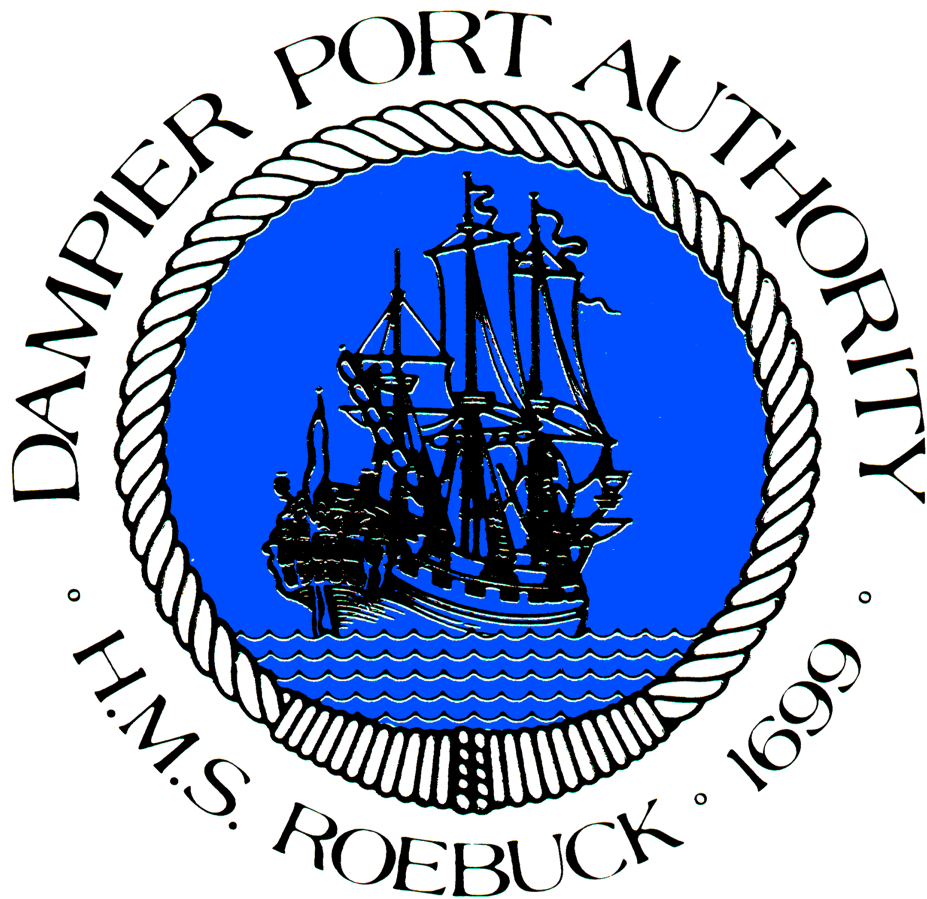


PORT OF DAMPIER



2003 Annual Report

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DAMPIER PORT AUTHORITY AUTHORITY DIRECTORY

Directors

Peter West
Chairman

Adam Parr
Representing Hamersley Iron

Glen Bajars – Alternate Capt. Wynne Jones
Representing Woodside Energy

Tonia Swetman

Chief Executive Officer

Robert Vitenbergs

Principal Accounting Officer

Megan Marion

Address of Office

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

Auditors

Auditor General

Internal Auditors

Northwest Accountancy Pty Ltd

Annual Report

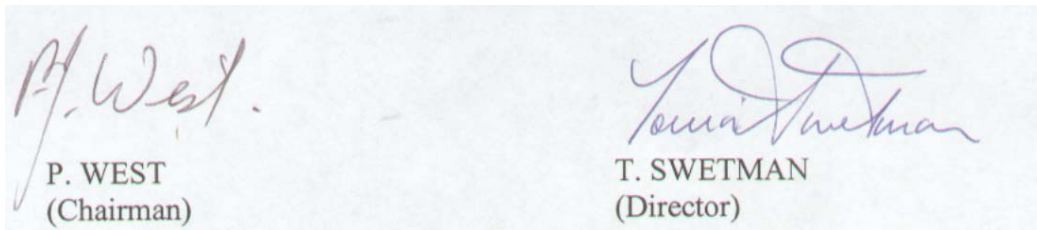
Internet: www.dpa.wa.gov.au

DIRECTORS DECLARATION

In the opinion of the directors of Dampier Port Authority:

- (a) The financial statements and notes comply with applicable accounting standards, Urgent Issues Group Consensus Views, other mandatory professional reporting requirements and the Port Authorities Act 1999;
- (b) The Statement of Financial Performance gives a true and fair view of the state of the profit of the Authority for the financial year ended 30 June 2003;
- (c) The Statement of Financial Position gives a true and fair view of the state of affairs of the Authority as at 30 June 2003 and;
- (d) At the date of this declaration there were reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due.

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



P. WEST
(Chairman)

T. SWETMAN
(Director)

Dated this 12th day of August, 2003
Dampier WA

CHAIRMAN'S REPORT

This year has seen significant change for the Dampier Port Authority (DPA). In general, the Authority is making a transition from monitoring the activities of three established major port users and other service providers, to a role of being a port service provider and port developer for a number of new major port users.

Specifically during the year the Port successfully established the role of Port Liaison and Administration Officers to provide the important port communications function.

In April 2003 the DPA reverted to the in house management of the Dampier Cargo Wharf. The latter move is intended to place the Authority in a position to better manage a new wharf and jetties over the next three years.

Port Development

In December 2002 BFL obtained financial close for its ammonia project. This is the first project to commit to construction on the King Bay Hearson Cove Industrial Area. The project places upon the DPA an obligation to provide a dredged shipping channel, berth pocket and mooring dolphin at the Dampier Cargo Wharf, to enable export of ammonia.

Negotiations are continuing at varying levels with Methanex, Liquigaz, Dampier Nitrogen and Japan DME.

Dampier Port Authority is currently engaged in a major inter agency review relating to the strategic development of the Port, particularly focussing upon the provision and upgrading of infrastructure for existing port users and facilitation of new berths for downstream gas processing projects on the Burrup.

Financial Performance

The financial performance of the Port was sound with the Dampier Port Authority achieving a profit after tax of \$251,445.31, and an accounting rate of return on non-gifted assets before non price depreciation of 5.34%, with the target rate of return set by Treasury of between 6-8%. The Port Authority will be remitting a dividend of \$149,722.66 to the State Government in accordance with the Port Authorities Act 1999 and the Government's dividend policy applicable to the State's port.

Notwithstanding the Port Authorities good financial performance, it was necessary to increase port dues from \$0.034 to \$0.037 per Gross Registered Tonnage (GRT) in order to meet the Dampier Port Authorities financial targets for 2003/2004 whilst expending additional revenue on port development activities.

Trade Performance

Total port tonnage was a record 92,226,593 tonnes, making the Port of Dampier the largest tonnage port in Australia. This is an increase of 9,531,248 tonnes compared to 2001/2002. The number of ships, which entered the Port during the year, was 2,302.

Environment & Safety Performance

The environmental and safety performance in the port during the year was mixed and continues to be an area for continued improvement and vigilance. The lowest point was the tragic death of a seaman in the port from an accident involving a parted ships line. However, the positive attitude of port users to improved safety systems and co-operation in incident management and exercises bodes well for improving future performance.

Changes to personnel during the year was disruptive to the operation of the Port Authority, with both the Chief Executive Officer and Port Development Manager being replaced at the end of 2002.

I would like to recognise the people working at the Dampier Port Authority for their great efforts last year to perform as well as they have with the level of organisational and people change and the increased development activities.

I would also like to thank my fellow Board Members for their support and commitment, which provides an excellent basis for extensive port development activities on which the DPA is about to commence.

Peter West
Chairman

DIRECTORS REPORT

In accordance with Schedule 5, Division 9 we report on the operations of the Dampier Port Authority for the year to 30th June, 2003 as follows -:

BOARD MEMBERS

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

Name	Position	Expiry Date of Tenure
Mr Peter West	Chairman	31 December 2004
Mr Glen Bajars	Representing Woodside Energy	31 December 2004
Mr Adam Parr	Representing Hamersley Iron	31 December 2005
Mrs Tonia Swetman	Member	31 December 2004

Current Board Members

Chairman: Mr Peter West

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

Qualifications: Bachelor Science (Honors)

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

Woodside Nominee: Mr Glen Bajars

Appointed to the Board May 2002. Expiry of term December 2004.

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

Hamersley Iron Nominee: Mr Adam Parr

Appointed to the Board January 2003, Expiry of term December 2005

Qualifications: Barrister

Experience: General Manager Business Improvement, Rio Tinto Iron Ore, Personal Assistant to the Chairman and Chief Executive, Rio Tinto, Barrister, currently Managing Director Dampier Salt Pty Ltd

Member: Mrs Tonia Swetman

Re appointed to the Board in January 2003, Expiry of Term December 2004

Qualifications: Bachelor of Arts Degree with an Economics Major and a PostGraduate Diploma in Education.

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

Member: Mr Robert Vitenbergs

Re commenced Board duties following the appointment of Chief Executive Officer with the Port Authority, Expiry of Term December 2005

Qualification: Degree in Marine Engineering

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

Alternate Woodside Nominee: Mr Wynne Jones

Qualifications: Master Mariner

Experience: 38 years in the Shipping Industry, with 28 years being in pilotage and port operations management. Currently employed as Port Operations Manager for Mermaid Sound Port Marine Services and is responsible for the pilotage and offtake operations at all Woodside's export facilities.

Retirement, Election and Continuation of Office of Members

Mr Robert Vitenbergs	Member	Resigned November 2002 Recommenced July 2003
Graham Rowley	Representing Hamersley Iron	Resigned December 2002
Mrs Tonia Swetman	Member	Re appointed January 2003

During the financial year 6 Directors' meetings were held. The Number of meetings in which the Directors were in attendance are shown in the table below.

	No. of Meetings eligible to attend	Meetings attended
Peter West	6	6
Graham Rowley	3	2
Glen Bajars	6	6
Tonia Swetman	6	4
Robert Vitenbergs	3	3
Adam Parr	3	2

STAFF

Name	Position
Mr Robert Vitenbergs	Chief Executive Officer
Capt. Malcolm Bolderson	Deputy Harbour Master
Mr Stephen Nicholson	Port Development Manager
Mr Roy Gillespie	Safety and Environment Manager
Mrs Megan Marion	Accountant
Mr Andre Billstein	Wharf Manager
Mrs Vicki Lorantas	Executive Officer
Mr David Edwards	Port Liaison Administration Officer
Mrs Denyce MacDonald	Port Liaison Administration Officer
Mrs Sharon Tickner	Port Liaison Administration Officer
Mrs Joanne Waterstrom-Muller	Port Liaison Administration Officer

The Port Authority has experienced a number of changes over the past year; the position of wharf manager was created due to the increase in workload in taking over the management of the Dampier Cargo Wharf.

After the departure of Mr Greg Trenberth in December 2002, Mr Robert Vitenbergs filled the position of Chief Executive Officer on a contract basis. The Board has appointed Mr Steven Lewis as Chief Executive Officer from the 7th July 2003.

The focus for the coming year is to continue to improve the efficiency and operation of the Port, and to make significant progress in the development of the Port's infrastructure to support the increased level of activity, and the major new industrial developments in the area.

PRINCIPAL ACTIVITIES

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

Oversee the strategic planning for the port's development in conjunction with port users and other relevant Government agencies;
Make the Dampier Cargo Wharf available for port users;
Negotiate Port Facilities Agreements for the Major Gas to Liquids Projects that propose to utilise the Burrup;
Approve pilots that operate in the port and grant pilotage exemptions as appropriate to eligible vessel masters;
Exercise the powers of Harbour Master to control shipping in the port to achieve safe and efficient operations;
Operate port communications 24 hours 7 days per week;
Pass and monitor compliance with port regulations that set standards and procedures for vessels using the port, and other marine matters;
Monitor marine pollution issues associated with port operations;
Provide marine pollution response planning and capability; and,
Provide emergency response planning.

NET PROFIT AFTER TAX

The Authority finished the financial year with a profit after compliance with the "National Tax Equivalent" legislation of \$251,445.31 compared to last year's net loss result of \$197,978 after tax. See the accompanying Financial Statements for further details.

DIVIDEND

In accordance with the current dividend policy the Directors have recommended a dividend of \$125,722.66 being 50% of net profit after tax. An Efficiency Dividend of \$24,000 required by the State Government will be paid in 2003/2004.

Normal dividend	126		
Efficiency dividend	24		
		2003	2002
		\$'000	\$'000
Total dividends recommended in respect of the year		150	22
Total dividends paid during the financial year		22	109

SIGNIFICANT CHANGES TO THE STATE OF AFFAIRS

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

- The Dampier Port Authority has taken over the management of the Dampier Cargo Wharf from 6th April 2003.
- Write down of the Port Barge Ramp in accordance with AASB 1010 Recoverable Amount of Non Current Assets. As a result of the write down an additional expense of \$200,043.16 was recognised, with an asset valuation of \$339,353.
- Increase in total equity due to a positive performance throughout the year.
- Net increase in cash reserves by \$1,319,692, this is largely attributable to the Board decision to sell four houses no longer required by the Port Authority, as at the 30th June 3 houses have been sold with settlement on the fourth house to occur on 7th August 2003.

REVIEW OF OPERATIONS

Finance

The Dampier Port Authority projected an operating loss of \$410,514 for the financial year ending 30 June 2003, as reported in the 2002/03 Statement of Corporate Intent. The Port at its mid year review projected an operating profit of \$248,736.

The major items that contributed to the profit was the sale of three port authority owned houses, the increase in revenue stemming from the in house management of the Dampier Cargo Wharf from the 6th April 2003.

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

The final result was a pre-tax profit of \$360,414.88 against a revised mid year review budget of \$248,736 profit.

The port as at the 30th June 2003 remains debt free.

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

	2003	2002
	\$'000	\$'000
Port Dues	2,411	2,029
Dampier Cargo Wharf Operations	1,104	796
Barge Ramp	52	98
Lease-King Bay Industrial Estate	196	179
Interest	197	155
Net proceeds from sale of Non Current Assets	416	2
Other Revenues	<u>139</u>	<u>69</u>
Total Revenue	4,515	3,328
Less unallocated expenses		
Administration & Provisions	1,195	1,350
Maintenance	343	312
Power & Water	206	155
Depreciation	876	902
Insurance	144	115
Consulting, Legal & Audit	963	338
Other	229	142
Asset Write Down to Recoverable Amount	<u>200</u>	<u>283</u>
Total Expenditure	4,155	3,597
Profit/(Loss) from ordinary activities before income tax expense	360	(269)
Income tax expense	<u>(109)</u>	<u>(71)</u>
Profit/(Loss) from ordinary activities after income tax expense	<u>251</u>	<u>(198)</u>

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

(a) Port Dues

Port Dues increased compared to last year, this is partly attributed to the 10% increase in port dues introduced on 1st July 2002 and the increase in the number of ships entering the port.

(b) Dampier Cargo Wharf Operations

The increase in revenue for 2003 is due to the change in the management arrangement on the wharf.

(c) Barge Ramp

Income from the barge ramp has continued to decline substantially during the 2003 financial year due to a decline in the number of vessels using the barge ramp

(d) Lease – King Bay Industrial Estate

The increases in the lease payments were attributed to rental adjustments in accordance with the terms and conditions on three of the lease agreements, also the DPA entered into 2 new lease arrangements in April and June 2003.

(e) Interest

The income generated from investments were higher, this is mainly attributed to a higher interest rate and increase in cash reserves due to the sale of three DPA houses. Interest rates for this financial year remained in the higher end of the 4% range.

(f) Other Revenues

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

(g) Net Proceeds from the sale of Non Current Assets

The Board on the 18th September 2002 resolved to sell four houses, at the end of June the DPA has settled on three houses with the last house due to be settled in July 2003. Total net income from the sale of three houses is \$406,377.85

(h) Administration & Provisions

Slight decrease compared to last financial year, this is attributable to a decline in contract staff and wages and salaries, this is a flow on the restructure of Port Communications.

(i) Maintenance

General maintenance was on par to the previous financial year, with major maintenance for the year was on the Navigational Aids, Onshore Facilities Maintenance and Buildings.

(j) Power & Water

The increase in expenditure is largely due to an increase in water usage on the Dampier Cargo Wharf.

(k) Depreciation

Depreciation was lower compared to last year, due to a few assets being fully depreciated in the previous financial year, and the disposal of three houses.

(l) Insurance

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

(m) Consulting, Legal and Audit

Substantial increases in legal costs were incurred during 2003. The increase is directly attributable to the increase in work associated with the major resource projects currently being negotiated.

Consultancy work was also higher due to a number of essential works / studies undertaken by the Port Authority. These include Engineering studies on upgrading the DCW to accommodate 50,000 DWT vessels, Port Development Plan, Asset Valuations, Pilbara Coast Petroleum and Minerals Study.

(n) Other

All other expenditure is similar to the previous financial year.

(o) Asset Write Down to Recoverable Amount

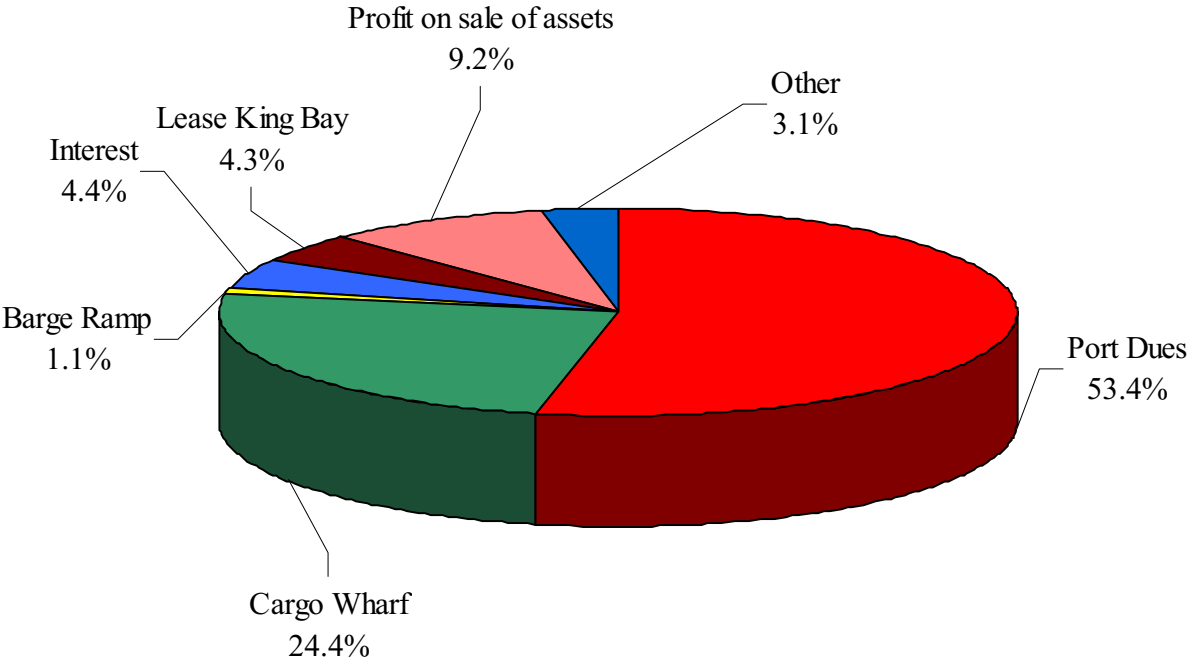
In accordance with the requirements set out in AASB 1010 Recoverable Amount of Non Current Assets. It was discovered the Port Authority was carrying the asset at a higher value than the recoverable amount of the asset. The Port Authority has recognised the decrement in carrying value as an expense in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

Gifted Portion Administration Building

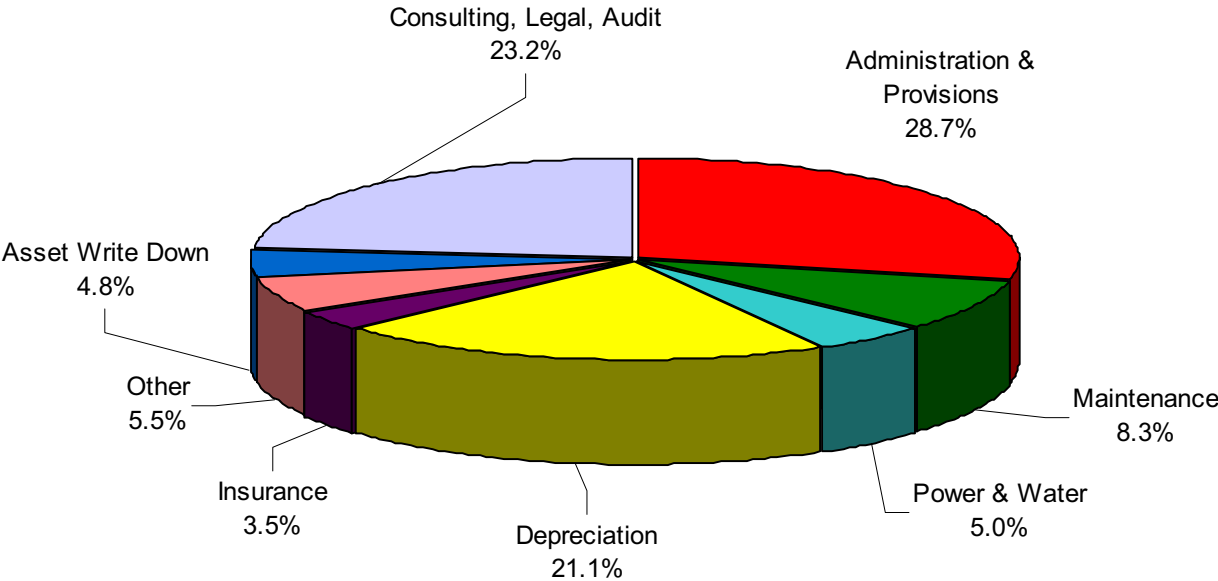
Written Down Value as at 30 June	539,396
Economic Benefit of the Barge Ramp	<u>339,353</u>
Decrement in carrying value	200,043

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

Sources of Revenue 2003



Expenditure Allocation 2003



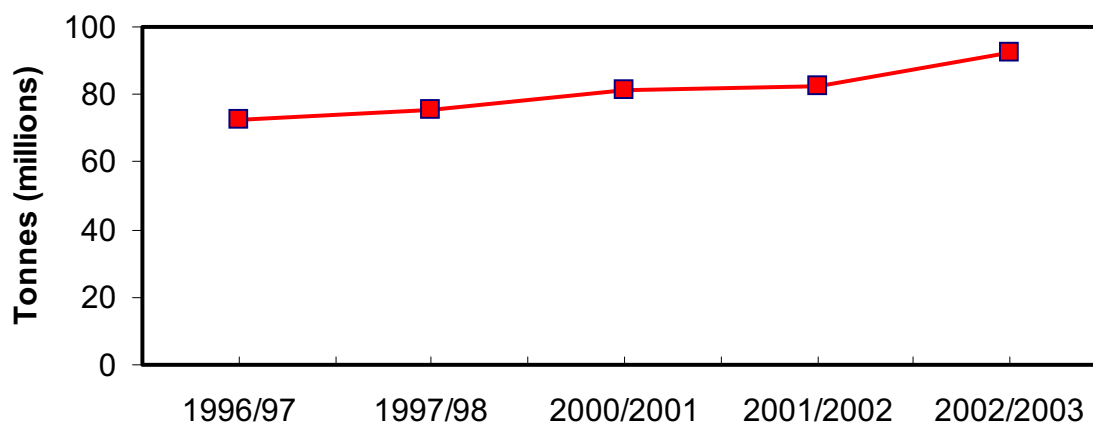
Trade Performance

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

PORT TRADE AND GENERAL STATISTICS			
COMMODITY	2002/2003	2001/2002	2000/2001
Iron Ore	74,059,983	64,947,306	65,965,726
Salt	3,947,512	4,074,307	3,155,975
Condensate	4,883,480	4,264,609	3,766,896
Liquefied Natural Gas	7,899,173	7,743,799	7,329,089
Liquified Petroleum Gas	1,024,973	1,261,048	797,921
Petroleum Products	206,287	189,196	211,527
General Cargo - Supply Base	205,185	215,080	218,376
Total Cargo Tonnes	<u>92,226,593</u>	<u>82,695,345</u>	<u>81,445,510</u>
Total Vessel Numbers	2,302	2,265	2,540
Total Gross Registered Tonnage	69,539,088	65,497,258	66,567,398

Commodity trade throughput increased in comparison to last financial year. The following commodities experienced an increase in export trade: Condensate, LNG, with Iron Ore increasing by 9 million tonnes.

PORT OF DAMPIER ANNUAL CARGO THROUGHPUT



Port Operations

Safety and Environment Management

In April 2003 the Dampier Port Authority regained the management of the Dampier Cargo Wharf. Western Stevedores completed their exclusive 5-year arrangement and the stevedoring operations were open to the market. Western Stevedores and P & O Ports applied for and were granted a licence to operate. Subsequently, it was considered an opportune moment to revisit our induction process and make changes to the way in which we manage Health, Safety and Environmental issues. This would also provide an avenue to advise port users of the ever-increasing activity on and around the Dampier Cargo Wharf, which is directly related to the industrial growth on the Burrup Peninsula.

The Port Marine Oil Pollution annual training exercise was held on 11 and 12 July 2002. Fifty personnel took place from a range of state organisations including local industry and government agencies. A number of realistic scenarios were presented in and around local berths and facilities and all was achieved. The scenarios involved utilising the National Plan and industry stockpiled equipment.



The Port Authority philosophy on emergency response is based on a ‘whole of port’ approach and it was good to see a keen commitment from a broad section of the port community and emergency services.

Next year’s exercise will be held on the 23 & 24 July and will incorporate a major maritime emergency coupled with a one-day desktop exercise component.

On the 20 January 2003, the bulk carrier China Steel Realist, berthed at Parker Point terminal suffered a structural failure in pipe work that resulted in bilge slops, including heavy crude oil being pumped overboard from a ballast discharge pipe. The oil was observed by an Australian Maritime Safety Authority boarding the vessel for a Port State Control Ship Inspection and reported to the authorities.

Subsequently a Tier 1 (0-10 tonnes) response was mounted by Hamersley Iron, and fully supported by the Dampier Port Authority and Western Stevedores personnel. Dampier Ports 'whole of port' approach was implemented. The 'Cowrie' (National Plan Stockpile oil pollution recovery vessel) recovered some of the oil at sea prior to the beach impact. However, approximately one to two hundred litres of oil impacted the shoreline next to Hamersley Iron Power Station. This impact required extensive careful cleanup, which was closely monitored by Dampier Port Authority and the Department of Environmental Protection, to return the environment back to its natural state.



It is important that companies visiting the port understand the concern for the beautiful port environment and mirror that concern in their operating procedures and incident notification process. As a result the Port Authority has increased its assessment and auditing process of all marine operations in the hope of ensuring no environmental harm comes to our shores.

Port Development

Highlights during the year

- Completed a review of the Dampier Cargo Wharf and initiated a 5 year maintenance program;
- Engaged URS Australia Pty Ltd to complete Preliminary Geotechnical Investigations of the Port Development Zone for a new Bulk Liquids Berth;
- Initiated a Port Development Plan to provide potential users with a 20 year outlook on port development;
- Engaged GHD Pty Ltd to complete Preliminary Engineering for a new Bulk Liquids Berth for Burrup Fertilisers Pty Ltd;
- Entered into an agreement with BGC Contracting Pty Ltd to quarry for a future lay-down area south-west of the Dampier Cargo Wharf;
- Entered negotiations with BGC Contracting Pty Ltd to quarry a 12 hectare site area in the King Bay Industrial Estate to provide additional real estate;
- Entered negotiations with Water Corporation to lease part of Suicide Alley and develop the remaining area to provide additional industrial real estate;
- Engaged Baggerman Associates Pty Ltd as dredging consultants to complete Preliminary Engineering works for a new channel to facilitate a new Bulk Liquids Berth;
- Entered into an agreement via Woodside Energy Limited (WEL) to construct a new Heavy Load Out (HLO) Facility south-west of the DCW, initially for out-loading rock protection for WEL's new Trunkline Systems Expansion Project (TSEP), and then for Dampier Port Authority general cargo use;
- Land Corporation completed Engineering works for the new Services Corridor.

Major Initiatives

During the year 2002/2003, the Dampier Port Authority initiated a review of the Port Development Concept Plan. Previous plans had been based on “Project Planning” principles; the review carried out was based on a “Whole of Port” basis. It was found that port CAPEX could be better utilised if a “Whole of Port” approach was taken.

Key projects such as Burrup Fertilisers, Methanex, Dampier Nitrogen and GTL Resources started to synchronise; making multi-user facilities appear more attractive. The Dampier Port Authority put forward a revised recommendation to the State Government to construct a new multi-user berth for the committed Burrup Fertilisers project in anticipation of other projects reaching financial close in 2003/2004.

Associated with the additional port facilities required for the new customers generated by the projects above, is the need for additional industrial estate. Preliminary engineering activities were initiated to review the allocation of key port land. This led to the commissioning of GHD Pty Ltd to produce a 20 year “Port Development Plan”. Key issues highlighted in the planning process include, outstanding environmental approvals, lack of suitable access to new facilities; and headwork’s for utility services associated with further development of the port.

The challenges moving forward into 2003/2004 include project delivery of a new multi-user berth, development of additional industrial estate, provision of utilities and suitable access to a new berthing facility and better utilisation of existing port real estate. In addition to this is the need to implement the maintenance plan for the existing Dampier Cargo Wharf. It is anticipated that a \$56.5m CAPEX program will be required over the coming two years to facilitate expected new customers.

The Dampier Port Authority is entering a critical strategic development phase that will set the scene for the next 20 years of expansion anticipated as a result of the Western Australian Government’s push to encourage downstream processing of the State’s primary natural energy resources.



Operations

The DPA has been kept extremely busy this year due to the increase in the number of vessels visiting the port compared to last year, and the DPA's involvement in the second trunkline operation. The DPA is also required to ensure overseas contracted vessels are operating safely and are environmentally sound.

Communication staff have handled the much increased radio traffic in a prompt and professional manner, giving mariners using the port comfort in the knowledge that the DPA port communications has a 24 hour 7 day a week presence in the port.

The Dampier Port Authority took over the management of the Dampier Cargo Wharf from 6th April 2003. To handle extra the extra workload and to ensure a safe and efficient operation the DPA has employed a 'wharf manager' to manage the day to day operations of the wharf. The Port Authority has issued 2 non-exclusive stevedoring licences to provide stevedoring to the users of the Cargo Wharf.

Since reverting to the in house management of the cargo wharf the berth occupancy has increased dramatically this is mainly attributed to the pipelaying operations and the increased activity in the Offshore Industry. To date the new arrangements have been well received by wharf users.

SIGNIFICANT EVENTS AFTER YEAR END

On the 14th July Cabinet resolved to commit capital funds toward the construction of a multi user berth facility allowing companies such as Burrup Fertilisers to move from the Cargo Wharf to the new jetty.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

The Authority expects that trade volumes for 2003/2004 financial year will remain at similar levels to 2003 year with an estimated trade volume of 90,685,000 metric tonnes. Revenue is expected to remain on par with 2003.

Significant changes in the Authority's operations are occurring due to a number of development projects coming to fruition.

In May 2003 an extensive geotechnical investigation program started to identify sub-sea soil types for a new berthing facility, associated shipping channel and swing basin. The Authority anticipates up to 5 million cubic metres of dredging will be needed to construct the new 150 metre wide, 6km long channel, associated swing basin and berthing pockets.

Construction work on the new bulk liquids berthing facility for Burrup Fertilisers should start in early 2004.

ENVIRONMENTAL PERFORMANCE

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

ELECTORAL ACT

As required by the Electoral Act S175ZE, the Authority declares that it did not incur any expenditure greater than \$1,600 during the reporting period in relation to advertising agencies, market research organisations, polling organisations and direct marketing organisations. However, the Authority did incur \$6,701 on media advertising.

DIRECTORS BENEFITS

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

DIRECTORS INTEREST IN CONTRACTS

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

DIRECTORS AND OFFICERS REMUNERATION

The Minister determines remuneration of directors of the Dampier Port Authority. The Board oversees the remuneration of the Chief Executive Officer on an annual performance basis. Remuneration of officers other than the Chief Executive Officer is based on their individual contract agreements.

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

Board Members

Name	Directors Fees \$	Superannuation \$	Total \$
P West - Chairman	15,575	1,402	16,977
R. Vitenbergs	2,875	259	3,134
T. Swetman	7,600	684	8,284

R. Vitenbergs temporarily resigned from the Board in November 2002, but will recommence at the completion of his current contract as the Ports CEO.

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

Other Executives

Name	Base Salary \$	Motor Vehicle \$	Other \$	Superannation \$	Total \$
G Trenberth (1July-6Dec) Chief Executive Officer	144,897	2,010	14,068	21,029	182,004
R. Vitenbergs (26Nov-30June) Chief Executive Officer	75,709	6,524	0	6,813	89,046
Stephen Nicholson from 17Feb Port Development Mgr	36,346	0	0	3,271	39,617
Malcolm Bolderson Deputy Harbour Master	90,169	15,928	2,468	8,115	116,680

G Trenberth base salary includes \$97,893 in annual leave and long service leave entitlements paid at resignation.

INDEMNIFICATION OF DIRECTORS

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

The Authority paid an insurance premium of \$5,887 GST exclusive in respect of the Directors' and Officers' Liability Insurance Policy for the reporting period.

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

INDEMNIFICATION OF AUDITORS

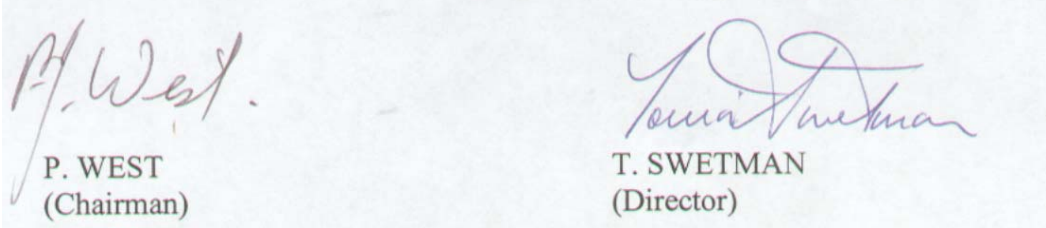
The Auditor Generals Office has been appointed as the Port Authority's auditor in accordance with Schedule 5 Section 37(2) of the Port Authorities Act 1999.

The total fee payable for the financial year ending 30 June 2003 \$21,500 GST exclusive

ROUNDING OF AMOUNTS

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

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



Dated this 12th day of August, 2003
Dampier WA



AUDITOR GENERAL

INDEPENDENT AUDIT REPORT ON DAMPIER PORT AUTHORITY

To the Parliament of Western Australia

Audit Opinion

In my opinion, the financial statements of the Dampier Pen 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.

D D R PEARSON
AUDITOR GENERAL

September 30, 2003

**DAMPIER PORT AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2003**

	Note	2003 \$'000	2002 \$'000
CURRENT ASSETS			
Cash Assets	22(a)	5,315	3,995
Receivables	5	749	526
Other	6	16	6
TOTAL CURRENT ASSETS		6,080	4,527
NON-CURRENT ASSETS			
Property, plant and equipment	8	17,267	17,698
Deferred Tax Assets	7	196	162
TOTAL NON-CURRENT ASSETS		17,370	17,860
TOTAL ASSETS		23,453	22,387
CURRENT LIABILITIES			
Payables	9	1,169	360
Unearned Income	11	140	150
Current Tax Liabilities	12	131	0
Provisions	13	210	144
TOTAL CURRENT LIABILITIES		1,650	654
NON-CURRENT LIABILITIES			
Deferred Tax Liabilities	14	21	8
Unearned Income	11	100	76
Provisions	13	40	18
TOTAL NON-CURRENT LIABILITIES		161	102
TOTAL LIABILITIES		1,718	756
NET ASSETS		21,732	21,631
EQUITY			
Contributed Equity	16	17,002	17,002
Retained profits	17	4,730	4,629
TOTAL EQUITY		21,732	21,631

The accompanying notes form part of these financial statements.

DAMPIER PORT AUTHORITY
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2003

	Note	2003 \$'000	2002 \$'000
Revenue from Ordinary Activities	3	5,026	3,364
Administration & Provisions	2	(1,196)	(1,350)
Maintenance	2	(343)	(312)
Power & Water	2	(206)	(155)
Depreciation	2	(876)	(902)
Legal	2	(787)	(220)
Insurance	2	(144)	(92)
Consultants	2	(130)	(71)
Disposal of non current assets	2	(511)	(38)
Audit Fees	2	(26)	(26)
Write down of non current asset to recoverable amount	2	(200)	(283)
Other expenses from Ordinary Activities	2	(247)	(184)
<i>Profit /(loss) from ordinary activities before income tax expense</i>	2	360	(269)
Income tax (expense)/benefit	4	(109)	71
<i>Profit /(loss) from ordinary activities after income tax</i>		251	(198)

The accompanying notes form part of these financial statements.

DAMPIER PORT AUTHORITY
STATEMENT OF CASH FLOWS
For The Year Ended 30 June 2003

	Note	2003 \$'000	2002 \$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		5,211	3,771
Payments to suppliers and employees		(4,632)	(3,323)
Interest received		85	55
Interest received on investments		102	95
Income tax "equivalents" paid/(received)		114	(118)
Net cash inflow from operating activities	22(b)	880	480
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		1,034	38
Payment for property, plant and equipment		(572)	(156)
Net cash outflow from investing activities		462	(118)
CASH FLOW FROM FINANCING ACTIVITIES			
Payment of Dividends	10	(22)	(109)
Net cash outflow from financing activities		(22)	(109)
Net increase/(decrease) in cash held		1,320	(253)
Cash at beginning of financial year		3,995	3,742
Cash at end of financial year	22(a)	5,315	3,995

The accompanying notes form part of these financial statements.

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2003

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views and the Port Authorities Act 1999. The financial report is prepared on an accrual basis and in accordance with historical cost convention. The accounting policies have been consistently applied, unless otherwise stated.

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

(a) Income Tax “Equivalent”

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

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

(b) Acquisition of fixed assets

The cost method of accounting is used for all acquisition of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental cost directly attributable to the acquisition. Assets acquired at no cost or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

(c) Property, Plant & Equipment

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

Useful lives for each class of depreciable assets are:

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

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2003

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

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

(d) Maintenance and Repairs

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

(e) Employee Entitlements

Annual leave is recognised at the reporting date in respect of employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

Long service leave benefits are calculated at remuneration rates expected to be paid when the liabilities are settled.

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

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

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

The note disclosure required by paragraph 6.10 AASB 1028 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The Government Employees Superannuation Board's records are not structured to provide the information for the Authority. Accordingly, deriving the information for the Authority is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2003

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

(f) Cash Assets

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

(g) Revenue

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

Revenue from the sale of DPA houses is recognised at settlement.

(h) Payables

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

(i) Investments

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

(j) Receivables

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

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

(k) Recoverable amount of non-current assets

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

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

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2003

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

The expected net cash flows included in determining the recoverable amounts of non-current assets are discounted to their present values using a risk-adjusted discount rate. The discount rate used was 5% for 2003 (2002:5%).

(l) Payment of Dividend to the State

In accordance with section 84 of the Port Authorities Act 1999 the Board of the Authority intends to make a recommendation to the Minister for Planning and Infrastructure that dividends amounting to \$149,723 (2002: \$95,887) be declared in respect for the year ended 30 June 2003. The proposed dividend is in accordance with the dividend policy included in the Authority's statement of corporate intent for 2002-03

(m) Goods and Services Tax

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

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

(n) Comparatives

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

(o) Rounding

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

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2003

	2003	2002
	\$'000	\$'000
NOTE 2: PROFIT FROM ORDINARY ACTIVITIES		
Profit from ordinary activities before income tax expense has been determined after charging the following gains and expenses:		
Employee entitlements		
Annual Leave	65	25
Long Service Leave	23	19
Superannuation	74	57
Depreciation		
Building and improvements	103	107
Plant and equipment	61	63
Berths/wharves	632	653
Navigation aids	80	79
Other charges against assets		
Write down of non current asset to recoverable amount	200	283
Auditors Remuneration	26	25
Gain (loss) on sale of non current assets		
Proceeds from sale of plant and equipment	926	38
Carrying amount	<u>(511)</u>	<u>(38)</u>
Gain (loss) on sale of plant and equipment	<u>415</u>	<u>-</u>
NOTE 3: REVENUE FROM ORDINARY ACTIVITIES		
Operating activities of the Authority		
– rendering of services	3,598	2,931
– leases revenue	305	240
Non-operating activities of the Authority		
– proceeds on disposal of property, plant and equipment	926	38
– interest received	85	55
– interest received on investments	<u>112</u>	<u>100</u>
	<u>5,026</u>	<u>3,364</u>

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2003

2003 **2002**
\$'000 **\$'000**

NOTE 4: INCOME TAX

The income tax attributable to the financial year differs from the amount prima facie payable on the profit from ordinary activities and is reconciled as follows:

Profit /(loss) from ordinary activities:	360	(269)
Prima facie income tax on operating profit at 30% (2002 -30%)	(108)	81
Tax effect on permanent differences:		
Sundry Items	(1)	-
Income tax adjusted for permanent differences	(109)	81
Adjustment to deferred income tax liabilities and assets to reflect the decrease in company tax rate to 30% (2002- 34%)	<u>-</u>	<u>(10)</u>
Income tax attributable to profit /(loss) from ordinary activities	<u>(109)</u>	<u>71</u>
Income tax expense comprises:		
Provision attributable to current year	(149)	104
(Increase)/ decrease in deferred income tax provision	(9)	19
Increase/(decrease) in future income tax benefit	<u>49</u>	<u>(52)</u>
	<u>(109)</u>	<u>71</u>

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2003

	2003	2002
	\$'000	\$'000
NOTE 5: RECEIVABLES		
Trade debtors	749	526
Less: Provision for doubtful debts	<u>-</u>	<u>-</u>
	<u>749</u>	<u>526</u>

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

NOTE 6: OTHER

Prepayments	-	-
Accrued Income	<u>16</u>	<u>6</u>
	<u>16</u>	<u>6</u>

NOTE 7: DEFERRED TAX ASSETS

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

- tax losses	-	104
- timing differences	<u>196</u>	<u>58</u>
	<u>196</u>	<u>162</u>

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2003

	2003	2002
	\$'000	\$'000
NOTE 8: PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
Land		
At cost	250	200
Land leased to operating parties pursuant to operating leases	50	250
At cost		
Building and improvements		
At cost	3,073	2,846
Accumulated depreciation	<u>(1,037)</u>	<u>(906)</u>
Total buildings and improvements	<u>2,036</u>	<u>1,940</u>
Building and improvements leased to external parties		
Pursuant to operating leases		
At cost	667	1,319
Accumulated depreciation	<u>(117)</u>	<u>(308)</u>
Total buildings and improvements	<u>550</u>	<u>1,011</u>
Total land buildings and improvements	2,886	3,401
Plant and equipment		
At cost	1,056	923
Accumulated depreciation	<u>(773)</u>	<u>(747)</u>
Total plant and equipment	283	176
Infrastructure		
Berths / Wharves		
At cost	19,141	19,141
Accumulated depreciation	(8,667)	(8,057)
At recoverable amount	<u>339</u>	<u>562</u>
	<u>10,813</u>	<u>11,646</u>
Work in progress for channel dredging at cost	<u>1,068</u>	<u>178</u>
Total berths/wharves	<u>11,881</u>	<u>11,824</u>
Navigation aids		
At cost	3,283	3,283
Accumulated depreciation	<u>(1,066)</u>	<u>(986)</u>
Total navigation aids	<u>2,217</u>	<u>2,297</u>
Total infrastructure	<u>14,165</u>	<u>14,121</u>
Total property, plant and equipment	<u>17,267</u>	<u>17,698</u>

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2003

2003 **2002**
\$'000 **\$'000**

NOTE 8: PROPERTY, PLANT AND EQUIPMENT (Cont.)

(b) Reconciliation of carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below:

Land		
Carrying amount at 1 July	450	450
Disposals	<u>(150)</u>	<u>-</u>
Carrying amount 30 June	<u>300</u>	<u>450</u>
 Building and improvements		
Carrying amount at 1 July	2,951	3,055
Additions	62	2
Disposals	(488)	-
Accumulated depreciation on disposal	163	-
Depreciation for the year	<u>(102)</u>	<u>(106)</u>
Carrying amount 30 June	<u>2,586</u>	<u>2,951</u>
 Plant and equipment		
Carrying Amount at 1 July	176	155
Additions	202	123
Disposals	(69)	(136)
Accumulated depreciation on disposal	35	97
Depreciation for the year	<u>(61)</u>	<u>(63)</u>
Carrying Amount 30 June	<u>283</u>	<u>176</u>
 Infrastructure		
Berths/Wharves		
Carrying Amount at 1 July	11,646	12,582
Disposals	-	(1)
Accumulated depreciation on disposal	-	1
Recoverable amount write down	(200)	(283)
Depreciation for the year	<u>(633)</u>	<u>(653)</u>
Carrying Amount 30 June	<u>10,813</u>	<u>11,646</u>
 Navigational Aid		
Carrying Amount at 1 July	2,297	2,376
Depreciation for the year	<u>(80)</u>	<u>(79)</u>
Carrying Amount 30 June	<u>2,217</u>	<u>2,297</u>

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2003

	2003	2002
	\$'000	\$'000
NOTE 8: PROPERTY, PLANT AND EQUIPMENT (Cont.)		
Work in Progress		
Carrying amount at 1 July	178	-
Addition	998	178
Disposal	<u>(108)</u>	<u>-</u>
Carrying Amount 30 June	<u>1,068</u>	<u>178</u>
Total property, plant and equipment	<u>17,267</u>	<u>17,698</u>
Write-down of non-current asset		
Barge Ramp at carrying value	539	845
Barge Ramp recoverable amount	<u>(339)</u>	<u>(562)</u>
Loss arising from write-down	<u>200</u>	<u>283</u>

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

NOTE 9: PAYABLES

Trade creditors	1,062	213
Sundry creditors	<u>107</u>	<u>147</u>
	<u>1,169</u>	<u>360</u>

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

NOTE 10: DIVIDENDS

Operating Dividend	126	74
Efficiency Dividend	<u>24</u>	<u>22</u>
	<u>150</u>	<u>96</u>

During the 2002 financial year, an additional \$74,000 operating dividend pertaining to the previous financial year was paid based on the Boards recommendation.

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2003

NOTE 11: UNEARNED INCOME

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

The barge ramp is recognised as an asset, while the rebates outstanding have been recognised as unearned income. The original liability of \$1,056,000 has reduced to \$169,703 as at 30 June 2003.

	2003	2002
	\$'000	\$'000
Barge Ramp	170	226
Stevedoring Licences	48	-
King Bay Industrial Estate	<u>22</u>	<u>-</u>
	<u>240</u>	<u>226</u>

	2003	2002
	\$'000	\$'000

NOTE 12: CURRENT TAX LIABILITIES

Provision for current income tax	<u>131</u>	<u>-</u>
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NOTE 13: PROVISIONS

(a) Current

Dividends	150	22
Employee entitlements		
Annual leave	61	86
Long service leave	<u>-</u>	<u>36</u>
	<u>61</u>	<u>122</u>
	<u>211</u>	<u>144</u>

(b) Non-current

Employee entitlements – long service leave	<u>40</u>	<u>18</u>
Total employee entitlements	<u>101</u>	<u>140</u>

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2003

	2003	2002
	\$'000	\$'000

NOTE 14: DEFERRED TAX LIABILITIES

Provision for deferred income tax	<u>21</u>	<u>8</u>
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NOTE 15: CONTRIBUTED EQUITY

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

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

These funds are not available for distribution.

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

NOTE 16: RESERVES

Capital Reserve -:

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

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

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2003

		2003	2002
		\$'000	\$'000
NOTE 17: RETAINED PROFITS			
	Note		
Retained profits at the beginning of the financial year		4,629	3,374
Net profit/(loss)		251	(198)
Dividends	10	(150)	(96)
Transfer from capital reserve	16	<u>-</u>	<u>1,549</u>
Retained profits at the end of the financial year		<u>4,730</u>	<u>4,629</u>

NOTE 18: EQUITY

Total equity at the beginning of the financial year	21,631	21,925
Total changes in equity recognised in the statement of financial performance	251	(198)
Transactions with owners as owners		
Contribution of equity	-	-
Dividends	<u>(150)</u>	<u>(96)</u>
Total equity at the end of financial year	<u>21,732</u>	<u>21,631</u>

NOTE 19: REMUNERATION AND RETIREMENT BENEFITS

		2003	2002
		\$'000	\$'000
(a) Remuneration of Directors			
Remuneration and other benefits received or receivable from the Authority by all Directors of the Authority:		28	31
The number of Directors whose total of fees and retirement benefits received or due and receivable, for the financial year are shown in the following bands:			
		No	No
\$0 - \$10,000		2	3
\$10,000 - \$20,000		1	1

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2003

	2003	2002
	\$'000	\$'000

NOTE 19: REMUNERATION AND RETIREMENT BENEFITS (cont)

(b) Remuneration of Executives

Remuneration and other benefits received or receivable from the Authority by the Executives of the Authority:	427	257
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The number of Executives whose total salaries and retirement benefits received or due and receivable, for the financial year are shown in the following bands:

	No	No
\$30,000 - \$40,000	1	-
\$50,000 - \$60,000	-	2
\$80,000 - \$90,000	1	-
\$110,000 - \$120,000	1	-
\$130,000 - \$140,000	-	1
\$180,000 - \$190,000	1	-

NOTE 20: RELATED PARTY TRANSACTIONS

(a) Directors

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

(b) Remuneration and Retirement Benefits

Information on remuneration of directors is disclosed in note 19.

(c) Other Transactions with Directors and Director related entities

- In terms of the Port Authorities Act 1999 (Schedule 6, Division 1), 2 directors are nominated by companies that have contractual dealings on normal commercial terms and conditions with the Authority from time to time, being Mr. Glen Bajars for Woodside Energy and Mr. Graeme Rowley and Mr. Adam Parr for Hamersley Iron.

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2003

NOTE 21: SEGMENT REPORTING

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

	2003	2002
	\$'000	\$'000

NOTE 22: NOTES TO STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

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

Cash at bank	2,889	1670
Cash on hand	1	1
Short-term deposits with financial institutions	<u>2,425</u>	<u>2,324</u>
	<u>5,315</u>	<u>3,995</u>

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

Profit/(loss) from ordinary activities after income tax	251	(198)
Depreciation	876	902
Write down asset to recoverable amount	200	283
Net (gain) loss on sale of property, plant and equipment	(415)	-
Changes in assets and liabilities		
Receivables	(344)	(112)
Prepayments	-	3
Accrued income	(10)	48
Payables	123	(12)
Unearned income	14	(108)
Movements in provisions		
Employee entitlements	(39)	(103)
Income taxes	272	(256)
Deferred income taxes	<u>(48)</u>	<u>33</u>
Net cash inflows from operating activities	<u>880</u>	<u>480</u>

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2003

NOTE 23: FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

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

2003

	Floating Interest Rate \$000	Fixed Interest maturing in 1 year or less \$000	Non Interest Bearing \$000	Total \$000
<i>Financial Assets</i>				
Cash at bank	2,889	-	-	2,889
Short term deposits	-	2,425	-	2,425
Receivables	-	-	765	765
	2,889	2,425	765	6,079
Weighted average interest rate	4.0%	4.7%		
<i>Financial liabilities</i>				
Payables	-	-	1,169	1,169
Employee entitlements	-	-	101	101
	-	-	1,270	1,270

2002

	Floating Interest Rate \$000	Fixed Interest maturing in 1 year or less \$000	Non Interest Bearing \$000	Total \$000
<i>Financial Assets</i>				
Cash at bank	1,670	-	-	1,670
Short term deposits	-	2,324	-	2,324
Receivables	-	-	418	418
	1,670	2,324	418	4,412
Weighted average interest rate	4.0%	4.5%		
<i>Financial liabilities</i>				
Payables	-	-	360	360
Employee entitlements	-	-	140	140
	-	-	500	500

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2003

NOTE 23: FINANCIAL INSTRUMENTS (Cont)

(b) Credit Risk

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

(c) Net Fair Values

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

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

	2003	2002
	\$'000	\$'000

NOTE 24: CAPITAL COMMITMENTS

Capital Commitments

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

Within one year	817	42
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Capital commitments include amounts for:

- telephone upgrade	-	9
- vehicle changeover	-	21
- dredging approval for channel	10	12
- Strengthening of DCW	12	-
- bulk liquids berth project	408	-
- dredging consultancy	<u>387</u>	<u>-</u>
	<u>817</u>	<u>42</u>

DAMPIER PORT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2003	2002
	\$'000	\$'000

NOTE 25: LEASE REVENUE RECEIVABLE IN THE FUTURE

Lease revenue receivable in the future in relation to leases contracted for at the reporting date but not recognised as assets, are receivable as follows:

Within 1 year	212	293
Later than 4 year and not later than 5 years	743	730
Later than 5 years	<u>1,218</u>	<u>1,265</u>
	<u>2,173</u>	<u>2,288</u>

Lease commitments receivables as at the 30 June 2003 was \$30,044 (2002: NIL)

The Authority leases at the King Bay Industrial Estate are leased to companies that provide essential services to the shipping industry. The leasing of surplus residential houses of the Authority is based on commercial terms.

NOTE 26: SUBSEQUENT EVENTS

On the 14th July 2003 the Western Australian Government approved the construction by the Authority of a new jetty for Burrup Fertilisers (and other projects) at an estimated capital cost (including dredging and navigational aids) of \$56.4 million. The construction will be funded by the progressive draw down over a two year period of a loan with WA Treasury Corporation.