

PILBARA PORTS AUTHORITY

2020-21 Annual Report



Our vision:

To be the global leader in port planning, operations and marine services.

Our values:

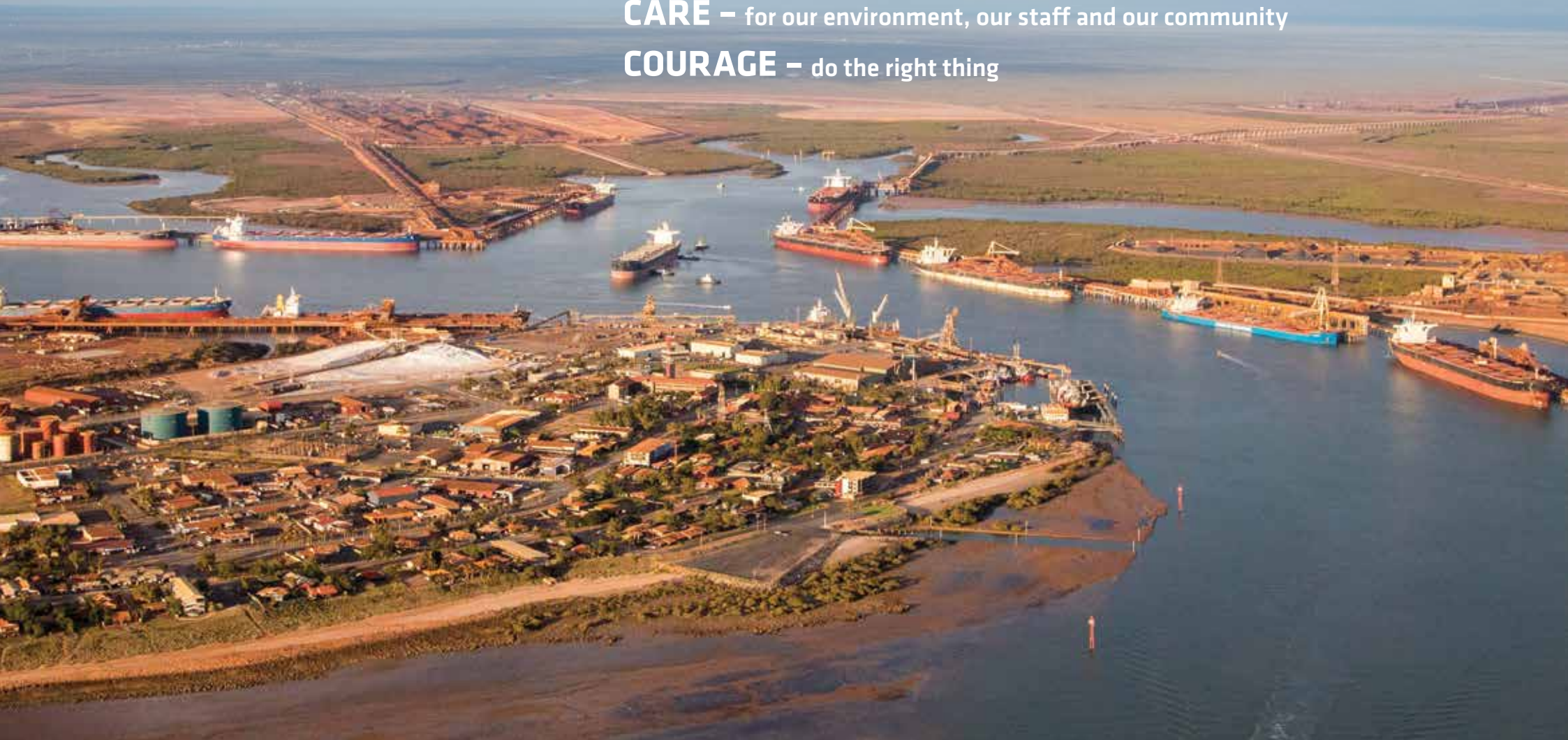
EXCELLENCE – be the best in all we do

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. Rita Saffioti MLA

Minister for Transport; Planning; 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 2021.

Brad Geatches

Chair, Pilbara Ports Authority Board of Directors





The *Karratha Bay* arrives in Dampier connecting the Pilbara and Singapore.

Pilbara Ports Authority 2020/21 Highlights




The **Port of Port Hedland** is named
Port of the Year
at the 2020 Australian Shipping and Maritime Industry awards

Direct freight shipping service into the **Port of Port Hedland** commenced **10 November 2020**

Total annual throughput at the **Port of Port Hedland**
546.1Mt

Total annual throughput at the **Port of Dampier**
167.4Mt

Direct freight shipping service into the **Port of Dampier** (Toll, King Bay) commenced **19 February 2021**

Sod turned on the **\$121.5** **Spoilbank Marina project** in Port Hedland



\$203,273 support for local community groups, sporting and not-for-profit organisations in the Dampier/Karratha, Onslow and Port Hedland communities

Governor's orders published on **7 May 2021** to transfer management of Port of Varanus Island to Pilbara Ports Authority and redeclare the Port of Port Hedland port boundaries



The Port of Dampier Land Use Master Plan published, charting the direction of growth and future development at the port for the next decade

Continuously improving safety performance -
0.94
Lost Time Injury Frequency Rate across all operations

Pilbara Ports Authority 2020/21 Highlights



The Port of Port Hedland welcomed the first
LNG-fuelled vessel
to call at the port



Hedland Maritime Initiative settled **11 properties**
in the first six months of the **Port Hedland Voluntary
Buy-Back Scheme**

Utah Point Bulk Handling Facility
celebrated its

10-year anniversary

Kantar TNS Stakeholder
Satisfaction Survey:

EXCELLENT

corporate reputation

a rating of **77** on the TR*M index

Stage 4 of the \$22 million

Utah Road

upgrade project was completed on
budget and ahead of schedule



Premier Mark McGowan visited the Port of Port Hedland Vessel Traffic Services in August 2020.

Chair's Report



I am pleased to report another outstanding year at Pilbara Ports Authority, with a record operational performance and strong financial returns to the State.

The Authority operated with high levels of safety, achieved a record annual throughput of 724.7Mt, delivered a profit before income tax of \$228.8 million and a dividend return to the State of \$111.9 million.

Managing the impact of COVID-19 was a constant requirement this year and Pilbara Ports Authority has embedded robust processes to ensure the safety of our staff and the communities where we operate. There has been extensive collaboration with, and support from, customers, suppliers and WA Government agencies and regulators, which has helped our operations and the industry more broadly.

In all our work the Authority sought to facilitate and promote trade for the benefit of Western Australia. We delivered on our promise to grow direct Pilbara freight links through enhanced business development capability.

This is evidenced by our success in expanding freight links, including the commencement of direct shipping services.

We continued to work on translating the State Government's vision for the Pilbara region into a reality. There was excellent progress on the two landmark projects that will transform Port Hedland's West End; the Hedland Maritime Initiative (HMI) and the Spoilbank Marina. These two projects will create vibrant community spaces and diversify the town's offerings through the creation of a world-class maritime precinct.

Importantly, a key element of the overall program to manage exposure of residents to dust, the Port Hedland Voluntary Buy-Back Scheme, was successfully launched. This Scheme provides an opportunity for residents and other property owners in the West End to sell their properties to Pilbara Ports Authority's wholly-owned subsidiary, Hedland Maritime Initiative, on reasonable terms.

Opportunities to grow trade and increase general cargo capacity through the Authority's three ports remain a strategic priority for the Authority and was also recognised in Infrastructure Australia's 2021 Priority List. The Authority is continuing to investigate options to make better use of existing port infrastructure and is working closely with industry regarding port development opportunities at Ashburton, Dampier and Lumsden Point.

We investigated a new multi-product land-backed wharf south of the Dampier Cargo Wharf, assisted in the development of a temporary materials off-loading facility at Lumsden Point, and worked with industry and the State Government on plans to facilitate iron ore exports through the Port of Ashburton via trans-shipping operations.

Preparations were completed for the transfer of the Port of Varanus Island from the Department of Transport (DoT) to the Authority on 1 July 2021. Varanus Island was the first port in the Pilbara to be transferred under the *Ports Legislation Amendment Act 2019 (WA)*.

Regional employment continues to be a focus, and the Authority fulfilled our objectives by offering a range of marine cadet, graduate, trainee and apprenticeship opportunities. Among the Authority's growing workforce, there has been an ongoing focus on celebrating diversity and recognising the strategic value diversity contributes. The Board approved the Authority's revised Diversity and Inclusion Plan in September 2020.

On behalf of the Board, I express my gratitude to my fellow Board members, the Chief Executive Officer, his executive team and staff for their determination, commitment and innovation that has delivered outstanding results in a challenging year.

Chair's Report

I thank the Minister for Ports, the Hon. Rita Saffioti MLA, for her support and guidance, and the executive teams at the DoT, 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



Environment and Heritage Advisor Louise Purkis retrieves an array as part of the monitoring for introduced marine species conducted through the State-Wide Array Surveillance Program (SWASP).

CEO's Report



Pilbara Ports Authority has reported another year of record throughput at its ports. The operational record was achieved while maintaining a safe working environment for staff, contractors and service providers, with the lost time injury frequency rate (LTIFR) of 0.94 being well-below the industry average.

The COVID-19 pandemic was a constant challenge throughout the year, but the ports continued to operate at full capacity. Pilbara Ports Authority's focus was heavily directed to protecting its workers and the communities from the risk of transmission of the virus and managing around the ever-evolving emergency directions to deliver safe and reliable operations for the benefit of the resources sector and the State of Western Australia.

The Authority has continued its close engagement with other industry stakeholders to share experiences and learnings in best practice, while also mitigating the longer-term challenges caused by the pandemic. Pilbara Ports Authority has maintained safe and reliable port services while preventing any movement of the virus through its ports.

This was noted in this year's Stakeholder Satisfaction Survey in which Pilbara Ports Authority maintained its overall ranking of 'Excellent' on the TR*M index. Feedback from stakeholders highlighted the Authority's safety culture and strong environmental performance, whilst noting strong collaboration, particularly with respect to information sharing during the pandemic.

Port throughput continues to be driven by global demand for iron ore. Total iron ore exports from Pilbara Ports Authority's ports increased by one per cent from the prior year's record to 676.3 million tonnes. Pilbara Ports Authority has also made good progress on trade diversification, in particular facilitating direct freight shipments into the ports of Dampier and Port Hedland. To accommodate the changed biosecurity regulations, Pilbara Ports Authority has constructed First Point of Entry quarantine facilities in Port Hedland and supported similar developments in Dampier. This allowed the granting of new Commonwealth biosecurity approvals which paved the way for the commencement of regular direct shipping services. Direct shipping into the Port of Port Hedland commenced in November 2020, with ANL's *MV Tacoma Trader* visiting the port approximately every 21 days. The Port also received a vessel from Maersk in January 2021.

The Port of Dampier has regularly received two liner services since February 2021: the *MCP Graz* visits Toll Dampier Supply Base Terminal every fortnight, while the *Karratha Bay* visits Qube's Terminal monthly.

Pilbara Ports Authority's achievements were also recognised externally with the Port of Port Hedland being named Port of the Year at the Australian Shipping and Maritime Industry Awards for 2020. This award recognised the throughput record, technical capabilities and continuous improvement in service delivery at the port.

Capital works have continued during the year with the commencement of the Lumsden Point General Cargo Facility in Port Hedland. The initial development comprises a deck over Materials Offloading Facility (MOF) wharf and a roadway connection to the Great Northern Highway. Two other projects underway at Port Hedland were approved as part of the State Government's Recovery Plan: the Nelson Point tug haven project and repairs to the inner harbour revetments at berths 1 to 3.

Work is also progressing on the Spoilbank Marina in Port Hedland. Stage One of the development reached practical completion in March 2021. Pilbara Ports Authority is delivering Stage Two of the project and has divided the project into five packages of work.

CEO's Report

These packages consist of construction of the basin, lining of the revetment walls, the breakwaters, dredging of the channel and basin and the installation of the marine infrastructure. The bulk earthworks contract and the revetments and breakwaters contract were both awarded to MGN Civil, and work began in June 2021.

In November 2020, the State Government approved the Port Hedland Voluntary Buy-Back Scheme (PHVBS) to be administered by a wholly owned subsidiary of Pilbara Ports Authority. The Authority established HMI to facilitate the PHVBS and undertake the planning and development of a maritime precinct in the Town of Port Hedland's West End. HMI has made considerable progress on the commitment to deliver the scheme, with the first property sales settled in June 2021.

One of the features of the revitalised Port Hedland West End will be a new purpose-built Seafarers' Centre. Pilbara Ports Authority purchased the land to build the centre. The construction of the centre will be partnered by industry. This will be used as an example of how industry and HMI can partner to transform the West End and develop a maritime precinct of international standing.

Pilbara Ports Authority is working with partners to progress a proposal for the Pilbara Training College, which will provide an educational centre of excellence, supporting continued education across all areas of the maritime, logistics and resources industries.

Formal arrangements were implemented in June to allow for the transfer of the Port of Varanus Island, from Department of Transport management under the *Shipping and Pilotage Act*, to Pilbara Ports Authority under the *Port Authorities Act* on 1 July 2021. The Port of Varanus Island is the first port to be transferred. The process is being used as a template by which future port transfers take place as part of the tranche two Port amalgamations announced by the State Government.

I would like to take the opportunity to thank the Minister for Ports, Hon. Rita Saffioti MLA, and her staff for supporting Pilbara Ports Authority in what has been a very eventful year. I also extend my thanks to our other State Government stakeholders and partners, in particular DoT, JTSI and PDC.

I would also like to take the opportunity to thank the Authority's Chair, Brad Geatches, and the Board for their leadership and guidance. I also thank 'the Authority's hard-working executive team for their diligence, contribution and support in a year that not only had the business as usual requirements, but also having to deal with the COVID-19 pandemic and the expansion of the Authority's remit to include building the Spoilbank Marina as well as setting up and managing the PHVBS. Finally, I would like to acknowledge and thank Pilbara Ports Authority's staff for their ongoing hard work, professionalism and commitment.

Roger Johnston

Chief Executive Officer

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.

The ports of Dampier and Port Hedland are amongst the world's largest bulk export ports, responsible for approximately 78.7 per cent of Australia's, and approximately 39.3 per cent of the world's seaborne iron ore exports.

Other major export commodities include Liquefied Natural Gas (LNG) and salt. Approximately 39.2 per cent of Australia's and 8.5 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 6.5Mt in 2020/21, accounting for approximately 54.9 per cent of salt mined in Australia, and 10.4 per cent of the world's salt exports.

In 2020/21, a total annual throughput of 724.7Mt was achieved through 16,113 safe vessel movements. Profit before income tax for the financial year was \$228.8 million, and total payments to the State were \$189.8 million, including dividends (\$111.9 million) and taxes (\$77.9 million).

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 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 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 services.

Pilbara Ports Authority is the parent entity of HMI, which is the special purpose vehicle that has been established to administer the PHVBS and facilitate the planning and development of a maritime precinct in the West End of Port Hedland.

Pilbara Ports Authority has been charged with responsibility for constructing and operating the Spoilbank Marina in Port Hedland. The marina is expected to be operational in 2023.

Pilbara Ports Authority oversees 61,976ha of land tenure at the ports of Ashburton, Dampier and Port Hedland, and facilitates the development of land and leases to support port-related industries with 2,054 ha under lease and licence to third parties across the ports. New greenfield ports are also planned at Anketell, Balla Balla, Cape Preston East, Cape Preston West and Uralla.

On 1 July 2021, Pilbara Ports Authority assumes oversight of the Port of Varanus Island, which was previously administered by the Department of Transport (DoT) under the *Shipping and Pilotage Act 1967*. Pursuant to the *Ports Legislation Amendment Act 2019* which was enacted in February 2019, Pilbara Ports Authority will progressively assume oversight of other *Shipping and Pilotage Act* ports at Barrow Island, Cape Preston, Onslow and Port Walcott.

Organisation Profile

SHARED RESPONSIBILITIES

Pilbara Ports Authority has shared responsibilities with numerous Federal and State Government agencies. The Authority also oversees marine safety and port security, cooperating with Commonwealth Government agencies responsible for customs, quarantine and marine safety.

ROLE AND LEGISLATIVE FRAMEWORK

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

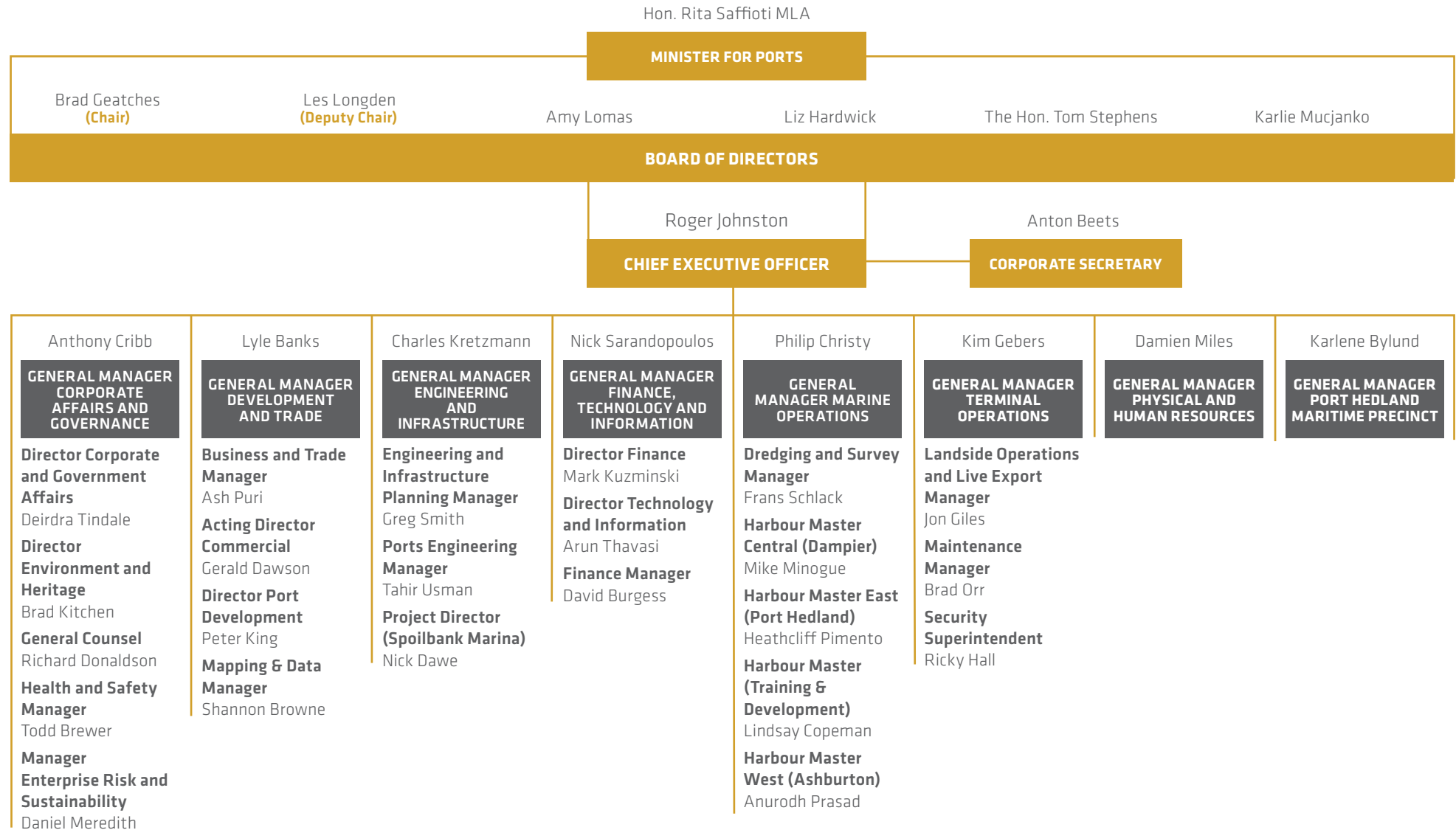
In carrying out its responsibilities and exercising its powers, the Board recognises its overriding responsibility to act honestly, fairly and diligently, and in accordance with the law, in serving the interests of Western Australia, Pilbara Ports Authority's employees, its port users and the community.

Pilbara Ports Authority is also entitled under the Act to establish a subsidiary to assist in the performance of any of the statutory functions. In November 2020 the State Government approved the PHVBS, which is a voluntary scheme to buy residential properties in the West End of Port Hedland so as to support a cap and reduction of the permanent residential population of the affected areas of the West End, and provide for the development of a maritime precinct.

It decided that the PHVBS would be administered by a wholly owned subsidiary of Pilbara Ports Authority called Hedland Maritime Initiative Pty Ltd, which is to be operated as permitted under the Act and is a corporatised entity under the Corporations Act. HMI operates with a Board of Directors reporting ultimately to Western Australia's Minister for Ports. The Board comprises between two and six directors, including a Chair, which oversees the activities of HMI.



Organisation Structure



Board of Directors



Pilbara Ports Authority Board of Directors at 30 June 2021: Liz Hardwick, Karlie Mucjanko, Brad Geatches, Amy Lomas, Les Longden, Tom Stephens.

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. Previous roles included CEO of Cairns Port Authority and CEO of Powercoal Pty Ltd.

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 2021. Mr Longden has more than 30 years' experience in the resources industry. He is a principal of a Perth-based engineering and project management consultancy.

DIRECTOR

Amy Lomas

BEcon (Hons), MAICD

Ms Lomas was appointed to the Board on 1 July 2018 and was reappointed for a term ending 31 December 2021. She has a deep understanding of the Western Australian economy accumulated across more than 20 years working in consulting and public sector roles. She is currently a Director in PwC's Infrastructure team.

DIRECTOR

Liz Hardwick

BA, LLB, GAICD

Ms Hardwick was appointed to the Board on 1 January 2019 for a term expiring 31 December 2021. She is a qualified practising lawyer with more than 20 years of legal and commercial experience, in Australia and internationally. 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.

DIRECTOR

Karlie Mucjanko

BA, MBA(Exec), MAICD

Ms Mucjanko was appointed to the Board on 5 October 2020 for a term expiring 30 June 2023. She is an experienced company executive and non-executive director, specialising in strategic communications, social licence and stakeholder relations. Ms Mucjanko has spent most of her career in agribusiness, including a decade as a Senior Executive with CBH Group. She is Deputy Chair of the Western Australian Regional Development Trust.

DIRECTOR

The Hon. Tom Stephens

BA (ANU), OAM, JP

Mr Stephens was appointed to the Board in August 2020 for a term expiring 30 June 2023. He served in the WA State Parliament from 1982 to 2014, and in State Cabinet as Minister for Works and Regional Development and later also holding the Local Government, Heritage and Regional Development portfolios. Since retiring from the State Parliament, Mr Stephens has served on many Boards and Committees.

Executive Team



Pilbara Ports Authority Executive Committee at 30 June 2021: Charles Kretzmann, Damien Miles, Anthony Cribb, Nick Sarandopoulos, Roger Johnston, Karlene Bylund, Lyle Banks, Philip Christy, Kim Gebers.

Executive Team

CHIEF EXECUTIVE OFFICER

Roger Johnston

BSc, MAICD

Mr Johnston was appointed CEO of the 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 2023. He has 40 years' experience as a senior Executive and Company Director and leads the Executive to deliver on strategic directives. Mr Johnston has previously held senior leadership roles with multinational and logistics companies.

GENERAL MANAGER DEVELOPMENT AND TRADE

Lyle Banks

BEng(Hons), MLaw, Grad Dip Bus, GAICD

Mr Banks joined Pilbara Ports Authority in 2013 and is responsible for business development, industrial lands, port planning, procurement and service provider licencing and across all port sites. He has more than 30 years' national and international experience in port planning, approvals and development in the private and public sectors and managed several port expansion projects before joining Pilbara Ports Authority. He has chaired PHIC since 2019.

MANAGING DIRECTOR; HMI

Karlene Bylund

B.Comm, Assoc Dip Accounting, Dip Project Management, GAICD

Ms Bylund joined the Port Hedland Port Authority in March 2010 and served in property and commercial management roles before being appointed Pilbara Ports Authority Director Commercial from October 2017. In June 2020 she was appointed to lead Hedland Maritime Initiative. Ms Bylund has extensive experience in commercial management and corporate governance, including critical infrastructure and service provider projects.

GENERAL MANAGER MARINE

Philip Christy

Master Mariner

Mr Christy joined Pilbara Ports Authority in January 2021. Mr Christy's marine career spans more than 30 years. He served in the British Merchant Navy for a decade before moving to Associated British Ports where he remained for nearly 20 years with the Humber Harbour Authority. He served as marine pilot and then Harbour Master for a range of ports including the UK's largest port by tonnage.

GENERAL MANAGER CORPORATE AFFAIRS AND GOVERNANCE

Anthony Cribb

BA, LL, MAICD

Mr Cribb joined Pilbara Ports Authority in 2019 and 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 and held directorships.

GENERAL MANAGER TERMINAL OPERATIONS

Kim Gebers

BEng, MBA, GAICD

Mr Gebers joined Pilbara Ports Authority in July 2020, having previously held executive roles at the Port of Townsville and the Dalrymple Bay Coal Terminal. His experience in port management and bulk terminal operations includes operational and maintenance management of capital-intensive ventures, power generation and metal smelting. He has broad experience in management of operational facilities in multi-user environments, including safety and environmental improvements.

Executive Team

GENERAL MANAGER ENGINEERING AND INFRASTRUCTURE

Charles Kretzmann

BSc (Civil Engineering), BComm, Grad Dip Env Management

Mr Kretzmann is a Civil Engineer with more than 30 years' experience in the public and private sectors. For 15 years he worked on large infrastructure and services projects as a design consultant, project manager and project director. More recently he held public sector roles on major construction projects, refurbishment and retrofitting programs, and strategic water and wastewater programs.

GENERAL MANAGER PHYSICAL AND HUMAN RESOURCES

Damien Miles

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

Mr Miles has held senior management positions in Western Australian ports since 2007 and was the Director responsible for the Pilbara Ports amalgamation. He has 25 years' experience in the human resources and human services sectors. In 2016, he was awarded the Human Resource Management Practitioner of the Year Award from the WA Institute of Public Administration Australia.

GENERAL MANAGER FINANCE, TECHNOLOGY AND INFORMATION

Nick Sarandopoulos

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

Mr Sarandopoulos has been the General Manager Finance, Technology and Information since August 2014. He is an experienced financial professional with extensive financial, treasury and commercial management expertise, having held senior executive roles with ASX-listed companies over the past 20 years. Mr Sarandopoulos was the WA Institute of Public Administration Australia's Finance Practitioner of the Year in 2018 and CFO of the Year in 2020.

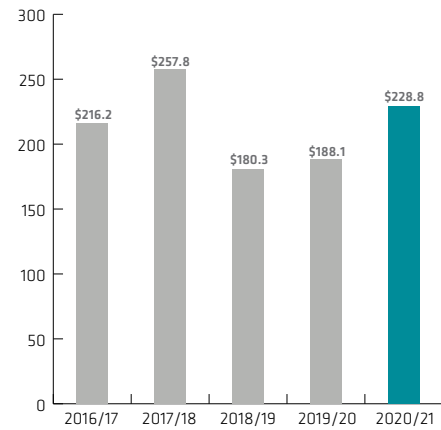


Port of Ashburton

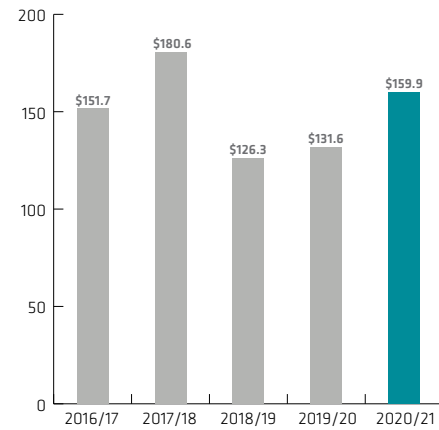
Performance Highlights

FINANCIAL PERFORMANCE

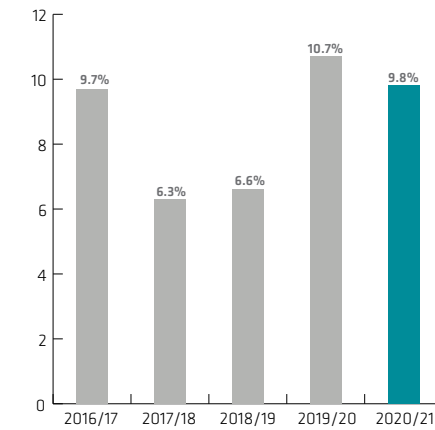
Profit before income tax (million)



Net profit after tax (million)

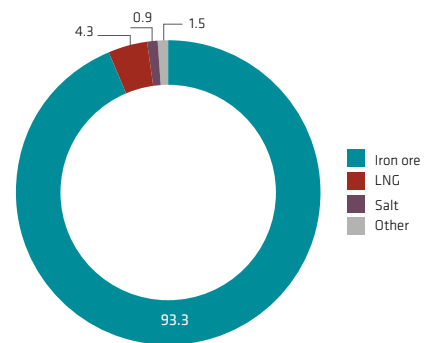


Return on assets (excluding PIR)

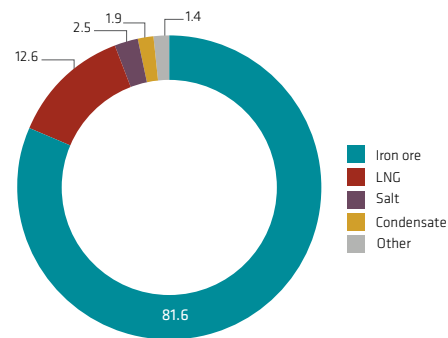


TOTAL THROUGHPUT 2020/21

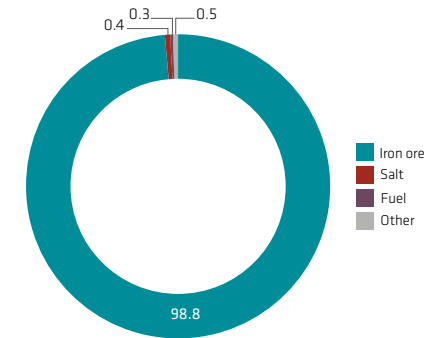
Pilbara Ports Authority total throughput by commodity %



Port of Dampier by commodity %



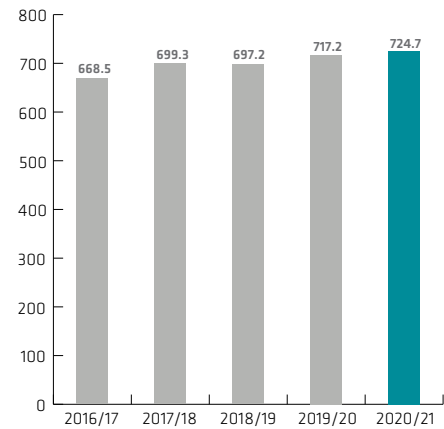
Port of Port Hedland by commodity %



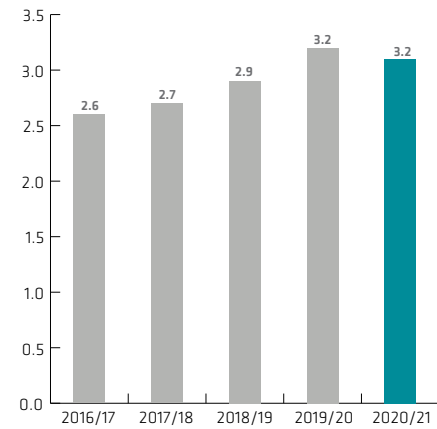
Performance Highlights

PPA THROUGHPUT (MT)

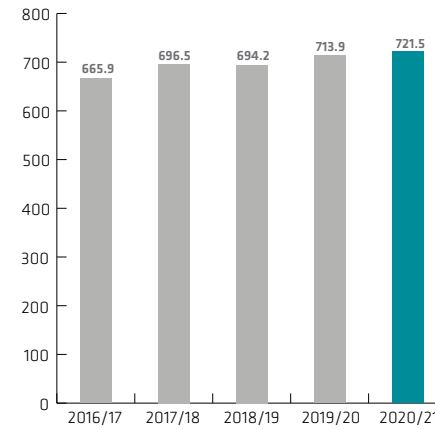
PPA total throughput



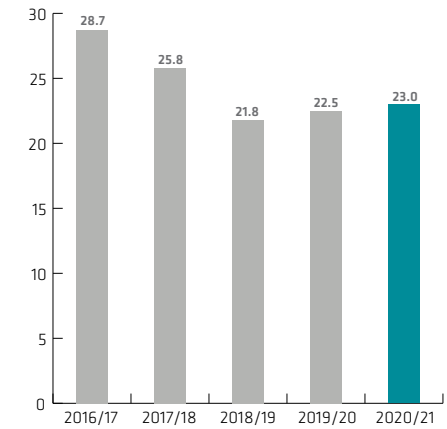
PPA total imports



PPA total exports

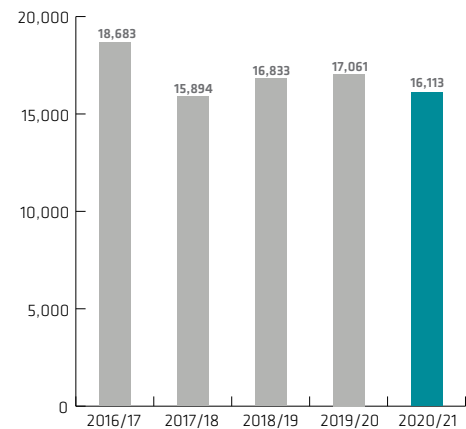


Throughput across PPA's four berths at Port of Port Hedland

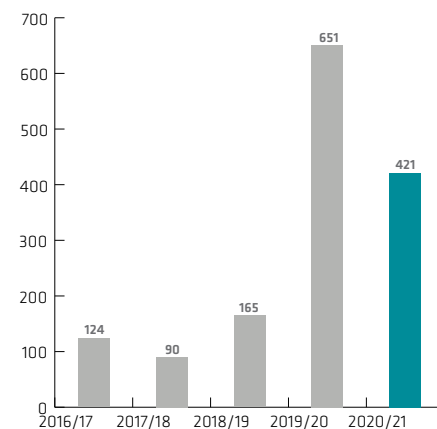


VESSEL MOVEMENTS

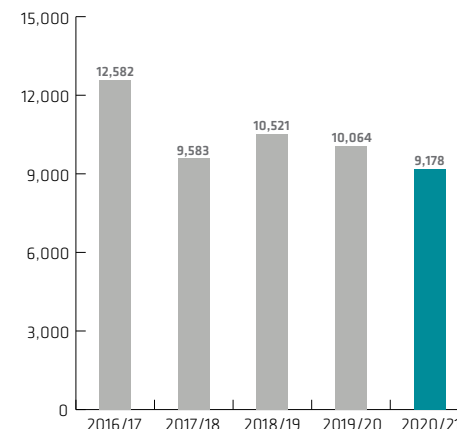
Total vessel movements



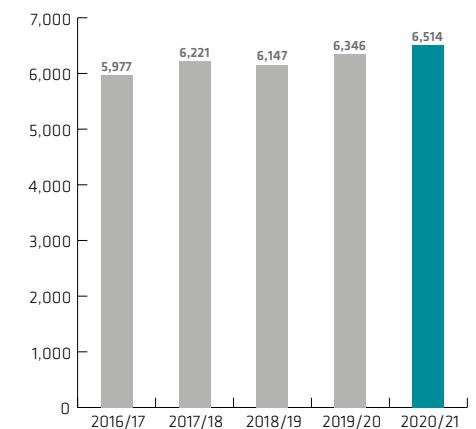
Port of Ashburton



Port of Dampier



Port of Port Hedland



Key Business Results

FINANCIAL AND NON-FINANCIAL KEY PERFORMANCE INDICATOR RESULTS WITH TARGETS

ECONOMIC RESULTS		
Financial	FY TARGET	FY RESULTS
Rate of Return on Assets (%) excl. PIR	13.3	9.8
Economic Rate of Return (%) excl. PIR	13.2	10.0
EBITDA (\$ million)	303.2	314.0
Debt to Equity Ratio	0.4	0.4

TRADE RESULTS		
Port Trade (Mt)	FY TARGET	FY RESULTS
Port of Dampier	174.1	167.4
Port of Port Hedland	548.0	546.1
Total port trade	732.8	724.7

VESSEL VISITS		
Port of Ashburton	150	198
Port of Dampier	3,490	2,953
Port of Port Hedland	3,150	3,159
Total vessel visits	6,790	6,310


SYSTEMS AND INDUSTRY BEST PRACTICE		
	FY TARGET	FY RESULTS
Lost Time Injury Frequency Rate	1.58	0.94
Environmental Protection Notices (s 65 EP Act)	0	0

COMMUNITY ENGAGEMENT AND CUSTOMER SATISFACTION		
	FY TARGET	FY RESULTS
Stakeholder Satisfaction Survey results	>70	77
Number of CCC meetings held	8	8
Employees Engaged Score (Gallup) (%)	45	45



Members of the Marine Operations team at the Port of Port Hedland: Heathcliff Pimento, Jason Rebello, Rohan Wadhwa, Lindsay Copeman, Phil Christy and Lawrie Corda.

Business as Usual: A snapshot of our year

 **102,147** documents added to our record keeping repository

 **17,719** invoices processed

 **34** capital projects totalling **\$11.7M** were completed

 **15,174** maintenance work orders raised and completed

Biosecurity officers inspected **552** containers

140,031 road trains visited **Utah Point**

More than **460,000** real time dust measurements were recorded across the Authority's sites in **Port Hedland**

108 Ministerial briefing notes prepared

175 vessels berthed at Utah Point Berth 4, including **two new customers**

More than **69,000** breath tests completed at all sites

 **27** environmental monitoring and management programs were implemented across the ports of Ashburton, Dampier and Port Hedland

242 new commercial agreements were entered into



354 students participated in Mangrove Mates.

Business as Usual: A snapshot of our year

Publication of the Authority's inaugural

Modern Slavery Statement



Roll out of a
new incident and hazard
reporting system

2,400+

training instances
completed in 20/21



Nearly
24,000
safety **Take 5s**
completed

Total value of construction applications
approved: **\$198.5M**



Steve Myers is Landside Operations Superintendent at the Utah Point Bulk Handling Facility and statutory Registered Mine Manager. The Utah Point Bulk Handling Facility celebrated its tenth anniversary in September 2020.

Performance Against Government Goals

PERFORMANCE MANAGEMENT FRAMEWORK

The following tables demonstrate how Pilbara Ports Authority's objectives, measures and results align with what the WA State Government seeks to deliver for Western Australians. Further details on each of the results achieved by the Authority are outlined in the remaining section of this Report. These details also demonstrate how they align with the United Nations' Sustainable Development Goals which form a key part of the Authority's sustainability strategy.

STATE GOVERNMENT GOAL	OBJECTIVES	RESULTS
Regional prosperity and development	Grow direct Pilbara freight links through enhanced business development capability	<p>ANL commenced direct freight shipping service into the Port of Port Hedland on 10 November 2020.</p> <p>Toll's King Bay facility at the Port of Dampier received FPOE approval on 12 February 2021. The first direct freight shipping service to the Port of Dampier arrived at the Toll facility on 19 February 2021.</p> <p>Pilbara Ports Authority's Port of Dampier facilities and Qube's Dampier Barge Facility were granted unrestricted FPOE approval on 7 May 2021.</p> <p>Work is underway on the reinstatement of biosecurity equipment at the Port of Ashburton to enable unrestricted FPOE approval.</p>
	Support Infrastructure WA's preparation of a 20-year State Infrastructure Strategy	<p>Pilbara Port Capacity was listed as a priority initiative by Infrastructure Australia in its 2021 Infrastructure Priority List, addressing proposed infrastructure projects at the ports of Ashburton, Dampier and Port Hedland.</p>
Optimal land use planning and environmental management in Pilbara ports	Administer the WA Government's PHVBS and maritime precinct development	<p>The Authority established HMI to deliver the PHVBS; 68 letters of offer were issued of which 41 were accepted and 11 properties were settled.</p> <p>HMI received State Government approval to lead the planning and development of a maritime precinct in the ToPH's West End. Land was purchased for a new seafarers' centre in Port Hedland.</p> <p>An internal working group has been formed to progress the development of the Pilbara Training College.</p> <p>The Authority's partnership with BHP and the ToPH on the West End Greening Project has progressed. The Authority has provided advice to BHP on the LEAF Project which will be a vegetation buffer for the West End.</p>

Performance Against Government Goals

STATE GOVERNMENT GOAL	OBJECTIVES	RESULTS
Optimal land use planning and environmental management in Pilbara ports	Integrate land use planning, delivering optimal outcomes for Port and Town of Port Hedland	<p>Maritime Precinct Masterplan was significantly progressed.</p> <p>Ongoing engagement with the Department of Planning, Lands and Heritage (DPLH), Pilbara Development Commission (PDC), Development WA, and the ToPH as the Maritime Precinct Masterplan is further developed, and as maritime precinct development opportunities are identified.</p> <p>Broad, formal engagement underway with the Port Hedland business community about the opportunities that will exist in the maritime precinct.</p> <p>Comment has been made to ToPH on the draft Local Planning Scheme No. 7, LPP 5 and 06 and the draft foreshore management plan.</p>
	Deliver the Spoilbank Marina initiative with expertise and governance	<p>Stage One of the marina project has been completed, including the construction of the truck haulage road.</p> <p>Tender processes were held for Stage Two works, and contracts were awarded for bulk earthworks, revetments and breakwaters.</p> <p>Sod turned on Stage Two works.</p> <p>Design of the land-side civil works was progressed.</p>
Appropriate financial returns to the State	Review port procurement policies and processes	<p>Of \$33.2 million in supply contracts awarded from 1 July 2020 to 31 December 2020, 89 per cent of the labour, suppliers and materials were from the Pilbara region or broader Western Australia.</p> <p>Two of three contracts during 1 July to 2020 to 31 December 2020 demonstrated a commitment to Aboriginal employment and participation, or subcontracting opportunities to Aboriginal businesses.</p>
	Engage with industry regarding port development opportunities at Ashburton, Dampier and Lumsden Point	<p>Investigations held into a new multi-product land – backed wharf south of the DCW, to facilitate a proposed urea project on the Burrup Peninsula and provide additional multi-user port capacity.</p> <p>The Authority has assisted in the development of a temporary Materials Off-loading Facility at Lumsden Point to facilitate the unloading of project cargo.</p> <p>The Authority is working with industry and Government to facilitate iron ore exports through the Port of Ashburton via trans-shipping operations.</p>

Performance Against Government Goals

STATE GOVERNMENT GOAL	OBJECTIVES	RESULTS
Improve organisation capability	Support regional employment. Continue cadet and graduate programs and provide training opportunities for youth through support of the Public Sector Commission trainee programs	<p>The Youth Training Initiative in Workforce Plan 2020 has been extended. The Youth Training Framework, including review of current arrangements, and possible improvements, and extension has been completed.</p> <p>Five marine cadets are progressing through the cadetship program. Pilbara Ports Authority's Cadetship program package has been made available to Ports WA, shipping companies, and placed on website for public access.</p> <p>Two graduate positions were filled, and one new position was created.</p> <p>One apprentice finished their training in Port Hedland, another three apprentices are continuing.</p> <p>Two trainees commenced and one trainee completed their program.</p> <p>Eight school-based trainees joined the Authority.</p>
	Plan for, and resource, Shipping and Pilotage Act port integration, and greenfield port developments	<p>Preparations were completed for the management of the Port of Varanus Island to transfer to the Authority on 1 July 2021.</p>

Performance Against Government Goals

STATE GOVERNMENT GOAL	OBJECTIVES	RESULTS
Port Industry Sustainability	Support shipping emissions reduction and environmental sustainability initiatives including emission studies, promotion of LNG bunkering and investigation of environmental incentive programs	<p>First LNG-fuelled vessel received at the Port of Port Hedland on 6 January 2021.</p> <p>The Authority has continued to promote LNG bunkering in the Pilbara through forums and conferences.</p> <p>A project is underway to develop a Maritime Emissions Portal, to better and more accurately understand emissions from vessels.</p> <p>A sustainability framework and strategy are in place that outlines the Authority's response to climate change, including how to transition to net zero emissions by 2050.</p> <p>Reviewed the Murujuga rock art monitoring program and developed a conceptual model and monitoring studies plan as a member of the Murujuga Rock Art Stakeholder Reference Group.</p> <p>The RightShip emissions pilot study has been broadened to cover other ports and subsequent years.</p>
	Manage dust emissions from licenced premises through innovation and planning controls and development of a communication and stakeholder engagement strategy to respond to community concerns regarding dust management in Port Hedland	<p>Pilbara Ports Authority led the development of an interagency stakeholder engagement and communications strategy for all issues relevant to Port Hedland, particularly in relation to dust.</p> <p>The Authority has continued to work with PHIC on initiatives including development of evidence-based studies to inform the sources of dust in the region. The implementation of a Product and Dust Management Continual Improvement Program for Utah Point and Eastern Operations has commenced.</p>
	Support WA future Battery Industry Strategy and Renewable Hydrogen Strategy	<p>Pilbara Ports Authority is liaising with the Renewable Hydrogen Unit and City of Karratha's Hydrogen Cluster to support the transition to renewable energy in the Pilbara.</p> <p>The Authority has engaged with several potential hydrogen producers on opportunities and assessment of infrastructure needs for hydrogen in the Authority's ports.</p> <p>The Authority continues to engage with and support export opportunities for battery metal, including lithium and copper.</p>

Events Occurring After the Reporting Period

BOARD OF DIRECTORS



The Minister for Ports appointed **Mr Robert Scharnell** as a Director on the Pilbara Ports Authority Board, commencing 1 July 2021 for a term to expire on 31 December 2022. Mr Scharnell holds a Bachelor of Science in Mechanical Engineering and Naval Architecture and has more than 30 years of world-wide experience within the resources and maritime sectors, encompassing engineering, project management, business strategy, operations, and governance.

PORT OF VARANUS ISLAND

The Port of Varanus Island was transferred, as planned, to Pilbara Ports Authority management on 1 July 2021.



Kuda Zimba and Mia Tait provide information technology services to the Port of Port Hedland.



A tug spray and sounding of ships' horns marked the International Day of the Seafarer at the Port of Port Hedland on 25 June.

Performance Against Our Objectives



SUPPORT INFRASTRUCTURE WA'S PREPARATION OF A 20-YEAR STATE INFRASTRUCTURE STRATEGY

PILBARA PORT CAPACITY INITIATIVE

The Authority's 'Pilbara Port Capacity' initiative was listed as a priority initiative by Infrastructure Australia in its 2021 Infrastructure Priority List.

The initiative proposes increasing multi-user capacity at each of the Authority's ports to meet growing demand for general cargo, and facilitate developments at strategic industrial estates in close proximity to the ports of Ashburton, Dampier and Port Hedland.

The initiative addresses three proposed port infrastructure projects:

- Lumsden Point General Cargo Facility and Logistics hub;
- DCW Extension and Landside Redevelopment Project;
- Ashburton Eastern Jetty Deep Water Berth Project.

The Pilbara Port Capacity initiative expands on the previous Port Hedland Port Capacity initiative, which was listed as a priority by Infrastructure Australia in 2020 and updated in February 2021 to recognise the capacity constraints across the Pilbara port network to support small and medium-size import and export industries.

Stage Two of Infrastructure Australia's Assessment Framework requires Pilbara Ports Authority to develop options and prepare business cases for the various projects under the initiative.



Dampier Cargo Wharf at the Port of Dampier.

Performance Against Our Objectives



**GROW DIRECT PILBARA
FREIGHT LINKS THROUGH
ENHANCED BUSINESS
DEVELOPMENT CAPABILITY**

NEW DEVELOPMENTS AT EXISTING PORTS

Port of Ashburton

The Port of Ashburton is fully operational and, on 8 September 2020, the Ashburton Cargo Wharf received its first commercial vessel, the *Baghwan Dryden* in support of offshore oil and gas operations.

Several capital projects were commenced during the reporting period that, when complete, will improve functionality and provide for expansion of activities:

- A remotely-operated security and communication system was commissioned, and planning began for a multi-purpose shed facility. Lighting towers and a road sweeping attachment have been purchased to replace previously leased operational equipment;
- The Port of Ashburton is being developed to operate on renewable energy, initially through solar panels; and
- Planning for development of the Eastern Port Precinct advanced to provide land for lease by port users.

Pilbara Ports Authority has issued three non-exclusive stevedore licences and two bunkering licences in support of current and anticipated trade.

During the reporting period the process began to gain Department of Agriculture (Biosecurity) and Australian Border Force approvals to operate the Port of Ashburton as an unrestricted first point of entry for overseas vessels and cargoes.

An application to operate as a Biosecurity Class 1.1 facility will be lodged in tandem with the FPOE request.

Pilbara Ports Authority is also working to develop infrastructure at the Port of Ashburton to export iron ore through a trans-shipping operation. Particular attention is being given to the location and layout of the export facilities to ensure these do not compromise current or future port users. The Authority is also liaising with Government agencies to ensure the development aligns to adjacent land uses and broader planning requirements of the nearby Ashburton North Strategic Industrial Area.

Port of Dampier

The DCW is a general cargo facility that provides for a range of vessels and cargo types at the Port of Dampier. The DCW supports the Pilbara resource industries and is a critical node in the supply chain with functionality that does not exist elsewhere at Dampier. The DCW was built in 1982 for the NW Shelf project, and was extended by 97m in 1997.

An opportunity being considered at the Port of Dampier as part of the Pilbara Port Capacity initiative is the development of a new, multi-product, land-backed wharf south of the DCW, which would facilitate a proposed urea project on the Burrup Peninsula.

Performance Against Our Objectives

A geotechnical investigation and designs have been completed in support of the new wharf.

Additionally, infrastructure options and scenarios are being developed for the DCW to determine a preferred investment strategy for the facility.

Port of Port Hedland

Pilbara Ports Authority holds a State environmental approval (Ministerial Statement 967) for the development of the Lumsden Point General Cargo Facility in Port Hedland and the facility and logistics hub remains a strategic priority.

Whilst the ultimate development of the facility is yet to be realised, Pilbara Ports Authority has assisted in the development of a temporary Materials Off-loading Facility (MOF) within the approved Lumsden Point design footprint to facilitate the unloading of project cargo.

The temporary MOF will be designed so that, in the future, it can be integrated into the Lumsden Point General Cargo Facility as part of Pilbara Ports Authority's long-term plan to develop this site.

Operating under Ministerial Statement 967 requires both Pilbara Ports Authority and the project proponent to comply with a range of environmental conditions, specifically targeted at limiting the impact adjacent mangrove areas and benthic habitat communities.

Marine works to develop the MOF began in May 2021. The works built on previously completed dredging and reclamation. The marine works will include a single berth, and a causeway that connects to a port access road and leasehold areas. When the marine works are completed, there will be opportunities for industry to progress warehousing facilities, chemical or fuel storage, mineral concentrate storage, quarantine wash bays, container packing and unpacking facilities, laydown and trucking and transport hubs.

The Lumsden Point General Cargo Facility will support growth and diversification of the general cargo trade and provide broader economic benefits to the Pilbara region.

Two other projects are underway at the Port of Port Hedland as part of the State Government's \$5.5 billion WA Recovery Plan.

The two projects, which will sustain and improve port capacity, are:

- The tug haven upgrade: This \$51.2 million project will repair the harbour revetments and provide storm shelter for the modern tugs operating at the port. The project also includes the construction of a combi-pile wall to support the existing revetments and a tubular pile clutch wall to replace the existing sheet pile wall. A public tender process was run, and the contract will be awarded in 2021/22.
- The inner harbour revetment works: This \$20 million project will repair and upgrade the existing revetments that have been degraded over many years under the action of cyclonic storms, tides and shipping activity. Berth 3 is the priority, and the scope of work for the Berth 3 Revetment Repair Contract includes the remediation of scoured and undercut revetment slopes under the berth, and refurbishment of the piles that lie within the revetment zone. The contract was awarded to Total AMS Pty Ltd in March 2021 and site works have commenced. The project is scheduled for completion by the end of October 2021. Design work has commenced for the remaining revetments at the Berth 1 and Main Street jetty revetments.

Performance Against Our Objectives

LIVE EXPORTS

There was one live export shipment from the Port of Port Hedland during the reporting period. A total of 2,581 head of cattle were exported to Indonesia on *Devon Express* which sailed from Port Hedland on 2 August 2020.

Pilbara Ports Authority continues to engage with pastoralists about the opportunities to export from the ports of Dampier and Port Hedland. The Authority's Live Export Manager hosted a delegation from the Kimberley Pilbara Cattlemen's Association on a tour of the Port of Dampier in March 2021, as part of the association's annual conference. The visit included a presentation focusing on live export and direct freight service opportunities.



Bulk carriers at the Port of Port Hedland.

 CASE STUDY

Direct trade drives new opportunities

When the *MV Darwin Trader* sailed into the Port of Port Hedland on 10 November 2020, the fanfare was well-deserved. The vessel represented the culmination of 15 years of effort to introduce regular direct freight services into the Pilbara.

Pilbara businesses have traditionally relied on goods being trucked up from the Port of Fremantle or overland from Sydney, which incurs significant logistical cost and limitations to business opportunities. By shipping freight directly into the Pilbara, customers would achieve financial benefits, faster cargo delivery and environmental offsets. The reduced trucking movements on major roads also has safety and maintenance benefits.

There had been previous, unsuccessful, attempts to introduce direct shipping into the Pilbara. Among the impediments was the provision of services, which had proven a game of ‘chicken and egg’: shipping companies were unwilling to commit to dedicated services unless approved quarantine and biosecurity facilities were already in place at the ports. Without a firm commitment from shipping companies of a regular service, industry and port authorities were hesitant to outlay the considerable funding needed to upgrade facilities to the level required to accommodate direct freight services.

In late 2016 the Department of Agriculture advised industry of legislative changes which allowed for the *Biosecurity Act 2015* to replace the *Quarantine Act 1908*. The new Act required ports to have in place infrastructure and procedures which would allow them to operate as newly described First Points Of Entry (FPOE) for international trade.



MV Darwin Trader on its inaugural visit to the Port of Port Hedland on 10 November 2020.



CASE STUDY



The Port of Dampier's unrestricted First Point of Entry status took effect from 7 May 2021.

To comply, procedural changes at Pilbara Ports Authority's ports were minimal, but infrastructure upgrades were substantial, requiring access to approved container wash bay facilities, and to imperviously sealed laydown areas to facilitate cargo inspection, cleaning and fumigation requirements.

Pilbara Ports Authority embarked on the process to have the ports of Port Hedland and Dampier approved as First Points of Entry.

At the same time, Pilbara Ports Authority was approached by Bridgestone to facilitate the import of oversized mining tyres directly into Port Hedland, instead of having them discharged in Fremantle and trucked to the Pilbara.

Bridgestone had been negotiating with global container vessel company, Maersk Shipping, to provide the service if approved facilities were available.

Pilbara Ports Authority joined the two parties in discussions and coordinated an outcome whereby the trade could commence as soon as possible. In order to facilitate the new trade, the Authority commenced a process in tandem with the FPOE process which would allow the Port of Port Hedland to operate at a higher approval level, a Biosecurity Class 1.1 Approved Arrangement Facility. The Port of Port Hedland was granted Biosecurity Class 1.1 and FPOE approval in November 2019.

A vessel was scheduled to deliver the first shipment of tyres at Port Hedland on 30 March 2020. The outbreak of COVID-19 saw the voyage cancelled, as the impact of the pandemic on the global maritime industry became the primary focus.

In April 2020, shipping company ANL contacted Pilbara Ports Authority to discuss using the new approvals to introduce a regular circuit connecting Singapore and Port Hedland. ANL's Pilbara Connection service was announced on 26 October 2020, connecting Singapore, Darwin, Port Hedland and Dili on a 20-day rotation. ANL won the Daily Cargo News 2020 award for Supply Chain Innovation for its Pilbara service.



CASE STUDY

In the COVID-19 environment, the Authority conducted a focused risk assessment to allow vessels to berth within an eight-day period, extended from the usual five-day voyage from Singapore, subject to compliance with pre-arrival requirements.

The final hurdle cleared, the *MV Darwin Trader's* first cargo included containers, pipe and loose cargo. Since then, there have been a further nine ANL shipments into Port Hedland, and Maersk's first shipment of Bridgestone tyres arrived into the port on 11 January 2021.

The Port of Dampier's unrestricted FPOE status took effect from 7 May 2021.

The unrestricted FPOE status for the Toll facility took effect from 12 February 2021, and the Bengal Tiger Lines vessel *MCP Graz* arrived at the Port of Dampier Toll facility on 19 February 2021. Seaswift vessel *Karratha Bay* arrived at the Port of Dampier on 20 February 2021. The Qube facility's unrestricted FPOE status took effect from 7 May 2021.

The two ports' new biosecurity approvals have also benefitted the existing RORO vessel trade. While RORO vessels were accepted at both ports prior to the approvals, trade was restricted by vessel size and cargo type. The unrestricted FPOE allows a wider range of vessels and a wider range of cargoes, including containers, to be handled. The Class 1.1 Approved Arrangement allows for an even broader range of cargoes to be handled as ports are upgraded to manage more unpack, inspect and treatment techniques.



The new FPOE approvals allow a wider range of vessels and a wider range of cargoes, including containers, to be handled.

Performance Against Our Objectives



REVITALISING PORT HEDLAND'S WEST END

PORT HEDLAND VOLUNTARY BUY-BACK SCHEME

In June 2020, the WA State Government agreed to a voluntary buy-back scheme, the PHVBS, for some residential properties in Port Hedland's West End and announced that the scheme would be delivered by Pilbara Ports Authority. The PHVBS applies to the residential properties in Port Hedland's West End that are subject to the Port Hedland West End Improvement Scheme (IS1).

During the reporting period, Pilbara Ports Authority established a wholly-owned subsidiary, HMI, to deliver the PHVBS. HMI also received State Government approval to lead the planning and development of a maritime precinct in the ToPH's West End. HMI was established under the *Corporations Act* but pursuant to the *Port Authorities Act*. Following determination of industry funding arrangements, HMI was incorporated in November 2020 with two initial directors.

PHVBS: Expressions of Interest and Acquisitions

The acquisition process began with the issue of Expression of Interest letters to the owners of an estimated 426 eligible properties. At the end of the reporting period, participation rates in the PHVBS were:

- Owners of more than 71 per cent of properties responded to the PHVBS initial contact letter;

- Owners of more than 47 per cent of properties had responded to the Expression of Interest and progressed to property valuation;
- Seventy-one letters of offer were issued, of which 41 had been accepted; and
- Eleven properties were settled and acquired by HMI.

Port Hedland Maritime Precinct

The proposed maritime precinct aims to revitalise the town's West End, drawing on Port Hedland's rich maritime history and introducing new retail, hospitality, tourism and culture opportunities, as well as training and education initiatives. It is an opportunity to create a unique and attractive maritime hub of international standing.

During the reporting period the Maritime Precinct Masterplan was significantly progressed, to guide development and land use within the maritime precinct. The Maritime Precinct Masterplan includes:

- PHVBS land development principles
- Principles for each of the five sub-precincts proposed for the maritime precinct



The HMI logo includes the maritime flag Kilo, which means "we wish to communicate with you".

Performance Against Our Objectives



Aerial view of Port Hedland, 2021.

Performance Against Our Objectives

- Land use matrixes for each of the five sub-precincts
- Guidance to development opportunities for HMI acquired land
- Uses and their definitions that are consistent with IS1, and HMI's position on uses at a sub-precinct level are either supported, conditionally supported or discouraged.

The Western Australian Planning Commission is the responsible authority for the determination of development and land use proposals within IS1 and the maritime precinct.

With progress made on planning for the maritime precinct, HMI has now more formally and broadly begun engagement with the local business community about the opportunities that will exist through the more than 60 uses approved for the maritime precinct and its planned sub-precincts.

Initial iconic developments within the maritime precinct include the new seafarers' centre and Pilbara Training College.

Port Hedland Seafarers' Centre

The new and fit-for-purpose Port Hedland Seafarers' Centre was announced in June 2021 and Pilbara Ports Authority has contributed more than \$2 million to the project.

Land has been purchased for the facility to be built on the former Sealanes site on Richardson Street. The existing seafarers' centre, which was constructed by volunteers in the 1960s, used to receive more than 3,000 seafarer visits each month, before shore leave was cancelled due to COVID-19. The facility is no longer fit-for-purpose, with the demand for services growing exponentially as trade increases at the Port of Port Hedland. The new Port Hedland Seafarers' Centre will be the first example of how HMI intends to partner with industry to transform unused space for the purpose of developing a maritime precinct.

Pilbara Training College

The proposed Pilbara Training College will provide an educational centre of excellence, supporting continued education across all areas of the maritime, logistics and resources industries. The facility will serve the Pilbara as well as the State and nation, by providing a pit-to-port training solution. A maritime simulator will be the cornerstone of the college, and there will be further training opportunities for mariners and land-based employees. Planning for the development of the college is progressing and consultation is underway with stakeholders, including TAFE and companies within the resources sector, to identify consumer needs for the facility. The college will encourage tourism, cultural and heritage activation of the maritime precinct.

Port Hedland Greening Trials

Pilbara Ports Authority has partnered with BHP and the ToPH on a series of greening projects in Port Hedland's central business district.

Seven work packages, with a total value of more than \$3 million, were identified to reinvigorate the existing streetscapes through landscape planting. A significant part of the works involves re-establishing irrigation networks, replanting existing gardens and the installation of advanced tree species more suited to the local conditions. Pilbara Ports Authority has contributed funds for two of the work packages that focus on streets near the Port of Port Hedland. As part of its contribution to the project, the ToPH has committed resources for ongoing maintenance, including the maintenance and operation of the irrigation systems.

The first of the work packages commenced in early 2021.

The project demonstrates industry's commitment to advancing with a whole-of-precinct planning approach to the West End. The project will also promote local employment and increase activity within the West End.

Performance Against Our Objectives



DELIVER THE SPOILBANK MARINA INITIATIVE

A New Marina for Port Hedland

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

The \$121.5 million marina is a key component of the revitalisation of Port Hedland's West End, and will transform the Spoilbank area into a vibrant waterfront development. As well as providing a safe facility for recreational boat users, the marina will provide a public space for community events and cultural gatherings.

The marina will include:

- a four-lane boat ramp;
- 21 boat-pen marina with capacity to expand to 80 pens in the future;
- separate entrance channel to the main shipping channel;
- trailer parking for up to 200 vehicles;
- maintenance hardstand;
- publicly accessible breakwaters with pedestrian path;
- public recreation and event space, and public amenities;
- public fishing jetty and shade structures at the swimming beach;
- a waterfront promenade; and
- public art and a cultural gathering space.



Environmental Advisor Andrew Stanley conducts water monitoring at the Spoilbank site in May 2021.

The project is being delivered in two stages. Stage One was delivered by Main Roads Western Australia on behalf of DoT, and involved the construction of the truck haulage road. Construction began in December 2020 and practical completion was reached at the end of March 2021.

Pilbara Ports Authority is delivering Stage Two, which will be delivered in five contracts. During the reporting period:

- The bulk earthworks contract and the revetments and breakwaters contract were both awarded to MGN Civil. Work began in June 2021;

Performance Against Our Objectives

- Pilbara Ports Authority initiated a review of the geo-technical data, with a view to launching further geotechnical investigation for the dredging and reclamation works;
- A tender process began in May 2021 for the marine structures, which includes boat ramps, marina pens, a public jetty and navigation aids; and
- Work progressed on the design of the land-side civil works, which includes landscaping buildings, carpark, internal roads, landscaping, services and public amenities.

In May 2021, Pilbara Ports Authority took responsibility for the Commonwealth approval, issued under the *Environmental Protection and Biodiversity Conservation Act 1999*, for the construction of the Spoilbank Marina. This approval (EPBC 2019/8520) prescribes a range of conditions which have been imposed on the project to limit the project's impact on matters of national environmental significance including listed and threatened species and listed migratory species. As the proponent for this project, Pilbara Ports Authority is required to comply with the approval and report to the Commonwealth Department of Agriculture, Water and the Environment (DAWE) in accordance with the conditions.

The marina is expected to be operational in 2023. The timeline allows for cessation of all marine construction activities between December and March each year, as required by the environmental approvals.

The Spoilbank Marina is being funded by the WA State Government, the ToPH and BHP.



Artist's impression of the completed Spoilbank Marina.

Performance Against Our Objectives



REVIEW PORT PROCUREMENT POLICIES AND PROCESSES

Supporting Local

Pilbara Ports Authority continues to offer its support for local workers and businesses by adopting and supporting 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 three public tender processes completed during the period 1 July 2020 to 31 December 2020, two of the contracts awarded were for construction projects where both contractors demonstrated a commitment to Aboriginal participation, including Aboriginal employment outcomes or subcontracting opportunities to Aboriginal businesses;
- Pilbara Ports Authority participated in the Pilbara Indigenous Business Networking Group events held in Roebourne and Karratha, and presented opportunities for indigenous businesses to participate in the Authority's procurement activities and for local indigenous businesses to showcase their capabilities; and

- Pilbara Ports Authority further amended its tender documents and Procurement Procedure to better reflect its commitment to improve indigenous business participation in its procurement processes.

WA Industry Participation Strategy (WAIPS)

From 1 July 2020 to 31 December 2020, Pilbara Ports Authority awarded one contract that met the WAIPS requirements to maximise opportunities for local businesses and create more jobs in Western Australia. 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 2020 to 31 December 2020, Pilbara Ports Authority awarded 45 supply contracts with a total contract value of \$33.2 million. The labour, suppliers and materials in the contracts were:

- 26% (\$8.7m) from the Pilbara region;
- 63% (\$21m) from Western Australian (outside of the Pilbara Region);
- 11% (\$3.5m) from Australia/New Zealand (outside of Western Australia); and
- 0% from overseas.

Performance Against Our Objectives

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

As a regionally based GTE, Pilbara Ports Authority is supportive of the revised Buy Local Policy 2020 and believes it can provide valuable insight into the policy implementation and potential regional and GTE-specific issues to be considered during the implementation processes. Pilbara Ports Authority signed its Buy Local Policy Implementation Agreement with JTSI in October 2020.

Other Government Initiatives

Pilbara Ports Authority's tender documents and contract templates were updated, effective from 1 January 2020, to reflect that any applicable Building Construction Industry Training Fund levy will be 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.



Engineers Lizeth de la Hoz and Svetlana Khaykina at the Port of Port Hedland's Berth 3.

Performance Against Our Objectives



SUPPORT REGIONAL EMPLOYMENT. CONTINUE CADET AND GRADUATE PROGRAMS AND PROVIDE TRAINING OPPORTUNITIES FOR YOUTH, THROUGH SUPPORT OF THE PUBLIC SECTOR COMMISSION TRAINEE PROGRAMS.

A Dedicated Program for Youth Training

Pilbara Ports Authority developed its Youth Training Strategy to improve regional prosperity and organisational capability. The strategy focuses on increasing opportunities for young people based in regional areas where the Authority operates, and increasing the skills required to support the port industry in Western Australia and beyond.

Youth training commenced with trade-based apprentices and has expanded to include marine cadets, trainees, graduates and school-based trainees.

Highlights from the reporting period:

- Pilbara Ports Authority's inaugural marine cadet, Kyal Randazzo, completed his sea-going hours and began studying a Bachelor of Nautical Science with Australian Maritime College;
- Marine cadets Ben Hobart and Morgan Ruston continued to accrue seagoing hours;
- Two new marine cadets, Jeri Ingleton and Katelyn Arnold, commenced their pre-sea training;
- Two inaugural graduates in the Engineering and Development and Trade teams, were appointed to full-time roles with the Authority, in their areas of interest;

- Two new graduates were employed in the Engineering and Mapping and Data teams, and the graduate role for the Development and Trade team will be continued;
- Training was carried out for four apprentices in Port Hedland, with one completing their trade;
- One full-time Public Sector Aboriginal Trainee completed their Certificate III, and a new trainee commenced in the program;



Electrical Apprentice Jenena Ramsay trains at the Utah Point Bulk Handling Facility at Port Hedland.

Performance Against Our Objectives

- One full-time trainee commenced in the Finance team, based in Port Hedland, and continues to work towards a Certificate IV Accounting and Bookkeeping;
- The Port of Dampier hosted two School Based Trainees and the Port of Port Hedland hosted six, all of whom are working towards a Certificate II in their chosen area; and
- Work experience and familiarisation opportunities were provided to Pilbara high school students.



Boilermaker Matt Michon and Heavy Fabrication Apprentice Kent Villas at the Port of Port Hedland.

 CASE STUDY

Marine Cadetship program

TRAINING THE NEXT WAVE OF MARINERS

Pilbara Ports Authority's harbour masters and marine operations personnel all agree that careers at sea are exciting and rewarding. But, as the fleet of Australian-registered ships reduces, it is becoming difficult for young people to secure the time at sea needed to earn the relevant marine qualifications. The flow-on effect is that Australian ports need to compete in the international labour market to attract workers to key marine operations roles. Pilbara Ports Authority is addressing this issue through its marine cadetships, which will develop a pool of qualified and experienced mariners, with links to the Pilbara.

Pilbara Ports Authority used its relationship with international shipping companies to develop a training program to give Pilbara-based graduates every opportunity for a successful maritime career. The Authority's marine cadetship program was first offered in 2018, offering a fully-mentored career pathway that includes the sailing experience and land-based training to attain a Deck Watch Keeper qualification.

The program has so far attracted five Pilbara-based high school graduates who are now at different stages in the program, with inaugural cadet, Kyal Randazzo, nearing graduation.

In the three years the program has been running, the Authority has developed a strong understanding of cadet training and requirements, as well as the issues that present during training and sea-going time. That expertise has been captured in the Marine Cadet Framework, which was compiled with the co-operation of South Metropolitan TAFE, so the program can be replicated and easily implemented at other ports and organisations.



Marine Cadets Katelyn Arnold, Jeri Ingleton and Ben Hobart at the Port of Dampier during their shore-based training.

Pilbara Ports Authority has employed a senior Harbour Master (Training & Development) who can assist other ports with the maritime expertise associated with the program.



CASE STUDY

Introducing Marine Cadet: Ben Hobart

Ben began his cadetship in 2019 and completed his second sailing contract in early 2021. Across seven months, he visited 18 countries including Russia, India, Portugal, Romania and Belgium.

He also sailed through the Suez Canal, Bosphorus Strait in Istanbul and to the icy Milne Inlet, in northern Canada, which he said was a special experience.

“We had 24-hour daylight, which made it easy to spot the icebergs,” Ben said. His various duties while onboard included day-to-day ship maintenance, assistance of navigation and cargo operations.

“As a cadet, it is important to be willing to pitch in and get involved.”

He also enjoyed Christmas at sea which, he said, was a very different experience to what he had experienced in Karratha.

“I’d like to say a big thank you to the crew at Pilbara Ports Authority who have made it all possible. I’m only just beginning to realise how lucky I am for this opportunity, and I’m very excited for the next batch of cadets to come forward and experience what I have experienced so far.”



Marine Cadet Ben Hobart at Milne Inlet, Canada.

Performance Against Our Objectives



PLAN FOR AND RESOURCE SHIPPING AND PILOTAGE ACT PORT INTEGRATION AND GREENFIELD PORT DEVELOPMENTS

New Ports on the Horizon

Pilbara Ports Authority continues to prepare for new ports to enter the Authority's management remit through the transfer of *Shipping and Pilotage Act* (SPA) ports, and the development of greenfield ports.

Shipping and Pilotage Act Ports

The *Ports Legislation Amendment Act 2019* (WA) was enacted on 26 February 2019 to facilitate the transfer of the ports of Barrow Island, Cape Preston, Onslow, Port Walcott and Varanus Island from the DoT to Pilbara Ports Authority.

The Port of Varanus Island will be the first port in the Pilbara transferred under the legislation. Transition will occur on 1 July 2021.

A working group, comprising the DoT, the Department of Treasury and Pilbara Ports Authority, was established to facilitate the transfer and consider boundary amendments and transfer arrangements.

Features of the transfer of the Port of Varanus Island are:

- The port waters and seabed will be vested in Pilbara Ports Authority from 1 July 2021;
- No assets or liabilities will transfer to Pilbara Ports Authority;

- The port boundary extends to the high-water mark, and no land-based operations will come under the control or responsibility of Pilbara Ports Authority;
- Existing navigation aids, jetties and moorings will remain under the ownership and management of the port operator, Santos; and
- The Authority will be responsible for the administration of two proponent jetty licence interfaces partially situated within port waters.

This transfer will mean the Port of Varanus Island will no longer be managed under the *Shipping and Pilotage Act 1967* (WA) but instead, the *Port Authorities Act 1999*. Under the Act, Pilbara Ports Authority will appoint a Harbour Master to control vessel movements in the port, be responsible for navigation safety, ensure environmental compliance, administer the transferred licence for the jetty structures, licence port services (towage, moorings and pilotage), approve new developments within port waters and provide lease and licences for infrastructure located on the port seabed.

Greenfield ports

Iron ore export opportunities at the greenfield ports of Anketell and Balla Balla remain dependent on foundation proponents.

Performance Against Our Objectives



Varanus Island. Image provided by Santos.

Performance Against Our Objectives



DIVERSITY AND INCLUSION

Diversity and Inclusion

Pilbara Ports Authority is proud of its diverse workforce and recognises the strategic value diversity brings. The Authority acknowledges its achievements in a number of diversity areas and recognises that other areas require ongoing focus. Diversity and inclusion receives an ongoing commitment from all areas of the business to ensure all employees feel included and valued for their contributions.

Pilbara Ports Authority's revised Diversity and Inclusion Plan was finalised and received Board approval in September 2020. The plan includes:

- Initiatives so the organisation values equal employment opportunity (EEO) and diversity and the work environment is free from racial and sexual harassment;
- Initiatives so the workplace is free from employment practices that are biased or discriminate unlawfully against employees or potential employees;
- Employment programs and practices that recognise and include strategies for EEO groups to achieve workforce diversity; and
- Maintaining a relevant and achievable EEO management plan through communication, review and amendment and evaluation.

The Human Resources function co-ordinates the implementation of the plan. However a Diversity and Inclusion Working Group (DIWG) has been established, drawing its membership from all sites and business areas. The group supports and consults on initiatives and promotes an inclusive culture in their work locations.

Since approval of the plan, Pilbara Ports Authority has:

- Published the plan to the website, and promoted it internally;
- Sponsored employees to attend Diversity and Inclusion events, EEO training, celebrated International Women's Day with a panel discussion on women in leadership, and joined an industry interagency knowledge sharing group;
- Set the structure and principles of the DIWG, commenced group meetings, and planned for key initiatives;
- Reviewed the Authority's Working with Respect program to provide content that supports an inclusive work culture and developed a flexible working arrangements / working from home procedure;

Performance Against Our Objectives

About our People

- Commenced development and analysis of diversity and inclusion metrics, including annual trend reporting on gender representation by level since 2015;
- Updated personal attributes in job descriptions to require a demonstrated commitment to an inclusive work culture that encourages diversity;
- Updated the Performance Review process to strengthen career and development planning;
- Expanded merit-based principles in the recruitment and selection process to encourage a broader market;
- Executed a partnership agreement with JobAccess, to review the Authority's inclusion of people with a disability;
- Undertaken career planning initiatives for talented females through leadership programs, internal promotion, development roles and acting opportunities; and
- Provided numerous work experience and training opportunities for young people.

22%
from culturally
and/or linguistically
diverse
backgrounds

9%
are 24 years
or younger

3.4%
identify as
Aboriginal or
Torres Strait
Islander

38%
are women

1.1%
identify as
having some
form of
disability

37%
are 45 years
or older



Physical Resources Officer, Natalie Baker, and Human Resources Officer, Arlene Taylor, are based at the Port of Port Hedland. Natalie completed her School-Based Traineeship with Pilbara Ports Authority's Human Resources and Operations teams in 2018, and joined the Authority in a full-time role in 2019.

Performance Against Our Objectives



IMPROVING SAFETY PERFORMANCE

IMPROVING SAFETY PERFORMANCE

With operations across land and sea, the safety of every Pilbara Ports Authority employee, port user, service provider and visitor to any site remains the Authority's highest priority. The Executive and Board have high safety performance expectations, and employees and all stakeholders have an important role in the safety process.

The Authority invests in innovation and continuously strives to improve its safety framework and systems. 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, behavioural safety, vendor and contractor management, lightning preparedness and response and control verification.

In the financial year, Pilbara Ports Authority recorded two lost time injuries, resulting in a 12-month rolling LTIFR of 0.94 against a target of 1.58. This figure includes all employees, contractors and licensees.

Vendor Management System

An opportunity was identified to adopt a more consistent and standardised approach to how Pilbara Ports Authority engages with and manages the many types of providers of services at its ports: contractors, service providers and licensees, who are referred to as vendors. In response, the Authority implemented a best practice vendor management system.

During the reporting period, Pilbara Ports Authority launched its customised contractor management system, the Vendor Management System (VMS). The VMS is an integrated, business-wide system managing the relationship with third parties the Authority engages to perform work and provide services.

The VMS focuses on the whole of life-cycle framework for managing vendors and provides clear accountability and responsibility for different categories of vendors with the consequence being a safer working environment.

Performance Against Our Objectives

The VMS was developed with input from an internal working group comprising representatives from all parts of the business involved with engaging vendors. The process involved:

- Identifying and managing risks associated with using vendors to do work and/or suppliers delivering to active work areas;
- Developing a clear set of rules for vendor management, ensuring their consistent application, and developing clear accountability for these rules;
- Adopting consistent terminology about vendor management in all policies, procedures, frameworks and manuals;
- Ensuring the VMS is owned by a senior leader within the organisation; and
- Holding a series of workshops to train staff who directly manage vendors.

During the reporting period, a total of 20 documents were created, and several other existing documents were modified. The key document is the Vendor Management Procedure which describes the Authority's expectations for vendor and vendor management when outsourcing work or the provision of goods or services, either through direct engagement or through a prescribed licence.

The objectives of the procedure are to:

- Clearly define the accountability and responsibility for each party within each step in the vendor management process;
- Assist in identifying and managing risks associated with outsourcing work or the provision of goods or services to third parties; and
- Assist personnel with key roles in the process to fulfil their responsibilities initiating, developing and managing contracts, and the prescribed licences and the associated contractor or licensee management.

All staff who directly manage vendors have been trained in the VMS through a series of workshops along with a competency-based assessment. A training package was developed for specific roles and supporting roles.

Zero Incident Process

During the reporting period, Pilbara Ports Authority partnered with external organisation, Cognicent, to develop and roll out a behavior-based safety program that moves people from being extrinsically driven about safety to intrinsically motivated about their own safety. The process is known as Zero Incident Process (ZIP).



Routine safety checks on the Dampier Cargo Wharf at the Port of Dampier.

Performance Against Our Objectives

ZIP empowers people to take control of their personal safety by becoming more effective within the systems they work in. Personnel learn to understand how and why they make safe choices, how and why the use of behavioural tools, observation and standardised practices are necessary, why the use of environmental guards and protections are essential to success, and how to use these for the most effective outcomes. ZIP targets change at both the individual and organisational level. The process works with existing safety management, leadership and behaviour-based initiatives, reflecting on these and looking for opportunities to improve and develop people's ability to drive and own these initiatives.

During the reporting period:

- Detailed ZIP training was rolled out to staff who interface across the broader business, and/or are engaged in performing high-risk tasks, and/or directly manage contractors who engage in high risk tasks. Attendees found the training to be a good experience and would recommend it to others;
- Ongoing mentoring and support was provided to staff to maximise the benefit that ZIP can provide;

- A working group was formed to identify how the key tools and learnings from ZIP can be integrated into the Authority's daily processes and systems. This has already resulted in:
 - Updating health and safety documents including risk assessment tools with ZIP language and information;
 - Promoting ZIP within teams by displaying information in offices and lunch rooms; and
 - Using ZIP language and information in meetings and when conducting incident investigations.

ZIP supports the Authority's strategic objectives of a safe working environment, capable workforce, high performance teamwork and skills and knowledge growth.

Successful implementation of the ZIP program should lead to an improved safety culture and performance across the organisation, and better-informed decisions, resulting in a reduction of the number of high and extreme potential safety incidents, as well as a reduction across all types of injuries.



Mechanical Fitter Dave Claydon manufactures a mobile feed hopper train positional bracket during a maintenance shutdown at the Utah Point Bulk Handling Facility in May 2021.

Performance Against Our Objectives



CONTINUE TO OPERATE SAFELY DURING THE COVID-19 PANDEMIC

Navigating the COVID-19 Pandemic

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 a framework for vessels arriving into its ports in order to manage the risk of contamination. This includes an assessment process for accepting vessels which uses a risk-based approach aligned with the requirements of the WA State Government, Australian Border Force (ABF) and DAWE, in accordance with the *Biosecurity Act 2015*.

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 shared amongst all parties.

Pilbara Ports Authority has led a program to develop and adopt a standardised set of control measures associated with arriving vessels so that they can be applied in all ports across Western Australia. At the end of the reporting period, the control measures were undergoing a final review by WA Health.

Pilbara Ports Authority has also worked closely with WA Police on measures for maritime workers who are required to board vessels while they are in port waters. These measures include:

- Requiring workers on certain vessels to adopt hygiene protocols and limit their activities on vessels;
- Protocols for the conveyance of workers and crew from the vessel to land;
- A protocol for cleaning of vessels; and
- Standardised rules for the exchanging of maritime crew from arriving vessels.

Performance Against Our Objectives



Health and Safety Superintendent Dion Walker shows some of the tools from Pilbara Ports Authority's Prevent the Spread campaign.

Performance Against Our Objectives

An awareness program has been initiated to ensure all workers who board vessels are aware of and comply with the measures.

Business Continuity Response

The Authority has an established Business Continuity Plan. In accordance with the plan, at the outset of the pandemic, 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, the maritime industry and the broader Pilbara community.

A management plan and outbreak response guideline were developed specifically for COVID-19. These documents were regularly updated during the reporting period to take account of learnings from incidents and best practice.

Operational Response

Shipping operations have continued as planned across all of Pilbara Ports Authority's ports since the pandemic was declared. This resulted in the Authority introducing a number of operational preparedness measures in addition to those referred to above, including:

- Ensuring the Authority's ICT systems enabled the business to transition quickly to a remote working environment in the event of Government mandated lockdowns;
- Planning for the development of a contact register solution for workers boarding and disembarking from vessels arriving at ports;
- Engaging extensively with WA Police for travel clearances for personnel providing essential services, such as marine pilots and helicopter crew; and

- Directions issued under the WA Emergency Management Act resulted in the cessation of seafarer shore leave. Pilbara Ports Authority worked with seafarer centres in Dampier and Port Hedland, port proponents and other stakeholders 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.

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.

 CASE STUDY

Seafarer Welfare During COVID-19

Seafarers play an integral part in facilitating trade of commodities from the Pilbara and, in usual times, can spend between six to 12 months at sea. But the onset of COVID-19 saw the introduction of strict restrictions, that made it nearly impossible for crew to sign on or off their vessel. This has resulted in many seafarers extending their contracts and remaining at sea for extended periods.

COVID-19 brought about additional restrictions on seafarers including cessation of shore leave and reduced vessel access to visitors, which further isolated the seafarers and reduced the normal rest and recreation associated with visiting foreign ports.

Pilbara Ports Authority recognised the impact on seafarers and, through engagement with the vessel operators, Mission to Seafarers and agents, has succeeded in providing some relief to seafarers when they are within the Authority's port waters.

Pilbara Ports Authority continues to provide welfare to seafarers by:

- Providing Wi-Fi internet access and phone cards to vessels and, in some instances, provided the Wi-Fi at no charge, so crew could remain in contact with friends and family;
- Facilitating delivery of private purchases to vessels through launch services;
- Approving port assets to be used for emergency and routine access to medical facilities; and
- Delivering Christmas hampers to vessels during the festive season.

These welfare arrangements remind the seafarers that their efforts to keep trade continuing are appreciated.



During the 2020 festive season, Deputy Harbour Master Jason Rebello joined other members of the port community in preparing hampers for seafarers, which were later delivered to vessels.

Performance Against Our Objectives



LISTENING TO OUR STAKEHOLDERS

Stakeholder Satisfaction Survey

Pilbara Ports Authority seeks feedback on its performance and corporate reputation through its annual Stakeholder Satisfaction Survey. In the 2021 survey, 136 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 77 based on the Kantar TNS TR*M index, which is in the excellent category.

While the impact of COVID-19 meant that the way in which Pilbara Ports Authority engaged with stakeholders had to change during the reporting period, and the overall score was a decrease of eight points from the previous year's result, it is well above the long-term average since the Authority started undertaking these surveys. The result also benchmarked well against a WA ports average of 63 and a global public sector average of 48.

The main findings were:

- The Senior Stakeholder Corporate Reputation Index result was consistent with the 2020 survey, and the overall reputation score significantly improved.



Pilbara Ports Authority is a proud sponsor of the North Pilbara Football Club.

- The majority of Government stakeholders held a favourable view of the Authority, considering it well-organised and run, professional, knowledgeable and committed to safety. Most stakeholders in this group had a good working relationship and valued the improved communications.

Performance Against Our Objectives

- Pilbara Ports Authority's safety expertise was highly regarded with a view the Authority possesses a strong focus on safety culture, evidenced by a low number of incidents, notwithstanding high tonnage volumes.
- Stakeholders mentioned the Authority has strong environmental policies and takes an active and thorough approach to protecting the environment.
- Despite changes in the Authority's management team during 2020, there was recognition by stakeholders that the new team is knowledgeable, skilled, capable, and adopts a business-oriented approach to engaging with stakeholders.
- Scores for stakeholder engagement remained similar to the 2020 survey. It was recognised that the Authority has good working relationships and aims to achieve a mutual and common goal. However, the impact of COVID-19 saw that community stakeholders felt that the Authority should conduct more engagement.
- The Authority was seen as an efficient organisation in running successful port operations and putting customers in the best interests, although some stakeholders mentioned improvements could be made to approvals processes.

WHAT OUR STAKEHOLDERS SAID:

SAFE OPERATIONS

"...when Roger came into the position, you could really feel his passion for safety. He communicated that loudly."

"They seem to be well structured and have good communications and that would indicate things are done quite safely."

"In investigations you can genuinely feel the passion for safety. We work very closely at Utah Point and East Side and it's excellent. They've got a good team, always engaging, well-led. Their commitment and passion for safety is always apparent."

"Deal mainly with the marine team... think the marine team are practically oriented and safety is at the top of their agenda. That's very similar to what [my company] values."

LEADERSHIP

"Well-run business. Professional in the way they operate – they'd be as good as anyone."

"Lots of changes in the past year and a lot of capability moved out of the PPA in the past year. GMs moving on and almost all of the harbour masters have moved on. I know the whole maritime industry, succession planning for Roger has been challenging and having to recruit people from international locations and not having that capability built up in WA or Australia."

ENVIRONMENT

"Closely involved with port environmental team on Utah Point license renewal... process was done very well, very thorough. The port has done a good job at managing stakeholders around the dust issues at Port Hedland. "

Performance Against Our Objectives

STAKEHOLDER ENGAGEMENT

“Collaborative nature of the way that the port is managed especially during cyclone season where we have production constraints and ships backed up at anchorage. The port is always looking out for the best interests of the customers...in terms of getting the port open and working with them to get back to BAU.”

“They have a focus on continuous improvement and they work together in a collegiate manner to improve both their business and ours.”

“Our dealings with PPA are always very positive, whenever we want to look at improving efficiencies or expanding into different areas of the port they have always been very supportive of us, our plans strategically are very well aligned with those of the port authority in terms of safety and efficiency / my dealings with (Pilbara Ports Authority staff) are always excellent, they are great ambassadors for the port, any issues with PPA are always sorted and resolved amicably.”

“To my thinking there should be a greater level of transparency and consultation with the companies around their growth plans.”

“PPA is blessed by geography... has wealthy clients... that breeds the professionalism because of the people they have to deal with... they know how to deal with things the right way... Better culture, more willing to go the extra mile than other port authorities.”

“CEO communicates very well to all stakeholders. Small user of port comparatively but feel as though the door is always open for them to listen and have a chat.”

“COVID-19 has provided an opportunity for more collaboration around the policy and procedure side and the fact that we do have a common view on a lot of issues relating to COVID-19. So I have found PPA very willing to share their experiences for e.g. around getting their people to and from the state and the quarantine arrangements in place. I found that to be a good information sharing relationship which for my role wasn't there before.”

FACILITIES

“[Facility] is becoming old and they have to be proactive and take action to ensure it would be safe and all assets will be looked after otherwise there may be issues later – that is really important. That part is slightly lacking and needs more improvements.”

Performance Against Our Objectives

Community Investment

Pilbara Ports Authority is a proud member of the Pilbara community and is committed to contributing to the local communities in which it operates. During the reporting period, the Authority committed \$203,273 in financial and in-kind support to community initiatives and events, local government groups, sporting and not-for-profit organisations through its Community Support Initiative (CSI) program.

The CSI program provides opportunities for the Authority to engage with the local communities in which it operates. The Authority records all community-based investments and activities in which it participates, and a transparent governance framework has been implemented to ensure the CSI application and decision-making process is fair and consistent.

This year's local community recipients included:

- Ashburton Anglers
- Baynton Lions Cricket Club
- Dampier Community Association
- Fair Game
- Hedland Snake Removal
- Hedland Well Women's Centre
- Karratha & Districts Chamber of Commerce & Industry
- Karratha Hockey Association
- Karratha Kart Club
- Karratha Parkrun
- Lions Institute
- Move Your Body Studio – All Abilities Children's Program
- Nickol Hawks Cricket Club
- North Pilbara Football League
- North West Spearfishing Club
- Onslow Men's Shed
- Onslow Rodeo 2021
- Port Hedland Chamber of Commerce & Industries
- Port Hedland Game Fishing Club
- Port Hedland Golf Club
- Port Hedland Netball Association
- Port Hedland Seafarers' Centre
- Reach Us Pilbara
- SAFE
- Shire of Ashburton – Ranger Program
- South Hedland Cricket Club
- Telethon Speech and Hearing
- V Swans – Shooting Goals Program
- Volunteer Marine Rescue Port Hedland
- Welcome Lotteries House
- West Pilbara Cricket Association
- West Pilbara Port Welfare Association

The Authority also worked with local government authorities to sponsor the following major community events:

- Town of Port Hedland
 - Australia Day Community Celebration
 - Community Sports Awards
 - Sunset Food Markets
 - Welcome to Hedland Community Expo
 - Youth Program, BoxFit
- City of Karratha
 - Australia Day Community Celebration
 - Australia Day Community Citizen of the Year Awards
 - Community Sports Awards
 - Cossack Art Awards
 - NAIDOC Community Event
 - Read Earth Arts Festival

Performance Against Our Objectives

Community Consultation Committees

Pilbara Ports Authority hosts CCC meetings in Ashburton, Dampier and Port Hedland, as required under Section 14A of the Act. Presentations include updates on port operations, projects and initiatives, environmental matters and community initiatives. Online options have been made available when COVID-19 social distancing restrictions were enforced. Meeting minutes are published on the Authority's website.

LOCATION	MEETINGS HELD IN 2020/21	MEETINGS EXPECTED IN 2021/22
Port of Ashburton	2	2
Port of Dampier	3	3
Port of Port Hedland	3	3

Industry Collaboration

Pilbara Ports Authority collaborates with other port authorities and industry groups to share experiences and learnings. The Authority is a member and active participant of:

- Chamber of Commerce and Industry WA
- Clean Marine Fuels Institute
- Committee for Economic Development Australia
- Karratha Chamber of Commerce and Industry

- Onslow Chamber of Commerce and Industry
- Port Hedland Chamber of Commerce and Industry
- Port Hedland Industries Council
- Ports Australia
- Ports WA

Complaint Management Process

Pilbara Ports Authority encourages feedback from its stakeholders and has a transparent process in place to ensure feedback is captured and responded to in a timely manner. For stakeholders who wish to make a formal complaint, the Authority has an external complaints procedure in place. The procedure is supported by a system which was upgraded during the reporting period. The system provides stakeholders with several options for progressing a complaint and enables complaints to be submitted in confidence and anonymously if requested. The updated system ensures complaints are investigated thoroughly, on a timely basis, and with the complainant receiving regular updates.

Complaints Received

During the reporting period, the Authority received four external complaints, which were managed in accordance with the procedure. All complaints have been resolved.

In August 2020, a complaint was received from a member of the public about helicopter noise when taking off from the Port of Port Hedland. This was addressed through engagement with the complainant.

A complaint was received in August 2020 from a local resident regarding an external party driving an all-terrain vehicle on the Authority's land and waters in Port Hedland. An internal investigation took place and the outcome was communicated to the resident.

In February 2021, an anonymous complaint was received regarding maintenance work on a vessel. It was investigated and determined that the matter was outside of the Authority's jurisdiction and therefore could not be responded to. No feedback was provided as the complaint was submitted anonymously.

In February 2021, an anonymous complaint was received regarding the occupancy of one of the Authority's residential houses. The matter was investigated but feedback could not be provided to the complainant because of the anonymity of the complainant.

Performance Against Our Objectives



**SUPPORT SHIPPING
EMISSIONS REDUCTION
AND ENVIRONMENTAL
SUSTAINABILITY INITIATIVES
INCLUDING EMISSION
STUDIES, PROMOTION
OF LNG BUNKERING
AND INVESTIGATION OF
ENVIRONMENTAL INCENTIVE
PROGRAMS**

Sustainability Framework and Strategy

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 has developed a framework that:

- Outlines the process for developing a sustainability strategy;
- Aligns that process with, and embeds the strategy into, the Authority's overall strategic planning process;
- Has regards to sustainability guidelines developed by Ports Australia;
- Sets out key indicators to monitor progress on implementing the strategy; and
- Outlines how to report on progress on implementing the strategy.

During the reporting period, Pilbara Ports Authority adopted a four-step process for the development of its Sustainability Strategy which involved:

- Identifying key focus areas for developing initiatives to include in the Sustainability Strategy, categorised under the United Nations' Sustainable Development Goals. This involved a gap analysis of current work and preliminary opportunities and a materiality assessment following consultation with internal and external stakeholders. Eleven key focus areas were identified;

- Workshops to identify initiatives for each focus area. The workshops involved setting a goal for the focus area and then defining the scope, time frame and cost impacts of each initiative in the short and long term;
- Embedding the strategy into the Authority's strategic and business plans; and
- Communicating the progress of implementation.

Performance Against Our Objectives

Impact of Climate Change on Port Operations

As a GTE, Pilbara Ports Authority is required by the WA Government's Climate Change Policy to prepare a Climate Transition Plan that identifies how it will achieve net zero emissions by 2050.

As part of its Sustainability Strategy, the Authority has identified initiatives that address its response to climate change. The response is delivered in three parts:

- Climate change opportunity: working in partnership with proponents and stakeholders to support activities aimed at addressing issues of climate change;
- Climate change resilience: identifying and implementing actions to manage the physical and social impacts of climate change at our operations; and
- Emissions reduction: net zero scope one and scope two emissions by 2050.

Initiatives that will help the Authority achieve net zero emissions by 2050 are:

- Identifying the primary emission sources and activities within the marine section of each of the Authority's ports. Work is underway to develop a Maritime Emissions Portal (MEP) for each of the Authority's ports which will be used to develop port-specific shipping emissions inventories;

- Investigating opportunities for port incentive programs which could target carbon reduction strategies from shipping;
- Preparing Coastal Hazard Risk Management and Adaption Plans for each port which will provide a structured approach, consistent with State Planning Policy, to develop and understand the long-term hazards associated with coastal erosion and inundation, the risks associated with these hazards on port assets and where immediate changes could set strong resilience models in port design and construction;
- Reporting on physical climate change risks based on IPCC 1.5 degree studies;
- Using the tender process and development guidelines to incentivise tenants to build to international standards when building on port land;
- Facilitating hydrogen export infrastructure from the Authority's ports;
- Investigating renewable energy and energy efficiency opportunities at all ports; and
- Partnering with carbon off-set agencies to off-set carbon emissions from fleet vehicles including light vehicles, trucks, mobile plant and pilot boats across port operations.

The Authority has, and will continue to, collaborate with other WA port authorities to share and learn from initiatives underway at all ports. It also continues to liaise with DWER in the development of its net zero transition plan.

Port of Dampier Maritime Emissions Portal

During the reporting period, Pilbara Ports Authority partnered with RightShip in a first-of-its-kind pilot study to develop a Maritime Emissions Portal (MEP), which will provide data about the sources of marine-based air emissions within port waters.

The study was based on emissions in the Port of Dampier in the 2018/19 financial year and combined Automatic Identification System (AIS) movement data and RightShip's vessel data, to estimate ship-sourced emissions within the port's designated boundaries, and provide a heatmap of hotspots. This will enable stakeholders to target opportunities to reduce environmental impact.

The MEP study covered all vessel types including ocean-going vessels, offshore support vessels and tugboats, in all operating modes including anchorage, transiting, maneuvering and hoteling. The study drew on industry best practice guidelines from groups including the California Air Resources Board and the International Maritime Organisation.

Performance Against Our Objectives



Heritage Specialist Robert Brock runs a workshop, teaching Murujuga Rangers graffiti management techniques.

The MEP has been designed as a tool to support Pilbara Ports Authority to better and more accurately understand marine-based emissions, and to identify opportunities to reduce emissions for inclusion in the Authority's plan to transition to net zero emissions by 2050.

The Authority is progressively rolling out the MEP to its other ports.

The MEP is available in real time and will enable a port to better understand and assess the emissions inventory from marine based operations and to also understand the extent to which ship-sourced emissions are contributing to total air shed emissions for the area.

Murujuga Rock Art Strategy

The State Government has developed a Murujuga Rock Art Strategy to protect the Aboriginal rock art in the Murujuga. The strategy aims to deliver an improved approach to monitoring, analysis and management of the art in this area. The strategy will be reviewed at least every five years to ensure it remains current, supports appropriate governance arrangements, and the best scientific knowledge and management practices are used to protect the rock art.

Performance Against Our Objectives

To assist with the development and implementation of the strategy, the Murujuga Rock Art Stakeholder Reference Group has been established to facilitate engagement between the Murujuga Aboriginal Corporation and government, industry and community representatives. Pilbara Ports Authority is a member of the group.

During the reporting period, the group reviewed the rock art monitoring program and developed a conceptual model and monitoring studies plan. The model explains the relationships between the elements of the monitoring and will be refined as the evidence base is produced through further monitoring studies. The monitoring program will inform future management of the rock art and supports the World Heritage nomination process.

LNG Bunkering

The transition to LNG-fuelled vessels will reduce carbon, sulphur, nitrogen, and other greenhouse gas emissions.

Major port users in the Pilbara have committed to using LNG-fuelled vessels with the aim of reducing greenhouse gas (GHG) emissions by more than 30 per cent per voyage. BHP has awarded the world's first LNG-fuelled Newcastlemax bulk carrier tender for five LNG-fuelled Newcastlemax bulk carriers to carry iron ore between Western Australia and China from 2022.

Rio Tinto has also chartered up to six LNG-powered bulk carriers, with three vessels to be delivered from the second half of 2023.

In preparation for increasing numbers of these vessels, the Authority has issued several LNG bunkering licences for truck-to-ship and ship-to-ship operations. To further support emissions reduction, LNG-fuelled bulk carriers bunkering in the Authority's ports are eligible for a 50 per cent discount in tonnage charges.

First LNG-fuelled Vessel Visit

The bulk carrier *HL Green* performed its maiden voyage to the Port of Port Hedland on 6 January 2021, becoming the first LNG-fuelled vessel to berth at the port.

The vessel was fitted with a dual-fuel capable main engine, generators and boiler, which can seamlessly switch between LNG and fuel oils without impacting upon vessel performance.

The Authority's marine team conducted a thorough quality assurance and risk assessment to evaluate the vessel's operational criteria for calling at the port.

The vessel's Master was presented a plaque to commemorate its maiden voyage and visit to Port Hedland. The *HL Green* is expected to become a regular caller to Port Hedland.



The 180,000-tonne bulk carrier *HL Green* was the first LNG-fuelled vessel to berth at the Port of Port Hedland, on 6 January 2021. *HL Green* is expected to make about 10 round trips a year between Korea and Australia.

Performance Against Our Objectives



MANAGE DUST EMISSIONS FROM LICENCED PREMISES THROUGH INNOVATION AND PLANNING CONTROLS AND DEVELOPMENT OF A COMMUNICATION AND STAKEHOLDER ENGAGEMENT STRATEGY TO RESPOND TO COMMUNITY CONCERNS REGARDING DUST MANAGEMENT IN PORT HEDLAND

Best Practice Dust Management

There are 19 berths at the Port of Port Hedland, of which Pilbara Ports Authority operates four; three are in the Eastside Operations and the fourth is at the Utah Point Bulk Handling Facility. These facilities provide junior and mid-tier mining companies with access to port facilities for the export of bulk materials such as salt, iron ore and other ore and metal concentrates. Tonnage through the four berths represents less than five per cent of total throughput at the Port of Port Hedland.

Pilbara Ports Authority has adopted a three-tiered approach to dust management and dust monitoring from its bulk product handling facilities at the Port of Port Hedland:

1. Dust elimination: moisture control of product prior to arrival at the Authority's facilities and during storage and handling minimises the potential for dust emissions.
2. Engineering controls: infrastructure such as enclosed conveyor belts, transfer stations, wind barriers and the sealing of major traffic areas and roads are in place to reduce dust emissions. Water sprayers are also used.
3. Administrative controls: personnel operate under policies, plans, procedures and work instructions to effectively manage the material once onsite.



Environment Advisor Jakeb Cumming checks one of the dust monitors at Utah Point Bulk Handling Facility at Port Hedland.

Performance Against Our Objectives

It should be noted that other operators of licensed facilities within the port, including the operators of the other 15 berths, are responsible for dust management from their respective operations.

Pilbara Ports Authority monitors dust levels using a network of boundary monitors at its facilities and is required to investigate and report to DWER any PM10 and metal concentration results which exceed levels set out in environmental licences issued under Part V of the Environmental Protection Act.

The number of Reportable Events per month associated with dust at the Utah Point Bulk Handling Facility due to Pilbara Ports Authority's operations has trended down since July 2013 when dust mitigation strategies were first implemented. The number of Reportable Events (dust) during the reporting period was 30 which compares to 33 events in the previous reporting period.

During the reporting period, DWER released a regulatory strategy for implementing the Government's response to the recommendations of the Port Hedland Dust Management Taskforce report of 2016. The strategy includes short and medium-term components. In the short-term, DWER will release best practice dust management guidelines. The guidelines are expected to be released by DWER by the end of 2021.

Another part of the short-term component of the strategy requires Pilbara Ports Authority, together with all other licensed operators, to submit for DWER's approval, a self-assessment of the measures that can be implemented at the regulated premises to reduce dust levels having regard to the guidelines. Operators will also be required to outline a schedule for the implementation of these measures. Once approved by DWER, these measures and the schedule will be incorporated into the Authority's licences issued under Part V of the Environmental Protection Act. Operators will be expected to conduct the self-assessment during 2022 and submit the list of measures to DWER for approval by 2023.

Also in the short-term phase, responsibility for the Port Hedland Air Quality Network will be transferred from PHIC to DWER. DWER will then be responsible for its ongoing operation and maintenance and will recover costs from port operators. DWER will prepare an annual report on the network's monitoring results.

As part of the medium-term phase of the strategy, a fit-for-purpose program will be established with industry to baseline and review the progress of the measures implemented by industry in response to the guidelines. The review will inform future decisions on regulation by considering the success, impact and practicability of the industry changes that were enacted. The review also will have regard to the number of exceedances of the air guideline value recorded at the various monitoring stations, but the major focus will be on trends in overall ambient dust levels across the whole of the Port Hedland peninsula. DWER will consider impacts against the air guideline value across all of Port Hedland with a view to reporting on the impact of the program to Government.

Performance Against Our Objectives

Stakeholder Engagement

Pilbara Ports Authority has a detailed stakeholder engagement program to inform stakeholders of the impact that port operations have on dust emissions in the community. This includes:

- The development of a series of fact sheets which have been made available on the Authority's website;
- Through its membership of PHIC, regular forums are held with the community and industry to discuss a number of matters, including air quality management; and
- The investigation and reporting to DWER of any PM10 and metal concentration results from the Authority's licensed facilities which exceed levels set out in licences.

Utah Part V Licence

Pilbara Ports Authority operates the Utah Point Bulk Handling Facility and the Eastside Operation under a licence issued pursuant to Part V of the *Environmental Protection Act 1986*.

In March 2017, Pilbara Ports Authority submitted an amendment of its Utah Facility licence, to increase throughput from 21.35Mtpa to a maximum of 24.1Mtpa and to include spodumene direct shipping ore within that allocation. The Authority's then prevailing licence permitted a further 10 per cent of the maximum throughput in some circumstances such as material change provisions; the Authority did not seek to remove these provisions.

An amended licence was issued to Pilbara Ports Authority in May 2020. The amended licence allowed a total throughput of 24.1Mtpa from the Utah Facility and requires the installation of an additional boundary dust monitoring site. The amendment also removed the material change provisions.

Pilbara Ports Authority lodged an appeal with the Office of the Appeals Convenor in relation to the amended licence on the basis that decisions by DWER to amend specific conditions, including the removal of the material change provisions, were not supported by nor clearly defined within, the reasoning in the Decision Report that accompanied the amended licence. A third party also appealed the amended licence but on different grounds relating to the adequacy of the dust monitoring and management conditions applied to the amended licence and the adequacy of DWER's risk assessment.

In June 2021, Pilbara Ports Authority was advised that the Minister for Environment & Climate Action decided to dismiss both appeals on the basis that DWER's assessment of potential risks was generally appropriate and that the conditions applied were consistent with its objective of ensuring that dust emissions from the regulated premises were not increased in the short term, and the current risk level was not exceeded as a result of throughput increases.

Pilbara Ports Authority has submitted an application to further amend the amended licence which, if accepted, will increase the total approved throughput to 28Mtpa and will include additional infrastructure on the regulated premises.

Performance Against Our Objectives



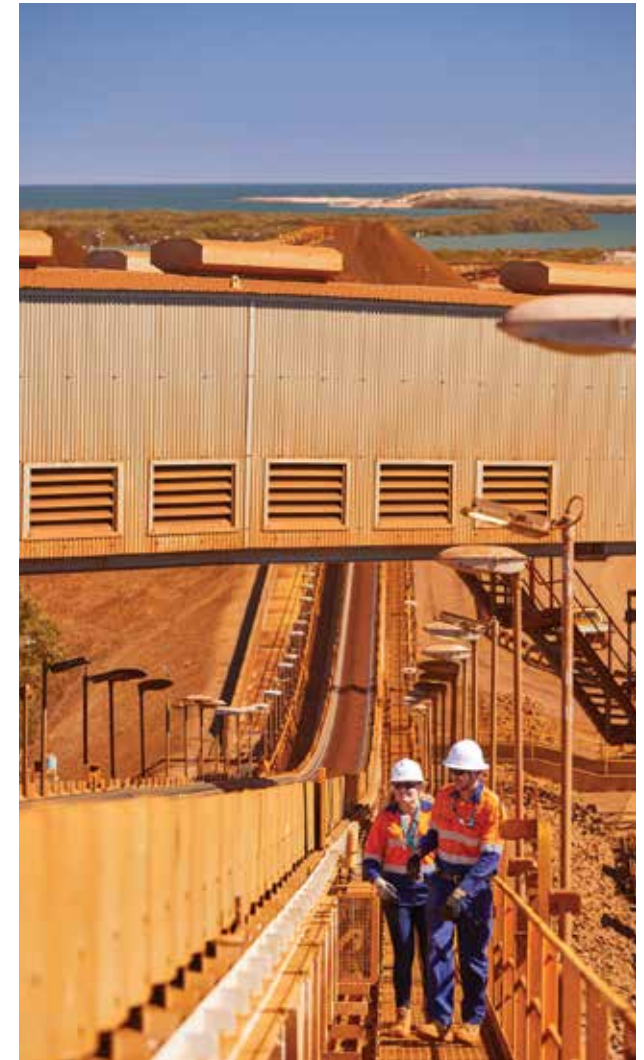
SUPPORT WA FUTURE BATTERY INDUSTRY STRATEGY AND RENEWABLE HYDROGEN STRATEGY

Facilitating Renewable Energy Projects

Initiated through an internal ideas hub, Pilbara Ports Authority is investigating a proposal to power the Port of Ashburton with renewable energy. Power consumption forecasts have been prepared to undertake cost comparisons for a range of conventional and renewable supply options and engagement with renewable energy fund managers has been undertaken.

Pilbara Ports Authority has also engaged with, and hosted, several port visits by potential hydrogen producers and has provided port-related information to assist in future development proposals.

The Authority is also liaising across Government on renewable hydrogen opportunities. This has included participating in a National Hydrogen Infrastructure Assessment on behalf of the Department of Industry, Science, Energy and Resources, ongoing dialogue with the WA Renewable Energy Unit and supporting the City of Karratha's Hydrogen Cluster, which received seed funding from National Energy Resources Australia, to establish a hydrogen technology cluster in Karratha.



Utah Point Bulk Handling Facility.

Current and Emerging Issues

There is the potential for Pilbara Ports Authority to be impacted by a predicted skilled worker shortage in Western Australia with some trade-based roles, and professional roles such as marine and helicopter pilots, likely to be most impacted.

If realised, the skilled worker shortage could impact project delivery and port operations, through:

- Increased project delivery costs, increased operational expenses such as maintenance shutdowns, increased capital works costs, project delays or project deferral, changes to project scope of works;
- Constraints to port operations resulting in shipping delays, decreased throughput, inability to facilitate additional trade; and/or
- Delays and reduction in services as a result of safely managing fatigue amongst the existing workforce. This could lead to proponents experiencing decreased throughput at the Authority's ports.

The Authority is investigating options to manage these impacts.



Electrical supervisor Dayne Ferry and landside operations coordinator Jeremy Smith on the Dampier Cargo Wharf.

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 2021.

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

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

Mr Les Longden

Mr Longden was appointed as Deputy Chair of the former Port Hedland Port Authority Board on 1 October 2009. His most recent reappointed to the Pilbara Ports Port Authority Board was for a term expiring 31 December 2021.

Ms Amy Lomas

Ms Lomas was appointed to the Board on 1 July 2018 and reappointed to the Board as a Director on 31 December 2019 for a term expiring 31 December 2021.

Ms Liz Hardwick

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

Mr Tom Stephens

Mr Stephens was appointed to the Board as a Director on 17 August 2020 for a term expiring on 30 June 2023.

Ms Karlie Mucjanko

Ms Mucjanko was appointed to the Board as a Director on 5 October 2020 for a term expiring on 30 June 2023.

FORMER DIRECTORS

Ms Judith Uren

Ms Uren was appointed as Director on 23 May 2016. She was reappointed to the Board as a Director on 1 January 2019 and retired on 31 December 2020.

Mr Roger Fletcher

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

BOARD MEETINGS

Eleven 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 two Directors and operates in accordance with 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 oversight of Pilbara Ports Authority's systems of accounting and internal controls, including financial reporting and tax and treasury issues;
- providing oversight of the planning, performance and outcomes of Pilbara Ports Authority's internal and external audit processes;
- providing 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;

Directors' Report

- providing 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 cover and verifying that appropriate coverage is held.

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

The Risk and Audit Committee members during the reporting period were Mr Les Longden (Chair), Ms Amy Lomas and Ms Liz Hardwick.

ORGANISATIONAL DEVELOPMENT COMMITTEE

The Organisational Development Committee has a minimum membership of two 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 organisational performance and remuneration, Board composition, performance and effectiveness and organisational culture.

The Organisational Development Committee sat three times during the reporting period. The Members of the Committee are Mr Brad Geatches (Chair) and Ms Karlie Mucjanko and during their tenure, Ms Judith Uren and Mr Roger Fletcher also sat on the Committee.

SPOILBANK MARINA COMMITTEE

At a meeting of the Board on 27 May 2020, it was resolved to establish a Committee of the Board to oversee the Spoilbank Marina Development Project. The Committee has a minimum membership of two Directors and operates in accordance with formal term of reference reviewed and approved by the Board on 23 June 2020.

The role of the Committee is to advise the Board in the performance of all its responsibilities as they relate to or are impacted by the Spoilbank Marina Development Project and to provide support to Management to facilitate the safe, efficient and cost-effective delivery of the Spoilbank Marina Development Project while meeting the responsible Minister's performance and strategic expectations.

The Spoilbank Marina Committee sat ten times during the period. The members of the committee are Mr Brad Geatches (Chair) and Mr Les Longden. Ms Judith Uren was also a member of the committee during her tenure and chaired the committee up to her retirement on 31 December 2020. Mr Geatches joined the committee as Chair effective from 1 January 2021.

Directors' Report

BOARD MEETINGS

DIRECTOR	BOARD MEETINGS HELD (DURING THE PERIOD AND IN THE BOARD MEMBER'S TERM)	BOARD MEETINGS ATTENDED	RISK AND AUDIT COMMITTEE MEETINGS HELD (DURING THE PERIOD AND IN THE BOARD MEMBER'S TERM)	RISK AND AUDIT COMMITTEE MEETINGS ATTENDED	ORGANISATIONAL DEVELOPMENT COMMITTEE MEETINGS HELD (DURING THE PERIOD AND IN THE BOARD MEMBER'S TERM)	ORGANISATIONAL DEVELOPMENT COMMITTEE MEETINGS ATTENDED	SPOILBANK MARINA COMMITTEE MEETINGS HELD (DURING THE PERIOD AND IN THE BOARD MEMBER'S TERM)	SPOILBANK MARINA COMMITTEE MEETINGS ATTENDED
Brad Geatches	11	11	N/A	N/A	3	3	5	5
Les Longden	11	11	5	5	N/A	N/A	10	10
Amy Lomas	11	11	5	5	N/A	N/A	N/A	N/A
Liz Hardwick	11	11	5	5	N/A	N/A	N/A	N/A
Tom Stephens	10	10	N/A	N/A	N/A	N/A	N/A	N/A
Karlie Mucjanko	8	7	N/A	N/A	1	1	N/A	N/A
Judith Uren	5	5	N/A	N/A	2	2	5	5
Roger Fletcher	3	3	N/A	N/A	1	1	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 \$228.8 million. The income tax expense attributable to the profit for the financial year was \$68.8 million.

DIVIDENDS

Total dividend payments of \$111.9 million were paid in the financial year.

REVIEW OF OPERATIONS

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

Directors' Report

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

	2021 (\$'000)	2020 (\$'000)
Profit before income tax	228.8	188.1
Income tax expense	(68.8)	(56.5)
Profit for the year	160.0	131.6
Retained earnings at 1 July 2020	464.8	365.2
Dividends paid in the financial year	(111.9)	(31.6)
Initial adoption of new accounting standards	-	(0.3)
Retained earnings at 30 June 2021	512.9	464.8

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 continue to 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 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.

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 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 \$122,040 in respect of the Directors and Officers Liability Insurance Policy for the 2020/2021 reporting period.

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

Directors' Report

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 2021 was \$148,360 (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 26 August 2021.

BOARD AND COMMITTEE REMUNERATION

Non-Executive Directors' Emoluments

NAME	POSITION	TYPE OF APPOINTMENT AND REMUNERATION	MEMBERSHIP DURING THE PERIOD	SHORT TERM BENEFITS	POST-EMPLOYMENT BENEFITS	TOTAL
				BOARD AND COMMITTEE FEES	SUPERANNUATION	
				\$'000	\$'000	\$'000
Brad Geatches	Chair	Annual Fee	1 July 2020 – 30 June 2021	92	9	101
Les Longden	Deputy Chair	Annual Fee	1 July 2020 – 30 June 2021	55	5	60
Amy Lomas	Non-Executive Director	Annual Fee	1 July 2020 – 30 June 2021	45	4	49
Liz Hardwick	Non-Executive Director	Annual Fee	1 July 2020 – 30 June 2021	45	4	49
Tom Stephens	Non-Executive Director	Annual Fee	17 Aug 2020 – 30 June 2021	37	3	40
Karlie Mucjanko	Non-Executive Director	Annual Fee	5 Oct 2020 – 30 June 2021	32	3	35
Judith Uren	Non-Executive Director	Annual Fee	1 July 2020 – 31 Dec 2020	26	2	28
Roger Fletcher	Non-Executive Director	Annual Fee	1 July 2020 – 30 Sept 2020	12	1	13
Total				344	31	375

Directors' Report

Executive Emoluments

NAME	POSITION	SHORT TERM BENEFITS			POST-EMPLOYMENT BENEFITS	
		SALARY \$'000	OTHER \$'000	TOTAL \$'000	SUPERANNUATION \$'000	TOTAL \$'000
Roger Johnston	Chief Executive Officer	474	56	530	69	599
Nick Sarandopoulos	General Manager Finance, Technology & Information	296	35	331	43	374
Lyle Banks	General Manager Development & Trade	291	35	326	42	368
Total		1,061	126	1,187	154	1,341



Aerial photo of the Port of Dampier.

Financial Statements

for the year ended 30 June 2021

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Consolidated Statement of Comprehensive Income

for the year ended 30 June 2021

	NOTES	GROUP 2021 \$'000	2020 \$'000
REVENUE			
Revenue	3	495,537	450,457
Other revenue	4	26,339	15,245
Total revenue		521,876	465,702
EXPENSES			
Supplies and services	5	(81,569)	(76,945)
Employee benefits	6	(56,768)	(53,770)
Asset maintenance		(25,484)	(25,641)
Port utilities		(10,876)	(10,813)
Rates and taxes		(7,165)	(6,165)
Finance expenses	7	(6,475)	(4,525)
Depreciation and amortisation		(83,394)	(81,917)
Impairment of assets	9	(2,463)	-
Other expenses	8	(18,914)	(17,804)
Total expenses		(293,108)	(277,580)
Profit before income tax		228,768	188,122
Income tax expense	10	(68,842)	(56,460)
Net profit after tax		159,926	131,662
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassified to profit or loss			
Remeasurement of defined benefit liability, net of tax	24 (c)(ii)	36	(35)
Changes in the asset revaluation reserve, net of tax	26 (b)	331,527	-
Total comprehensive income		491,489	131,627

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

Consolidated Statement of Financial Position

As at 30 June 2021

	NOTES	GROUP 2021 \$'000	2020 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	11	422,817	316,437
Trade receivables	13	67,062	55,576
Other receivables	14	6,878	5,637
Inventories		6,614	6,411
Total current assets		503,371	384,061
Non-current assets			
Property, plant and equipment	15	2,816,928	2,386,672
ROU property, plant and equipment	17	39,240	44,303
Intangible assets	18	3,217	3,092
Investment in associates	19	302	232
Total non-current assets		2,859,687	2,434,299
Total assets		3,363,058	2,818,360
LIABILITIES			
Current liabilities			
Trade payables		4,933	4,916
Other payables	20	28,904	20,412
Interest bearing borrowings	21 (a)	3,416	67,918
Lease liabilities	22 (a)	12,927	11,793
Current tax liabilities	23	19,453	12,888
Provisions	24 (a)	9,726	8,555
Total current liabilities		79,359	126,482

Consolidated Statement of Financial Position

As at 30 June 2021

	NOTES	GROUP 2021 \$'000	2020 \$'000
Non-current liabilities			
Interest bearing borrowings NC	21 (b)	102,198	40,914
Lease liabilities NC	22 (b)	27,175	33,089
Provisions NC	24 (b)	80,040	69,759
Deferred tax liabilities	25	608,383	481,906
Total non-current liabilities		817,796	625,668
Total liabilities		897,155	752,150
NET ASSETS			
EQUITY			
Contributed equity	26 (a)	373,566	353,449
Reserves	26 (b)	1,579,438	1,247,911
Retained earnings	26 (c)	512,899	464,850
Total equity		2,465,903	2,066,210

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2021

	NOTES	CONTRIBUTED EQUITY \$'000	RESERVES \$'000	RETAINED EARNINGS \$'000	TOTAL EQUITY \$'000
Balance at 1 July 2019		307,184	1,247,911	365,181	1,920,276
Initial application of AASB 16	26 (c)	-	-	(500)	(500)
Initial application of AASB 15	26 (c)	-	-	220	220
Restated balance at 1 July 2019		307,184	1,247,911	364,901	1,919,996
Total comprehensive income					
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	26 (a)	46,265	-	-	46,265
Dividends paid	27	-	-	(31,678)	(31,678)
Balance as at 30 June 2020		353,449	1,247,911	464,850	2,066,210
Balance at 1 July 2020		353,449	1,247,911	464,850	2,066,210
Total comprehensive income					
Profit for the period		-	-	159,926	159,926
Other comprehensive income		-	331,527	36	331,563
Total comprehensive income for the period		-	331,527	159,962	491,489
Transactions with owners in their capacity as owners	26 (a)	20,117	-	-	20,117
Dividends paid	27	-	-	(111,913)	(111,913)
Balance as at 30 June 2021		373,566	1,579,438	512,899	2,465,903

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2021

	NOTES	GROUP 2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts from customers		546,673	494,655
Payments to suppliers and employees		(233,714)	(221,530)
Government contributions	3	9,110	9,013
Interest received		2,775	3,874
Interest paid		(3,767)	(4,327)
Lease interest	22	(773)	(805)
Income taxes paid		(77,877)	(84,564)
Net cash inflow from operating activities	12	242,427	196,316
Cash flows from investing activities			
Payments for property, plant and equipment and intangibles		(27,758)	(77,284)
Proceeds from sale of property, plant and equipment		-	40
Net cash (outflow) from investing activities		(27,758)	(77,244)
Cash flows from financing activities			
Repayment of borrowings		(3,218)	(23,032)
Repayment of lease liabilities	22	(13,275)	(13,683)
Equity contributions	26 (a)	20,117	45,889
Dividends paid	27	(111,913)	(31,678)
Net cash (outflow) from financing activities		(108,289)	(22,504)
Net increase/(decrease) in cash and cash equivalents		106,380	96,568
Cash and cash equivalents at the beginning of the period		316,437	219,869
Cash and cash equivalents at the end of the period	11	422,817	316,437

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021

1. REPORTING ENTITY

The Pilbara Ports Authority (“the Authority” or the “Parent”) 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 its principal objective) formed under the Port Authorities Act 1999. The financial statements comprise the financial results of the Authority and its 100% owned subsidiary Hedland Maritime Initiative Pty Ltd (collectively the “Group”), for the year ended 30 June 2021, which are the Group’s first consolidated financial statements. Hedland Maritime Initiative Pty Ltd (HMI) was incorporated on and controlled by the Authority from 4 November 2020, and therefore the 30 June 2020 disclosures only relate to the Authority.

A description of the Group’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 26 August 2021.

2. BASIS OF PREPARATION

The consolidated 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 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. As described in Note 1, these are the Group’s first consolidated financial statements and therefore comparative figures are for the Authority only.

Currency

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

2. BASIS OF PREPARATION (CONTINUED)

Changes in accounting policies, new and amended standards and interpretations

In the current year, the Group has adopted all new Accounting Standards or Interpretations issued by the AASB that are relevant to its operations and effective for the current reporting period.

Accounting standards and interpretations issued but not yet effective

The Group did not early adopt any new or amended AASs and Interpretations issued but not yet effective. Refer to Note 38 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 Group 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

Since the World Health Organisation declaration of the Coronavirus disease (COVID-19) pandemic, the Group has been complying with guidance and Government regulations. For the year ended 30 June 2021, there has been immaterial financial impact to business operations. The Group continues to facilitate trade through all Ports in line with internal forecasts. There has been no impact to the going concern of the Group for the year ended 30 June 2021. The Group will continue to monitor and respond to the COVID-19 pandemic accordingly.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

2. BASIS OF PREPARATION (CONTINUED)

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.

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 15 – Property, plant and equipment: useful life;
- Note 16 – Fair value measurements: fair value;
- Note 22 – Lease liabilities: term, control and incremental borrowing rate;
- Note 24 – Employee benefit provision: actuarial assumptions;
- Note 24 – 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 Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

	NOTES	GROUP 2021 \$'000	2020 \$'000
3. REVENUE			
Shipping	(i)	314,320	276,415
Charges on cargo	(i)	126,559	124,712
Port improvement rate	(i)	–	6,977
Port Hedland Voluntary Buy-Back Scheme port charge	(i)	12,980	–
Rental and leases	(ii)	30,453	32,862
Licence		2,115	478
Government contributions	(iii)	9,110	9,013
Total revenue		495,537	450,457

Revenue recognition

Revenue is recognised at the transaction price when the Group 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 the satisfaction of performance obligations. Port Hedland Voluntary Buy-Back Scheme port charge commenced on 1 March 2021.

(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 Group predominantly rents out land assets. Refer to Note 31 Operating lease for the Group's policy on managing lessor risk. Rental concessions have been granted where hardship has been demonstrated by leasees as required due to the impacts of COVID-19.

(iii) 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.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

	NOTES	GROUP 2021 \$'000	2020 \$'000
4. OTHER REVENUE			
Utility revenue	(i)	6,244	6,486
Interest revenue	(ii)	2,668	3,856
Maritime Security Identification Check (MSIC) revenue	(iii)	830	905
Non-Government contributions	(iv)	11,112	–
Other revenue	(v)	5,485	3,998
Total other revenue		26,339	15,245

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 utility expenditure passed onto proponents. The revenue is recognised when the utility expenditure is incurred by the Group.

(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 \$1.112 million (2020: \$0) received from a proponent for Port of Dampier. \$10 million community donation received from a proponent of the Port of Port Hedland.

(v) Other revenue

Other revenue consists of:

- gains which may be realised or unrealised and are recognised on a net basis;
- income from sub-leasing right-of-use (ROU) residential properties of \$150,257 (2020: \$109,213). Refer to Note 17 ROU Property, plant and equipment for the Group's lease accounting policy on AASB 16 Leases; and
- income from residential properties rent income of \$8,030 (2020: \$0).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

	GROUP 2021 \$'000	2020 \$'000
5. SUPPLIES AND SERVICES		
Contractor expenses	52,259	49,099
Consulting	9,367	7,011
Software licences	7,555	6,602
Short-term lease of plant, equipment and commercial property	457	2,210
Other	11,931	12,023
Total supplies and services	81,569	76,945

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.

	GROUP \$'000	\$'000
6. EMPLOYEE BENEFITS		
Salaries	42,755	41,058
Superannuation	5,327	5,051
Annual leave expense	3,530	2,829
Long service leave expense	1,019	989
Board member fees	343	337
Other employee expenses	3,794	3,504
Total employee benefits	56,768	53,770
Add: AASB 16 non-monetary benefits	2,563	2,589
Less: employee contribution	(150)	(109)
Net employee benefits	59,181	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 Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

	NOTES	GROUP 2021 \$'000	2020 \$'000
7. FINANCE EXPENSES			
Western Australian Treasury Corporation borrowing expenses		3,693	4,008
Interest expenses		5	7
Land rehabilitation provision net present value increase/(decrease)	24 (c)(i)	2,005	(284)
Lease finance expenses		772	794
Total finance expenses		6,475	4,525

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*.

	NOTES	GROUP 2021 \$'000	2020 \$'000
8. OTHER EXPENSES			
Derecognition of work in progress		-	7,245
Insurance		3,691	3,271
Short-term lease residential properties	(i)	2,926	1,924
Rehabilitation change in cost assumptions	24 (c)(i)	8,363	789
Loss on disposal of assets		301	599
Loss on disposal of right-of-use assets		5	4
Other		3,628	3,972
Total other expenses		18,914	17,804

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.

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

(i) Short-term leases (being leases with a term of 12 months or less) are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

	GROUP 2021 \$'000	2020 \$'000
9. IMPAIRMENT OF ASSETS		
Buildings and improvements	2,110	-
Land impairment loss	353	-
Total impairment losses	2,463	-

Property, plant and equipment and intangible assets are tested for indications of impairment at each reporting period. Where there is 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 in the Statement of Comprehensive Income. As the Group is a not-for-profit entity, unless a specialised asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

	NOTES	GROUP 2021 \$'000	2020 \$'000
10. INCOME TAX EXPENSE			
(a) Income tax expense			
Current tax	(i)	84,655	67,515
Adjustment for prior period	(ii)	(207)	60
Temporary differences		(15,668)	(11,055)
Adjustment for prior period		62	(60)
Total income tax expense		68,842	56,460
(b) Numerical reconciliation of income tax expense to profit before income tax			
Profit before income tax		228,768	188,122
Tax at the Australian tax rate of 30%		68,630	56,436
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Other		36	24
Total numerical reconciliation of income tax expense to profit before income tax		68,666	56,460
Under/(over) provision in prior years		(145)	-
Deferred tax asset not recognised		321	-
Total income tax expense		68,842	56,460

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

10. INCOME TAX EXPENSE (CONTINUED)

The Group operates within the National Tax Equivalent Regime (NTER) whereby an equivalent amount of income tax is payable to the State Government. The calculation of income tax is governed by the NTER guidelines and directions approved by Government. As a consequence of participation in the NTER, the Group 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 25 Deferred tax liabilities.

- (i) Current tax comprises the expected tax payable on the taxable income 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.

11. CASH AND CASH EQUIVALENTS	NOTE	GROUP 2021 \$'000	2020 \$'000
Non-restricted cash and cash equivalents		344,327	254,403
Restricted	(i)	78,490	62,034
Total cash and cash equivalents		422,817	316,437

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

- (i) Cash reserved for a specific purpose and therefore not available for general business use. These include:
 - Proponent contributions of \$60.605 million (2020: \$61.186 million) for Port of Ashburton development and Port of Port Hedland land rehabilitation; and
 - Port improvement rate cash of \$781,147 (2020: \$847,733) for approved Port of Port Hedland improvement projects.
 - Spoilbank Marina Development cash of \$14.514 million (2020: \$0).
 - Cash reserved for property settlements of \$2.589 million (2020: \$0).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

	GROUP 2021 \$'000	2020 \$'000
12. NOTES TO THE STATEMENT OF CASH FLOWS		
Reconciliation of net profit after tax to net cash inflow from operating activities:		
Net profit after tax	159,926	131,662
Non-cash items:		
Non-Government contributions gifted assets	(1,112)	-
Depreciation and amortisation expense	83,394	81,917
Impairment expense	2,463	-
Loss on disposal of assets	301	599
Loss on disposal of right-of-use assets	5	4
Doubtful debt provision	(125)	(24)
Cost of asset disposal	-	(7,245)
Other	90	5,198
Change in assets and liabilities:		
Trade receivables	(11,611)	(2,707)
Other receivables	(1,241)	1,961
Inventories	(203)	67
Deferred tax assets / liabilities	(15,986)	27,233
Trade payables	17	22
Other payables	8,492	(26,851)
Current income tax	6,565	(16,989)
Provisions	11,452	1,469
Net cash inflow from operating activities	242,427	196,316

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 Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

	GROUP 2021 \$'000	2020 \$'000
13. TRADE RECEIVABLES		
Trade receivables	67,211	55,600
Provision for doubtful debt	(149)	(24)
Total trade receivables	67,062	55,576

Trade receivables are recognised 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 the terms of the individual lease agreements.

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 inclusive of any allowance for impairment. Ageing analysis is shown in Note 28 Financial instruments. Impairment of trade receivables was \$11,828 (2020:0) is shown in Note 35 Supplementary financial information.

	GROUP 2021 \$'000	2020 \$'000
14. OTHER RECEIVABLES		
Accrued income	2,484	2,807
Prepayments	2,013	1,421
GST paid GST paid to suppliers	2,300	1,399
Other receivables	81	10
Total other receivables	6,878	5,637

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

15. 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 CON- STRUCTION \$'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	-	-	-	92,055	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 at 30 June 2020	1,803,121	32,615	298,432	69,127	85,464	83,443	193	14,277	2,386,672

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

15. 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 CON- STRUCTION \$'000	WORK IN PROGRESS \$'000	TOTAL \$'000
2021									
At fair value	1,900,581	36,076	330,825	-	-	-	-	-	2,267,482
Add fair value increment	212,736	190,858	70,014						473,609
Less fair value decrement		(353)							(353)
Less accumulated depreciation	(134,317)	-	(41,861)	-	-	-	-	-	(176,178)
Total written down value at fair value	1,979,000	226,581	358,978	-	-	-	-	-	2,564,560
At cost	-	-	-	97,672	186,170	146,468	-	17,303	447,613
Less accumulated depreciation	-	-	-	(23,234)	(105,714)	(61,620)	-	-	(190,568)
Less accumulated impairment	-	-	-	(4,677)	-	-	-	-	(4,677)
Total written down value at cost	-	-	-	69,761	80,456	84,848	-	17,303	252,368
Total property, plant and equipment at 30 June 2021	1,979,000	226,581	358,978	69,761	80,456	84,848	-	17,303	2,816,928

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

15. 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:

	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 CON- STRUCTION \$'000	WORK IN PROGRESS \$'000	TOTAL \$'000
2020									
Carrying amount as at 1 July 2019	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	(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 2020	1,803,121	32,615	298,432	69,127	85,464	83,443	193	14,277	2,386,672

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	NOTE	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 CON- STRUCTION \$'000	WORK IN PROGRESS \$'000	TOTAL \$'000
2021										
Carrying amount as at 1 July 2020		1,803,121	32,615	298,432	69,127	85,464	83,443	193	14,277	2,386,672
Additions		-	3,461	1,201	3,455	4,230	4,478	247	11,341	28,413
Transfer from work in progress		-	-	550	2,201	1,624	3,734	(398)	(7,711)	-
Transfer to Statement of Comprehensive Income		-	-	-	-	-	-	(42)	(604)	(646)
Depreciation		(36,857)	-	(11,219)	(2,906)	(10,602)	(6,807)	-	-	(68,391)
Disposals		-	-	-	(40)	(513)	-	-	-	(553)
Revaluation increments ⁽ⁱ⁾	26(b)	212,736	190,858	70,014	-	-	-	-	-	473,609
Revaluation decrements ⁽ⁱⁱ⁾		-	(353)	-	-	-	-	-	-	(353)
Accumulated depreciation on disposals		-	-	-	34	253	-	-	-	288
Impairment losses ⁽ⁱⁱⁱ⁾		-	-	-	(2,110)	-	-	-	-	(2,110)
Carrying amount as at 30 June 2021		1,979,000	226,581	358,978	69,761	80,456	84,848	-	17,303	2,816,928

(i) For asset classes measured at fair value, revaluation increments are recognised in the asset revaluation reserve. Refer to Note 16 for Fair value measurements.

(ii) HMI has no fair value reserve and revaluation decrements are recognised in the Statement of Comprehensive Income.

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

15. 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. 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

The revaluation model is used for the subsequent measurement of channels and breakwaters, land and berths and jetties, and historical cost is used 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 carried at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation

All items of property, plant and equipment 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. Depreciation expense is 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 – 89 years
Buildings and improvements	5 – 50 years	Berths and jetties	10 – 50 years
Plant and equipment (including office equipment, motor vehicles)	3 – 40 years		

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Impairment

Non-financial assets, including items of 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. For assets measured at cost, 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 Group 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.

16. FAIR VALUE MEASUREMENTS

Assets measured at fair value:

	NOTES	GROUP 2021 LEVEL 2 \$'000	2020 LEVEL 2 \$'000	GROUP 2021 LEVEL 3 \$'000	2020 LEVEL 3 \$'000	GROUP 2021 TOTAL \$'000	2020 TOTAL \$'000
Channels and breakwaters	15	-	109,309	1,979,000	1,693,812	1,979,000	1,803,121
Land	15	226,581	23,697	-	8,918	226,581	32,615
Berths and jetties	15	-	248,601	358,978	49,831	358,978	298,432
Total assets measured at fair value		226,581	381,607	2,337,978	1,752,561	2,564,559	2,134,168

Reconciliations of the carrying amounts of the assets measured at fair value are provided in Note 15 Property, plant and equipment.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

16. FAIR VALUE MEASUREMENTS (CONTINUED)

Valuation techniques

The Group engaged the services of an independent valuer to determine the fair value of assets as at 30 June 2021 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

To determine the value of the marine channels the gross current replacement cost was calculated and depreciation applied based on estimated economic life. The gross current replacement cost of each channel was calculated using dredging quantities specific to each channel and recent dredging costs. An assessment of the age of each channel was made from the last date at which the channel was dredged to the current maximum vessel size being able to be operated for the current port operation. The estimated economic life of each channel was assessed using the longest lease period of a current port lessee which was used to depreciate each channel accordingly to determine the current written down value.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

16. FAIR VALUE MEASUREMENTS (CONTINUED)

Land

Commercial land was valued using an income based approach to best reflect the highest and best use of the assets. Values were determined using current ground lease agreements and applying discount rates in line with the term of the lease and renewal options. Commercial land was previously valued using a market based approach. The change in valuation methodology resulted from new information and has therefore been treated as a change in accounting estimates. Freehold land assets were valued using the sales comparison approach. Available market sales evidence of similar or substitute properties transacted in the market was used to establish a value estimate by processes involving comparison.

Berths and jetties

To determine the value of the berths and jetties the gross current replacement cost was calculated and depreciation applied based on estimated economic life.

	BUILDINGS AND IMPROVEMENTS \$'000	PLANT AND EQUIPMENT \$'000	TOTAL \$'000
17. ROU PROPERTY, PLANT AND EQUIPMENT			
2020			
At cost	22,039	57,630	79,669
Less accumulated depreciation	(10,233)	(25,133)	(35,366)
Total written down value at cost 30 June 2020	11,806	32,497	44,303
2021			
At cost	24,189	52,417	76,606
Less accumulated depreciation	(12,403)	(24,963)	(37,366)
Total written down value at cost 30 June 2021	11,786	27,454	39,240

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

17. ROU PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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:

	BUILDINGS AND IMPROVEMENTS \$'000	PLANT AND EQUIPMENT \$'000	TOTAL \$'000
2020			
Carrying amount as at 1 July	3,806	33,812	37,618
Additions	11,189	7,862	19,051
Depreciation	(3,166)	(9,132)	(12,298)
Disposal	(157)	(65)	(222)
Accumulated depreciation on disposal	134	20	154
Carrying amount as at 30 June	11,806	32,497	44,303
2021			
Carrying amount as at 1 July	11,806	32,497	44,303
Additions	3,863	5,400	9,263
Depreciation	(3,883)	(10,444)	(14,327)
Derecognition of right of use asset ¹	(1,712)	(10,614)	(12,326)
Accumulated depreciation on derecognition	1,712	10,614	12,326
Carrying amount as at 30 June	11,786	27,454	39,240

¹ Relates to right of use assets for which the lease term has ended during the reporting period

Short-term and low value leases

The Group 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.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

17. ROU PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Initial recognition and measurement

The Group 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. They 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, right-of-use 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 Group 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 impairment accounting policy is outlined in Note 15 Property, plant and equipment.

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

	2021 \$000	2020 \$000
Depreciation expense of right-of-use assets	14,327	12,298
Lease interest expense	772	794
Short-term leases	3,383	4,134
Total amount recognised in the Statement of Comprehensive Income	18,482	17,226

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

	WORK IN PROGRESS \$'000	COMPUTER SOFTWARE \$'000	ENVIRONMENTAL APPROVALS \$'000	TOTAL \$'000
18. INTANGIBLE ASSETS				
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
2021				
At cost	820	7,997	449	9,266
Less accumulated amortisation	-	(5,909)	(140)	(6,049)
Total written down value at cost	820	2,088	309	3,217

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

	WORK IN PROGRESS \$'000	COMPUTER SOFTWARE \$'000	ENVIRONMENTAL APPROVALS \$'000	TOTAL \$'000
2020				
Carrying amount as at 1 July	-	401	325	726
Transfer from work in progress	-	2,912	-	2,912
Amortisation for year	-	(539)	(7)	(546)
Carrying amount as at 30 June	-	2,774	318	3,092
2021				
Carrying amount as at 1 July	-	2,774	318	3,092
Additions	820	19	-	839
Amortisation for year	-	(705)	(9)	(714)
Carrying amount as at 30 June	820	2,088	309	3,217

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

18. 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 of the asset.

Computer software

Software that is not an integral part of the related hardware is recognised as an intangible asset. Software that is an integral part of related hardware is treated as property, plant and equipment.

Environmental approvals

Environmental approvals are the costs of obtaining dredging approval of the Bulk Liquids Berth Channel; 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 Group 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 Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

19. INVESTMENT IN ASSOCIATES

The Authority paid \$10,000 in December 2018 for an A-Class ordinary share 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:

	GROUP 2021 \$'000	2020 \$'000
Carrying amount as at 1 July	232	10
Profit from continuing operations	70	222
Carrying amount as at 30 June	302	232

20. OTHER PAYABLES	NOTE	GROUP 2021 \$'000	2020 \$'000
Rent received in advance		8,964	9,313
GST collected from customers		5,497	4,028
Accrued expenses	(i)	14,443	7,071
Total other payables		28,904	20,412

(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.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

	GROUP 2021 \$'000	2020 \$'000
21. INTEREST BEARING BORROWINGS		
(a) Current		
Western Australian Treasury Corporation	3,416	67,918
Total current interest bearing borrowings	3,416	67,918
(b) Non-current		
Western Australian Treasury Corporation	102,198	40,914
Total non-current interest bearing borrowings	102,198	40,914
Total interest bearing borrowings	105,614	108,832

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 Group determines the classification of its interest bearing liabilities at initial recognition. Subsequent measurement depends on whether the Group 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 has two loans with the Western Australian Treasury Corporation (WATC) being:

- The loan for the Utah Point Bulk Handling Facility which is interest only loan in accordance with the Authority's approved borrowing limit scheduled provided by WATC. Interest payments are made quarterly. The loan is due to conclude by 15 April 2051.
- The loan for the Port of Dampier Bulk Liquids Berth 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 Group has not provided any security in respect of the loans.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

	GROUP 2021 \$'000	2020 \$'000
22. LEASE LIABILITIES		
(a) Current		
Building and improvements	2,493	3,092
Plant and equipment	10,434	8,701
Total current lease liabilities	12,927	11,793
(b) Non-current		
Building and improvements	9,569	8,852
Plant and equipment	17,606	24,237
Total non-current lease liabilities	27,175	33,089
Total lease liabilities	40,102	44,882
Movements in lease liabilities are set out below:		
(i) Buildings and improvements		
Carrying amount as at 1 July	11,944	3,955
Additions	3,891	11,189
Repayments	(3,991)	(3,285)
Accretion of interest	246	111
Disposals	(28)	(26)
Carrying amount as at 30 June	12,062	11,944
(ii) Plant and equipment		
Carrying amount as at 1 July	32,938	34,380
Additions	5,398	7,862
Repayments	(10,824)	(9,941)
Accretion of interest	527	683
Disposals	-	(46)
Carrying amount as at 30 June	28,040	32,938
Total lease liability carrying amount as at 30 June	40,102	44,882
Total lease payments during the year comprising:		
Principal payments	14,815	13,683
Financing costs	773	805
Total lease payments	15,588	14,488

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

22. LEASE LIABILITIES (CONTINUED)

Initial recognition and measurement

The Group 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. 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 Group's expectations of extension options and do not include the non-lease components of a contract, where the Group has elected to separate out non-lease components.

The Group includes the following lease payments as part of the present value calculation of lease liabilities:

- 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 Group 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 Group 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 Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

22. LEASE LIABILITIES (CONTINUED)

Key estimates and judgements (continued)

Discount rates

Judgement is required to determine the discount rate. If the rate implicit in the lease cannot be readily determined, the Group's incremental borrowing rate is used, determined by the WATC incremental borrowing rate. For leases transitioned to *AASB 16 Leases* on 1 July 2019, the Group applied the WATC rate listed for July 2019 for the remaining term of the lease rounded to the nearest half year. For leases commencing after adoption on 1 July 2019, the Group 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. This is done 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 reassessment or lease modification adjustments. A corresponding adjustment is made to the carrying amount of the right-of-use assets, with any excess recognised in the Statement of Comprehensive Income.

Lease commitments

The table below presents the contractual undiscounted cash flows associated with the Group's future lease commitments after 30 June 2021 for non-cancellable leases not yet commenced, representing principal and interest. Lease liabilities are payable as follows:

	GROUP 2021 \$'000	2020 \$'000
Within one year	116	163
Later than one year but not later than five years	413	484
Later than five years	1	4
Total contractual lease payments	530	651

The Group 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 \$1.779 million (2020: \$1.214 million).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

		GROUP 2021 \$'000	2020 \$'000
23. CURRENT TAX LIABILITIES			
Opening balance		12,888	29,877
Prior year true up		(11)	60
Tax instalments paid		(71,192)	(59,846)
Tax refund/(paid)		(6,887)	(24,718)
Current tax expense		84,655	67,515
Total current tax liabilities		19,453	12,888
24. PROVISIONS			
	NOTES	GROUP 2021 \$'000	2020 \$'000
(a) Current			
Employee benefits			
Annual leave		4,602	3,529
Long service leave		4,817	4,712
Other employee benefits		307	314
Total current employee benefits		9,726	8,555
Total current provisions		9,726	8,555
(b) Non-current			
Employee benefits			
Long service leave		933	698
Other employee benefits		496	559
	24 (c)(ii)		
Total non-current employee benefits		1,429	1,257
Other provisions			
Provision for land rehabilitation		78,611	68,502
	24 (c)(i)		
Total other provisions		78,611	68,502
Total non-current provisions		80,040	69,759
Total provisions		89,766	78,314

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

	NOTES	GROUP 2021 \$'000	2020 \$'000
24. PROVISIONS (CONTINUED)			
(c) Movements in other non-current provisions are set out below:			
(i) Land rehabilitation			
Carrying amount as at 1 July		68,502	68,012
Land rehabilitation works completed during the year		(259)	(15)
Change in cost assumptions	8	8,363	789
Net present value increase/(decrease)	7	2,005	(284)
Carrying amount as at 30 June		78,611	68,502
(ii) Pension and Gold State Superannuation			
Carrying amount as at 1 July		559	547
Interest cost		5	7
Actuarial losses/(gain)		(36)	35
Benefits paid		(32)	(30)
Carrying amount as at 30 June		496	559

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

The land rehabilitation provision has been recognised using a discounted cash flow methodology. Management's estimates have been developed from an internal cost model which requires assumptions such as the application of the legislative rehabilitation requirements imposed on the land, available technologies, rehabilitation input costs, inflation and discount rates.

Employee benefits

The liability for annual and long service leave relate to services provided by employees up to the reporting date. These liabilities are expected to be settled within 12 months after the reporting date and are recognised and measured at 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 is discounted accordingly. Discount rate applied in 2021: 0% (2020: 0.3%).

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

24. 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 trend of employee departures and periods of service. The expected future payments are discounted to present value using market yields at the reporting date based 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 Group 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

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), 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 the 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 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 Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

	NOTES	GROUP 2021 \$'000	2020 \$'000
25. DEFERRED TAX LIABILITIES			
(a) Deferred tax assets			
Property, plant and equipment		40,891	28,633
Project pool expenditure		236	243
Provisions	(i)	26,975	23,502
Lease liabilities	(ii)	12,030	13,465
Other		260	458
Total deferred tax assets		80,392	66,301
(b) Deferred tax liabilities			
Property, plant and equipment	(iii)	(676,902)	(534,819)
Right-of-use assets	(iv)	(11,772)	(13,291)
Other		(101)	(97)
Total deferred tax liabilities		(688,775)	(548,207)
Net deferred tax liabilities		(608,383)	(481,906)

(i) This balance represents the deferred tax impact of the total provisions. Further information on provisions is provided in Note 24 Provisions.

(ii) This balance represents the deferred tax impact as a result of lease liabilities. Further information on lease liabilities is provided in Note 22 Lease liabilities.

(iii) This balance represents the deferred tax impact of increased future depreciation for accounting purposes as a result of fair value accounting. Further information on fair value measurements is provided in Note 16 Fair value measurements.

(iv) This balance represents the deferred tax impact as a result of right-of-use assets. Further information on ROU property, plant and equipment is provided in Note 17 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 Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

25. 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 Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

	NOTES	GROUP 2021 \$'000	2020 \$'000
26. EQUITY			
(a) Contributed equity			
Carrying amount as at 1 July		353,449	307,184
Port improvement rate	(i)	4,117	3,644
Vested land	(ii)	-	376
Other government contributions	(iii)	16,000	42,245
Equity contributions during the year		20,117	46,265
Carrying amount as at 30 June		373,566	353,449
(b) Asset revaluation reserve			
Carrying amount as at 1 July		1,247,911	1,247,911
Net revaluation increments:			
- Channels and breakwaters	15	212,736	-
- Land	15	190,858	-
- Berths and jetties	15	70,014	-
Asset revaluations during the year		473,609	-
Deferred tax impact		(142,081)	-
Carrying amount as at 30 June		1,579,438	1,247,911
(c) Retained earnings			
Carrying amount as at 1 July		464,850	365,181
Initial application of AASB 16		-	(500)
Initial application of AASB 15		-	220
Restated balance as at 1 July		464,850	364,901
Total comprehensive income for the year	(iv)	159,962	131,627
Dividends paid	(v)	(111,913)	(31,678)
Carrying amount as at 30 June		512,899	464,850
Total equity at end of period		2,465,903	2,066,210

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

26. EQUITY (CONTINUED)

Contributions received from the 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 \$4.117 million in 2021 (2020: \$3.644 million) have been returned to the Authority.
- (ii) Land was vested to the Authority by the State Government of Western Australia.
- (iii) The equity injection of \$16 million from Royalties for Region was received in the year ended 30 June 2021 for the Spoilbank Marina project.
The dividend of \$42.245 million was returned to the Authority as an equity contribution in the year ended 30 June 2020, relating to a proponent's capital dredging.
- (iv) Total comprehensive income for the year excludes the changes in the asset revaluation reserve, net of tax.
- (v) The lower dividend paid in the year ended 30 June 2020 reflects a Government decision to defer the interim dividend for the year ended 30 June 2020 to the year ended 30 June 2021.

Further information on dividends is provided in Note 27 Dividends.

	GROUP 2021 \$'000	2020 \$'000
27. DIVIDENDS		
Final dividend prior year	111,913	31,678
Total dividends	111,913	31,678

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

Dividends are payable on net profit after tax at the Government approved payout rate of 85%.

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 2021 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. \$4.117 million in 2021 (\$3.644 million in 2020) has been returned to the Authority.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

28. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

Financial instruments held by the Group are cash and cash equivalents, restricted cash and cash equivalents, receivables, payables and Western Australian Treasury Corporation (WATC) borrowings. The Group has limited exposure to financial risks. The Group'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 Group's customers defaulting on their contractual obligations resulting in financial loss to the Group. 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 28 (c). The Group trades only with recognised, creditworthy third parties. The Group 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 Group'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 Group is unable to meet its financial obligations as they fall due. The Group is exposed to liquidity risk through its trading in the normal course of business. The Group 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 Group'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 Group's exposure to market risk is the impact of changes in interest rates relating primarily to cash and cash equivalents.

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

28. 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:

	GROUP 2021 \$'000	2020 \$'000
Financial assets		
Cash and cash equivalents	344,327	254,403
Restricted cash and cash equivalents	78,490	62,034
Loans and receivables (i)	63,517	53,341
Total financial assets	486,334	369,778
Financial liabilities		
Financial liabilities measured at amortised cost	173,608	174,567
Total financial liabilities	173,608	174,567

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

28. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Ageing analysis of financial assets

	NOTES	CARRYING AMOUNT \$000	NOT PAST DUE AND 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	
2020								
Financial assets								
Cash and cash equivalents	11	254,403	254,403	-	-	-	-	-
Restricted cash and cash equivalents	11	62,034	2,726	59,308	-	-	-	-
Trade receivables (i)		50,524	40,004	10,486	34	-	-	-
Other receivables (i)		2,817	2,817	-	-	-	-	-
Total financial assets		369,778	299,950	69,794	34	-	-	-
2021								
Financial assets								
Cash and cash equivalents	11	344,327	175,173	169,154	-	-	-	-
Restricted cash and cash equivalents	11	78,490	18,342	60,148	-	-	-	-
Trade receivables (i)		60,952	51,228	9,637	87	-	-	-
Other receivables (i)		2,565	2,565	-	-	-	-	-
Total financial assets		486,334	247,308	238,939	87	-	-	-

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

28. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity risk and interest rate exposure

The following table details the Group'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.

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- INTEREST BEARING \$000		LESS THAN 11 MONTH \$000	3 MONTHS TO 1 YEAR \$000	1-5 YEARS \$000	MORE THAN 5 YEARS \$000	
2020												
Financial assets												
Cash and cash equivalents	11	1.56	254,403	-	254,403	-	254,403	254,403	-	-	-	-
Restricted cash and cash equivalents	11	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)	20		16,384	-	-	16,384	16,384	16,384	-	-	-	-
Borrowings (iii)	21	3.12	108,832	108,832	-	-	124,813	-	2,419	68,763	23,192	30,439
Lease liabilities	22	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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

28. 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-INTEREST BEARING \$000		LESS THAN 11 MONTH TO MONTH \$000	3 MONTHS TO 1 YEAR \$000	1-5 YEARS \$000	MORE THAN 5 YEARS \$000		
2021												
Financial assets												
Cash and cash equivalents	11	344,327	-	344,327	-	344,327	175,173	169,154	-	-	-	-
Restricted cash and cash equivalents	11	78,490	-	75,900	2,590	78,490	18,342	60,148	-	-	-	-
Trade receivables (i)		60,952	-	-	60,952	60,952	51,228	9,637	87	-	-	-
Other receivables (i)		2,565	-	-	2,565	2,565	2,565	-	-	-	-	-
Total financial assets		486,334	-	420,227	66,107	486,334	247,308	238,939	87	-	-	-
Financial liabilities												
Trade payables (ii)		4,485	-	-	4,485	4,485	4,485	-	-	-	-	-
Other payables (ii)	20	23,407	-	-	23,407	23,407	23,407	-	-	-	-	-
Borrowings (iii)	21	105,614	86,204	19,410	-	157,177	128	1,538	4,783	26,656	124,072	
Lease liabilities	22	40,102	40,102	-	-	40,102	1,096	3,779	8,052	22,074	5,101	
Total financial liabilities		173,608	126,306	19,410	27,892	225,171	29,116	5,317	12,835	48,730	129,173	

(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 Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

28. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Interest rate sensitivity analysis

The Group 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 Group'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 Group 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:

	NOTES	GROUP 2021 \$'000	2020 \$'000
Financial assets			
Cash and cash equivalents	28 (d)	420,227	316,437
Change in carrying amount (1%)		4,202	3,164
Change in carrying amount (-1%)		(4,202)	(3,164)
Financial liabilities			
Borrowings	28 (d)	19,410	-
Change in carrying amount (1%)		(194)	-
Change in carrying amount (-1%)		194	-

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

29. CONTINGENCIES

Contingent liabilities

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 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.

The Authority is the defendant in a plaintiff's claim for damages for personal injuries resulting from a bacterial infection allegedly contracted while working at the Port of Dampier on a temporary basis, in the course of the plaintiff's employment with DFP Recruitment Services 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 Western Australia on 17 June 2021.

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 its lease.

Port of Dampier

In October 2006, the 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 (lease now assigned to Toll Transport Pty Ltd) 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 Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

29. 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 are allocated from the Authority's annual operating budget.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

29. CONTINGENCIES (CONTINUED)

Environmental (Continued)

On 18 May 2021, the Authority was named as the proponent for the *Environmental Protection and Biodiversity Conservation Act (1999)(Clth)* (EPBC Act) approval 2019/8520 as it relates to the construction and operation of the Port Hedland Spoilbank Marina. The approval was initially issued to the Department of Transport (DoT) in February 2021. With the Authority now taking the lead role in constructing the facility it was agreed to transfer 2019/8520 to the Authority under section 145B of the EPBC Act. Compliance with the conditions listed in 2019/8520 are now the responsibility of the Authority during the construction phase of the marina, and for the ongoing operation of the marine assets. Costs of this compliance will form part of the construction funding and then the ongoing operating budget of the marine facilities.

30. COMMITMENTS

Capital commitments

	GROUP 2021 \$'000	2020 \$'000
Within one year	20,991	22,327
Later than one year but not later than five years	-	-
Later than five years	-	-
Total capital commitments	20,991	22,327

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

31. OPERATING LEASE

The Group leases out properties to proponents under operating leases with lease payments in accordance with the terms of their respective lease agreements. The Group has classified these leases as operating leases, because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets. The Group recognises lease payments received as income on a straight line basis over the lease term; shown as rental and lease income in Note 3 Revenue. Rental income recognised by the Group during 2021 was \$30.453 million (2020: \$32.862 million).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payment to be received after the reporting date.

	GROUP 2021 \$'000	2020 \$'000
Less than one year	32,525	31,636
One to two years	30,660	30,088
Two to three years	28,222	28,996
Three to four years	27,186	26,736
Four to five years	25,520	26,083
Later than five years (up to 50 years)	466,051	469,314
Total	610,164	612,853

Lessor risk management

The Authority conducts inspections to verify that leased assets are being used per their permitted use, maintained to the Authority's standard and lessees are meeting their covenants and environment obligations. Lessees 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 lessee 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 Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

	\$'000 2021	\$'000 2020
32. PARENT ENTITY DISCLOSURE		
Result of parent entity		
Net profit for the period	145,804	131,662
Other comprehensive income	331,562	(35)
Total comprehensive income	477,366	131,627
Financial Position of parent entity at year end		
Current assets	489,401	384,061
Non-current assets	2,856,098	2,434,299
Total assets	3,345,499	2,818,360
Current liabilities	75,940	126,482
Non-current liabilities	817,778	625,668
Total liabilities	893,718	752,150
Total equity of the parent entity comprising:		
Contributed equity	373,566	353,449
Reserves	1,579,438	1,247,911
Retained earnings	498,777	464,850
Total equity	2,451,781	2,066,210

Parent entity contingent liabilities

The parent entity contingent liabilities are as disclosed in Note 29 Contingencies.

Parent entity capital commitment

Total capital expenditure contracted for at reporting date was \$12.073 million (2020: \$22.327 million)

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

33. RELATED PARTIES

The Group is a wholly owned government trading entity.

Related parties of the Group 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
- the Government Employees Superannuation Board (GESB).

Significant transactions with Government-related entities

In conducting its activities, the Group 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: \$32,076 in 2021 (2020: \$30,000). Refer to Note 24(c)(ii) Provisions.
- Interest bearing borrowings from WATC: \$105.614 million in 2021 (2019: \$108.832 million). Refer to Note 21 Interest bearing borrowings.
- Dividends paid to the State Government of Western Australia: \$111.913 million in 2021 (2020: \$31.678 million). Refer to Note 27 Dividends.
- Equity contributions received from the State Government of Western Australia: \$20.117 million in 2021 (2020: \$46.265 million). Refer to Note 26 Equity.
- Insurance payments to the Insurance Commission and RiskCover Fund.
- Remuneration for services provided by the Auditor General for Western Australia. Refer to Note 36 Remuneration of auditors.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

33. RELATED PARTIES (CONTINUED)

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

	NOTE	GROUP 2021 \$'000	2020 \$'000
Legal services	(i)	542	260
Total related parties transactions		542	260

(i) The Group has been notified that a current WA State Government Minister has declared that a non-dependent close family member is a partner of a law firm that provided services to the Group. The Authority has used the firm in previous years. The unbilled WIP of the law firm as at 30 June 2021 was \$31,924 not included in the financial statements.

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

34. KEY MANAGEMENT PERSONNEL

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

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

COMPENSATION BANDS (\$)	GROUP 2021	2020
Above 500,000	1	1
400,000 - 500,000	-	1
300,000 - 400,000	7	4
200,000 - 300,000	2	1
100,000 - 200,000	2	-
50,001 - 100,000	2	2
Up to 50,000	6	6
Total number of key management personnel	20	15

COMPENSATION OF KEY MANAGEMENT PERSONNEL	GROUP 2021 \$'000	2020 \$'000
Short-term employee benefits	3,564	2,833
Post-employment benefits	584	357
Total compensation of key management personnel	4,148	3,190

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

35. SUPPLEMENTARY FINANCIAL INFORMATION

During the financial year, \$11,828 (2020: nil) was written off from the Group's accounts receivable balance:

	GROUP 2021 \$'000	2020 \$'000
Write-offs		
Bad debts	12	-
Total write-offs	12	-

36. REMUNERATION OF AUDITORS

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

	GROUP 2021 \$'000	2020 \$'000
Office of Auditor General – external audit fee	148	117
Total remuneration or Auditors	148	117

37. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

On 1 July 2021, the Port of Varanus Island was transferred to the Authority under the Shipping and Pilotage Act 1967.

The Authority has agreed to transfer a leased area and bypass roads to Department of Planning, Lands and Heritage (DPLH) to necessitate a re-declaration of the Port Hedland port boundary. Land title request was lodged by DPLH on 1 June 2021. However, land title has not been issued by Landgate and no transfers have been recorded in the financial year ending 30 June 2021. The fair value of the lot changes is \$1.213 million.

No other matters have arisen since 30 June 2021 that significantly affect, or may significantly affect the Group's operations, the results of those operations, or the state of its affairs in future financial years.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2021
(continued)

38. FUTURE IMPACT OF AUSTRALIAN ACCOUNTING STANDARDS NOT YET OPERATIVE

The Group cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 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 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for Profit Tier 2 Entities

This Standard sets out a new, separate disclosure standards to be applied by all entities that are reporting under Tier 2 of the Differential Reporting Framework in AASB 1053. The mandatory effective date of this Standard is currently 1 July 2021. There is no financial impact.

AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date

The Standard amends AASB 101 to defer requirements for the presentation of liabilities in the statement of financial position as current or non-current that were added to AASB 101 in AASB 2020-1. The mandatory effective date of this Standard is 1 January 2022. There is no financial impact.

AASB 2020-7 Amendments to Australian Accounting Standards – Covid-19 – Related Rent Concessions: Tier 2 Disclosures

This Standard adds new disclosure requirements to AASB 1060. The mandatory effective date of this Standard is 1 July 2021. There is no financial impact.

AASB 2021-1 Amendments to Australian Accounting Standards – Transition to Tier 2: Simplified Disclosure for Not-for-Profit Entities

This Standard amends AASB 1060 to provide not-for-profit entities with optional relief from presenting comparative information in the notes to the financial statements where the entity did not disclose the comparable information in its most recent previous general purpose financial statements. The mandatory effective date of this Standard is 1 July 2021. There is no financial impact.

AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19 – Related Rent Concessions beyond 30 June 2021

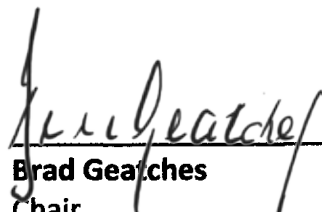
This Standard amends AASB 16 to extend by one year the application period of the practical expedient added to AASB16 by AASB 2020-4. There is no financial impact. The mandatory effective date of this Standard is 1 April 2021.

Directors' Declaration


In the opinion of the Directors of the Group:

- (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 Group as at 30 June 2021 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 Group 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 Geatches
Chair
26 August 2021



Les Longden
Deputy Chair
26 August 2021

Independent Auditor's Report



Auditor General

INDEPENDENT AUDITOR'S REPORT

2021

Pilbara Ports Authority

To the Parliament of Western Australia

Opinion

I have audited the financial report of the Pilbara Ports Authority (the Authority), which comprises the Consolidated Statement of Financial Position as at 30 June 2021, and the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In my opinion, the accompanying financial report of the Authority is prepared 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 2021 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 Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements 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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including independence Standards)* (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.

Independent Auditor's Report

Other Information

The directors are responsible for the other information. The other information comprises the information in the Authority's annual report for the year ended 30 June 2021, but does not include the financial report and my auditor's report thereon.

My opinion on the consolidated financial statement does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

Responsibilities 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* and for such internal control as the directors determine is necessary to enable the preparation of the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives 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. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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.

Independent Auditor's Report

Matters Relating to the Electronic Publication of the Audited Financial report

This auditor's report relates to the financial report of the Pilbara Ports Authority for the year ended 30 June 2021 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.

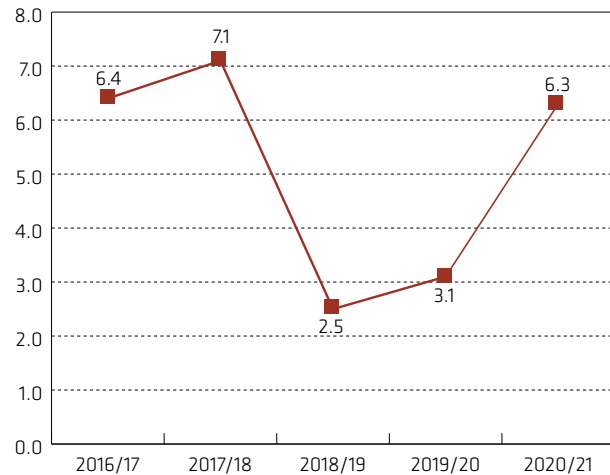


Caroline Spencer
Auditor General
for Western Australia
Perth, Western Australia
31 August 2021

Key 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.

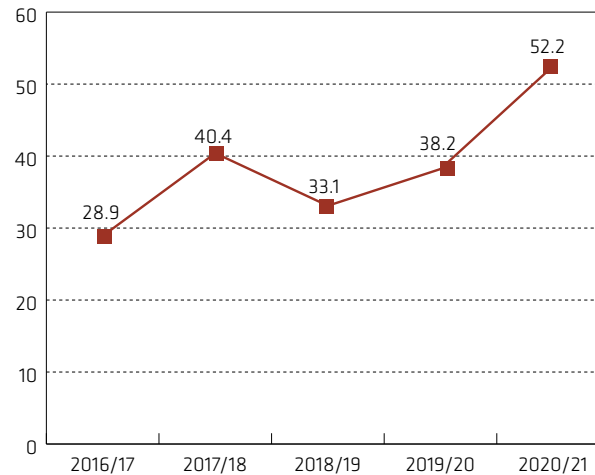
Current Ratio Comparison
2016/17 to 2020/21



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.

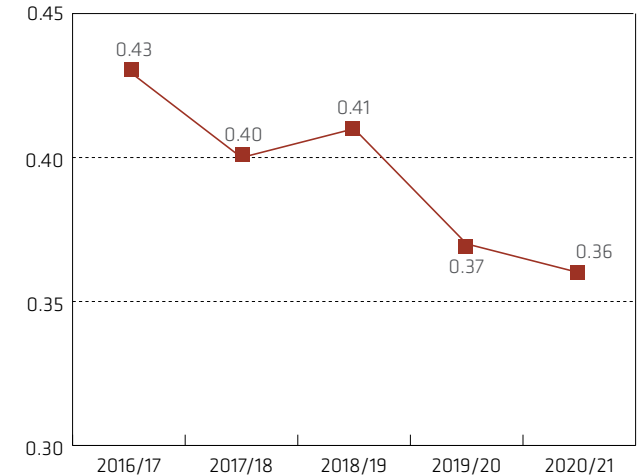
Interest Cover Comparison
2016/17 to 2020/21



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
2016/17 to 2020/21

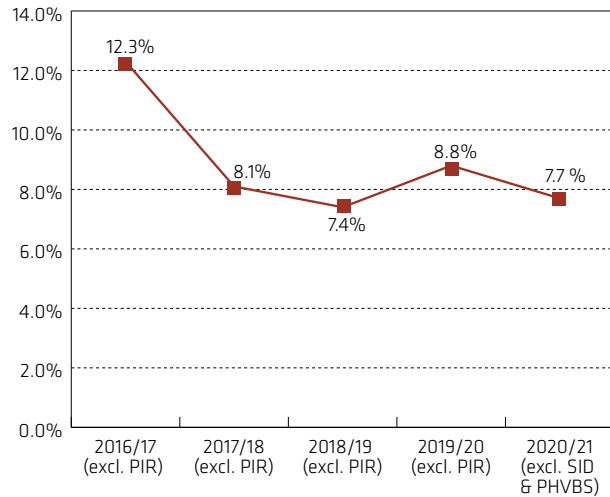


The debt to equity ratio is a measure of the Authority's financial leverage. It indicates what proportion of equity and debt the Authority is using to finance its assets.

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

Key Performance Indicators

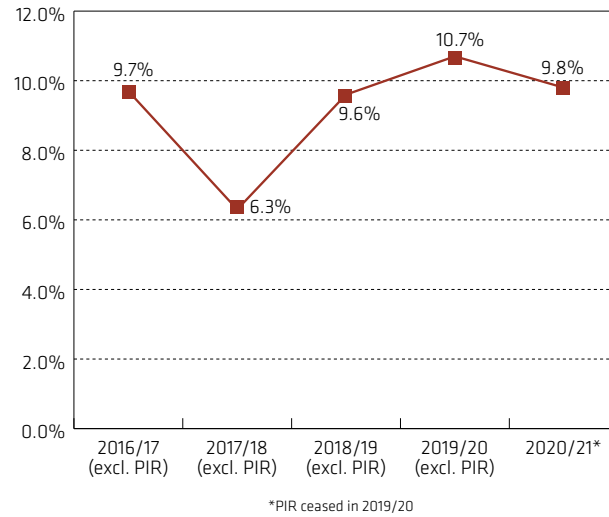
Return on Equity Comparison
2016/17 to 2020/21



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.

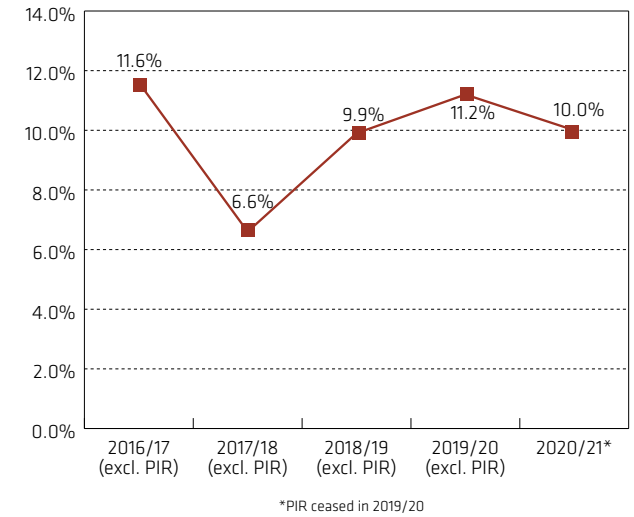
Return on Assets Comparison
2016/17 to 2020/21



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
2016/17 to 2020/21



In accordance with Government policy effective July 2000, the Authority is required to report a rate of return on non-current assets valued at 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);
- Sustaining Infrastructure Due (SID) projects; 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 longterm 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 technical, financial, 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 34 projects completed that had a total value of \$9.6 million versus a total budget of \$11.7 million. Costs for the 34 projects were incurred in previous years and the current reporting period.

The spend on completed projects in the current reporting period was \$6.0 million.

Twenty-five projects will continue into the 2021/22 reporting period with a combined total project budget of \$22.6million.

Governance Disclosures

Major Capital Projects

Spoilbank Marina

Stage 1 of the Spoilbank Marina has been completed, with Stage 2 now commenced. The spend in the current reporting period was \$5.7 million, with two significant contracts starting work in June 2021. The marina is expected to be operational in 2023.

Sustaining Infrastructure Due (SID) Projects

Port Hedland Inner Harbour Revetment Upgrades

The spend in the current reporting period was \$6.9 million. This project is estimated to be complete in financial year 2022/2023. The remaining estimated cost to complete this project is \$13.1 million, with an estimated total cost of the project of \$20.0 million.

Port Hedland Tug Haven Revetment and Sheet Pile Wall Upgrades

The spend in the current reporting period was \$0.2 million. This project is estimated to be complete in 2023, with significant contracts now in the marketplace. The remaining estimate cost to complete this project is \$50.7 million, with an estimated total cost of the project of \$50.9 million.

Port of Ashburton Funding Agreement Projects

At the Port of Ashburton, two projects were completed in the reporting period. Two approved projects are underway including the construction of a large building and the development of a new eastern port precinct within the port.

EMPLOYEE NUMBERS

TEAM	EMPLOYEE NUMBERS 30 JUNE 2020	EMPLOYEE NUMBERS 30 JUNE 2021
Executive	3	3
Corporate Affairs & Governance	36	41
Development & Trade	21	35
Engineering & Infrastructure	16	22
Finance & ICT	34	34
Human & Physical Resources	14	13
Marine Operations	53	44
Terminal Operations	89	100
Hedland Maritime Initiative	1	1
Total	267	293

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

There were 24 instances of unauthorised use of a credit card during the reporting year, with a total value of \$1,953. These occurred due to 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 \$0.

Advertising and market research expenditure

Total expenditure for reporting period was \$220,701.

Expenditure was incurred in the following areas:

ADVERTISING AGENCIES AND MEDIA ADVERTISING	
Initiative Media	\$78,450
West Australian Newspaper	\$29,069
Southern Cross Austereo	\$23,760
Garvey Photographer	\$8,901
Total	\$140,180
MARKET RESEARCH AGENCIES	
Kantar Public Australia	\$80,520

Governance Disclosures

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.

Pilbara Ports Authority's Working with Respect program, which has been recently updated to incorporate the most recent research on inclusion, provides an opportunity for all employees to explore workplace behaviour and reinforces the importance of observing legal and conduct requirements.

Where breaches occur, procedures are in place to support workplace resolution and/or disciplinary investigation when 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 four 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 termination.

Recordkeeping Plans

Pilbara Ports Authority fully meets the recordkeeping plan requirements:

- Pilbara Ports Authority's Recordkeeping Plan was updated within the past five years, in December 2019;
- All staff are required to complete recordkeeping awareness training every two years;
- The training program was reviewed within the past two years to ensure relevance; and
- The Authority's induction program includes training modules on recordkeeping and Objective Awareness, that clearly explain to staff their recordkeeping obligations and processes in accordance with the plan.

GOVERNMENT POLICY REQUIREMENTS

WA Multicultural Policy framework

Pilbara Ports Authority's multicultural plan is incorporated into its recently completed Diversity and Inclusion Plan. The Authority has a number of key initiatives in this area focussed on improving its already strong performance, with more than 20% of its workforce from culturally and linguistically diverse backgrounds.

Substantive Equality

Pilbara Ports Authority's Diversity and Inclusion Plan covers the period 2020 to 2023. The strategy acknowledges the importance of a diverse and inclusive workforce, identified strategies and measures of success, 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 the workforce and strive for continuous safety improvement. Examples of this commitment include the investment made in a psychologically based safety program and development and implementation of an organisational wide vendor management system.

Governance Disclosures

The Executive expects that Pilbara Ports Authority will consult with employees and other port users on health and safety matters. Mechanisms Pilbara Ports Authority uses to do this 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 health and safety matters and improvement opportunities are discussed.

Where a Pilbara Ports Authority employee is injured, the 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 November 2020, Pilbara Ports Authority's health and safety management system was audited to assess compliance and effectiveness to the requirements of AS/ANZ4801:2001 with migration to ISO45001:2018. The audit found no major or minor non-conformities.

Pilbara Ports Authority Employees Only

MEASURES	RESULTS 2018/19 ⁽¹⁾ BASE YEAR	RESULTS 2019/20 PRIOR YEAR	RESULTS 2020/21 ⁽¹⁾ CURRENT YEAR	TARGETS	COMMENTS ABOUT TARGETS
Number of fatalities	0	0	0	0	Target met
Lost time injury and disease incidence rate	0.42 ⁽²⁾	0.77 ⁽²⁾	0 ⁽²⁾	0 or 10% reduction in incidence rate	Target met
Lost time injury and severity rate	0	50	0	0 or 10% reduction in severity rate	Target met
Percentage of injured workers returned to work (i) within 13 weeks	100%	50% ⁽³⁾	N/A	Greater than or equal to 80%	No lost time injury recorded
Percentage of injured workers returned to work (ii) within 26 weeks	100%	100%	N/A	Greater than or equal to 80%	No Lost time injury recorded
Percentage of managers trained in occupational safety, health and injury management responsibilities, including refresher training within 3 years	100%	100%	100%	Greater than or equal to 80%	Target met

Note (1) This is a three-year comparison trend (i.e. current reporting year is 2020/21 and comparison year is 2018/19).

Note (2) Reporting guidelines only allow reporting on FTE and not on million hours worked.

Note (3) Figure updated since reported in the 2019/20 Annual Report. One lost time injury from May 2020 returned to full time duties after 13 weeks.

Glossary

ACW	Ashburton Cargo Wharf
CCC	Community Consultation Committee
CCIWA	Chamber of Commerce and Industry WA
CEDA	Committee for Economic Development Australia
CSI	Community Support Initiative
DCW	Dampier Cargo Wharf
DoT	Department of Transport
DAWE	Department of Agriculture, Water and the Environment
DWER	Department of Water and Environmental Regulation
EEO	Equal Employment Opportunity
FPOE	First Point of Entry
GTE	Government Trading Enterprise
HMI	Hedland Maritime Initiative
JTSI	Department of Jobs, Tourism, Science and Innovation
LNG	Liquefied Natural Gas
LTIFR	Lost Time Injury Frequency Rate
Mt	million tonnes
MSIC	Maritime Security Identification Card
PDC	Pilbara Development Commission
PHIC	Port Hedland Industries Council
PHVBS	Port Hedland Voluntary Buy-Back Scheme
PIR	Port Improvement Rate
PPA	Pilbara Ports Authority
The Act	Port Authorities Act 1999 (WA)
ToPH	Town of Port Hedland
Treasury	Department of Treasury
VTS	Vessel Traffic Services

Corporate office

Level 5, 999 Hay Street, Perth
PERTH WA 6000
Tel: (08) 6217 7112

Dampier office

Mof Road
Burrup Peninsula
DAMPIER WA 6713
Tel: (08) 9159 6555

Port Hedland office

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