safety Management Plan has been reviewed and updated during the past year. Accident and incident reporting has been improved with the introduction of standard forms and procedures encouraging personnel and contractors to report incident and accidents more readily and promptly. Various new policies have been developed across a range of safety topics. The Authority's Drug and Alcohol Policy is currently under review to ensure that the port remains aligned with best industry practice.

Environment

Port Hedland Port Authority continues to pursue its commitment to the protection of the environment. In conjunction with stevedores and mining companies stockpile management is carefully monitored to ensure that dust emissions are kept within Australian Standards. The port's Environmental Management Plan was reviewed and rewritten to provide a management system that is relevant to today's requirements providing effective guidance for the management and development of the port area.

Increased use of watering trucks and the road sweeper to control dust on stockpile floors and roadways has paid dividends. The new dust monitoring equipment purchased last year was used extensively during the summer period to develop base line dust levels throughout all areas of the port. Generally the environmental dust generated within the port remains below the maximum allowable under the guiding standards.

Pilot Transfers

Pilot transfers from ships are either by pilot boat or helicopter. For more than 30 years Port Hedland has effected marine pilot transfers through helicopter hatch-top landing. A procedure largely pioneered in Port Hedland and now common place throughout the world.

The pilot launch continues to be used where ship design or cargo precludes the landing of the helicopter or during periods of inclement weather where the lack of visibility prevents flying. The launch is also maintained as an emergency rescue vessel for the helicopter crew in the unlikely event of a forced water landing. During the financial year 2002/03 there were 1339 pilot movements 91% of which were undertaken with the helicopter. Over the 31 years of operation the usage of the helicopter has steadily increased. In 1974/75 some 47% of marine pilot transfers were effected by helicopter, by 1987/88 it was 60% and by 1993/94 it was 71%. The 80% barrier was passed in 2000/01 with usage increasing to 82%.

By 2002/03 there was a fairly dramatic jump to 91% of pilot transfers being conducted by helicopter. The increase of the past two years reflects the increase in ship size for products such as salt, manganese and chrome.

Port Facilities

Port Area

The port area vested in the Authority comprises the water mass of the Inner Harbour with all of the adjacent shore except for the BHP Billiton Iron Ore leaseholds at Finucane Island and Nelson Point. To seaward, the port's boundary is delineated by an arc of 10 nautical miles radius centred upon Hunt Point (at the entrance to the Inner Harbour) and terminating at the high water mark at the shore line to the east and west of the port.

A Pilotage Area, which lies beyond the boundaries of the port to seaward within an arc of 20 nautical miles radius from Hunt Point, has been defined by the Port Authorities Act 1999. This allows the Authority to control the movement of piloted ships within this extended area.

Port Hedland Port Authority Berths

No's 1 and 3 Berths, owned and controlled by the Authority, have a berth face length of 213m and 183m respectively. No 1 Berth basin is dredged to 13.2m below chart datum, while No 3 Berth basin is dredged to 13.4m.

Oil lines, for both oil imports and ships' bunkers (diesel only), lines for sulphuric acid import, fresh water lines and electricity, are available at each berth.

Both berths are suitable for use by general cargo vessels, tankers and rig tenders. The shiploading system on No 1 Berth has a capacity of 1,000 tonnes per hour (tph) and is operated by licensed stevedores, while on No 3 Berth a bulk salt loader of 2,200 tph capacity is owned and operated by Dampier Salt Ltd.

A warehouse providing 1,750 square metres of undercover storage is available adjacent to No 3 Berth, together with some 5 hectares of open storage.

Private Berths

The length of BHP Billiton Iron Ore Nelson Point Berth is 658m and the berth pocket alongside is 679m x 65m with a depth of 19m below chart datum. Two 315m length vessels may be simultaneously berthed and loaded by either of the two 8,500 tph rated shiploaders. BHP Billiton Iron Ore Finucane Island Berth is sited on the western side of the harbour with a berth pocket of 370m x 61m and a depth of 17m. The loader is rated at 4,500 tph. Vessels up to 170,000 DWT and 314m in length may load to a guaranteed departure draft of 16.3m.

BHP Billiton Iron Ore has announced an upgrade to achieve a 90mtpa capacity by the year 2007. This will involve considerable dredging and the construction of an additional berth and shiploader at Finucane Island plus an increase in the capacity of the under harbour conveyor. Ground investigation work commenced in June of this year.

Tug Haven

The tug haven was completed in May 1987 and is now leased to BHP Billiton Transport and Logistics Pty Ltd. The haven is designed to provide safe, all-weather berthing for the port's fleet of 6 tugs and the Authority's contract pilot boat and survey boat.

Port Control Tower

The Port Communications Tower is manned on a 24 hour a day basis, by trained personnel as an essential communication and surveillance centre for shipping and boating activities. Providing an initial contact point in the event of an emergency and supporting the local Police in marine search and rescue response operations.

Navigational Aids

The Authority owns and is responsible for the 35 beacons which mark the channel within port limits, various leading marks and an offshore buoy as well as the 6 buoys marking the Inner Harbour turning basin. Two Sarus Towers mark the eastern approach to the port. All navigation lights are solar powered with the main channel being fully synchronised.

Services

Towage - the port is serviced by a fleet of six, 50 tonnes bollard pull tugs, owned by BHP Billiton, managed and operated by Teekay Shipping.

Ship Repairs And General Services

A number of companies in Port Hedland are able to provide minor ship repair services, including machinery, welding, electrical, airconditioning and refrigeration repairs. Other contracting services available in the port are sandblasting, spray painting, plumbing, civil engineering, earthmoving, diving services, surveying, providoring, general maintenance, vehicle maintenance, light engineering and a supply of light building materials

Leasehold Land

The Authority has approximately 47 hectares of land in the port area, of which 35 hectares are currently leased to the following:

Adsteam Offshore	Newcrest Mining Limited
Caltex Australial Ltd	Norwest Shipping
BHP Billiton Iron Ore Ltd	P&O Ports Limited
BHP Billiton Transport & Logistics Pty Ltd	Pilbara Manganese Pty Ltd
BGC Contracting	Pilbara Chromite Pty Ltd
BP Australia Pty Ltd	Pilbara Marine Port Services
Brown's Auto Repairs Pty Ltd	Port Hedland Pilots
Cervan Marine & Maintenance Pty Ltd	Portside Fabrications Pty Ltd
Cockburn Cement Limited	Seafarers Centre
Coogee Chemicals Pty Ltd	Sealanes (1985) Pty Ltd
Dampier Salt Ltd	Shell Company of Australia Ltd
Coogee Chemicals Pty Ltd	Total Corrosion Control Pty Ltd
Intertek Testing Services (Australia) Pty Ltd	Town of Port Hedland
John Holland Pty Ltd	Unimin Australia Limited

Directors' Report

In accordance with Schedule 5 of the Port Authorities Act 1999, the Directors submit their report for the year ended 30th June 2003.

Directors

The names and details of the Directors of the Port Hedland Port Authority during the financial year and until the date of this report are:

PETER G HARDIE

Chairman

Mr Hardie was reappointed to the Board as Chairman for a term expiring on 30 June 2003. Mr Hardie, a pastoralist, has owned and has resided at Boodarie Station, south west of Port Hedland, since 1956. He was previously a Member of the Authority from 1982 to 1988 and was first appointed to the position of Chairman on 1 November 1993. Mr Hardie was presented with the "Westfarmers Dalgety Pastoralist of the Year Award" in 1999.

BARRY RALSTON

Director

Mr Ralston, who has 39 years experience in management and shipping, was first appointed to the Board on 1 July 2000 and was reappointed in 2002 for a term expiring 31 December 2004. Mr Ralston is Managing Director of FJ Sherborne (WA) Pty Ltd, customs brokers and Sherborne ACA Cargo Services Ltd, freight forwarders, and a Director of Trade Facilitators International Pty Ltd and Pakenham Pty Ltd.

BRENT RUDLER

Director

Mr Rudler was first appointed to the Board on 1 July 2000. He was reappointed as a Director on 1 July 2001 for a two year term to expire on 30 June 2003. Mr Rudler is a local businessman and is currently the Town of Port Hedland's Mayor. Mr Rudler has been involved in the development and support of the community since 1994 and is also a Board Member of the Small Business Development Corporation.

MARY RUSSELL

Director

Mrs Russell was first appointed to the Board on 1 July 2001 for a three year term to expire on 30 June 2004. Mrs Russell has been a Director of Golden Eagle Airlines since 1990. She holds an Arts Degree from the University of Western Australia and her work experience prior to the formation of Golden Eagle Airlines was in human resource management.

TERRY BUCK

Director

Mr Terry Buck was appointed to the Board on 17 February 2003 for a one year term. Mr Buck has recently retired from the Maritime Union of Australia where he held the positions of WA Branch Secretary, Member of the National Executive and National Deputy Presiding Officer.

ROGER RICHARDSON

Director

Mr Richardson was reappointed to the Board on the nomination of BHP Billiton in 2001 on an on-going basis. Mr Richardson is Superintendent Shipping for BHP Billiton Iron Ore Pty Ltd and a former Town Councillor. Mr Richardson is also Chairman of the Tropical Cyclone Industrial Liaison Committee.

DEAN DALLA VALLE

Director

Mr Dalla Valle was appointed as a director on the nomination of BHP Billiton in 2002 on an ongoing basis. Mr Dalla Valle is Vice President Ports for BHP Billiton Iron Ore Pty Ltd. Mr Dalla Valle is a qualified Electrical Engineer and has held various engineering and managerial positions.

PHIL PRICE

Alternative Director

Mr Price is Deputy Director to Mr D Dalla Valle. Mr Price was appointed to the Board on the nomination of BHP Billiton in 2002 on an ongoing basis. Mr Price is currently the Port Study Coordinator for BHP Iron Ore's Long Term Expansion group. He was previously Manager Port Operations in Port Hedland. Mr Price is a qualified Metallurgist and has worked in the minerals industry for the past 20 years.

JEFF ROWE

Alternate Director

Mr Rowe is Deputy Director to Mr R E Richardson. Mr Rowe was reappointed to the Board on the nomination of BHP Billiton in 2001 for a further term, expiring 30 June 2004. Mr Rowe is Manager Special Projects for BHP Billiton Iron Ore Pty Ltd. Mr Rowe is a qualified Engineer and has held various engineering and managerial positions.

Retirements, Appointments And Continuation In Office Of Directors

Mr Miller retired as a Director in September 2002 and Mr Dalla Valle was appointed to fill the vacancy, effective on 1 October 2002. Mr Price was appointed as alternative Director to Mr Dalla Valle.

Mr Buck was appointed a Director on 17 February 2003 to fill the vacancy caused by the retirement of Mr Jack Haunold.

Mr Ralston was reappointed as a Director for a further two year term.

Principal Activities

Port Hedland Port Authority:

- Provides and maintains essential facilities including the channel and turning basin, navigation aids, berths, shiploader, storage areas and utilities.
- Provides services for the safe movement of ships within the port including scheduling and movement control, pilotage, and under keel clearance optimisation.
- Controls services provided by others in the port including stevedoring, towage, and line boats.

- Controls the activities of others in the port including the planning and construction of dedicated private facilities.
- Leases industrial land for port related activities.
- Plans for the future growth and development of the port.

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

Operating Results

The operating profit after providing for income tax for the financial year was \$2,085,505

Dividends Paid Or Recommended

Dividends paid or declared for payment are as follows:

Efficiency dividend of \$101,000 was paid on 31 December 2002, as recommended in 2001 report.

Ordinary dividend of \$949,021 was paid on 31 December 2002, as recommended in 2002 report.

Final ordinary dividend of 50% of 2002/03 operating profit after tax as recommended by the Directors is \$1,042,752.

An Efficiency Dividend has not been recommended for 2002/03, as the final dividend amount significantly exceeds the target set in the 2002/03 budget.

Review Of Operations And Expected Results

A review of the operations of the Port Authority during the financial year, the result of those operations and the likely developments are contained in the Chairman's and Chief Executive Officer's Information Statement and Overview of Port Operations.

Significant Changes In The State Of Affairs

There have been no significant changes in the state of affairs of the Authority since the previous Directors' Report.

Events Subsequent To Balance Date

The Directors are not aware of any matter or circumstances that have arisen since the end of the year that has significantly affected the operations of the Port.

Likely Developments

In the opinion of the Directors, no developments have occurred since 30 June 2003 which are likely to affect the operations of the Port Authority known at the date of this Report.

Environmental Regulation

Port Hedland Port Authority is required to conform to a range of both State and Commonwealth environmental legislation and policy. During the 2002-03 financial year, Port Hedland Port Authority implemented a number of measures to ensure best practice environmental management.

Port Hedland Port Authority Environmental Management Plan

Port Hedland Port Authority developed and implemented an Environmental Management Plan to enable a better understanding of the biophysical environment of the Port of Port Hedland and to ensure a structured process driven system of environmental management. The plan is a static document and will be updated annually to reflect changing operations at the port.

Dust Monitoring Pilot Study

A dust monitoring pilot study was undertaken for a three month period in an effort to understand dust levels from various activities undertaken at the port. Based on the results of this study, the Authority plans to implement a long term dust monitoring program.

Dredging Activities

Two large dredging projects were undertaken during the year in association with expansion works at the port. In accordance with the objectives of the National Ocean Disposal Guidelines 2002, an assessment of disposal options was undertaken and all material was subsequently used for land reclamation for future projects. Due to the potential environmental impacts of both dredging and land reclamation, both of these projects were undertaken under strict environmental management guidelines which included thorough testing and analysis of the material to be dredged and monitoring of the dredging and reclamation activities.

Environmental Engineer Position

The position of Environmental Engineer was created and filled during the 2002/03 year. The purpose of this position is to ensure sound environmental management of the port's activities and to provide specialist environmental advice on all major developments and projects.

Directors Meetings

During the financial year 12 Directors' meetings and 2 special Directors' meetings were held. The number of meetings in which the Directors were in attendance is shown in the table below.

	Directors' Meetings		Special Directors' Meetings	
	No. of meetings eligible to attend	Meetings attended	No. of meetings eligible to attend	Meetings attended
Peter Hardie	12	12	2	2
Jack Haunold	7	6	1	1
Barry Ralston	12	12	2	1
Brent Rudler	12	10	2	2
Mary Russell	12	8	2	2
Dean Dalla Valle	10	7	2	1
Roger Richardson	12	11	2	2
Terry Buck	5	4	1	0
Phil Price Alternate to Mr Dalla Valle	3	2	1	1
Jeff Rowe Alternate to Mr Richardson	1	0	0	0

Directors' Interest In Contracts

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

Insurance Of Officers

The Authority paid a premium of \$22,150 to insure the Directors and officers against liabilities for costs and expenses incurred by them in defending any civil or criminal proceedings arising out of their conduct while acting in the capacity of director or officer of the Authority, other than conduct involving a wilful breach of duty in relation to their employment with the Authority.

Rounding Of Amounts

The authority is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Directors Emoluments

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

Director	Salary	Directors Fees	Committee Fees	Super-annuation Benefits	Incentives	Non Cash Benefits	Total
P Hardie		15,575		1,402			16,977
J Haunold		4,602		414			5,016
B Ralston *		7,600		684			8,284
B Rudler		7,600		684			8,284
M Russell		7,600		684			8,284
D Dalla Valle *		6,075		547			6,622
R Richardson *		7,600		684			8,284
T Buck		2,944		265			3,209
P Price							
J Rowe							

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

Executive Emoluments

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

Officer	Salary	Superannuation Benefits	Incentives	Non Cash Benefits	Total
I Hutton	129,605	14,256		18,866	162,727
L Copeman	117,823	10,604		16,299	144,726

Signed in accordance with a resolution of the Directors.

Mr Brent Rudler
DIRECTOR

Mrs Mary Russell
DIRECTOR

25 September 2003
PORT HEDLAND, WA

Directors' Declaration

In the opinion of the Directors of Port Hedland Port Authority:

- a) The Statement of Financial Performance gives a true and fair view of the Port Authority's profit for the financial year 1 July 2002 to 30 June 2003;
- b) The Statement of Financial Position gives a true and fair view of the Port Authority's state of affairs as at 30 June 2003;
- c) At the date of this declaration there are reasonable grounds to believe that the Port Hedland Port Authority will be able to pay its debts as and when they fall due.

The financial statements as set out on the following pages have been prepared in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and the financial reporting provisions of the Port Authorities Act 1999.

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

Mr Brent Rudler
DIRECTOR

Mrs Mary Russell
DIRECTOR

25 September 2003
PORT HEDLAND, WA

PORT HEDLAND PORT AUTHORITY

FINANCIAL STATEMENTS



2003



PORT HEDLAND PORT AUTHORITY

Financial Report – 30 June 2003

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

Its principal place of business is The Esplanade Port Hedland.

Financial reports and other information are available on our Website:

www.phpa.wa.gov.au

Financial Overview**ANALYSIS OF REVENUE BY SOURCE**

	2002/03 \$000	%	2001/02 \$000	%	VARIATION \$000	%
Charges on Ships	8,070	52	7,000	53	1,070	44
Charges on Cargo	4,627	30	3,515	27	1,112	45
Lease Rental	1,601	10	1,513	12	88	4
Other revenue	1,207	8	1,026	8	181	7
Total	15,505	100	13,054	100	2,451	(100)

PRINCIPAL ITEMS OF REVENUE AND EXPENDITURE

	2002/03 \$000	%	2001/02 \$000	%	2000/01 \$000	%	1999/00 \$000	%	1998/99 \$000	%
REVENUE										
Pilotage and Tonnage	8,066	52	6,660	51	6,895	49	6,144	50	6,269	54
Wharfage and Berthage	3,024	20	2,672	20	4,055	29	3,171	25	2,595	22
Other	4,415	28	3,722	29	3,077	22	3,080	25	2,801	24
Total	15,505	100	13,054	100	14,027	100	12,395	100	11,665	100

CHARGES AGAINST REVENUE

	2002/03 \$000	%	2001/02 \$000	%	2000/01 \$000	%	1999/00 \$000	%	1998/99 \$000	%
Maintenance	2,048	16	2,091	20	6,471	4	1,814	18	1,498	15
Salaries	1,215	10	1,144	11	1,188	1	1,089	11	1,042	11
Interest	0	0	0	0	0	0	0	0	205	2
Depreciation	1,832	15	1,902	18	1,596	1	1,715	17	1,924	20
Pilot Transit Service and Hydro Survey	3,842	31	2,730	26	3,209	2	2,998	30	2,851	29
Other Charges	3,616	28	2,571	25	138,890	92	2,589	24	2,163	23
Total	12,553	100	10,438	100	151,354	100	10,205	100	9,683	100

APPROPRIATION STATEMENT

	2002/03 \$000	2001/02 \$000	2000/01 \$000	1999/00 \$000	1998/99 \$000
Operating Net Profit / (Loss)	2,952	2,616	(137,327)	2,190	1,981
Income Tax Expense	(865)	(717)	84	(803)	(712)
Prior Period Tax Adjustments	-	-	136,263	-	(365)
Extraordinary Item Net of Tax	-	-	-	-	-
Accumulated Profit	18,475	17,525	18,606	17,836	16,187
Total	20,562	19,424	17,626	19,223	17,091

LESS APPROPRIATIONS

	2002/03	2001/02 \$000	2000/01 \$000	1999/00 \$000	1998/99 \$000
Catastrophe Salvage Reserve	-	-	-	(200)	(200)
Adjustment for Prior Periods	-	-	-	-	1,411
Accumulated Profits	-	-	-	-	-
Tax Effect	-	-	-	-	-
Increase in Prior Year Dividend	-	-	-	(1)	(86)
Proposed Dividend	(1,043)	(949)	(101)	(416)	(380)
Accumulated Profit as at 30 June	19,519	18,475	17,525	18,606	17,836

Statement Of Financial Performance For The Year Ended 30 June 2003

	Notes	2002/03 \$000	2001/02 \$000
Revenue from ordinary activities	2	15,505	13,054
Port Operations Expense		10,615	8,400
Management Operations Expense		1,938	2,038
Profit / (Loss) from ordinary activities before income tax expense	3	2,952	2,616
Income Tax Expense	4	865	717
Net Profit / (Loss)		2,087	1,899

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

Statement Of Financial Position As At 30 June 2003

	Notes	2002/03 \$000	2001/02 \$000
CURRENT ASSETS			
Cash Assets	5	10,844	10,293
Receivables	6	2,661	2,385
Inventory	7	124	73
Total Current Assets		13,629	12,751
NON - CURRENT ASSETS			
Property, Plant & Equipment	8	31,999	30,543
Deferred Tax Assets	9	480	411
Total - Non Current Assets		32,479	30,954
TOTAL ASSETS		46,108	43,705
CURRENT LIABILITIES			
Payables	10	2,617	1,668
Provisions	11	1,472	1,377
Current Tax Liabilities	12	681	324
Total Current Liabilities		4,770	3,369
NON - CURRENT LIABILITIES			
Provisions	13	452	467
Deferred Tax Liabilities	14	154	181
Total Non-Current Liabilities		606	648
TOTAL LIABILITIES		5,376	4,017
NET ASSETS		40,732	39,688
Contributed Equity	15	1,665	1,665
Retained Profits	16	19,519	18,475
Reserves	17	19,548	19,548
TOTAL EQUITY		40,732	39,688

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

Statement Of Cash Flows For The Year Ended 30 June 2003

	Notes	2002/03 \$000	2001/02 \$000
Cash flows from operating activities			
Receipts from Customers		15,028	11,745
Payments to Suppliers and Employees		(10,190)	(9,139)
Interest Received		554	382
Income Tax Paid		(603)	(381)
Net cash inflows provided by operating activities	18	4,789	2,607
Cash flows from investing activities			
Purchase of Property, Plant and Equipment		(3,424)	(1,361)
Proceeds from Disposal of Property, Plant and Equipment		236	235
Net cash used in investing activities		(3,188)	(1,126)
Cash flows from financing activities			
Dividends Paid		(1,050)	-
Net cash used in financing activities		(1,050)	-
Net increase (decrease) in cash held		551	1,481
Cash at the beginning of the financial year		10,293	8,812
Cash at the end of the financial year	18	10,844	10,293

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

Notes To And Forming Part Of The Accounts For The Year Ended 30 June 2003

NOTE 1 - Summary Of Significant Accounting Policies

The following accounting policies have been adopted in the preparation of the financial statements for the year ended 30 June 2003. These policies are consistent with those adopted in the prior year unless otherwise stated.

(a) Basis of Accounting

The financial statements are prepared on an accrual basis of accounting on an historical cost basis.

The financial statements constitute a general purpose financial report, which has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group (UIG) Consensus Views and the Port Authorities Act 1999 which generally reflect the Corporations Act 2001.

(b) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and commercial bills which are readily converted to cash on hand and are the subject of insignificant risk of change in value.

(c) Revenue Recognition

Revenue from ordinary activities is net of returns and taxes, for services to entities outside the Authority and is recognised as revenue when the services have been provided. Miscellaneous Revenue is derived predominantly from house rentals and is recognised when accrued. Interest revenue includes interest on short-term investments and is recognised when accrued.

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(e) Income Tax

The Authority adopts the liability method of tax-effect accounting whereby the income tax attributable to profit shown in the Statement of Financial Performance is based on the profit from ordinary activities before income tax adjusted for any permanent differences. The provisions for deferred income tax and the future income tax benefit represent the tax effect of timing differences calculated at the rate of income tax applicable when those timing differences are expected to reverse. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. From 1 July 2001 the Authority was subject to taxation under the National Tax Equivalent Regime ("NTER"). Under NTER the Authority is required to implement full tax effect accounting and pay to the State Government the equivalent tax that would be paid to the Federal Government under Federal Tax Legislation.

(f) Payment of Dividend to the State

A dividend based on the proposed dividend in the Statement of Corporate Intent is to be recommended to the Minister.

(g) Receivables

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. Bad debts are written off when formally recognised as being irrecoverable.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average cost.

(i) Payables

These amounts represent liabilities for goods and services provided to the Authority prior to the end of the financial year and which are unpaid. Payables, including trade creditors and accrued expenses, are recognised when the Authority becomes obliged to make future payments as a result of a purchase for goods or services. Trade creditors are unsecured and are usually paid within 30 days of recognition.

(j) Property, Plant and Equipment and Depreciation

Until 30 June 2000 the Authority's fixed assets were carried at cost or independent valuation. In complying with the requirements of Australian Accounting Standard AASB1041, the Authority has elected to revert to the cost basis of measuring all property plant and equipment. In changing from a revaluation to cost policy, the carrying amounts of property, plant and equipment previously carried at re-valued amounts, are the deemed cost of those assets.

The Authority's fixed assets are depreciated using the straight line method, at a rate estimated to write off the cost of the asset over the assets anticipated useful life. Rates vary from 1.11% to 33% where the useful life has been estimated at only three years.

The depreciation rates for the classes of non-current assets are as follows:

ASSET CLASSIFICATION	DEPRECIATION RATES (%)
Building and Improvements	2.50 - 12.50
Other Equipment	5.00 - 33.00
Wharves	1.11 - 20.00
Navigational Aides	3.33 - 16.67

Expenditures in respect of assets with a value greater than \$500 are capitalised and included as Assets in the Statement of Financial Position. Physical control is maintained over all assets regardless of cost.

(k) Recoverable Amount of Property, Plant and Equipment

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

All property, plant and equipment are reviewed at least annually to determine whether their carrying amounts require write down to recoverable amount. Recoverable amount is determined using net cash flows discounted to present values. The discount rate used was 8.0% (2002: 8.3%).

(l) Employee Benefits**(i) Salaries and Annual Leave**

Liabilities for wages and salaries, including non monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long Service Leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured at the present value of expected future payments to be paid in respect of services provided by the employees up to reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national Government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(m) Employee Superannuation

The Authority contributes to an accumulation superannuation scheme for most of its staff and also to the Gold State Superannuation Scheme. The accumulation scheme is fully funded and operates through a master trust with representatives from the Authority's Directors and staff on the investment committee. The fund continues to perform above the industry standard.

The Gold State Superannuation Scheme, is a defined benefit lump sum scheme, and the Superannuation and Family Benefits Act Scheme, a defined benefit pension scheme are now closed to new members. The Authority is responsible for superannuation benefits for past years' service of members of the Superannuation and Family Benefits Act Scheme who elected to transfer to the Gold State Superannuation Scheme. The Authority also accrues for superannuation benefits to the pension scheme for those members who elected not to transfer from that scheme.

The liability for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by payment of the employer contributions to the Government Employees Superannuation Board.

The note disclosure required by paragraph 14(e) of AASB1028 (being the employer's share of the difference between employee's accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognized by the State on 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.

(n) Sick Leave

Experience indicates that no liability for sick leave exists as on average, sick leave taken in each financial year is less than entitlements accruing in that period and this experience is expected to recur in future periods.

(o) Insurance

The Authority has an extensive insurance portfolio, however due to the high cost of premiums, the Authority chooses to self-insure navigational aid structures. In the event of damage caused by a ship to these assets, repair costs are usually recoverable from the ship's owners.

(p) Investments

Investments are stated at cost and interest revenue is recognised when accrued.

(q) Comparatives

Where necessary comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(r) Net Fair Values of Financial Assets and Liabilities

Net fair value of financial instruments are determined on the following basis:

Financial instruments traded in an organised financial market (traded securities) – current quoted market bid price for an asset or offer price for a liability adjusted for any transaction costs necessary to realise the asset or settle the liability. Financial monetary assets and liabilities not traded in an organised financial market – cost basis carrying amounts of receivables, payables and accruals (which approximate net market value).

(s) Maintenance and Repairs

Channels, port structures and plant and equipment are maintained on a planned and routine basis. This is managed as part of an ongoing major maintenance program. The costs of this maintenance is expensed as incurred, except where it relates to the improvement of an asset, in which case the costs are capitalised and depreciated in accordance with note 1(j).

(t) Rounding of Amounts

The Authority presents amounts in the Financial Statements rounded to the nearest thousand dollars.

(u) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets. Cost is determined as the fair value of the assets given up or liabilities undertaken at the date of acquisition, plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

NOTE 2 - Revenue From Ordinary Activities

Revenue from Ordinary Activities consists of the following items:

	2003/03 \$000	2001/02 \$000
Revenue from Operating Activities		
Charges on Cargo	4,627	3,515
Charges on Ships	8,070	7,000
Utilities and Lease Revenue	1,975	1,838
	14,672	12,353
Revenue from non operating activities		
Miscellaneous Revenue	164	122
Interest	544	413
Proceeds on Disposal of Property, Plant and Equipment	125	166
	15,505	13,054

Miscellaneous Revenue is predominantly made up of revenue earned from house rentals.

NOTE 3 - Profit / (Loss) From Ordinary Activities Before Income Tax**a) Net Gains and Expenses**

	2002/03 \$000	2001/02 \$000
Profit / (Loss) from ordinary activities before income tax expense includes the following specific net gains and expenses	2,952	2,616
Net Gains		
Interest	544	413
Net Gain on Disposal of Property, Plant & Equipment	100	154
Expenses		
Depreciation		
Buildings and Port Improvements	173	172
Other Equipment	607	653
Navigational Aids	354	377
Wharves and Utilities	698	700
Total Depreciation	1,832	1,902
Provisions		
Employee Benefits	177	162

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:

	2002/03 \$000	2001/02 \$000
Profit / (Loss) from ordinary activities	2,952	2,616
Prima facie income tax on the operating profit at 30% (2002 – 30%)	886	785
Tax effect of permanent differences:		
Sundry items	3	1
Capital profit on sale of freehold land	(36)	(40)
Income tax adjusted for permanent differences	853	746
Under/(over) provision in previous year	12	-
Net adjustment to deferred income tax liabilities and assets to reflect the decrease in company tax rate to 30% (2002 - 30%)	-	(29)
Income tax attributable to profit from ordinary activities	865	717
Income tax attributable to profit compromises:		
Current income taxation provision	929	737
Deferred income taxation provision	(18)	133
Future income tax benefit	(58)	2
(Under) provision in previous year		(155)
	853	717

NOTE 5 – Current Assets**Cash Assets**

Cash Assets represent the Cash at Bank, Cash on Hand and Commercial Bills. Funds surplus to operational requirements has been invested in Commercial Bills to maximise earnings.

	2002/03 \$000	2001/01 \$000
Cash at Bank and Cash on Hand	1,025	1,458
Commercial Bills	9,819	8,835
	10,844	10,293

Significant Terms and Conditions

Interest on Cash at Bank and Commercial Bills varied approximately between 4.2% and 4.95% (2002 4.2% and 5.0%) during the year. Commercial bills are normally held for periods of between 30 and 90 days.

NOTE 6 - Receivables

	2002/03	2001/02
	\$000	\$000
Debtors	2,650	2,307
Prepayments	11	78
Total	2,661	2,385

NOTE 7 – Inventory

	2002/03	2001/02
	\$000	\$000
Replacement Parts at Cost	124	73
	124	73

NOTE 8 – Property, Plant And Equipment

(a) At Cost	2002/03 \$000	2001/02 \$000
Freehold Land		
At Cost	455	467
Capital Dredging		
At Cost	1,863	0
Less Accumulated Depreciation	-	-
	1,863	0
Navigational Aids		
At Cost	7,263	7,230
Less Accumulated Depreciation	2,614	2,270
	4,649	4,960
Wharves and Utilities		
At Cost	18,004	17,872
Less Accumulated Depreciation	4,508	3,829
	13,496	14,043
Buildings and Port Improvements		
At Cost	6,448	5,541
Less Accumulated Depreciation	2,747	2,649
	3,701	2,892
Other Equipment		
At Cost	11,627	11,603
Less Accumulated Depreciation	3,792	3,422
	7,835	8,181
Total Property, Plant and Equipment	31,999	30,543

(b) Reconciliations of Carrying Amounts

Reconciliations in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are prepared in accordance with the revised AASB 1041 - Revaluations of Non-Current Assets.

	Freehold Land	Capital Dredging	Navigational Aids	Wharves and Utilities	Buildings & Port Improvements	Other Equipment	Total
		\$000	\$000	\$000	\$000	\$000	\$000
Balance of the							
Beginning of Year	467	-	4,960	14,043	2,892	8,181	30,543
Additions		1,863	43	186	1,022	310	3,424
Disposals	(12)	-		(35)	(40)	(49)	(136)
Depreciation		-	(354)	(698)	(173)	(607)	(1,832)
Carrying Amount at the End of Year	455	1,863	4,649	13,496	3,701	7,835	31,999

(c) Valuation of Land and Buildings

An independent valuation of freehold land was undertaken by Valuation Services in June 2003. The valuation methodology was based on the market valuation method.

	2002/03	2001/02
	\$000	\$000
Freehold Land	1,066	1,051
Buildings on Freehold Land	1,174	1,214

An independent valuation of Crown reserves was undertaken by Fudali Waterhouse Pty Ltd. The valuation methodology was based on the current use of the assets.

Crown Reserves	1,325	-
Buildings on Crown Reserves	1,637	-

These valuations have not been recognised in the financial statements.

NOTE 9 – Deferred Tax Assets

	2002/03	2001/02
	\$000	\$000
Future Income Tax Benefit	480	411

NOTE 10 - Current Liabilities - Payables

Trade Creditors	1,110	237
Rental Received in Advance	272	287
Other Creditors	537	349
Accrued Expenses	698	795
Total	2,617	1,668

i) Significant Terms and Conditions

Trade creditors payable are settled within 30 days.

ii) Net Fair Values

The Authority considers the carrying amount of trade creditors approximate their net fair value.

NOTE 11 – Current Liabilities - Provisions

	2002/03 \$000	2001/02 \$000
Employee Benefits	429	327
Provision for Dividend	1,043	1,050
Total	1,472	1,377

The Authority provides for its future liability for Long Service Leave entitlements to staff. The provision represents Long Service Leave due within 12 months.

The Board recommends to the Minister that a dividend of \$1,042,752 be declared for the year ended 30 June 2003.

NOTE 12 – Current Tax Liabilities

	2002/03 \$000	2001/02 \$000
Provision for Income Tax	681	324

NOTE 13 - Provisions (Non Current Liabilities)

	2002/03 \$000	2001/02 \$000
Employee Benefits	452	467

NOTE 14 - Deferred Tax Liabilities

	2002/02 \$000	2001/02 \$000
Deferred Income Tax	154	181

NOTE 15 – Contributed Equity

	2002/03 \$000	2001/02 \$000
Equity Contributed by WA State Government	1,665	1,665

Note 16 - Retained Profits

	2002/03	2001/02
	\$000	\$000
Retained Profits at Beginning of Financial Year	18,475	17,525
Net Profit / (Loss)	2,087	1,899
Dividends Provided for or Paid	(1,043)	(949)
Retained Profit at the End of Financial Year	19,519	18,475

NOTE 17 - Reserves

	2002/03	2001/02
	\$000	\$000
Catastrophe Salvage Reserve	2,900	2,900
Asset Revaluation Reserve	16,512	16,512
Asset Realisation Reserve	136	136
Total Reserves	19,548	19,548

Catastrophe Salvage Reserve

This reserve was created at the inception of the Authority to provide funds to which expenses resulting from shipping mishaps, cyclones and the like could be applied. The reserve is particularly appropriate in the event of damage to navigational aids, as due to the high cost of premiums, the Authority chooses largely to self-insure these assets. There were no charges to the reserve this financial year.

Asset Revaluation Reserve

The Asset revaluation reserve is used to record increments and decrements on the revaluation of non current assets.

Asset Realisation Reserve

The asset realisation reserve records realised gains on sale of non current assets that have been previously revalued.

NOTE 18 - Notes Accompanying Cashflow Statement**(i) Reconciliation of Operating Profit after income tax to net cash inflow from operating activities**

	2002/03 \$000	2001/02 \$000
Profit from Ordinary Activities After Income Tax	2,952	1,899
Depreciation	1,832	1,902
Net Profit on Disposal of Property, Plant and Equipment	(125)	(166)
Net Loss on Disposal of Property, Plant and Equipment	25	12
Change in Assets and Liabilities		
Debtors	(344)	(236)
Inventories	(50)	(74)
Prepayments	67	(19)
Payables	965	(1,091)
Rental Received in Advance	(15)	(16)
Movement in Provisions:		
Income Tax	(357)	205
Future Income Tax Benefit	(69)	131
Provision for Deferred Income Tax	(27)	1
Other Provisions	(65)	59
Net Cash Inflow from Operating Activities	4,789	2,607

(ii) Cash as at 30 June

	2002/03 \$000	2001/02 \$000
Cash at Bank	1,024	1,457
Cash on Hand	1	1
Cash on Commercial Bills	9,819	8,835
Cash Assets	10,844	10,293

NOTE 19 - Related Parties

Two Directors, Mr RE Richardson and Mr D Dalla Valle and their Deputies, Mr J Rowe and Mr P Price are employees of BHP Billiton Iron Ore Ltd. BHP Billiton uses the port facilities for the export of iron ore commodities and the terms of trade offered to this customer, are equivalent to those offered to all other port users.

NOTE 20 – Events Subsequent To Reporting Date

There were no events subsequent to the reporting date that would significantly effect the information presented in the Financial Statements of the Authority for the year ending 30 June 2003.

NOTE 21 - Debts And Assets Written Off

No debts were written off in this financial year. Assets to the value of \$10,229 were written off during the year with the approval of the Board.

NOTE 22 – Remuneration Of Directors

The total fees, salaries and benefits paid or due and receivable for the year to Directors of the Authority are disclosed as follows:

	2002/03 \$000	2001/02 \$000
Directors Fees	65	59

The number of Directors of the Authority whose total of fees, salaries and other benefits received or due and receivable for the financial year, fall within the following bands:

Fee Range

	2002/03 \$000	2001/02 \$000
\$0 - \$10,000	7	6
\$10,000 - \$20,000	1	1

NOTE 23 – Remuneration Of Executives

The total fees, salaries and benefits paid or due for the year to executives whose remuneration is \$100,000 or more are disclosed as follows:

	2002/03 \$000	2001/02 \$000
Executives	531	361

The number of Executives whose total of salaries and other benefits received or due and receivable for the financial year, fall within the following bands:

	2002/03	2001/02
\$110,000 - \$119,999	2	1
\$140,000 - \$149,999	1	1
\$150,000 - \$219,000	1	-

NOTE 24 – Employee Benefits

	2002/03 \$000	2001/02 \$000
Employee Benefit and related on-costs liabilities		
Provision for employee benefits – current (Note 11)	429	327
Provision for employee benefits – non current (Note 13)	452	467
Aggregate employee benefits and related on costs liabilities	881	794

Employee Numbers

Average number of employees during the year	18	17
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NOTE 25 - Financial Instruments**Interest Rate Risk Exposures**

The Authority's exposure to interest rate risk showing the contractual repricing dates or maturity dates, whichever dates are earlier, for classes of financial assets and financial liabilities is set out below:

2002/03	Note	Floating interest rate	Fixed Interest Bearing Maturing In:			Non- Interest Bearing	
			1 year or less	1 to 5 years	Over 5 years		
			\$000	\$000	\$000	\$000	\$000
Financial Assets							
Cash Assets	5	1,024	9,819	-	-	1	10,844
Receivables	6	-	-	-	-	2,661	2,661
		1,024	9,819	-	-	2,662	13,505
Weighted Average Interest Rate		4.2%	4.6%				
Financial Liabilities							
Payables	10	-	-	-	-	2,617	2,617
Net Exposure		1,024	9,819	-	-	45	10,888

Cash Assets

Cash Assets include Cash at Bank and Commercial Bills (with maturity varying between 30 days and 90 days), attract an interest rate which varies approximately from 4.2% to 4.95%.

Last years comparative figure were as follows:

2001/02	Note	Floating Interest Rate	Fixed Interest Bearing Maturing In:			Non- Interest Bearing	
			1 year or less	1 to 5 years	Over 5 years		
Financial Assets			\$000	\$000	\$000	\$000	\$000
Cash Assets	5	1,457	8,835	-	-	1	10,293
Receivables	6	-	-	-	-	2,307	2,307
		1,457	8,835	-	-	2,308	12,600
Weighted Average Interest Rate		4.2%	4.5%				
Financial Liabilities							
Payables	10	-	-	-	-	1,668	1,668
Net Exposure		1,457	8,835	-	-	640	10,932

Net Fair Values - Aggregate Amounts

The carrying amounts and net fair values of financial assets and liabilities as at 30 June 2003 are as follows:

	2002/03		2001/02	
	Carrying Amount \$000	Net Fair Value \$000	Carrying Amount \$000	Net Fair Value \$000
Financial Assets				
Cash Assets	10,844	10,844	10,293	10,293
Debtors	2,661	2,661	2,385	2,385
Financial Liabilities				
Payables	2,617	2,617	1,668	1,668

Credit Risk Exposures

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets, which have been recognised on the Statement of Financial position, is the carrying amount. The Authority minimises concentration of credit risk by undertaking transactions with a number of customers.

NOTE 26 - Segment Information

The mission statement of the Authority is "To facilitate trade through the Port of Port Hedland."

The Authority's activities are directed towards achieving its mission and in this regard operates in one reportable business segment for the purpose of AASB 1025 "Segment Reporting".

The Authority operates predominantly in the one geographic segment, being Western Australia.

NOTE 27 – Remuneration of Auditors

Remuneration received, or due and receivable, by the Auditor General for:

	2002/03	2001/02
Audit of Financial Statements	\$24,500	\$24,500



AUDITOR GENERAL

INDEPENDENT AUDIT REPORT ON PORT HEDLAND PORT AUTHORITY

To the Parliament of Western Australia

Audit Opinion

In my opinion, the financial statements of the Port Hedland 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, 2003 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.

Scope

The Board's Role

The Board of Directors is responsible for the financial statements.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, accompanying Notes and Directors' Declaration.

Summary of my Role

As required by the Port Authorities Act 1999, I have independently audited the financial statements to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
September 30, 2003

2003/04 Financial Estimates

Operating Budget

(Not subject to Audit)

In accordance with the Port Authorities Act 1999, the Authority is required to prepare and submit a Statement of Corporate Intent including annual estimates to the responsible Minister. The Port Hedland Port Authority's 2003/2004 budget was prepared in March 2003 and after endorsement by the Authority's Board it was subsequently submitted to the Minister for Planning and Infrastructure for approval.

In framing the budget every effort is made to achieve the Port Authority's financial obligations, maintain a balance between Government requirements, the Port Authority's financial well being and the satisfaction of its customers.

The summary of the Operating Budget, which appears below, is predicated on customers' forecast throughputs and estimated expenditure to service that activity and to maintain the fabric of the Authority's assets. The 2003/2004 Operating Budget achieves these aims and provides an estimated ROR of 6.5%, based on the deprival method of valuing assets, which is a change from the previous period where the written down current cost value of assets was used. The rate for the budget year is equal to the long term target ROR of 6.5% nominated by the Minister.

Operating Budget 2003/04

	2002/03 Actual \$000	2003/04 Estimate \$000
Revenue Account		
Pilotage Dues	3,723	4,626
Tonnage Dues	4,343	4538
Harbour Maintenance Levy	231	214
Wharfage	2,653	2576
Lease Rentals	1,601	1692
Berthage	370	404
Other	2,584	2,177
Total Earnings	15,505	16,227
Expenses		
Salaries and Employee Related Costs	1,636	1,916
Pilotage Contract	2,334	2,476
Maintenance	2,342	2,225
Helicopter, Hydrographic Survey and Pilot Boat	1,507	846
Depreciation	1,832	2,506
Employee Entitlements	221	168
Other	2,681	3,939
Total Expenses	12,553	14,076
Surplus / (Deficit)	2,952	2,151

Capital Budget

(Not subject to Audit)

The Authority's budget for new capital works for 2003/04 is \$12,230,000. All projects will be funded internally and consequently, no borrowing will be required.

The table below summarises the Authority's proposed capital works for 2003/04.

Capital Works Programme 2003/04

	2003/04 \$000
New Capital Works 2003/04	
Motor Vehicle Replacements	100
Housing Upgrades and Replacements	350
Roadworks – Gilbert Street	700
Office Equipment	40
Fire and Safety Equipment	135
DUKC/PVTS/SUKC Upgrades	135
Wharf Extension	7,250
Bulk Minerals Shed	3,000
Security Gate	150
Contingency	250
Shiploading Facilities	120
	<hr/>
Total for 2003/2004	12,230 <hr/>



PORT HEDLAND PORT AUTHORITY

STATISTICAL INFORMATION

2003



Performance Indicators

Operational

The outcome is to provide expert marine pilotage to allow uninterrupted movement in and out of the port for shipping, including ultra large bulk carriers

	02/03	01/02	00/01	99/00	98/99
Effectiveness					
No of Piloted Movements	1432	1231	1377	1200	1,222
Port Closure (Hours)	6.5	32.0	19.0	114.9	76.0

Efficiency

Number of Accidents to Vessels and Port	1	0	2	0	0
Ratio of Accidents / Total Vessel Movements ^(a)	.001	.000	.003	.000	.000

Comment

Accident is defined as: "Any event involving the movement of a ship, which results in damage".

Port Services

The objective is to provide wharves, storage facilities and services to meet customers' needs in a cost effective manner.

Effectiveness

	02/03	01/02	00/01	99/00	98/99
Berth Occupancy (per cent): ^(b)					
Nelson Point Berth	85%	77%	86%	85%	85%
Finucane Island Berth	65%	61%	66%	65%	49%
PHPA No 1 Berth	28%	33%	37%	28%	24%
PHPA No 3 Berth	29%	27%	39%	33%	36%

Average Ship Alongside Time: ^(c)

Nelson Point Berth	35hrs	34hrs	38hrs	42hrs	39hrs
Finucane Island Berth	48hrs	52hrs	59hrs	68hrs	67hrs
PHPA No 1 Berth	40hrs	43hrs	39hrs	36hrs	37hrs
PHPA No 3 Berth	30hrs	32hrs	27hrs	28hrs	30hrs

Efficiency

Average Cargo Tonnes Lifted per Vessel:

	02/03	01/02	00/01	99/00	98/99
Iron Ore Vessels					
Nelson Point	155,841	154,555	152,586	150,250	148,335
Finucane Island	87,284	123,204	124,270	103,161	119,590
Salt Vessels	42,196	34,040	27,876	31,053	31,355
Fuel Tankers (inc Bitumen)	19,497	23,093	18,208	12,057	15,712
General Cargo	957	1,155	761	792	947
Bulk Cargo Vessels	31,401	27,008	18,811	17,554	9,844
Acid	8,733	7,636	0	0	0

Comment

The larger the lift the greater the economies of scale and thus containment or actual reduction of cost. PHPA has no control over selection of vessels but does control some of the facilities, which they use. Our aim, therefore, is to make these latter compatible with the needs of larger vessels.

Wharf Turnover

In Tonnes per Linear Metre of Berthface

Nelson Point Berths	103,973	92,310	91,357	79,219	85,439
Finucane Island Berth	48,403	40,687	41,169	37,044	34,246
PHPA Berths	8,825	6,776	9,454	8,818	8,780

Comment

The higher this figure, the more productive the wharf.

PHPA Wharves only:-

	02/03	01/02	00/01	99/00	98/99
Wharf Utilisation (Gross) ^(e)	28%	30%	38%	33%	24%
Wharf Utilisation (Net) ^(f)	N/A	21%	25%	29%	21%

Comment

The higher this percentage, the greater the effective or productive use of wharves.

Throughput in Tonnes per hour ^(g)

Salt	Gross	1350	1,406	1,324	1,026	1,159
	Net	1504	1,647	1,598	1,104	1,281
Oil	Gross	430	750	545	367	574
	Net	N/A	N/A	694	394	635
General Cargo	Gross	66	48	46	27	27
	Net	N/A	71	53	41	37
(inc. l/s, scrap, cem, cont)						
Misc Bulk Minerals	Gross	532	391	411	219	266
	Net	631	431	536	284	339

Comment

The closer together the gross and net figures are, the greater the productive usage of facilities.

Unit Cost:- Cents per tonne

Total Cost per Cargo Tonne	15.0	14.4	19.5*	15.6	14.4
Total Cost per Gross Registered Tonnes	26.8	25.4	34.2*	27.5	25.3

* Includes maintenance dredging cost.

KEY:

- (a) Number of accidents to annual ship movements.
- (b) The total ship alongside hours for each berth expressed as a percentage of the total hours in the year.
- (c) The total ship alongside hours of each berth divided by the number of vessels using the berth throughout the year.
- (d) The total number of hours each class is required to wait divided by the total port calls by each class of vessel.
- (e) Total metre/hours of vessels alongside expressed as a percentage of the total available berth metre/hours. Vessel metre/hours is a function of the length of the vessel and the hours, which it spent alongside. Berth metre/hours are a multiple of the length of the berth times the total hours available.
- (f) Measures the productive usage of the wharf i.e. the proportion of metre/hours when vessels are involved in loading or discharging cargo.
- (g) The Gross figure includes all time spent alongside by a vessel, whether cargo working or not. The Net figure relates to output achieved whilst work is in progress.

Statistical Information 2003

Wharf Throughput in Tonnes

	2002/03	2001/02	2000/01	1999/00	1998/99
Nelson Point Berth	68,145,189	60,740,039	60,112,992	53,789,719	56,219,058
Finucane Island Berth	10,157,644	8,951,193	9,057,232	8,149,743	7,534,171
PHPA Berths	3,494,571	2,683,194	3,743,325	3,491,775	3,476,851

Port Trade

Imports (Tonnes)	02/03	01/02	00/01	99/00	98/99
Sulphuric Acid	69,867	61,084	62,192	29,367	13,684
Cement	684	4,048	5,068	0	0
Bitumen	4,701	8,964	3,093	5,877	0
Containerised Cargo	14,806	5,419	2,888	3,298	1,120
Fuel Oils	268,252	273,063	254,914	242,055	269,132
General	7,869	4,173	11,821	3,479	1,538

366,179	356,751	339,976	284,076	285,474
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Exports

Iron Ore	76,578,527	68,625,123	68,469,377	61,535,621	63,705,916
Hot Briquetted Iron	1,724,306	1,066,109	700,847	403,841	47,313
Salt	2,278,567	1,702,018	2,787,599	2,825,827	3,041,446
Bulk Cargo *	785,035	594,176	577,367	364,507	127,977
Livestock	5,333	15,404	18,991	11,801	10,737
General /Containers	10,419	4,711	2,135	1,427	11,217
Scrap Iron	9,685	10,134	8,480	3,507	0
Oil	0	0	8,777	0	0

81,391,872	72,017,675	72,573,573	65,146,531	66,944,606
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Total Throughput	81,758,051	72,374,426	72,913,549	65,431,080	67,230,080
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* Includes manganese, feldspar, copper, nickel and chromite

Main Cargo Distribution by Destination

	IRON ORE				SALT				TOTAL			
	2002/03		2001/02		2002/03		2001/02		2002/03		2001/02	
	Tonnes 000's	%	Tonnes 000's	%	Tonnes s 000's	%	Tonnes 000's	%	Tonnes 000's	%	Tonnes	%
Japan	30,514	40	28,237	41	594	26	526	31	31,108	39	28,853	41
Korea	11,911	15	12,695	18	510	22	650	38	12,421	16	13,345	19
China	15,827	21	13,693	20	0	0	0	0	15,827	20	13,693	19
Interstate	4,185	5	4,116	6	0	0	0	0	4,185	5	4,116	6
Taiwan	5,303	7	4,978	7	587	26	358	21	5,890	8	5,336	7
Netherlands	670	1	1,198	2	0	0	0	0	670	1	1,198	2
Philippines	486	1	1,820	3	0	0	20	1	486	1	1,840	3
All Other	7,682	10	1,798	3	588	26	148	9	8270	10	1,946	3
Total	76,578	100	68,625	100	2,279	100	1,702	100	78,857	100	70,327	100

Containerised Cargo

	2002/03	2001/02	2000/01	1999/00	1998/99
No. of TEU's	629	253	103	128	208

Gross Registered Tonnage of Vessels Entered Distributed by Cargo Type

	2002/03	2001/02	2000/01	1999/00	1998/99
Iron Ore	42,374,115	37,977,894	38,020,866	34,151,919	35,641,004
Hot Briquetted Iron	1,213,875	743,696	500,548	304,676	37,133
Salt	1,405,065	1,074,269	1,790,724	1,762,513	1,959,836
Bulk and General Cargo	967,331	816,723	780,773	459,258	303,057
Fuel Tankers (inc Bitumen/Acid)	371,231	324,796	390,103	453,913	364,022
Nil Cargo	27,488	84,739	133,363	28,796	20,662
Total	46,359,105	41,022,117	41,616,377	37,161,075	38,325,714

Number of Vessels Entered Distributed by Cargo Type

	2002/03	2001/02	2000/01	1999/00	1998/99
Iron Ore	504	457	461	414	441
Hot Briquette Iron	43	31	23	17	2
Salt	54	50	100	90	97
Bulk and General Cargo	59	54	80	48	41
Fuel Tankers (inc Bitumen/Acid)	22	20	14	23	18
Nil Cargo	11	10	9	11	17
Total	693	622	687	603	616

Commonwealth and fishing vessels which do not carry cargo and which are not rated in terms of Gross Registered Tonnage are not included in the above table.

All Vessels Entered – Nationality (includes Commonwealth, Naval and Service Vessels)

	2002/03		2001/02		2000/01		1999/00		1998/99	
FLAG	No.	%	No.	%	No.	%	No.	%	No.	%
Antigua & Barbuda	23	3	13	2	0	0	0	0	9	2
Australia	16	2	21	3	31	4	49	8	61	10
China	17	2	12	2	20	3	70	12	35	6
Cyprus	22	3	11	2	12	2	14	2	10	2
Greece	20	3	14	2	14	5	8	1	7	1
Hong Kong	47	7	41	7	40	6	45	7	54	9
Japan	28	4	44	7	40	6	59	10	60	10
Liberia	52	8	45	7	61	9	50	8	55	9
Malta	21	3	8	1	25	4	7	1	6	1
Panama	245	35	228	37	224	32	183	30	173	28
Singapore	31	4	26	4	47	7	25	4	30	5
Taiwan	40	6	37	6	35	4	38	6	30	5
Other	131	20	124	20	144	18	55	11	86	12
Total	693	100	624	100	693	100	603	100	616	100

Ships Piloted by Vessel Size (Vessel Size Measurement in Deadweight Tonnes)

	2002/03		2001/02		2000/01		1999/00		1998/99	
	No.	%	No.	%	No.	%	No.	%	No.	%
Up to 49,999	282	20	279	23	428	31	327	27	321	26
50,000 to 99,999	173	13	129	10	113	8	104	9	118	10
100,000 to 149,999	126	9	148	12	188	14	208	18	236	19
150,000 to 199,999	616	45	526	43	518	38	447	37	437	36
200,000 to 249,999	172	13	149	12	130	9	112	9	103	8
250,000 and over	0	0	0	0	0	0	2	0	7	1
Total	693	100	1231	100	1377	100	1200	100	1222	100

Pilot Transit Mode of Operation

	2002/03		2001/02		2000/01		1999/00		1998/99	
	No.	%	No.	%	No.	%	No.	%	No.	%
Helicopter	1,220	91	1,077	89	1,125	82	1,005	84	1,047	86
Pilot Boat	119	9	137	11	252	18	186	16	168	14
* Total	1,339	100	1,214	100	1,377	100	1,191	100	1,215	100

* Excludes inport movements where the helicopter or pilot boat is not used.