

PORT HEDLAND PORT AUTHORITY

2004 ANNUAL REPORT



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 Hedlund.

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.

More recently, the Port Authority commissioned its shiploader on No 1 Berth in June 2001 to serve a number of mineral export needs including manganese, chrome, feldspar and copper concentrates. The berthing pocket at No 1 Berth was deepened to 13.2m in 2003 to accommodate Panamax sized vessels to fully load. On February 12, 2004, BHP Billiton opened its upgraded port facilities project which included the construction of a second berth on Finucane Island capable of handling large bulk ships.

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 2004	Record Annual Throughput	89,799,236 tonnes
30 June 2004	Record Annual Iron Ore Throughput	84,211,788 tonnes
30 June 2004	Record Annual Hot Briquetted Iron	1,827,072 tonnes
30 June 2004	Record Annual Bulk Minerals export	848,012 tonnes

Statistical Abstract

Shipping

	2003/04	2002/03	2001/02	2000/01	1999/00
Ratio of Accidents to Total Vessel Movements *	.000	.000	.000	.002	.000
Number of Vessels	773	693	624	693	606
Gross Registered Tonnage (millions)	50.7	46.1	41.0	41.6	37.2
Port Throughput - Cargo (millions)	89.8	81.4	72.4	72.9	65.4

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

Finance and Performance

	2003/04 \$000	2002/03 \$000	2001/02 \$000	2000/01 \$000	1999/00 \$000
Total Revenue	17,027	15,505	13,054	14,027	12,395
Charges Against Revenue	13,719	12,553	10,438	151,354	10,126
Cumulative Profit (Loss)	23,538	22,419	19,411	17,525	18,606
Working Capital	8,064	8,859	10,318	7,821	14,116
Fixed Assets at Book Value	34,001	31,999	30,543	31,166	162,286
Return on Assets	6.3%	6.7%	10.5%	(324%)	4.8%
Debt Ratio	1:8	1:8	1:10	1:10	1:57
Total Revenue per cargo tonne (in cents)	19.0	19.0	18.0	19.2	18.8

Change in Charges

	2003/04	2002/03	2001/02	2000/01	1999/00
Annual CPI Change	2.5%	2.1%	2.4%	6.0%	2.6%
PHPA Charge Increase *	-	7.9%	-	-	-
Real Change in Port Charges	-0.7%	5.8%	-2.4%	-6.0%	-2.6%
Cumulative Total **	-24.0%	-20.8%	-26.0%	-23.0%	-16.1%

* 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

The buoyant trade over the last year has created a wonderful result for the Port Authority and it is with pleasure that I submit this report. The strong growth in the world demand for iron ore that we recognised last year has only accelerated. Iron ore exports from Port Hedland took the Port Authority to another new record for trade levels, a result that sees the port move to become Australia's biggest tonnage throughput port.

A number of trade records were set during the year. Most significant were the record annual total throughput of 89,799,236 tonnes representing an increase of almost 10% over the previous year; record annual iron ore exports of 84,211,788 tonnes and record annual HBI exports of 1,827,072 tonnes. Salt exports continue to rebound steadily from the low of a few years ago and manganese and chromite exports have again led the increase in the total quantities loaded over the Authority's shiploader on No 1 Berth.

There was also a comparable increase in the number of shipping movements to carry the record cargo volumes. This has placed additional demands on our Pilots and other marine service providers who have all met the challenge professionally and efficiently.

We were pleased to be able to hold charges steady again in 2003/04 and no increase is proposed in 2004/05. However, we do recognise some factors that will create upward pressure on pricing in the next couple of years.

The financial performance of the Port Authority was very good with a net operating profit of \$3,307,528. Of this, a total of \$2,188,533 or approximately 66% of net operating profit will be paid to the State in the form of dividends and taxes.

The drive for improvements in operations and maintenance activity to support the increase in shipping and trade continued. BHP Billiton purchased and put into operation two new tugs rated at 65 tonne bollard pull. Stevedoring services on the Authority's berths were much improved and, with the support of our maintenance contractor, Cervan Marine, port maintenance planning and execution continued to show benefits. In addition, the Authority's increasing effort on environmental management in collaboration with shippers has seen improvements in key areas such as dust levels. Dredging maintenance was carried out in 2004 yielding much improved depths and restoring the capacity for larger shipments.

The Authority's Ultimate Development Plan was released for public comment in August 2003. The purpose of the Plan is to provide a strategic framework and to protect the future opportunities for the long term development of the port. Following release a number of submissions were received, primarily expressing concerns about potential impact on nearby residents and the environment. Most concerns were expressed by those living in the caretaker residences in the Wedgefield Industrial Estate which under the Plan lies within an area that is likely to be impacted by future port development activity. The process of investigating and preparing a comprehensive response to the submissions is almost complete. Following feedback to those that made submissions, the plan will be finalised and presented to the

Environmental Protection Authority and the Western Australian Planning Commission for consideration.

The Authority has now launched a further planning study, this one focussed on the capacity of the port to handle the projected growth in shipping movements. This study is the corollary of the Ultimate Development Plan, which is focussed on protecting opportunities for land development. The capacity study is a significant initiative and will not be complete until the end of 2005.

The dynamic growth in demand for iron ore exports and other trades is driving port development. BHP Billiton's PACE Project was completed during the year and the new port facilities were opened in February 2004. Extension of the Port Authority's No 1 Berth commenced but will not be complete until early 2005. Preliminary site assessment work on Newcrest's new port storage shed for its copper concentrates was conducted and, after a lengthy environmental approval process, construction will commence in July 2004.

Work on the Hope Downs project has continued quietly and steadily. The Authority is hopeful that the company will submit a development proposal to Government at the end of 2004 that will lead to the development of further iron ore export facilities in the port. In addition, a new company, Fortescue Metals Group (FMG) has emerged as the proponent of an ambitious iron ore project. If both of these projects are developed, they will lead to a massive increase in trade through the port.

The challenges and opportunities for the port are substantial and exciting. With the support of the Board and the efforts of our staff we are responding to these challenges and opportunities. Our appreciation is extended to the Directors for their ideas and diligence and to the Authority's staff and our contractors for their dedication.

Ian Williams
CHAIRMAN

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 2003/2004

The Authority set a number of major goals for itself for 2003/2004 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	
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.	New KPIs have been agreed and introduced into a new licence document which is ready for execution.
Work with service providers and customers to resolve concerns about the costs of some privately provided services.	Significant improvements have been achieved in the area of stevedoring services.
Review and update the Authority's Pilotage Standards in consultation with the Marine Pilots.	This work was not completed. A program for upgrading various documents in 2004/05 is to be implemented.
Update the Authority's suite of emergency response plans.	This work was not completed. A Program for upgrading various documents in 2004/05 is to be implemented.
Investigate the optimum mix of tugs, their number and power, to handle future shipping requirements.	Simulation in Launceston in 2003 was used to determine the required power of tugs for future operations.
Port Facilities	
Complete extension of the No 1 Berth to allow smaller vessels to be stevedored simultaneously with bulk ore loading.	A design and construct contract was awarded early in 2004 and on site work had begun during June. The extension will not be complete until early 2005.
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 concentrate in March 2004.	Considerable work was completed during the year. However, with the delay to the start of copper concentrate shipments, work is continuing beyond the end of the year.
Provide purpose built and user friendly races for the loading of livestock including cattle and goats.	Privately constructed facilities were tested. The stevedore is to redesign these to overcome some limitations.
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.	This has been deferred until the company seeking to occupy the area now occupied by tenants has resolved its future plans.
Establish a single manned entry point for access to the Port areas to meet new security requirements consistent with IMO and national standards.	The entry point has been designed but will be constructed in 2004/05.
Upgrade VHF and HF equipment as part of a longer term plan to establish a full range of modern radio communication equipment.	The preferred equipment is still under investigation.

2004 ANNUAL REPORT

Upgrade the radar to AIS capability to meet the IMO 2004 deadline as part of the port's safety and security enhancement.	Options of upgrading the existing system and replacement have been investigated but a decision is still to be made on the preferred option.
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.	Completed
Obtain an offshore dredge spoil disposal permit to facilitate dredging planned for July 2004.	This and the dredging itself were completed during this reporting year.
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.	This project has not been completed due to constraints on the availability of capital funds.
Planning and Development	
Plan and support the development of improved storage and handling of bulk mineral products such as copper concentrates, manganese and chrome.	<ul style="list-style-type: none"> Planning for the consolidation of stockpiles and improved handling methods was completed but is under review by the company in an effort to reduce the project's cost. Planning, design and construction of a new storage facility for copper concentrates connected to the shiploading system is well advanced. The Authority has invested in parts of the project and has actively supported the development process.
Support and assist BHP Billiton with the completion of its PACE Project development.	The project was successfully completed with support and assistance from the Authority.
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.	Charges were held at 2002/03 levels.
Achieve improvements in the efficiency and effectiveness of port and marine services and facilities as indicated above.	Achievements are 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	The net profit before tax was \$3,370,528 representing 19% of turnover. A ROR of 6.3% was achieved which was marginally below the long term target of 6.5%.

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 calibre staff.	Redevelopment of one property to provide a modern staff residence commenced during the year.
Environment, Community Safety and Health	
Develop and implement a Port Security Plan consistent with the IMO guidelines and the DOTARS requirements for Ports.	The plan was submitted and approved by DOTARS before the required date.
Review and update the Port's Marine Pollution Response Plan.	This work was not completed. A program for upgrading various documents in 2004/05 is to be implemented.
Respond promptly and effectively to oil spill/contamination incidents within the port. Maintain staff skills through regular exercises and training.	Minor spills were responded to promptly and effectively. Staff skills were exercised and enhanced through training.
Minimise contamination of the harbour sediments from product spillage.	Continuous improvements to the shiploader are reducing opportunities for product spillage to the marine environment.
Monitor dust levels within the port and seek continual improvement in accordance with the Environmental Management Plan.	A dust monitoring program was implemented in an effort to measure dust emissions from port operations. Results to date have been encouraging and management initiatives have been put in place where problems have been identified.
Adopt all practicable initiatives in the reduction of energy usage and improved material recycling.	The Authority participated in the Water Corporations Water Achiever Program which culminated in a Water Management Report. Additional budgeted items have been included for next financial year including the installation of a waste oil reception facility and funds to undertake a waste, energy and water audit of port operations.
Community Support	
Continue regular meetings of the Port Community Consultative Committee.	Meetings held every two months.

Major Goals Planned For 2004/2005

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 December 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 Maritime Organisation 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 AIS 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 Underkeel Clearance (DUKC) system.

Development off two new tug pens in tug haven.

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.

Trade Facilitation

It is not proposed to increase general charges during 2004/05. 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, due to an expected 19% increase in operating expenses. Expected borrowings in excess of \$3m during the year will be required to assist with the financing of a \$15m capital works program. 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 DOTARS 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.

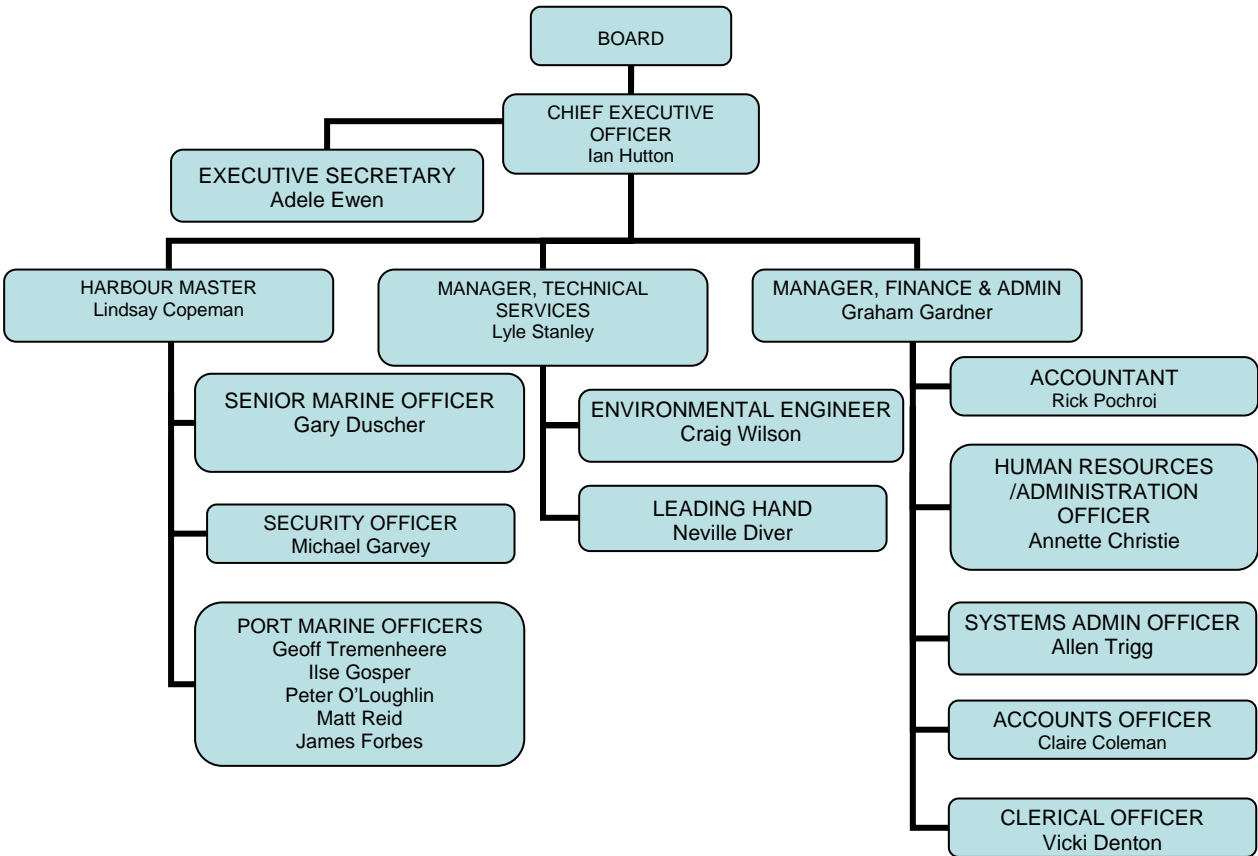
Minimise contamination of the harbour sediments from product spillage.

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

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 Health and Safety

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	2003/04	2002/03	2001/02	2000/01	1999/00
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	0.045
Premium rate	(3)	1.87	2.90	2.84	2.98	3.11
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	Ms Claire Coleman – Accounts Officer Ms Helen Russell – Executive Secretary Ms Adele Ewen – Executive Secretary Mr Allen Trigg–Records & Systems Administrator
Resignations	Ms Jennifer Duscher – Executive Secretary Ms Helen Russell – Executive Secretary

Future Direction – Human Resources

The level of staff turnover has reduced compared to recent years and the Port Authority has now established a stable team within the Authority to continue to improve the efficiency of Port operations.

It is proposed to develop the Performance Enhancement system which will identify training needs and allow for a focussed training program for all staff members. A review of Human Resource policies and procedures is to continue during 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 Town of Port Hedland is located in the Pilbara Region of North Western Australia and is some 1,650 kilometres by road from Perth, the state capital.

The Port of Port Hedland includes all waters within a radius of 10 nautical miles of Hunt Point at the Harbour entrance, and incorporates an extensive land area above the HW mark in the area around the port proper for Port related activities and future development.

Under the terms of the Port Authorities Act 1999, the Authority has the exclusive control of the Port and is charged with the maintenance and preservation of all property vested in it.

The Authority maintains navigational channel markers and aids, wharves, cargo sheds, roads and all ancillary facilities necessary for the effective operation of the Port.

Trade and Shipping

Cargo throughput for the financial year 03/04 lifted Port Hedland into position as Australia's largest tonnage port with a throughput of almost 90,000,000 tonnes. Iron Ore exports were just above 84,000,000 tonnes for the year and HBI exports rose to 1,758,866 tonnes. Bulk mineral exports increased to 848,012 tonnes and Salt exports of 2,450,553 tonnes all contributed to this impressive record breaking result. Other exports included Scrap Metal, General Cargo and Containers. Imports include cargo such as Liquid Petroleum Products, Bitumen, Sulphuric Acid, General Cargo and Containers.

The number of ships visiting the port was 773 compared to the 693 ship visits during 2002/2003.

Future growth in commodity exports is expected to boost the annual throughput to over 105,000,000 tonnes by the end of this financial year.

Port Operations

The ports bulk shiploader has performed well, design and operating improvements resulted in a gross loading rate of 652 tonnes/hour together with a net loading rate of 758 tonnes/hour averaged across the years 30 shipments of Manganese, Chrome and Feldspar.

Recent shiploader design improvements together with improvements in ore management and loading procedures have paid particular attention to spillage and cleaning of the loader and conveyor system with positive results and a consequent reduction in environmental incidents. Copper Concentrate shipments are expected to resume in the last quarter of 2004.

Maintenance Dredging was brought forward due to a number of identified high spots within the dredged channel and siltation of the inner harbour and berths was affecting loading drafts and sailing windows. A contract to remove 600,000 cubic metres of silt was awarded to Dredeco utilising the very large trailer suction dredge, Pearl River. The dredging campaign commenced in June to run for three weeks

Post dredge survey results reveal that depth in all sections of the channel exceed design grade.

Port Security

Following the terrorist attacks on New York's twin towers on 11/09/01 the International Maritime Organisation moved an amendment to the Safety Of Life At Sea convention in the form of the International Ship and Port Security Code (ISPS) to reduce the risk of a ship or port being used for or to support terrorist activities.

The Federal Government enacted the Maritime Security Act (2003) and Regulations (2004) to give effect to the code in Australian Ports and Ships. All Ports engaged in foreign trade are required to conform to the Act and ISPS code. The principal aspect of the code is the requirement of a port or port facility to have and to maintain a Security Plan designed to achieve certain security outcomes.

The Port's Maritime Security Plan was approved in the second quarter of 2004 which will incorporate a significant number of changes to the Port and its environs.

Delineated landside and waterside secure areas, an increased surveillance capability and stricter access control procedures are some of the measures adopted under the Security Plan.

Technological Improvements

Dynamic Under Keel Clearance System (DUKC)

OMC International Pty Ltd has been pressing forward with work on the DUKC Series IV system. Series IV will incorporate several enhancements to Series III and it is hoped to have all elements completed by the end of the 2004 calendar year. Commissioning of the AWAC and Vega wave and tide data delivery system installed during the year is nearing completion. This new equipment will improve the quality and reliability of wave and tide data for the DUKC.

Port Closures

Although five cyclones formed off the North West coast during the 2003/2004 cyclone season there was limited activity around the Port Hedland area with only two coastal crossings in the Pilbara.

The Port experienced some delays due to swell and wind conditions in February when cyclone Monty passed offshore as a category 4 system. Monty crossed the coast at Mardie Station west of Dampier as a category 3 on the 2 of March.

Inbound shipping was delayed on the 25 March and the Port was closed for 28 hours from noon on the 26 March as cyclone Fay threatened the Port as a category 4 cyclone. Fay crossed the coast on the 27 March as a category 3 some 90 nautical miles east of the port. Other than for the delay she had little impact on the port.

Planning and Development

The Port Hedland Port Planning Study was released for public comment during the first quarter of 2004. Planning approvals were granted for the Copper Concentrate storage facility, building should commence in the third quarter of 2004.

Funding and approvals for the extension to No1 wharf have been received and work should commence on the project during the early part of the third quarter of 2004.

Occupational Safety and Health

The Port Hedland Port Authority is committed to the provision of a safe and healthy work environment. A complete re-write of the Occupational Health and Safety Management

Plan is nearing completion. An accident and incident database is now in use which is proving to be a useful tool for establishing trends and identifying problem areas.

Pilot Transfers

The majority of Marine Pilot transfers from ships entering or leaving Port Hedland harbour are carried out by Helicopter transfer.

The pilot launch continues to be used for those vessels where ship design or cargo precludes transfer by air e.g. Petroleum Tankers, or when prevailing weather conditions prevent the use of the aircraft.

In over 30 years of operation the use of Helicopters in Marine Pilot transfers has risen from approximately 47% in 1974/75 to in excess of 90% during the year 2003/2004.

There were 1525 piloting movements in 03/04, an increase of 12% compared to 02/03.

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 1 Berth is a land backed berth which lies in a 347°-167° direction and has a length of 213 metres with a depth alongside of 13.4 metres LAT (lowest astronomical tide). The berth apron is 22 metres wide and is floodlit for security and working of cargo.

The 131 metre extension to No 1 berth is under construction and work should be completed during the first quarter of 2005. Once work has been completed the extension will formally be known as No 2 berth.

No 3 berth is situated to the south of No1 & 2 berth and runs in a 117°-297° direction with a length of 183 metres. The wharf has a mechanical bulk loading system owned by Dampier Salt Pty Ltd with a loading capacity of 1,900 tonnes per hour.

On this wharf is a cargo shed with an area of 1,600 m² supported by an open hard standing area of 4,300 m² situated immediately behind the shed.

Private Berths

The BHP Billiton wharf consists of two adjacent berths known as A and B berths which form a continuous line in an 117°-297° direction. The wharf has a berth pocket 65m wide is 679 metres long and is dredged to 19 metres below chart datum. The two shiploaders are fully retractable and have an average loading capacity of 6,500 tonnes per hour each.

Finucane Island berths C and D berth are situated on the western side of the harbour. Although the berths are not connected the alignment of both berths is 017°-197°, C berth is 325 metres in length and D berth is 340 metres in length both berths have been

dredged to a depth of 19.2 metres. C Berth berth pocket is 61 metres wide and D Berth berth pocket is 65m wide.

D Berth was constructed and commissioned in 2003/04 as a part of the BHP Billiton Port and Capacity Expansion project.

Both Finucane Island shiploaders are retractable with the C berth loader having a load rate of 4,500 tonnes per hour and the shiploader on D berth has a load rate of 10,000 tonne per hour.

Tug Haven

The Tug Haven is leased to BHP Billiton Freight Pty Ltd and is operated by Teekay Shipping who is responsible for the day to day management and scheduling of the Tug fleet. Two new tugs have been ordered with the first, Indee, arriving in Port Hedland during May. Procurement and Fleet Planning has this new Tug replacing the ageing vessel De Grey which will be disposed of during the latter half of 2004.

A design for an additional two tug pens has been prepared and dredging works for the new facility is underway. It is planned to have the new pens available prior to the start of the 2004/05 cyclone season.

Port Control Tower

The Port Hedland Port Authority shipping control tower is a 24 hour per day manned facility providing a vital communications link for the shipping and boating fraternity.

The Shipping Control Tower also fills an important role in managing Port and Marine emergencies by supporting the WA Police with an initial contact point incorporating the provision of suitably trained personnel and modern state of the art communication facilities.

Navigational Aids

The Port Hedland Port Authority owns and is responsible for the maintenance of 45 channel buoys, markers and beacons that are situated within port limits. The Australian Maritime safety Authority owns and is charged with the maintenance with those channel markers outside port limits.

The recommended approach channel is marked by two Sarus Towers, all channel markers and beacons are solar powered and fully synchronised.

A section of channel beacons have been fitted with new LED style lights with synchronisation by satellite. The trial has been successful so far.

Services

Towage – Teekay Shipping provide towage services to the Port with a fleet of 7 Tugs, owned by BHP Billiton, with a bollard pull range from 50 to 65 tonnes.

There is a Launch and Workboat company operating within the Port in addition to the two Lines Boat services.

Ship Repairs and General Services

A number of highly diversified companies experienced in minor ship repair work are readily available in Port Hedland. Their experience includes but is not limited to welding, electrical, air-conditioning, refrigeration and electronic repairs. The town of Port Hedland

is also able to provide additional services such as providing, light engineering and diving services.

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 Freight Pty Ltd	Pilbara Manganese Pty Ltd
BGC Contracting	Pilbara Chromite Pty Ltd
BP Australia Pty Ltd	Port Hedland Pilots
Brown's Auto Repairs Pty Ltd	Portside Fabrications Pty Ltd
Cervan Marine & Maintenance Pty Ltd	Seafarers Centre
Cockburn Cement Limited	Sealanes (1985) Pty Ltd
Coogee Chemicals Pty Ltd	Shell Company of Australia Ltd
Dampier Salt Ltd	Total Corrosion Control Pty Ltd
Intertek Testing Services (Australia) Pty Ltd	Town of Port Hedland
Le Mer Marketing Consultants Pty Ltd	Tribridge Holdings 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 30 June 2004.

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:

IAN WILLIAMS

Chairman

Mr Williams was appointed Chairman on the 1 September 2003 for a term expiring 30 June 2006. Ian is a widely experienced executive who has occupied a number of very senior positions within the mining and processing industries in Australian and overseas. Ian is an Adjunct Professor of the University of Queensland's Sustainable Mineral Institute and was previously a Chairman of the Karratha College Council and State Training Board.

BRENT RUDLER

Deputy Chairman

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 and has since been reappointed until 30 June 2006. Mr Rudler is a local businessman and was the Town of Port Hedland's Mayor for most of the year. Mr Rudler has been involved in the development and support of the community since 1994, he is Deputy Chairman of the Pilbara Development Commission and is also a Board Member of the Small Business Development Corporation.

BARRY RALSTON

Director

Mr Ralston, who has 40 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.

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. She was subsequently reappointed for a 1 year term that expired 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 experience prior to the formation of Golden Eagle Airlines was in human resource management.

TERRY BUCK

Director

Mr Buck was appointed to the Board on 17 February 2003 for a one year term. Mr Buck has been reappointed for a term to expire on 31 December 2006. Mr Buck retired from the Maritime Union of Australia in 2002 where he held the positions of WA Branch Secretary, Member of the National Executive and National Deputy Presiding Officer.

MICK EVANS

Director

Mr Evans was appointed as a Director with effect from 27 May 2004. Mr Evans holds a Bachelor of Applied Science, Metallurgy and has extensive experience in the mining industry in Australia and overseas.

ROGER RICHARDSON

Director

Mr Richardson was reappointed to the Board on the nomination of BHP Billiton in 2001. 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.

PHIL PYLE

Alternate Director

Mr Pyle was appointed an Alternate Director with effect from 3 September 2003. He is Mr Evans's Alternate.

MARCEL KAMPERMAN

Alternate Director

Mr Kamperman was appointed Alternate Director to Roger Richardson with effect from November 2003.

Retirements, Appointments and Continuation in Office of Directors

Chairman Mr Hardie retired in August 2003 and Mr Williams was appointed to fill the vacancy.

Mr Dalla Valle retired as Director and Mr Evans was appointed Director to fill the vacancy.

Mr Price retired as Alternate Director on 30 June 2003 and Mr Pyle was appointed to fill the vacancy.

Mr Rowe retired as Alternate Director and Mr Kamperman was appointed to fill the vacancy.

Mrs Russell was reappointed for a one year term expiring on 30 June 2004.

Mr Buck was reappointed 16 February 2004 for a term that expires on 31 December 2006.

Principal Activities

Port Hedland Port Authority:

- Provides and maintains essential port 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 \$2,237,987

Dividends Paid or Recommended

Dividends paid or declared for payment are as follows:

Ordinary dividend of \$1,043,561 was paid in June 2004, as recommended in the 2003 report.

Final dividend of 50% of 2003/04 operating profit after tax as recommended by the Directors is \$1,118,994, to be paid out of retained profits at 30 June, 2004.

An Efficiency Dividend has not been recommended for 2002/03, as the final dividend amount significantly exceeds the target set in the 2003/04 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 2004 which is 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 2003-04 financial year, Port Hedland Port Authority implemented a number of measures to ensure best practice environmental management.

Environmental Management Plan Review

A comprehensive review and update of the Authority's Environmental Management Plan was undertaken to better define the Authority's environmental management goals and objectives. The Plan now focuses on better environmental management outcomes and includes a number of initiatives to be adopted during the 2004-05 financial year.

Dust Monitoring

A dust monitoring program was developed in an effort to determine the levels of dust generated at the Port of Port Hedland. The program was designed to focus primarily on dust sourced from major port activities and included the use of both a DustTrak monitor for particulate matter monitoring and dust deposition gauges for deposited dust.

Results of monitoring to date are quite pleasing and a number of measures have been put in place to minimise dust emissions from port activities.

Sea Dump Permit

The Port Authority undertook its major maintenance dredging program during 2004. As no suitable alternative was available, all dredge material was disposed at sea. This activity subsequently required a Sea Dump Permit from the Commonwealth Department of the Environment and Heritage.

In order to obtain a Sea Dump Permit a comprehensive Sampling and Analysis Plan (SAP) was developed and implemented in an effort to determine the quality of the sediments to be dredged. The SAP included the collection of 63 sediment samples from shipping channel, inner harbour and berth pockets. The samples were analysed for a variety of parameters including heavy metals, hydrocarbons, organic pollutants and particle size.

Some small areas of the inner harbour were found to contain elevated levels of tributyltin (an anti-foulant coating used on ships to prevent marine growth). Special management measures were adopted to ensure this material could be placed at sea which involved dumping this material within a naturally deeper area of the spoil ground and capping it with clean material.

A Sea Dump Permit was issued to the Port Authority in June 2004.

Dredging

In order to ensure the dredging and disposal activities were undertaken with minimal impact on the environment, a comprehensive dredging Environmental Management Plan was developed.

The Plan included specific management provisions for the dredging and disposal activities ranging from hydrocarbon and waste management through to marine mammal management.

Also included in the Plan was the commitment to undertake a comprehensive environmental monitoring program which included an effects monitoring program that involved a detailed survey of corals both before and after dredging.

Copper Shed Works Approval

A works approval was obtained from the Department of Environment for the construction of the new Newcrest copper concentrate storage shed.

No.1 Wharf Extension Environmental Approvals

Environmental approval was obtained from the Department of Environment for the No.1 Wharf extension.

Environmental Incidents Database

An environmental incidents recording database was developed to record all environmental incidents and complaints at the Port of Port Hedland. The database is used to identify potential problem areas so that management efforts can be focussed on these areas.

Abrasive Blasting Permitting System

A system for permitting abrasive blasting and spray painting activities was developed to ensure sound environmental management of this activity. In order to obtain a permit, applicant's area required to consider dust control methods and clean-up initiatives.

Environmental Awareness Training

An environmental awareness training program has been developed and included within the port induction process. The Authority's Environmental Policy commits to the education of all port personnel on the importance of environmental awareness and this training fulfils this commitment. To date, over 500 port personnel have received environmental awareness training.

Construction Environmental Management Plan Guidelines

To ensure better management of construction activities in Port surrounds, the Authority has implemented a requirement to submit a Construction Environmental Management Plan (CEMP) before commencing any construction works. The CEMP must identify environmental aspects associated with the activity and specific management goals for these aspects. To assist contractors in developing a CEMP, the Authority has developed CEMP Guidelines. These Guidelines spell out what the CEMP should contain and those issues that need to be considered.

No.1 Wharf Spillage Control

In an effort to better manage spillage from the No.1 Wharf shiploading and conveyor system, an audit of the system was undertaken. Subsequently spillage control efforts were focused on problem areas. A number of upgrades were implemented and to date spillage levels have been significantly reduced.

No.1 Wharf Noise Survey

At the request of the Department of Industry and Resources, a noise survey of the No.1 shiploader was undertaken. Results indicated that in some areas of the system, noise levels have the potential to cause health impacts. A number of management initiatives

have since been implemented including the provision of hearing protection, installation of hearing protection signs and modifications to the port safety induction.

Director's Meetings

During the financial year, 12 Directors meetings and 1 special Directors meeting were held. The number of meetings in which the Directors were in attendance is shown in the table below.

	Directors' Meetings			Special Meetings	Directors'
	No. of meetings held while in office	Meetings attended		Number of meetings held while in office	Meetings attended
I Williams	10	10		0	0
B Rudler	12	10		1	1
Roger Richardson	12	11		1	1
B Ralston	12	10		1	1
M Russell	12	7		1	1
T Buck	12	9		1	1
P Hardie	2	2		1	1
D Dalla Valle	11	2		1	1
P Pyle	10	6		0	0
M Kamperman	7	1		0	0
M Evans	1	1		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 \$25,700 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:

2004 ANNUAL REPORT

Director	Salary	Directors Fees	Committee Fees	Super-annuation Benefits	Incentives	Non Cash Benefits	Total
I Williams		13		1			14
P Hardie		3		-			3
B Ralston *		8		1			9
B Rudler		8		-			8
M Russell		8		1			9
D Dalla Valle *		4		-			4
R Richardson *		8		-			8
T Buck		8		1			9
M Evans		-		-			-
M Kamperman*		4		-			4
P Price		-		-			-
J Rowe		-		-			-

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

Executive Emoluments

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

Officer	Salary	Superannuation Benefits	Incentives	Non Cash Benefits	Total
I Hutton	129	19	-	19	167
L Copeman	116	25	-	24	155
L Stanley	94	12	-	21	127
G Gardner	94	12	-	8	114

Corporate Governance Statement

Port Hedland Port Authority and the board are committed to achieving and demonstrating the highest standard of corporate governance.

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

The Board of Directors

The responsibilities of the board include;

- Providing strategic guidance to the Authority including contribution to the development of and approving the corporate strategy.
- Reviewing and approving business plans, annual budgets and financial plans including available resources and major capital expenditure initiatives.
- Overseeing and monitoring;
 - Organisational performance and the achievement of the Authority's strategic goals and objectives
 - Compliance with the Authority's Code Of Conduct
 - Progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments
- Monitoring financial performance including approval of the annual and half year financial reports and liaison with the Authority's auditors.
- Appointment, performance assessment and, if necessary, removal of the Chief Executive Officer.
- Ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team.
- Ensuring there are effective management processes in place and approving major corporate initiatives.
- Enhancing and protecting the reputation of the Authority.
- Overseeing the operation of the Authority's system for compliance and risk management.

Composition of the Board

The Authority has seven non executive directors including the Chairman. The Board generally meet once a month and as required during the year when special meetings may be called.

Appointments and Retirements of Directors

The appointment of a director is by the Minister in accordance with Section 7 (1) of the Port Authorities Act 1999. Retirement age for directors is 72, although annual extensions are available with Ministerial approval. Directors are appointed for periods of up to three years and are eligible for reappointment. The Minister may at any time remove a director from office and is not required to give any reason for doing so. The Minister appoints a director as Chairman and another as Deputy Chairman.

Independent Professional Advice

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

Conflict of Interest

In the event that a potential conflict of interest may arise, involved directors must withdraw from all deliberations concerning the matter. They are not permitted to exercise any influence over other board members and to make improper use of information or their position.

Fees for directors are determined in accordance with Section 10 of the Port Authorities Act 1999.

Ethical Standards

The board recognises that the Authority's corporate governance, safety, occupational health, environmental and ethical standards must reflect best Australian and international practices. The Board therefore keeps these practices under review. All directors and employees are required to meet high standards of ethical business practice and must abide by a code of conduct which is part of the Port Authority policy.

Remuneration Committee

The Remuneration Committee of the board consists of all directors. The remuneration committee evaluates the performance and reviews the remuneration of the Chief Executive and employees of the Authority. A comprehensive annual review includes performance evaluation, having regard to comparative remuneration and independent advice as necessary.

Audit Committee

The Audit Committee of the board consists of all the directors and performs the following functions;

- Ensures compliance with statutory responsibilities relating to accounting policy and disclosure.
- Appoints, liaises with, assesses the quality and reviews the scope of work and reports of the external and internal auditors;
- Assesses the adequacy of accounting, financial and operating controls;
- Reviews proposed reported financial information and recommends its approval or otherwise to the board;
- Monitors the identification, management and control of risk.

Internal Controls and Risk Management

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

These include accounting, financial reporting and internal control policies and procedures.

The Authority has in place the following arrangements to monitor;

- Approval and review by the board of the annual budget, statement of corporate intent and strategic development plan, these are to be agreed between the Minister and the Board with the concurrence of the Treasurer;
- Authorisation of major capital and contract commitments by the board;
- Guidelines, limits and controls on all financial exposure;
- A comprehensive annual insurance program operated with the assistance of professional outside advisors;
- Compliance with equal opportunity covering affirmative action, sexual harassment, discrimination and the environment;
- A regulatory compliance program to cover Corporations law requirements.

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

Risk management is discussed at monthly senior manager's meetings where operational and business risks are assessed and appropriate action implemented. An independent review of risk exposure is generally carried out every two years with the next review due in 2005.

Expenditure Guidelines

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

Signed in accordance with a resolution of the Directors.

DIRECTOR

DIRECTOR

September 2004
PORT HEDLAND, WA

PORT HEDLAND PORT AUTHORITY

FINANCIAL STATEMENTS



2004



PORT HEDLAND PORT AUTHORITY Financial Report – 30 June 2004

TABLE OF CONTENTS – FINANCIAL REPORTS

FINANCIAL OVERVIEW

STATEMENTS OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30, JUNE, 2004	33
STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE, 2004	34
STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE, 2004	35

NOTES TO AND FORMING PART OF THE ACCOUNTS

NOTE 1	SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	36
NOTE 2	REVENUE FROM ORDINARY ACTIVITIES	40
NOTE 3	PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX	40
NOTE 4	INCOME TAX	41
NOTE 5	CURRENT ASSETS	41
NOTE 6	RECEIVABLES	42
NOTE 7	INVENTORY	42
NOTE 8	PROPERTY, PLANT AND EQUIPMENT	42
NOTE 9	DEFERRED TAX ASSETS	43
NOTE 10	CURRENT LIABILITIES – PAYABLES	44
NOTE 11	CURRENT LIABILITIES – PROVISIONS	44
NOTE 12	CURRENT TAX LIABILITIES	44
NOTE 13	PROVISIONS (NON-CURRENT LIABILITIES)	45
NOTE 14	DEFERRED TAX LIABILITIES	45
NOTE 15	CONTRIBUTED EQUITY	45
NOTE 16	RETAINED PROFITS	46
NOTE 17	RESERVES	46
NOTE 18	DIVIDENDS	46
NOTE 19	FINANCIAL INSTRUMENTS	46
NOTE 20	DIRECTOR AND EXECUTIVE DISCLOSURES	48
NOTE 21	REMUNERATION OF AUDITORS	52
NOTE 22	CONTINGENT LIABILITIES AND CONTINGENT ASSETS	52
NOTE 23	EMPLOYEE BENEFITS	52
NOTE 24	RELATED PARTIES	53
NOTE 25	EVENTS OCCURRING AFTER REPORTING DATE	53
NOTE 26	RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX	54

DIRECTORS DECLARATION	55
-----------------------------	----

AUDITOR GENERAL	56
-----------------------	----

2003/04 FINANCIAL ESTIMATES

OPERATING BUDGET	57
CAPITAL BUDGET	58

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.com.au

Financial Overview

ANALYSIS OF REVENUE BY SOURCE

	2003/04		2002/03		VARIATION	
	\$000	%	\$000	%	\$000	%
Charges on ships	9,265	54	8,070	52	1,195	79
Charges on cargo	5,044	30	4,627	30	417	28
Lease rental	1,868	11	1,601	10	267	17
Other revenue	842	5	1,207	8	(366)	(24)
Total	17,019	100	15,505	100	1,513	100

PRINCIPAL ITEMS OF REVENUE AND EXPENDITURE

	2003/04		2002/03		2001/02		2000/01		1999/00	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
REVENUE										
Pilotage and tonnage	9,222	54	8,066	52	6,660	51	6,895	49	6,144	50
Wharfage and berthage	3,367	20	3,024	20	2,672	20	4,055	29	3,171	25
Other	4,430	26	4,415	28	3,722	29	3,077	22	3,080	25
Total	17,019	100	15,505	100	13,054	100	14,027	100	12,395	100

CHARGES AGAINST REVENUE

	2003/04		2002/03		2001/02		2000/01		1999/00	
	\$000	%	\$000	%	\$000	%	\$000	%	\$000	%
Maintenance	3,073	22	2,048	16	2,091	20	6,471	4	1,814	18
Salaries	1,541	11	1,215	10	1,144	11	1,188	1	1,089	11
Depreciation	1,812	13	1,832	15	1,902	18	1,596	1	1,715	17
Pilot transit service and hydro survey	4,199	31	3,842	31	2,730	26	3,209	2	2,998	30
Other charges	3,086	23	3,616	28	2,571	25	138,890	92	2,589	24
Total	13,711	100	12,553	100	10,438	100	151,354	100	10,205	100

APPROPRIATION STATEMENT

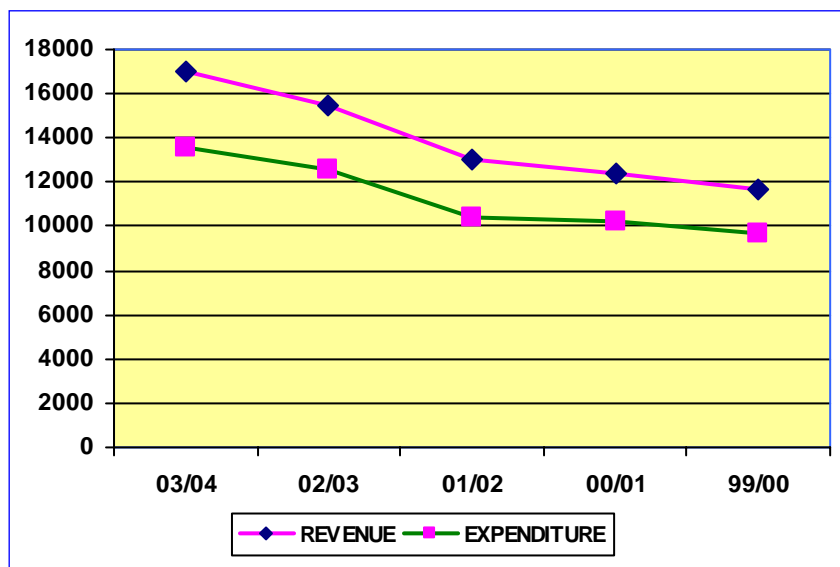
	2003/04	2002/03	2001/02	2000/01	1999/00
	\$000	\$000	\$000	\$000	\$000
Operating net profit / (loss)	3,308	2,952	2,616	(137,327)	2,190
Income tax expense	(1,070)	(865)	(717)	84	(803)
Prior period tax adjustments	-	-	-	136,263	-
Transfer catastrophe reserve	2,900	-	-	-	-
Accumulated profit	19,519	18,475	17,525	18,606	17,836
Total	24,657	20,562	19,424	17,626	19,223

2004 ANNUAL REPORT

LESS APPROPRIATIONS

	2003/04	2002/03	2001/02 \$000	2000/01 \$000	1999/00 \$000
Catastrophe Salvage Reserve	-	-	-	-	(200)
Adjustment for Prior Periods	-	-	-	-	-
Accumulated Profits	-	-	-	-	-
Tax Effect	-	-	-	-	-
Increase in Prior Year Dividend	-	-	-	-	(1)
Proposed Dividend	(1,119)	(1,043)	(949)	(101)	(416)
Accumulated Profit as at 30 June	23,538	19,519	18,475	17,525	18,606

Figure 1 - PHPA REVENUE & EXPENDITURE



2004 ANNUAL REPORT

Statement of Financial Performance as at 30 June 2004

	Notes	2004 \$'000	2003 \$'000
Revenue from ordinary activities	2	<u>17,027</u>	<u>15,505</u>
Port Operations Expense		(11,757)	(10,615)
Management Operations Expense		(1,955)	(1,913)
Carrying Value of Assets Sold		<u>(7)</u>	<u>(25)</u>
Profit from ordinary activities before related income tax expense	3	<u>3,308</u>	<u>2,952</u>
Income tax expense	4	(1,070)	(865)
Net Profit	16(b)	<u>2,238</u>	<u>2,087</u>

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

2004 ANNUAL REPORT

Statement of Financial Position as at 30 June 2004

	Notes	2004 \$'000	2003 \$'000
Current assets			
Cash assets	5,19	10,372	10,844
Receivables	6,19	2,699	2,661
Inventories	7	133	124
Total current assets		<u>13,204</u>	<u>13,629</u>
Non-current assets			
Property, plant and equipment	8	34,001	31,999
Deferred tax assets	9	392	480
Total non-current assets		<u>34,393</u>	<u>32,479</u>
Total assets		<u>47,597</u>	<u>46,108</u>
Current liabilities			
Payables	10,19	3,363	2,617
Current tax liabilities	11	167	681
Provisions	12	1,610	1,472
Total current liabilities		<u>5,140</u>	<u>4,770</u>
Non-current liabilities			
Deferred tax liabilities	13	177	154
Provisions	14	429	452
Total non-current liabilities		<u>606</u>	<u>606</u>
Total liabilities		<u>5,746</u>	<u>5,376</u>
Net assets		<u>41,851</u>	<u>40,732</u>
Equity			
Contributed equity	15	1,665	1,665
Reserves	16(a)	16,648	16,648
Retained profits	16(b)	23,538	22,419
Total equity	17	<u>41,851</u>	<u>40,732</u>

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 2004

	Notes	2004 \$'000	2003 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		15,711	14,380
Payments to suppliers and employees (inclusive of goods and services tax)		(11,194)	(10,190)
		<u>4,517</u>	<u>4,190</u>
Interest received		562	554
Other revenue		788	648
		<u>(1,472)</u>	<u>(603)</u>
Net cash inflow (outflow) from operating activities	26	<u>4,395</u>	<u>4,789</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(3,827)	(3,424)
Proceeds from sale of property, plant and equipment		<u>4</u>	<u>236</u>
Net cash inflow (outflow) from investing activities		<u>(3,823)</u>	<u>(3,188)</u>
Cash flows from financing activities			
Dividends paid	18	<u>(1,044)</u>	<u>(1,050)</u>
Net cash inflow (outflow) from financing activities		<u>(1,044)</u>	<u>(1,050)</u>
Net increase (decrease) in cash held		<u>(472)</u>	<u>551</u>
Cash at the beginning of the financial year		<u>10,844</u>	<u>10,293</u>
Cash at the end of the financial year	5	<u>10,372</u>	<u>10,844</u>

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 2004

Note 1. Summary of Significant Accounting Policies

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Port Authorities Act 1999 which generally reflects the Corporations Act 2001.

It is prepared in accordance with the historical cost convention. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

The Australian Accounting Standards Board (AASB) is adopting International Financial Reporting Standards (IFRS) for application to reporting periods beginning on or after 1 January 2005. The AASB will issue Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006. Information about how the transition to Australian equivalents to IFRS is being managed, and the key differences in accounting policies that are expected to arise, is set out in note 1(n).

(a) Income Tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse. From July 2001 the authority is subject to taxation under the National Tax Equilivant Regime ("NTER"). Under NTER the authority is required to implement full tax effect accounting and paid to the State Government the equilivant tax that would be paid to the Federal Government under Federal Tax Legislation.

(b) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is determined as the fair value of the assets given up 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.

(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) Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement generally within 30 days from the date of recognition, except for property rentals, which are

governed by individual lease agreements.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists and in any event when the debt is more than 90 days overdue.

(e) Inventories

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

f) Recoverable amount of Property, Plant and Equipment

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 net profit or loss in the reporting period in which the recoverable amount write-down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values using a market-determined, risk-adjusted discount rate. The discount rates used was 8%.

(g) Investments

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

(h) 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 revalued amounts, are the deemed cost of those assets. Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Buildings and Improvements	8 - 40 years	straight line
Other equipment	3 - 20 years	straight line
Wharves	5 - 100 years	straight line
Navigational Aids	6 - 33 years	straight line

Expenditure in respect of assets with a value greater than \$300.00 are capitalised and included as assets in the Statement of Financial Position. Physical control is maintained over all assets regardless of 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. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Dividends

A dividend based on the dividend formula agreed to between the Minister and the Treasurer, and is publicly stated in the current Statement of Corporate Intent, is to be recommended by the directors to the Minister for Planning and Infrastructure.

(k) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation 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.

(l) Employee Benefits

The following accounting policies for employee benefits are based on the requirements of AASB 1028 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 employees 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.

(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 as the present value of expected future payments to be made in respect of services provided by employees up to the 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.

(iii) 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. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(iv) 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 Perpetual Trustees master trust with representatives from the Authority's Directors and staff on the investment committee. 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 year's service of members of the Superannuation and Family Benefit 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. Their liability for superannuation charges under the Gold State Super Scheme and West State Super 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 recognised 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.

(m) 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 financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars.

(n) International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB will issue Australian equivalents to IFRS, and the Urgent Issues Group will issue abstracts corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee. The adoption of Australian equivalents to IFRS will be first reflected in the Authority's financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with Australian equivalents to IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made, retrospectively, against opening retained earnings as at 1 July 2004.

The Authority has established a project team to manage the transition to Australian equivalents to IFRS, including training of staff and system and internal control changes necessary to gather all the required financial information. The project team is chaired by the Manager Finance & Administration and reports to the Board. The project team has prepared a detailed timetable for managing the transition and is currently on schedule. To date the project team has analysed most of the Australian equivalents to IFRS and has identified a number of accounting policy changes that will be required. In some cases choices of accounting policies are available, including elective exemptions under AASB 1 *First-time Adoption of Australian International Financial Reporting Pronouncements*. Some of these choices are still being analysed to determine the most appropriate accounting policy for the consolidated entity.

Major changes identified to date that will be required to the Authority's existing accounting policies include the following:

Income tax

Under the Australian equivalent to IAS 12 Income Taxes, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method, items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity.

NOTE 2 - Revenue from Ordinary Activities

Revenue from ordinary activities consists of the following items:

	2004 \$'000	2003 \$'000
Revenue from operating activities		
Charges on Cargo	5,044	4,627
Charges on Ships	9,251	8,070
Utilities and Lease Rentals	<u>1,957</u>	<u>1,975</u>
	<u>16,252</u>	<u>14,672</u>
Revenue from outside the operating activities		
Interest	562	544
Other Income	184	164
Sale Proceeds	<u>29</u>	<u>125</u>
	<u>775</u>	<u>833</u>
Revenue from ordinary activities	<u>17,027</u>	<u>15,505</u>

Other Income is predominately made up of revenue earned from house rentals.

NOTE 3 - Profit / (Loss) from Ordinary Activities before Income Tax

(a) Net gains and expenses

Profit from ordinary activities before income tax expense includes the following specific net gains and expenses:

Net Gains

Net (loss)/gain on disposal		
Property, plant and equipment.	(10)	100

Interest	562	544
----------	-----	-----

Expenses

Depreciation		
Buildings and Port Improvements	217	173
Other Equipment	704	607
Navigational Aids	360	354
Wharves and Utilities	<u>530</u>	<u>698</u>
Total Depreciation	<u>1,811</u>	<u>1,832</u>

Other Provisions		
Employee Entitlements	<u>39</u>	<u>177</u>

(a) Net gains and expenses

Profit from ordinary activities before income tax expense includes the following specific net gains and expenses:

NOTE 4 – Income Tax

	2004 \$'000	2003 \$'000
Income Tax Expense		
The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:		
Profit from ordinary activities before income tax expense	<u>3,308</u>	<u>2,952</u>
Income tax calculated @ 30% (2003 - 30%)	<u>992</u>	<u>886</u>
Total income tax	<u>992</u>	<u>886</u>
Tax effect of permanent differences		
Capital profit on sale of freehold land	-	(36)
Sundry items	<u>7</u>	<u>3</u>
Income tax adjusted for permanent differences	<u>999</u>	<u>853</u>
Under (over) provision in prior year	<u>71</u>	<u>12</u>
Tax effect of permanent differences:		
Income tax expense attributable to profit from ordinary activities	<u><u>1,070</u></u>	<u><u>865</u></u>
Aggregate income tax expense comprises:		
Current taxation provision	955	929
Deferred income tax provision	21	(18)
Future income tax benefit	23	(58)
Under (over) provision in prior year	<u>71</u>	<u>12</u>
	<u><u>1,070</u></u>	<u><u>865</u></u>

NOTE 5 – Current Assets

Cash Assets

Cash on hand	1	1
Cash at bank	2,252	1,024
Cash on deposit	<u>8,119</u>	<u>9,819</u>
	<u><u>10,372</u></u>	<u><u>10,844</u></u>

Significant terms and conditions

Interest on cash at bank and commercial bills varied approximately between 4.63% and 5.47% (2003 4.2% and 4.95%) during the year. Commercial bills are normally invested for periods of between 30 and 90 days.

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	<u>10,372</u>	<u>10,844</u>
Balances as per statement of cash flows	<u><u>10,372</u></u>	<u><u>10,844</u></u>

NOTE 6 - Receivables

	2003/04 \$000	2002/03 \$000
Trade debtors	2,207	2,624
Prepayments	16	11
Interest receivable	26	26
Other	450	-
	<u>2,699</u>	<u>2,661</u>

NOTE 7 – Inventory

Spares	<u>133</u>	<u>124</u>
--------	------------	------------

NOTE 8 – Property, Plant and Equipment

Land & buildings

Freehold land		
At cost	<u>455</u>	<u>455</u>
Buildings		
At cost	6,747	6,448
Less: Accumulated depreciation	<u>(2,966)</u>	<u>(2,747)</u>
	<u>3,781</u>	<u>3,701</u>
Capital dredging (work in progress)		
At cost *	<u>1,964</u>	<u>1,863</u>
	<u>1,964</u>	<u>1,863</u>
Total land and buildings	<u>6,200</u>	<u>6,019</u>

Plant and Equipment

Navigational aids		
At cost	7,412	7,263
Less: Accumulated depreciation	<u>(2,974)</u>	<u>(2,614)</u>
	<u>4,438</u>	<u>4,649</u>
Wharves and utilities		
At cost	20,994	18,004
Less: Accumulated depreciation	<u>(5,043)</u>	<u>(4,508)</u>
	<u>15,951</u>	<u>13,496</u>
Other equipment		
At cost	9,799	11,627
Less: Accumulated depreciation	<u>(2,387)</u>	<u>(3,792)</u>
	<u>7,412</u>	<u>7,835</u>

Total property plant and equipment

<u>34,001</u>	<u>31,999</u>
---------------	---------------

Dredging of the No.1 berth pocket is an integral part of the No.1 wharf extension project. Depreciation charges will commence during 2004/05, continuing over the expected life of the asset.

Valuations of land and buildings

An independent valuation of freehold land was undertaken by Valuation Services in June

2004 ANNUAL REPORT

2003. The valuation method was based on the market valuation method.

	\$'000
Freehold land	
At independent valuation - 2003	1,066
Freehold buildings	
At independent valuation - 2003	1,174
Crown reserves	
Crown reserves independent valuation - 2003	1,325
Buildings on crown reserves at independent valuation - 2003	1,637

An independent valuation of crown reserves was undertaken by Fudali Waterhouse Pty Ltd. The valuation methodology was based on the current use of assets. These balances have not been recognised in the financial statements.

Reconciliations

Reconciliations of the 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:

	Freehold land \$'000	Buildings and Port Improvements \$'000	Capital Dredging \$'000	Navigation Aids \$'000	Wharves and Utilities \$'000	Other Equipment \$'000	Total \$'000
Carrying amount at 1 July 2003	455	3,701	1,863	4,650	13,496	7,834	31,999
Additions	-	297	101	148	2,985	297	3,828
Disposals	-	-	-	-	-	(15)	(15)
Depreciation/amortisation expense (note 3(a))	-	(217)	-	(360)	(530)	(704)	(1,811)
Carrying amount at 30 June 2004	<u>455</u>	<u>3,781</u>	<u>1,964</u>	<u>4,438</u>	<u>15,951</u>	<u>7,412</u>	<u>34,001</u>

NOTE 9 – Deferred Tax Assets

	2004 \$'000	2003 \$'000
Future income tax benefits - timing differences	<u>392</u>	<u>480</u>

NOTE 10 - Current Liabilities – Payables

	2003/04 \$000	2002/03 \$000
Trade creditors	2,382	1,110
Rental Received in Advance	268	272
Other Creditors	527	537
Accrued Expenses	<u>186</u>	<u>698</u>
	<u><u>3,363</u></u>	<u><u>2,617</u></u>

Significant terms and conditions

Trade creditors payable are settled within 30 days.

Net Fair Values

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

NOTE 11 – Current Liabilities – Provisions

Provision for taxation	<u>167</u>	<u>681</u>
------------------------	------------	------------

NOTE 12 – Current Tax Liabilities

Provision - dividends payable	1,119	1,043
Provision - annual leave	260	184
Provision - long service leave	201	216
Provision - other employee entitlements	<u>30</u>	<u>29</u>
	<u><u>1,610</u></u>	<u><u>1,472</u></u>

Movements in provisions

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

	Provisions – dividends payable parent shareholders \$'000	Provisions - annual leave \$'000	Total \$'000
Carrying amount at start of year	1,043	184	1,227
Additional provisions recognised	1,119	188	1,307
Payments/other sacrifices of economic benefits	<u>(1,043)</u>	<u>(112)</u>	<u>(1,155)</u>
Carrying amount at end of year	<u><u>1,119</u></u>	<u><u>260</u></u>	<u><u>1,379</u></u>

2004 ANNUAL REPORT

	Provisions - long service leave \$'000	Provisions - other employee entitlements \$'000	Total \$'000
Carrying amount at start of year	216	29	245
Provisions acquired	13	30	43
Payments/other sacrifices of economic benefits	(28)	(29)	(57)
Carrying amount at end of year	<u>201</u>	<u>30</u>	<u>231</u>

NOTE 13 - Provisions (Non Current Liabilities)

	2004 \$'000	2003 \$'000
Provision for deferred income tax	<u>177</u>	<u>154</u>

NOTE 14 - Deferred Tax Liabilities

Provisions - long service leave	11	28
Provisions - other employee entitlements	<u>418</u>	<u>424</u>
	<u>429</u>	<u>452</u>

	Provisions - long service leave \$'000	Provisions - other employee entitlements \$'000	Total \$'000
Carrying amount at 1 July 2003	28	424	452
Reductions from remeasurement or settlement without cost	(17)	(6)	(23)
Carrying amount at 30 June 2004	<u>11</u>	<u>418</u>	<u>429</u>

NOTE 15 - Contributed Equity

Equity contributed by WA State Government	<u>1,665</u>	<u>1,665</u>
---	--------------	--------------

NOTE 16 - Retained Profits

	2004 \$'000	2003 \$'000
(a) Reserves		
Asset revaluation reserve	16,512	16,512
Capital profits reserve	5	5
Catastrophe salvage reserve	0	0
Asset realisation reserve	<u>131</u>	<u>131</u>
	<u>16,648</u>	<u>16,648</u>
(b) Retained profits		
Retained profits at the beginning of the financial year	22,419	18,475
Adjustment resulting from change in accounting policy for providing for Catastrophe Salvage Reserve	-	2,900
Net Profit/(Loss) Port Hedland Port Authority	2,238	2,087
Dividends provided for or paid	18 <u>(1,119)</u>	<u>(1,043)</u>
Retained profits at the end of the financial year	<u>23,538</u>	<u>22,419</u>

NOTE 17 - Reserves

Total equity at the beginning of the financial year	40,732	39,688
Total changes in equity recognised in the statement of financial performance	2,238	2,087
Transactions with owners as owners:		
Dividends provided for or paid	18 <u>(1,119)</u>	<u>(1,043)</u>
Total equity at the end of the financial year	<u>41,851</u>	<u>40,732</u>

NOTE 18 – Dividends

Total dividends provided for the years ended 30 June 2004 and 2003	<u>1,119</u>	<u>1,043</u>
Dividends paid in cash during the years ended 30 June 2004 and 2003.	<u>1,044</u>	<u>1,050</u>

NOTE 19 – Financial Instruments

(a) Credit risk exposures

The credit risk on financial assets of the Authority which have been recognised on the statement of financial position, other than investments in shares, is generally the carrying amount, net of any provisions for doubtful debts.

(b) Interest rate risk exposures

The Authority's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out in the following table. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

2004 ANNUAL REPORT

Exposures arise predominantly from asset bearing variable interest rates.

		Fixed interest maturing in:					
		Floating interest rate \$'000	1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non interest bearing \$'000	Total \$'000
2004	Notes						
Financial assets							
Cash and deposits	5	2,252	8,119	-	-	1	10,372
Receivables	6	-	-	-	-	2,699	2,699
		<u>2,252</u>	<u>8,119</u>	<u>-</u>	<u>-</u>	<u>2,700</u>	<u>13,071</u>
Weighted average interest rate							
		4.10%	5.05%	- %	- %		
Financial liabilities							
Trade and other creditors	10	-	-	-	-	3,363	3,363
Net financial assets (liabilities)							
		<u>2,252</u>	<u>8,119</u>	<u>-</u>	<u>-</u>	<u>(663)</u>	<u>9,708</u>

2003	Note s	Floating interest rate \$'000	Fixed interest maturing in:				Total \$'000
			1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000	Non interest bearing \$'000	
Financial assets							
Cash and deposits	5	1,024	9,819	-	-	1	10,844
Receivables	6	-	-	-	-	2,661	2,661
		<u>1,024</u>	<u>9,819</u>	<u>-</u>	<u>-</u>	<u>2,662</u>	<u>13,505</u>
Weighted average interest rate							
		4.20%	4.60%	- %	- %		
Financial liabilities							
Trade and other creditors	10	-	-	-	-	2,617	2,617
Net financial assets (liabilities)							
		<u>1,024</u>	<u>9,819</u>	<u>-</u>	<u>-</u>	<u>45</u>	<u>10,888</u>

(c) **Net fair value of financial assets and liabilities**

(i) **On-balance sheet**

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

2004 ANNUAL REPORT

The carrying amounts and net fair values of financial assets and liabilities at balance date are:

	2004		2003	
	Carrying amount \$'000	Net fair value \$'000	Carrying amount \$'000	Net fair value \$'000
On-balance financial instruments				
Financial assets				
Cash	2,253	2,253	1,025	1,025
Deposits	8,119	8,119	9,819	9,819
Trade debtors	2,699	2,699	2,661	2,661
Non-traded financial assets	<u>13,071</u>	<u>13,071</u>	<u>13,505</u>	<u>13,505</u>
Financial liabilities				
Trade creditors	<u>3,363</u>	<u>3,363</u>	<u>2,617</u>	<u>2,617</u>

NOTE 20 – Director and Executive Disclosures

Directors

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

Chairman - non executive

I Williams

P Hardie

Non-executive Directors

B Rudler

B Ralston

M Russell

T Buck

R Richardson

M Evans

D Dalla Valle

Alternate Directors

P Price

M Kamperman

P Pyle

J Rowe

Mr Hardie retired from the position of Chairman of the Board in August 2003, Mr Williams was appointed Chairman of the Board in September 2003. Other Board appointments were Mr Evans, 27 May 2004, Mr Pyle, 3 September 2003 and Mr Kamperman, November 2003. Board resignations included Mr Dalla Valle, resigned September 2003, Mr Price, resigned, 30 June 2003. Mr Rowe, resigned, November 2003.

Executives (other than Directors) with the greatest authority for strategic direction and management

The following persons were the four executives with the greatest authority for the strategic direction and management of the Authority ("specified executives") during the financial year:

Name	Position	Employer
I Hutton	Chief Executive Officer	Port Hedland Port Authority
L Copeman	Harbour Master	Port Hedland Port Authority
G Gardner	Manager Finance and Administration	Port Hedland Port Authority
L Stanley	Manager Technical Services	Port Hedland Port Authority

All of the above persons were also specified executives during the year ended 30 June 2003.

Remuneration report

Principles used to determine the nature and amount of remuneration

The objective of the Authority's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for the Government, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- performance linkage / alignment of executive compensation
- transparency

In consultation with external remuneration consultants, the Authority has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to owners' interests:

Focuses on sustained growth in the facilitation of trade through the Port and delivering constant

- return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives.

Alignment to program participants' interests:

- rewards capability and experience
- provides a clear structure for earning rewards
- provides recognition for contribution

Non-executive Directors

Fees and payments to the non-executive chairman and directors are set by the W A Government and determined in accordance with Section 10 of the Port Authorities Act 1999. Non-executive directors' fees and payments are reviewed annually by the Minister for Planning and Infrastructure. The Chairman and Directors of the Authority are not present at any discussions relating to determination of their remuneration.

Directors' fees

The current base remuneration was last reviewed with effect from 1 January 2003.

Executive pay

The executive pay and reward framework has two components:

- base pay and benefits
- other remuneration such as superannuation.

The combination of these comprises the executive's total remuneration.

Base pay

Structured as a total employment cost package which may be delivered as a mix of cash and prescribed non-financial benefits at the executives' discretion.

Retirement benefits

Retirement benefits are delivered under an accumulation superannuation scheme for all executives managed by Perpetual Trustees except for the Chief Executive Officer where these benefits are delivered through the Government Employees' Superannuation Board. This fund provides defined lump sum benefits based on years of service and final average salary.

Details of remuneration

Details of the nature and amount of each element of the emoluments of each Director of the Port Hedland Port Authority and each of the 4 officers of the Authority receiving the highest emoluments for the year ended 30 June 2004 are set out in the following tables

Directors of Port Hedland Port Authority

2004		Primary		Post-employment	
Name		Cash salary and fees \$ "000"	Non-monetary benefits \$ "000"	Super-annuation \$ "000"	Total \$ "000"
I Williams	Chairman	13	-	1	14
B Rudler	Deputy Chairman	8	-	1	9
P Hardie	Chairman	3	-	-	3
T Buck	Director	8	-	1	9
B Ralston *	Director	8	-	-	8
M Russell	Director	8	-	1	9
R Richardson *	Director	8	-	-	8
D Dalla Valle *	Director	4	-	-	4
M Kamperman *	Director	4	-	-	4
P Price	Director	-	-	-	-

2004 ANNUAL REPORT

M Evans	Director	-	-	-	-
J Rowe	Director	-	-	-	-
P Pyle	Director	-	-	-	-
Total Director & Executive Remuneration		64	-	4	68

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

Total remuneration of Directors of Port Hedland Port Authority for the year ended 30 June 2003 is set out below. Information for individual Directors is not shown as this is the first financial report prepared since the issue of AASB 1046 Director and Executive Disclosures by Disclosing Entities

2003		Primary		Post-employment		Equity	
Name	Cash salary and fees \$ "000"	Cash bonus \$ "000"	Non-monetary benefits \$ "000"	Super-annuation \$ "000"	Retirement benefits \$ "000"	Options \$ "000"	Total \$ "000"
Total	60	-	-	5	-	-	65

Specified executives of the Authority

2004		Primary		Post-employment	
Name	Cash salary and fees \$ "000"	Non-monetary benefits \$ "000"	Super-annuation \$ "000"	Total \$ "000"	
I Hutton	129	19	19	167	
L Copeman	116	24	15	155	
G Gardner	94	8	12	114	
L Stanley	94	21	12	127	
Total description	433	72	58	563	

Total remuneration of specified executives for the year ended 30 June 2003 is set out below. Information for individual specified executives is not shown as this is the first financial report prepared since the issue of AASB 1046 Director and Executive Disclosures by Disclosing Entities. 54(b),56,57 In some cases, different individuals are included than those specified in the year ended 30 June 2004.

2003		Primary		Post-employment		Equity	
Name	Cash salary and fees \$ "000"	Cash bonus \$ "000"	Non-monetary benefits \$ "000"	Super-annuation \$ "000"	Retirement benefits \$ "000"	Options \$ "000"	Total \$ "000"
Total	426	-	63	42	-	-	531

NOTE 21 – Remuneration of Auditors

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

During the year the following services were paid to the auditor of the Authority.

	2004 \$'000	2003 \$'000
Assurance services		
1. Audit services		
Fees paid to the Auditor General:		
Audit and review of financial reports and other audit work under the Port Authorities Act 1999.	<u>26</u>	<u>24</u>
Total remuneration for audit services	<u><u>26</u></u>	<u><u>24</u></u>

NOTE 22 – Contingent Liabilities and Contingent Assets

Contingent liabilities

The Authority had contingent liabilities at 30 June 2004 in respect of:

Capital Commitments

Contracts were entered into by the Authority during the 2003/04 financial year for capital works projects that commenced during that year, where a significant amount of the project work and consideration is expected to be completed during the following financial period. The projects include the No.1 Wharf Extension \$9,500,000 Channel Dredging \$3,500,000 Housing \$350,000 and Copper Shed Construction \$600,000

NOTE 23 – Employee Benefits

Employee benefit and related on-costs liabilities

Provision for employee entitlements - current (note 12)	491	429
Provision for employee entitlements - non-current (note 14)	<u>429</u>	<u>452</u>
Aggregate employee benefit and related on-costs liabilities	<u><u>920</u></u>	<u><u>881</u></u>

Number

Employee numbers

Average number of employees during the financial year	<u><u>20</u></u>	<u><u>18</u></u>
---	------------------	------------------

As explained in notes 1(I)(ii) and (iv), the amounts for long service leave and termination benefits that are expected to be settled more than 12 months from the reporting date and superannuation are measured at their present values. The following assumptions were adopted in measuring present values:

Long Service Leave

Weighted average rates of increase in annual employee entitlements to settlement of the liabilities	5%	7%
Weighted average discount rates	7%	9%
Weighted average terms to settlement of the liabilities	7 years	7.5 years

NOTE 24 – Related Parties

The names of persons who were Directors of Port Hedland Port Authority at any time during the financial year are as follows:

I Williams
P Hardie
B Rudler
B Ralston
M Russell
T Buck
R Richardson
M Evans
D Dalla Valle

Alternate Directors

J Row
P Pyle
M Kampermam
P Price

Of these persons Mr Hardie, Mr Rudler, Mr Ralson, Mrs Russell, Mr Buck, Mr Richardson, Mr Dalla Valle, Mr Price, Mr Rowe, Mr Evans and Mr Kamperman were also directors during the year ended 30 June 2003. Mr Dalla Valle held office as a director until his resignation on the 2nd September 2003.

Two Directors, Mr Richardson and Mr Evans along with their alternate directors Mr Price and Mr Kamperman are employees of BHP Billiton Iron Ore Pty 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. Transactions with BHP Billiton Iron Ore Pty Ltd totalled \$8,414,000 for the year.

Mr Rudler is owner of North West Liquor Supplies and was also the owner of Pilbara Party Hire for part of the year. Transactions with Mr Rudler's businesses totalled \$3,000 for the year.

Remuneration Benefits

Information on remuneration of Directors is disclosed in note 20.

NOTE 25 – Events Occurring after 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 2004.

NOTE 26 – Reconciliation of Profit from Ordinary Activities after Income Tax to Net Cash Inflow from Operating Activities

	2004	2003
	\$'000	\$'000
Profit from ordinary activities after income tax	2,238	2,952
Depreciation and amortisation	1,811	1,832
Net gain on sale of non-current assets	10	(100)
Change in operating assets and liabilities		
Decrease (increase) in trade debtors and bills of exchange	416	(344)
Decrease (increase) in inventories	(458)	(50)
Decrease(increase) in prepayments	-	67
Decrease(increase) rental received in advance	(5)	(15)
Decrease (increase) in future income tax benefit	88	(69)
Increase (decrease) in trade creditors	1,318	965
Increase (decrease) in other operating liabilities	(573)	-
Increase (decrease) in provision for income taxes payable	(512)	(357)
Increase (decrease) in provision for deferred income tax	23	(27)
Increase (decrease) in other provisions	39	(65)
Net cash inflow from operating activities	<u>4,395</u>	<u>4,789</u>

Director's Declaration

In the opinion of the Directors of the 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 2003 to 30 June 2004;
 - (b) The Statement of Financial Position gives a true and fair view of the Port Authority's state of affairs as at 30 June 2004;
 - (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 previous 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.

I Williams
Chairman

B Rudler
Director

Declaration Location
Date:



AUDITOR GENERAL

INDEPENDENT AUDIT REPORT ON PORT HEDLAND PORT AUTHORITY

To the Parliament of Western Australia

Audit Opinion

In my opinion, the financial report of the Port Hedland Port Authority is in accordance with:

- (a) schedule 5 of the Port Authorities Act 1999, including:
 - (i) giving a true and fair view of the Authority's financial position at June 30, 2004 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards in Australia; and
- (b) other mandatory professional reporting requirements in Australia.

Scope

The Board's Role

The Board of Directors is responsible for the financial report.

The financial report consists 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 report to express an opinion on it. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial report 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 report.

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

D D R PEARSON
AUDITOR GENERAL
September 27, 2004

2004/05 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 2004/2005 budget was prepared in _____ 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 2004/05

	2003/04 Actual \$000	2004/05 Estimate \$000
Revenue Account		
Pilotage Dues	4,417	5,126
Tonnage Dues	4,805	5,715
Harbour Maintenance Levy	235	244
Wharfage	2,972	3,051
Lease Rentals	1,868	1,920
Berthage	395	406
Other	2,327	2,212
	17,019	18,674
Total Earnings		
Expenses		
Salaries and Employee Related Costs	2,002	2,345
Pilotage Contract	2,747	3,303
Maintenance	3,073	3,390
Helicopter, Hydrographic Survey and Pilot Boat	1,452	1,709
Depreciation	1,812	3,226
Employee Entitlements	90	169
Other	2,535	3,311
	13,711	17,453
Total Expenses		
Surplus / (Deficit)	3,308	1,221

Capital Budget

(Not subject to Audit)

The Authority's budget for new capital works for 2004/05 is \$15,009,000. Internal funding and anticipated borrowings of \$4,500,000 will be required to fund these projects.

The table below summarises the Authority's proposed capital works for 2004/05.

Capital Works Programme 2004/05

	2004/05 \$000
Carry Over Capital Works 2003/04	
Wharf Extension	6,525
Other	2,514
New Capital Works 2004/05	
Motor Vehicle Replacements	109
Housing Upgrades and Replacements	54
Safety Equipment	40
DUKC/PVTS/SUKC Upgrades	70
Radar Replacement	350
Periodical Dredging	4,000
Shiploader - minor projects	75
Wash Down Bay	45
Deep Sewerage	500
Tug Pens and Cyclone Moorings	140
Contingency	587
Shiploading Facilities	
Total for 2004/2005	15,009

PORT HEDLAND PORT AUTHORITY
STATISTICAL INFORMATION
2004



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

	03/04	02/03	01/02	00/01	99/00
Effectiveness					
No of Piloted Movements	1,525	1,353	1,231	1,377	1,200
Port Closure (Hours)	28.0	6.5	32.0	19.0	114.9

Efficiency

Number of Accidents to Vessels and Port	0	1	3	2	0
Ratio of Accidents / Total Vessel Movements ^(a)	.000	.001	.000	.003	.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

	03/04	02/03	01/02	00/01	99/00
Berth Occupancy (per cent): ^(b)					
Nelson Point Berth	86%	85%	77%	86%	85%
Finucane Island Berth	65%	65%	61%	66%	65%
PHPA No 1 Berth	35%	28%	33%	37%	28%
PHPA No 3 Berth	34%	29%	27%	39%	33%
Nelson Point Berth	35hrs	35hrs	34hrs	38hrs	42hrs
Finucane Island Berth	49hrs	48hrs	52hrs	59hrs	68hrs
PHPA No 1 Berth	35hrs	40hrs	43hrs	39hrs	36hrs
PHPA No 3 Berth	30hrs	30hrs	32hrs	27hrs	28hrs

Efficiency**Average Cargo Tonnes Lifted per Vessel:**

	03/04	02/03	01/02	00/01	99/00
Iron Ore Vessels					
Nelson Point	158,572	155,841	154,555	152,586	150,250
Finucane Island	121,356	87,284	123,204	124,270	103,161
Salt Vessels	35,515	42,196	34,040	27,876	31,053
Fuel Tankers (inc Bitumen)	16,492	19,497	23,093	18,208	12,057
General Cargo	1,059	957	1,155	761	792
Bulk Cargo Vessels	28,267	31,401	27,008	18,811	17,554
Acid	7,988	8,733	7,636	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	03/04	02/03	01/02	00/01	99/00
In Tonnes per Linear Metre of Berthface					
Nelson Point Berths	103,809	103,973	92,310	91,357	79,219
Finucane Island Berth	81,841	48,403	40,687	41,169	37,044
PHPA Berths	9,493	8,825	6,776	9,454	8,818

Comment

The higher this figure, the more productive the wharf.

PHPA Wharves only:-

	03/04	02/03	01/02	00/01	99/00
Wharf Utilisation (Gross) ^(e)	34%	28%	30%	38%	33%
Wharf Utilisation (Net) ^(f)	N/A	N/A	21%	25%	29%

Comment

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

Throughput in Tonnes per hour ^(g)

Salt	Gross	2,035	1,350	1,406	1,324	1,026
	Net	N/A	1,504	1,647	1,598	1,104
Oil	Gross	496	430	750	545	367
	Net	N/A	N/A	N/A	694	394
General Cargo	Gross	41	66	48	46	27
	Net	N/A	N/A	71	53	41
<small>(inc. l/s, scrap, cem, cont)</small>						
Misc Bulk Minerals	Gross	528	532	391	411	219
	Net	758	631	431	536	284

Comment

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

Total Cost per Cargo Tonne	15.2	15.0	14.4	19.5*	15.6
Total Cost per Gross Registered Tonnes	26.5	26.8	25.4	34.2*	27.5

* 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 2004

Wharf Throughput in Tonnes

	2003/04	2002/03	2001/02	2000/01	1999/00
Nelson Point Berth	68,186,061	68,145,189	60,740,039	60,112,992	53,789,719
Finucane Island Berth	17,853,699	10,157,644	8,951,193	9,057,232	8,149,743
PHPA Berths	3,759,476	3,494,571	2,683,194	3,743,325	3,491,775

Port Trade

Imports (Tonnes)	03/04	02/03	01/02	00/01	99/00
Sulphuric Acid	71,896	69,867	61,084	62,192	29,367
Cement	0	684	4,048	5,068	0
Bitumen	2,744	4,701	8,964	3,093	5,877
Containerised Cargo	18,602	14,806	5,419	2,888	3,298
Fuel Oils	327,103	268,252	273,063	254,914	242,055
General	26,289	7,869	4,173	11,821	3,479

446,634 366,179 356,751 339,976 284,076

Exports

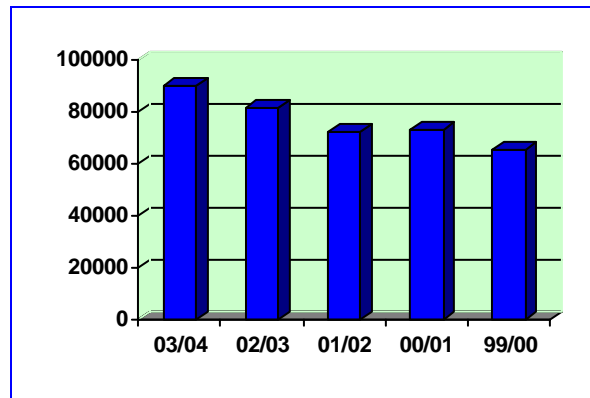
Iron Ore	84,211,788	76,578,527	68,625,123	68,469,377	61,535,621
Hot Briquetted Iron	1,827,072	1,724,306	1,066,109	700,847	403,841
Salt	2,450,553	2,278,567	1,702,018	2,787,599	2,825,827
Bulk Cargo *	848,012	785,035	594,176	577,367	364,507
Livestock	7,699	5,333	15,404	18,991	11,801
General /Containers	2,760	10,419	4,711	2,135	1,427
Scrap Iron	3,804	9,685	10,134	8,480	3,507
Oil	0	0	0	8,777	0

89,350,786 81,391,872 72,017,675 72,573,573 65,146,531

Total Throughput 89,799,236 81,758,051 72,374,426 72,913,549 65,431,080

- Includes manganese, feldspar, copper and chromite

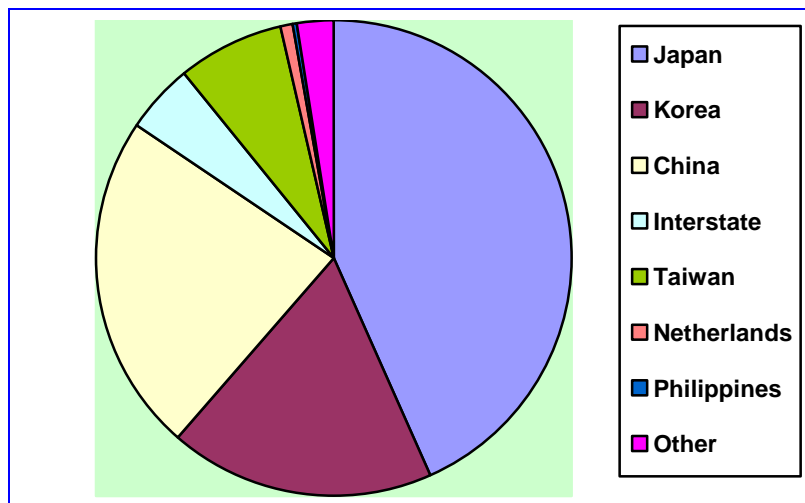
Figure 2 - TOTAL TONNES THROUGHPUT (\$000's)



Main Cargo Distribution by Destination

	IRON ORE				SALT				TOTAL			
	2003/04		2002/03		2003/04		2002/03		2003/04		2002/03	
	Tonnes 000's	%	Tonnes 000's	%	Tonnes s 000's	%	Tonnes 000's	%	Tonnes 000's	%	Tonnes	%
Japan	36,575	43	30,514	40	698	28	594	26	37,273	43	31,108	39
South Korea	15,026	18	11,911	15	765	31	510	22	15,791	18	12,421	16
China	19,504	23	15,827	21	38	2	0	0	19,542	22	15,827	20
Interstate	3,996	5	4,185	5	0	0	0	0	3,996	5	4,185	5
Taiwan	6,006	7	5,303	7	530	22	587	26	6,536	8	5,890	8
Netherlands	662	1	670	1	0	0	0	0	662	1	670	1
Philippines	338	1	486	1	0	0	0	0	338	0	486	1
All Other	2,105	3	7,682	10	420	17	588	26	2,525	3	8270	10
Total	84,212	100	76,578	100	2,451	100	2,279	100	86,663	100	78,857	100

Figure 3 - MAIN CARGO DISTRIBUTION BY DESTINATION



Containerised Cargo

	2003/04	2002/03	2001/02	2000/01	1999/00
No. of TEU's	727	629	253	103	128

Gross Registered Tonnage of Vessels Entered Distributed by Cargo Type

	2003/04	2002/03	2001/02	2000/01	1999/00
Iron Ore	46,507,901	42,374,115	37,977,894	38,020,866	34,151,919
Hot Briquetted Iron	1,305,795	1,213,875	743,696	500,548	304,676
Salt	1,521,305	1,405,065	1,074,269	1,790,724	1,762,513
Bulk and General Cargo	827,953	967,331	816,723	780,773	459,258
Fuel Tankers (inc Bitumen / Acid)	515,366	371,231	324,796	390,103	453,913
Nil Cargo	14,074	27,488	84,739	133,363	28,796
Total	50,692,394	46,359,105	41,022,117	41,616,377	38,325,714

Number of Vessels Entered Distributed by Cargo Type

	2003/04	2002/03	2001/02	2000/01	1999/00
Iron Ore	544	504	457	461	414
Hot Briquette Iron	49	43	31	23	17
Salt	67	54	50	100	90
Bulk and General Cargo	70	59	54	80	48
Fuel Tankers (inc Bitumen/Acid)	29	22	20	14	23
Nil Cargo	14	11	10	9	11
Total	773	693	622	687	603

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.

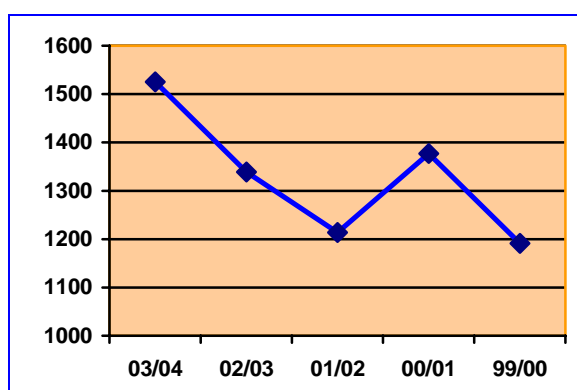
All Vessels Entered – Nationality (includes Commonwealth, Naval and Service Vessels)

	2003/04		2002/03		2001/02		2000/01		1999/00	
FLAG	No.	%	No.	%	No.	%	No.	%	No.	%
Antigua & Barbuda	12	1	23	3	13	2	0	0	0	0
Australia	14	2	16	2	21	3	31	4	49	8
China	19	2	17	2	12	2	20	3	70	12
Cyprus	25	3	22	3	11	2	12	2	14	2
Greece	30	4	20	3	14	2	14	5	8	1
Hong Kong	53	7	47	7	41	7	40	6	45	7
Japan	19	2	28	4	44	7	40	6	59	10
Liberia	50	6	52	8	45	7	61	9	50	8
Malta	14	2	21	3	8	1	25	4	7	1
Panama	301	41	245	35	228	37	224	32	183	30
Singapore	27	3	31	4	26	4	47	7	25	4
Taiwan	32	4	40	6	37	6	35	4	38	6
Other	177	23	131	20	124	20	144	18	55	11
Total	733	100	693	100	624	100	693	100	603	100

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

	2003/04		2002/03		2001/02		2000/01		1999/00	
	No.	%	No.	%	No.	%	No.	%	No.	%
Up to 49,999	365	24	282	20	279	23	428	31	327	27
50,000 to 99,999	162	10	173	13	129	10	113	8	104	9
100,000 to 149,999	140	9	126	9	148	12	188	14	208	18
150,000 to 199,999	705	45	616	45	526	43	518	38	447	37
200,000 to 249,999	182	12	172	13	149	12	130	9	112	9
250,000 and over	0	0	0	0	0	0	0	0	2	0
Total	1,554	100	1,369	100	1,231	100	1,377	100	1,200	100

Figure 4 – NUMBER OF SHIPS PILOTED



2004 ANNUAL REPORT

Pilot Transit Mode of Operation

	2003/04		2002/03		2001/02		2000/01		1999/00	
	No.	%	No.	%	No.	%	No.	%	No.	%
Helicopter	1,366	91	1,220	91	1,077	89	1,125	82	1,005	84
Pilot Boat	141	9	119	9	137	11	252	18	186	16
* Total	1,507	100	1,339	100	1,214	100	1,377	100	1,191	100

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