

2019-20 Annual Report



Our vision:
**To be the global leader in
port planning, operations
and marine services.**

Our values:
EXCELLENCE
be the best in all we do
RESPECT
in all our dealings
INTEGRITY
operate honestly, fairly and impartially
CARE
for our environment, our staff and our community
COURAGE
do the right thing



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Statement of Compliance

To the Hon. Alannah MacTiernan MLC

Minister for Regional Development; Agriculture and Food; Ports

In accordance with Section 68 and clauses 34 and 35 of Schedule 5 of the *Port Authorities Act 1999 (WA)*, I hereby submit for your information and presentation to Parliament, the Annual Report of Pilbara Ports Authority for the financial year ended 30 June 2020.

Brad Geatches

Chair, Pilbara Ports Authority Board of Directors



Image: Port of Dampier



Pilbara Ports Authority 2019/20 Highlights



Revenue excluding Port Improvement Rate (PIR)

\$458.7 million



Total annual throughput

717.2 Mt



Number of safe vessel movements

17,061

Record monthly throughput at **Port of Port Hedland**

52.4 Mt (June 2020; exceeding 50Mt for the first time)

Total annual throughput at **Port of Port Hedland**

538.2 Mt

Total annual throughput at **Port of Dampier**

168.0 Mt

First Point of Entry compliance achieved for the ports of **Dampier** and **Port Hedland**.

More than **100** containers imported through the **Port of Port Hedland**, discharged and inspected under **new biosecurity arrangements**.

The **\$112.7** million Channel Risk and Optimisation Project successfully completed at the Port of Port Hedland, allowing port users to optimise tonnage on their vessels



\$321,300

support for local community groups, sporting and not-for-profit organisations in the Dampier/Karratha, Onslow and Port Hedland communities

Australia's first ship-to-ship LNG bunkering service licences issued to **Woodside Energy** at the ports of **Dampier** and **Port Hedland**.

Stakeholder Satisfaction Survey score increased to **85**

Pilbara Ports Authority 2019/20 Highlights

ACIL Allen report *The Economic Significance of the Port of Port Hedland* finds that the **Port of Port Hedland** supply chain:

contributed **\$54.7** billion into WA's economy and accounted for **20 per cent** of WA's Gross State Product in 2018/19

supported **one** in every **12** jobs in Western Australia

supported **10,178** direct and indirect FTE Pilbara jobs (approximately **29 per cent** of total Pilbara employment)



\$55.6 million
Hedland Tower officially opened

Successful **\$32.8** million deck replacement at Port of Port Hedland Berth 3

Image: Hedland Tower at the Port of Port Hedland



Chair's Report

In what has been a challenging and uncertain time across the globe since the outbreak of the COVID-19 pandemic, I am pleased to report strong financial and outstanding operational performance by Pilbara Ports Authority, which has seen the level of trade passing through our ports continue to grow, underpinning the critical role of the Pilbara region to the State and national economies.

The year saw a record throughput of 717.2 million tonnes through the ports of Ashburton, Dampier and Port Hedland, a three per cent increase on the previous year. Pilbara Ports Authority also achieved a profit before income tax of \$188.1 million and generated a dividend of \$111.9 million which will be returned to the State in December 2020 once declared and approved by Government.

Through close and effective engagement with government authorities, port users and service providers, port operations have continued during the pandemic with no impacts on safety or reliability. There has been a tightening of already strict biosecurity measures across our ports, reducing the risk of the COVID-19 virus entering through our ports. I thank all port users, service providers and visitors who continue to work with us to manage these risks.

We continue to work closely with the State Government to support its vision for sustainable development in the Pilbara, including job-creating economic expansion while at the same time improving amenity for communities and managing environmental impact. We continued to work closely with the Pilbara Development Commission (PDC) on a number of initiatives, including the planned Port Hedland Spoilbank Marina, the Port Hedland Voluntary Buy-Back Scheme (PHVBS) and initiatives that seek to substantially increase direct freight into and from the Pilbara.

We were pleased to be appointed lead agency for the construction phase of the Spoilbank Marina, which will not only deliver high quality facilities for recreational boaters but also an exciting new amenity for the whole community to enjoy.

Pilbara Ports Authority is well-positioned to lead the delivery of the marina, due to our experience undertaking complex capital works in the local marine and environmental conditions. During delivery, Pilbara Ports Authority will be working closely with the PDC, Town of Port Hedland and Department of Transport (DoT). More than 200 jobs are expected to be created during the construction of the project, with Stage 1 works expected to start in November 2020.

Another key initiative that Pilbara Ports Authority is supporting is the planned Port Hedland PHVBS, which seeks to provide an opportunity for residential property owners, whose properties will be subject to rezoning, to sell their properties on reasonable terms. As part of the PHVBS there are plans to develop a master plan for the precinct and progressively deliver an exciting maritime and commercial hub for the Port Hedland community, with land uses more compatible with the proximate port operations.

A new general cargo facility at Lumsden Point remains a strategic project for Port Hedland to meet demand for trade growth through the Pilbara. While Pilbara Ports Authority's existing berths can cater for general cargo demand in the short-term, the new Lumsden Point facility will be necessary to support the expected significant increase in cargo as direct freight services into the Pilbara gather momentum and scale.

Also critical will be our continuing consultation with iron ore exporting companies as we finalise plans for further investment in export capacity at Port Hedland and assess the feasibility of iron ore exports from other ports in the Pilbara.

Chair's Report

At the Port of Dampier, geotechnical investigations are underway for the extension of the Dampier Cargo Wharf. The proposed new wharf will offer a multi-user, multi-product facility capable of accommodating bulk carriers and roll-on, roll-off cargo vessels, as well as heavy-load handling. The proposed wharf extension is designed to support projects identified in the State Government's Burrup Strategic Industrial Area.

As one contribution to greenhouse gas emissions reduction, Pilbara Ports Authority was very pleased to support the State Government's push for an LNG fuelling hub in the Pilbara. The State Government announced a 50 per cent discount in port dues from 1 July 2020 for bulk vessels bunkering with LNG at Dampier and Port Hedland ports. This discount will offer significant savings to bulk vessels bunkering with LNG.

For the foreseeable future, managing the impact of the pandemic remains a significant challenge for Pilbara Ports Authority and all port users and suppliers. Despite the pandemic, we are looking forward to continuing to play our role in the prosperity of Pilbara communities and the economic development of regional WA.

I would like to express my gratitude to fellow Board members, the Chief Executive Officer, Executive team and PPA staff for their hard work and commitment that has delivered another outstanding year. I would also like to thank the Minister for Ports and Regional Development, Hon. Alannah MacTiernan MLC, for her support and guidance, and the Executive teams at the Department of Transport, the Department of Jobs, Tourism, Science and Innovation (JTSI) and the Department of Treasury for their significant contribution to the success of Pilbara Ports Authority.

Brad Geatches

Chair

Pilbara Ports Authority Board of Directors

CEO's Report

Pilbara Ports Authority continues to focus on providing a safe working environment for all our staff and contractors. A lost time injury frequency rate (LTIFR) of 1.88 was achieved and there were four lost time injuries in the year. Safety will continue to be a key improvement focus.

This year Pilbara Ports Authority reported a record total annual throughput of 717.2Mt across the ports of Ashburton, Dampier and Port Hedland. The Port of Port Hedland reported a five per cent lift in total annual throughput, to 538.2Mt. Monthly throughput at the port in June 2020 was 52.4Mt, which was a new monthly record.

The Port of Port Hedland Channel Risk and Optimisation Project (CROP) was completed in August 2019. The project, which was announced in 2016, was the final of the three Port Improvement Rate projects to be completed. The CROP improved risk mitigation options at the port and was a contributing factor to the 6.9 per cent increase in total capacity of the Port of Port Hedland, which was announced in September 2019.

The Berth 3 deck replacement also reached practical completion in August 2019, two months ahead of schedule and \$1.2 million under budget. The project was a trial under the WA Government's Western Australian Industry Participation Scheme and at least 75 per cent of the workforce were from WA's North West. Total AMS delivered the contract using 61 direct employees and more than 27 contractors.

In this year's Stakeholder Satisfaction Survey, Pilbara Ports Authority scored 85 on the Tr*im index which was an increase of eight points on the previous year. The feedback from stakeholders was that Pilbara Ports Authority has excellent processes, procedures and response to emergency situations.

In response to the COVID-19 pandemic, Pilbara Ports Authority established a steering committee and adapted operations as the situation evolved. The ports of the Pilbara have continued to operate safely and reliably throughout the pandemic.

Pilbara Ports Authority has a strong commitment to health, safety and wellbeing that extends to everyone in the port community. One of the issues that has arisen from the COVID-19 pandemic is the welfare of seafarers, many of whom are fatigued after months at sea. Pilbara Ports Authority is acting to ensure seafarers receive appropriate care.

Pilbara Ports Authority has continued to pursue a direct freight service for the Pilbara. This year, the ports of Dampier and Port Hedland were granted First Point of Entry status, biosecurity facilities were upgraded at the Port of Port Hedland, and arrangements were made for a mobile facility for the Port of Dampier. The Port of Port Hedland received further biosecurity approvals in October 2019 which facilitate new and emerging container trades.

To further support direct shipping and new trades at the Port of Dampier, Pilbara Ports Authority has explored options to enhance the capacity and functionality of the Dampier Cargo Wharf.

Total throughput at the Port of Dampier was down three per cent on the previous year, a reduction attributed to port closures due to Severe Tropical Cyclone Damien. The cyclone crossed the Pilbara coast in February 2020 and resulted in the port being closed for 90 hours.

In June 2020, the Minister for Ports announced that Pilbara Ports Authority would be the lead agency on two projects: administering the PHVBS and leading the development of a Maritime Precinct, and on the design and construction of the Spoilbank Marina at Port Hedland.

CEO's Report

I would like to thank the Minister for Ports, Hon. Alannah MacTiernan MLC, and her staff for supporting Pilbara Ports Authority in what has been a busy and accomplished year. I also extend my thanks to our other State Government stakeholders and partners: DoT, JTSI and PDC.

I thank our Chair, Brad Geatches, and the Board for their leadership and guidance. I also thank the Executive team for their diligence, contribution and support. Finally, I acknowledge and thank Pilbara Ports Authority's staff for their ongoing hard work, professionalism and commitment.

Roger Johnston

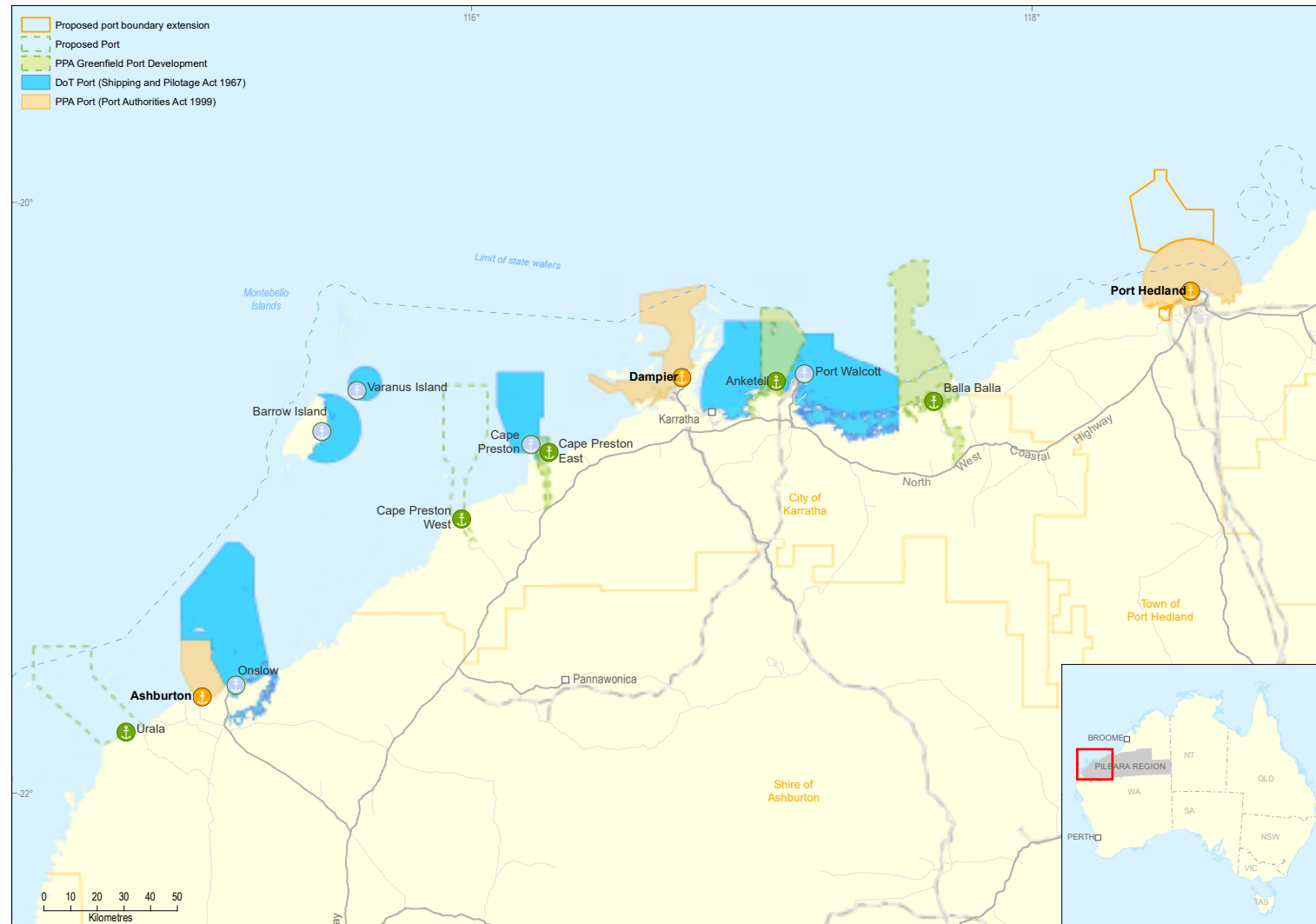
Chief Executive Officer



Iron ore vessels at the Port of Port Hedland

Organisation Profile

PORTS OF THE PILBARA



Organisation Profile

Pilbara Ports Authority is the world's largest bulk export port authority, encompassing the ports of Ashburton, Dampier and Port Hedland.

Pilbara Ports Authority will progressively assume oversight of the ports of Barrow Island, Cape Preston, Onslow, Port Walcott and Varanus Island, pursuant to the *Ports Legislation Amendment Act 2019* which was enacted in February 2019. These ports are currently administered by the DoT under the *Shipping and Pilotage Act 1967*.

New greenfield ports are planned at Anketell, Balla Balla and Cape Preston.

Pilbara Ports Authority operates as a Western Australian Government Trading Enterprise (GTE) and is governed by the *Port Authorities Act 1999* (WA) (the Act).

The ports of Dampier and Port Hedland are amongst the world's largest bulk export ports, responsible for approximately 77 per cent of Australia's, and approximately 42 per cent of the world's, seaborne iron ore exports.

Other major export commodities include Liquefied Natural Gas (LNG) and salt. Approximately 39.6 per cent of Australia's and 8.8 per cent of the world's LNG is exported through the ports of Dampier and Ashburton.

Salt exports through the ports of Port Hedland and Dampier totalled approximately 6.3Mt in 2019/20, accounting for approximately 48 per cent of salt mined in Australia, and 8.7 per cent of the world's salt exports.

In 2019/20, a total annual throughput of 717.2Mt was achieved through 17,061 safe vessel movements. Profit before income tax for the financial year was \$188.1 million, and total payments to the State were \$116.2 million, including dividends and income tax.

There are 19 operational berths at the Port of Port Hedland. Pilbara Ports Authority operates berths 1, 2 and 3 in the harbour's Eastside Operations, and the Utah Facility. BHP owns and operates eight berths, Fortescue Metals Group (FMG) owns and operates five berths and Roy Hill Infrastructure owns and operate two berths.

At the Port of Dampier, marine assets owned and operated by Pilbara Ports Authority include the Bulk Liquids Berth and the Dampier Cargo Wharf (DCW), which provides up to three berths.

Rio Tinto and Woodside Energy own and operate private port terminals; Toll and WQube also operate private facilities.

The Port of Ashburton is a multi-user facility managed by Pilbara Ports Authority. The port is located adjacent to a strategic industrial area accommodating LNG facilities and other hydrocarbon-based and natural gas processing facilities for WA's domestic gas supply.

Pilbara Ports Authority provides overall port management and coordinates Vessel Traffic Services (VTS), ship scheduling, berthing allocations for multi-user facilities and port communications. The Authority also oversees marine safety and port security, cooperating with Commonwealth Government agencies responsible for customs, quarantine and marine safety. The Authority maintains shipping channels, navigation aids and other port infrastructure, and contracts out or issues licences for stevedoring, towage, pilotage, pilot transfer helicopters and pilot boats, security services and waste management.

Pilbara Ports Authority manages 15,961ha of port land at Ashburton, Cape Preston East, Dampier and Port Hedland, and facilitates the development of land and leases to support port-related industries.

Organisation Profile

SHARED RESPONSIBILITIES

Pilbara Ports Authority has shared responsibilities with numerous Federal and State Government agencies in areas such as planning, emergency response, security and environmental management.

ROLE AND LEGISLATIVE FRAMEWORK

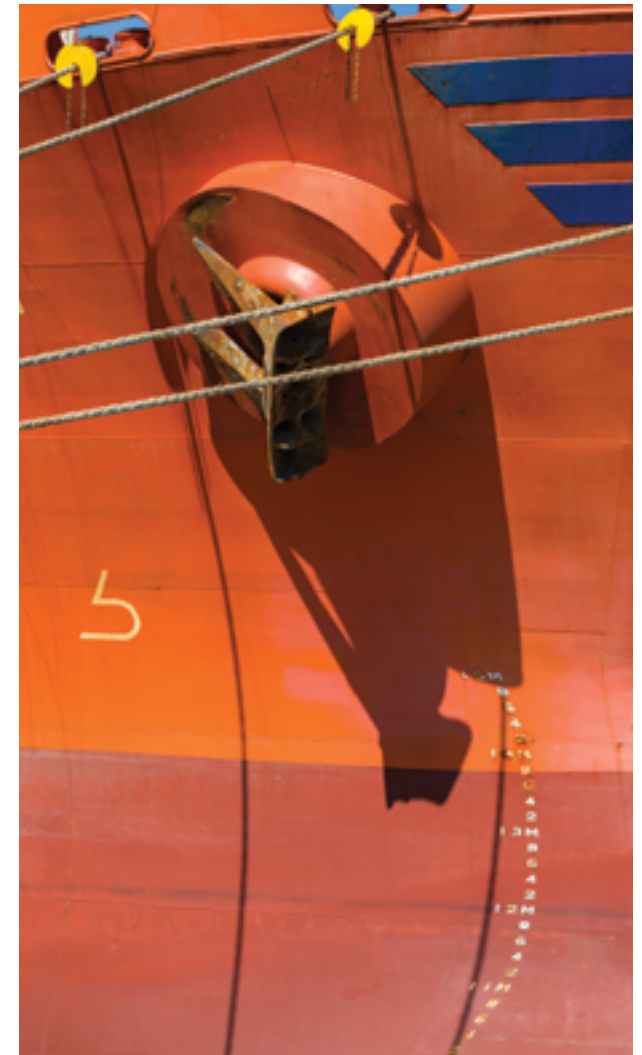
Pilbara Ports Authority operates as a Western Australian Government Trading Enterprise and is governed under the Act, which establishes the functions of the Authority and State Government reporting requirements. Pilbara Ports Authority has a duty to act on commercial principles, and is granted the power to perform the following defined functions:

- Facilitating trade within and through the ports;
- Planning for future growth and development of the ports;
- Undertaking or arranging for activities that will encourage and facilitate the development of trade and commerce generally for the economic benefit of the State through the use of its port and related facilities;
- Controlling business and other activities in its ports or in connection with operation of the ports;
- Being responsible for the safe and efficient operation of the ports;

- Being responsible for maintaining port property;
- Being responsible for port security;
- Protecting the environment of the ports; and
- Minimising the impact of port operations on the environment.

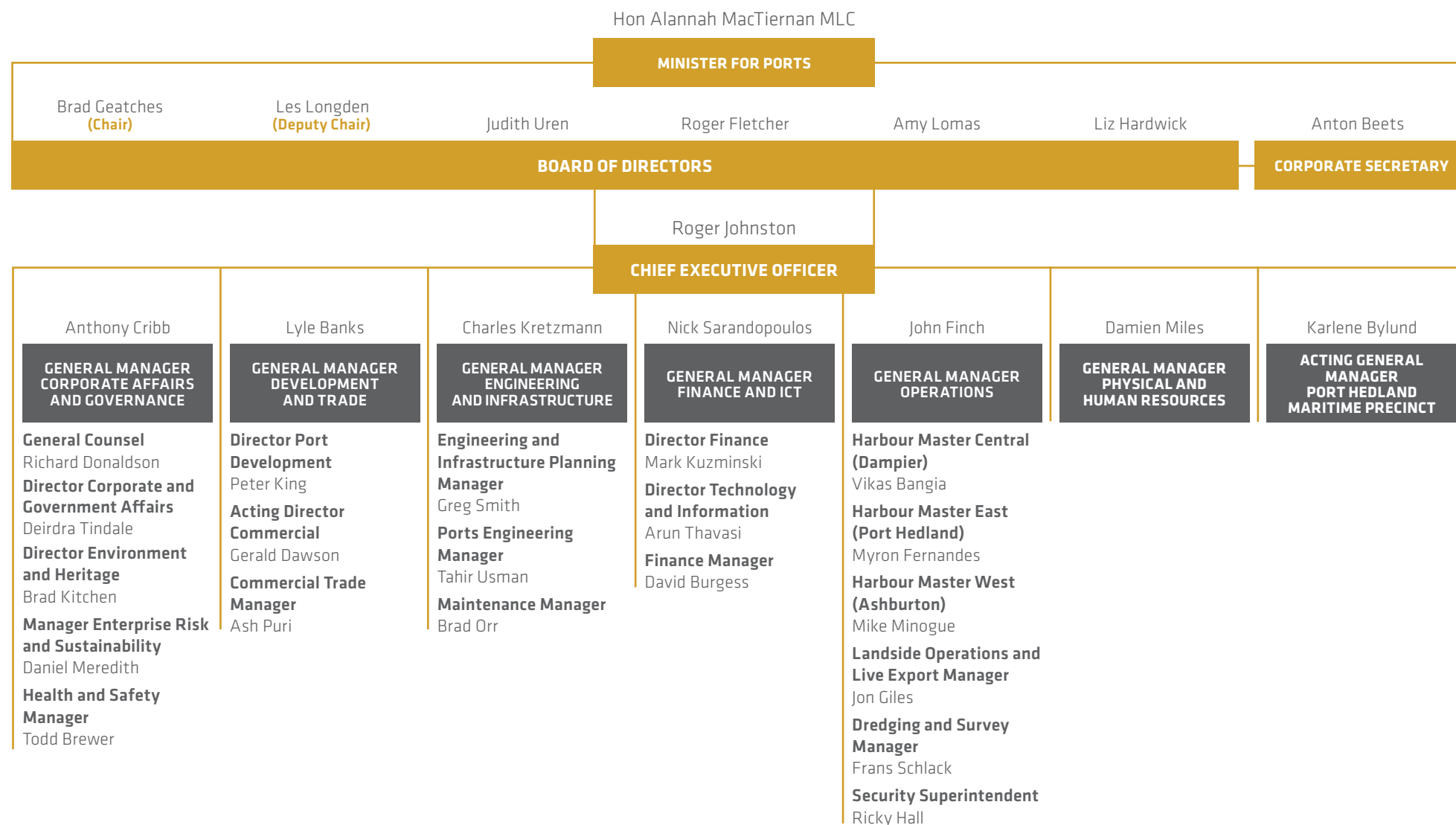
Pilbara Ports Authority operates as a commercialised entity with an independent Board of Directors reporting to Western Australia's Minister for Ports. The Board comprises up to seven directors, including a Chair, which sets strategic direction, and monitors achievements against the strategic objectives.

In carrying out its responsibilities and exercising its powers, the Board recognises its overriding responsibility to act honestly, fairly and diligently, and in accordance with the law, in serving the interests of Western Australia, Pilbara Ports Authority's employees, its port users and the community.



Port of Port Hedland

Organisation Structure



Board of Directors



CHAIR
Brad Geatches
BComm, MAICD

Mr Geatches was appointed to the Pilbara Ports Authority Board in May 2019, for a term ending 31 December 2021.

Mr Geatches brings more than 30 years' senior executive experience in underground mining, airports and seaports.

From 2007 to 2016 he was CEO of Perth Airport Pty Ltd and in that capacity led a \$1.1 billion capital investment program that greatly expanded the airport's capacity and transformed the airport's customer experience. Prior to this, he was CEO of Cairns Port Authority, the operator of the Cairns airport and seaport, and CEO of Powercoal Pty Ltd, a company operating underground mines in NSW.

He is CEO of MATES in Construction, a charity providing mental health and suicide prevention services to workers in the construction and mining industries. He is also a Director of Brisbane Airport and Perth Zoo.

He has a Bachelor of Commerce and is a member of the Australian Institute of Company Directors.



DEPUTY CHAIR
Les Longden
BEng (Hons), Grad Dip App Fin, FFIN,
FAICD

Mr Longden was appointed to the former Port Hedland Port Authority Board on 1 October 2009 and was reappointed to the Pilbara Ports Authority Board for a term expiring 31 December 2020.

He was Deputy Chair of the former Dampier Port Authority from July 2013 until its amalgamation into Pilbara Ports Authority in July 2014.

Mr Longden has more than 30 years' experience in the resources industry across a variety of development and operations roles.

He is a principal of a Perth-based engineering and project management consultancy and was previously an Executive Director of an ASX-listed oil exploration and production company.

Mr Longden is a fellow of the Australian Institute of Company Directors and a fellow of the Financial Services Institute of Australasia.



DIRECTOR
Judith Uren
BE(Hons), MEngSci, FIEAust,
CPEng(NER), CA(Life), MAICD

Ms Uren was appointed to the Pilbara Ports Authority Board on 23 May 2016 and has been reappointed for a term expiring on 31 December 2020.

Ms Uren has extensive engineering experience in the design and management of civil infrastructure works in the transport, resource and oil and gas sectors, and has substantial experience in the delivery of projects using alliance and design and construct contracts.

Ms Uren was a director of a privately-owned engineering consultancy for 16 years where her Board role included representing the company on large infrastructure projects and at industry level. She has recently joined the Board of Pritchard Francis as a non-executive director.

Ms Uren is a fellow of Engineers Australia, a WA Branch Executive Committee member and life member of Consult Australia and a member of the Australian Institute of Company Directors.

Board of Directors



DIRECTOR
Roger Fletcher
B App Sc, MOHS, GAICD

Mr Fletcher was appointed to the Pilbara Ports Authority Board on 1 February 2018 and, in accordance with the Act, remained as a director as at 30 June 2020.

He has more than 25 years' international and Australian experience in the oil and gas industry and public infrastructure in a variety of corporate, operations, shipping services, exploration, development and project roles. This includes senior leadership roles in major capital projects, global businesses, a Government Trading Enterprise, and operations in regional Western Australia and the North West.

With extensive experience in environment, health and safety, risk, approvals, community and stakeholder engagement, he holds a Bachelor of Applied Science from Curtin University, Master of Occupational Health and Safety from the University of Sydney and is a Graduate of the Australian Institute of Company Directors.



DIRECTOR
Amy Lomas
BEcon (Hons), MAICD

Ms Lomas was appointed to the Pilbara Ports Authority Board on 1 July 2018 and has been reappointed for a term expiring on 31 December 2021. She is an economist with more than 17 years' experience in consulting and public sector roles in Western Australia.

As Executive Director Strategic Policy at the former Department of State Development she was responsible for State development policies relating to energy security, infrastructure, competition, royalties, mining and petroleum. Previous positions in the Western Australian Department of Treasury included Director Economic and Revenue Forecasting and advisor to former Treasurer, the Hon Eric Ripper MLA.

Ms Lomas joined PwC in 2018 and is an Associate Director in the Infrastructure and Urban Renewal team. She is Vice Chair of the board of Treetops Montessori and International Baccalaureate School and a member of the Economic Society of Australia. She holds a Bachelor of Economics with Honours from Murdoch University and is a member of the Australian Institute of Company Directors.



DIRECTOR
Liz Hardwick
BA, LLB, GAICD

Ms Hardwick was appointed to the Pilbara Ports Authority Board on 1 January 2019 for a term expiring on 31 December 2021.

She has more than 20 years' legal and commercial experience. A qualified practising lawyer, she has national and international experience gained in law firms, acting for both government and the private sector. She is a consultant of a legal and board advisory business and was previously the General Counsel Asia Pacific for a global oil and gas provider in the subsea industry. She held this position for 11 years.

Ms Hardwick holds a Bachelor of Arts (History and Politics), Bachelor of Laws and is a Graduate of the Australian Institute of Company Directors.

Executive Team



CHIEF EXECUTIVE OFFICER
Roger Johnston
BSc, MAICD

Mr Johnston was appointed CEO of the former Port Hedland Port Authority by the Minister for Transport in January 2012, and in 2015 was reappointed as CEO of Pilbara Ports Authority to 30 June 2022.

He brings with him 40 years' experience as a senior Executive and Company Director and is responsible for leading the Executive to deliver on strategic directives. Mr Johnston has previously held senior leadership roles with a number of multinational and logistics companies.

He holds a Bachelor of Science Degree, is a Board Member of Ports Australia and is a member of the Australian Institute of Company Directors.



GENERAL MANAGER OPERATIONS
Captain John Finch
MBA, MC1

Captain Finch is General Manager of Operations, holding the position with Port Hedland Port Authority since 2011. He is a Master Mariner and holds a Master of Business Administration in Maritime Management.

Mr Finch has more than 35 years' experience in marine, regulatory and port management roles and brings extensive knowledge and operational expertise to Pilbara Ports Authority.

Previously, he was Harbour Master in a number of Queensland ports. Mr Finch has held senior port operations and regulatory positions after serving approximately 15 years on international and coastal vessels in various marine industry sectors.



GENERAL MANAGER CORPORATE AFFAIRS AND GOVERNANCE
Anthony Cribb
BA, LLB, MAICD

Anthony Cribb joined Pilbara Ports Authority as General Manager Corporate Affairs and Governance in May 2019.

Mr Cribb has more than 20 years' experience as a senior executive in national energy infrastructure businesses and in the upstream oil and gas sectors. He has significant experience in risk management and corporate governance functions, including legal, access regulation, enterprise risk management, risk and assurance and OHS&E, in listed and unlisted companies.

He has acted as company secretary, has held directorships, and been responsible for liaising with State and Federal governments on a range of policy and legislative reforms.

Mr Cribb holds a Bachelor of Arts and Bachelor of Laws from Queensland University, a Diploma of Spanish as a Foreign Language from the University of Zaragoza and is a member of the Australian Institute of Company Directors.

Executive Team



GENERAL MANAGER DEVELOPMENT AND TRADE

Lyle Banks

BEng(Hons), MLaw Melb GDipBus
AMC, GAICD

Mr Banks joined Pilbara Ports Authority in 2013 and is responsible for port development, industrial lands and commercial trade across all port sites.

He has extensive national and international experience in port planning and development in the private and public sectors and managed several private port expansion projects in Dampier and Port Hedland before joining Pilbara Ports Authority.

He has held management roles in planning, development and environment at Fremantle Ports and has represented ports on government and industry committees. Mr Banks was appointed Chair of Port Hedland Industries Council (PHIC) in 2019.

Mr Banks holds a Master of Laws and Bachelor of Engineering from the University of Melbourne, a Diploma in Business (Port and Terminal Management) from the Australian Maritime College, and is a Graduate of the Australian Institute of Company Directors.



GENERAL MANAGER FINANCE AND ICT

Nick Sarandopoulos

B.Com, CA, Grad Dip App Fin, MBA,
GAICD

Mr Sarandopoulos has been the General Manager of Finance and ICT since August 2014.

He is an experienced financial professional with extensive financial, treasury and commercial management expertise. He has worked in several major ASX-listed companies in the transport and mining sectors in the past 20 years.

Before joining Pilbara Ports Authority, Mr Sarandopoulos was National Finance Manager at Toll in its Energy division for seven years.

Mr Sarandopoulos holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia. He is a Chartered Accountant and holds a postgraduate qualification in Advanced Finance and Investment with the Financial Securities Institute. He is a Graduate of the Australian Institute of Company Directors.

In 2018, Mr Sarandopoulos was awarded the Finance Practitioner of the Year Award from the WA Institute of Public Administration Australia.



GENERAL MANAGER ENGINEERING AND INFRASTRUCTURE

Charles Kretzmann

BSc (Civil Engineering), BComm

Mr Kretzmann joined Pilbara Ports Authority as General Manager Engineering and Infrastructure in October 2017.

He is a Civil Engineer with more than 30 years' experience in planning, design, construction, project and program management for public and private sector organisations.

Before joining Pilbara Ports Authority, Mr Kretzmann held several roles at the Water Corporation over 16 years, including Asset Manager for the North West Region and, more recently, as program manager and project director based in Perth. His portfolio included major construction projects, refurbishment and retrofitting programs, strategic wastewater programs and an advisory role for irrigation projects.

He holds a Bachelor of Science (Civil Engineering), a Bachelor of Commerce degree and a post graduate qualification in Environmental Management.

Executive Team



GENERAL MANAGER PHYSICAL AND HUMAN RESOURCES

Damien Miles

MEthics&LegStud (Bus), BSW (Hons),
Grad Cert IHS, Adv Dip Mgt

Mr Miles has responsibility for human resources, physical resources including fleet, office and housing, payroll, industrial relations, and training and development. He joined Port Hedland Port Authority in 2010 as the Human Resources Manager and was the Director responsible for the Pilbara Ports amalgamation. He has 20 years' experience in the human resources and human services sectors.

He holds a Masters in Ethics and Legal Studies (Business). He also holds a Bachelor of Social Work with Honours, an Advanced Diploma in Management, a Graduate Certificate in Integrated Human Studies and is a Graduate of the Australian Institute of Company Directors.

In 2016, he was awarded the Human Resource Management Practitioner of the Year Award from the WA Institute of Public Administration Australia.



ACTING GENERAL MANAGER PORT HEDLAND MARITIME PRECINCT

Karlene Bylund

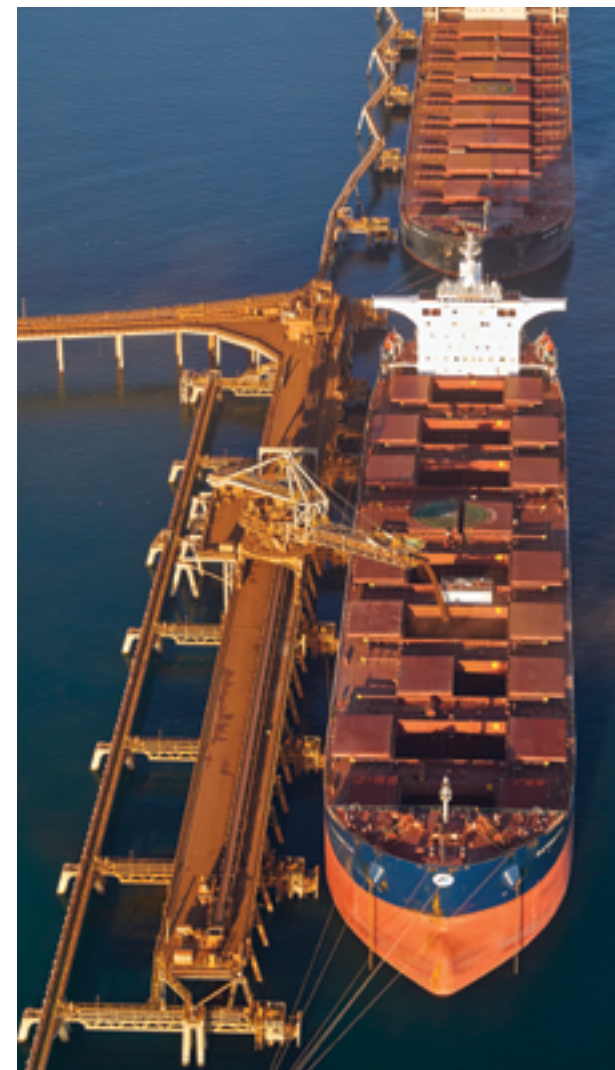
B.Com, GAICD

Ms Bylund joined the Port Hedland Port Authority in March 2010 and has served as Pilbara Ports Authority Director Commercial since October 2017.

Ms Bylund has extensive experience in commercial management and corporate governance. Her experience as commercial lead includes critical infrastructure and service provider projects and she was the commercial lead on Australia's first LNG ship-to-ship bunkering licences.

Before joining Pilbara Ports Authority, Ms Bylund held roles with several State Government agencies and Government Trading Enterprises where her responsibilities included financial, physical resources and operations management.

Ms Bylund holds a Bachelor of Commerce from Curtin University, an Associate Diploma of Business (Accounting), a Diploma of Project Management, and is a Graduate of the Australian Institute of Company Directors.



Port of Dampier

Key Business Results

FINANCIAL AND NON-FINANCIAL KEY PERFORMANCE INDICATORS

RESULTS WITH TARGETS

Pilbara Ports Authority's three strategic pillars are Trade Facilitation, Sustainability, and Business Excellence. Achievement against these objectives is measured through performance targets. These targets also monitor financial performance.

ECONOMIC RESULTS		
FINANCIAL	FY TARGET	FY RESULTS
Rate of Return on Assets (%) excl. PIR	10.4%	10.7%
Economic Rate of Return (%) excl. PIR	11.6%	11.2%

TRADE RESULTS		
PORT TRADE (tonnes)	FY TARGET	FY RESULTS
Port of Dampier	187,387,000	167,960,508
Port of Port Hedland	544,045,034	538,163,588
Total port trade	742,032,000	717,231,507

VESSEL VISITS	FY TARGET	FY RESULTS
Port of Ashburton	189	225
Port of Dampier	3,353	3,373
Port of Port Hedland	3,181	3,097
Total vessel visits	6,723	6,695

SYSTEMS AND INDUSTRY BEST PRACTICE

	FY TARGET	FY RESULTS
Lost Time Injury Frequency Rate	1.54	1.88
Environmental Protection Notices (s 65 EP Act)	≤3	0

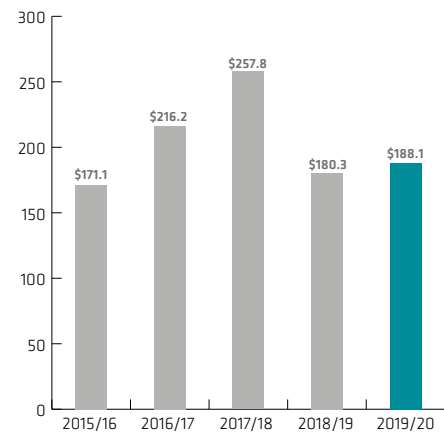
COMMUNITY ENGAGEMENT AND CUSTOMER SATISFACTION

	FY TARGET	FY RESULTS
Stakeholder Satisfaction Survey results	≥70	85
Number of Community Consultation Committee (CCC) meetings held	8	7

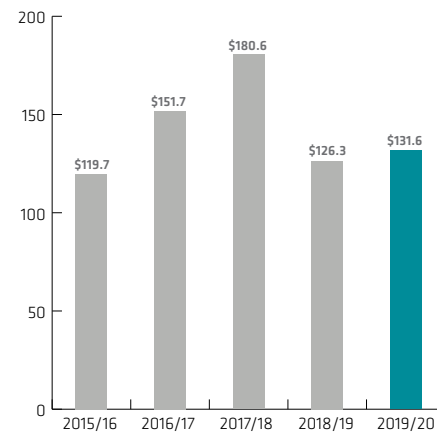
Performance Highlights

FINANCIAL PERFORMANCE

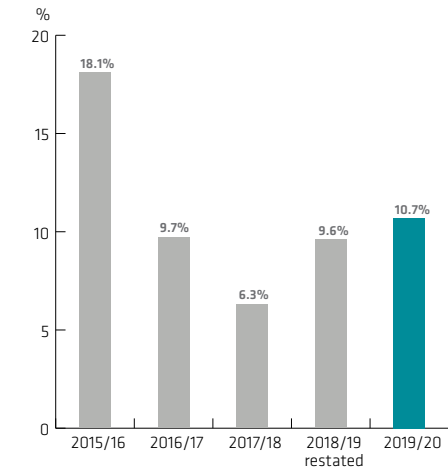
Profit before income tax



Net profit after tax

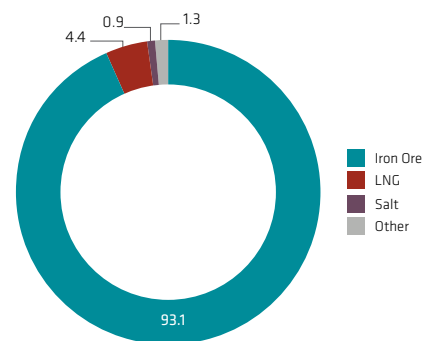


Return on assets

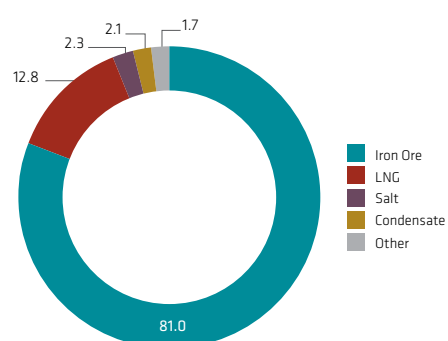


TOTAL THROUGHPUT

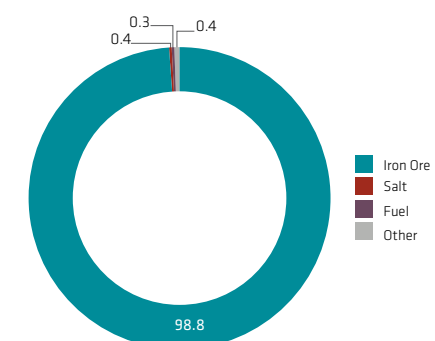
Pilbara Ports Authority total throughput by commodity %



Port of Dampier by commodity



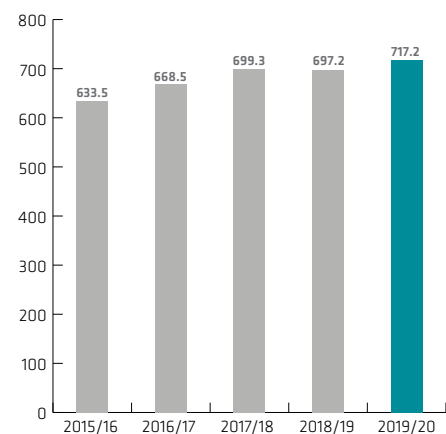
Port of Port Hedland by commodity



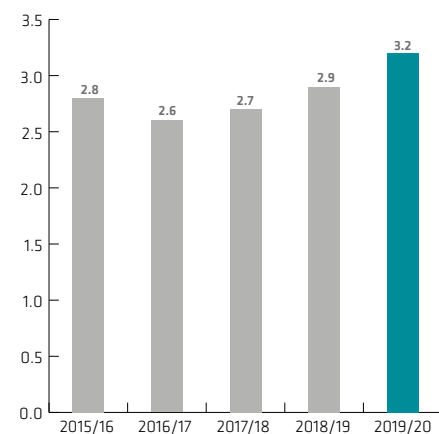
Performance Highlights

PPA THROUGHPUT (MILLION TONNES)

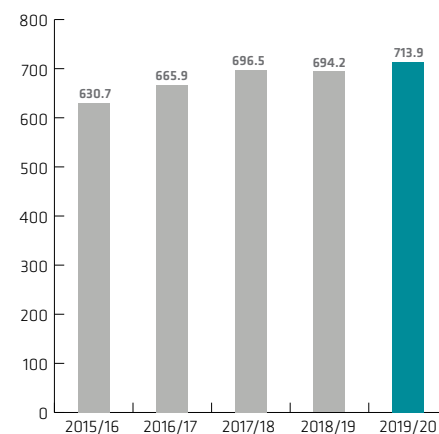
PPA total throughput



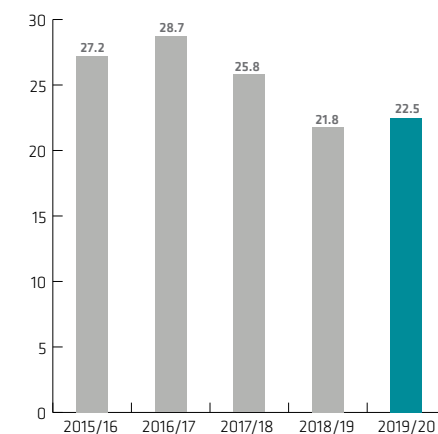
PPA total imports



PPA total exports

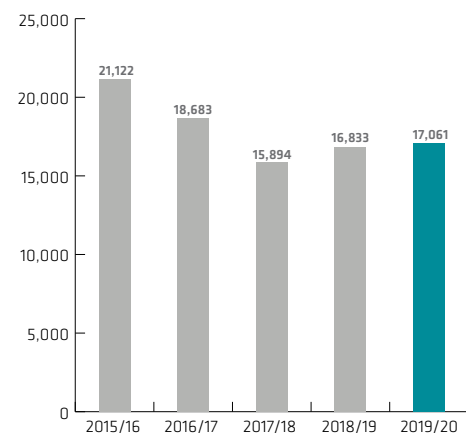


Throughput across PPA's four berths at Port of Port Hedland

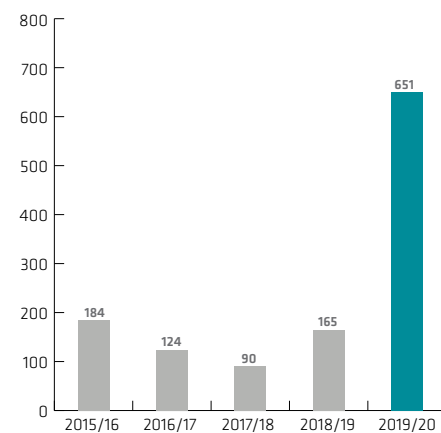


VESSEL MOVEMENTS

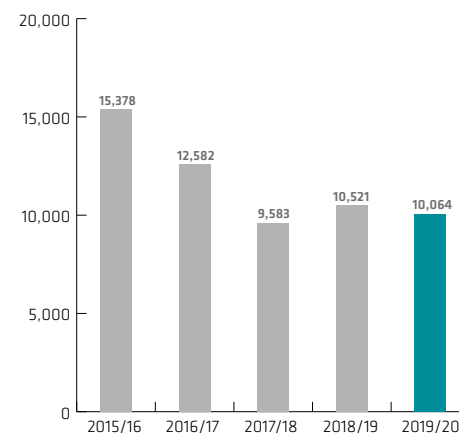
Total vessel movements



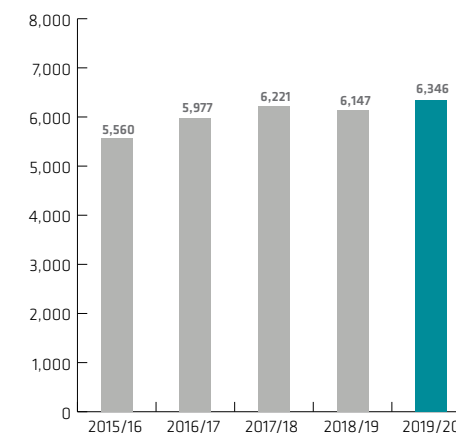
Port of Ashburton



Port of Dampier



Port of Port Hedland



Performance Against Government Goals

PERFORMANCE MANAGEMENT FRAMEWORK

The following tables demonstrate how Pilbara Ports Authority's objectives and results align with what the WA State Government seeks to deliver for Western Australians.

STATE GOVERNMENT GOAL	PILBARA PORTS AUTHORITY'S STRATEGIC THEMES	OBJECTIVES	RESULTS
A strong economy <i>Creating jobs and repairing the State's finances</i>	Appropriate financial returns to the State	Continue high quality and reliable bulk commodities port services	Record throughput across the ports resulting in increased dividends and royalties Port capacity modelling identified an increase in Port of Port Hedland capacity to 617Mtpa Robust incident management and business continuity planning processes and exercises to ensure preparedness Safe Ships-Safe Ports Forum attended by more than 200 delegates from more than 50 shipping companies Maintained VTS accreditation across all PPA managed ports, in accordance with the Australian Maritime Safety Authority requirements
		Continuous business improvement and operational efficiency	Salary Strategy accords with Government Wages Policy and provides appropriate limits on salary levels at recruitment
		Embed robust port pricing policies and processes	Utah pricing discount to maintain Utah volumes

Performance Against Government Goals

STATE GOVERNMENT GOAL	PILBARA PORTS AUTHORITY'S STRATEGIC THEMES	OBJECTIVES	RESULTS
<p>Regional prosperity</p> <p><i>Delivering stronger regional economies</i></p>	<p>Regional prosperity and development</p>	<p>Maximise regional benefits through management of existing and future ports</p>	<p>Progress in development of new ports at Balla Balla, Cape Preston and Urala to further facilitate trade</p>
		<p>Grow direct Pilbara freight links</p>	<p>Biosecurity approvals and washdown infrastructure completed at ports of Dampier and Port Hedland in preparation for first port of call arrivals</p>
		<p>Validate existing and future infrastructure capacity and capability and identify infrastructure replacement requirements</p>	<p>Port capacity modelling identified an increase in Port of Port Hedland capacity to 617Mtpa</p>
		<p>Invest in optimal general and bulk cargo port infrastructure at Dampier, Onslow and Port Hedland (Lumsden Point)</p>	<p>Berth infrastructure repairs</p> <p>New equipment at the Port of Ashburton</p> <p>Environmental and heritage approvals are in place and Pilbara Ports Authority has carried out the first stage of dredging and reclamation works in support of the Lumsden Point development in the Port of Port Hedland</p>
		<p>Strengthen collaboration with Pilbara Development Commission and local governments on regional development</p>	<p>CCC meetings held at each port community allow a forum for two-way communication</p> <p>Spoilbank Marina Taskforce representation as part of the Marina project</p>
		<p>Pursue better outcomes for Aboriginal people through employment opportunities and understanding of culture</p>	<p>Support for the Public Sector Aboriginal Traineeship Scheme</p> <p>Drafting of the 2020-2022 Diversity and Inclusion Strategy is in progress. The strategy acknowledges the Authority's ongoing commitment to building a diverse and inclusive work environment.</p> <p>Aboriginal procurement policy</p> <p>Financial and in-kind support for Aboriginal events and initiatives through the Community Support Initiative (CSI)</p> <p>Continued capacity-building relationships with Aboriginal rangers</p>

Performance Against Government Goals

STATE GOVERNMENT GOAL	PILBARA PORTS AUTHORITY'S STRATEGIC THEMES	OBJECTIVES	RESULTS
Regional prosperity <i>Delivering stronger regional economies</i>	Improve organisation capability	Catalyse new trade development through enhanced business development capability	Organisation re-structure to include a Business & Trade unit Development of trade inquiries app Establishment of General Manager Terminal Operations position
		Plan for and resource SPA port integration	Establishment of Varanus Island working group, chaired by Pilbara Ports Authority VTS Infrastructure erected at Port Walcott in advance of formal transfer of responsibility
		Support regional employment	Commitment to regional residential workforce with no FIFO arrangement Capital projects progressed during a broader lull in construction activity Preference towards local maintenance contractors at Dampier, Onslow and Port Hedland provides a source of sustained employment for local businesses Regional Price Preference in procurement processes in accordance with the State Supply Commission Buy Local Policy Requirements of the <i>Western Australian Jobs Act 2017 (WA)</i> and the Western Australian Industry Participation Strategy (WAIPS) incorporated into tendering process Berth 3 deck replacement project volunteered as a WAIPS pilot project

Performance Against Government Goals

STATE GOVERNMENT GOAL	PILBARA PORTS AUTHORITY'S STRATEGIC THEMES	OBJECTIVES	RESULTS
A bright future <i>Improving the health, wellbeing and education of our children</i>	Improve organisation capability	Support youth employment opportunities	<p>Introduction and expansion of training and career opportunities for young people including marine cadetship, university graduate program, apprenticeships, traineeships and student vacation work</p> <p>Participation at Hedland and Karratha career events</p> <p>Funding of education and career initiatives – including STEM programs – run by schools and community groups</p> <p>Further intake of marine cadets in 2019/20 brings program total to four students</p> <p>Pilbara Ports Authority hosts school visits to the ports, provides speakers to school events, and offers work experience and university student vacation work</p> <p>Pilbara Ports Authority's school-based traineeship provides incentive to local students to stay in school and achieve Year 12 ATAR</p>
		Promote community safety	<p>Support for community safety initiatives through the Staff Community Grant program</p> <p>Annual Recreational Vessel Safety campaign improves awareness of recreational craft users within the port operating environment.</p>

Performance Against Government Goals

STATE GOVERNMENT GOAL	PILBARA PORTS AUTHORITY'S STRATEGIC THEMES	OBJECTIVES	RESULTS
<p>A liveable environment</p> <p><i>Ensuring a sustainable future by linking homes to transport, conserving land and reducing waste</i></p>	<p>Optimal land use planning and environmental management in Pilbara Ports Authority ports</p>	<p>Review port land use masterplans</p>	<p>Updated land use masterplans for the ports of Dampier and Port Hedland</p>
		<p>Support Infrastructure WA in preparing a 20-year State Infrastructure Strategy</p>	<p>Pilbara Ports Authority strategic asset management plan</p>
		<p>Integrate land use planning, delivering optimal outcomes for port & Town of Port Hedland</p>	<p>Pilbara Ports Authority has been appointed as administrator of the PHVBS covering the West End of Port Hedland and will also be responsible for the redevelopment of the area into a maritime precinct.</p>
		<p>Support WA Government's PHVBS</p>	<p>On 12 June 2020 the Government announced that Pilbara Ports Authority is to be the administrator of the PHVBS covering the West End of Port Hedland and will also be responsible for the redevelopment of the area into a maritime precinct.</p>
		<p>Contribute to WA Government's Spoilbank Marina policy initiative through Pilbara Ports Authority expertise and participation</p>	<p>Pilbara Ports Authority has been tasked with delivering the construction of the Spoilbank Marina. Construction is to occur in two stages. Stage Two will commence once environmental approvals are secured.</p>
	<p>Port industry sustainability</p>	<p>Support shipping emissions reduction through port policies and environmental sustainability initiatives including emission studies and alternative fuels (LNG, Hydrogen)</p> <p>Support battery metals and hydrogen strategies and initiatives</p>	<p>Foundation member of LNG Marine Fuel Institute (LNG-MFI)</p> <p>Licences issued for truck-to-ship and ship-to-ship LNG bunkering</p> <p>Facilitate export of lithium concentrate through amended licence conditions</p>

Performance Against Government Goals

STATE GOVERNMENT GOAL	PILBARA PORTS AUTHORITY'S STRATEGIC THEMES	OBJECTIVES	RESULTS
<p>A liveable environment</p> <p><i>Ensuring a sustainable future by linking homes to transport, conserving land and reducing waste</i></p>	<p>Port industry sustainability</p>	<p>Identify opportunities to reduce the environmental footprint of port operations and activities</p> <hr/> <p>Manage dust emissions from licensed premises through innovation and planning controls</p>	<p>Mangrove Mates education programs and mangrove nursery development</p> <p>Environmental and heritage management plans and processes</p> <p>Employee participation and support for environmental clean ups</p> <p>Pollution prevention and response arrangements</p> <p>Recycling initiatives</p> <p>Collaborative State-Wide Array Surveillance Program (SWASP)</p> <hr/> <p>Foundation member of the Port Hedland Industries Council (PHIC), which brings together port users so there is a consistent and comprehensive approach to shared issues such as air quality and dust.</p>

TRADE FACILITATION

To facilitate trade through the Pilbara for the benefit of the State and our customers



Image: Dampier Cargo Wharf at the Port of Dampier





Developing a LNG Bunkering Hub in the Pilbara

ISSUE:

The International Maritime Organisation has been reducing the permitted sulphur emissions from ships since 2005. On 1 January 2020 new fuel regulations came into effect, which limit the sulphur in fuel oil, with the aim of reducing greenhouse gas emissions from the international shipping industry.

LNG is an alternative marine fuel which meets the new IMO requirements and produces lower emissions. LNG is considered to be a transition fuel as the international shipping industry works towards clean hydrogen and other carbon-free fuels.

The ports of the Pilbara are located near extensive LNG processing infrastructure. It was identified that a Pilbara LNG bunkering hub could create up to 125 jobs in the Pilbara, including skilled mariners and support administration. Pilbara Ports Authority has been working to capture the benefits of the fuel change, to benefit the Pilbara and the State of Western Australia.

APPROACH:

In Western Australia, bunkering services in a port are regulated by the Act and can only be provided under a licence issued by the port authority.

A small number of LNG-fuelled vessels operate in the Pilbara and, in January 2017, Pilbara Ports Authority granted a truck-to-ship LNG bunkering licence to EVOL-LNG to service the Port of Dampier. Regular LNG bunkering operations have been ongoing since that time.



LNG transport vehicle alongside the LNG-operated offshore support vessel, *Siem Thiima*, at the King Bay Supply Base in the Port of Dampier. Image courtesy of Woodside



In April 2020 Pilbara Ports Authority issued Australia's first ship-to-ship LNG bunkering service licences to Woodside Energy for the ports of Dampier and Port Hedland. The licences incorporate competency and standard requirements to ensure LNG bunkering of vessels will be conducted safely and efficiently at Pilbara Ports Authority's ports.

OUTCOME:

LNG marine fuel will play a significant role in the shipping industry achieving the IMO 2050 50 per cent net emission target. The use of LNG as a transition marine fuel is one way to help reduce greenhouse gases on large iron ore carriers and other shipping using the ports of the Pilbara.

The licences with Woodside Energy were the first of their kind in Australia, and are a significant step towards establishing an LNG bunkering hub for bulk vessels in the Pilbara.

As a further incentive to support a Pilbara LNG bunkering hub, a 50 per cent discount in port dues is being offered to bulk vessels that bunker with LNG at a Pilbara port. The discount comes into effect on 1 July 2020 and will remain in place for five years.

Minister for Ports, Hon. Alannah MacTiernan MLC, said that major resources companies had already tendered for LNG-fuelled bulk vessels to carry iron ore from the Pilbara, and were beginning negotiations about where to bunker those ships.

“We’ve moved quickly to capitalise on this opportunity before our competitors in South East Asia claim the mantle,” Minister MacTiernan said.

“Importantly, a Pilbara LNG Bunkering Hub provides the platform for Western Australia to become the region’s major renewable hydrogen producer and fuelling stop, driving down carbon emissions from shipping and creating a whole new industry for the Pilbara.”

Performance Against Our Objectives

GREENFIELD PORTS

Pilbara Ports Authority continues to progress new port developments at the greenfield sites of Anketell, Balla Balla and Cape Preston.

Pilbara Ports Authority is working with other government agencies on land assembly and port declaration processes for the future proposed deep-water multi-user multi-commodity Port of Anketell, 30km east of Karratha. At the proposed ports of Balla Balla and Cape Preston, water depths will limit the facilities to transhipping operations.

Port of Balla Balla

Significant progress has been made towards the development of the Port of Balla Balla. In March 2020 a joint venture was formed between the foundation proponent, BBI Group Pty Ltd, and Flinders Mines, to develop an integrated infrastructure solution involving rail and port facilities.

Pilbara Ports Authority subsequently issued planning approvals to BBI Group for general infrastructure, roads, rail, materials handling and marine infrastructure at the port.

Crown Reserves for 'port purposes' have been created and the port reserves have been placed under management of Pilbara Ports Authority. The re-declaration of the Port of Balla Balla under the Act will commence in 2020.

Port of Cape Preston East

The Port of Cape Preston East has environmental approval to be developed as a multi-user iron ore and salt export transhipping port.

Pilbara Ports Authority is working with Leichhardt Industrials to establish port infrastructure at the Port of Cape Preston East for the export of salt from its Eramurra Salt Project.

A Crown Reserve for 'port purposes' has been completed on the land-side and the port reserve has been placed under management of Pilbara Ports Authority. Work is underway with DoT to extend the port waters to provide for transhipping sailing routes and offshore anchorage areas for ocean going vessels. The declaration of the Port of Cape Preston East under the Act will commence in 2020.

Port of Cape Preston West

Pilbara Ports Authority is working with BCI Minerals to develop a greenfield port at Cape Preston West for the export of salt from its Mardie Salt and Potash Project. Land assembly processes to create new reserves for port purposes have commenced and are expected to be finalised by mid-2021.

SHIPPING AND PILOTAGE ACT PORTS

The *Ports Legislation Amendment Act 2019* was enacted on 26 February 2019 to facilitate the transfer of ports that are currently regulated under the *Shipping and Pilotage Act 1967* to be managed under the *Port Authorities Act 1999*.

The Port of Varanus Island is planned to be the first port transferred to Pilbara Ports Authority. A working group, chaired by Pilbara Ports Authority, is currently progressing the legislative process in consultation with DoT and the port operator, Santos Ltd.

The ports of Barrow Island, Cape Preston, Onslow and Port Wallcott will be transferred to Pilbara Ports Authority in future years.

DAMPIER CARGO WHARF & DAMPIER LANDSIDE REDEVELOPMENT

Pilbara Ports Authority is exploring options to enhance the capacity and functionality of general cargo facilities in the Port of Dampier. The DCW was constructed in 1983 and extended in 1995/96. A floating deck extension was added in 2015 and decommissioned in 2019.

Design work is underway for a seaward extension of the DCW to improve functionality of the wharf and enhance the lifting capacity of sections of the deck. The design includes a 20m deck extension and a new mooring dolphin at the northern end to allow larger vessels to berth at the DCW.

Performance Against Our Objectives

Plans have also progressed to develop a new land-backed wharf at the southern end of the DCW, to support projects proposed in the Burrup Strategic Industrial Area and provide opportunities for new shipping services to call at the port.

The proposed new wharf will provide multi-user, multi-product capability to accommodate Supramax size bulk carriers, cruise ships and general cargo vessels. It will also incorporate a heavy load section in the deck and additional laydown area behind the wharf to handle roll-on/roll-off and container ships that call at the port.

Geotechnical investigation works have commenced for the new multi-user facility and will be followed by detailed design works.

LUMSDEN POINT GENERAL CARGO FACILITY

A new general cargo facility and logistics hub at Lumsden Point in the Port of Port Hedland's inner harbour remains a strategic priority for Pilbara Ports Authority. Environmental and heritage approvals are in place and Pilbara Ports Authority has carried out the first stage of dredging and reclamation works in support of the development.

The first stage of dredging of the approach channel, turning basin and two general cargo berths achieved an average depth of -8.4m. Dredge material was used to reclaim additional industrial land, reducing further development costs.

Pilbara Ports Authority sought proposals from the private sector to build, own and operate Lumsden Point in its entirety. This process concluded in 2019 without appointing an operator for the facility and alternative arrangements are being explored for the infrastructure to be developed in stages.

The next stage of development is proposed to involve construction of the port access road and services corridor to provide a number of leasehold areas. This will allow for staged development of the logistics hub, including facilities such as container packing and unpacking, warehousing, storage for chemical, fuel and mineral concentrate and trucking and transport services.

The site is adjacent to the Great Northern Highway, connecting the berth and cargo handling infrastructure to the region's major road networks.

CAPITAL PROJECTS

The capital project portfolios support projects that provide fit-for-purpose assets, and other sustaining capital activities at the ports. There were 59 active projects in the reporting period, of which 14 were completed. Significant value was achieved through completion of:

- Port Hedland Berth 3 deck replacement
- Hedland Tower
- A permanent biosecurity facility at the Port of Port Hedland
- Bulk Liquids Berth power back-up
- Security gatehouse upgrades
- Expanding the met-ocean sensor network
- Rehabilitation works to Utah Road
- Office rehabilitation works
- Stockyard lighting improvements at the Utah Bulk Handling Facility.

The minor capital portfolio contains 45 active projects. Total expenditure on all minor capital projects during the reporting period was \$18.46 million.

Performance Against Our Objectives

UTAH ROAD

Utah Road is the sole access for road trains delivering bulk products to the Utah Facility at the Port of Port Hedland. The road is being upgraded in stages to suit operational requirements; the first two stages were completed in previous years.

Stage 3 commenced in mid-June 2019 and was completed during the reporting period, by West Australian company DeGrey Civil Pty Ltd. The works rehabilitated 1.27km of the Utah Road pavement, including construction of a cement stabilised sub-base, a foamed-bitumen stabilised crushed rock base and an asphalt wearing course.

Utah Road remained open during the works. Each day approximately 760 quad road trains and 1000 light vehicles were routed through the construction zone.

Stage 4 of the works is the last significant stage and is due to commence in mid-2020. Stage 4 will rehabilitate a 1.2km stretch of the road. The \$4 million contract was awarded to AllRoads Pty Ltd in May 2020.



Rehabilitating Utah Road, Port Hedland

Performance Against Our Objectives

BERTH 3 DECK REPLACEMENT

Berth 3 at the Port of Port Hedland is a common-user facility that is primarily used for the export of salt and the import of fuels and general cargo. In December 2018 Total AMS Pty Ltd was awarded the contract for the Berth 3 Deck Replacement project which included replacing the concrete deck, installing new wharf fenders and other ancillary works.

Onsite construction works were successfully completed on 7 July 2019, and the practical completion certificate was issued on 16 August 2019, approximately nine weeks ahead of schedule and 2.9 per cent below the approved budget.

The project was a pilot program under the WA Industry Participation Strategy and almost 75 per cent of the project workforce came from the Pilbara, Kimberley and Gascoyne areas.

Pilbara Ports Authority worked closely with port users to ensure minimum impact to port operations during the project.

DREDGING

Pilbara Ports Authority conducts maintenance dredging to maintain its existing assets, and capital dredging as part of new projects.

Maintenance Dredging

Pilbara Ports Authority conducts its maintenance dredging in accordance with long-term dredge management plans and associated sea dumping permits, which are issued by the Commonwealth Department of Agriculture, Water and the Environment (DAWE) under the *Environment Protection (Sea Dumping) Act 1981*.

Pilbara Ports Authority carried out maintenance dredging from May to August 2019 in each of its operating ports, to maintain navigable depths. The maintenance dredging campaigns were carried out earlier than usual to address the effects of TC Veronica on the Port of Port Hedland shipping channel.

Volumes dredged:

- Port of Port Hedland 381,608 m³;
- Port of Dampier 8,749 m³; and
- Port of Ashburton 64,571 m³.

Capital Dredging

Pilbara Ports Authority successfully completed the CROP at the Port of Port Hedland in August 2019. The project improved risk mitigation options at the port. It also delivered additional export capacity and opportunity for customers, by safely increasing the draft of bulk carriers departing from the port. The project included provision of an emergency passing lane alongside most of the outer main channel, two deep water refuge zones and the removal of key high spots in the inner harbour and channel.

The penultimate stage of the CROP dredged 863,946 m³ of hard materials with a Cutter Suction Dredge. The total quantity of dredged materials from all stages of the CROP was 3,088,830m³, 177,170 m³ below the total allocated Sea Dumping Permit quantity of 3,266,000 m³.

Upon completion of the penultimate stage, the dredge was mobilised to Broome.

The remaining stage of capital dredging will be carried out in 2020/21. No other capital dredging was carried out by Pilbara Ports Authority during 2019/20.

Performance Against Our Objectives

TRADE AND BUSINESS

Pilbara Ports Authority continues to work with existing and prospective customers to progress trade opportunities through its ports.

During the reporting period, the Authority has worked extensively with mining and resources companies to facilitate the import of project cargo for new mine and rail developments, gas processing facilities and other downstream processing facilities. Proposed industrial salt and potash projects to Asian markets are also being progressed and liaison is ongoing with potential suppliers regarding proposals to export sand and construction materials to Singapore.

The Pilbara also holds world-class reserves of battery metals and has an immense supply of renewable solar energy. Pilbara Ports Authority is supporting trade and business developments and initiatives in these areas.

Battery Metals

Lithium concentrate exports through the Port of Port Hedland have been consistent during the reporting period. Existing customers have introduced and exported new and upgraded lithium concentrate products. The lithium market is forecast to improve in the 2021/22 financial year and throughput is planned to increase.

Pilbara Ports Authority continues to work with the next wave of mineral exports associated with battery metals, including copper, lithium and manganese, all of which are exported from the Port of Port Hedland.

Increased mineral processing in the Pilbara will also result in new and increased demand for imports of soda ash, caustic soda and sulphuric acid.

Renewable Energy

There has been an increase in solar, wind and hydrogen power generation projects in the Pilbara as mining companies work towards reducing their carbon footprint in support of decreasing Australia's emissions by 2030.

The infrastructure for these projects is imported through containerised cargo and oversized modules. Pilbara Ports Authority is engaging with existing customers and energy providers to assess infrastructure requirements to facilitate this trade.

DIRECT FREIGHT SHIPPING

Pilbara Ports Authority continues to pursue opportunities for shipping services directly linking the Pilbara to Asia and has consulted extensively with industry and Government to promote increased international connectivity for container freight, break bulk and roll on/roll off cargo.

The Port of Port Hedland received its first roll on/roll off vessel to the Port of Port Hedland in mid-2019, providing industry with a faster and more cost-effective way of importing directly into the Pilbara.

Pilbara Ports Authority is also progressing plans with international shipping companies to commence a regular direct container shipping service into Dampier and Port Hedland.

BIOSECURITY ACT 2015

On 22 November 2019, the ports of Dampier and Port Hedland were granted First Point of Entry status, after Pilbara Ports Authority successfully completed a Department of Agriculture approvals process to comply with the Commonwealth *Biosecurity Act 2015*.

The approval opens doors to more direct shipping opportunities in the future by giving importers certainty that they can import containers and other general cargo through the Pilbara. The upgrades were undertaken in a staged manner.

At the Port of Port Hedland, biosecurity facilities were upgraded to include a wash bay, and the cargo inspection and fumigation processes were improved. The Port of Port Hedland was approved as a Biosecurity Class 1.1 Approved Arrangement Facility on 28 October 2019, which will further facilitate new and emerging container trades.

Performance Against Our Objectives

A mobile biosecurity facility will be relocated to the Port of Dampier and Pilbara Ports Authority is reviewing landside arrangements at the port, including relocation of sheds and laydown areas to be compliant with biosecurity requirements and facilitate similar new and emerging container trades.

DYNAMIC PORT CAPACITY MODELLING

During the reporting period Pilbara Ports Authority announced a 6.9 per cent increase in potential shipping capacity at the Port of Port Hedland.

The modelled port capacity is now 617Mtpa, which represents a 25 per cent increase on the 495Mtpa in the 2010 Ultimate Port Development Plan.

The re-calculation is due to Pilbara Ports Authority's continued investment in the port, including ongoing development of the Dynamic Port Capacity Model. The model provides an algorithmic based discreet even simulation model that accurately reflects the port operating environment.

The model is used to predict ultimate port capacity and factors that can determine operational efficiencies, providing certainty and opportunity for all major port proponents.



Roll on/roll off vessel Sierra Nevada Highway calls at the Port of Port Hedland

Performance Against Our Objectives

HYDROGRAPHIC SURVEYS

During the reporting period Pilbara Ports Authority carried out annual hydrographic surveys at each of its ports. The surveys capture the status of depths in all navigable areas and the results determine the need and extent of any maintenance dredging.

Additional surveys were carried out at the ports of Dampier and Port Hedland after the passing of Tropical Cyclone Damien, to monitor impacts of the cyclone. The surveys showed the navigable depths in the ports were not adversely affected.

Changes to the system that underlies Australia's location information are scheduled to be implemented nationally on 1 July 2020. The changes will bring Australia's national latitude and longitude coordinates into line with global satellite positioning systems. To address the changes, Pilbara Ports Authority has embarked on an engagement campaign with internal and external stakeholders. The shift will affect all historic and future survey data and designs and, if not controlled, could create significant risks to infrastructure.

Pilbara Ports Authority operates a meteorological and oceanic (metocean) network in each of its ports, and uses software to accumulate, display and archive captured data.

During the reporting period the metocean networks were augmented with an additional suite of equipment at beacon E3 in the Port of Port Hedland, to provide real time data at the port's entry, and at beacon 09 in the Port of Dampier, to provide additional real time metocean data near the DCW.

SECOND TOWAGE SERVICE PROVIDER FOR PORT OF PORT HEDLAND

Pilbara Marine Pty Ltd, a subsidiary of FMG Ltd, commenced offering towage services at the Port of Port Hedland in September 2019 following construction of a new tug haven at Anderson Point, delivery of eight new tugs and training of qualified personnel to meet Pilbara Ports Authority's requirements. The second towage service provider was entered into service seamlessly with no impact to port operations.

An extensive procurement process commenced in 2014 seeking interest from potential towage operators to build new tug pens and supply new tugs as part of the delivery of the service at Port Hedland.

Pilbara Marine Pty Ltd was selected as the second towage service provider and the arrangements include a long-term lease for the tug haven located at Anderson Point, and the execution of a long-term non-exclusive service provider's licence for towage services.

PORT HEDLAND RECEIVES SECOND HELIONIX HELICOPTER

The second, latest-generation marine transfer helicopter was delivered to Port Hedland on 9 April 2020 and was entered into service immediately on arrival.

The Eurocopter Type H135P3 Helionix is fitted with state-of-the-art safety features including the latest Helionix Avionics system, auto hover recovery button, four-axis auto pilot system, Helicopter Terrain Awareness and Warning System and the Helicopter Emergency Egress Lighting System.

The introduction of the second helicopter into service has allowed standardisation of the fleet which further enhances safety and reliability outcomes for the service.

More than 90 per cent of marine pilot transfer operations at the Port of Port Hedland are conducted by helicopter.

Image: Iron ore loads at the Port of Dampier



SUSTAINABILITY

To manage the ports' growth and operation while respecting the Pilbara's community, environment and heritage

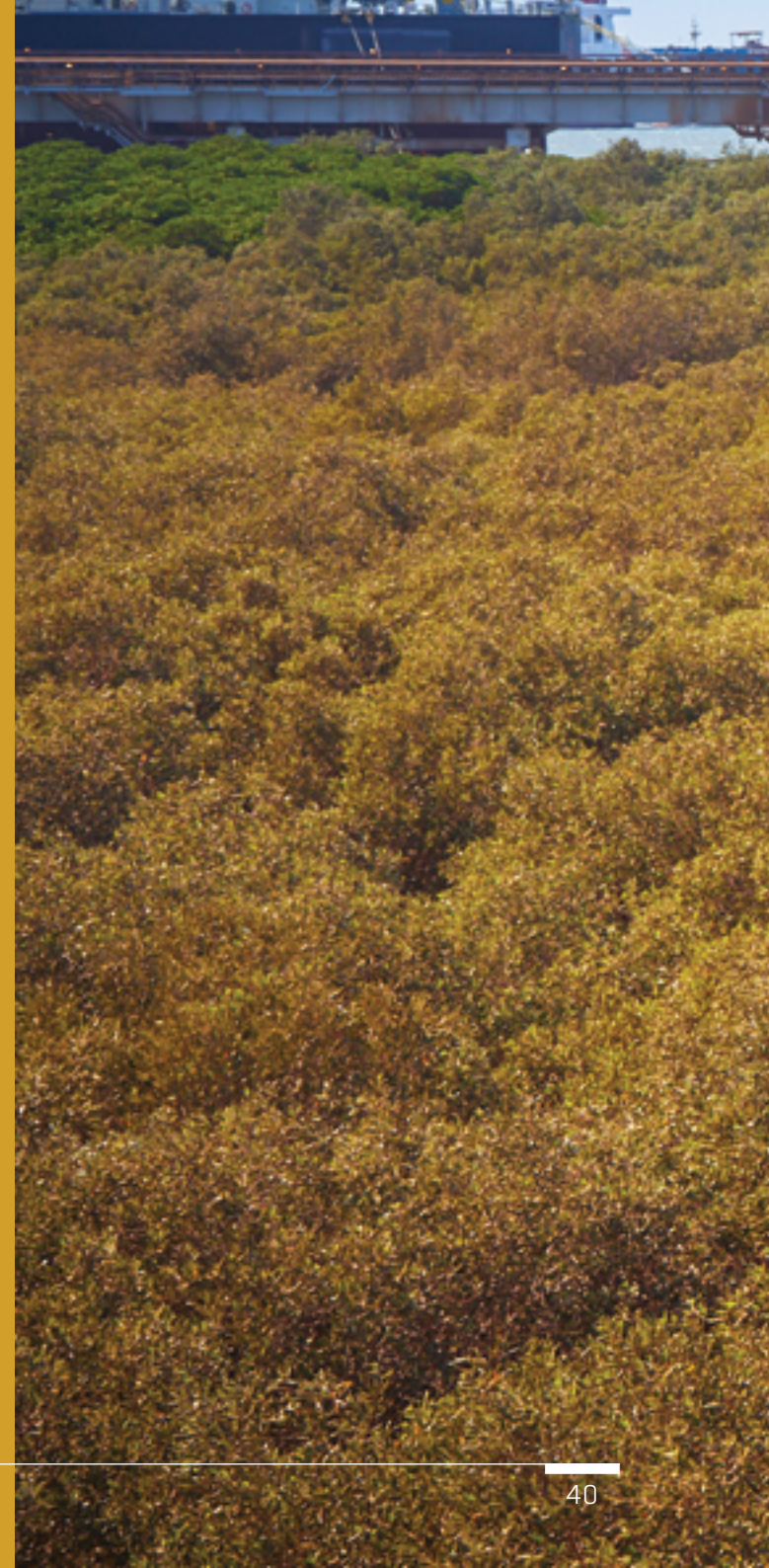




Image: Monitoring station in the mangroves at the Port of Port Hedland



Sustainable Development Goals



The United Nations' Sustainable Development Goals

A FOCUS ON SUSTAINABILITY

Pilbara Ports Authority recognises its role in ensuring the continued sustainability of the Pilbara, and that sustainability affects all aspects of port business.

Sustainability has been one of Pilbara Ports Authority's goals for some time, but the Authority is seeking to benchmark efforts against other ports and formalise its sustainability evaluation processes. The goal is to integrate sustainability throughout the business, so it is a critical part of the decision-making process.

During the reporting period Pilbara Ports Authority initiated a four-step project to achieve this goal.

The first step in the project involves a strategic gap analysis to assess corporate strategies, policies and general processes.

In 2020/21 the project will continue with a materiality assessment to capture stakeholder views on the most important issues, and strategy development including the sustainability vision for the organisation, short and long term strategies and targets.



Pilbara Ports Authority has adopted the United Nations' Sustainable Development Goals which form a globally recognised framework for implementing and assessing sustainable development, and which are supported throughout the global port industry.

The Authority has also categorised its sustainability initiatives into four themes:

- People – As an organisation, ensuring the health, safety and wellbeing of Pilbara Ports Authority's people is at the forefront of everything it does. Through robust governance and ongoing learning, the Authority strives to create an engaged, diverse and positive organisational culture that values the contribution made by all employees.
- Planet – Pilbara Ports Authority aims to reduce the impact of its operations on the surrounding environment and manage the effects of the environment on its infrastructure and operations. Through leading environmental management at Pilbara Ports Authority's operations, the Authority is committed to minimising impacts on the environment in which it operates.
- Prosperity – Pilbara Ports Authority's role is to help ensure the continued sustainability of the Pilbara by facilitating and expanding trade in the region. Trade diversity and growth are essential to allowing the Authority's business to deliver efficient and sustainable economic prosperity.
- Partnerships – Through partnerships with stakeholders, Pilbara Ports Authority aims to enable responsible growth within the Pilbara region. Pilbara Ports Authority stakeholders include community, industry, research, indigenous, government and education groups.

Performance Against Our Objectives

PEOPLE



SAFETY

Pilbara Ports Authority values the wellbeing and safety of everyone involved in the delivery of port services. The Executive and Board have high safety performance expectations, and employees and all stakeholders have an important role in the safety process.

Pilbara Ports Authority strives to continuously improve its safety framework and systems and the effectiveness of this framework is tested, measured and reported regularly.

In continuing its pursuit of excellence in safety management, during the reporting period Pilbara Ports Authority introduced improvements in safety leadership, fatigue management, vendor and contractor management, lightning preparedness and response and control verification.

In the financial year Pilbara Ports Authority recorded four lost time injuries, resulting in a 12-month rolling LTIFR of 1.88 against a target of 1.54. This figure includes all employees, contractors and licensees.



Muster point at the Port of Dampier

Performance Against Our Objectives

COVID-19 RESPONSE

One of the most significant challenges faced by Pilbara Ports Authority during the reporting period was continuing safe and efficient operations while adapting to the COVID-19 pandemic.

Marine Operations Preparedness

At the outset of the pandemic, the Authority implemented an assessment process for accepting vessels arriving into its ports in order to manage the risk of contamination. The process uses a risk-based approach aligned with the requirements of the WA State Government and those of Australian Border Force (ABF), the DAWE established under the *Biosecurity Act 2015* and associated regulations and reporting obligations.

The process includes:

- requiring vessel masters to complete a questionnaire relating to the health of the crew before arrival in port waters;
- a communications protocol involving relevant Government agencies in the event that there is a suspected case of COVID-19 amongst any of the vessel's crew; and
- facilitating regular meetings between local shipping agents, WA Police, WA Health, ABF, DAWE and AMSA to discuss any updates to processes in relation to vessel arrivals as well as any learnings from specific events. This ensures consistent information is disseminated amongst all parties.

Business Continuity Response

The Authority has a Business Continuity Plan (BCP) which has been in place for many years. In accordance with the BCP, Pilbara Ports Authority convened an incident management team to address the impact of the COVID-19 pandemic on the business.

The team has met regularly and reported to the Authority's executive. It has monitored developments in government directives, assessed the effectiveness of current controls and plans, and endorsed actions relating to business continuity, including changes to employment working arrangements. It has addressed all aspects of Pilbara Ports Authority's response to the pandemic, including managing the risk of contamination and its spread, and other business continuity matters. The team has also been responsible for the communications strategy during the pandemic, dealing with communications to government, staff and the maritime industry.

The BCP has been updated to reflect some of the challenges posed by the pandemic. These have been reflected in a management plan developed specifically for COVID-19.

Operational Response

Shipping operations have continued as planned across all of Pilbara Ports Authority's ports since the pandemic was declared. In addition to the operational preparedness measures, the Authority introduced a number of additional measures including:

- Pilbara Ports Authority engaged extensively with WA Police for travel clearances for personnel providing essential services, such as marine pilots and helicopter crew; and
- The Bio-Security Declaration under the WA Emergency Management Act resulted in the cessation of seafarer shore leave. Pilbara Ports Authority worked with the Port Hedland Seafarers Centre and a number of port service providers to arrange alternative delivery of groceries and personal items, and for the delivery of care packs to the vessel-bound crews.

Pilbara Ports Authority has engaged extensively with its stakeholders since the declaration of the pandemic. Port users were regularly updated about any changes required to port operations to accommodate the pandemic response.

Performance Against Our Objectives

Health & Safety Response

Pilbara Ports Authority used its mature safety systems together with the broad skill sets and experience within the organisation to adapt and respond to the pandemic.

Pilbara Ports Authority developed response plans that safely addressed the interaction with vessels arriving from foreign ports, improved health and hygiene practices for its workforce and managed the safe interaction between the ports and communities. Pilbara Ports Authority's first consideration in responding to COVID-19 was, and continues to be, people.

EMPLOYEE ENGAGEMENT & WELLBEING

Pilbara Ports Authority implemented a new employee engagement arrangement during the reporting period. The Gallup engagement approach methodically connects employee perceptions and business outcomes. The approach provides surveying and analysis, and research-backed advice for managers and teams to build engagement.

The survey found Pilbara Ports Authority's overall satisfaction score was 3.79 out of a maximum score of five. Managers have reviewed their team scores and worked with their teams to implement action plans.

Pilbara Ports Authority's employee engagement and wellbeing activities are identified in the Employee Value Proposition. Activities from the reporting period include:

- Two individual employee recognition awards;
- One team recognition award recognising the outstanding work of the Information and Communication Technologies team during the COVID-19 pandemic;
- Development of a retention incentive framework;
- Accidental Counsellor training with Relationships WA;
- Partnering with the Port Hedland Well Women's Centre to support 16 Days in WA to Stop Violence Against Women;
- Relocation to new modern offices in Perth;
- Modernisation of the administration building at the Port of Port Hedland;
- Increased provision of sit-stand desks and Varidesks across the business;
- A review and update of corporate uniform arrangements.

16 DAYS OF ACTION

In 2019 Pilbara Ports Authority supported the WA State Government's campaign to raise awareness and educate West Australians on what they can do or say to end violence against women.

The 16 Days in WA to Stop Violence Against Women started on 25 November and ended on 10 December. Pilbara Ports Authority promoted the initiative in internal and external communications, created '16 Days' hard hats, and hosted events for employees and community.

COMMITMENT TO TRAINING

Leadership Training

Pilbara Ports Authority's Leadership Development Program is the Authority's flagship training program with internal events including leadership presentations, scenario exercises and an annual Leadership Forum. During the reporting period, there were 12 active leadership plans tailored to suit each participant. External activities include participation in the Leadership WA Rising Star program, Australian Institute of Company Directors Course, Harbour Masters Diploma and a Graduate Certificate of Human Resources Management.

All-Staff Training

Pilbara Ports Authority's training framework ensures all employees receive the base level of training, and refresh, required to undertake their work safely and effectively. There are 43 minimum training courses, including the Working With Respect Program. Pilbara Ports Authority recorded 100 per cent compliance with minimum training requirements at the end of the reporting period.

Performance Against Our Objectives

Phase 2 of Pilbara Ports Authority's Learning Management System implementation was completed this year, refining approval workflows and migrating existing operational needs training records.

School Leavers and Graduates

Pilbara Ports Authority provides training and employment opportunities for young people through its marine cadetships, school-based traineeships, apprenticeships, graduate programs, and Aboriginal traineeships.

In the reporting period Pilbara Ports Authority welcomed:

- One electrical apprentice;
- One mechanical apprentice;
- One Public Sector Commission Aboriginal trainee;
- One school-based trainee working in an administrative role;
- Two school-based trainees working in trades roles; and,
- Two marine cadets.

MARINE CADETSHIPS

Pilbara Ports Authority's marine cadetship is a fully-mentored career pathway that offers the sailing experience and land-based training necessary to attain an International Deck Watch Keeper qualification.

Following the recruitment and placement onboard international vessels of the first two marine cadets (one each from Port Hedland and Dampier) in previous years, Pilbara Ports Authority commenced the process for the recruitment of two new marine cadets in 2019/20. Both the marine cadets recruited have completed their high school studies at Port Hedland Senior High School and were residents of Port Hedland at the time of their recruitment.

Pilbara Ports Authority has partnered with Anglo Eastern Ship Management (AESM) to provide the newest cadets with the opportunity to gain the required sea time, eventually enabling them to get their international marine qualifications. FMC has also provided support by offering an opportunity for the marine cadets to be initially placed on an FMC vessel operated by AESM.

HARBOUR MASTER CAPABILITY

Pilbara Ports Authority's investment in formal benchmarking and assessment of its marine professionals positions the Authority as world leaders in Harbour Master capability.

Individuals and teams are assessed against international benchmarking standards: the UK Port Marine Safety Code, Harbour Master Occupational Standards and Harbour Master formal qualifications.



Marine cadet Ben Hobart

Performance Against Our Objectives

Pilbara Ports Authority is the only Australian port authority to conduct such an assessment against a recognised international standard, which is testament to the continual improvement focus of the marine function and aligns with the Authority's strategic focus of providing world-class safe and efficient port marine operations.

DIVERSITY & INCLUSION

Pilbara Ports Authority's Diversity and Inclusion Strategy acknowledges the importance of, and the Authority's ongoing commitment to, building a diverse and inclusive workforce.

Pilbara Ports Authority prepared its latest Diversity and Inclusion Plan in June 2020. The plan outlines how a consistent approach to diversity and inclusion is rolled out across all parts of the organisation.

The Strategy includes new initiatives and acknowledges the established activities already in place, which include:

- Skills training with the Murujuga Land and Sea Unit Rangers;
- Cultural and Heritage Awareness training and Working with Respect training;
- Acknowledgement and promotion of multicultural events, NAIDOC Week, Harmony Day, and Ramadan; and

- 14 weeks paid parental leave, with flexible return to work plans.

Diversity and inclusion results are reported to the Executive twice each year.

CULTURAL HERITAGE

Pilbara Ports Authority maintains a Cultural Heritage Management Plan, which outlines how the organisation operates its port facilities while protecting and managing Aboriginal, historical and maritime cultural heritage values. The plan has a tiered approach which focuses on the principles of avoidance, mitigation and management.

The biennial review of the plan was completed in early 2020. The review process included consultation with 23 individual groups such as Traditional Owners, industry and government agencies. The revised plan is available on Pilbara Ports Authority's website.

Initiatives from the plan during the reporting period included:

- The addition of an Engagement and Reconciliation Scorecard to Pilbara Ports Authority's Cultural Heritage Management Plan. The scorecard details Pilbara Ports Authority's past achievements and presents commitments for engagement and reconciliation for the future two years;



Murujuga petroglyph

Performance Against Our Objectives

- Continued participation in the Murujuga Rock Art Stakeholder Reference Group in partnership with Traditional Owners, government, industry and community stakeholders. The reference group is assisting in the development and implementation of the Murujuga Rock Art Strategy as it applies to the Dampier Archipelago, including Murujuga;
- Delivery of Cultural Heritage Awareness training to Pilbara Ports Authority staff across all locations. The program is compulsory for all staff and has been well-received. Based on the success of the initial training delivered in 2019/2020, Pilbara Ports Authority has developed a more detailed and location-specific cultural awareness training program which will be delivered in mid-2020 in partnership with Traditional Owner groups local to each port. The training content emphasises heritage values within each port, the meaning and significance of these values to Traditional Owners and the processes for engaging with Traditional Owners. The training is being targeted to specific roles within Pilbara Ports Authority.

ORGANISATIONAL CAPABILITY

Projects and programs delivered during the reporting period:

- The annual Critical Role Assessment, and subsequent planning, was completed in June 2019;
- The most recent Workforce Plan was approved in September 2019. The plan created 11 new permanent positions and insourced one previously outsourced role. Four fixed term positions were made permanent, four positions were relocated, three vacant positions were removed, five positions were upgraded and one position was reduced in level;
- Selection and due diligence was completed on a new recruitment management system that will bring together advertising, video interviews, psychometric testing, and candidate management;

- Salary arrangements remain structured via the Authority's salary strategy and relevant enterprise agreements, which incorporate the Western Australian Government Wages Policy; and
- A Physical Resources Framework and associated processes were implemented in line with recommendations from a Physical Resources Internal Audit. Pilbara Ports Authority manages and maintains 153 residential properties – 42 owned and 111 leased – and a fleet of 132 light vehicles to meet operating requirements at its regional sites.

Performance Against Our Objectives



ENVIRONMENTAL MONITORING AND MANAGEMENT PROGRAMMES

Pilbara Ports Authority implements comprehensive environmental monitoring programs to understand the impacts port operations have on the marine and landside environments, and to guide the implementation of environmental management programs that ensure these impacts are minimised. Some programs are regulated by the statutory approvals and permits held by Pilbara Ports Authority, while others have been developed to inform and improve the overall understanding of the environment in which Pilbara Ports Authority operates. Some of the monitoring programs include:

- Mangroves: mapping the extent and monitoring the health of mangrove communities within the ports of Ashburton, Dampier and Port Hedland;
- Groundwater: water quality sampling and testing across a network of groundwater monitoring bores at the ports of Dampier and Port Hedland;
- Marine sediment: annual marine sediment quality sampling and testing at the ports of Ashburton, Dampier and Port Hedland which is used to support and inform future maintenance dredging campaigns, Commonwealth sea dumping permit applications and further develop the Authority's understanding of trends in regional sediment quality;
- Marine pests: bi-annual implementation of the SWASP marine biosecurity surveillance across the ports of Ashburton, Dampier and Port Hedland;
- Air quality: Pilbara Ports Authority's air quality monitoring network in Port Hedland is operated and maintained by experienced third-party consultants. Real-time boundary monitors at the Utah Facility monitor the concentration of dust at five or 10-minute intervals except during cyclones, maintenance events or monitor faults. Further analysis is conducted through High Volume Air Samplers at the Utah Facility and Eastern Operations, which identify the concentration of dust and specific metal concentrations within that dust;
- Marine water quality: quarterly sampling and testing is undertaken by Pilbara Ports Authority at ten sites in the Port of Dampier and adjacent Dampier Archipelago to build understanding of the port's marine environment, including natural processes;
- Surface water quality: sampling and testing of stormwater and surface water to inform management and improve stormwater quality discharges at the ports of Dampier and Port Hedland;
- Weeds: comprehensive biennial weed surveys and targeted management of weeds are completed across port lands in Ashburton, Dampier and Port Hedland;
- Vertebrate pests: management of feral cat and fox populations across port land in Dampier and Port Hedland is carried out to protect the local turtle populations and other native species;
- Exotic pest species: targeted pest management programs are implemented quarterly at Ashburton, Dampier and Port Hedland operational facilities as part of First Point of Entry biosecurity requirements; and
- Emissions: a pilot project was initiated in April 2020 to investigate and report air emissions from commercial shipping activities at the Port of Dampier.

Performance Against Our Objectives

DAMPIER SHIPPING AIR EMISSIONS STUDY

Pilbara Ports Authority has initiated a project to investigate and report air emissions from shipping activities at its ports. A pilot study is being undertaken at the Port of Dampier to develop a model which will estimate the emissions from commercial shipping caused by the combustion of bunker fuels.

The study will be the first of its kind in Western Australia and, if successful, could set a new benchmark for determining real-time vessel emissions in WA ports. This provides an opportunity to benchmark vessel emissions against other emission sources, and to measure incremental improvements that could arise from the International Maritime Organisation's mandated reduction in fuel sulphur levels.

In April 2020, Pilbara Ports Authority commenced work on developing an air emissions inventory for commercial shipping within the Port of Dampier in partnership with a third-party management and environmental assessment company. Using a proprietary platform, registered users will obtain estimates of emissions from commercial ships operating within a defined area. The platform uses positioning data from commercial vessels, combined with known vessel operating parameters including engine power and loading, to calculate exhaust emissions.

The data can be used to develop emission estimates for each vessel and vessel class, while performing activities such as transiting, at berth, or at anchor.

The project will be delivered in two stages:

- Delivery of a shipping air emissions inventory for the 2018/19 financial year as the baseline survey; and
- An updated shipping air emission inventory for the 2019/20 financial year to assess expected reductions in specific emissions as a result of low-sulphur fuel requirements. Annual inventories may be considered in the second stage depending on the baseline survey results.

Consideration will be given to extending the air emissions inventory for commercial shipping within the Authority's other ports.

ENVIRONMENTAL AWARENESS PROGRAMMES

Vertebrate Pest Management Programme

Ongoing management of vertebrate pests – specifically feral cats and foxes – at the ports of Dampier and Port Hedland are carried out to protect the local turtle populations and other native species.

In Port Hedland, Pilbara Ports Authority continued its coordination of the long-standing Greater Port Hedland Vertebrate Pest Management Programme, which synchronises the timing of feral animal control efforts across port and industry lands.



Feral animal traps are checked at the Port of Dampier

A similar collaborative industry approach is being explored for implementation in Dampier and Ashburton.

Performance Against Our Objectives



There were 359 students involved in the Mangrove Mates education program in 2019/20

Community Bird Watching

Pilbara Ports Authority partnered with Murujuga Land and Sea Unit Rangers and local industry to host the third annual community environment and cultural heritage event on Murujuga. This year the event included bird watching at Hearson Cove and cultural tours within Murujuga National Park.

More than 60 members of the local community took part in the free event, which was guided by local bird enthusiasts, experts from Birdlife Australia's Broome Bird Observatory and Murujuga Rangers.

Through this initiative, Pilbara Ports Authority has helped create an ongoing sustainable platform for future annual events that showcase the unique cultural and environmental landscape of Murujuga National Park.

Mangrove Mates

The Mangrove Mates program is Pilbara Ports Authority's environmental education initiative, developed to educate and promote environmental awareness to primary school-aged children.

During the reporting period, the program was delivered to 359 students from seven primary schools including Onslow Primary School. Since 2012, the program has been delivered to 1,956 primary school-aged students across the Pilbara.

STATE-WIDE ARRAY SURVEILLANCE PROGRAMME

In partnership with the Department of Primary Industries and Regional Development and other WA Ports, Pilbara Ports Authority received international recognition during the reporting period, as part of its ongoing involvement in the collaborative SWASP.

An article, co-authored by the Authority and published in the latest edition of the Journal of Applied Ecology, looked at the collaborative program and the environmental stewardship displayed by government and industry.

The SWASP is a world-first in the use of molecular techniques by a collaborative marine biosecurity surveillance network. It uses cost-effective and practical sampling methods to allow ports and regulators to more rapidly identify and respond to a potential incursion of marine pests, decreasing the impact on the environment.

The SWASP began as a three-port programme in 2010. It was expanded, voluntarily, to all WA port authorities in 2016, extending the network through 11 ports and 11,000km of coastline.

Performance Against Our Objectives

BEST-PRACTICE DUST MANAGEMENT

Pilbara Ports Authority monitors and reports dust levels generated from its activities at the Port of Port Hedland's Utah Facility and berths 1 and 2 at the Eastside Operations.

These levels and the reporting requirements are regulated by the Department of Water and Environmental Regulation (DWER) and are set out in Pilbara Ports Authority's environmental licences issued under Part V of the *State Environmental Protection Act 1986*.

Pilbara Ports Authority's dust monitoring network is operated and maintained by third-party consultants, who collect data and provide it to operational staff through a web-based interface.

Industry Collaboration for Port Hedland

Pilbara Ports Authority, as a member of PHIC, also works collaboratively with port users to promote a consistent and comprehensive approach to shared issues such as air and noise emissions from industry. PHIC members fund and operate the Port Hedland Ambient Air Quality Monitoring network, which provides real-time information on a range of environmental parameters, including ambient dust levels, within Port Hedland and surrounds.

PHIC is working with Government to transfer the Ambient Air Quality Monitoring network to DWER, as recommended by the State Government's Dust Taskforce Report. The proposed transfer is part of a new environmental regulatory strategy to be adopted by the Government.

PORT HEDLAND VOLUNTARY BUY-BACK SCHEME

In June 2020, the State Government provided in-principle support for the PHVBS and appointed Pilbara Ports Authority to administer the scheme.

The PHVBS will apply to the area bounded by Taplin Street and the port in the West End of Port Hedland. The PHVBS was in response to representations from local landowners about the need for a voluntary buy-back option to address the impact of land use zoning changes being implemented in response to the Port Hedland Dust Management Taskforce Report. The area is subject to the draft West End Improvement Scheme No 1, which has been advertised for public comment by the Western Australian Planning Commission.

It was also proposed that the Authority would be responsible for the planning, development and activation of the redevelopment of the West End of Port Hedland into a maritime precinct that provides for commercial, leisure and tourist, cultural, training and other uses relevant to the history and location of the Port of Port Hedland.

At the end of the reporting period, Pilbara Ports Authority had begun preparations for the PHVBS, pending final State Government approvals.

ENVIRONMENT & HERITAGE MANAGEMENT & REGULATION

Pilbara Ports Authority maintains an annual Environmental Management Plan as part of an Integrated Management System independently certified to ISO 14001:2015. The Authority is also required to obtain, hold and remain compliant with a range of State and Commonwealth approvals and permits.

Performance Against Our Objectives

State approvals and permits

- In March 2017, Pilbara Ports Authority submitted an amendment of its licence under Part V of the State *Environmental Protection Act 1986* for the Utah Point Bulk Handling Facility, to increase throughput from 21.35Mtpa to a maximum of 24.1Mtpa and to include spodumene direct shipping ore within that allocation. The amended licence was issued to Pilbara Ports Authority in May 2020. Pilbara Ports Authority has lodged a formal Appeal with the Office of the Appeals Convenor (OAC) in relation to the amended licence on the basis that decisions by DWER to amend specific conditions were not supported or clearly defined within the accompanying Decision Report. The Appeal remains under consideration by the OAC. This Part V licence is in addition to a separate Part V licence held for Pilbara Ports Authority's Eastern Operations in Port Hedland.
- In April 2020 the Environmental Protection Authority of Western Australia granted the approval for the extension of the Lumsden Point disturbance footprint (under Ministerial Statement 967) to include the Stingray Creek Southern Swing Basin area.

- In December 2018 some infrastructure and assets at the Chevron Wheatstone Project site were transferred to Pilbara Ports Authority under the terms of the Ashburton North State Development Agreement (Wheatstone Project). Under that agreement, environmental conditions associated with the transferred infrastructure and assets, formerly managed under Chevron's Ministerial Statement 873, were to be transferred to Pilbara Ports Authority following the creation of a separate Ministerial Statement covering these conditions and the formal transfer of the proponent for this new Ministerial Statement from Chevron to Pilbara Ports Authority. This occurred on 19 June 2020, when the Authority became the proponent of the Ministerial Statement (MS 1131) which was issued in April 2020.

Commonwealth approvals and permits

- Pilbara Ports Authority holds a Sea Dumping Permit for capital dredging associated with the Stingray Creek Southern Swing Basin within the Port of Port Hedland inner harbour. In April 2020 Pilbara Ports Authority applied for a variation to the Commonwealth Sea Dumping Permit to extend the permit life for a further three years. At the end of the reporting period the variation remained under assessment by DAWE.

- Pilbara Ports Authority holds a Sea Dumping Permit for capital dredging associated with the CROP at the Port of Port Hedland. In April 2020 Pilbara Ports Authority applied for a variation to the Commonwealth Sea Dumping Permit to extend the permit life for a further two years, increase the permit volume and remove one of the monitoring requirements. At the end of the reporting period the variation remained under assessment by DAWE.
- Pilbara Ports Authority holds separate five-year Commonwealth Sea Dumping Permits for the maintenance dredging carried out in the ports of Ashburton, Dampier and Port Hedland. Long-term Dredge Management Plans detail the environmental controls to be implemented as part of these approvals. The plans are available on Pilbara Ports Authority's website.

Performance Against Our Objectives



INDUSTRY COLLABORATION

Ports WA

Pilbara Ports Authority collaborates with all other WA port authorities through membership of Ports WA. This affiliation of port authorities has established working groups covering topics such as Workplace Health & Safety, Environment, Finance, Marine Operations and ICT. Working groups meet regularly and provide a forum for specialists in each discipline from each port authority to share information and learnings, collaborate on policy reforms and where practicable, to adopt consistent approaches to issues resolution across ports.

Ports Australia

Pilbara Ports Authority is a member of Ports Australia, the voice of Australia's maritime ports sector, which aims to create best practice for the sector through collaboration on local, regional and national issues impacting ports and the communities in which they operate. Working groups have been established for relevant disciplines and government and maritime services sector representatives are also invited to attend. In addition, conferences are organised to discuss the important issues for the industry.

Port Hedland Industries Council

Pilbara Ports Authority is a founding shareholder of the Port Hedland Industries Council and is an active member.

In addition to its involvement in industry-related issues, PHIC continues to work with the community through its Community Industry Forum and the Port Hedland Chamber of Commerce and Industry, as well as facilitating key business initiatives such as the Pilbara Producers Forum, which was held in November 2019.

During the reporting period, PHIC was restructured to provide improved governance and accountability to ensure the correct level of support and expertise is maintained.

The Board of the PHIC continues to be chaired by Pilbara Ports Authority's General Manager of Development and Trade. The Authority further supports PHIC by providing staff and skills to committees and working groups.

LNG Marine Fuels Institute

Pilbara Ports Authority is a foundation member of the LNG-MFI, a not-for-profit organisation which promotes the best practice use of LNG as a marine fuel. The Authority works with LNG-MFI to disseminate information to Government and regulators through round table sessions, conferences and other forums.

The Authority is also a partner of LNG-MFI's partner organisation in the northern hemisphere, the Society for Gas as a Marine Fuel (SGMF). In 2020, SGMF recognised Pilbara Ports Authority's Commercial Director, Karlene Bylund, for her role in the gas fuelled shipping sector through its Women in Gas initiative.

Performance Against Our Objectives

Committee for Economic Development Australia

During the reporting period Pilbara Ports Authority became a State Member of the Committee for Economic Development Australia (CEDA), a not-for-profit, independent member-based organisation providing thought leadership and policy perspectives on the economic and social issues affecting Australia. Its membership includes many of the Authority’s port users. The benefits of membership include:

- The ability for the Authority’s senior executives to contribute ideas to help set CEDA’s research and policy agenda, as well as to provide thought leadership as an authoritative voice in our industry;
- The ability to promote the Authority’s expertise through hosting or speaker roles at CEDA events; and
- Professional development opportunities for employees.

COMMUNITY CONSULTATION COMMITTEES

Pilbara Ports Authority hosts CCCs in Ashburton, Dampier and Port Hedland, as required under Section 14A of the Act. Committee meetings provide a forum for two-way communication between the Authority and local communities.

Committee members include representatives from communities local to port operations, business and interest groups, and relevant local government authorities.

Pilbara Ports Authority presents updates on port operations, projects and initiatives, environmental matters and community initiatives. Meetings in the latter half of the reporting period addressed social distancing, quarantine and business impacts related to the COVID-19 pandemic.

Meeting minutes are published on Pilbara Ports Authority’s website.

Pilbara Ports Authority has provided remote and technology-based briefings since the COVID-19 pandemic began and alternative community engagement avenues have been adopted.

LOCATION	MEETINGS HELD IN 2019/20	MEETINGS EXPECTED IN 2020/21
Port of Ashburton	1	3
Port of Dampier	3	3
Port of Port Hedland	3	3

STAKEHOLDER SATISFACTION SURVEY

Pilbara Ports Authority seeks feedback on its performance and corporate reputation through its annual Stakeholder Satisfaction Survey.

In the 2020 survey, 159 stakeholders were interviewed, representing Pilbara Ports Authority’s port users, service providers, community members and organisations and local, State and Federal government stakeholders.

Pilbara Ports Authority achieved a corporate reputation score of 85 based on the Kantar TNS TR*M index, which is in the excellent category. The score was an increase of eight points from the previous year’s result.

The result was benchmarked against a WA ports average of 63, all Australian average of 46 and global public sector average of 48.

The main findings were:

- Safe Operations: Pilbara Ports Authority was seen to have excellent processes and procedures, and response to emergency situations.
- Environment: Scores were overall positive, however there were calls for more reporting of environmental concerns and successes.

Performance Against Our Objectives

- Stakeholder Engagement: In the last 12 months, there has been a positive increase in engagement with senior and junior stakeholders, however this could be improved by Pilbara Ports Authority initiating future engagement.
- Management team: Many feel the management team is excellent with strong capabilities and experience and are easily accessible.
- Efficient services: Overall positive feedback around meeting customer requirements in a busy port environment. The technology, technical expertise and best practice procedures implemented by Pilbara Ports Authority rated well.
- Financial management: There were opportunities to improve transparency and communications about how fees were set.
- Facilities: Mixed feedback with some stakeholders describing technologies as leading edge while others would like to see improvements in older facilities and equipment.
- Future Strategy: Stakeholders would like to hear more about forward planning and growth, particularly in innovation and sustainability.

WHAT OUR STAKEHOLDERS SAID

Safe Operations:



We review our performance, as well as PPA as a whole on a quarterly basis, where we share learnings. They are very committed to safety and they are committed to improving safety... They're leaders of that space.



The systems and procedures in place are very rigid. They've identified the risks, the risk profiles and the port and they've addressed each of the risks accordingly. Very tight processes in place that we all have to comply with. Hats off to the port authority, they've put those in place and that's what is needed.

Environment:



The companies involved, and the port authority now goes to extraordinary lengths to make sure any adverse impacts as a result of the expansion of the channel is mitigated. I think they do a good job there.



I do know they do a lot around mangrove rehabilitation and manage turtles when they are impacted by ships. I think their record is very strong.

Stakeholder Engagement:



From my interactions with them, they very much want to collaborate and understand the perspectives of the different stakeholders in the ports, who want to try and drive the best outcome for everyone. So, I've had nothing but positive engagements with them.



I don't think the companies involved have any capacity to not operate within the port the way the port authority tell them to... They are the rule setters and those rules have allowed for these companies to be super-efficient.

Performance Against Our Objectives

Management team:



You don't get the results that this port achieves without having the team that's running it as outstanding as the equipment you use. Proven to be very very good and the Board's makeup at the moment reflects a degree of competency.



Compared to [other] government departments, they shine. But if you compare them to other key suppliers of services, they are much slower and less flexible.

Efficient services:



There is no doubt about it, they are the world's best.



The system, technology and decision making on movements in the channel and complexities are very good.

Financial management:



The projects they have undertaken recently have come in under budget, and some of them underbudget and have been expanded somewhat.



Could put more back into the town.

Facilities:



Look at ports that are under their control. They are the most successful ports in Australia arguably.



Long way to go



There's a lot of things that they have tried to implement but haven't successfully implemented yet, like the digital radio system and things like that.

Future Strategy:



They are looking to the future but potentially trying to be too creative.



Really good job at 5-year plans... It's been quite enlightening, and I think it's considerate to the port being so productive.

COMPLAINT MANAGEMENT

Pilbara Ports Authority received two complaints during the reporting period, which were managed in accordance with the Authority's External Complaints Procedure. Both complaints have been resolved.

The first complaint was received in February 2020 and related to a complaint made to the Minister for Ports alleging Pilbara Ports Authority had failed to meet lease conditions in two residential properties leased between 2011 to 2019. The complainant requested assistance in dealing with the Authority to rectify the issue. Pilbara Ports Authority conducted an internal investigation and communicated the outcome of this to the Minister, who responded to the complainant.

Performance Against Our Objectives

The second complaint was received from AMSA in March 2020 when it notified Pilbara Ports Authority that a complaint had been made alleging that the waste reception facilities at the Port of Port Hedland Berth 1 were inadequate. An internal investigation was conducted and the outcome of this was communicated to AMSA.

COMMUNITY SUPPORT INITIATIVE

Pilbara Ports Authority's Community Support Initiative provides financial and in-kind support to community initiatives and events, local community groups, sporting and not-for-profit organisations in the Dampier, Karratha, Onslow and Port Hedland communities.

During the reporting period \$321,300 was committed, including support for the following groups, organisations and events:

- Baynton Lions Cricket Club Inc
- Burrup Mountain Bike Club Inc
- Cassia Primary School
- City of Karratha
- Dampier Community Association
- Hampton Harbour Boat and Sailing Club
- Hedland Gymnastics Club Incorporated
- Hedland Senior High School
- Hedland State Emergency Service
- Hedland Women's Football Association
- Illusions Netball Club

- Karratha Community House Incorporated
- Karratha Gymnastics Club Inc
- Karratha Hockey Association Inc
- Karratha Senior High School P&C Association
- Karratha Women's Football Association Incorporated
- Move Your Body Studio – Empowering Families
- Nickol Hawks Cricket Club
- North Pilbara Football League Incorporated
- Port Hedland Game Fishing Club
- Port Hedland Motorcycle Club
- South Hedland Cricket Club
- Swimming WA
- Thalanjyi Foundation Limited
- The Makers Community Development Inc
- Town of Port Hedland
- V Swans Hedland Shooting Goals
- West Pilbara Cricket Association Inc
- West Pilbara Port Welfare Association Inc

Pilbara Ports Authority's Staff Community Grants give staff the opportunity to nominate and vote for charities or not-for-profit organisations to receive a grant. The following recipients each received \$5,000 during the reporting period:

- Hedland Women's Refuge Inc (Port Hedland)
- Karratha Community Men's Shed (Karratha)
- Ngala Pilbara Families Building Pilbara Communities (Ngala PFBPC) (Onslow)

- Pilbara Wildlife Carers Associations Inc (Karratha)
- Port Hedland Volunteer Fire and Rescue Services (Port Hedland)

Further support was made available to Pilbara communities through the Pilbara Ports Authority COVID-19 Community Relief Fund. The one-off grants provided immediate assistance to eligible community groups and not-for-profit organisations that were experiencing financial hardship due to the pandemic. Applications were open to groups that operate in Dampier, Karratha, Onslow and Port Hedland.

During the reporting period \$20,401 was granted under the fund, including support for the following groups, organisations and events:

- Ashburton Aboriginal Corporation
- Care for Hedland Environmental Association
- Dampier Playgroup
- Girl Guides WA, Port Hedland
- Hampton Harbour Boat and Sailing Club
- Hedland Gymnastics Club
- Hedland Women's Football Association
- Karratha Community Garden
- Karratha Gymnastics Club
- Port Hedland Chamber of Commerce Inc
- Port Hedland Speedway Club
- St John Ambulance, Hedland Depot
- The Junction Co.

Performance Against Our Objectives



GOVERNMENT PROCUREMENT INITIATIVES

Pilbara Ports Authority has supported and adopted the following WA Government procurement and contracting initiatives:

Aboriginal Procurement Policy

Pilbara Ports Authority continues to support the Aboriginal Procurement Policy and noted the following during the reporting period:

- Of the 49 supply contracts executed from 1 July 2019 to 31 December 2019, one contract worth \$3.1 million was awarded to a business that is Aboriginal-owned and registered;
- Of the six public tender processes completed during the period, all six contracts were awarded to businesses that demonstrated a commitment to Aboriginal participation, including through Aboriginal employment outcomes or sub-contracting opportunities to Aboriginal businesses; and

- Pilbara Ports Authority participated in the Aboriginal Business Expo 2020 in Perth, showcasing the Authority’s major buying categories and potential contract opportunities.

WA Industry Participation Strategy (WAIPS)

From 1 July 2019 to 31 December 2019 Pilbara Ports Authority awarded six contracts that met the WAIPS requirements to maximise opportunities for local businesses and create more jobs in Western Australia. The Berth 3 Deck and Fender Replacement Project at the Port of Port Hedland was a WAIPS pilot project and was successfully completed on 20 October 2019 ahead of schedule and under budget.

Pilbara Ports Authority has updated its tender documents to incorporate WAIPS criteria and continues to offer practical feedback on the WAIPS process.

Buy Local Policy and Regional Content

From 1 July 2019 to 31 December 2019, Pilbara Ports Authority awarded 49 supply contracts with a total contract value of \$86.2 million. The labour, suppliers and materials in the contracts were:

- 28 per cent from the Pilbara region;
- 55 per cent from Western Australian (outside of the Pilbara Region);
- 14 per cent from Australia/New Zealand (outside of Western Australia); and
- 3 per cent from overseas.

Pilbara Ports Authority presented at workshops in the Pilbara to provide local suppliers with an overview of the Authority’s procurement processes and opportunities.

Pilbara Ports Authority continues to work with the DoT and JTSI on the drafting of the Western Australian Buy Local Policy 2019 and Regional Sourcing Strategy.

As a regionally based GTE, Pilbara Ports Authority is supportive of the revised Buy Local Policy and believes it can provide valuable insight into the policy implementation and potential regional and GTE-specific issues to be considered during the implementation process. Pilbara Ports Authority has accepted JTSI’s invitation to pilot the Implementation Agreements.

Other Government Initiatives

Pilbara Ports Authority’s tender documents and contract templates have been updated, effective from 1 January 2020, so that any applicable Building Construction Industry Training Fund levy is paid by the Authority directly to the Construction Training Fund.

Pilbara Ports Authority supports the Priority Start Policy by encouraging its suppliers to provide training and apprenticeship opportunities. Support has included implementing tender, contract and reporting requirements for any applicable building, maintenance or construction contracts issued by Pilbara Ports Authority.

Image: LNG and condensate terminal at the Port of Ashburton



BUSINESS EXCELLENCE

To optimise performance through industry-leading practices and innovation



Image: Utah berth





Felling the Port Control Tower

The Geoff Monks Port Control Tower at the Port of Port Hedland was built in 1968 and was a cutting-edge design for its time. The tower was equipped with the era's modern technology and accommodated a single Vessel Traffic Services operator who would oversee about 500 vessel movements through the port each year.

The tower received multiple upgrades as the Port of Port Hedland grew. As traffic through the port increased, it was refitted to accommodate more staff, and upgraded with newer technology.

Half a century later, the port hosts more than 6,000 vessel movements each year and is regarded as critical infrastructure in its support of Western Australia's valuable mining and resources sector.

The tower had become maintenance-intensive and would not be safe to maintain in the future. It was also unable to receive the technology upgrades needed for a port of this size, and was becoming increasingly confined for operational staff.

A new facility, the Hedland Tower: Integrated Marine Operations Centre, was officially opened at the port on 30 July 2019. The \$55.6 million tower is equipped with fit-for-purpose technology that has been selected to meet the future needs of the growing port.

The decision was made to remove the Geoff Monks Port Control Tower. Port operations were maintained during the removal, and a major challenge was the close proximity of the tower to essential underground services and critical port assets.



Felling of the Port Control Tower at the Port of Port Hedland

The first imperative was that the tower would be removed safely, and the second was that there would be no interruption to port operations or essential services.



APPROACH

The task of removing the tower was assigned to Pilbara Ports Authority's Engineering and Infrastructure department. The first imperative was that the tower would be removed safely, and the second was that there would be no interruption to port operations or essential services.

Design and Construct contracts for the dismantling of the tower were let to market and bidders were encouraged to demonstrate alternatives. In May 2019, contracts were awarded to McMahon Services and Engineering for a controlled felling of the tower which offered compelling safety advantages and useful savings.

Controlled felling used a series of cuts to the base of the tower before the weakened structure was pulled down using heavy machinery. The as-built structural features, including the condition of the post-tensioned reinforcement, required detailed examination by the consultants.

The project moved from planning to action in August 2019. Alternative vehicle and pedestrian access were arranged and fencing installed. The building was decommissioned and equipment removed, with particular emphasis given to retaining items with historical or sentimental value.

The process included removal of asbestos and, stripping the tower of aerials, radar equipment, glass and other materials likely to become dislodged in the fall. Sea containers were used to define the impact zone perimeter and offered protection to services outside the impact zone. A crushed rock pad up to four metres deep was formed inside the sea container perimeter to cushion the fall and protect underground services.

Cutting the base of the tower began in September 2019. Cuts were made to the steel in a carefully controlled sequence and a weak point was created around the door.

The final cut was made on Saturday 28 September 2019. Later that day a Komatsu 600 front end loader pulled down the tower onto the cushioning pad, precisely as planned. The tower was then mechanically demolished, separating the steel and the concrete rubble for recycling. The cleaned site was returned to Pilbara Ports Authority on 30 October 2019.

OUTCOMES

The controlled felling of the Geoff Monks Port Control Tower was considered a complete success. There was no harm or injury to staff or contractors, and there was no interruption to port operations or essential services. The helicopter landing site was not impacted, and helicopter operations resumed minutes after the tower was felled.

Pilbara Ports Authority gifted the elevator and other miscellaneous items to the Port Hedland Historical Society. The Authority retained the tower's iconic blue doors and naming plaques, which have been incorporated into the reception of the new Hedland Tower.

Performance Against Our Objectives

HEDLAND TOWER: OFFICIAL OPENING

To respond to growing needs at the Port of Port Hedland, Pilbara Ports Authority built an integrated marine operations centre, a \$55.6 million facility that provides a central, consolidated facility for Port Hedland's marine, landside, dredging, survey and security functions.

The new facility, officially named Hedland Tower, was formally opened by the Premier of Western Australia and the Minister for Ports in a ceremony on 30 July 2019.

Hedland Tower houses state-of-the-art technology and operational systems for managing the port's marine operations, including vessel movements in the inner harbour, shipping channel and offshore anchorages.

The transition from the original Port Control Tower to the new Hedland Tower was completed without impact to the port's operation.

SPOILBANK MARINA

In June 2020 the Minister for Regional Development appointed Pilbara Ports Authority to lead the delivery of the Spoilbank Marina project in Port Hedland.



Official opening of Hedland Tower by PPA Chair Brad Geatches, Member for Pilbara Kevin Michel MLA, Minister for Ports Alannah MacTiernan MLC, Premier of Western Australia Mark McGowan MLA and PPA Chief Executive Roger Johnston.

Performance Against Our Objectives

The \$121.5 million project will include a 21-boat pen marina with capacity to expand to 80 pens in the future. It will also feature a four-lane boat ramp, trailer parking for up to 200 vehicles, maintenance hardstand and public fishing jetty. The marina will have a separate entrance channel to the main shipping channel of the Port of Port Hedland.

Pilbara Ports Authority will continue to work with DoT, PDC and Town of Port Hedland, who have developed the designs and plans to date.

Stage 1 of the project will involve the construction of access roads by Main Roads WA.

Stage 2 of the works will include marine dredging, earthworks, revetment and breakwater walls, marine structures and landside works. A request for tenders for the Stage 2 marine works will be advertised at the end of August 2020. The Stage 2 works can start once Commonwealth environmental approvals have been obtained. Dredging and piling works will be phased to avoid the cyclone and turtle nesting periods, which occur from December to April.

INNOVATION AND IMPROVEMENT

During the reporting period Pilbara Ports Authority explored the innovation and improvement area and broadened its scope from Innovation to Ideas. This shift will also incorporate the Authority's focus on sustainability into the process.

This year an Ideas Hub was established. Ideas, as well as research and development projects progressed during the reporting period include:

- The 'Collector' mobile phone app, which has been developed as a field tool to assist in oil spill response. Collector is simple to use and offers a graphic interface which quickly shares information between responders, promoting informed decision making and development of response strategies. Collector was successfully tested during the annual oil spill exercise at the Port of Dampier.
- Pilbara Ports Authority is conducting a Satellite Based Augmentation System versus Real Time Kinematic positioning comparison project in response to the discontinuation of the Differential Global Position System signal generated from Karratha. The project will contribute to improving the positioning accuracy of the Personal Positioning Units used by marine pilots in the Port of Port Hedland, as they navigate bulk carriers in the port and channel.

- Following successful completion of the CROP, Pilbara Ports Authority, OMC International and the surveying contractor involved in the CROP have joined resources to further develop a Sea State Verification System that will verify and protect future marine-based projects against inclement sea state contract claims.
- Pilbara Ports Authority has significantly advanced a project to use Remote Piloted Aircraft Systems at its ports. Through the project, some employees will be trained and approved to fly drones at the ports, for business purposes. Once fully implemented, the project will reduce the need to work at heights or over/on water, allow safe inspections of equipment in hazardous or difficult to reach areas, enable collection of in-depth high-quality data tailored to Pilbara Ports Authority requirements, and gather information during and after incidents such as cyclones and oil spill response.
- The Port of Dampier successfully used virtual Aids to Navigation (AtoNs) as a temporary substitute to damaged buoys following a weather event. The virtual AtoNs were incorporated into the Port of Dampier cyclone response procedures.

Performance Against Our Objectives

CYCLONE PREPAREDNESS

Pilbara Ports Authority has cyclone response procedures for each of its ports. Pilbara Ports Authority monitored the formation and passing of multiple tropical systems during the 2019/2020 cyclone season.

Tropical Cyclone Damien made landfall over the Dampier area on 8 February 2020 as a Category 3 system. The ports of Ashburton, Dampier and Port Hedland all activated their cyclone contingency plans in response to the formation and expected track of the cyclone, and the Emergency Management Plan was activated for the Port of Dampier.

The Port of Ashburton suspended shipping but was not formally closed. The port did not experience any major disruption or damage due to Tropical Cyclone Damien.

The Port of Dampier was closed for 90 hours due to the passage of Tropical Cyclone Damien. Fourteen small commercial and recreational vessels at the port broke away from their moorings; six grounded in port waters and eight grounded in State waters. All were away from the main shipping channels and infrastructure. The cyclone also caused minor damage to navigation aids and terminal infrastructure at the port.

The Port of Port Hedland was closed for 25.5 hours. The port did not experience any major disruption or damage due to the passage of Tropical Cyclone Damien.

EMERGENCY MANAGEMENT AND RESPONSE

Port of Ashburton

During the reporting period additional oil spill response equipment was purchased to supplement existing equipment at the port. Firefighting capability was also added to the Ashburton Public Berths.

Pilbara Ports Authority maintains comprehensive emergency response plans that are regularly tested through simulated field exercises and desktop training. During the reporting period there were several training opportunities provided to employees, port stakeholders, external regulators and response agencies.

The exercise scenarios included marine pollution, fire on vessels, search and rescue, security breaches and vessel salvage. The training was maintained for the full year, with adjustments made to comply with COVID-19 restrictions when they were introduced.

Security Emergency Preparedness

Seventy security emergency drills and exercises were conducted across the ports of Ashburton, Dampier and Port Hedland during the reporting period. The drills and exercises tested the security measures and procedures detailed in the maritime security plans for each of the ports. Some of the exercises included:

Exercise Brahman

Exercise Brahman tested Pilbara Ports Authority's Crisis Management Plan by simulating a scenario involving the catastrophic failure of an old livestock loading ramp during loading operations resulting in a fatality, cattle losses and national media exposure. The exercise was held in December 2019. The exercise was led by the Chief Executive Officer and the response was assessed positively by the independent facilitator.

Performance Against Our Objectives

Port of Dampier Marine Pollution Exercise

The Port of Dampier held its annual oil spill exercise on 10 September 2019. An Incident Management Team was established and the exercise tested the collaborative response and interoperability of various stakeholders as they performed under the direction of a unified command.

The exercise involved the deployment of marine assets and aerial observations by drone, and successfully tested the mobile phone app 'Collector'.

Port of Port Hedland Marine Pollution Exercise

An annual oil spill exercise held at the Port of Port Hedland in May 2020 tested the effectiveness of Pilbara Ports Authority's emergency response plans, in particular the activation of the Incident Management Team and deployment of oil spill response resources. Participants included staff and port proponents. Participants included Pilbara Ports Authority staff, port customers and DoT as the Hazard Management Agency. The exercise tested the Authority's pollution response plans and capabilities and further enhanced the existing working relationship with DoT on marine pollution preparedness and response.



Oil spill response training at the Port of Dampier

Performance Against Our Objectives

Port of Port Hedland Search and Rescue Exercise

Pilbara Ports Authority hosted a search and rescue exercise at Port Hedland in May 2020. Participants included WA Police, Volunteer Marine Rescue, St John Ambulance, port service providers and Authority staff. The exercise tested local search and rescue response plans and capabilities.

Port of Port Hedland Vessel Salvage Workshop 2020

In May 2020, Pilbara Ports Authority hosted its third annual salvage workshop at the Port of Port Hedland. The workshop included representation from port proponents, State and Federal government agencies and international shipping companies. Due to the COVID-19 pandemic, the international shipping companies participated using video conference facilities. The focus areas of this year's workshop were:

- Setting the expectations for various stakeholders during a salvage event within the port environment; and
- The commercial and legal considerations during a salvage event within the port environment.

Vessel Fire at Port Hedland Berth Exercise

Pilbara Ports Authority hosted an emergency exercise in June 2020 simulating a fire on a vessel alongside a berth at the Port of Port Hedland.

Participants included staff, port users, service providers and Department of Fire and Emergency Services (DFES) as the Hazard Management Agency. The exercise tested the Authority's fire response plans and capabilities and further enhanced the existing working relationship with DFES.

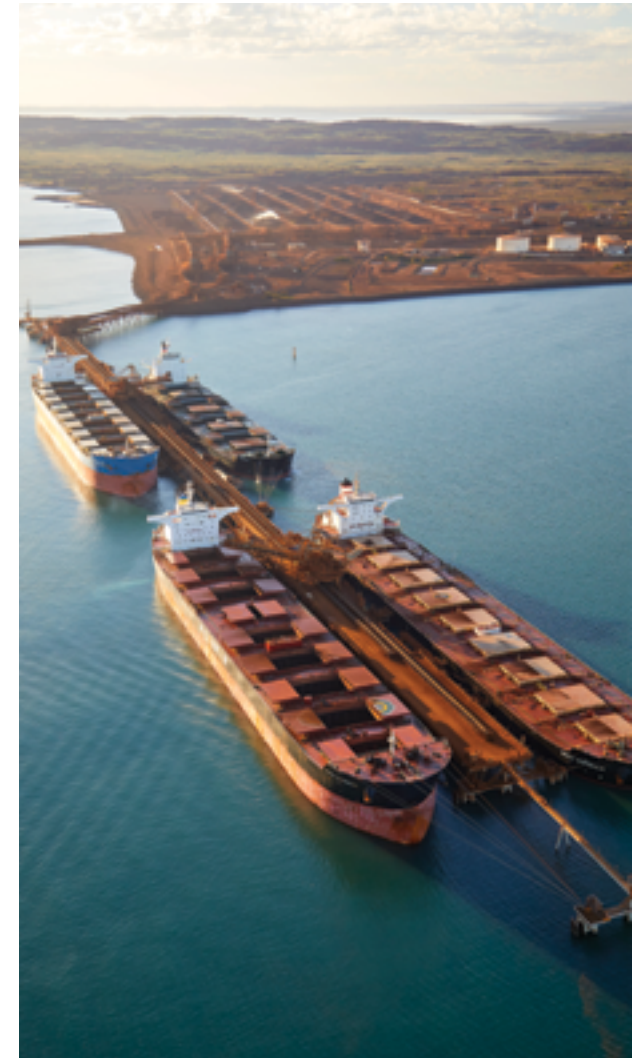
STRATEGIC ALLIANCE CONTRACTING

Pilbara Ports Authority has assessed services that are critical to the continuing operation of its ports and determined that a strategic alliance model is the most appropriate contractual arrangement for these services.

During the reporting period Pilbara Ports Authority implemented strategic alliance contracts with:

- Port Hedland Marine Pilots;
- O'Brien Maritime Consultants for Dynamic Under Keel Clearance services;
- Precision Hydrographic Services Pty Ltd; and
- HR Wallingford Pty Ltd for ship simulation services.

Pilbara Ports Authority has also entered into a new energy supply agreement for the supply of energy to Utah Point Bulk Handling Facility. The terms of the new agreement enable supplementary power to be sourced from renewable energy solutions, and the Authority is exploring options in regard to this.



Port of Dampier

Performance Against Our Objectives

SAFE SHIPS, SAFE PORTS FORUM

The 2019 Safe Ships, Safe Ports forum was held in Perth on 23 and 24 September 2019. There were more than 230 delegates, including 120 executives from 54 international shipping companies who travelled from within Australia and internationally to attend.

The 2019 forum addressed operational challenges and risk management, imminent industry changes including the introduction of the International Maritime Organisation 2020 regulations, and industry best-practice standards.

The forum was followed by a site visit to the ports of Dampier and Port Hedland. The site visit was attended by 48 international shipping company representatives and included presentations, on-water harbour tours and VTS tours.



Safe Ships, Safe Ports forum 2019

Performance Against Our Objectives

HARMONISED VESSEL ACCEPTANCE

In recent years, Pilbara Ports Authority has initiated engagement with the international dry bulk shipping industry to align all stakeholders with industry best practice standards. As part of this process, Pilbara Ports Authority received requests to adopt a common approach to vessel acceptance at the dry bulk terminals across its ports.

In response, Pilbara Ports Authority engaged with each of its bulk terminal operators during the reporting period and has developed the Harmonised Vessel Acceptance Questionnaire (HVAQ). The questionnaire includes requests for information on vessel as built, certifications, vessel performance and safety data.

The HVAQ is expected to be launched later in 2020.

MINE SITE COMPLIANCE

Statutory compliance at the Utah Facility and Eastside mine site areas at the Port of Port Hedland was maintained throughout the year. Training and performance opportunities continue to be made available to personnel within the Landside Operations team to build increased capability for the statutory Registered Mine Manager role.

MARITIME SECURITY COMPLIANCE

Pilbara Ports Authority continues to maintain maritime security plans for the ports of Ashburton, Dampier and Port Hedland, that are compliant with the *Maritime Transport and Offshore Facilities Security Act 2003*. Pilbara Ports Authority is also recognised as a Maritime Security Identification Card (MSIC) issuing body and has an approved MSIC Plan.

In December 2019 a security compliance audit of the MSIC plan and Port of Port Hedland maritime security plan was carried out by the Department of Home Affairs. In April 2020, internal audits were completed of the MSIC plan and maritime security plans for the ports of Ashburton, Dampier and Port Hedland. There were no non-compliances.

Pilbara Ports Authority attended the Department of Home Affairs-facilitated Maritime Industry Security Consultative Forums in July 2019 and November 2019. In October 2019 Pilbara Ports Authority assisted Southern Ports Authority with reviews and external audits of their MSIC plan and the maritime security plans for the ports of Albany, Bunbury and Esperance.

COMPLIANCE MANAGEMENT

Pilbara Ports Authority continues to strengthen its regulatory compliance framework and supporting tools.

A Board-approved Compliance Policy is in place as well as a compliance risk identification and management system. This system incorporates a structured approach to managing key regulatory obligations, systems and procedures for identifying and remediating compliance incidents.

Maintaining internal control processes and governance frameworks, approving risk policies and assessing compliance help to prevent, detect and mitigate compliance risk.

ENTERPRISE RISK MANAGEMENT

During the reporting period a review was undertaken of the Authority's enterprise risk management framework which assessed the role of the risk, audit and compliance functions, the Risk Framework, as well as risk governance systems and processes.

The review was run in parallel with the implementation of a new software solution which will enable system improvements as well as greatly improved risk and compliance reporting. These improvements have also driven a review and validation of key business and strategic risks for the business.

Performance Against Our Objectives

Risk management activities undertaken during the reporting period include:

- Quarterly environment scans to identify recent and relevant events in the industry which may have a positive or negative effect on Pilbara Ports Authority's strategic risks;
- Quarterly reviews and reporting of the Authority's strategic, corporate and operational risk profile;
- Bi-annual Port Strategic Risk Review Committee meetings; and
- A review of the effectiveness of the Pilbara Ports Authority's business resilience framework in its response to the COVID-19 pandemic. This was completed in June 2020.

INTERNAL AUDITS

During the reporting period, the business systems and processes relating to the following risks were independently audited, in accordance with Pilbara Ports Authority's three-year strategic internal audit program:

- Fraud and corruption
- Mapping and data
- Port Improvement Rate
- Asset registers
- Treasury

All internal audit reports were presented to the Risk and Audit Committee, which also reviewed the scope of work carried out under the program. The Executive and the Risk and Audit Committee maintain oversight of the progress against the internal audit program, the outcomes of the internal audits and the implementation of recommendations and opportunities for improvement.

The Risk and Audit Committee routinely met with lead auditors exclusively to ensure independence was maintained.

An ISO certification audit was conducted in relation to the following Integrated Management Systems that Pilbara Ports Authority is certified to:

- ISO 9001:2015 Quality Management System
- ISO 14001:2015 Environmental Management System
- ISO/ IEC 27001:2013 Information Security Management System
- AS/NZS 4801:2001 Occupational Health and Safety Management System

No corrective findings or actions were identified as part of this audit and the Authority's certification under each of these systems was renewed for a further three years.

Pilbara Ports Authority also obtained certification under ISO 45001:2018 Occupational Health and Safety Management System.

In line with Pilbara Ports Authority's commitment to continuous improvement, legislative compliance and world's best practice within its marine operations, the following maritime capability audits were completed during the reporting period:

- Port Marine Safety Code – Harbour Master Capability Audit
- Pilbara Ports Authority Maritime Security Plans
- Formal DMIRS audits of mine site operations
- International Standard for Pilotage Organisations Audit
- Channel blockage risk audit
- VTS certification audits
- MSIC issuing body audits

The audit of the VTS Objective Statement to assess compliance with procedures and identify areas of potential improvement identified no major findings. All critical operational equipment and systems conform to the International Association of Marine Aids to Navigation and Lighthouse Authorities minimum standards of 99.8% uptime.

Performance Against Our Objectives

BUSINESS INTELLIGENCE

During the reporting period, Pilbara Ports Authority's Business Intelligence Working Group developed the inaugural Business Intelligence roadmap and associated key performance indicators. The intent is to enhance the Authority's business intelligence so it can support decisions across the business. Key achievements this year included:

- Delivery of phase 1 of Pilbara Ports Authority's information architecture, and commencement of phase 2, to map data across all of the Authority's platforms and applications;
- Analysis of the Information and Communication Technology (ICT) service desk to determine the foundations for increased automation and streamlining;
- Completion of a Proof of Concept for Shipping Reporting using Microsoft's Power BI application;
- Development of several dashboards to create a visual display of important business data in near real-time. The Physical and Human Resources dashboards display training, diversity, overtime, leave and housing data;
- Installation of sensors with live data streams to monitor asset performance;
- A Data Translators Sub-group to bridge the understanding of business and technical data, ensuring analytics across the business are undertaken consistently and efficiently; and
- The release of a mobile phone application to manage the trade enquiry process.

INFORMATION AND COMMUNICATION TECHNOLOGY PROJECTS

During the reporting period key ICT projects at Pilbara Ports Authority included:

- The ICT Business Continuity program which provided staff with remote access capability during the COVID-19 pandemic;
- Modernising infrastructure and rolling out unified communication and collaboration tools; and
- Digitising critical business processes and providing pathways and access to Business Intelligence tools.

INFORMATION SERVICES

During the reporting period, Information Services continued to equip and provide support to Pilbara Ports Authority to store, retrieve and leverage its information assets by making information securely accessible through its Electronic Document and Records Management System, Objective ECM. Objective ECM was upgraded to version 10.5 during the reporting period. It also identified, sorted, digitised, archived and securely disposed of a significant volume of physical records across all sites.

PERTH OFFICE MOVE

On 18 May 2020 Pilbara Ports Authority's Perth office relocated from 16 Parliament Place, West Perth to Level 5, 999 Hay Street, Perth.

The office fit-out and relocation overcame the complications of the COVID-19 pandemic to complete on time and to budget.

The move will result in cost savings as well as offering a newer and more suitable office environment. The new building has a five-star energy rating and a five-star green rating.

Image: Salt terminal at the Port of Dampier



Current and Emerging Issues

In June 2020, the WA State Government announced that Pilbara Ports Authority would deliver the PHVBS and lead the work to develop a Maritime Precinct in the Town of Port Hedland's West End. Pilbara Ports Authority is required to establish a wholly-owned subsidiary to administer the PHVBS.

In June 2020, the WA State Government announced that Pilbara Ports Authority would be the lead agency for the construction of the Port Hedland Spoilbank Marina, and would be the owner and operator of the marina.



Artist impression of the future Spoilbank Marina in Port Hedland

Image: Port of Port Hedland



Directors' Report

In accordance with Schedule 5, Division 3 of the Act, the Directors of Pilbara Ports Authority present their report for the 12 months ended 30 June 2020.

APPOINTMENT, RETIREMENT AND CONTINUATION OF DIRECTORS

A Director is appointed by the Minister for Ports in accordance with Section 7 (1) of the Act. Directors are appointed for periods of up to three years and are eligible for reappointment.

The following persons were Directors of Pilbara Ports Authority during the reporting period.

CURRENT DIRECTORS

Mr Brad Geatches – Chair since 24 May 2019

Mr Brad Geatches was appointed to the Board on 24 May 2019, for a term ending 31 December 2021.

Mr Les Longden – Deputy Chair and Director since 1 October 2009

Mr Les Longden was reappointed on 31 December 2019 for a term expiring 31 December 2020.

Ms Judith Uren – Director since 23 May 2016

Ms Judith Uren was reappointed to the Board as a Director on 1 January 2019 for a term expiring 31 December 2020.

Mr Roger Fletcher – Director since 1 February 2018

Mr Roger Fletcher was appointed to the Board as a Director on 1 February 2018 and, in accordance with the Act, remained as a director as at 30 June 2020.

Ms Amy Lomas – Director since 1 July 2018

Ms Amy Lomas was reappointed to the Board as a Director on 31 December 2019 for a term expiring 31 December 2022.

Ms Liz Hardwick – Director since 1 January 2019

Ms Liz Hardwick was appointed to the Board as a Director on 1 January 2019 for a term expiring 31 December 2021.

FORMER DIRECTORS

Ms Jodie Ransom – Director from 1 July 2019 to 16 October 2019

Ms Jodie Ransom was appointed to the Board as a Director on 1 July 2019 and resigned from the Board effective from 16 October 2019.

Mr Sam Buckeridge – Director from 1 February 2020 to 25 February 2020

Mr Sam Buckeridge was appointed to the Board as a Director on 1 February 2020 and resigned from the Board effective from 25 February 2020.

BOARD MEETINGS

Thirteen Board Meetings were held during the reporting period.

RISK AND AUDIT COMMITTEE

The Risk and Audit Committee of the Board has a minimum membership of three Directors and operates in accordance with a formal terms of reference reviewed and approved by the Board.

The Risk and Audit Committee's role is to assist the Board in the effective discharge of its responsibilities for financial reporting, internal control systems, internal and external audit functions, corporate governance and risk management. The Risk and Audit Committee carries out its role through:

- providing independent oversight of Pilbara Ports Authority's systems of accounting and internal controls, including financial reporting and tax and treasury issues;
- providing independent oversight of the planning, performance and outcomes of Pilbara Ports Authority's internal and external audit processes;
- providing independent oversight of Pilbara Ports Authority's risk management systems and obtaining assurance from the Executive that all major risks are identified, prioritised and managed in a coordinated manner and that Pilbara Ports Authority is operating within the risk appetite set by the Board and in compliance with applicable laws, regulations and codes of conduct;
- providing independent oversight of Pilbara Ports Authority's processes for the detection and prevention of fraudulent and corrupt behaviour; and
- reviewing the adequacy of Pilbara Ports Authority's insurance policies and verifying that insurance coverage is held at all times.

Directors' Report

The Risk and Audit Committee sat six times throughout the reporting period.

The Risk and Audit Committee members during the reporting period included Mr Les Longden (Chair), Ms Amy Lomas and Ms Liz Hardwick (appointed to the Committee in February 2020).

ORGANISATIONAL DEVELOPMENT COMMITTEE (FORMERLY THE REMUNERATION AND NOMINATIONS COMMITTEE)

The Remuneration and Nominations Committee of the Board was renamed as the Organisational Development Committee in May 2020. The Committee has a minimum membership of three Directors and operates in accordance with formal terms of reference reviewed and approved by the Board.

The Organisational Development Committee's role is to assist the Board in relation to its responsibilities for remuneration activities, Board composition and effectiveness, Director development, organisational culture and reviewing the performance of the Chief Executive Officer and the Board.

The Organisational Development Committee sat twice throughout the reporting period. The Members of the Committee throughout the reporting period were Mr Brad Geatches (Chair), Ms Judith Uren and Mr Roger Fletcher.

BOARD MEETINGS

Director	Board Meetings Held	Board Meetings Attended	Risk and Audit Committee Meetings Held	Risk and audit Committee meetings Attended	Remuneration and Nominations committee/ Organisational development committee Meetings Held	Remuneration and nominations committee/ Organisational development Committee Meetings Attended
Brad Geatches	13	13	n/a	n/a	2	2
Les Longden	13	13	6	6	n/a	n/a
Judith Uren	13	13	n/a	n/a	2	2
Roger Fletcher	13	13	n/a	n/a	2	2
Amy Lomas	13	13	6	6	n/a	n/a
Liz Hardwick	13	13	2	2	n/a	n/a
Jodie Ransom	4	3	n/a	n/a	n/a	n/a
Sam Buckeridge	0	0	n/a	n/a	n/a	n/a

PRINCIPAL ACTIVITIES

The principal activity during the year was the provision of port services and facilities and there were no significant changes in the nature of the activities during the year.

RESULTS

The profit before income tax for the financial year was \$188.1 million. The income tax expense attributable to the profit for the financial year was \$56.5 million.

DIVIDENDS

Total dividend payments of \$31.7 million were paid in the financial year.

Directors' Report

REVIEW OF OPERATIONS

Pilbara Ports Authority manages the ports of Dampier, Port Hedland and Ashburton pursuant to its statutory functions.

A summary of the results during the year is detailed below.

	2020 (\$'000)	2019 (\$'000)
Profit before income tax	188.1	180.3
Income tax expense	(56.5)	(54.0)
Profit for the year	131.6	126.3
Retained earnings at 1 July	365.2	389.8
Dividends paid in the financial year ⁽¹⁾	(31.7)	(150.9)
Initial adoption of new accounting standards	(0.3)	-
Retained earnings at 30 June	464.8	365.2

1. The dividend paid to the State Government of Western Australia during FY 2019/20 was lower due the deferral of Pilbara Ports Authority's interim dividend payment being until December 2020.

STATE OF AFFAIRS

There were no significant changes in the state of affairs during the financial year under review. Pilbara Ports Authority operates in Western Australia under the provisions of the Act.

EVENTS SUBSEQUENT TO REPORTING DATE

In the opinion of the Directors at Pilbara Ports Authority, there were no events subsequent to the end of the financial year and to the date of this report that significantly affected, or were likely to affect, operations, the results of those operations or the state of affairs, in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Pilbara Ports Authority will continue to operate the business and work closely with its customers and stakeholders to fulfil its trade facilitation role.

Pilbara Ports Authority will participate in the Port Hedland Voluntary Buy-Back Scheme and Spoilbank Marina Development.

DIRECTORS' DISCLOSURES

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 Pilbara Ports 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.

Interests in contracts

Pilbara Ports Authority did not enter into any other contracts with entities in which Directors declared a conflict of interest.

REMUNERATION REPORT

In accordance with Clause 13(c) (ii) of Schedule 5 of the Act, the following report details the nature and amount of each element of the emolument of each Director and the three officers of Pilbara Ports Authority receiving the highest emoluments.

Directors' Report

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Directors and Officers Liability Insurance Policy was renewed during the financial year to ensure that the Directors and Officers had adequate insurance cover against all liabilities and expenses arising as a result of work performed in their capacities, to the extent permissible under the law.

Pilbara Ports Authority paid an insurance premium of \$119,000 in respect of the Directors and Officers Liability Insurance Policy for the 2019/2020 reporting period.

At the date of this report, no claims have been made against the policy in respect to Directors' and Officers' liabilities.

APPOINTMENT OF AUDITORS

The Office of the Auditor General (OAG) has been appointed as Pilbara Ports Authority's auditor in accordance with Schedule 5 Clause 14 of the Act. KPMG was engaged by the OAG to conduct the audit field work and provide advice to the OAG.

The total fee payable for the financial year ending 30 June 2020 was \$117,000 (GST exclusive) in accordance with Schedule 5 Clause 37 (2) of the Act.

ROUNDING OF AMOUNTS

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 prepared in accordance with a resolution of the Board on 27 August 2020.

Directors' Report

BOARD AND COMMITTEE REMUNERATION

Non-Executive Directors' Emoluments

NAME	POSITION	SHORT TERM BENEFITS BOARD AND COMMITTEE FEES \$'000	POST-EMPLOYMENT BENEFITS SUPERANNUATION \$'000	TOTAL \$'000
Brad Geatches	Chair	90	9	99
Les Longden	Deputy Chair	52	5	57
Judith Uren	Non-Executive Director	45	4	49
Roger Fletcher	Non-Executive Director	45	4	49
Amy Lomas	Non-Executive Director	45	4	49
Liz Hardwick	Non-Executive Director	43	4	47
Jodie Ransom ¹	Non-Executive Director	13	1	14
Sam Buckeridge ²	Non-Executive Director	3	-	3
Total		336	31	367

1. Appointed 1 July 2019 and resigned 16 October 2019

2. Appointed 1 February 2020 and resigned 25 February 2020

Directors' Report

Executive Emoluments

NAME	POSITION	SHORT TERM BENEFITS			POST-EMPLOYMENT BENEFITS	TOTAL \$'000
		SALARY \$'000	OTHER \$'000	TOTAL \$'000	SUPERANNUATION \$'000	
Roger Johnston	CEO	484	69	553	72	625
John Finch	General Manager Operations/Harbour Master	421	35	456	55	511
Lyle Banks	General Manager Development & Trade	291	35	326	42	368
Total		1,196	139	1,335	169	1,504

Image: Iron ore loading terminal at the Port of Dampier



Financial Statements

for the year ended 30 June 2020

Financial Statements

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Statement of Comprehensive Income

for the year ended 30 June 2020

	NOTES	2020 \$'000	2019 \$'000
REVENUE			
Revenue	2	450,457	417,550
Other revenue	3	15,245	24,296
Total revenue		465,702	441,846
EXPENSES			
Supplies and services	4	(76,945)	(93,549)
Employee benefits	5	(53,770)	(50,575)
Asset maintenance		(25,641)	(24,787)
Port utilities		(10,813)	(10,506)
Rates and taxes		(6,165)	(6,365)
Finance expenses	6	(4,525)	(7,765)
Depreciation and amortisation		(81,917)	(59,615)
Other expenses	7	(17,804)	(8,350)
Total expenses		(277,580)	(261,512)
Profit before income tax		188,122	180,334
Income tax expense	8	(56,460)	(53,990)
Net profit after tax		131,662	126,344
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit liability, net of tax	22 (c)(ii)	(35)	(46)
Changes in the asset revaluation reserve, net of tax		-	314,541
Total comprehensive income		131,627	440,839

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

Statement of Financial Position

As at 30 June 2020

	NOTES	2020 \$'000	2019 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	316,437	219,869
Trade receivables	11	55,576	52,893
Other receivables	12	5,637	7,598
Inventories		6,411	6,344
Total current assets		384,061	286,704
Non-current assets			
Property, plant and equipment	13	2,386,672	2,416,524
ROU property, plant and equipment	15	44,303	-
Intangible assets	16	3,092	726
Investment in associates	17	232	10
Total non-current assets		2,434,299	2,417,260
Total assets		2,818,360	2,703,964
LIABILITIES			
Current liabilities			
Trade payables		4,916	4,894
Other payables	18	20,412	47,263
Interest bearing borrowings	19 (a)	67,918	23,032
Lease liabilities	20 (a)	11,793	-
Current tax liabilities	21	12,888	29,877
Provisions	22 (a)	8,555	7,582
Total current liabilities		126,482	112,648

Statement of Financial Position

As at 30 June 2020

	NOTES	2020 \$'000	2019 \$'000
Non-current liabilities			
Interest bearing borrowings	19 (b)	40,914	108,832
Lease liabilities	20 (b)	33,089	-
Provisions	22 (b)	69,759	69,067
Deferred tax liabilities	23	481,906	493,141
Total non-current liabilities		625,668	671,040
Total liabilities		752,150	783,688
NET ASSETS		2,066,210	1,920,276
EQUITY			
Contributed equity	24 (a)	353,449	307,184
Reserves	24 (b)	1,247,911	1,247,911
Retained earnings	24 (c)	464,850	365,181
Total equity		2,066,210	1,920,276

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

Statement of Changes in Equity

for the year ended 30 June 2020

	NOTES	CONTRIBUTED EQUITY \$'000	RESERVES \$'000	RETAINED EARNINGS \$'000	TOTAL EQUITY \$'000
Balance at 1 July 2018		281,616	933,370	389,766	1,604,752
Profit for the period		-	-	126,344	126,344
Other comprehensive income/(loss)		-	314,541	(46)	314,495
Total comprehensive income for the period		-	314,541	126,298	440,839
Transactions with owners in their capacity as owners	24 (a)	25,568	-	-	25,568
Dividends paid	25	-	-	(150,883)	(150,883)
Balance as at 30 June 2019		307,184	1,247,911	365,181	1,920,276
Balance at 1 July 2019		307,184	1,247,911	365,181	1,920,276
Initial application of AASB 16	35	-	-	(500)	(500)
Initial application of AASB 15		-	-	220	220
Restated balance at 1 July 2019		307,184	1,247,911	364,901	1,919,996
Profit for the period		-	-	131,662	131,662
Other comprehensive income/(loss)		-	-	(35)	(35)
Total comprehensive income for the period		-	-	131,627	131,627
Transactions with owners in their capacity as owners	24 (a)	46,265	-	-	46,265
Dividends paid	25	-	-	(31,678)	(31,678)
Balance as at 30 June 2020		353,449	1,247,911	464,850	2,066,210

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

Statement of Cash Flows

for the year ended 30 June 2020

	NOTES	2020 \$'000	2019 \$'000
Cash flows from operating activities			
Receipts from customers		494,655	472,008
Payments to suppliers and employees		(221,530)	(236,841)
Government contributions	2 (iv)	9,013	9,121
Interest received		3,874	7,246
Interest paid		(4,327)	(5,718)
Lease interest	20	(805)	-
Income taxes paid		(84,564)	(53,489)
Net cash inflow from operating activities	10	196,316	192,327
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		(77,284)	(146,928)
Proceeds from sale of property, plant and equipment		40	19
Payment for investment in associate		-	(10)
Net cash (outflow) from investing activities		(77,244)	(146,919)
Cash flows from financing activities			
Repayment of borrowings		(23,032)	(22,856)
Repayment of lease liabilities	20	(13,683)	-
Equity contributions	24 (i)(iii)	45,889	25,084
Dividends paid	25	(31,678)	(150,883)
Net cash (outflow) from financing activities		(22,504)	(148,655)
Net increase/(decrease) in cash and cash equivalents			
		96,568	(103,247)
Cash and cash equivalents at the beginning of the period		219,869	323,116
Cash and cash equivalents at the end of the period	9	316,437	219,869

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

Notes to the Financial Statements

for the year ended 30 June 2020

1. BASIS OF PREPARATION

The Pilbara Ports Authority (“the Authority”) is a WA Government entity, controlled by the State of Western Australia, which is the ultimate parent. The Authority is a not-for-profit entity (as profit is not the principal objective). A description of the Authority’s operations and principal activities has been included in the Director’s Report which does not form part of these financial statements. These annual financial statements were authorised for issue by the Board of Directors on 27 August 2020.

These financial statements have been prepared on the accrual basis of accounting, using the historical cost convention. Certain balances apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

Statement of Compliance

The financial statements are general purpose financial statements for the year ended 30 June 2020 prepared in accordance with Australian Accounting Standards and the financial reporting provisions of the Port Authorities Act 1999. The term ‘Australian Accounting Standards’ (AAS) includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

Rounding

All values are rounded to the nearest thousand dollars (\$’000), unless otherwise indicated.

Comparative accounts

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

Currency

The financial statements are presented in Australian dollars (AUD), which is the Authority’s functional currency.

Changes in accounting policies, new and amended standards and interpretations

In the current year, the Authority has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current reporting period. Refer to Note 35 Initial application of Australian Accounting Standards.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

1. BASIS OF PREPARATION (CONTINUED)

Accounting standards and interpretations issued but not yet effective

The Authority did not early adopt any new or amended AAS's and Interpretations issued but not yet effective. Refer to Note 36 Future impact of Australian Accounting Standards not yet operative for additional information regarding new and amended AASs and Interpretations issued but not yet effective.

Other accounting policies

Significant and other accounting policies that summarise measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements; with the exception of inventory and trade payables. Their accounting policies are below:

Inventory:

Inventories are not held for resale and are measured at cost; unless they are no longer required, in which case they are measured at net realisable value.

Trade payables:

Trade payables are recognised at the amounts payable when the Authority becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value as settlement is generally within 30 days.

COVID-19 impact

The World Health Organisation declared the outbreak of the Coronavirus disease (COVID-19) a pandemic on 12 March 2020. The Authority has been complying with guidance and Government regulations since this time. For the year ended 30 June 2020, there has been immaterial financial impact to business operations. The Authority continues to facilitate trade through all Ports in line with internal forecasts. Higher cleaning and ICT costs incurred have been offset by reduced business travel costs. As a result of the pandemic, the Authority has received and granted rental concessions which are commercially sensitive. There has been no impact to the going concern of the Authority for the year ended 30 June 2020. The Authority will continue to monitor and respond to the COVID-19 pandemic accordingly.

Judgements and estimates

In preparing the financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

1. BASIS OF PREPARATION (CONTINUED)

Judgements and estimates (continued)

Estimates and associated assumptions are based on professional judgements derived from historical experience and other factors that are believed to be reasonable under the circumstances. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimate is revised prospectively.

Information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 13 – Property, plant and equipment: useful life;
- Note 14 – Fair value measurements: fair value;
- Note 20 – Lease liabilities: term, control and incremental borrowing rate;
- Note 22 – Employee benefit provision: actuarial assumptions;
- Note 22 – Provision for land rehabilitation: assumptions and uncertainties, including the:
 - extent of environmental damages to be rectified;
 - methodology and timing of the rectifications; and
 - financial rates to be used, including discount and inflation rates.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

2. REVENUE	NOTES	2020 \$'000	2019 \$'000
Shipping	(i)	276,415	246,145
Charges on cargo	(i)	124,712	100,260
Port improvement rate	(i)	6,977	32,113
Rental and leases	(ii)	32,862	29,911
Licence	(iii)	478	-
Government contributions	(iv)	9,013	9,121
Total revenue		450,457	417,550

Revenue recognition

Until 30 June 2019, revenue was recognised and measured at the fair value of consideration received or receivable.

From 1 July 2019, revenue is recognised at the transaction price when the Authority transfers control of the services to customers. Revenue is recognised for the major activities as follows:

(i) Rendering of services

Revenue from services rendered is recognised in the Statement of Comprehensive Income over time for shipping and cargo related services based on satisfaction of the performance obligations. Port improvement rate (PIR) ceased as of 1 October 2019. PIR was levied for the full FY 2018-19 financial year.

(ii) Rental and leases

Rental and leases income is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of total rental income, over the term of the lease. The Authority predominantly rents out land assets. Refer to Note 29 Revenue commitments for the Authority's policy on managing lessor risk. Rental concessions have been granted where hardship has been demonstrated by leasees due to the impacts of COVID-19.

(iii) Licence

The Authority implemented *AASB 15 Revenue from Contracts with Customers* on 1 July 2019. In accordance with this standard, licence income is recognised as revenue in full on the anniversary of the effective date of when the licence was issued, instead of on a straight-line basis over the term of the lease as in the comparative financial year.

(iv) Government contributions

Grants received from the State Government of Western Australia for the operation of the Bulk Liquids Berth at the Port of Dampier are recognised when the funds are deposited into the Authority's bank account. The application of *AASB 1058 Income of Not-for-Profit Entities* from 1 July 2019 has had no impact on the treatment of income from the State Government of Western Australia as the income has been fully recognised during the financial year.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

3. OTHER REVENUE	NOTES	2020 \$'000	2019 \$'000
Utility revenue	(i)	6,486	6,566
Interest revenue	(ii)	3,856	7,283
Maritime Security Identification Check (MSIC)	(iii)	905	966
Non-Government contributions	(iv)	-	6,337
Other revenue	(v)	3,998	3,144
Total other revenue		15,245	24,296

Revenue recognition

Other revenue is recognised and measured at the fair value of consideration received or receivable as follows:

(i) Utility revenue

Utility revenue is a cost recovery of a proportion of utility expenditure passed onto proponents. The revenue is recognised when the utility expenditure is incurred by the Authority.

(ii) Interest revenue

Interest revenue is recognised as the interest is earned.

(iii) Maritime Security Identification Check (MSIC) revenue

MSIC revenue is recognised when MSIC cards are ordered by customers.

(iv) Non-Government contributions

Gifted assets of \$0 (2019: \$6.337 million received from a proponent at the Port of Ashburton).

(v) Other revenue

Other revenue consists of:

- gains which may be realised or unrealised and are recognised on a net basis;
- impairment losses being reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years; and
- income from sub-leasing right-of-use (ROU) residential properties of \$109,213. Refer to Note 15 ROU property, plant and equipment for the Authority's accounting policy on *AASB 16 Leases*. Refer to Note 35 Initial application of Australian Accounting Standards for details regarding the implementation of *AASB 16 Leases*.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

4. SUPPLIES AND SERVICES	NOTES	2020 \$'000	2019 \$'000
Contractor expenses		49,099	58,442
Consulting		7,011	5,569
Software licences		6,602	5,863
Short-term lease of plant and equipment, and commercial property	(i)	2,210	-
Lease of plant and equipment, and commercial property	(ii)	-	11,803
Other		12,023	11,872
Total supplies and services		76,945	93,549

Supplies and services are recognised as expenses in the reporting period in which they are incurred. These include the day-to-day running costs incurred in the normal course of operations.

(i) For the year ending 30 June 2020: The Authority applied the short-term lease recognition exemption on transition to *AASB 16 Leases* and subsequently. Consequently, short-term leases (being leases with a term of 12 month or less) are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The Authority's new accounting policy is detailed in Note 35 Initial application of Australian Accounting Standards.

(ii) For the year ending 30 June 2019: Before the adoption of *AASB 16 Leases*, the Authority recognised operating lease payments for plant and equipment, and commercial property on a straight-line basis over the lease term in accordance with *AASB 117 Leases*.

5. EMPLOYEE BENEFITS	2020 \$'000	2019 \$'000
Salaries	41,058	39,113
Superannuation	5,051	4,710
Annual leave expense	2,829	2,301
Long service leave expense	989	838
Board member fees	337	325
Other employee expenses	3,504	3,288
Total employee benefits	53,770	50,575
Add: AASB 16 non-monetary benefits	2,589	-
Less: employee contribution	(109)	-
Net employee benefits	56,250	-

Employment on-costs comprising of superannuation, payroll tax and workers' compensation are recognised as liabilities and expenses when the employment to which they relate has occurred. Payroll tax and workers' compensation on costs are included in other expenses.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

6. FINANCE EXPENSES	NOTES	2020 \$'000	2019 \$'000
Western Australian Treasury Corporation borrowing expenses		4,008	5,604
Interest expenses		7	14
Land rehabilitation provision net present value increase/(decrease)	22 (c)(i)	(284)	2,147
Lease finance expenses	20& (i)	794	-
Total finance expenses		4,525	7,765

All finance expenses are recognised using the effective interest method.

Borrowing costs are recognised as expenses in the period in which they are incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset in which case they are capitalised as part of the cost of the asset, in accordance with *AASB 123 Borrowing Costs*.

(i) Lease finance expenses represents the interest incurred on lease liabilities upon the adoption of *AASB 16 Leases*. Please refer to Note 20 Lease liabilities for further information.

7. OTHER EXPENSES	NOTES	2020 \$'000	2019 \$'000
Derecognition of work in progress		7,245	-
Insurance		3,271	3,283
Short-term lease residential properties	(i)	1,924	-
Lease of residential properties	(ii)	-	3,687
Rehabilitation change in cost assumptions	22 (c)(i)	789	(1,937)
Loss on disposal of assets		599	151
Loss on disposal of right-of-use assets		4	-
Other		3,972	3,166
Total other expenses		17,804	8,350

Other expenses are recognised as expenses in the reporting period in which they are incurred. These include the day-to-day running costs incurred in the normal course of operations.

(i) For the year ending 30 June 2020: The Authority applied the short-term lease recognition exemption on transition to *AASB 16 Leases* and subsequently. Consequently, short-term leases (being leases with a term of 12 month or less) are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. The Authority's new accounting policy is detailed in Note 35 Initial application of Australian Accounting Standards..

(ii) For the year ending 30 June 2019: Before the adoption of *AASB 16 Leases*, the Authority recognised operating lease payments for residential properties on a straight-line over the lease term in accordance with *AASB 117 Leases*.

All expenditure relating to asset maintenance, port utilities, rates and taxes, and research and feasibility is recognised as an expense in the reporting period in which they are incurred.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

8. INCOME TAX EXPENSE	NOTES	2020 \$'000	2019 \$'000
(a) Income tax expense			
Current tax	(i)	67,515	61,109
Adjustment for prior period	(ii)	60	21,492
Temporary differences		(11,055)	(6,974)
Over/(under) provision in prior years		(60)	(21,637)
Total income tax expense		56,460	53,990
(b) Numerical reconciliation of income tax expense to prima facie tax payable			
Profit before income tax expense		188,122	180,334
Tax at the Australian tax rate of 30%		56,436	54,100
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Other		24	35
Total numerical reconciliation of income tax expense to prima facie tax payable		56,460	54,135
Under/(over) provision in prior years		-	(145)
Total income tax expense		56,460	53,990

The Authority operates within the National Tax Equivalent Regime (NTER) whereby an equivalent amount in respect of income tax is payable to the State Government of Western Australia. The calculation of the liability in respect of income tax is governed by the 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*.

Income tax expense comprises current and deferred tax and is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income. Refer to Note 23 Deferred tax liabilities.

(i) Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year.

(ii) Any adjustment to tax payable in respect of previous years is separately disclosed. It is measured using tax rates enacted or substantively enacted at the reporting date.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

9. CASH AND CASH EQUIVALENTS	NOTE	2020 \$'000	2019 \$'000
Non-restricted		254,403	115,311
Restricted	(i)	62,034	104,558
Total cash and cash equivalents		316,437	219,869

Cash and cash equivalents in the Statement of Financial Position 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) Restricted cash and cash equivalents are reserved for a specific purpose and therefore not available for general business use. These include:
- Proponent contributions of \$61.186 million (2019: \$64.983 million) for Port of Ashburton development and Port of Port Hedland land rehabilitation; and
 - Port improvement rate cash of \$847,733 (2019: \$39.575 million) for approved Port of Port Hedland improvement projects.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

	2020 \$'000	2019 \$'000
10. NOTES TO THE STATEMENT OF CASH FLOWS		
Reconciliation of net profit after tax to net cash inflow from operating activities:		
Net profit after tax	131,662	126,344
Non-cash items:		
Non-Government contributions	-	(6,337)
Depreciation and amortisation expense	81,917	59,615
Loss on disposal of assets	599	151
Doubtful debt provision	(24)	-
Cost of asset disposal	(7,245)	-
Other	5,202	(5,655)
Change in assets and liabilities:		
Trade receivables	(2,707)	496
Other receivables	1,961	(2,911)
Inventories	67	246
Deferred tax assets / liabilities	27,233	(28,609)
Trade payables	22	(2,027)
Other payables	(26,851)	23,659
Current income tax	(16,989)	29,112
Provisions	1,469	(1,757)
Net cash inflow from operating activities	196,316	192,327

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

	2020 \$'000	2019 \$'000
11. TRADE RECEIVABLES		
Trade receivables	55,600	52,893
Provision for doubtful debt	(24)	-
Total trade receivables	55,576	52,893

Trade receivables are recognised and carried at the original invoice amounts less allowance for any uncollectible amounts or discounts provided. Receivables are generally settled within 30 days except for property rentals, which are governed by individual lease agreements and may be settled under different terms.

The credit risk of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is based on the estimated lifetime expected credit loss for trade receivables.

The maximum exposure to credit risk at the end of the reporting period for trade receivables is the carrying amount of the asset inclusive of any allowance for impairment. Aging analysis is shown in Note 26 Financial instruments. There was no impairment of trade receivables required for the years ended 30 June 2020 or 30 June 2019.

	2020 \$'000	2019 \$'000
12. OTHER RECEIVABLES		
Accrued income	2,807	2,075
Prepayments	1,421	1,270
GST paid to suppliers	1,399	4,136
Other receivables	10	117
Total other receivables	5,637	7,598

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

13. PROPERTY, PLANT AND EQUIPMENT

	CHANNELS AND BREAK- WATERS \$'000	LAND \$'000	BERTHS AND JETTIES \$'000	BUILDINGS AND IMPROVE- MENTS \$'000	PLANT AND EQUIPMENT \$'000	INFRA- STRUCTURE \$'000	BUILDINGS UNDER CONS- TRUCTION \$'000	WORK IN PROGRESS \$'000	TOTAL \$'000
2019									
At fair value	1,378,401	32,238	289,933	-	-	-	-	-	1,700,572
Add fair value increment	436,770	1	12,573	-	-	-	-	-	449,344
Less accumulated depreciation	(60,642)	-	(19,576)	-	-	-	-	-	(80,218)
Total written down value at fair value	1,754,529	32,239	282,930	-	-	-	-	-	2,069,698
At cost	-	-	-	93,142	171,176	125,593	11,004	100,959	501,874
Less accumulated depreciation	-	-	-	(18,881)	(86,588)	(47,012)	-	-	(152,481)
Less accumulated impairment	-	-	-	(2,567)	-	-	-	-	(2,567)
Total written down value at cost	-	-	-	71,694	84,588	78,581	11,004	100,959	346,826
Total property, plant and equipment	1,754,529	32,239	282,930	71,694	84,588	78,581	11,004	100,959	2,416,524

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	CHANNELS AND BREAK- WATERS \$'000	LAND \$'000	BERTHS AND JETTIES \$'000	BUILDINGS AND IMPROVE- MENTS \$'000	PLANT AND EQUIPMENT \$'000	INFRA- STRUCTURE \$'000	BUILDINGS UNDER CONS- TRUCTION \$'000	WORK IN PROGRESS \$'000	TOTAL \$'000
2020									
At fair value	1,900,581	32,615	329,074	-	-	-	-	-	2,262,270
Less accumulated depreciation	(97,460)	-	(30,642)	-	-	-	-	-	(128,102)
Total written down value at fair value	1,803,121	32,615	298,432	-	-	-	-	-	2,134,168
At cost	-	-	-	92,056	180,828	134,427	193	14,277	421,780
Less accumulated depreciation	-	-	-	(20,361)	(95,364)	(50,984)	-	-	(166,709)
Less accumulated impairment	-	-	-	(2,567)	-	-	-	-	(2,567)
Total written down value at cost	-	-	-	69,127	85,464	83,443	193	14,277	252,504
Total property, plant and equipment	1,803,121	32,615	298,432	69,127	85,464	83,443	193	14,277	2,386,672

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out in the table below:

	NOTES	CHANNELS AND BREAK- WATERS \$'000	LAND \$'000	BERTHS AND JETTIES \$'000	BUILDINGS AND IMPROVE- MENTS \$'000	PLANT AND EQUIPMENT \$'000	INFRA- STRUCTURE \$'000	BUILDINGS UNDER CONST- RUCTION \$'000	WORK IN PROGRESS \$'000	TOTAL \$'000
2019										
Carrying amount as at 1 July		1,219,845	31,819	278,238	40,264	80,762	74,750	38,806	53,638	1,818,122
Additions		83,668	419	1,810	34,343	13,244	11,044	18,278	49,308	212,114
Transfer from work in progress		44,323	-	211	-	1,255	1,006	(45,604)	(1,191)	-
Transfer to Statement of Comprehensive Income		-	-	-	-	-	-	(476)	(796)	(1,272)
Depreciation		(30,077)	-	(9,902)	(2,899)	(10,581)	(5,708)	-	-	(59,167)
Disposals		(25,855)	-	-	(66)	(1,185)	(4,149)	-	-	(31,255)
Accumulated depreciation on disposals		25,855	-	-	43	1,093	1,638	-	-	28,629
Revaluation increments ⁽ⁱ⁾	24(b)	436,770	1	12,573	-	-	-	-	-	449,344
Impairment losses reversed ⁽ⁱⁱ⁾		-	-	-	9	-	-	-	-	9
Carrying amount as at 30 June		1,754,529	32,239	282,930	71,694	84,588	78,581	11,004	100,959	2,416,524

(i) For asset classes measured at fair value, increases or decreases in value are recognised as a revaluation increment / decrement in the asset revaluation reserve. Further information on fair value measurements is provided in Note 14 Fair value measurements.

(ii) For asset classes measured at cost, impairment losses or reversals are recognised in the Statement of Comprehensive Income.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	NOTES	CHANNELS AND BREAK- WATERS \$'000	LAND \$'000	BERTHS AND JETTIES \$'000	BUILDINGS AND IMPROVE- MENTS \$'000	PLANT AND EQUIPMENT \$'000	INFRA- STRUCTURE \$'000	BUILDINGS UNDER CONST- RUCTION \$'000	WORK IN PROGRESS \$'000	TOTAL \$'000
2020										
Carrying amount as at 1 July		1,754,529	32,239	282,930	71,694	84,588	78,581	11,004	100,959	2,416,524
Additions		24,365	376	1,513	463	3,823	8,223	2,585	5,911	47,259
Transfer from work in progress		61,045	-	25,055	511	8,884	1,954	(11,454)	(85,994)	-
Transfer to Statement of Comprehensive Income		-	-	-	-	-	-	(1,942)	(6,598)	(8,540)
Depreciation and amortisation		(36,818)	-	(11,066)	(3,294)	(11,617)	(5,175)	-	-	(67,970)
Disposals		-	-	-	(2,060)	(3,054)	(1,343)	-	-	(6,458)
Accumulated depreciation on disposals		-	-	-	1,813	2,840	1,204	-	-	5,857
Carrying amount as at 30 June		1,803,121	32,615	298,432	69,127	85,464	83,443	193	14,277	2,386,672

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Minor assets

Items of property, plant and equipment costing less than \$5,000 are expensed to the Statement of Comprehensive Income.

Initial recognition and measurement

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Property, plant and equipment are initially recognised at cost. For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition with the exception of land gifted by the State of Western Australia. Gifted land is generally transferred at the Valuer General's fair value at the time of transfer. Purchased software that is integral to the functionality of related equipment is capitalised as part of that equipment. If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of channels and breakwaters, land and berths and jetties, and historical cost for all other property, plant and equipment. Channels and breakwaters, land and berths and jetties are carried at fair value less accumulated depreciation and accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. As at 27 August 2020, there was insufficient evidence of any impacts of the COVID-19 pandemic. It has been concluded that there has been immaterial changes in fair values of property, plant and equipment at the reporting date.

Depreciation

All non-current assets having a limited useful life are systematically depreciated using the straight-line method over their estimated useful lives in a manner that reflects the consumption of their future economic benefits, recognised in the Statement of Comprehensive Income.

Estimated useful lives for each class of depreciable asset are:

Asset class at cost	Estimated useful lives	Asset class at fair value	Estimated useful lives
Infrastructure	5 – 50 years	Channels and breakwaters	10 – 98 years
Buildings and improvements	5 – 50 years	Berths and jetties	5 – 50 years
Plant and equipment (including office equipment, motor vehicles)	2 – 40 years		

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. 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 considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income. Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through Other Comprehensive Income.

As the Authority is a not-for-profit entity, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value. If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years. The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

Repairs and maintenance

Routine maintenance and repair costs are expensed as incurred. This includes repairs that relate to the restoration of an asset to its original service potential. Repairs that improve the functionality of the asset or increase its effective life are capitalised and depreciated.

Land

Land which is either freehold, vested to the Authority or under management order in accordance with the Port Authorities Act 1999 is considered to be under the control of the Authority and is recorded in property, plant and equipment. Land assets are considered to have an indefinite life and are not depreciated. Depreciation is not recognised because the service potential has not, in any material sense, been consumed during the reporting period.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

14. FAIR VALUE MEASUREMENTS

Assets measured at fair value:

	NOTES	2020 LEVEL 2 \$'000	2019 LEVEL 2 \$'000	2020 LEVEL 3 \$'000	2019 LEVEL 3 \$'000	2020 TOTAL \$'000	2019 TOTAL \$'000
Channels and breakwaters	13	109,309	112,265	1,693,812	1,642,264	1,803,121	1,754,529
Land	13	23,697	23,697	8,918	8,542	32,615	32,239
Berths and jetties	13	248,601	258,147	49,831	24,783	298,432	282,930
Total assets measured at fair value		381,607	394,109	1,752,560	1,675,589	2,134,168	2,069,698

Reconciliations of the carrying amounts of the assets measured at fair value are provided in Note 13 Property, plant and equipment.

Valuation techniques

The Authority engaged the services of an independent valuer to determine the fair value of assets as at 30 June 2019 and will continue to do so at a minimum of every three years.

Valuation technique to derive level 2 and 3 fair value

The basis of the valuation assumes an asset can be exchanged after an adequate period of marketing to obtain its best price, having regard to the highest and best use of the asset for which market participants in the principal or most advantageous markets would be prepared to pay. In the absence of a market price, fair value has been estimated by reference to the best available market evidence including current market prices for recent transactions of similar assets or current market new replacement costs, considered to be level 2 inputs against which an allowance for depreciation is applied. Where no market price or market evidence is available, unobservable inputs are applied such as indexation, which are considered to be a level 3 input.

Where the market buying price and market selling price differ materially, often in the case of specialised assets, fair value has been estimated using the direct replacement cost of the asset, whereby replacement cost is depreciated for consumption of service potential and other obsolescence. Where inputs in this method of valuation are directly or indirectly observable they are considered level 2 inputs, for example direct replacement cost in new asset market, asset utilisation and allocation of useful life. Where inputs in this method of valuation are unobservable, they are considered level 3 inputs, for example indexation of acquisition cost, industry or consumer price indices.

Channels and breakwaters

The valuation of channels and breakwaters has been determined based on the assumed total volumes that would need to be dredged to replace them. A calculation of the gross current cost for dredged areas was made based on current market new replacement costs. Depreciation was applied to determine the written down current cost having regard to the life of the ports generally and its remaining life specifically. Depreciation was calculated after giving consideration to the condition generally of port assets employed, economic factors relating to a continuation of trade and technological advances giving rise to potential risk of functional obsolescence.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

14. FAIR VALUE MEASUREMENTS (CONTINUED)

Land

In determining the value of land, consideration was given to industrial and residential land sales evidence and land value movement trends within the boundaries of the Town of Port Hedland (including Finucane Island, South Hedland and Wedgefield), City of Karratha (including Dampier), and the Shire of Ashburton (including Onslow). The applied analysis of this evidence took into account the limited number of uses to which much of the port related land could be put.

Berths and jetties

The fair value of berths and jetties has been determined based on an estimation using current market new replacement cost less an allowance for depreciation.

15. ROU PROPERTY, PLANT AND EQUIPMENT	BUILDINGS AND IMPROVEMENTS \$'000	PLANT AND EQUIPMENT \$'000	TOTAL \$'000
2020			
At cost	22,039	57,630	79,669
Less accumulated depreciation	(10,233)	(25,133)	(35,366)
Total written down value at cost	11,806	32,497	44,303

Reconciliations of the carrying amounts of right-of-use assets at the beginning and end of the reporting period are set out in the table below:

	NOTE	BUILDINGS AND IMPROVEMENTS \$'000	PLANT AND EQUIPMENT \$'000	TOTAL \$'000
2020				
Recognition of right-of-use asset on initial adoption on 1 July	35	3,806	33,812	37,618
Additions		11,189	7,862	19,051
Depreciation		(3,166)	(9,132)	(12,298)
Disposals		(157)	(65)	(222)
Accumulated depreciation on disposals		134	20	154
Carrying amount as at 30 June		11,806	32,497	44,303

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

15. ROU PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Short-term and low value leases

The Authority has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets (with an underlying value of \$5,000 or less) and short-term leases (with a lease term of 12 months or less). Lease payments associated with these leases have been recognised as an expense on a straight-line basis over the lease term in the Statement of Comprehensive Income.

Initial recognition and measurement

The Authority recognises right-of-use assets being residential properties for employee housing in the Pilbara region, commercial buildings, and marine plant and equipment and fleet. Right-of-use assets are recognised at the lease commencement date, which is when the assets are available for use and are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

Subsequent measurement

Subsequent to initial recognition, assets are stated at their historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation and impairment

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets. If ownership of the leased asset transfers to the Authority at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in Note 13 Property, plant and equipment.

The Authority has tested its right-of-use assets for impairment on the date of transition and at year end and has concluded that there is no indication that the right-of-use assets are impaired.

The following amounts relating to leases under *AASB 16 Leases* have been recognised in the Statement of Comprehensive Income:

	2020 \$000
Depreciation expense of right-of-use assets	12,298
Lease interest expense	794
Short-term leases	4,134
Total amount recognised in the Statement of Comprehensive Income	17,226

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

16. INTANGIBLE ASSETS

	COMPUTER SOFTWARE \$'000	ENVIRONMENTAL APPROVALS \$'000	TOTAL \$'000
2019			
At cost	5,066	449	5,515
Less accumulated amortisation	(4,665)	(124)	(4,789)
Total written down value at cost	401	325	726
2020			
At cost	7,978	449	8,427
Less accumulated amortisation	(5,204)	(131)	(5,335)
Total written down value at cost	2,774	318	3,092

Reconciliations of the carrying amounts of intangible assets at the beginning and end of the reporting period are set out in the table below:

	COMPUTER SOFTWARE \$'000	ENVIRONMENTAL APPROVALS \$'000	TOTAL \$'000
2019			
Carrying amount as at 1 July	707	336	1,043
Additions	131	-	131
Amortisation	(437)	(11)	(448)
Carrying amount as at 30 June	401	325	726
2020			
Carrying amount as at 1 July	401	325	726
Transfer from work in progress	2,912	-	2,912
Amortisation	(539)	(7)	(546)
Carrying amount as at 30 June	2,774	318	3,092

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

16. INTANGIBLE ASSETS (CONTINUED)

Minor assets

Intangible assets costing less than \$5,000 are expensed to the Statement of Comprehensive Income.

Recognition and measurement

Intangible assets are recognised as assets and the cost of utilising these assets is expensed (amortised) over their useful lives. Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the 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.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Computer software

Software that is an integral part of related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$5,000 is expensed to the Statement of Comprehensive Income.

Environmental approvals

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

Amortisation

Amortisation of intangible assets with finite useful lives is calculated for the period of the expected benefit on a straight-line basis, recognised in the Statement of Comprehensive Income. All intangible assets controlled by the Authority have a finite useful life and zero residual value. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The expected useful lives for each class of intangible asset are:

Asset class at cost	Estimated useful lives
Computer software	2 – 7 years
Environmental approvals	50 years

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

17. INVESTMENT IN ASSOCIATES

The Authority paid \$10,000 in December 2018 and holds a 25% equity interest in Port Hedland Industries Council Pty Ltd (PHIC). The investment in the associate is not material to the Authority. The investment in PHIC is accounted for using the equity method in accordance with *AASB 128 Investments in Associates and Joint Ventures*.

Name of the associate	Principal activity	Principal place of business	Proportion of ownership
Port Hedland Industries Council Pty Ltd	An industry organisation for providing strategies on community and environment management	Port Hedland	25%

Summarised aggregated financial information of the Authority's share in the associate is set out in the table below:

	2020 \$'000	2019 \$'000
Carrying amount as at 1 July	10	10
Profit from continuing operations	222	-
Carrying amount as at 30 June	232	10

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

18. OTHER PAYABLES	NOTE	2020 \$'000	2019 \$'000
Rent received in advance		9,313	8,250
GST collected from customers		4,028	4,241
Accrued expenses	(i)	7,071	34,772
Total other payables		20,412	47,263

(i) Accrued expenses are recognised at the amounts payable in the future for goods and services received prior to the reporting date. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

19. INTEREST BEARING BORROWINGS	2020 \$'000	2019 \$'000
(a) Current		
Western Australian Treasury Corporation loans	67,918	23,032
Total current interest bearing borrowings	67,918	23,032
(b) Non-current		
Western Australian Treasury Corporation loans	40,914	108,832
Total non-current interest bearing borrowings	40,914	108,832
Total interest bearing borrowings	108,832	131,864

Borrowings are classified as financial instruments. All interest bearing borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Authority has categorised its interest bearing liabilities as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'. The classification depends on the nature and purpose of the interest bearing liabilities. The Authority determines the classification of its interest bearing liabilities at initial recognition.

The Authority has two loans with the Western Australian Treasury Corporation (WATC) being:

- The loan for the Utah Point Bulk Handling Facility (BHF) which is repayable via annual principal payments in accordance with the 5 year borrowing limit schedule provided by WATC and quarterly interest payments in accordance with a fixed instalment repayment schedule, due to conclude by 30 June 2021; and
- The loan for the Port of Dampier Bulk Liquids Berth (BLB) which is repayable via quarterly instalments of principal and interest over 25 years in accordance with a fixed instalment repayment schedule, due to conclude by 1 August 2030.

Apart from the contractual obligation to repay the WATC under its portfolio lending arrangements, the Authority has not provided any security in respect of the loans.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

20. LEASE LIABILITIES	NOTE	2020 \$'000	2019 \$'000
(a) Current			
Building and improvements		3,092	-
Plant and equipment		8,701	-
Total current lease liabilities		11,793	-
(b) Non-current			
Building and improvements		8,852	-
Plant and equipment		24,237	-
Total non-current lease liabilities		33,089	-
Total lease liabilities		44,882	-
Movements in lease liabilities are set out below:			
(i) Buildings and improvements			
Recognition of lease liabilities on initial adoption on 1 July	35	3,955	-
Additions		11,189	-
Repayments		(3,285)	-
Accretion of interest		111	-
Disposals		(26)	-
Carrying amount as at 30 June		11,944	-
(ii) Plant and equipment			
Recognition of lease liabilities on initial adoption on 1 July	35	34,380	-
Additions		7,862	-
Repayments		(9,941)	-
Accretion of interest		683	-
Disposals		(46)	-
Carrying amount as at 30 June		32,938	-
Total lease liability carrying amount as at 30 June		44,882	-
Total lease payments during the year comprising:			
Principal payments		13,683	-
Financing costs		805	-
Total lease payments		14,488	-

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

20. LEASE LIABILITIES (CONTINUED)

Initial recognition and measurement

The Authority initially measures lease liabilities for buildings and improvements, and plant and equipment at the commencement date, at the present value of future lease payments that are not paid at that date. Previously these leases were classified as operating leases under *AASB 117 Leases*. The lease payments are discounted using the WATC incremental borrowing rate if the rate implicit in the lease cannot be readily determined. Lease payments are fixed payments or index-based variable payments incorporating the Authority's expectations of extension options and do not include the non-lease components of a contract, where the Authority has elected to separate out non-lease components.

Lease payments included by the Authority as part of the present value calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options (where these are reasonably certain to be exercised); and
- Payments for penalties for terminating a lease, where the lease term reflects the Authority exercising an option to terminate the lease.

The interest on the lease liability is recognised in the Statement of Comprehensive Income over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Key estimates and judgements

Control

Judgement is required to assess whether a contract is or contains a lease at inception by assessing whether the Authority has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset.

Lease term

Judgement is required when assessing the term of the lease and whether to include optional extension and termination periods. Option periods are only included in determining the lease term at inception when they are reasonably certain to be exercised. Lease terms are reassessed when a significant change in circumstances occurs.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

20. LEASE LIABILITIES (CONTINUED)

Key estimates and judgements (continued)

Discount rates

Judgement is required to determine the discount rate, where the discount rate is the Authority's incremental borrowing rate, if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to WATC incremental borrowing rate. For leases transitioned to *AASB 16 Leases* on 1 July 2019, the Authority applied the WATC rate listed for July 2019 to the remaining term of the lease rounded to the nearest half year. For leases commencing after adoption on 1 July 2019, the Authority applies the WATC incremental borrowing rate for the month in which the lease commenced for the contracted term rounded to the nearest half year interval.

Subsequent measurement

Lease liabilities are remeasured when there is a change in future lease payments arising from a change in rates, index or lease terms from exercising an extension or termination option. A corresponding adjustment is made to the carrying amount of the lease assets, with any excess recognised in the Statement of Comprehensive Income.

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

Lease commitments

The table below presents the contractual undiscounted cash flows associated with the Authority's future lease commitments after 30 June 2020 for non-cancellable leases not yet commenced, representing principal and interest. Lease liabilities are payable as follows:

	2020 \$'000
Within one year	163
Later than one year but not later than five years	484
Later than five years	4
Total contractual lease payments	651

For the year ended 30 June 2020, the Authority has commitments relating to short-term and low value leases for buildings and improvements, and plant and equipment contracted, but not provided for in the financial statements of \$1.214 million.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

21. CURRENT TAX LIABILITIES		2020 \$'000	2019 \$'000
Opening balance		29,877	766
Prior year true up		60	22,329
Tax instalments paid		(59,846)	(58,923)
Tax refund/(paid)		(24,718)	4,596
Current tax expense		67,515	61,109
Total current tax liabilities		12,888	29,877

22. PROVISIONS		2020 \$'000	2019 \$'000
	NOTES		
(a) Current			
Employee benefits			
Annual leave		3,529	2,944
Long service leave		4,712	4,362
Other employee benefits		314	276
Total current employee benefits		8,555	7,582
Total current provisions		8,555	7,582
(b) Non-current			
Employee benefits			
Long service leave		698	508
Other employee benefits	22 (c)(ii)	559	547
Total non-current employee benefits		1,257	1,055
Other provisions			
Provision for land rehabilitation	22 (c)(i)	68,502	68,012
Total other provisions		68,502	68,012
Total non-current provisions		69,759	69,067
Total provisions		78,314	76,649

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

22. PROVISIONS (CONTINUED)	NOTES	2020 \$'000	2019 \$'000
(c) Movements in other non-current provisions are set out below:			
(i) Land rehabilitation			
Carrying amount as at 1 July		68,012	67,802
Land rehabilitation works completed during the year		(15)	-
Change in cost assumptions	7	789	(1,937)
Net present value increase/(decrease)	6	(284)	2,147
Carrying amount as at 30 June		68,502	68,012
(ii) Pension and Gold State Super			
Carrying amount as at 1 July		547	518
Interest cost		7	13
Actuarial (gains)/losses		35	46
Benefits paid		(30)	(30)
Carrying amount as at 30 June		559	547

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period. The unwinding of a discount is recognised as a finance cost.

Land rehabilitation

Provision for the land rehabilitation liability has been recognised using a discounted cash flow methodology. Management's estimates have been developed from an internal cost model.

Employee benefits

The liability for annual and long service leave expected to be settled within 12 months after the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled using the remuneration rates expected to apply at the time of settlement. Long service leave not expected to be settled wholly within 12 months after the reporting date, is disclosed as non-current and the calculation of such will be discounted accordingly. Leave liabilities are in respect of services provided by employees up to the reporting date.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

22. PROVISIONS (CONTINUED)

Employee benefits (continued)

When assessing expected future payments, consideration is given to estimated future wage and salary levels including non-salary components, such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted to present value using market yields at the reporting date on Federal Government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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 the reporting date.

Employment on-costs are recognised as liabilities and expenses when the employment to which they relate has occurred.

Pension and Gold State Super Scheme

The Government Employees Superannuation Board (GESB) and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

Eligible employees contribute to the Gold State Super (GSS) scheme, a defined benefit lump sum scheme closed to new members since 1995. Two people remain in GSS.

Employees commencing employment prior to 16 April 2007 who were not members of the GSS became non-contributory members of West State Super (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super. The Authority makes contributions to GESB Super or other fund providers on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Authority's liability for superannuation charges in respect of employees who are not members of the GSS.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-Government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the Authority to GESB extinguish the Authority's obligations to the related superannuation liability.

The Authority has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Authority to GESB.

GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

23. DEFERRED TAX LIABILITIES	NOTES	2020 \$'000	2019 \$'000
(a) Deferred tax assets			
Depreciation timing differences		28,633	17,909
Project pool expenditure		243	268
Provisions	(i)	23,502	22,995
Lease liabilities	(ii)	13,465	-
Other		458	533
Total deferred tax assets		66,301	41,705
(b) Deferred tax liabilities			
Property, plant and equipment	(iii)	(534,819)	(534,819)
Right-of-use assets	(iv)	(13,291)	-
Other		(97)	(27)
Total deferred tax liabilities		(548,207)	(534,846)
Net deferred tax liabilities		(481,906)	(493,141)

- (i) This balance represents the deferred tax impact of the total provisions. Further information on provisions is provided in Note 22 Provisions.
- (ii) This balance represents the deferred tax impact as a result of the recognition of lease liabilities under the new accounting standard *AASB 16 Leases*. Refer to Note 35 Initial application of Australian Accounting Standards for accounting treatment on transition to *AASB 16 Leases*. Further information on lease liabilities is provided in Note 20 Lease liabilities.
- (iii) This balance represents the deferred tax impact of increased future depreciation for accounting purposes as a result fair value accounting. Further information on fair value measurements is provided in Note 14 Fair value measurements.
- (iv) This balance represents the deferred tax impact as a result of the recognition of right-of-use assets under the new accounting standard *AASB 16 Leases*. Refer to Note 35 Initial application of Australian Accounting Standards for accounting treatment on transition to *AASB 16 Leases*. Further information on ROU property, plant and equipment is provided in Note 15 ROU property, plant and equipment.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

23. DEFERRED TAX LIABILITIES (CONTINUED)

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit(s) will be realised.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

24. EQUITY	NOTES	2020 \$'000	2019 \$'000
(a) Contributed equity			
Carrying amount as at 1 July		307,184	281,616
Port improvement rate	(i)	3,644	25,084
Vested land	(ii)	376	484
Other Government contributions	(iii)	42,245	-
Equity contributions during the year		46,265	25,568
Carrying amount as at 30 June		353,449	307,184
(b) Asset revaluation reserve			
Carrying amount as at 1 July		1,247,911	933,370
Net revaluation increments:			
- Channels and breakwaters	13	-	436,770
- Land	13	-	1
- Berths and jetties	13	-	12,573
Asset revaluations during the year		-	449,344
Deferred tax impact		-	(134,803)
Carrying amount as at 30 June		1,247,911	1,247,911
(c) Retained earnings			
Carrying amount as at 1 July		365,181	389,766
Initial application of AASB 16	35	(500)	-
Initial application of AASB 15	35	220	-
Restated balance as at 1 July		364,901	389,766
Total comprehensive income for the year	(iv)	131,627	126,298
Dividends paid	(v)	(31,678)	(150,883)
Carrying amount as at 30 June		464,850	365,181
Total equity at end of period		2,066,210	1,920,276

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

24. EQUITY (CONTINUED)

Contributions received from the State Government of Western Australia are recognised directly as a credit to contributed equity:

- (i) The proportion of dividends paid relating to the port improvement rate (PIR) are returned to the Authority as an equity contribution each year. Equity contributions of \$3.644 million in 2020 (\$25.084 million in 2019) have been returned to the Authority.
- (ii) Land was vested to the Authority by the State Government of Western Australia.
- (iii) The dividend of \$42.245 million relating to a proponent's capital dredging completed in FY 2018-19, has been returned to the Authority as an equity contribution in FY 2019-20.
- (iv) Total comprehensive income for the year excludes the changes in the asset revaluation reserve, net of tax.
- (v) The lower dividend paid in FY 2019-20 reflects a Government decision to defer the interim dividend for the year ended 30 June 2020 to FY 2020-21.

Further information on dividends is provided in Note 25 Dividends.

25. DIVIDENDS	2020 \$'000	2019 \$'000
Final dividend prior year	31,678	75,168
Interim dividend current year	-	75,715
Total dividends	31,678	150,883

The Authority is required to pay dividends to the State Government of Western Australia.

The FY 2019-20 dividend is payable in one tranche at a dividend pay out ratio of 85%:

- Tranche 1 = 100% of net profits after income tax via a final dividend after year end due and payable by 31 December.

The FY 2018-19 dividend is payable in two tranches at a dividend pay out ratio of 85%:

- Tranche 1 = 75% of net profits after income tax via an interim dividend prior to 30 June, and
- Tranche 2 = 25% of net profits after income tax final dividend after year end due and payable by 31 December.

Dividends, to the extent that they are not paid within the period, are recognised as a liability in the period in which they are declared. In accordance with Australian Accounting Standards, the final dividend relating to the financial results for the year ended 30 June 2020 has not been provided for as it is expected to be declared by the Board of Directors and approved by Government after the reporting date.

The Government and the Authority have agreed that the dividends paid which relate to the port improvement rate (PIR) profit are to be returned to the Authority as an equity contribution each year. \$3.644 million in 2020 (\$25.084 million in 2019) has been returned to the Authority.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

26. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

Financial instruments held by the Authority are cash and cash equivalents, restricted cash and cash equivalents, receivables, payables and Western Australian Treasury Corporation (WATC) borrowings. The Authority has limited exposure to financial risks. The Authority's overall risk management program focuses on managing the risks identified below.

(a) Summary of risks and risk management

Credit risk

Credit risk arises when there is the possibility of the Authority's customers defaulting on their contractual obligations resulting in financial loss to the Authority. The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table in Note 26 (c). The Authority trades only with recognised, creditworthy third parties. The Authority has policies in place to ensure that the provision of services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Authority's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due. The Authority is exposed to liquidity risk through its trading in the normal course of business. The Authority has appropriate procedures to manage cash flows including monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates, commodity prices and equity prices will affect the Authority's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

The Authority's exposure to market risk includes:

- the impact that changes in commodity prices have on the price relief (discount) provided to proponents at the Utah Point BHF; and
- the impact of changes in interest rates relating primarily to cash and cash equivalents.

The Authority's borrowings are all obtained through the WATC and are at fixed rates with varying maturity dates. The risk is managed by WATC through portfolio diversification and variation in maturity dates. The Authority does not trade in foreign currency.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are set out below:

	2020 \$'000	2019 \$'000
Financial assets		
Cash and cash equivalents	254,403	115,311
Restricted cash and cash equivalents	62,034	104,558
Loans and receivables (i)	53,341	50,164
Total financial assets	369,778	270,033
Financial liabilities		
Financial liabilities measured at amortised cost	174,567	179,335
Total financial liabilities	174,567	179,335

(i) The value of receivables is net of GST and excludes GST recoverable from the ATO (statutory receivable) and prepayments.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Aging analysis of financial assets

	NOTES	CARRYING AMOUNT \$000	NOT PAST DUE AND NOT IMPAIRED \$000	PAST DUE BUT NOT IMPAIRED					IMPAIRED FINANCIAL ASSETS \$000
				UP TO 1 MONTH \$000	1 - 3 MONTHS \$000	3 MONTHS TO 1 YEAR \$000	1-5 YEARS \$000	MORE THAN 5 YEARS \$000	
2019									
Financial assets									
Cash and cash equivalents	9	115,311	115,311	39,081	76,230	-	-	-	-
Restricted cash and cash equivalents	9	104,558	104,558	40,373	64,185	-	-	-	-
Trade receivables (i)		48,084	48,084	39,154	8,930	-	-	-	-
Other receivables (i)		2,080	2,080	2,080	-	-	-	-	-
Total financial assets		270,033	270,033	120,688	149,345	-	-	-	-
2020									
Financial assets									
Cash and cash equivalents	9	254,403	254,403	254,403	-	-	-	-	-
Restricted cash and cash equivalents	9	62,034	62,034	2,726	59,308	-	-	-	-
Trade receivables (i)		50,524	50,524	40,004	10,486	34	-	-	-
Other receivables (i)		2,817	2,817	2,817	-	-	-	-	-
Total financial assets		369,778	369,778	299,950	69,794	34	-	-	-

(i) The value of receivables is net of GST and excludes GST recoverable from the ATO (statutory receivable) and prepayments.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

Interest rate exposure and maturity analysis of financial assets and financial liabilities

26. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity risk and interest rate exposure

The following table details the Authority's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

	NOTES	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	CARRYING AMOUNT \$000	INTEREST RATE EXPOSURE			NOMINAL AMOUNT \$000	MATURITY DATES				
				FIXED INTEREST RATE \$000	VARIABLE INTEREST RATE \$000	NON-INTEREST BEARING \$000		LESS THAN 1 MONTH \$000	1 MONTH TO 3 MONTHS \$000	3 MONTHS TO 1 YEAR \$000	1-5 YEARS \$000	MORE THAN 5 YEARS \$000
2019												
Financial assets												
Cash and cash equivalents	9	2.34	115,311	-	115,311	-	115,311	39,081	76,230	-	-	-
Restricted cash and cash equivalents	9	2.34	104,558	-	104,558	-	104,558	40,373	64,185	-	-	-
Trade receivables (i)			48,084	-	-	48,084	48,084	39,154	8,930	-	-	-
Other receivables (i)			2,080	-	-	2,080	2,080	2,080	-	-	-	-
Total financial assets			270,033	-	219,869	50,164	270,033	120,688	149,345	-	-	-
Financial liabilities												
Trade payables (ii)			4,449	-	-	4,449	4,449	4,449	-	-	-	-
Other payables (ii)	18		43,022	-	-	43,022	43,022	43,022	-	-	-	-
Borrowings (iii)	19	3.77	131,864	131,864	-	-	155,025	-	2,484	26,832	89,472	36,237
Total financial liabilities			179,335	131,864	-	47,471	202,496	47,471	2,484	26,832	89,472	36,237

(i) The value of trade and other receivables is net of GST and excludes GST recoverable from the ATO (statutory receivable) and prepayments.

(ii) The value of trade and other payables is net of GST and excludes GST payable to the ATO (statutory payable).

(iii) With reference to the nominal amount, the maturity date analysis of borrowings is inclusive of principal and interest cash flows.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity risk and interest rate exposure (continued)

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	NOTES	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	CARRYING AMOUNT \$000	INTEREST RATE EXPOSURE			NOMINAL AMOUNT \$000	MATURITY DATES				
				FIXED INTEREST RATE \$000	VARIABLE INTEREST RATE \$000	NON-BEARING INTEREST \$000		LESS THAN 1 MONTH \$000	1 MONTH TO 3 MONTHS \$000	3 MONTHS TO 1 YEAR \$000	1-5 YEARS \$000	MORE THAN 5 YEARS \$000
2020												
Financial assets												
Cash and cash equivalents	9	1.56	254,403	-	254,403	-	254,403	254,403	-	-	-	-
Restricted cash and cash equivalents	9	1.56	62,034	-	62,034	-	62,034	2,726	59,308	-	-	-
Trade receivables (i)			50,524	-	-	50,524	50,524	40,004	10,486	34	-	-
Other receivables (i)			2,817	-	-	2,817	2,817	2,817	-	-	-	-
Total financial assets			369,778	-	316,437	53,341	369,778	299,950	69,794	34	-	-
Financial liabilities												
Trade payables (ii)			4,469	-	-	4,469	4,469	4,469	-	-	-	-
Other payables (ii)	18		16,384	-	-	16,384	16,384	16,384	-	-	-	-
Borrowings (iii)	19	3.12	108,832	108,832	-	-	124,813	-	2,419	68,763	23,192	30,439
Lease liabilities (iv)	20	2.11	44,882	44,882	-	-	44,882	1,172	2,262	8,359	27,915	5,174
Total financial liabilities			174,567	153,714	-	20,853	190,548	22,025	4,681	77,122	51,107	35,613

(i) The value of trade and other receivables is net of GST and excludes GST recoverable from the ATO (statutory receivable) and prepayments.

(ii) The value of trade and other payables is net of GST and excludes GST payable to the ATO (statutory payable).

(iii) With reference to the nominal amount, the maturity date analysis of borrowings is inclusive of principal and interest cash flows.

(iv) The amount of lease liabilities includes \$11.944 million from leased buildings and improvements and \$32.938 million from leased plant and equipment.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Interest rate sensitivity analysis

The Authority does not account for any fixed rate financial assets and liabilities at fair value through the Statement of Comprehensive Income. Therefore a change in interest rates at the end of the reporting period would not affect the reported profit.

The Authority's policy is to manage its investment portfolio through diversification and variation in maturity dates with the objective of achieving optimum returns whilst managing interest rate risk to avoid uncertainty and volatility in the market place. The Authority regularly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions and alternative financing structures.

At the reporting date, if interest rates had moved as illustrated in the table below, with all other variables held constant, the effect would be as follows:

Financial Assets	NOTE	2020 \$'000	2019 \$'000
Cash and cash equivalents	9	316,437	219,869
Change in carrying amount (1%)		3,164	2,199
Change in carrying amount (-1%)		(3,164)	(2,199)

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

27. CONTINGENCIES

Contingent assets and contingent liabilities are not recognised in the Statement of Financial Position but are disclosed in the notes and, if quantifiable, are measured at the best estimate.

Litigation in progress

The Authority is the defendant in a plaintiff's claim for damages for personal injuries allegedly sustained in a 'trip and fall' incident at Port of Port Hedland, during the plaintiff's employment with Qube Bulk Pty Ltd. The plaintiff's claim is for damages, interest and costs in an amount yet to be quantified or determined. The Authority has denied any liability to the plaintiff and is defending the claim. The Authority filed its defence in the District Court of New South Wales on 19 June 2020.

Contaminated sites

Under the Contaminated Sites Act 2003 (WA), the Authority must report known and/or suspected contamination to the Department of Water and Environmental Regulation (DWER). After receiving such a report, the DWER must classify the site on the basis of risk to human health, the environment and/or environmental values. Where sites are classified as "contamination - remediation required" or "possibly contaminated - investigation required", the Authority is likely to be responsible for investigation and/or remediation (and associated expenses). The Authority will only incur liability if a lessee fails to comply with its obligations under the lease.

Port of Dampier

In October 2006, the Authority (formerly Dampier Port Authority) reported suspected contamination at three isolated sites within the De Witt Location 471. As the Contaminated Sites Management System is linked to the State cadastral system, DWER can only list whole land parcels (and not portions of a lot). Accordingly, on 15 June 2007, after investigations identified concentrations of contaminants exceeding adopted assessment levels, DWER classified all of De Witt Location 471 as "possibly contaminated - investigation required". In 2009, Rio Tinto undertook the required remediation works to have one of the three areas de-listed from the Memorial.

In 2010, Mermaid Marine Australia had another area added to the same Memorial and in 2014, a small diesel spill occurred within the Woodside leased area. While investigations and remedial works were undertaken, some residual impact remains beneath a concrete slab and as a result, this incident was added to the Memorial.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

27. CONTINGENCIES (CONTINUED)

Contaminated sites (continued)

Port of Dampier (continued)

DWER has assessed the De Witt Location 471 to be suitable for commercial/industrial use, but it may not be suitable for more sensitive land uses (such as residential housing). DWER has also indicated that further works may be required to determine the contamination status of soil, surface water and groundwater at the site. During financial years 2015/2016 and 2016/2017, the Authority engaged specialist consultants to further investigate groundwater across Lot 471 in accordance with a request from DWER. The Authority also worked with lessees to undertake additional site investigations in order to further understand and manage contamination matters on the site. This information has been provided to DWER and the Authority is yet to be advised of the outcome.

The Authority's lease agreements require lessees to comply with all environmental laws, to prepare and submit an Operational Environmental Management Plan to the Authority and to address all forms of environmental damage to the occupied leased land, including contamination. Where specific contamination events have resulted from the direct actions of the lessee, the lessee has, at its cost, the obligation and duty to investigate and remediate the affected site.

Port of Port Hedland

On 1 July 2010, a section of land (Lot 6098) vested in the Authority (formerly Port Hedland Port Authority) was listed under the Contaminated Sites Act 2003 (WA) as "Contaminated-Remediation Required". The Authority has made submissions and is working with the lessees and specialist consultants to investigate and manage remediation requirements.

In February 2016, four parcels of land (W004, W002 and two adjacent road reserves) located within the Wedgefield Estate part of Lot 370 were classified by DWER as "Possibly Contaminated - Investigation Required". This listing resulted from a hydrocarbon (diesel) spill which occurred on W002. The spill site was subsequently investigated by specialist consultants and remediated. However, the ongoing use of the site (and surrounding areas) by lessees for scrap metal recovery operations warrants the current classification. The Authority is working with lessees in this area and continues to undertake environmental monitoring in order to manage contamination.

Environmental

On 19 June 2020, the Authority was named as the proponent to Ministerial Statement 1131: Wheatstone Development - Shipping Channel, Materials Offloading Facility and Access Road Shire of Ashburton (MS 1131). The change had retrospective effect from 22 April 2020 (being the date that MS 1131 was issued). MS 1131 covers the assets within the Port of Ashburton and requires the Authority to ensure that operation of the nearshore marine facilities achieves outcomes as far as is practicable as measured by the Coastal Processes Monitoring and Management Plan as approved by the CEO of the DWER. The timing and cost of complying with the various requirements of MS 1131 from 22 April 2020 cannot be reliably measured at 30 June 2020.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

	2020 \$'000	2019 \$'000
28. COMMITMENTS		
Service contracts – port operations		
Within one year	81,165	53,008
Later than one year but not later than five years	151,071	126,993
Later than five years	125,277	145,196
Total service contracts – port operations	357,513	325,197
Capital commitments		
Within one year	22,327	19,444
Later than one year but not later than five years	-	8,543
Later than five years	-	-
Total capital commitments	22,327	27,987
29. REVENUE COMMITMENTS		
Within one year	31,636	28,005
Later than one year but not later than five years	136,918	90,774
Later than five years (up to 50 years)	444,299	422,760
Total revenue commitments	612,853	541,539

Long term property leases

Minimum lease payments receivable on property leases are as above. Properties are leased to proponents under operating leases with lease payments in accordance with the terms of their respective lease agreements. The Authority recognises lease payments received as income on a straight-line basis over the lease term, shown as rental and lease income in Note 2 Revenue.

Lessor risk management

The Authority conducts inspections to verify that leased assets are being used for their permitted use, maintained to the Authority's standard and leasees are meeting their covenants and environment obligations. Leasees must obtain the Authority's approval under a development approval process prior to any modifications to leased assets. Lease agreements include end of term yield up clauses which determines how the leased assets will be handed back to the Authority. If the leasee does not return the leased assets in the state required by the lease agreement, yield up works can be charged or any bonds deducted.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

30. RELATED PARTIES

The Authority is a wholly owned Government Trading Enterprise.

Related parties of the Authority include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements;
- associates and joint ventures of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

Significant transactions with Government-related entities

In conducting its activities, the Authority is required to transact with the State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all Government Agencies and Authorities. Such transactions include:

- Income from the State Government of Western Australia;
- Defined contribution superannuation payments made to GESB;
- Defined benefit superannuation payments made to Department of Treasury: \$30,000 in 2020 (2019: \$30,000). Refer to Note 22(c)(ii);
- Interest bearing borrowings from WATC: \$108.832 million in 2020 (2019: \$131.864 million). Refer to Note 19;
- Dividends paid to the State Government of Western Australia \$31.678 million in 2020 (2019: \$150.883 million). Refer to Note 25;
- Equity contributions received from the State Government of Western Australia: \$46.264 million in 2020 (2019: \$25.568 million). Refer to Note 24;
- Insurance payments to the Insurance Commission and Riskcover Fund; and
- Remuneration for services provided by the Auditor General for Western Australia. Refer to Note 33.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

30. RELATED PARTIES (CONTINUED)

Material transactions with related parties are shown in the below table:

	NOTE	2020 \$'000	2019 \$'000
Legal services	(i)	260	344
Total related parties transactions		260	344

- (i) The Authority has been notified that a current State Government of Western Australia Minister has declared that a non-dependent close family member is a partner of a law firm that provided services to the Authority. The Authority has used the firm in previous years. The unbilled work in progress of the law firm as at 30 June 2020 was \$72,753 not included in the financial statements.

Related parties

The Authority had no other material related party transactions with key management personnel or their close family members or their controlled (or jointly controlled) entities for disclosure.

Related and affiliated bodies

The Authority had no related bodies or affiliated bodies during the financial year.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

31. KEY MANAGEMENT PERSONNEL

The Authority has determined that key management personnel include the Board of Directors and senior management of the Authority.

The total fees, salaries, superannuation, non-monetary benefits and other benefits provided to key management personnel of the Authority for the reporting period are presented within the following bands:

COMPENSATION BANDS (\$)	2020	2019
Above 500,000	1	1
400,000 - 500,000	1	1
300,000 - 400,000	4	4
200,000 - 300,000	1	1
100,000 - 200,000	-	-
50,001 - 100,000	2	2
Up to 50,000	6	8
Total number of key management personnel	15	17

COMPENSATION OF KEY MANAGEMENT PERSONNEL	2020 \$'000	2019 \$'000
Short-term employee benefits	2,833	2,837
Post-employment benefits	357	342
Other-long term employment benefits	-	11
Total compensation of key management personnel	3,190	3,190

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

32. SUPPLEMENTARY FINANCIAL INFORMATION

During the financial year, nil (2019: \$1,000) was written off from the Authority's accounts receivable balance:

	2020 \$'000	2019 \$'000
Write-offs		
Bad debts	-	1
Total write-offs	-	1

33. REMUNERATION OF AUDITORS

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2020 \$'000	2019 \$'000
Office of Auditor General - external audit fee	117	117
Total remuneration of Auditors	117	117

34. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

No matters have arisen since 30 June 2020 that significantly affect, or may significantly affect the Authority's operations, the results of those operations, or the state of its affairs in future financial years.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

35. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

AASB 15 Revenue from Contract with Customers

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* for annual reporting periods on or after 1 January 2019. Under the new standard, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer and is based upon the transfer of control rather than transfer of risks and rewards.

The Authority recognises revenue primarily when the performance obligation is satisfied, thus will not be materially affected by this new accounting standard. The only change is to recognise licence fees as income in full on the anniversary of the effective date of when the licence was issued, instead of recognising revenue monthly on a straight-line basis. The financial impact of the new accounting standard on transition to the Statement of Financial Position is \$316,042 pre tax and \$220,229 post tax, recognised as an increase to retained earnings on 1 July 2019.

Refer to Note 2 Revenue for the application of the *AASB 15 Revenue from Contracts with Customers*, applied by the Authority from 1 July 2019.

AASB 16 Leases

The Authority adopted *AASB 16 Leases* as of 1 July 2019 using the modified retrospective approach option 1 and 2. As permitted under the specific transition provisions, comparatives are not restated. The cumulative effect of initially applying this Standard is recognised as an adjustment to the opening balance of retained earnings. *AASB 16 Leases* introduces a single lessee accounting model and requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value, on the Statement of Financial Position. The depreciation of the lease assets and interest on the lease liabilities are recognised in the Statement of Comprehensive Income. The total amount of cash paid as principal amount is presented in the cash flows from financing activities, and interest paid is presented in the cash flows from operating activities, in the Statement of Cash Flows. The Authority previously classified leases as operating or finance leases based on its assessment of whether the lease transferred all of the risks and rewards incidental to ownership of the underlying asset to the Authority per the superseded standard *AASB 117 Leases*.

On transition

- the modified retrospective approach option two was applied to three right-of use assets. These assets were measured at an amount equal to the remaining lease liability;
- the modified retrospective approach option one was applied to all other right-of use assets. These assets were measured at their carrying amount as if *AASB 16 Leases* had been applied, discounted using the Authority's incremental borrowing rate, sourced from WATC at the date of initial application;
- lease liabilities were measured at the present value of the remaining lease payments, discounted for the Authority's incremental borrowing rate, sourced from WATC as at 1 July 2019; and
- no comparative amounts have been restated.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

35. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (CONTINUED)

The impact on transition to *AASB 16 Leases* is summarised below:

	BUILDINGS AND IMPROVEMENTS \$'000	PLANT AND EQUIPMENT \$'000	TOTAL \$'000
Right-of-use assets	3,806	33,812	37,618
Lease liabilities	(3,955)	(34,380)	(38,335)
Deferred tax asset	46	171	217
Retained earnings decrease	(103)	(397)	(500)

The recognition of right-of-use assets and lease liabilities on transition to *AASB 16 Leases* resulted in an increase to the Authority's total assets of \$37.618 million, total liabilities of \$38.335 million and a decrease in equity of \$717,532 pre-tax and \$500,272 post-tax on 1 July 2019. The impact to equity (or more specifically retained earnings) has decreased by \$3,564 from the transition impact reported for the year ended 30 June 2019. This has arisen due to minor contract variations identified post 1 July 2019.

On transition, the Authority has elected to apply the following practical expedients in the assessment of their leases that were previously classified as operating leases under *AASB 117 Leases*:

- A single discount rate has been applied to a portfolio of leases with reasonably similar characteristics;
- The Authority has relied on its assessment of whether existing leases were onerous in applying *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* immediately before the date of initial application as an alternative to performing an impairment review. The Authority has adjusted the right-of-use asset at 1 July 2019 by the amount of any provisions included for onerous leases recognised in the Statement of Financial Position at 30 June 2019;
- Where the lease term at initial application ended within 12 months, the Authority has accounted for these as short-term leases;
- Initial direct costs have been excluded from the measurement of the right-of-use asset;
- Hindsight has been used to determine if the contracts contained options to extend or terminate the lease;
- The Authority has elected not to reassess which contracts are, or contain, leases at the date of initial application under the grandfathering practical expedient; and
- The Authority have elected not to separate non-lease components from lease components for buildings and improvements assets as the non-lease components are immaterial. The Authority has not applied this practical expedient to the plant and equipment assets.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

35. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (CONTINUED)	NOTE	\$'000
Measurement of lease liabilities:		
Operating lease commitments disclosed at 30 June 2019		
Less:		9,400
Discounted using incremental borrowing rate at date of initial application	(i)	(95)
Short-term leases not recognised		(3,318)
Low value leases not recognised		-
Add:		210
Pre-transition modification		210
Service Contracts – Port operations reassessed as lease agreements		32,138
Lease liabilities recognised at 1 July 2019		38,335
Current lease liabilities		10,464
Non-current lease liabilities		27,871

(i) The WATC incremental borrowing rate was used for the purposes of calculating the lease transition opening balance.

AASB 1058 Income of Not-for-Profit Entities

This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by a NFP entity.

Under *AASB 1058 Income of Not-for-Profit Entities* the Dampier Bulk Liquids Berth State Subsidy is impacted. The revenue recognition is deferred until funds are deposited in the bank account. The subsidy revenue has been fully recognised with no impact for the year ended 30 June 2020.

The Authority has adopted the modified retrospective approach on transition to *AASB 1058 Income of Not-for-Profit Entities*. No comparative information has been restated under this approach, and the Authority has no cumulative effect in retained earnings at the date of initial application.

A number of other new standards are also effective from 1 January 2019 but they do not have a material effect on the Authority's financial statements.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

36. FUTURE IMPACT OF AUSTRALIAN ACCOUNTING STANDARDS NOT YET OPERATIVE

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by Treasurer's Instruction 1101 Application of Australian Accounting Standards and Other Pronouncements or by an exemption from TI 1101. Where applicable, the Authority plans to apply the following Australian Accounting Standards from their application date.

- *AASB 1059 Service Concession Arrangements: Grantors*

This Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector agency by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided. The mandatory effective date of this Standard is currently 1 January 2020 (AASB 2018-5). The Authority does not manage any public private partnerships that is within the scope of the Standard.

- *AASB 2016-8 Amendments to Australian Accounting Standards – Definition of a Business*

The Standard amends AASB 3 to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The mandatory effective date of this Standard is currently 1 January 2020.

- *AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material*

The Standard principally amends AASB 101 and AASB 108. The amendments refine the definition of material in AASB 101. The amendments clarify the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendment also includes some supporting requirements in AASB 101 in the definition to give it more prominence and clarifies the explanation accompanying the definition of material. There is no financial impact. The mandatory effective date of this Standard is currently 1 January 2020.

- *AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework*

This Standard sets out amendments to Australian Accounting Standards, Interpretations and other pronouncements to reflect the issuance of the Conceptual Framework for Financial Reporting (Conceptual Framework) by the AASB. There is no financial impact. The mandatory effective date of this Standard is currently 1 January 2020.

Notes to the Financial Statements

for the year ended 30 June 2020
(continued)

36. FUTURE IMPACT OF AUSTRALIAN ACCOUNTING STANDARDS NOT YET OPERATIVE (CONTINUED)

- *AASB 2019-2 Amendments to Australian Accounting Standards – Implementation of AASB 1059*

This Standard makes amendments to AASB 16 and AASB 1059 to:

- (a) amend the modified retrospective method set out in paragraph C4 of AASB 1059;
- (b) modify AASB 16 to provide a practical expedient to grantors of service concession arrangements so that AASB 16 would not need to be applied to assets that would be recognised as service concession assets under AASB 1059; and
- (c) include editorial amendments to the application guidance and implementation guidance accompanying AASB 1059.

The Authority does not maintain any public private partnership that is within the scope of the Standard. The mandatory effective date of this Standard is currently 1 January 2020.

- *AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the Statement of Financial Position as current or non-current. There is no financial impact. The mandatory effective date of this Standard is currently 1 January 2020.

Directors' Declaration

27 August 2020

Directors' Declaration

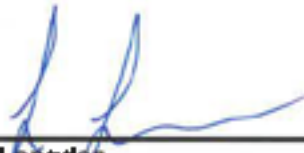
In the opinion of the Directors of the Authority:

- (a) The financial statements and notes are set out in accordance with the financial reporting provisions of the *Port Authorities Act 1999*, including:
- (i) giving a true and fair view of the financial position of the Authority as at 30 June 2020 and its performance, as represented by the results of its operations and its cash flows, for the year ended on that date, and
 - (ii) complying with Australian Accounting Standards and the *Port Authorities Act 1999*.
- (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 is signed in accordance with a resolution of the Directors.



Brad Geatchee
Chairman
27 August 2020



Lee Longden
Deputy Chairman
27 August 2020

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

PILBARA PORTS AUTHORITY



Auditor General

Opinion

I have audited the financial report of Pilbara Ports Authority (the Authority) which comprises the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In my opinion, the financial report of Pilbara Ports 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 2020 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Pilbara Ports Authority in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Directors for the Financial Report

The directors of the Authority are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and schedule 5 of the *Port Authorities Act 1999*. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Authority.

Independent Auditor's Report

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of my responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of Pilbara Ports Authority for the year ended 30 June 2020 included on the Authority's website. The Authority's management is responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of the financial report are concerned with the inherent risks arising from publication on the website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

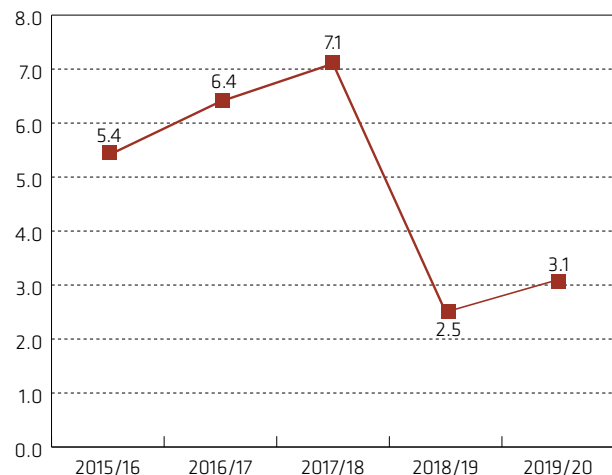


CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
/ September 2020

Key Financial Performance Indicators

In addition to the key performance indicators provided, the following financial performance indicators which are not subject to audit, are provided to assist users to assess the financial management performance of the Authority. The indicators selected are considered appropriate for use in either evaluating the performance of a Government Trading Enterprise or an entity in the private sector

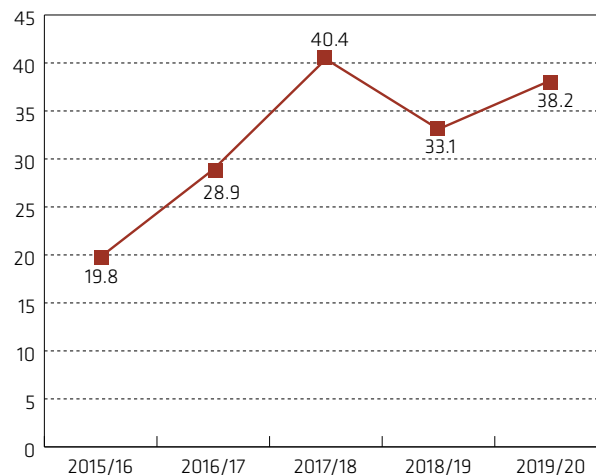
Current Ratio Comparison
2015/16 to 2019/20



The current ratio is a liquidity ratio that measures the Authority's ability to pay its short term obligations.

The current ratio is calculated by dividing the Authority's current assets at the reporting date by the Authority's current liabilities at the reporting date.

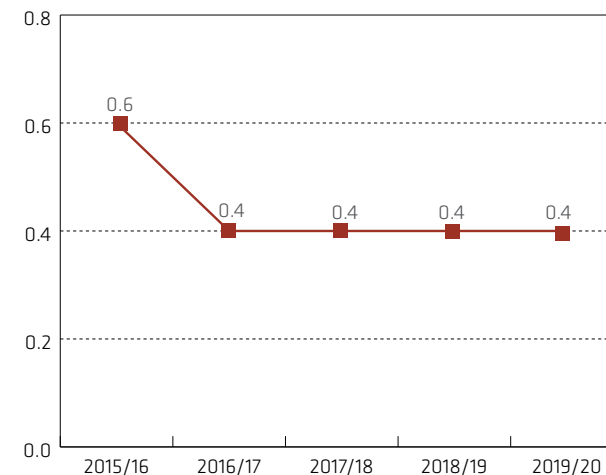
Interest Cover Comparison
2015/16 to 2019/20



A ratio used to determine the ability of the Authority to pay interest on its outstanding debt.

The interest cover ratio is calculated by dividing the Authority's earnings before interest and taxes (EBIT) for the reporting period by the Authority's interest expenses for the same period.

Debt to Equity Comparison
2015/16 to 2019/20

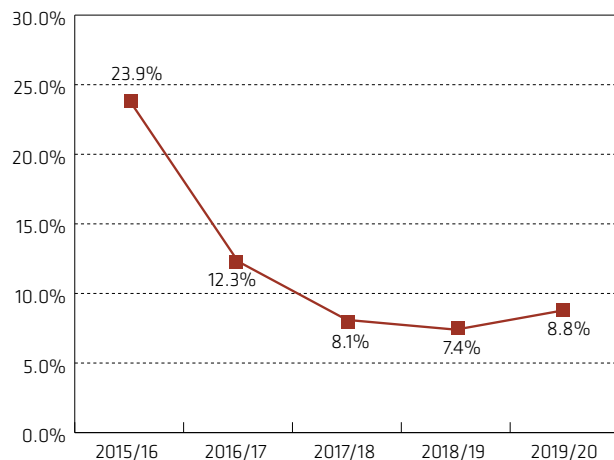


The debt to equity ratio is a measure of the Authority's financial leverage. It indicates what proportion of equity and debt the Authority is using to finance its assets.

The debt to equity ratio is calculated by dividing the Authority's total liabilities by the Authority's total equity.

Key Financial Performance Indicators

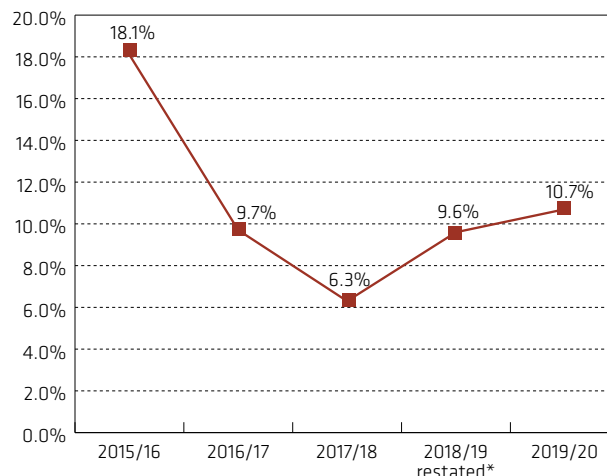
Return on Equity Comparison
2015/16 to 2019/20 (excl. PIR)



The return on equity ratio measures the Authority's profitability by revealing how much profit an entity generates on its total equity.

The return on equity ratio is calculated by dividing the Authority's profit before tax by the Authority's total equity.

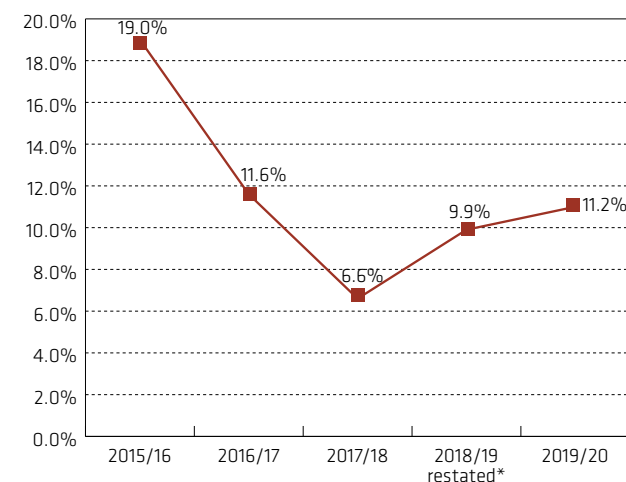
Return on Assets Comparison
2015/16 to 2019/20 (excl. PIR)



*Revision of gifted assets excluded from the asset base.

The return on assets ratio is an indicator of how profitable the Authority is relative to the value of its total assets. It gives an idea as to how efficient management is at using its assets to generate earnings. The return on assets ratio is calculated by dividing the Authority's earnings before interest and taxes (EBIT) by the Authority's average total assets (EBIT and assets are adjusted to exclude gifted and PIR assets).

Economic Rate of Return Comparison
2015/16 to 2019/20 (excl. PIR)



*Revision of gifted assets excluded from the asset base.

In accordance with Government policy effective July 2000, the Authority is required to report a rate of return that values non-current assets at the deprival value.

The economic rate of return is calculated as per below:

$$\frac{\text{Adjusted EBIT} + \text{historical depreciation} - \text{deprival depreciation}}{\text{Deprival value of average net non-current assets} + \text{average adjusted current assets}^*}$$

* Gifted assets and assets funded through the port improvement rate are excluded.

Governance Disclosures

MINISTERIAL DIRECTIVES

The Minister for Ports may give directions in writing to the Board of Directors with respect to the performance of functions prescribed by the Act.

There were no Ministerial Directives during the reporting period.

OTHER FINANCIAL DISCLOSURES

Pricing Policies of Services Provided

Pilbara Ports Authority's financial objectives include, as a minimum, recovering costs and achieving the State Government's required Rate of Return on Assets. Pilbara Ports Authority has adopted user pays principles to recover costs and avoid unintended cross-subsidisation of fees and charges amongst users, both across ports and within ports.

Lease revenue enables Pilbara Ports Authority to fund land development opportunities without impacting upon charges for existing port users. Pilbara Ports Authority will continue to seek commercial rents for all of its properties and to develop port-vested land to support industry.

Pilbara Ports Authority's prices are reviewed on an annual basis and adjustments made to recover costs and achieve both strategic and operational objectives.

Capital Works

Pilbara Ports Authority has multiple capital funding sources including:

- Internal funds and balances (Minor Works);
- Larger scale projects (Major Capital Works);
- PIR (Port of Port Hedland only); and
- Proponent contributions (ports of Ashburton and Port Hedland).

Pilbara Ports Authority's Minor Works program facilitates:

- Upgrades to civil, mechanical, and electrical infrastructure;
- Safety upgrades; and
- Upgrading information and communications technology.

This also includes acquisition and replacement of:

- Infrastructure;
- Mobile plant; and
- Office equipment.

Pilbara Ports Authority encourages private sector investment that is aligned to long-term port planning objectives. Pilbara Ports Authority will also consider and facilitate private investment in port facilities and infrastructure where proponents provide multi-party or common user access.

Pilbara Ports Authority will invest in port infrastructure and facilities that cannot be funded by the private sector which are essential for trade facilitation and provide economic benefits to the State, regional and local communities.

All investments by Pilbara Ports Authority are justified in terms of economic, social, safety and environmental benefits. Where appropriate, Pilbara Ports Authority operates on commercial principles, with rates of return on investment agreed with the State Government.

Minor Capital Projects

There were 21 projects completed that had a total value of \$13.8 million versus a total budget of \$14.4 million. Costs for the 21 projects were incurred in previous years and the current reporting period. The spend in the current reporting period was \$4.4 million.

39 Projects will continue into the 2020/21 reporting period with a combined total project budget of \$37.7million. The total costs incurred by these projects up to the end of the of 2019/20 reporting period was \$22.8 million, \$14 million of which was incurred during the reporting 2019/20 period.

Current estimated total cost (forecast at completion) is \$33.3 million, which is an 11.7 per cent saving against combined project budgets.

Governance Disclosures

Major Capital Projects

Berth 3 Deck Replacement

The Port Hedland Berth 3 Deck Replacement project was completed in the reporting period for a total cost of \$32.8 million, \$18.4 million of which was incurred in the 2019/20 reporting period. The project was delivered within the project budget of \$33.8 million, with a 2.9 per cent saving overall.

PIR Projects

The PIR projects were completed during the reporting period. The total cost at 30 June 2020 was \$203.5 million of which \$26.5 million was spent during the reporting period.

Port of Ashburton Funding Agreement Projects

At the Port of Ashburton, two projects were completed in the reporting period. Three approved projects are underway including the construction of a new eastern port precinct within the port, security infrastructure and improvements to the port's oil spill response capability.

Employee Numbers

	EMPLOYEE NUMBERS 30 JUNE 2019	EMPLOYEE NUMBERS 30 JUNE 2020
Executive	3	3
Corporate Affairs & Governance	34	36
Development & Trade	29	21
Engineering & Infrastructure	79	16
Finance & ICT	30	34
Human & Physical Resources	14	14
Operations	68	n/a
Marine Operations	n/a	53
Terminal Operations	n/a	89
Port Hedland Maritime Precinct	n/a	1

In 2020, Pilbara Ports Authority undertook a strategic review of its functional architecture. The review acknowledged the synergies of Landside Operations, which was previously part of Operations, and Maintenance, which was previously part of Engineering and Infrastructure, by creating a new Terminal Operations area. In doing so, the former Operations area became solely focussed on marine and maritime security matters, and was subsequently renamed Marine Operations.

GOVERNANCE DISCLOSURES

Pilbara Ports Authority has a Fraud and Corruption Policy and a Conflict of Interest Procedure, which govern its approach to the receipt of benefits and the management of conflicts of interest by Pilbara Ports Authority Board members and staff.

No non-compliances occurred during the reporting year, in which gifts were accepted that were not in line with Pilbara Ports Authority's Conflict of Interest Procedure.

OTHER LEGAL REQUIREMENTS

Unauthorised Use of Credit Cards

Pilbara Ports Authority has provided details below of instances where a WA government purchasing card (credit card) is used for personal use, as per TI 321 Credit Card – Authorised Use and TI 903 Agency Annual Reports.

There were fifty-three instances of unauthorised use of a credit card during the reporting year, with a total value of \$3,423. These occurred due to emergency situations or minor private expenses coinciding with business travel. All instances were declared. The amount of personal use credit card expenditure outstanding at the end of the reporting period was \$14.

Governance Disclosures

Advertising and market research expenditure

Total expenditure for reporting period was \$214,905.

Expenditure was incurred in the following areas:

ADVERTISING AGENCIES AND MEDIA ADVERTISING	
Initiative Media	\$57,101
WA Newspapers	\$41,465
RedWave Media	\$29,079
Southern Cross Austereo	\$12,460
Marsh Agencies	\$2,700
Total	\$142,805
MARKET RESEARCH AGENCIES	
Kantar Public Australia	\$72,100

Compliance with Public Sector Standards and Ethical Codes

The Code of Ethics and Conduct (Code) communicates Pilbara Ports Authority's standards of conduct and integrity and promotes professionalism in the provision of services to customers, port users and the community. The Code is available on Pilbara Ports Authority's website and intranet.

PPA's Working with Respect program provides an opportunity for all employees to explore the Code and reinforces the importance of observance of its legal requirements.

Where breaches occur, procedures are in place to support workplace resolution and/or disciplinary investigation if required. Disciplinary matters involving alleged breaches require involvement of the relevant General Manager and are reported to the CEO as well as the Risk and Audit Committee.

During the reporting period there have been 10 instances leading to breaches of Pilbara Ports Authority's Code of Ethics and Conduct. Each instance was reported and managed in accordance with the Authority's procedures. Actions included written warning, apology, discussions at team meetings, and agreed exits.

Recordkeeping Plans

Pilbara Ports Authority's revised Recordkeeping Plan (RKP) was submitted to and approved by the State Record Commission in December 2019. During the reporting period, Pilbara Ports Authority continued to support and train its staff and contractors in the use of the its Electronic Document and Records Management System (EDRMS) and Records Awareness; the EDRMS (Objective ECM) was upgraded to version 10.5 to ensure currency of the technology and user-interface.

GOVERNMENT POLICY REQUIREMENTS

Substantive Equality

Pilbara Ports Authority's Diversity and Inclusion Strategy covers the period October 2018 to October 2020. Drafting of the new 2020 to 2022 strategy is underway. The strategy acknowledges the importance of a diverse and inclusive workforce and the Authority's ongoing commitment to building a diverse and inclusive environment.

Occupational Safety, Health and Injury Management

Pilbara Ports Authority's Executive have set very high safety expectations for all persons, including employees, contractors and licensees, working at a Pilbara Ports Authority workplace. The Executive is actively engaged with this workforce and strive for continuous safety improvement. As part of this engagement, several mechanisms are established where the Executive and broader management team consult with the workforce about safety. One of the mechanisms is our Ideas Hub, which was created to provide opportunities for change by linking ideas and initiatives to improve the ways in which we operate.

Governance Disclosures

Other mechanisms include meetings and forums with employees and port users, surveys and questionnaires to understand our port users' current views on safety and identify opportunities for improvement, and a formal electronic hazard reporting system. Pilbara Ports Authority also has elected Safety and Health Representatives (SHREP) at each of its workplaces, and Staff HSE Committees which meet on regular basis where safety matters and improvement opportunities are discussed.

Where a PPA employee is injured, Pilbara Ports Authority complies with the requirements of the Workers' Compensation and Injury Management Act 1981. Pilbara Ports Authority works with its employees and medical practitioners to develop effective return to work plans where required, so employees can return to their normal duties as soon as medically appropriate.

In October 2020, Pilbara Ports Authority's occupational health and safety management system was audited against the requirements of AS/NZS 4801:2001, and for the first time, ISO 45001:2018. The audit found no major or minor non-conformities.

Pilbara Ports Authority Employees Only

MEASURES	RESULTS 2017/18 ⁽¹⁾ BASE YEAR	RESULTS 2018/19 PRIOR YEAR	RESULTS 2019/20 ⁽¹⁾ CURRENT REPORTING YEAR	TARGETS	COMMENTS TOWARDS TARGETS
Number of fatalities	0	0	0	0	Target met
Lost time injury and disease incidence rate	0.47 ⁽³⁾	0.42 ⁽³⁾	0.77 ⁽³⁾	0 or 10% reduction in incidence rate	Two lost time injuries involving a PPE employee occurred in the current reporting year ⁽²⁾
Lost time injury and severity rate	0	0	50	0 or 10% reduction in severity rate	One lost time injury involving a PPA employee met this criterion
Percentage of injured workers returned to work within 13 weeks	100%	100%	100%	Greater than or equal to 80%	Target met
Percentage of injured workers returned to work within 26 weeks	100%	100%	100%	Greater than or equal to 80%	Target met
Percentage of managers trained in occupational safety, health and injury management responsibilities	100%	94%	100%	Greater than or equal to 80%	Target met

Note (1) This is a three-year comparison trend (i.e. current reporting year is 2019/20 and comparison year is 2017/18).

Note (2) Comment on performance over the three-year period.

Note (3) Reporting guidelines only allow reporting on FTE, and not million hours worked.

Glossary

ACW	Ashburton Cargo Wharf
CCC	Community Consultation Committee
CROP	Channel Risk and Optimisation Project
CSI	Community Support Initiative
DAWE	Department of Agriculture, Water and the Environment
DCW	Dampier Cargo Wharf
DoT	Department of Transport
DWER	Department of Water and Environmental Regulation
GTE	Government Trading Enterprise
IMO	International Maritime Organisation
ISPO	International Standard for Maritime Pilot Organisations
JTSA	Department of Jobs, Tourism, Science and Innovation
LNG	Liquefied Natural Gas
LNG-MFI	LNG Marine Fuels Institute
LTIFR	Lost Time Injury Frequency Rate
MSIC	Maritime Security Identification Card
Mt	million tonnes
PDC	Pilbara Development Commission
PHIC	Port Hedland Industries Council
PHVBS	Port Hedland Voluntary Buy-Back Scheme
PIR	Port Improvement Rate
SWASP	State-Wide Array Surveillance Program
The Act	Port Authorities Act 1999 (WA)
Treasury	Department of Treasury
VTS	Vessel Traffic Services

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