

2007 annual report

DAMPIER PORT AUTHORITY

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Phase V Heavy Lift Module departing Batan, Indonesia



Authority Directory

Board of Directors

Peter West
Chairman

Robert Vitenbergs
Deputy Chairman

Michael Spreadborough
Member (representing Pilbara Iron)

Lisa Hamilton
Member (representing Woodside Energy)

Des Rothe
Member

Chief Executive Officer

Steve Lewis

Principal Accounting Officer

Megan Marion

Address of Office

Mof Road
Burrup Peninsula
Dampier WA 6713
Telephone 08 9159 6555
Website www.dpa.wa.gov.au

Auditors

Auditor General

Internal Auditors

Stanton Partners

Osprey nest located at the Dampier Cargo Wharf



Directors' Declaration

The Directors declare that the financial statements and notes:

- (a) comply with Accounting Standards, the Port Authorities Act 1999 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Authority's financial position as at 30 June 2007 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Directors' opinion:

- (a) the financial statements and notes are in accordance with the Port Authorities Act 1999; and
- (b) there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they become due and payable.

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



Chairman



Director

Dated this 16th day of August, 2007

Chairman's Report

It has been another outstanding year at the Port of Dampier, with record export tonnage and a high level of development activity in both the iron ore and oil and gas sectors. During 2006-07 the port also celebrated its 18th year of operations and it is significant that the port has "come of age" in its professionalism, standing and capacity, at a time of unprecedented growth and development in the Pilbara region.

In the past year the Dampier Port Authority has continued to play a central role in supporting the boom in resource exports through the facilitation of trade opportunities, provision of well-maintained port facilities, promotion of safe work practices, sound environmental and emergency response management, and the provision of professional marine advice and operational expertise.

The combined efforts of the Board, management, and staff of the Dampier Port Authority have resulted in further achievement of the strategic objectives of the organisation, and the following particular highlights:

- The trading success of the port's customers has resulted in the Port of Dampier setting a new Australian record for tonnage throughput – 126.1 million tonnes. Tonnage was 14.6 per cent above the previous record of 110.0 million tonnes set in 2005-06. A record 3403 vessels visited the Port of Dampier during the year.
- Activity in the port has included the further extension of berth space at Rio Tinto's Parker Point operations (providing a full four berths) and the

movement of pre-fabricated modules to support the Northwest Shelf JV LNG plant expansion (Train V) – a very good example of the Dampier Port Authority working closely with a proponent to maximise efficiency in the logistics chain. Oil and gas exploration and production activity has also continued to place high demand for berth space on the Dampier Cargo Wharf.

- The Authority continued its successful roll-out of the Maritime Security Identification Card (MSIC), with more than 4800 applications processed. The Dampier Port Authority was the winner of the 2006 Premier's Award in the category of Better Services (for organisations with less than 100 people) for its innovative and customer-oriented response to this national security initiative.
- A major oil spill response exercise was organised and underwritten by the Dampier Port Authority as part of its commitment to maintaining an emergency response capability. Exercise "Troubled Waters" was well-supported by the Australian Maritime Safety Authority, the State Oil Spill Response Team, the Department of Planning and Infrastructure, local emergency response teams and port industry representatives.
- The Authority recorded a pre-tax profit for the year of \$2.886m, 61.3 per cent above the budgeted profit for the year. The actual rate of return for 2006-07 was 7.15 per cent compared to a target of 6.96 per cent.

- The Bulk Liquids Berth project (completed in November 2005) was closed out in June 2007, with the final settlement of claims arising from the construction contract. This project was completed within budget and well in time for its first customer, Burrup Fertilisers, which exported more than 0.72 million tonnes of anhydrous ammonia from this facility during the year.

The unprecedented level of export and construction activity in the Pilbara will continue to present tremendous opportunities and challenges for the port. Housing and skills shortages and competing demands from resource projects remain particular regional issues. The year ahead will see the Port of Dampier further develop with planned expansions in iron ore exports, and the expected development of the Woodside Pluto LNG plant and associated marine facilities. These are major activities that present great opportunities for the Dampier Port Authority team.

I express sincere thanks to my fellow board members for their contribution and commitment to the port and its governance, particularly during this time of high activity and opportunity. And on behalf of the board, I congratulate the dedicated men and women working at the Dampier Port Authority for what they have achieved in 2006-07 for our customers, our community, and our nation.



Peter West
Chairman

Major Achievements in 2006-2007

The Dampier Port Authority was established on 1 March 1989, and in the eighteen years since that time it has never been busier than today!

In 2006-07 the Port of Dampier set a new Australian record for tonnage throughput, and is a central part of the unprecedented export growth in the Pilbara region. Responding to the opportunities created by current world demand has been very challenging for the Dampier Port Authority and its customers, exacerbated by continuing local skills and housing shortages and difficulty in securing construction materials and timely response from service suppliers.

Notwithstanding, the Dampier Port Authority has delivered the following major outcomes during the reporting year:

- Total trade throughput for 2006-07 of 126.1 million tonnes, a new tonnage record for an Australian port, and an indication of the strong markets which the major port

customers have gained. The Port of Dampier experienced a record 3403 vessel arrivals.

- Trade in general cargo over the Dampier Cargo Wharf was below last year's record, with 0.396 million tonnes being handled. Renewed construction activity in 2007-08 is expected to see high demand for this facility.
- The Dampier Port Authority was the proud recipient of the 2006 Premier's Award in the category of "Better Services" for organizations of less than 100 people. The Award was given in recognition of the Authority's leadership in implementing the Maritime Security Identification Card, including its application process, assistance to other regional ports, and its assistance in policy

development for this important national security initiative.

- The new Maritime Security Identification Card (MSIC) came into effect on 1 January 2007. As a local MSIC issuing body, the Dampier Port Authority has processed more than 4894 applications, through its central application office and the innovative mobile service provided to major employers in the region.
- Under an agreement with the Northwest Shelf JV, the Dampier Port Authority facilitated the movement of 74 pre-fabricated modules from the Dampier Cargo Wharf to the plant site for the construction of LNG Train V. This mammoth undertaking was a good example of how the Authority

Jack-up rig alongside Heavy Loadout Facility



MOF Road approach to the cargo wharf



Major Achievements in 2006-2007



Above: Barge Ramp, Dampier Cargo Wharf



Right: Phase V Heavy Lift Module at Heavy Loadout Facility

works collaboratively with proponents to facilitate major projects through the efficient use of port infrastructure and the logistics chain.

- Further planning was undertaken in 2006-07 to take into account the considerable changes in export projections and capacity developments which are proposed for the next 10-20 years. This continual planning is vital if the port is to be ahead of the needs of its customers and to create the additional capacity required to meet market demand. The Port has also commissioned works on the creation of additional berth capacity to facilitate general cargo and oil and gas development activity.
- Security at the port was further enhanced in 2006-07 by the purchase by the Dampier Port Authority of a new patrol boat. The Port has facilitated a number of security exercises during the year, and the private export facilities in the port have also had further security upgrades.
- The Port closed out the construction contract for the Dampier Bulk Liquids Berth, with the project being completed under budget, and well in time for its first customer. It is pleasing to note that Burrup Fertilisers have exported more than 700,000 tonnes of anhydrous ammonia from this new facility in 2006-07.
- The Port has continued its strong commitment to staff training and development, including extensive oil spill response training. The Dampier Port Authority hosted a major national oil spill response exercise, "Exercise Troubled Waters", which provided the opportunity for the Authority to test its response capabilities in conjunction with local, State and National agencies. It was a very successful exercise, from which the Authority has identified further enhancements to its emergency response capabilities.

Deployment of oil pollution boom



Bulk Liquids Berth



Vision – Mission – Values

The Dampier Port Authority was established on 1 March 1989 to oversee the safe, efficient operation of the Port of Dampier, and to support State development in the Pilbara region.

Eighteen years on, the Authority continues to develop strong links with local industry and is making its unique contribution to the economic development of the region, the State, and the nation.

The vision for the team at the Dampier Port Authority is –

To be respected for our contribution to State development and as a port operator in the community we serve.

The direction provided by the vision, is reinforced by a clear statement of the purpose of the Dampier Port Authority –

To bring growth and prosperity to the region and the State through the provision of safe, secure, efficient, and innovative management of the Port of Dampier.

Importantly, the Dampier Port Authority has determined the values which underpin how the organisation goes about its business, how it relates to its customers, environment, and community. The values are:

Integrity*in our dealings*

Professionalism.....*in our work*

Value for money*to our customers*

Care*for our environment, our staff, and
community*

Teamwork*for shared success*

Overview of Port Operations

FACILITATE TRADE

Strategic Aim: To be supportive and creative in assisting our customers to grow and develop their activities in the Port of Dampier.

The resource boom in the Pilbara has seen the Port of Dampier set a new Australian tonnage record for a single port, with total trade throughput exceeding 126 million tonnes. This new record is more than 14 per cent above last year's record tonnage and reflects the ongoing development at the port and the unprecedented demand for iron ore and oil and gas resources. Dampier Port was the largest tonnage port in Australia for 2006-07.

A record 3403 vessels visited the Port of Dampier in 2006-07, an increase of 11.2 per cent on the record set in the previous year. Vessel arrivals are expected to continue to grow over the next five years as additional berth facilities come on stream, and export demand spirals.

Below: Preparing to deploy oil pollution boom
Right: DPA security allocating visitor's pass
Below right: LNG facility

Despite months of high activity on the Dampier Cargo Wharf, construction activity slowed during the year and only 0.396 million tonnes was handled, a 23 per cent reduction on last year's outstanding record. New projects mooted for 2007-08 should see renewed high demand for this important infrastructure.

Port dues (7.5 cents per GRT, excluding GST) were among the lowest in Australia, reflecting the port's continued focus on operational efficiency and value-for-money.

Port Developments

The port has continued its maintenance program on the Dampier Cargo Wharf in preparation for renewed high demand expected in the latter half of 2007-08. Planning work is well advanced for the expected Pluto gasfield development, which will impact on the port and surrounding land, with two to three years construction activity.

The Dampier Port Authority has completely revised its Port Development Plan and has identified the need for additional

berth capacity to come on stream by 2011. An additional berth study has been commissioned to identify the preferred location of the added capacity, and geotechnical and environmental and heritage work will be undertaken in 2007-08. The Authority has been very conscious of ensuring that it is involved in all planning in the area, encompassing inner port, near port, and outer port developments which impact directly or indirectly on the Port of Dampier and existing infrastructure.

Construction is currently underway to install navigation aids in Mermaid Strait. The new aids will enhance safe operations for commercial and recreation craft, and will be in place for the substantial increase in vessel traffic expected to arise from the proposed Gorgon gasfield project.

To support future activities, the Dampier Port Authority will consider works to increase the water depth at the eastern face of the Dampier Cargo Wharf. The extra depth will provide greater flexibility for deeper draft general cargo vessels, and this work will be undertaken in late-2007.



EFFICIENT PORT OPERATIONS

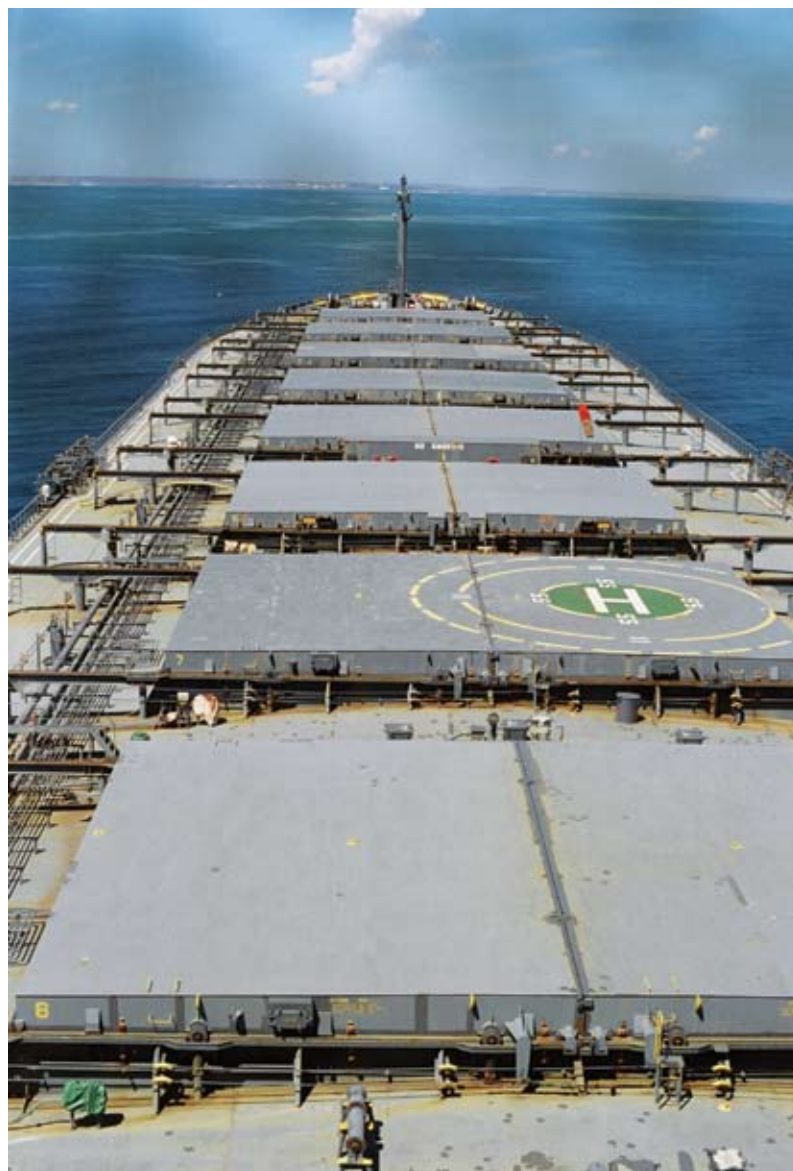
Strategic Aim: To provide an efficient, professional, port operation which meets the current and future needs of our customers.

Port Facilities

Further expansion of terminals has taken place in 2006-07. Rio Tinto has extended its facility at Parker Point by a further 150 metres to encompass two additional berths and a second ship loader (building on the expansion works it undertook in 2005). In addition, the Northwest Shelf JV has added a second LNG berth to its existing jetty, as part of its Train V development.

During 2006-07 the Northwest Shelf JV has made considerable use of the Heavy Load Out facility at Dampier for the movement of pre-fabricated modules for the construction of Train V at the gas plant. This has been an outstanding partnership with the Dampier Port Authority which has enabled modular construction to be successfully undertaken, with manageable disruption to other port activity. The proximity of the Heavy Load Out facility to the gas plant has also enabled most of the module movements to be undertaken on private road infrastructure, lessening the impact on the wider community. Building on the success of Train V, the port anticipates that modular construction will be used for other expansion activity.

Patrick's Stevedores (Asciano) is licenced by the Dampier Port Authority to provide stevedoring services on the Dampier Cargo Wharf and the Bulk Liquids Berth. Pilotage services are provided by Woodside Marine, and Rio Tinto Iron Ore maintains its own pilotage services. Woodside and Rio Tinto provide tug services in the port (including contracted towage services from Riverwigs).



Iron ore bulk carrier

Bunkering of fuel in the port is currently provided by Shell under a non-exclusive licence.

Port Operations

The Dampier Port Authority provided professional marine advice to a range of project proponents, existing port users, government agencies, and other ports around Australia throughout 2006-07.

The Pilbara region experienced four cyclones between January and April 2007 although none had any significant impact on the Dampier coastline. In the case of Cyclone George, it caused

widespread damage to Port Hedland and surrounding areas. Notwithstanding that the Port of Dampier escaped direct impact, the port was closed for varying periods during the cyclones for the safety of vessels and operations. Established cyclone procedures were followed, and the port was re-opened as soon as possible on each occasion to facilitate the high level of trade flowing from the Port of Dampier.

A new radio system was commissioned early in the year, providing greater coverage of the port and surrounds, and an enhanced recording and



Boom deployment

response function. This vital communication equipment is now established and allows the Authority to monitor radio traffic from neighboring locations such as Cape Preston and Cape Lambert – providing additional safety to vessels in those areas.

Hydrographic surveys of Mermaid Strait were undertaken, and revised depths declared to the RAN Hydrographer to update Port of Dampier marine charts. These surveys are the first of a series of annual surveys which the port will be undertaking at various locations to build a full profile of current depths in the port.

The Dampier Port Authority has published comprehensive mooring standards – the first of their type in Australia. The standards provide mooring owners with clear requirements for mooring equipment, annual surveys, and licencing.

MANAGEMENT OF THE PORT ENVIRONMENT

Strategic Aim: To manage and protect the environment from the commercial activities of Dampier Port.

Over the past four years, the Dampier Port Authority has established a comprehensive Environmental Management Plan, and Marine Management Plan which assist the Authority and its customers to properly manage the environment of the port. The Authority continues to strive to provide leadership in environmental research.

The Dampier Port Authority's has continued its collaboration



Vessels alongside HLO and DCW

with the University of Western Australia in 2006-07 and has commissioned the development of an ecosystem model (carbon modeling) to gain a better understanding of the productivity of the benthic primary producers in the Port of Dampier. It is planned that this work will also direct other research work to gather the data necessary to make the model an effective predictor of environmental impact.

Proactive involvement of the Authority in ensuring environmental compliance by tenants of the King Bay Industrial Estate has been a key element of the work program this year. The Authority has also been heavily involved in providing environmental advice and support to major projects planned for the port, and has maintained good liaison with local and State environmental agencies.

The Dampier Port Authority facilitated a full-scale oil spill response exercise ("Troubled Waters") to test the port's ability to respond to such an emergency situation. The exercise was well-supported by the Australian Maritime Safety Authority and State emergency response agencies were actively involved, including the State's oil spill response team. The Authority has continued its commitment to training and development in this key area of emergency management, and is pro-actively seeking to establish

a rapid response team along the Pilbara coastline.

Further work has been completed in 2006-07 to formally establish a new spoil ground in the outer anchorage area of the port. It is anticipated that the Woodside Energy Limited's "Pluto" project will be the first user of this new spoil ground area.

The Dampier Port Authority supported the work of the State Government in developing a management plan for the Burrup Peninsula, and in protecting heritage values. A National Heritage decision has now been made by the Federal Government which identifies large parts of the Burrup Peninsula as having significant heritage values. The Authority will develop new guidelines for development of port lands to take into account the additional approval requirements which arise from the National Heritage Listing.

A SAFE AND SECURE PORT

Strategic Aim: To protect and promote the safety and security of people, assets, and trade within Dampier Port.

Safety

It has been an excellent year for vessel safety. The impact of tug escort arrangements and new port parameters, the professionalism of pilots and vessel

crew, better ship handling, and the quality of vessels visiting the port, have all contributed to what has been one of the best years for marine safety. The Dampier Port Authority will continue to work with its customers and port users to continuously improve the performance in this area

The Dampier Port Authority has also had another outstanding year for safety performance, with no lost time injuries for its own staff – consistent with the safety performance in past years. Regular team meetings are held to discuss safety and to provide training in the use of safety equipment.

However, safety in cargo handling is still a major area of risk, with a number of near-miss incidents in 2006-07, and some accidents occurring which have resulted in injury to stevedores. The Dampier Port Authority is working closely with Patricks at the Dampier Cargo Wharf, including identifying risks, increased maintenance, sharing of information, and support for the soon-to-be-introduced random drug and alcohol testing. Recent initiatives by Patricks are also directed toward improving safety performance at this key facility.

The port is now collecting safety information from major port users to gain a greater understanding of port-wide safety performance,

and this data will be used to direct training programs, equipment improvements, and opportunities for joint safety initiatives.

Cyclone procedures worked well for 2006-07 and demonstrated how well port users are prepared for this annual activity. The Dampier Port Authority has also continued to reinforce safety among commercial vessels, with reminders to users, publication of marine notices, and reinforcement of safety requirements. The Authority also continues to work with the Department of Planning and Infrastructure and the local sailing club to improve safety awareness of recreational boat users.

Security

A major highlight of 2006-07 was the successful implementation of the new Maritime Security Identification Card (MSIC). The Authority's efforts in becoming an MSIC issuing body, and assisting other regional ports, were recognised in the winning of the prestigious 2006 Premier's Award for Better Services (small organisations). The Authority processed 4894 applications up until 30 June 2007, the second highest number completed in Western Australia. Work is now underway to adopt a new application process following the transfer of MSIC responsibility from the Department of Transport and Regional Services to the Attorney

General's Office, with the aim of completing the work by early September 2007.

Additional waterside security measures were introduced during the year and new gate entry protocols came into effect from 1 January 2007, to further enhance port security.

The port has continued to support the staging of security exercises throughout the year, and has held a number of security coordination meetings to ensure a good understanding of security exists among port users, the Burrup industries, and emergency response personnel.

COMMUNITY INTERACTION

Strategic Aim: To integrate Dampier Port into the community we serve.

The Dampier Port Authority has been a long-time supporter of the West Pilbara Volunteer Sea Rescue and the Cossack Art Awards, and these sponsorships have continued in 2006-07. In addition, the community sponsorship program has been extended to include the Dampier Seafarers Centre, the North West Swimming Championships, the Dampier Primary School, the Community Associations and various sporting teams including the Dampier Sharks.

The Authority has also been an enthusiastic participant in community planning, and is a foundation member of the Pilbara Development Commission's Pilbara Resources and Industry Advisory Committee and the Dampier Marina Study.

During 2006-07, the Authority re-introduced its successful Schools Program, which allows primary school students to visit the port and participate in learning opportunities. Environment and operational themes provide an exciting perspective for students attending the program.

LNG carrier



Compliance Reporting

Advertising and Sponsorship

In accordance with Section 175ZE of the Electoral Act 1907, the Dampier Port Authority incurred expenditure in advertising, market research, sponsorship, direct mail and media advertising shown in the table below.



Vessel departing DCW

Compliance with Code of Conduct

In accordance with Section 23 of the *Port Authorities Act 1999* and Section 31 of the *Public Sector Management Act 1994*, the Dampier Port Authority has reported to the Minister for Planning and Infrastructure and to the Office of Public Standards on its compliance with the Code of Conduct. There were no detected breaches of the Code of Conduct during 2006-07.

Corruption Prevention

The Dampier Port Authority continues to revise and implement policies and procedures with a view to identifying, managing and preventing misconduct and corruption. The introduction of segregated duties pertaining to financial approvals and processing together with policy reinforcement continues to ensure that the Dampier Port Authority operates at a low risk of corruption.

Equal Employment Opportunity Outcomes

The Dampier Port Authority continues to support youth employment by participating in a traineeship program; supporting employees with family responsibilities by offering flexible working hours and the opportunity to work from home (where the type of work permits); and ensuring that all employees are provided with a safe, harassment-free working environment.

Information Statement

During 2006-07 only one non-personal application was received by the Dampier Port Authority. Access was deferred on the application received owing to "Legal professional privilege".

Record keeping

The Dampier Port Authority's record management systems are in accordance with the *State Records Act 2000*, and in line with the minimum reporting requirements advise:

1. The Dampier Port Authority's Record Keeping Plan is currently under review and will be forwarded to the State Records Office for approval.
2. The Dampier Port Authority carries out records management training on a regular basis.
3. Policies and procedures relating to records management are currently in draft stage and once approved will be incorporated into the port's induction manual.

ADVERTISING AND SPONSORSHIP

Item	Organisation	Total Value
Sponsorship \$34,100	Cossack Art Awards	\$10,000
	West Pilbara Volunteer Sea Search & Rescue Group	\$10,000
	Dampier Seafarers	\$9,500
	Dampier Sharks Football Club	\$1,500
	Karratha Amateur Swimming Club	\$1,500
	Miscellaneous (Schools, Community Groups)	\$1,600
Media Advertising \$3,370	Miscellaneous (local business support, Australian Workers' Union Volunteer Rescue Diaries)	\$3,370
Market Research	N/A	
Direct Mail	N/A	
Advertising	N/A	

Directors' Report

In accordance with Schedule 5, Division 9 we report on the operations of the Dampier Port Authority for the year to 30 June, 2007 as follows:

BOARD MEMBERS

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

Name	Position	Expiry Date of Tenure/Resignation
Mr Peter West	Chairman	31 December 2007
Mr Robert Vitenbergs	Deputy Chairman	31 December 2008
Mr Wynne Jones	Member	(resigned April 2007) 30 April 2009
Ms Lisa Hamilton	Member	30 April 2009
Mr Michael Spreadborough	Member	30 April 2009
Mr Des Rothe	Member	31 December 2007
Mr Richard Cohen (Alternate to Mr Michael Spreadborough)	Member	30 April 2009
Mr John Ketteringham (Alternate to Ms Lisa Hamilton)	Member	30 April 2009

Current Board Members



Chairman: Mr Peter West

Ministerial Appointment:

Commenced May 2002; reappointed January 2007 with term expiring December 2007.

Qualifications:

Bachelor of Science (Hons)

Experience:

34 years in BP in a variety of management positions culminating in being Manufacturing Director for BP in Australasia and Managing Director of BP Kwinana Refinery.



Deputy Chairman: Mr Robert Vitenbergs

Ministerial Appointment:

Re-appointed January 2007 with term expiring December 2008.

Qualifications:

Bachelor of Science (Hons)

Experience:

22 years in the Royal Australian Navy; Marine Manager with Hamersley Iron; currently President of the Shire of Roebourne.



Board Member: Mr Desmond Rothe

Ministerial Appointment:

Appointed December 2006 with term expiring December 2007.

Experience:

Councillor for the Shire of Roebourne since 1997; Pilbara Homecare committee member; foundation member of the Karratha APEX club; former Deputy Shire President.



**Pilbara Iron Nominee:
Mr Mike Spreadborough**

Appointed April 2006 with term expiring April 2009.

Qualifications:

Bachelor of Engineering (Mining) (Hons) – University of Queensland, 1986.
Master of Business Administration, Deakin University, 1993.
NSW Below Ground Mine Managers Certificate.
WA First Class Mine Managers Certificate.

Experience:

Since April 2006 General Manager Coastal Operations for Pilbara Iron with accountability for the Dampier and Cape Lambert port operations and Pannawonica mining operation. Previously Vice President, Mining, Olympic Dam for BHP Billiton.



**Woodside Nominee:
Ms Lisa Hamilton**

Appointed to the Board in May 2007 with term expiring in April 2009.

Qualifications:

BSc/LLB (Hons); Post Graduate Diploma in Energy Studies; Australian Institute of Company Directors – Director's responsibility training.

Experience:

7 years practising in industrial relations and employment law, with 11 years experience in the oil and gas industry. Past Director of the Ngarluma and Yindjibarndi Foundation Ltd. Currently employed as General Manager Marine for Woodside Energy Limited, responsible for pilotage, marine operations and marine assurance for the Woodside Group.

Stevedores – Dampier Cargo Wharf



'Signing in' at DPA reception



Retirement, Election and Continuation of Office of Members

The following changes in Board membership occurred during 2006-2007:

- Mr Desmond Rothe was appointed to the board in December 2006 for a one-year term following the resignation of Mrs Danielle Nazzari in June 2006.
- Ms Lisa Hamilton was appointed to the board in May 2007 for a two-year term, following the resignation of Mr Wynne Jones in April 2007.

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



Board members (left to right): Rob Vitenbergs, Steve Lewis (Chief Executive Officer), Peter West, Lisa Hamilton, Mike Spreadborough

Absent: Des Rothe and Wynne Jones

Name	No. of meetings eligible to attend	Meetings attended
Peter West	7	7
Robert Vitenbergs	7	6
Wynne Jones	5	3
Michael Spreadborough	7	5
Desmond Rothe	6	5
Lisa Hamilton	2	2
Richard Cohen (Alternate for Michael Spreadborough)	2	-
John Ketteringham (Alternate for Lisa Hamilton)	2	1

STAFF

Name	Position
Mr Steve Lewis	Chief Executive Officer
Capt. John Fewings	Harbour Master
Mr Stephen Nicholson	Port Development Manager
Mr Chris Burgess	Safety and Security Officer
Mr Peter Berry	Assistant Safety and Security Officer
Mrs Megan Marion	Corporate Services Manager
Mr Tony Smith	Wharf Manager
Mr Bruce Young	Assistant Wharf Manager
Mr Peter Smith	Environment Manager
Mr Dave Blackman	Maintenance Superintendent
Mrs Vicki Lorantas	Executive Officer
Mrs Heidi Jackman	Marine Officer
Mrs Lizeth De La Hoz	Engineering Officer
Mrs Sue Lewis	MSIC Project Manager
Ms Tracie Schutze	Corporate Services Officer
Ms Jo Chueng	Administration Assistant
Ms Vicky Taylor	Administration Assistant
Ms Natalie White	Port Liaison Administration Officer
Mrs Debbie Bulham	Port Liaison Administration Officer
Ms Donna Davidson	Port Liaison Administration Officer
Mr Tony Abbott	Port Liaison Administration Officer
Mr Dane Patrucco	Port Liaison Administration Officer
Ms Tegan Wakefield	Trainee (Business and Administration)

Iron ore facility with bulk carrier alongside





Dampier Cargo Wharf



Top: Heavy Loadout Facility



Above: Loading pipes at DCW

PRINCIPAL ACTIVITIES

The principal activities of the Dampier Port Authority can be summarised as follows:

Manage the safe operations of the port

- Exercise the powers of harbour master to control shipping in the port to achieve safe and efficient operations.
- Operate port communications 24 hours, 7 days a week.
- Pass and monitor compliance with port regulations that set standards and procedures for vessels using the port, and other marine matters.
- Provide emergency response planning.

Plan for the future development of the port to meet industry needs

- Oversee the strategic planning for the port's development in conjunction with port users and other relevant Government agencies.

Facilitate trade in the port

- Ensure that port users have access to the facilities of the port.
- Negotiate Port Facilities Agreements for the Major Gas to Liquids Projects that propose to utilise the Burrup.

Manage the environment within the port

- Monitor marine pollution issues associated with port operations.
- Provide marine pollution response planning and capability.

Maintain security within the port

- Ensure the port meets the Maritime Security Act 2003 requirements.

There was no significant change in the nature of the Authority's activities this year.

NET PROFIT AFTER TAX

The Authority finished the financial year with a profit after compliance with the "National Tax Equivalent" legislation of \$1,937,132.53 compared to last year's profit of \$955,338.25 after tax. See the accompanying Financial Statements for further details.

DIVIDEND

In accordance with the current dividend policy the Directors have recommended \$968,566 dividend be paid being 50 per cent of net operating profit after tax.

	2007 \$'000	2006 \$'000
Total dividends recommended in respect of the financial year	969	478
Total dividends paid during the financial year	478	24

SIGNIFICANT CHANGES TO THE STATE OF AFFAIRS

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

- The Port has \$72.43 million in borrowings at 30 June 2007. The total of the loan facility is \$74.20 million and is expected to be fully drawn down next financial year. The loan term is for 25 years.

REVIEW OF OPERATIONS

Finance

The Dampier Port Authority projected an operating profit before tax of \$1,788,910 for the financial year ending 30 June 2007.

The Authority has dual goals of sound financial management and trade facilitation. In achieving these goals, the Authority aims to achieve its rate of return on assets, while providing the most cost-effective service to port users.

The final result was a pre-tax profit of \$2,886,208, against budgeted profit of \$1,788,910.

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

	2007 \$'000	2006 \$'000
Port dues	7,134	4,324
Dampier cargo wharf operations	2,845	2,024
Barge ramp	8	41
Lease-King Bay Industrial Estate/Other	450	255
Bulk liquids berth	7,844	7,998
Interest	411	264
Profit on sale of assets	8	34
MSIC	566	92
Other revenues	853	511
Total revenue	20,119	15,543
Less Unallocated Expenses		
Employee expenses	3,125	2,997
Maintenance	1,639	1,794
Power and water	411	295
Depreciation	3,107	2,060
Insurance	265	253
Legal	1,348	1,132
Consultants	2,168	1,715
Audit fees	44	37
Borrowing expenses	4,163	2,828
Supplies and services	802	
Impairment loss	-	33
Other	177	322
Total expenditure	17,233	14,268
Profit from ordinary activities before income tax expense	2,886	1,275
Income tax benefit/(expense)	(949)	(319)
Profit from ordinary activities after income tax expense	1,937	956

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

(a) Port dues

Port dues increased compared to last year mainly due to the increase in the number of ships entering the port, and increasing the port dues by 53 per cent.

(b) Dampier cargo wharf operations

The significant increase in revenue is due to the higher volume of operations occurring at the cargo wharf. This is in part due to the increase in activity both onshore and offshore and the significant construction growth occurring in the port and region.

(c) Barge ramp

Income from the barge ramp has decreased from last financial year. This is due to a decline in usage by Toll Energy.

(d) Lease – King Bay Industrial Estate)/Other

Income from King Bay Industrial Estate has increased significantly compared to last financial year. This is due to an increase in income from Mermaid Marine and lease income from Woodside Train V project.

(e) Bulk liquids berth

In August each year the Dampier Port Authority recalculates the State Subsidy payable from WA Government based on actual costs, which takes into account dividends and income tax payable in relation to the prior year. Any surplus or shortfall in payment is adjusted against the current year state subsidy payment. The Authority was overpaid by \$447,000 last year, which has to be brought to account in 2006-07.

(f) Interest

During the year the Dampier Port Authority invested surplus cash. The Authority had a high amount of surplus cash during the first half of the year due to the \$7 million State Subsidy and Community Service Obligation being paid by September 2006.

(g) Profit from the sale of non current assets

Net proceeds from sale of non current assets are lower this year due to a decline in assets sold.

(h) MSIC

The Maritime Safety Identification Card is a federal requirement to increase security within Australian ports. The MSIC was a requirement for Western Australian ports from 1 January 2007.

(i) Other revenues

There has been an increase in other revenue due to the following:

- Increase in Woodside Train V project \$137,000
- Insurance claim from Cyclone Clare and Glenda \$51,000
- Loadout facility settlement from Van Ord agreed \$36,000
- Recovery costs from Houben Marine \$36,000

(j) Employee expenses

This item has increased from last financial year due to the increase in staff levels and consultants hired due to the inability to attract staff to the region.

(k) Maintenance

Maintenance costs were similar to last financial year.

(l) Power and water

The increase in expenditure is largely due to an increase in water usage and electricity consumption at the cargo wharf.



Burrup wildlife

(m) Depreciation

Depreciation is higher than previous years. The final payment for the bulk liquids berth was paid during the current financial year, with depreciation being back-dated November 2005. A number of capital works programmes were also commissioned during the financial year.

(n) Insurance

Insurance costs increased slightly compared to last financial year.

(o) Legal

Legal costs continued to rise during the year. This is mainly due to the litigation with BMCL on the bulk liquids berth, which has now been settled.

(p) Consultants

Consultancy costs were also higher due the need to outsource certain functions due to staff availability and expertise, and to cope with increased demand. The Authority also completed the first channel survey, which cost \$300,000.

(q) Auditing

Audit costs are similar to last financial year.

(r) Borrowing costs

The Authority capitalised the borrowing costs up to the completion of the bulk liquids berth project in November 2005, so operating costs were lower in 2006.

(s) Supplies and services

These costs are similar to last financial year.

(t) Impairment loss

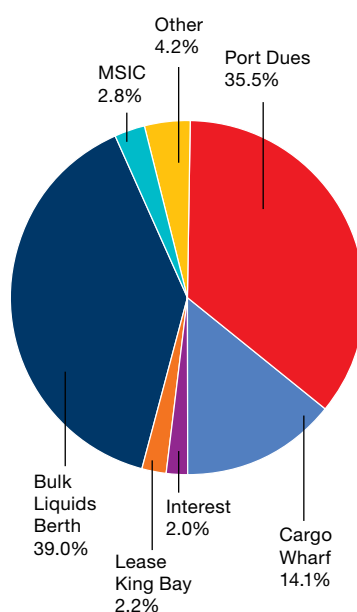
The Dampier Port Authority will be transferring ownership of the service corridor to Landcorp for \$3.64 million as approved by ERC on the 14th September 2005. The asset was completed and ready for use on the 7th November 2005. Total cost of asset is \$3,671,279, this resulted in an impairment loss of \$32,659.

(u) Other

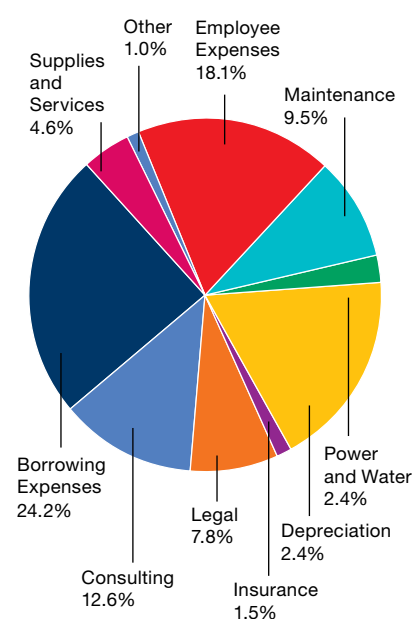
Other expenditure is lower than the previous financial year, mainly due to additional land development costs being incurred in 2005-06.

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

Sources of Revenue 2007



Expenditure Allocation 2007

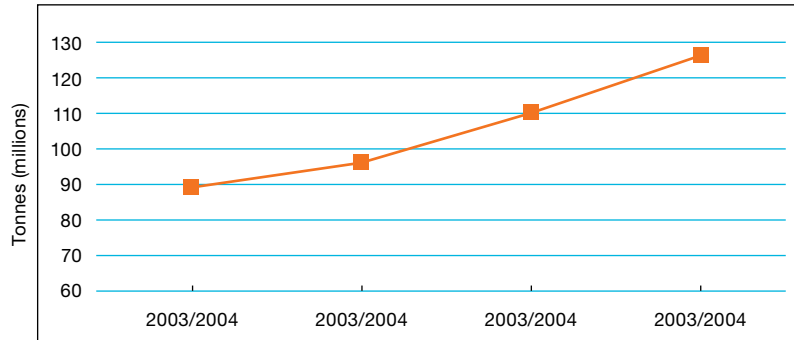
**KEY PERFORMANCE INDICATORS****Economic**

The table below shows commodity throughput for the past four years. Export of iron ore continues to be the predominant contributor.

Commodity	2006/2007	2005/2006	2004/2005	2003/2004
Iron ore	103,890,562	89,242,635	75,847,351	71,442,883
Salt	3,539,471	3,212,634	3,212,401	3,806,487
Condensate	3,299,767	3,373,302	3,603,478	4,193,684
Liquified natural gas	12,508,917	11,784,741	11,279,152	8,088,635
Liquified petroleum gas	1,487,877	1,468,917	1,341,409	814,098
Petroleum products	274,727	412,653	254,495	247,693
Ammonia	727,895	62,171	0	0
General cargo	395,999	512,092	378,600	286,339
Total cargo tonnes	126,125,225	110,069,145	95,825,886	88,879,819
Total vessel numbers	3,403	3,062	2,669	2,510
Total gross registered tonnage	95,156,837	87,156,692	77,721,593	68,775,815

The following commodities experienced an increase in export trade: iron ore, salt, LNG, LPG, petroleum and ammonia.

Port of Dampier Annual Cargo Throughput



Financial

Rate of Return

The Minister for Planning and Infrastructure sets the Authority's target rate of return. The expected rate of return for the 2006-07 financial year was 6.96 per cent. The rate of return achieved by the Dampier Port Authority was 7.15 per cent. (Bulk liquids berth (BLB) 5.09 per cent, general operations excluding BLB was 9.66 per cent).

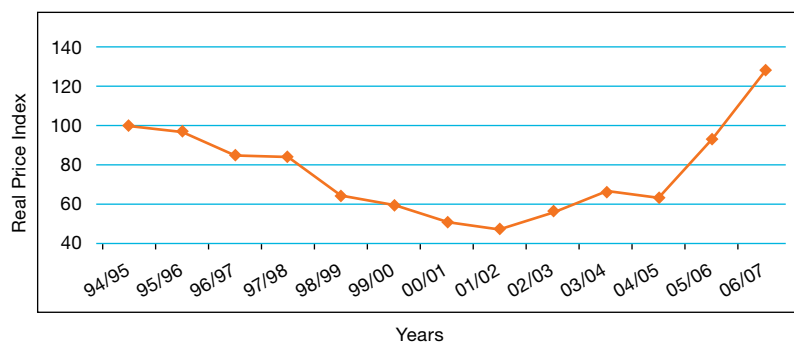
The target rate of return is calculated on profit before borrowing and taxation cost divided by the written down deprival cost of total assets less gifted assets.

Real price index (1994-95 = 100)

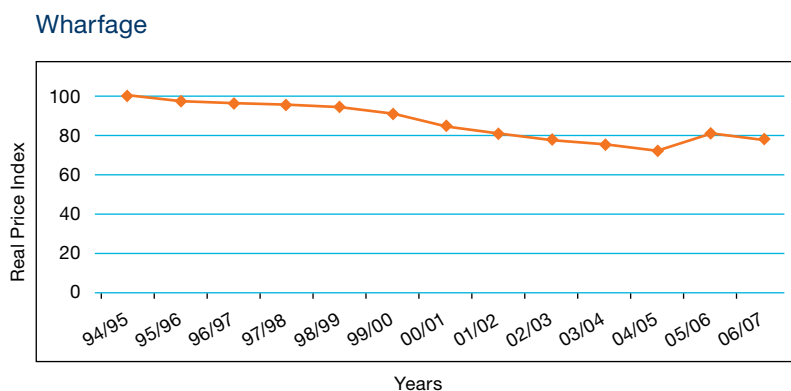
Dampier Port Authority's real price index shows prices deflated by the consumer price index for Perth, to give an indication of the relative value of money over the years shown.

As the graph indicates, the real price index for port dues has increased by 28.44 per cent between 1994-95 and 2006-07. As at 1 July 2007 the Dampier Port Authority has increased port dues from \$0.075/tonne to \$0.0889/tonne. As a result, the real price index should rise 39.55 per cent above the CPI adjusted rate

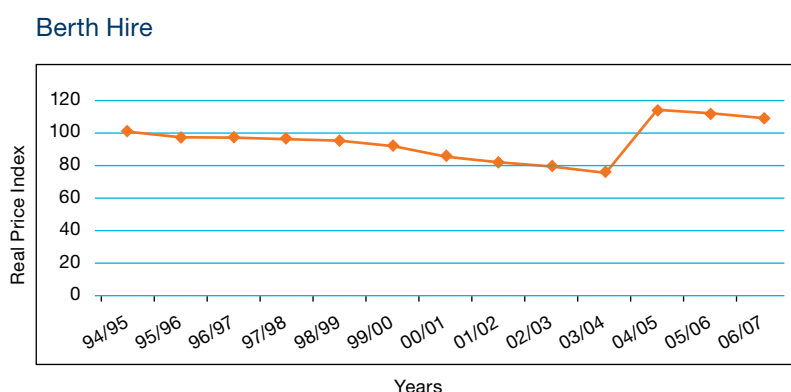
Port Dues



The wharfage charges graph indicates the real price index has fallen by 21.40 per cent from 1994-95 to 2006-07. There will be no change to wharfage charges from 1 July 2007 and as a result the real price index should further decrease to 25.53 per cent.



The berth hire graph indicates the real price index for berth hire has increased by 8.76 per cent between 1994-95 and 2006-07. As at 1 July 2007 the Dampier Port Authority has increased berth hire charges from \$25 per hour per 50m of vessel LOA to \$47.50 per hour per 50m of vessels LOA. As a result, the real price index should rise 50.35 per cent above the CPI adjusted rate.



Stability of Workforce

Staff turnover was 18.18 per cent for 2006-07.

Occupational Health and Safety

One minor workers compensation claims was made during the financial year.

SIGNIFICANT EVENTS AFTER YEAR END

There were no matters occurring subsequent to the end of the financial year and the date of this report.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

The Authority expects that trade volumes for 2007-08 financial year to increase by 25 million tonnes, mostly due to the increases in iron ore exports. As a consequence, revenue is expected to rise proportionately over this financial year.

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

ENVIRONMENTAL PERFORMANCE

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

DIRECTORS' BENEFITS

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

DIRECTORS' INTEREST IN CONTRACTS

During the financial year, the Authority did not enter into any contracts with entities, in which Directors declared an interest, except as set out in Note 21.

DIRECTORS' AND OFFICERS' REMUNERATION

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

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

Board Members

Name	Directors Fees \$	Superannuation \$	Total \$
P West – Chairman	22,000	1,980	23,980
R. Vitenbergs	11,000	990	11,990
D. Rothe	8,250	742	8,992

Note that Directors appointed from Woodside Energy and Pilbara Iron do not receive remuneration for board member duties.

Other Executives

Name	Base Salary \$	Motor Vehicle \$	Other \$	Super \$	Total \$
Steve Lewis Chief Executive Officer	169,580	11,389	671	14,011	196,651
Victor Justice (left 13th March 2007) Harbour Master	157,250	20,755	885	13,604	192,494
John Fewings Marine Superintendent	140,297	13,749	594	12,549	167,189
Stephen Nicholson Port Development Manager	137,099	8,009	4,033	12,339	161,480

INDEMNIFICATION OF DIRECTORS

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

The Authority paid an insurance premium of \$10,795 GST exclusive in respect of the Directors' and Officers' Liability Insurance Policy for the reporting period.

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

INDEMNIFICATION OF AUDITORS

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

The total fee payable for the financial year ended 30 June 2007 is \$30,000 GST exclusive

ROUNDING OF AMOUNTS

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

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



Peter West
Chairman



Robert Vitenbergs
Deputy Chairman

Dated this 16th day of August, 2007
Dampier WA



AUDITOR GENERAL

INDEPENDENT AUDIT REPORT ON DAMPIER PORT AUTHORITY

To the Parliament of Western Australia

I have audited the financial report of the Dampier Port Authority, which comprises the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory Notes and the Directors' Declaration.

Directors' Responsibility for the Financial Report

The directors of the Dampier Port Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Port Authorities Act 1999. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Summary of my Role

As required by the Port Authorities Act 1999, my responsibility is to express an opinion on the financial report based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

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.

Audit Opinion

In my opinion, the financial report of the Dampier Port Authority is in accordance with Schedule 5 of the Port Authorities Act 1999, including:

- (a) giving a true and fair view of the Authority's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

COLIN MURPHY
AUDITOR GENERAL
4 September 2007

DAMPIER PORT AUTHORITY

Income Statement

For the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
Revenue from ordinary activities	3	20,119	15,543
Employee benefits expense	2	(3,125)	(2,601)
Maintenance		(1,639)	(2,190)
Power and water		(411)	(295)
Depreciation	2	(3,106)	(2,060)
Legal	2	(1,348)	(1,132)
Insurance		(265)	(253)
Consultants		(2,168)	(1,716)
Borrowing costs	2	(4,163)	(2,828)
Audit fees	2	(44)	(37)
Supplies and services (a)		(786)	(801)
Impairment loss		-	(33)
Other expenses from ordinary activities		(178)	(322)
<i>Profit from ordinary activities before income tax expense</i>	2	2,886	1,275
Income tax expense	4	(949)	(319)
<i>Profit from for the year</i>		1,937	956

(a) Administration expenses are included in supplies and services.

The Income Statement should be read in conjunction with the accompanying notes

DAMPIER PORT AUTHORITY

Balance Sheet

As at 30 June 2007

	Note	2007 \$'000	2006 \$'000
CURRENT ASSETS			
Cash and cash equivalents	22(a)	1,691	4,679
Receivables	5	2,822	1,433
Other	6	24	12
		4,537	6,124
Non-current assets classified as held for resale	8	3,638	3,638
TOTAL CURRENT ASSETS		8,175	9,762
NON-CURRENT ASSETS			
Property, plant and equipment	9	90,486	83,378
Deferred tax assets	7	402	234
TOTAL NON-CURRENT ASSETS		90,888	83,612
TOTAL ASSETS		99,063	93,374
CURRENT LIABILITIES			
Payables	11	1,566	1,828
Borrowings	12	1,527	1,317
Unearned Income	14	46	78
Current tax liabilities	15	1,080	7
Provisions	16	261	198
TOTAL CURRENT LIABILITIES		4,480	3,428
NON-CURRENT LIABILITIES			
Deferred tax liabilities	17	18	2
Borrowings	12	70,906	67,733
Provisions	16	11	22
TOTAL NON-CURRENT LIABILITIES		70,935	67,757
TOTAL LIABILITIES		75,415	71,185
NET ASSETS		23,648	22,189
EQUITY			
Contributed equity	18	17,002	17,002
Retained profits	19	6,646	5,187
TOTAL EQUITY		23,648	22,189

The Balance Sheet should be read in conjunction with the accompanying notes

DAMPIER PORT AUTHORITY

Statement of Changes in Equity

For the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
Total equity at the beginning of the financial year		22,189	21,257
Profit for the year		1,937	956
Dividends paid	13	(478)	(24)
Balance of equity at end of the financial year		23,648	22,189

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

DAMPIER PORT AUTHORITY

Cash Flow Statement

For the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers		11,264	7,114
Receipts from government contributions		7,005	7,767
Payments to suppliers and employees		(10,180)	(9,183)
Interest received		409	264
Interest paid		(4,167)	(3,877)
Income tax refund		-	99
Income tax "equivalents" paid		(17)	(43)
GST receipt on sales		1,113	749
GST receipt from taxation authority		536	1,489
GST payments on purchases		(1,649)	(2,238)
Net cash inflow/(outflow) from operating activities	22(b)	4,314	2,141
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant & equipment		52	133
Payment for property, plant and equipment		(10,259)	(18,455)
Net cash inflow/(outflow) from investing activities		(10,207)	(18,322)
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid	13	(478)	(24)
Proceeds from borrowings		4,700	23,274
Repayment of borrowings		(1,317)	(3,350)
Net cash inflow/(outflow) from financing activities		2,905	19,900
Net increase in cash held		(2,988)	3,719
Cash at beginning of financial year		4,679	960
Cash at end of financial year	22(a)	1,691	4,679

The Cash Flow Statement should be read in conjunction with the accompanying notes

DAMPIER PORT AUTHORITY

Notes to and forming part of the financial statements

For the year ended 30 June 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general-purpose financial report which has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views and the Port Authorities Act 1999. The financial report is prepared on an accrual basis and in accordance with historical cost convention. The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented, unless otherwise stated.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

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

(a) Income**Revenue**

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser.

Provision of services

Revenue is recognised on delivery of the service or by reference to the stage of completion.

Interest

Revenue is recognised as the interest accrues.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets.

Lease income

Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Authority will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

(b) Income Tax "Equivalent"

The Authority operates within the national tax equivalent regime ("NTER") whereby an equivalent amount in respect of income tax is payable to the State Department of Treasury and Finance. The calculation of the liability in respect of income tax is governed by NTER guidelines and directions approved by Government.

As a consequence of participation in the NTER, the Authority is required to comply with AASB 112 "Income Taxes".

The income tax expense or revenue for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rate expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

DAMPIER PORT AUTHORITY

Notes to and forming part of the financial statements

For the year ended 30 June 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(c) Borrowing Costs

Borrowing costs for qualifying assets are capitalised net of any investment income earned on the unexpended portion of the borrowings. Other borrowing costs are expensed when incurred.

(d) Maintenance and Repairs

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

(e) Property, Plant and Equipment and Infrastructure**Initial recognition and measurement**

All items of property, plant and equipment and infrastructure are initially recognised at cost.

For items of property, plant and equipment and infrastructure acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

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

Subsequent measurement

After recognition as an asset, the Authority uses the cost basis less, where applicable, any accumulated depreciation or amortisation for all property, plant and equipment. Costs include expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	40 to 50 years
Plant and equipment	3 to 5 years
Berths/Wharves	25 to 40 years
Navigational aids	20 to 50 years
Motor vehicles	5 years
Software	3 to 5 years
Environmental approvals	50 years
Channel	50 years

(f) Intangible Assets

All acquired and internally developed intangible assets are initially measured at cost. For assets acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

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

Intangible assets can only be revalued to fair value where an active market exists.

The carrying value of intangible assets is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Authority have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

Software	3 to 5 years
Web site costs	3 to 5 years
Environmental approvals	50 years

Computer Software

Acquired software items costing less than \$1,000 are expensed in the year of acquisition. Where software is an integral part of the related hardware, it is treated as property, plant and equipment. Where the software is not an integral part of the related hardware, it is treated as an intangible asset.

Web site costs

Web site costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a web site, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

Environmental Approvals

These are the costs associated with obtaining approval to dredge the channel to the Bulk Liquids Berth and are depreciated over the life of the channel.

(g) Impairment of Assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is written down to the recoverable amount and an impairment loss is recognised. As the Authority is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at each reporting date irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment. Surplus assets at cost are tested for indications of impairments at each reporting date. See note 10 'Impairment of assets' for the outcome of impairment reviews and testing.

(h) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(i) Receivables

Receivables are recognised and carried at original invoice amount less any provision for uncollectible amounts (impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off.

The provision for uncollectible amounts (doubtful debts) is raised when collectability is no longer probable. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(j) Payables

Payables are recognised when the Authority becomes obliged to make future payments as a result of a purchase of goods or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

(k) Investments and other financial assets

The Authority classifies its investments in the following categories:

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Authority provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

(ii) Held to maturity assets

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Authority's management has the positive intention and ability to hold to maturity.

DAMPIER PORT AUTHORITY

Notes to and forming part of the financial statements

For the year ended 30 June 2007

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Authority did not hold any investments in these categories for the financial years presented.

(l) Borrowings

All loans are initially recognised at cost, being the fair value of the net proceeds received. Subsequent measurement is at amortised cost using the effective interest rate method.

(m) Provisions

Provisions are liabilities of uncertain timing and amount. The Authority only recognises a provision where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance sheet reporting date and adjusted to reflect the current best estimate.

(i) Employee Benefits

Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the end of the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the reporting date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after reporting date.

Superannuation

The liabilities for superannuation charges under the West State Superannuation Scheme, Gold State Superannuation Scheme or other funds of the employees' choosing are extinguished by fortnightly (West State & Gold State) and other payments of employer contributions to the appropriate funds.

(ii) Provisions – Other

Employment On-Costs

Employment on-costs, including workers' compensation insurance and payroll tax, are not employee benefits and are recognised as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the Authority's 'Employee benefits expense' and the related liability is included in Employment on-costs provision.

Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year, but not distributed at reporting date.

(n) Payment of Dividend to the State

In accordance with section 84 of the Port Authorities Act 1999 the Board of the Authority intends to make a recommendation to the Minister for Planning and Infrastructure that dividends amounting to \$968,566 (2006: \$477,669) be declared in respect for the year ended 30 June 2007. The proposed dividend is in accordance with the dividend policy included in the Authority's statement of corporate intent for 2006-2007.

(o) Comparative Figures

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

(p) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST is not recoverable from the taxation authority. In this case it is recognised as part of the cost of the acquisition of the asset or part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

NOTE 2: PROFIT BEFORE INCOME TAX

	2007 \$'000	2006 \$'000
Profit before income tax expense includes the following expenses:		
Employee benefit		
Annual Leave	185	133
Long Service Leave	48	40
Superannuation	271	158
Depreciation		
Building and improvements	229	151
Plant and equipment	456	286
Berths/wharve	1,946	1,312
Navigation aids	131	110
Channel	344	201
Total depreciation	3,106	2,060
Finance costs		
Interest and finance charges paid/payable	4,163	4,132
Less amount capitalised	-	(1,304)
Total finance costs	4,163	2,828
Impairment loss	-	33
Auditors remuneration	44	37
Litigation costs	1,302	307

NOTE 3: REVENUE FROM ORDINARY ACTIVITIES

Operating activities of the Authority		
– rendering of services – port dues	7,134	4,324
– rendering of services – DCW/Barge Ramp	2,853	2,065
– rendering of services – Bulk Liquids Berth	839	231
– Government contribution – Bulk Liquids Berth	7,005	7,767
– leases revenue	450	255
– Other	1,419	603
	19,700	15,245
Non-operating activities of the Authority		
– Net gain on disposal of property, plant and equipment	8	34
– interest received	411	264
	20,119	15,543

DAMPIER PORT AUTHORITY

Notes to and forming part of the financial statements

For the year ended 30 June 2007

NOTE 4: TAX EQUIVALENT

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

	2007 \$'000	2006 \$'000
Profit before income tax:	2,886	1,275
Tax at the Australian tax rate of 30% (2006: 30%)	(868)	(382)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Sundry Items	2	36
	(866)	(346)
(Over)/under provision in prior years	(83)	27
<i>Income tax (expense)</i>	<i>(949)</i>	<i>(319)</i>
Income tax expense comprises:		
Provision attributable to current year	(1,101)	(50)
(Increase)/decrease in deferred tax liability	(16)	6
Increase/(decrease) in deferred tax asset	168	(275)
	(949)	(319)

NOTE 5: RECEIVABLES

Trade debtors	2,822	1,433
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Trade debtors are normally settled on 30 day terms.

NOTE 6: OTHER CURRENT ASSETS

Prepayments	8	7
Deposit	16	5
	24	12

NOTE 7: DEFERRED TAX ASSETS

	2007 \$'000	2006 \$'000
The deferred tax asset comprises – provisions	402	234

NOTE 8: NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Building and improvements (i)	3,638	3,671
Accumulated impairment losses (i)	-	(33)
	3,638	3,638

- (i) This refers to the service corridor constructed and completed in November 2005 at the original cost of \$3.671 million. A contract was entered into with Landcorp to takeover ownership of the service corridor in August 2006. The difference between the sale price and the original cost has been recognised as an impairment loss. Having regard to the contract with Landcorp, the Directors are of the opinion that there has been no further impairment in the carrying amount of this asset.
- (ii) The Dampier Port Authority expects the transfer of the service corridor to Landcorp will occur between September 2007 and November 2007. Landcorp have requested funds from Treasury to remediate cyclone damage to both Landcorps and DPA's portion of the corridor that occurred subsequent to August 2006. Landcorp will deal with all remediation works for the whole service corridor from here onwards. Once the funding has been approved the transfer of the service corridor for \$3.638m will be completed.

NOTE 9: PROPERTY, PLANT AND EQUIPMENT**Land and buildings**

Land		
Freehold – at cost (ii)	250	250
Total Land	250	250
Building and improvements (iii)		
At cost	8,701	7,344
Accumulated depreciation	(1,622)	(1,439)
Total buildings and improvements	7,079	5,905
Total land buildings and improvements	7,329	6,155

Plant and equipment

At cost	3,951	2,574
Accumulated depreciation	(1,401)	(1,100)
Total plant and equipment	2,550	1,474

DAMPIER PORT AUTHORITY

Notes to and forming part of the financial statements

For the year ended 30 June 2007

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (continued)

	2007 \$'000	2006 \$'000
Intangibles		
Computer software, website establishment and environmental approvals		
At cost	556	466
Accumulated depreciation	(32)	(10)
Total intangible assets	524	456
Infrastructure		
Berths / Wharves		
At cost	72,410	64,280
Accumulated depreciation	(13,113)	(11,181)
At recoverable amount	339	339
Accumulated depreciation	(55)	(41)
Total berths/wharves	59,581	53,397
Navigation aids		
At cost	4,317	4,317
Accumulated depreciation	(1,467)	(1,336)
Total navigation aids	2,850	2,981
Channel		
At cost	17,210	17,210
Accumulated depreciation	(545)	(201)
Total channel	16,665	17,009
Infrastructure in the course of construction – at cost		
Ammonia Gas Detectors	72	-
Lot 314	295	-
DCW Berth 2 & 4 Upgrade	115	-
Dredging DCW Approvals	48	-
Navigational Aids Mermaid Strait	101	-
BLB Gangway	20	-
Intranet Development	20	-
New carpark lower laydown	115	-
Security Upgrade	-	1,696
Strategic Environmental Assessment	201	210
	987	1,906

	2007 \$'000	2006 \$'000
Total infrastructure	80,083	75,293
Total property, plant and equipment	90,486	83,378

- (i) The Authority has 2 parcels of land Lot 471 and Lot 472 Reserve 41636, vested to the Authority for port purposes. The current non improved market valuation is \$425,000. The valuation has been determined by the Valuer Generals Office as at the 1st July 2003. These 2 parcels are not reflected in the financial statements.
- (ii) Freehold land has been independently valued by Fudali Waterhouse PRP at \$438,000, based on the property's market value as at 30 June 2003.
- (iii) Borrowing costs in the form of interest, capitalised as part of the cost of the Bulk Liquids Berths in the course of construction as a qualifying asset, amounted to \$Nil (2006: \$1,304,395), at a weighted average interest rate of 5.95%.
- (iv) The Bulk Liquid Berth (BLB) commenced construction in January 2004 and was completed on the 7th November 2005. The Authority has entered into an agreement with the Western Australian Government whereby the State will pay to the Authority a State Subsidy for the term of the loan associated with the construction of the BLB (Note 12), as well as a Community Service Obligation for a period of 30 years. The amounts payable each year are determined to ensure that the Authority does not trade at a financial loss.

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

Land

Carrying amount at 1 July	250	250
Disposals	-	-
Carrying amount 30 June	250	250

Building and improvements

Carrying amount at 1 July	5,905	2,426
Additions	1,403	7,268
Assets classified as held for resale and other disposal	-	(3,638)
Disposals	(46)	-
Depreciation on disposal	46	-
Depreciation for the year	(229)	(151)
Carrying amount 30 June	7,079	5,905

Plant and equipment

Carrying amount at 1 July	1,474	815
Additions	1,553	1,035
Disposals	(176)	(234)
Accumulated depreciation on disposal	133	135
Depreciation for the year	(434)	(277)
Carrying amount 30 June	2,550	1,474

DAMPIER PORT AUTHORITY

Notes to and forming part of the financial statements

For the year ended 30 June 2007

NOTE 9: PROPERTY, PLANT AND EQUIPMENT (continued)

	2007 \$'000	2006 \$'000
Intangibles		
Carrying amount at 1 July	456	8
Additions	90	457
Depreciation for the year	(22)	(9)
Carrying amount 30 June	524	456
Infrastructure		
Berths/Wharves		
Carrying Amount at 1 July	53,397	9,575
Additions	8,130	45,134
Depreciation for the year	(1,946)	(1,312)
Carrying Amount 30 June	59,581	53,397
Navigational Aids		
Carrying Amount at 1 July	2,981	2,058
Additions	-	1,033
Depreciation for the year	(131)	(110)
Carrying Amount 30 June	2,850	2,981
Channel		
Carrying Amount at 1 July	17,009	-
Additions	-	17,210
Depreciation for the year	(344)	(201)
Carrying Amount 30 June	16,665	17,009
Work in Progress		
Carrying amount at 1 July	1,906	57,232
Additions	1,777	1,465
Transfer to non current assets	(2,696)	(56,971)
Carrying Amount 30 June	987	1,906
Total property, plant and equipment	90,486	83,378

NOTE 10: IMPAIRMENT OF ASSETS

There were no indications of impairment of Property, Plant & Equipment, Infrastructure and Intangible assets at 30 June 2007.

The Authority held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.

NOTE 11: PAYABLES

	2007 \$'000	2006 \$'000
Trade creditors	808	849
Sundry creditors	758	979
	1,566	1,828

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

NOTE 12: BORROWINGS

Current		
Loan – Western Australian Treasury Corporation	1,527	1,317
Non Current		
Loan – Western Australian Treasury Corporation	70,906	67,733
Total Loan	72,433	69,051

Terms and conditions

The Western Australian Treasury Corporation (WATC) loan is repayable, by quarterly instalments of principal and interest over 25 years in accordance with a fixed instalment repayment schedule. Apart from the contractual obligation to repay the WATC under its normal portfolio lending arrangements, the Authority has not provided any security in respect of the loan.

On completion of the multi-user infrastructure projects in November 2005, the original facility of \$75.64 million was reduced to \$73.14 million by \$2.5 million, representing the unused portion of the facility no longer required. The WATC's approved lending facility to the Authority at balance date, is as disclosed in Note 22(c).

NOTE 13: DIVIDENDS PAID

Operating dividend	478	-
Efficiency dividend	-	24
	478	24

During the financial year ended 30 June 2007, an operating dividend of \$477,669 was paid in respect of the financial year ended 30 June 2006. Subsequent to 30 June 2007 the Directors have recommended that a dividend of \$968,566, being 50% of net profit after tax, be paid.

NOTE 14: UNEARNED INCOME

Revenue received in advance of service delivery	46	78
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DAMPIER PORT AUTHORITY

Notes to and forming part of the financial statements

For the year ended 30 June 2007

NOTE 15: CURRENT TAX LIABILITIES

	2007 \$'000	2006 \$'000
Provision for current income tax	1,080	7

NOTE 16: PROVISIONS

(a) Current

Employee benefits		
Annual leave	134	97
Long service leave	127	101
	261	198

(b) Non-current

Employee benefits		
Long service leave	11	22
Total employee benefits	272	220

NOTE 17: DEFERRED TAX LIABILITIES

The provision for deferred income tax liability is made up of the following:

– Depreciation	18	2
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NOTE 18: CONTRIBUTED EQUITY

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

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

These funds are not available for distribution.

Developers Contribution	16,111	16,111
State Equity Contribution	891	891
	17,002	17,002

NOTE 19: RETAINED PROFITS

	2007 \$'000	2006 \$'000
Retained profits at the beginning of the financial year	5,187	4,255
Net profit for the year	1,937	956
Dividends paid	(478)	(24)
Retained profits at the end of the financial year	6,646	5,187

NOTE 20: REMUNERATION OF DIRECTORS AND EXECUTIVES**(a) Remuneration of Directors**

Remuneration and other benefits received or receivable from the Authority by all Directors of the Authority:

The number of Directors whose total of fees and retirement benefits received or due and receivable, for the financial year are shown in the following bands:

		Number
\$0 - \$ 9,999	1	-
\$10,000 - \$19,999	1	2
\$20,000 - \$30,000	1	1

(b) Remuneration of Executives

Remuneration and other benefits received or receivable from the Authority by the Executives of the Authority:

The number of Executives whose total salaries and retirement benefits received or due and receivable, for the financial year are shown in the following bands:

		Number
\$40,000 - \$49,999	-	1
\$160,000 - \$169,999	2	-
\$170,000 - \$180,000	2	2
\$190,000 - \$200,000	2	-
\$200,000 - \$210,000	-	1

DAMPIER PORT AUTHORITY

Notes to and forming part of the financial statements

For the year ended 30 June 2007

NOTE 21: RELATED PARTY TRANSACTIONS

(a) Directors

The names of persons who were directors of Dampier Port Authority any time during the financial year are as follows: P West, R Vitenbergs, D Yeates, W Jones, M Spreadborough, L Hamilton, J Ketteringham, R Cohen and D Rothe

(b) Remuneration and Retirement Benefits

Information on remuneration of directors is disclosed in note 20.

(c) Other Transactions with Directors and Director related entities

In terms of the Port Authorities Act 1999 (Schedule 6, Division 1), two (2) directors are nominated by companies that have contractual dealings on normal commercial terms and conditions with the Authority from time to time, being Mr W Jones (resigned), Ms L Hamilton and Mr J Ketteringham for Woodside Energy and Mr Spreadborough for Pilbara Iron.

NOTE 22: NOTES TO STATEMENT OF CASH FLOWS

	2007 \$'000	2006 \$'000
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows and Statement of Financial Position comprises the following:		
Cash at bank	803	478
Cash at call	887	4,200
Cash on hand	1	1
	1,691	4,679
(b) Reconciliation of net cash inflow from operating activities to profit after income tax		
Profit for the year	1,937	956
Depreciation	3,107	2,060
Net (gain) loss on sale of property, plant and equipment	(8)	(34)
Impairment loss	-	33
Changes in assets and liabilities		
Receivables	(1,389)	(389)
Prepayments	(1)	80
Accrued income	(11)	20
Payables	(262)	(1,033)
Unearned income	(32)	5

	2007 \$'000	2006 \$'000
Movements in provisions		
Employee benefits	52	68
Income taxes	1,073	106
Deferred income taxes	(152)	269
Net cash inflows from operating activities	4,314	2,141
(c) Financing facility		
At the date of this report, the financing arrangement available to the Authority from the Western Australian Treasury Corporation is:		
Loan facility	74,640	74,640
Amount utilised	72,433	69,050
Unused loan facility	1,767	5,590

NOTE 23: FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

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

2007	Floating Interest Rate \$000	Fixed interest maturing in 1 year or less \$000	Fixed Interest maturing 1-5 years \$'000	Fixed Interest maturing over 5 years \$'000	Non Interest Bearing \$000	Total \$000
Financial Assets						
Cash at bank	1,691	-	-	-	-	1,691
Receivables	-	-	-	-	2,822	2,822
	1,691	-	-	-	2,822	4,513
Weighted average interest rate	5.30%	-	-	-	-	-
Financial liabilities						
Payables	-	-	-	-	1,566	1,566
Borrowings from WATC	-	1,527	6,879	64,027	-	72,433
	-	1,527	6,879	64,027	1,566	73,999
Weighted average interest rate	-	6.38%	6.38%	6.38%	-	-

DAMPIER PORT AUTHORITY

Notes to and forming part of the financial statements

For the year ended 30 June 2007

NOTE 23: FINANCIAL INSTRUMENTS (continued)

2006	Floating Interest Rate \$000	Fixed interest maturing in 1 year or less \$000	Fixed Interest maturing 1-5 years \$'000	Fixed Interest maturing over 5 years \$'000	Non Interest Bearing \$000	Total \$000
Financial Assets						
Cash at bank	4,679	-	-	-	-	4,679
Receivables	-	-	-	-	1,433	1,433
	4,679	-	-	-	1,433	6,112
Interest rate	4.85%	-	-	-	-	-
Financial Liabilities						
Payables	-	-	-	-	1,828	1,828
Borrowings from WATC	-	1,317	6,123	61,610	-	69,050
	-	1,317	6,123	61,610	1,828	70,878
Weighted average interest rate	-	5.95%	5.95%	5.95%	-	-

(b) Credit Risk

The maximum exposure to credit risk at balance date on financial assets of the Company is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Balance Sheet and Notes to the financial statements.

(c) Net Fair Values

The net fair value of a financial asset or financial liability is the amount at which the asset could be exchanged or the liability settled in a current transaction between willing parties after allowing for transaction costs.

	Carrying Amount 2007 \$'000	Net Fair Value 2007 \$'000	Carrying Amount 2006 \$'000	Net Fair Value 2006 \$'000
Borrowings from WATC	72,433	67,806	69,051	67,377

The net fair value of borrowings is estimated by discounting expected cash flows at the interest rates currently offered to the Authority for borrowings of the same remaining maturities and security plus costs expected to be incurred when the liability settled.

Other than the above, the carrying amounts of financial assets and liabilities included in the balance sheet approximate their fair values due to their short terms of maturity.

NOTE 24: COMMITMENTS

	2007 \$'000	2006 \$'000
(a) Capital Commitments		
Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities payable:		
Within one year	1,475	710
Capital commitments include amounts for:		
Vehicle	47	-
Intranet Development	9	-
BLB Water Meters	115	-
Navigational Aids Mermaid Strait	1,276	-
DCW Dredging	28	-
Patio upgrade	-	66
Security upgrade	-	644
	1,475	710
(b) Operating Commitments		
Commitments for maintenance works contracted at the reporting date but not recognised as liabilities payable		
Within one year	778	600
Within one to five years	1,800	2,400
	2,578	3,000
Operating commitments include amounts for		
Concrete repairs to Dampier Cargo Wharf	2,400	3,000
King Bay Industrial Area Maintenance	178	-
	2,578	3,000

NOTE 25: LEASE REVENUE RECEIVABLE IN THE FUTURE

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

Within 1 year	464	252
Later than 1 year and not later than 5 years	1,102	682
Later than 5 years	1,388	818
	2,954	1,752

Lease commitment receivables as at the 30 June 2007 was \$3,179 (2006: \$40,604)

The Authority's leases at the King Bay Industrial Estate are leased to companies that provide essential services to the shipping industry.

DAMPIER PORT AUTHORITY

Notes to and forming part of the financial statements

For the year ended 30 June 2007

NOTE 26: CONTINGENT LIABILITY

(a) Litigation

The litigation commenced by Barclay Mowlem Construction Ltd as disclosed in the notes to the financial statements 2006 has been resolved. A compromise was reached and outlined in a settlement deed signed by both parties. The final sum was paid on 25 June 2007 and has been accounted in the current year.

(b) Contaminated Sites

Under the Contaminated Sites Act 2003, the Authority is required to report known and suspected contaminated sites to the Department of Environment and Conservation ("DEC"). In accordance with the Act, the DEC classifies these sites on the basis of risk to human health, the environment and environment values. Where sites are classified as "contamination – remediation required" or "possibly contaminated – investigation required", the Authority will have a liability in respect of investigation or remediation expenses.

The Authority reported four suspected contaminated sites, all within the De Witt Location 471, to the Department of Environment and Conservation. On 15 June 2007, the Department has classified De Witt Location 471 ("the Site") as "possibly contaminated – investigation required" after limited investigations were carried out and concentrations of contaminants have been found to exceed adopted assessment levels for marine environments. According to the Department's assessment based on information available at the time of classification, the site appears suitable for commercial/industrial use, but may not be suitable for more sensitive land uses such as residential housing and child care centres. It has also indicated that further works are required to determine the contamination status of soil, surface water and groundwater at the Site.

In light of the above, a memorial will be lodged by the Department against the Certificate of Title on the De Witt Location 471, with the Registrar of the Department of Land Information, which will record the site classification.

The site involved is occupied and used by lessees. The lease agreements require lessees to comply with all forms of environmental legislation and to address all forms of damage to the occupied leased land, including contamination. On this ground, the Directors do not believe that the Authority has to bear the financial obligations in respect of further investigation and remediation expenses for the affected site.

NOTE 27: SUBSEQUENT EVENTS

There were no events occurring after the reporting date which would impact on these financial statements.

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