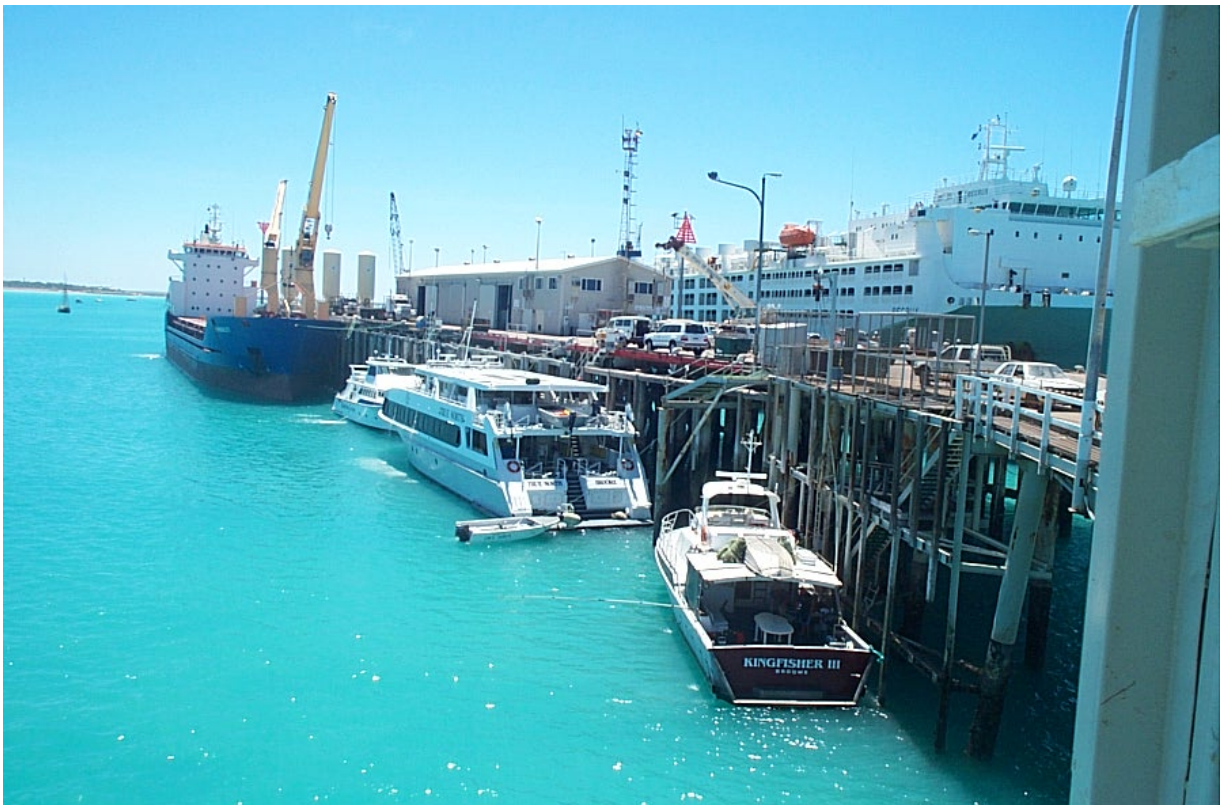




BROOME PORT AUTHORITY

Annual Report 2003/04





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VISION, MISSION, VALUES AND GOALS

Our Vision

“To have the Port of Broome recognised by its customers as an outstanding regional port.”

Our Mission

“To facilitate trade and to maximise the competitive advantage available to customers using the Port of Broome.”

Our Goals

Our goals are:

- to provide cost effective products and services that meet the needs of customers and in so doing facilitate trade and economic development in the region;
- to increase trade through the port and in so doing improve our efficiency through economies of scale;
- to maintain and upgrade port facilities and infrastructure as required to provide services;
- to minimise the effect of the port’s activities on the environment;
- to ensure that the port operates in a commercially and financially sustainable manner; and
- to ensure a safe working environment for the port’s workforce and customers.



Our Values

Our People

Respect, honesty and openness with one another.

Teamwork

Supporting each other in the achievement of common goals.

Our Work Ethic

Commitment to achieving high work standards.

Our Customers

A dedication to customer service.

Our Workplace

A safe and satisfying place to work.

Our Community and Environment

Care for the community and the environment

Climate of the Kimberley and Broome

The Kimberley region of northwest Australia has a tropical monsoon climate characterised by two dominant seasons. The warm, dry "winter" prevails from April to September, opposite to northern hemisphere seasons. This season has temperatures of 15-30C (59-86F) and little rainfall. Conditions are quite stable, providing warm sunny days and cool nights.

The Tropical Summer from October to March typically has temperatures of 25-38C (77-100F) with increased rainfall and humidity. In fact, 90% of the region's rainfall occurs from December to March, often in heavy downpours, and is heavily influenced by tropical cyclone activity. Spectacular thunderstorms can provide dramatic light shows at night, often with lightning flashing non-stop for hours.

Due to its coastal location, Broome's climate is more moderate, without the extremes of inland regions. During the dry winter, it has warm, sunny days averaging about 28C (82F) with cool nights. The summer months average about 33C (91F) during the day, with beautiful balmy nights. Coastal breezes are the norm year round.

For visitors to the Kimberley, these seasonal variations offer special opportunities. In the clear dry winter months, it is the perfect time for exploring the Kimberley gorges by 4WD or scenic tours. In the summer season the lush vegetation, colourful sunsets, raging rivers and waterfalls of the Kimberley are spectacular.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT**Growth and Development**

The deepwater Port of Broome serves a region that is one of the fastest growing in the nation. Underpinned by the frontier tourism appeal of the region as well as the excellent prospects for the mining and pastoral industries, the Kimberley economy continues to grow strongly. Aquaculture, led by the pearling industry, is another major contributor to the health of the regional economy.



Dry bulk storage silos installed for oil and gas industry – with Rig Tender *Lady Elaine* alongside

Given this economic strength and continuing local population growth of over 5% per annum, it came as no surprise to the Broome Port Authority that its trade throughput during 2003/04 again reached new heights. The port's tonnage throughput was up 13% on the previous record and port revenues exceeded \$4m for the first time. Over the past seven years, trade throughput and port revenue have grown at an average compound rate of 14%. The Board sees little likelihood of a slowdown in the regional economy. The implications for the Port are clear. The Port, as a trade facilitator, simply must expand its ability to cater for the growing needs of the region. A single trading vessel berth, built in 1966 to service the shipping of the day, is no longer adequate for the task.

We are pleased to report that the Port has continued to make progress towards securing the funds and necessary approvals for the Broome jetty extension project. During the year, the Port secured a \$3.3m grant from the Australian Government's Sustainable Regions Program to add to the \$6.5m in funding previously approved by the State Government. Environmental approval was obtained for the extension and a geotechnical study of the seabed needed for the tender of the works was completed. A two stage tender process was commenced in November 2003 and completed by June 2004.

Final approval for the project is still required from the State Government which must weigh up the project against competing priorities around the State. The Board is confident that the 12 month design and construct project will go ahead in 2004/05.



Broome Port – 700m long neck to serve vessels at 183m long berth – *Superstar Virgo* alongside

Port Security

Meeting the requirements of Australia's Maritime Transport Security Act was a very important objective for the Port in 2003/04. The challenge for the Broome Port was greater than for most ports due to the jetty's popularity amongst tourists and locals alike as fishing platform and a great venue for enjoying the scenery of Roebuck Bay.

The Port with the full cooperation of its key customers, tenants and stakeholders, completed a Security Risk Assessment and prepared a Port Security Plan for approval by the Department of Transport and Regional Services. A key component of the plan was to declare the Broome jetty a landside security zone, prohibiting access by all but authorised personnel.

The effect on the public was minimised by fencing off the length of the 640m public boardwalk, enabling it to be kept open to the public for fishing and promenading. This measure was well received by locals. As a result, the closure of the jetty was accepted well by the Broome community and passed without a hitch.



New security fence along boardwalk under construction during June 2004

Port security was enhanced by the installation of CCTV security and an Automatic Identification System (AIS) for shipping. The Port of Broome earned the distinction of becoming the first port in Australia to install AIS. Security patrols of the port have been introduced and port staff trained as Maritime Security Guards.

Performance

Trade volumes at the Port of Broome will continue to be modest by Western Australian port standards until the Port is servicing a bulk commodity export. Nevertheless, the Port is extremely busy because of the high number of vessels it services. In 2003/04 the Port serviced 1,145 vessels, including 147 trading vessels.

The relatively low tonnage Port throughput prescribes modest revenues. Like all ports, the Port of Broome nevertheless faces high fixed costs of maintaining its infrastructure. In our case these fixed costs are disproportionately large because the 10m tidal range means the jetty has to reach 700m out into Roebuck Bay in order to reach water deep enough to service shipping at all times.



Honorable Minister for Planning and Infrastructure, Alannah MacTiernan and *Superstar Virgo* Commanding Officer – Tiovo Norell with Port of Broome Directors, Ian Burston, Theresa Howe, Nik Wevers and Kim Male aboard the luxury cruise liner

The Port therefore simply must be as efficient and effective as possible in all aspects of its operations. Looking for new business opportunities and to add value whenever possible to our customers' experiences continues to be a priority for the Port. We are proud of the reputation that our stevedoring operation has earned, particularly within the offshore oil and gas industry. Our innovations in providing additional assistance including shipping agency services as well as the off-site crane work around the West Kimberley region continue to add overall value.

Investment

Investment during the past year has been concentrated towards preliminary works for the jetty extension, including geotechnical investigations, concept design and tender documentation. The Port otherwise had to direct capital funding to upgrading the Port's security infrastructure including fencing, lighting, access control systems, CCTV, a shipping Automatic Identification System and photographic ID card equipment in order to ensure compliance with the requirements of Australia's Maritime Transport Security Act and Regulations.



Port of Broome stevedores loading oil & gas rig tender

Outlook

The future remains very bright for the Broome Port Authority. The Browse Basin, lying to Broome's immediate north, has been confirmed as the 2nd largest hydrocarbon province in Australia, with reserves already estimated at 32 trillion cubic feet. Only the reserves in the greater North West Shelf exceed those of the Browse Basin.

The revenues of the port will suffer a set-back in the short term when the region's diesel-fired power stations are progressively phased out and electricity for the West Kimberley is generated from 50,000 tonnes of LNG trucked from Karratha, 800 km south of Broome. The first of the new gas-fired power stations is scheduled to be completed at Broome in December 2005. Gas-fired power stations at Derby, Fitzroy Crossing, Halls Creek and Camballin/Looma will be commissioned in the following six months. The switch to gas will result in a reduction of 35,000 tonnes per annum of fuel currently shipped into the region and stored at the Port.



Replica pearling lugger - charter vessel *Willie*, rounding Entrance Point at the Port of Broome

A new trade in Jet A1 fuel has the potential to partially offset the loss of this trade. The Port has been working closely with the Broome International Airport to help reduce the risk to air traffic arising from

dependence on Jet A1 storage at Port Hedland, 600km to the south of Broome. Transport of the Jet A1 by sea direct to Broome and storing it at the Broome tank farm at the Port offers considerable advantages to all parties. It is expected that shipments of Jet A1 into the Port will commence in 2004/05. With air traffic into the region growing so rapidly, it is expected in time the trade in Jet A1 will become an important component of the fuel trade through the Port.

AFS Scholarship

The Port has been delighted with the success of its annual AFS cultural exchange scholarship. The scholarship provides a Broome high school student with 12 months of living with a host family and attending school in a country where English is not the primary language. The scholarship winner in 2004 is Edwina O'Connell of St Mary's high school. Edwina is to spend her scholarship year in French-speaking Canada. She follows on from previous winners, Broome Senior High School students Kylie Jones (Chile) and Kiri McGrath (Switzerland).

Ian Burston
Chairman
Broome Port Authority

Stefan Frodsham
Chief Executive Officer



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TRADE REPORT

Summary

Trade commodity volumes over the wharf during 2003/2004 were generally at record levels. The activity in each line of business is summarised below.

Cargo

The cargo vessel, *Kimberley*, operated by *Norwest Shipping*, continued its routine run up the Western Australian coast from Fremantle to Darwin throughout the year. The ship called at Broome on 21 occasions during the period. Tonnages on this service continue to be disappointing even though the levels increased dramatically when *Milne Agrigroup* began shipping bulk stockfeed utilising this service. The port eagerly awaits the commencement of a second ship on this run which should increase the attractiveness of this service through increased regularity. Two cement import shipments added to cargo tonnages.



MV Kimberley approaching Broome wharf

Livestock

The 2004 financial year livestock export numbers were the highest on record with over 100,000 cattle, sheep and goats exported, mostly to the nearby ports in Indonesia and Malaysia. Total livestock export tonnages for the financial year were 28,979 tonnes.

A definite factor in the livestock export industry is the trend toward larger ships. During 2001/2002 the port averaged 1,425 cattle per vessel whereas, during 2002/2003 this average increased to 2,044 and continued its upward trend during 2003/2004 to 2,069. The increased size of the vessels has definite advantages for the industry in that they are more efficient to load and costs for pilotage and berthage are less on a per head/kg basis.

Fuel/Bitumen Tankers

Tanker visits over 2003/2004 were down by one from the previous financial year though we had an overall increase in tonnage. The final export of Blina crude oil took place in October 2003 with a back load of 12,756 tonnes from the Broome crude oil storage tank. Until more oil exploration and development work is carried out in the Kimberley region the Broome Port is unlikely to export any more crude oil. Current production levels in the region have declined to a level that make trucking the crude oil to Kwinana the most effective option.

Fuel and bitumen imports were again the major slice of cargo handled and revenue earned for the 2003/2004 year of which a significant portion is currently consumed by diesel fired power stations in the West Kimberley. With power generation in the region switching to LNG, we forecast a decline in fuel trade commencing in January 2006. Though quantities of fuel used for other purposes will continue to grow we are seeking to reinstate the Jet A1 aviation fuel supply into Broome over the wharf. The supply of Jet A1 to the airport from the port has clear advantages over the current practice of shipping it to Port Hedland and trucking it by road into Broome.

Rig Supply Vessels

The Port of Broome serviced a single major offshore oil & gas exploration program for Inpex Browse Limited during the 2003/2004 financial year entailing 65 visits by rig tenders. This appraisal program entailed the drilling of three deep wells to the north of Broome. The forecast is for a quieter Oil and Gas program during 2004/2005. The service of off-shore rig supply vessels continued to be a low tonnage affair with the emphasis on safe and efficient turn-around times.

The port continues to build on the strategies identified in 1998 when the potential for the port to become a significant supply base for the offshore oil & gas exploration industry in the region was identified. The installation of a dry bulk (drilling mud) storage facility in partnership with explorers, contractors and suppliers has assisted with the efficiency in loading rig tenders with drilling muds.



MS Volendam at 234m and 63,000 GRT alongside

The port will continue to work with all stakeholders in the community, government and business as the Kimberley oil & gas industry transforms from exploration status through to production.

Cruise Ships

2003/2004 was a good year for the Port in terms of visits by cruise liners. Broome successfully handled 4 visits by cruise liners during the year following on from the record year of 2002/2003.

The port will continue its work with various stakeholders into the future to ensure that the servicing of cruise ships becomes a more frequent experience at the Port of Broome.

Pearling, Fishing and Charter Vessels

The number of vessel visits serviced in these industries has been relatively consistent over the past three years. In the absence of any alternative facilities whereby these customers could service themselves, the port's role with these "small vessels" remains one of trade facilitation and cost recovery. The trend in the Pearling industry continues to be that of consolidation with fewer visits by larger vessels whilst the fishing sector visits have increased slightly in line with new licenses being issued. Visits by charter vessels increased slightly when compared to previous years as the popularity of cruising the Kimberley coast increases year by year.



Charter vessels – Kimberley Escape, KQ2 and True North

Safety

Workplace safety remains a key focus for the port, its employees, contractors and visitors with all stakeholders making continued improvements in this area over the year.

Trade Forecast

The port's forecast for 2004/2005 is for an overall decrease in total cargo tonnages. The major factors foreseen for 2004/2005 are;

- a plateau in the import of petroleum products.
- the cessation of exports of crude oil for the medium term.
- a leveling out of cattle exports.
- decreased rig tender visits with a temporary slow-down in oil & gas activity in the Browse Basin.
- increased cruise ship visits due to new vessels interested in the region as a destination.



Pearling "mother ship Paspaley IV berthing

The port will continue to pursue major commodity exports whilst facilitating trade for the benefit of the Kimberley economy.

Statistics and Performance Indicators

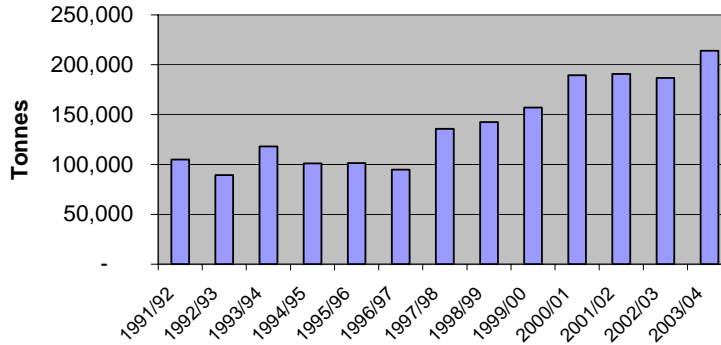
PORT OF BROOME - Trade Statistics and Performance Indicators

Trade Statistics	2001-2002	2002-2003	2003-2004
CARGO TYPE (tonnes)			
TEUs (in containers)	7,860	8,071	13,526
General Cargo	7,354	10,325	12,689
Fuel/Oil products	108,744	100,839	108,770
Bitumen	1,739	4,171	2,202
Cattle	23,292	22,380	28,315
Sheep & Goats	871	587	664
Fodder	3,258	3,231	5,507
Sub-total	153,117	149,604	171,673
Fuel Oil (Bunkers)	12,490	13,173	15,692
Fresh water *	25,178	23,957	26,688
Total trade throughput	190,785	186,734	214,053
Total Number TEUS	524	382	581
TEU throughput (average)	3.95/hr	5.90/hr	5.40/hr
Total Number of Cattle exported	72,662	73,594	91,047
Average cattle weight per head (kg)	320.55	304.11	310.99
Trade Vessel Visits	122	109	147
Total Vessel Visits	1,082	1,099	1,145
Ship Charges per trade vessel (average)	\$4,012.72	\$4,156.52	\$3,482.78
Total Expenditure per tonne *	\$18.68	\$20.29	\$19.85
Average Trade Vessel Time in Port /hr	21.91	19.62	12.34
Tonnes Cargo handled per hour (ex.oil)	72.34	63.41	65.13
Tonnes Fuel handled per hour	489.84	511.87	369.34
Cargo Use of Berths tpa *	95,392.38	93,366.92	107,026.50
Ships use of Berths - November to April	25%	33%	30%
Ships use of Berths - May to October	28%	45%	47%
Ships use of Berths	27%	39%	39%
Recovery of Costs (revenue/expenses)	94.73%	93.51%	95.90%
Vessel Visits per employee (FTEs)	67.56 (16)	68.13 (16)	67.35 (17)
Expenditure per employee (FTEs)	\$ 216,056.75 (16)	\$ 236,750.01 (16)	\$ 249,882.35 (17)
Vessel Visits			
Cargo	26	22	23
Livestock	51	36	44
Fuel/Oil/Bitumen Tankers	12	12	11
Rig Supply Vessels	33	29	65
Cruise Ships	-	10	4
Sub-total - Trade Vessels	122	109	147
Pearling	475	451	448
Fishing	209	239	239
Charter	183	213	228
Navy	31	36	15
Other	62	51	68
Sub-total - Other Vessels	960	990	998
Total	1,082	1,099	1,145
Total Trade Vessel GRT	639,393	1,210,939	953,833
Average GRT per Trade Vessel	5,241	11,110	6,489

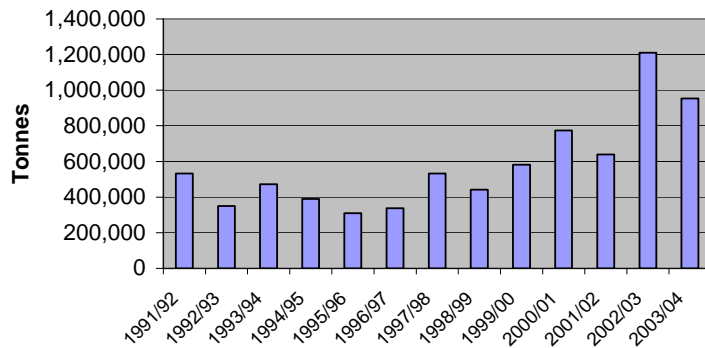


Trade Graphs

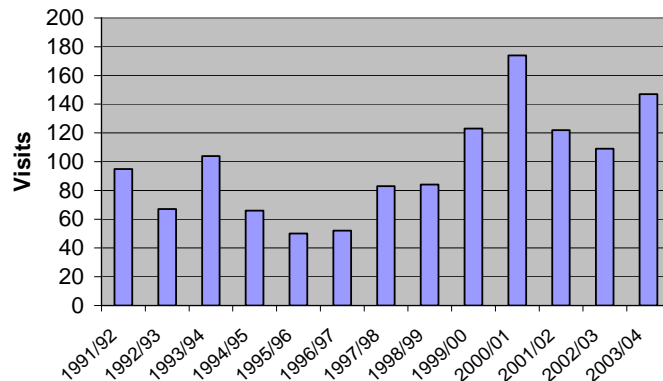
**Total Port Trade
Past 13 Years**



**Gross Registered Tonnage - Trade & Cruise
Vessels
Past 13 Years**

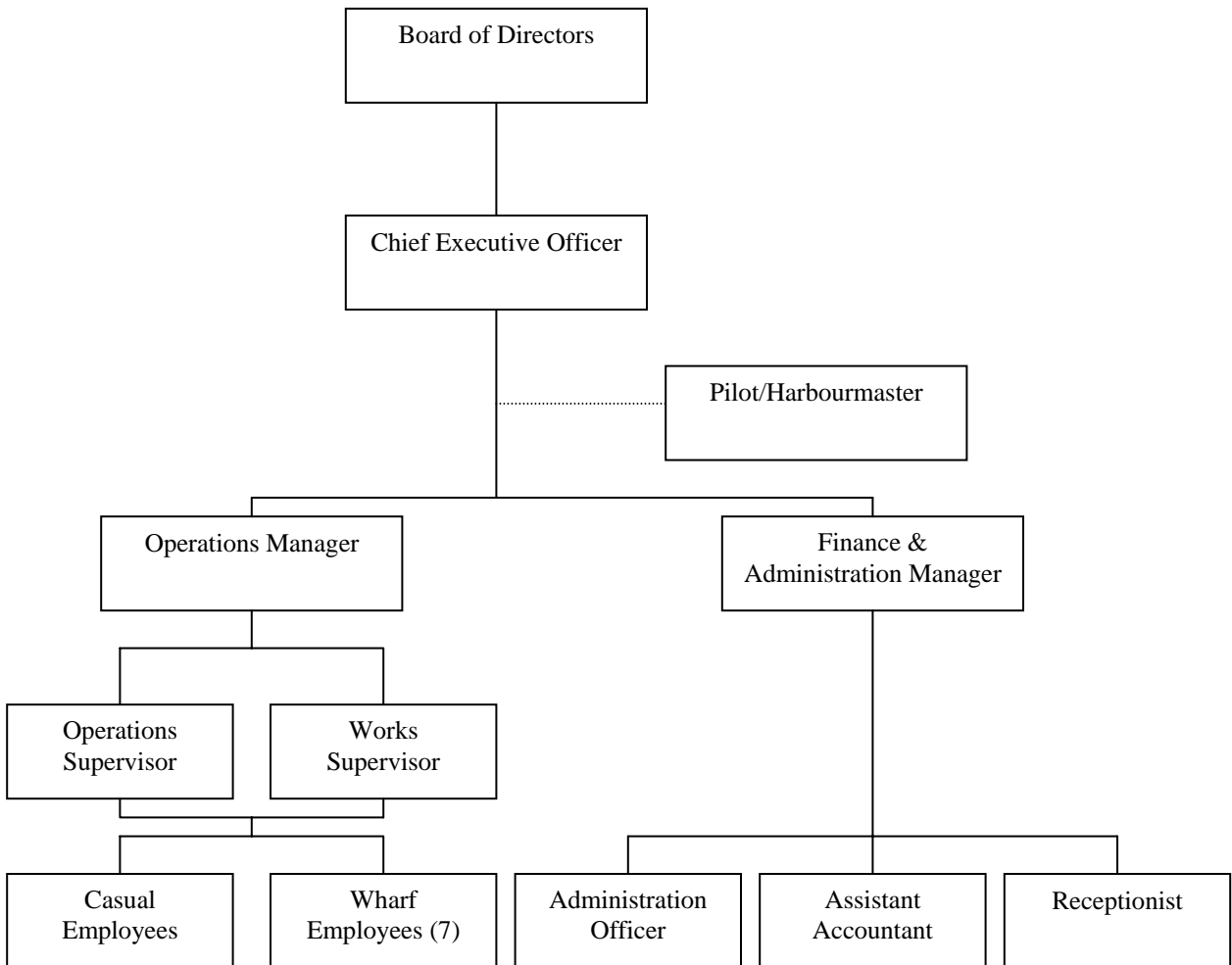


**Trade Vessel Visits
Past 13 Years**





ORGANISATIONAL STRUCTURE



PORT COMPLIANCE STATEMENT

For the year ended 30 June 2004

Advertising and Sponsorship (Section 175ZE of the *Electoral Act 1907*)

In accordance with section 175ZE of the Electoral Act 1907 we provide the details of the Broome Port Authority’s expenditure during the 2004 financial year as follows;

- Media advertising organisations \$ 4,716

This amount was paid to the following entities;

- WA Newspapers \$ 2,555
- Broome Advertiser \$ 1,533
- WA Business News \$ 628

These amounts were paid to advertise employment positions available at the port, to place public notices, to advertise port services and to sell port assets, all part of the usual activities of the Broome Port Authority.

Safety Performance

The Port Authority’s safety performance is illustrated below.

	2003/04	2002/03	2001/02	2000/01
Injuries where no time lost	2	2	4	2
Injuries where time was lost (LTI)	1	1	3	-
Total Injuries	3	3	7	2
First-aid treatments	7	8	12	6
Number of Working Days Lost	14	17	22	-
Near-miss Incidents	25	19	12	6
Number of Procedures Implemented	9	5	14	-
Number of Toolbox talks completed	54	17	29	47
Number of Incidents Investigated	28	19	10	2
Number of Hazards Rectified	18	20	61	29

Notes:

The Port to continues to work with employees, customers, contractors, suppliers and visitors to improve safety awareness and better its safety record. The Port’s Safety Committee work resulted in the implementation of several new procedures, many toolbox talks, and a number of potential hazards being rectified during the financial year.



Rig Tender – pre-start meeting

DIRECTORS' REPORT

In accordance with the *Port Authorities Act 1999*, the directors submit their report for the year ended 30th June 2004.

Directors

The following persons were directors of the Broome Port Authority during the financial year and up to the date of this report:

Dr Ian Burston AM

Dr Burston holds an engineering degree and has completed management programmes at some of the world's leading business schools. Dr Burston has over 30 years' experience in the extractive and related industries including roles as Managing Director and other senior positions within major companies. Ian has been a director of the Esperance Port Authority and currently sits on a number of other boards. His present term expires on 31st December 2004.

Ms Theresa Howe

Ms Howe was appointed to the Board on 7th June 2003. Ms Howe has a Diploma of Education and Bachelor of Economics degree and is currently the Secretary of the Independent Schools Salaried Officers' Association. Ms Howe has been a teacher and business proprietor and is very experienced in various aspects of industrial and workplace relations. Ms Howe's present term expires on 31st December 2004.

Mr Graeme Hutton (resigned 1 March 2004)

Mr Hutton is a geologist and businessman. Mr Hutton brought considerable experience to the Board as a director of a number of public companies and diverse businesses. Mr Hutton's resigned as a director on 1st March 2004.

Mr Kim Male

Mr Male's family has been closely involved with the development of Broome and the pearling industry for over a hundred years. Mr Male is a local businessman who has been active in many diverse community organisations and was a member of the Broome Shire Council for 30 years. Mr Male is a Justice of the Peace and is a current member of the Kimberley Development Commission, his present term as a director of the Port Authority expires on 31st December 2004.

Ms Nik Wevers

Ms Nik Wevers has been a Broome Shire Councilor for over 4 years and is currently the Deputy Shire President. Ms Wevers has experience in managing a wide variety of businesses in diverse industries and is a long-term Kimberley resident. Ms Wevers' present term expires on 31st December 2004.

Mr George Morris (appointed 2 March 2004)

Mr Morris is a consultant with a wide range of experience in the oil exploration industry. Having worked with many of the larger Australian oil and gas explorers, Mr Morris has developed experience in project planning, community consultation and liaison, project management and communication and reporting. As a long term Broome resident, Mr Morris has a wide ranging involvement with the community. His current activities include membership of the committee of the Broome Turf Club and membership of the Broome Surf Lifesaving Club and his current term as director expires on 31st December 2006.

**Principal activities**

Broome Port Authority:

- Provides, administers and maintains essential facilities including the jetty, navigation aids, berths, storage areas and utilities.
- Provides pilotage, stevedoring and mooring services.
- Controls the activities of others in the port precinct including the planning and construction of facilities.
- Leases industrial and commercial land.
- Plans for the future growth and development of the port.

There has been no significant change in the nature of these principal activities during the financial year.

Trading results

The operating loss for the year after providing for income tax was \$75,486.

Dividends

The Directors recommend that no dividends be declared for the year. Since the end of the previous year, no dividends have been paid.

Review of operations

During the year the authority continued to undertake its principal activities. A review of these operations is contained in the Chairman's Report and the Chief Executive Officer's Review.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the port authority during the financial year.

Significant events after the balance date

No matter or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect the operations, results of operations or state of affairs of the port authority in subsequent financial years.

Likely developments

In the opinion of the Directors, no developments have occurred since the end of the financial year that are likely to affect the operations of the authority at the date of this report.

Directors meetings

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

Attendance at Directors' Meetings	Number of Meetings	
	Eligible to attend	Attended
Ian Burston	9	9
Kim Male	9	9
Theresa Howe	9	7
Graeme Hutton	6	3
Nik Wevers	9	7
George Morris	3	3

Directors' interests in contracts

During or since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received, or due and receivable in the financial statements or the fixed salary of a full time employee) by reason of a contract made by the Port Authority with the director or with a firm of which the director is a member or an entity in which the director has a substantial financial interest other than those disclosed at note 16 to the financial statements.

Directors' and Officers' Remuneration

Remuneration of Directors is determined by the Minister for Planning and Infrastructure. The Board oversees the remuneration of the Chief Executive Officer. Remuneration of officers other than the Chief Executive Officer is based on either their individual or collective agreements.

Details of remuneration provided to directors and the three most highly remunerated officers are as follows:

Directors of the Broome Port Authority

Name	Base Salary \$	Superannuation \$	Other Benefits \$	Total \$
Burston I	16,200	1,458	-	17,658
Morris G	2,025	182	-	2,207
Howe T	8,100	729	-	8,829
Hutton G	6,075	547	-	6,622
Male K	8,100	729	-	8,829
Wevers V	8,100	729	-	8,829

Senior Officers of the Broome Port Authority

Name <i>Role</i>	Base Salary \$	Superannuation \$	Other Benefits \$	Total \$
Frodsham S <i>Chief Executive Officer</i>	106,554	12,066	41,706	160,326
Hill R <i>Operations Manager</i>	99,954	8,398	22,854	131,206
Eaton G <i>Operations Supervisor</i>	87,661	5,735	18,417	111,813

Indemnification of Directors and Officers

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

The Authority paid a premium of \$13,992 in respect of Directors' and Officers' Liability Insurance during the reporting period.

No claims have been made against this policy at the date of this report.

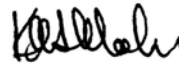
Environmental regulation and performance

The Port's policy is to comply with applicable environmental regulations. There have been no material known breaches of any environmental license conditions.

Signed in accordance with a resolution of the Directors.



I Burston
Chairman



K Male
Director

Broome
13th August 2004



FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2004



**BROOME PORT AUTHORITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004**

	Note	2004 \$'000	2003 \$'000
Revenue from ordinary activities	2	4,074	3,542
Expenses from ordinary activities			
Cost of providing services			
Cost of providing services - depreciation	3	(1,065)	(991)
Cost of providing services - maintenance		(472)	(412)
Cost of providing services - other		(1,374)	(1,112)
Other expenses from ordinary activities			
Marketing		(21)	(25)
Occupancy		(74)	(103)
Administration		(1,201)	(1,126)
Carrying amount of non current assets sold		(41)	(19)
Profit/(Loss) from ordinary activities before income tax		(174)	(246)
Income tax (expense)/benefit	4	99	80
Net Profit/(Loss)		(75)	(166)

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



**BROOME PORT AUTHORITY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2004**

	Note	2004 \$'000	2003 \$'000
CURRENT ASSETS			
Cash Assets	5.1	2,747	673
Receivables	5.2	436	697
Other	5.3	33	39
Total Current Assets		3,216	1,409
NON-CURRENT ASSETS			
Property, Plant and Equipment	6.1	12,231	12,703
Deferred Tax Assets	6.2	298	209
Receivables	6.3	-	14
Total Non-Current Assets		12,529	12,926
TOTAL ASSETS		15,745	14,335
CURRENT LIABILITIES			
Payables	7.1	523	738
Provisions	9	129	134
Other	10	2,086	371
Total Current Liabilities		2,738	1,243
NON-CURRENT LIABILITIES			
Deferred Tax Liabilities	8	9	19
Provisions	9	50	50
Total Non-Current Liabilities		59	69
TOTAL LIABILITIES		2,797	1,312
NET ASSETS		12,948	13,023
EQUITY			
Contributed Equity	11	13,253	13,253
Retained Profits/(Accumulated Losses)	12	(305)	(230)
TOTAL EQUITY		12,948	13,023

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



**BROOME PORT AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004**

	Note	2004 \$'000	2003 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		4,623	3,875
Receipts from commonwealth government – jetty extrn		2,200	-
Payments to suppliers and employees		(4,194)	(2,635)
Interest received		30	30
Income tax paid		-	-
Net cash inflow from operating activities	13.1	2,659	1,270
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		49	29
Payments for purchase of property, plant and equipment		(634)	(1,775)
Net cash (outflow) from investing activities		(585)	(1,746)
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity contribution	11	-	-
Net cash inflow from financing activities		-	-
NET INCREASE / (DECREASE) IN CASH HELD		2,074	(476)
CASH AT THE BEGINNING OF THE FINANCIAL YEAR		673	1,149
CASH AT THE END OF THE FINANCIAL YEAR	5.1	2,747	673

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted in the preparation of the financial statements for the year ended 30 June 2004.

1.1 Basis of Accounting

These financial statements have been prepared as a general purpose financial report in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views and the financial reporting provisions of the Port Authorities Act 1999, which generally reflects the relevant sections of the Corporations Act 2001.

The financial report has been prepared on an accrual accounting basis and in accordance with the historical cost convention.

Unless otherwise stated, these policies are consistent with those adopted in the previous year.

1.2 Revenue Recognition

Revenue from ordinary activities is net of returns and taxes, for services to entities outside the authority and is recognised when the goods or services have been provided. Revenue from rentals and leases is recognised when it accrues. Interest revenue includes interest on short-term investments and is recognised when accrued.

1.3 Income Tax

The Authority adopts the liability method of tax-effect accounting whereby the income tax attributable to profit shown in the Statement of Financial Performance is based on the profit from ordinary activities before income tax adjusted for any permanent differences. The provisions for deferred income tax and the future income tax benefit represent the tax effect of timing differences calculated at the rate of income tax applicable when those timing differences are expected to reverse. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of the realisation of the benefit. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation, and the anticipation that the Authority will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

From 1 July 2001 the Authority was subject to taxation under the National Tax Equivalent Regime ("NTER"). Under NTER the Authority is required to pay to the State Government the equivalent tax that would be paid to the Federal Government under Federal Tax Legislation.

1.4 Payment of Dividend to the State

The port cannot pay a dividend in respect of the 2004 financial year as no profits are available for distribution. There was no dividend paid in respect of the 2003 financial year.

1.5 Receivables

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

The value of the provision for doubtful debts is assessed using an analysis of historical data to determine the level of risk and subsequent recovery of debts based on the age of those amounts outstanding. Bad debts are written off when formally recognised as being irrecoverable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.6 Property, Plant and Equipment

Property, Plant and Equipment purchased or constructed for port operations is recorded at the cost of acquisition being the fair value of the assets given up plus individual costs directly attributable to the acquisition.

Property, plant and equipment, excluding freehold land, are depreciated at rates based on the expected useful lives using the straight-line method. Depreciation on assets under construction commences when the project has been completed.

The depreciation rates for the major classes of non-current assets are as follows:

	Depreciation Rates (%)
Buildings	2 –14
Plant & Equipment	10-40
Associated Infrastructure	5-17
Access Channels	7-13
Harbour Facilities	7

1.7 Recoverable Amount of Property, Plant and Equipment

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

All property, plant & equipment are reviewed to determine whether their carrying amounts require write down to recoverable amount. Recoverable amount is determined using net cash flows discounted to present values at a rate of 8%. If the carrying amounts of non-current assets exceed the recoverable amount, the assets are written down to the lower amount.

An internal review of the recoverable amount of the Broome Port Authority's assets was carried out as at 30 June 2004.

1.8 Payables

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

1.9 Net Fair Values of Financial Assets and Liabilities

Monetary financial assets and liabilities not traded in an organised financial market are determined on the cost basis of the carrying amounts of receivables, payables and accruals (which approximate net market value).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.10 Maintenance and Repairs

Channels, port structures and plant and equipment of the Authority are required to be maintained on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with note 1.6.

1.11 Employee Benefits

Wages and salaries, annual leave, vested sick leave and accumulated days off are recognised and measured as the amount unpaid at the reporting date at nominal pay rates in respect of employees' services up to that date.

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in current provisions and is measured in accordance with the paragraph above. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

These employee benefits are disclosed as provisions and shown as liabilities at reporting date.

Contributions to superannuation funds are charged as expenses when incurred.

1.12 Cash Assets

For the purposes of the Statement of Cash Flows, cash assets include cash at bank and deposits at call.

1.13 International Financial Reporting Standards

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

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

The Broome Port Authority has established a project team to manage the transition to Australian equivalents to IFRS. The project team is chaired by the Finance and Administration Manager and reports quarterly to the Board. The project team has prepared a project timetable to manage the

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.14 International Financial Reporting Standards (continued)

transition and is currently on schedule. To date the project team has performed a high level analysis of the potential impacts of the transition.

Changes to accounting policies will result from the transition to Australian equivalents to IFRS. As not all standards have been analysed in detail yet, and decisions relating to certain choices of application not been made, it is not yet possible to quantify the impact of the transition to Australian equivalents to IFRS on the Broome Port Authority's financial position and reported results.

1.15 Comparatives

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts.

Provision for long service leave was shown as a current liability in last year's report. This has been reclassified as a non current liability in this report.

1.16 Rounding

Amounts have been rounded to the nearest thousand dollars.

2. REVENUE FROM ORDINARY ACTIVITIES

(i) Revenue from Ordinary Activities consists of the following items:

	2004	2003
	\$'000	\$'000
Revenue from operating activities		
Services to Vessels	3,250	2,890
Rentals and Leases	631	313
	<u>3,881</u>	<u>3,203</u>
Revenue from outside the operating activities		
Interest	31	30
Proceeds from sale of non-current assets	49	29
Other	113	280
	<u>193</u>	<u>339</u>
Total Revenue from Ordinary Activities	<u>4,074</u>	<u>3,542</u>

3. PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX

	2004	2003
	\$'000	\$'000
Net gains and expenses		
Profit from ordinary activities before income tax includes the following specific net gains and expenses:		
Net gains		
Net gain on disposal of property, plant and equipment	8	9
Expenses		
Depreciation		
Buildings	56	55
Plant and Equipment	292	299
Associated Infrastructure	185	161
Access Channels	37	35
Harbour Facilities	495	441
Total Depreciation	<u>1,065</u>	<u>991</u>
Other charges against assets:		
Bad and Doubtful Debts – Trade Debtors	5	-
Provisions - Employee Benefits	(5)	53
Auditors Remuneration	16	16



4. INCOME TAX

	2004	2003
	\$'000	\$'000
<p>The income tax attributable to the financial year differs from the amount prima facie payable on the profit from ordinary activities and is reconciled as follows:</p>		
Profit/(loss) from ordinary activities	<u>(174)</u>	<u>(246)</u>
Prima facie income tax (expense)/benefit on the operating loss at 30% (2003 – 30%)	52	74
Tax effect of permanent differences:		
Non deductible expenses	(1)	(2)
Non assessable income	<u>-</u>	<u>-</u>
Income tax (expense)/benefit adjusted for permanent differences	51	72
Net adjustment to correct prior years' tax expense/benefit	48	8
Income tax (expense)/benefit attributable to loss from ordinary activities	<u>99</u>	<u>80</u>

5. CURRENT ASSETS

5.1 Cash Assets

Cash Assets represent the Cash at Bank and At Call Deposits. Funds surplus to operational requirements have been invested in At Call Deposits to maximise earnings.

	2004	2003
	\$'000	\$'000
Cash at Bank	167	123
At Call Deposits	2,580	550
Balance as at 30 June	<u>2,747</u>	<u>673</u>

(i) Significant Terms and Conditions

The cash deposit is on a 24 hours call basis, and pays interest at the rate of 5.30% (2003: 4.50%) per annum.

The cash at bank operating account pays interest at the rate of 4.90% (2003: 3.10%) per annum.

5.2 Receivables

Receivables represent Debtors and Accrued Income. Accrued Income includes accrued interest, charges on ships, cargo and services provided but not invoiced as at reporting date.

	2004	2003
	\$'000	\$'000
Trade Debtors	420	657
Less: Provision for Doubtful Debts	(5)	-
	<u>415</u>	<u>657</u>
Other Debtors	21	40
Balance as at 30 June	<u><u>436</u></u>	<u><u>697</u></u>

(i) Significant Terms and Conditions

Trade debtors are generally settled within 30 days except for property rentals that are governed by individual lease agreements.

(ii) Credit Risk

Trade Debtors

The Authority operates predominantly within the shipping and cargo handling industry and accordingly is exposed to risks affecting that industry. The maximum exposure to this industry risk is the carrying value of the trade debtors.

Other Debtors

No significant risk is believed to be attached to other debtors.

(iii) Net Fair Values

The Authority considers the carrying amounts of receivables approximate their net fair values.



5. CURRENT ASSETS (Continued)

5.3 Other

Other Current Assets represents inventories and prepaid expenses, which comprise the prepayment of services not yet rendered.

	2004 \$'000	2003 \$'000
Prepayments	20	25
Inventory – at cost	13	14
	<u>33</u>	<u>39</u>

6. NON-CURRENT ASSETS

6.1 Property, Plant and Equipment

Property, plant and equipment are carried at cost in accordance with the requirements of AASB 1041 *Revaluation of Non-Current Assets*.

	2004 \$'000	2003 \$'000
(a) Balances		
Land		
At cost	990	1,025
	<u>990</u>	<u>1,025</u>
Improvements		
At cost	51	-
Less: Accumulated Depreciation	(1)	-
	<u>50</u>	<u>-</u>
Buildings		
At cost	2,102	2,109
Less: Accumulated Depreciation	(236)	(184)
	<u>1,866</u>	<u>1,925</u>
Associated Infrastructure		
At cost	2,539	2,821
Less: Accumulated Depreciation	(675)	(476)
	<u>1,864</u>	<u>2,345</u>

6. NON-CURRENT ASSETS (Continued)

6.1 Property, Plant and Equipment (Continued)

	2004	2003
	\$'000	\$'000
Harbour Facilities		
At cost	7,367	6,312
Less: Accumulated Depreciation	<u>(1,840)</u>	<u>(1,336)</u>
	<u>5,527</u>	<u>4,976</u>
Access Channels		
At cost	347	314
Less: Accumulated Depreciation	<u>(160)</u>	<u>(122)</u>
	<u>187</u>	<u>192</u>
Electronic Equipment		
At cost	128	77
Less: Accumulated Depreciation	<u>(72)</u>	<u>(52)</u>
	<u>56</u>	<u>25</u>
Plant & Equipment		
At cost	2,069	2,191
Less: Accumulated Depreciation	<u>(977)</u>	<u>(760)</u>
	<u>1,092</u>	<u>1,431</u>
Furniture & Fittings		
At cost	62	66
Less: Accumulated Depreciation	<u>(21)</u>	<u>(18)</u>
	<u>41</u>	<u>48</u>
Motor Vehicles		
At cost	175	168
Less: Accumulated Depreciation	<u>(49)</u>	<u>(49)</u>
	<u>126</u>	<u>119</u>
Total property, plant & equipment		
At cost	15,830	15,083
Less: Accumulated Depreciation	<u>(4,031)</u>	<u>(2,997)</u>
	11,799	12,086
Add: Work in Progress	432	617
Total property, plant & equipment	<u>12,231</u>	<u>12,703</u>

6. NON-CURRENT ASSETS (Continued)

6.1 Property, Plant and Equipment (Continued)

(b) Reconciliations of carrying amounts

Reconciliations of the carrying amounts of each class of property, plant and equipment are prepared in accordance with the AASB 1041 *Revaluation of Non-Current Assets*.

	2004 \$'000
Land	
Carrying amount at 1 July	1,025
Transfers to other classes	(35)
Carrying amount at 30 June	<u>990</u>
Improvements	
Carrying amount at 1 July	-
Additions	12
Transfers from other classes	39
Depreciation for the year	(1)
Carrying amount at 30 June	<u>50</u>
Buildings	
Carrying amount at 1 July	1,925
Additions	21
Transfers to other classes	(24)
Depreciation for the year	(56)
Carrying amount at 30 June	<u>1,866</u>
Associated Infrastructure	
Carrying amount at 1 July	2,345
Additions	63
Transfers to other classes	(360)
Depreciation for the year	(184)
Carrying amount at 30 June	<u>1,864</u>
Harbour Facilities	
Carrying amount at 1 July	4,976
Transfers from other classes	1,046
Depreciation for the year	(495)
Carrying amount at 30 June	<u>5,527</u>
Access Channels & Navigation Aids	
Carrying amount at 1 July	192
Additions	21
Transfers from other classes	11
Depreciation for the year	(37)
Carrying amount at 30 June	<u>187</u>



6. NON-CURRENT ASSETS (Continued)

6.1 Property, Plant and Equipment (Continued)

	2004 \$'000
Electronic Equipment	
Carrying amount at 1 July	25
Additions	42
Transfers from other classes	10
Depreciation for the year	(21)
Carrying amount at 30 June	<u>56</u>
Plant & Equipment	
Carrying amount at 1 July	1,431
Additions	21
Transfers to other classes	(122)
Depreciation for the year	(238)
Carrying amount at 30 June	<u>1,092</u>
Furniture & Fittings	
Carrying amount at 1 July	48
Additions	6
Transfers to other classes	(7)
Depreciation for the year	(6)
Carrying amount at 30 June	<u>41</u>
Motor Vehicles	
Carrying amount at 1 July	119
Additions	76
Disposals	(41)
Transfers to other classes	(1)
Depreciation for the year	(27)
Carrying amount at 30 June	<u>126</u>
Work in progress	
Carrying amount at 1 July	617
Transfers to other classes	(557)
Additions	372
Carrying amount at 30 June	<u>432</u>
Total property, plant and equipment	
Carrying amount at 1 July	12,703
Additions	634
Disposals	(41)
Depreciation for the year	(1,065)
Carrying amount at 30 June	<u>12,231</u>

A Directors' valuation of freehold land and buildings was undertaken as at June 2003. This valuation was based on an independent valuation using the "Market Value" method.

The value determined has not been recognised in the financial statements.

Land & Buildings	16,740
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6. NON-CURRENT ASSETS (Continued)
6.2 Deferred Tax Assets

	2004 \$'000	2003 \$'000
Future income tax benefit	<u>298</u>	<u>209</u>
a) The future income tax benefit is made up of the following estimated tax benefits:		
- tax losses	143	40
- timing differences	<u>155</u>	<u>169</u>
Future income tax benefit	<u>298</u>	<u>209</u>

Future income tax benefits are not brought to account unless there is virtual certainty of the realisation of the benefit. Refer note 1.3.

6.3 Receivables

	2004 \$'000	2003 \$'000
Other Debtors – Non-current	-	14
	<u>-</u>	<u>14</u>

7. CURRENT LIABILITIES
7.1 Payables

Payables represent Trade Creditors, Amounts Payable and Accrued Expenses. Accruals are comprised of interest and charges for goods and services received but not invoiced as at reporting date.

	2004 \$'000	2003 \$'000
Trade Creditors and Amounts Payable	308	322
Accruals	<u>215</u>	<u>416</u>
	<u>523</u>	<u>738</u>

(i) Significant Terms and Conditions

Trade creditors payable are settled within 30 days.

(ii) Net Fair Values

The Authority considers the carrying amounts of trade creditors approximate their net fair values.



8. TAX LIABILITIES

Non-Current – Deferred Tax Liabilities

	2004 \$'000	2003 \$'000
Provision for Deferred Income Tax	<u>9</u>	<u>19</u>

9. PROVISIONS

(a) Current

	2004 \$'000	2003 \$'000
Employee Benefits – Annual leave	81	69
Employee Benefits – Vested sick leave	36	65
Employee Benefits – Other	12	-
	<u>129</u>	<u>134</u>

(b) Non current

	2004 \$'000	2003 \$'000
Employee Benefits – Long service leave	<u>50</u>	<u>50</u>

Number of full-time employees at the end of the financial year	17	16
----------------------------------------------------------------	----	----

(i) Net Fair Values

The Authority considers the carrying amounts of employee benefits approximate their net fair value.

10. OTHER LIABILITIES

Other liabilities represent prepaid income, being rentals and grants received in advance applicable to the 2005 year and beyond.

Current	2004 \$'000	2003 \$'000
Prepaid income	<u>2,086</u>	<u>371</u>
	<u>2,086</u>	<u>371</u>



11. CONTRIBUTED EQUITY

	2004 \$'000	2003 \$'000
Opening Balance	13,253	13,253
Add: Equity Contribution	-	-
Balance as at 30 June	<u>13,253</u>	<u>13,253</u>

12. RETAINED PROFITS AND ACCUMULATED LOSSES

	2004 \$'000	2003 \$'000
Retained Profits/(accumulated losses)		
Retained profits/(accumulated losses) at the beginning of the financial year	(230)	(64)
Net profit/(loss) as at 30 June	(75)	(166)
Retained profits/(accumulated losses) at the end of the financial year	<u>(305)</u>	<u>(230)</u>

13. NOTES TO STATEMENT OF CASH FLOWS

13.1 Reconciliation of Net Cash Inflow from Operating Activities to Net Profit After Tax

	2004 \$'000	2003 \$'000
Profit/(Loss) from ordinary activities after income tax	(75)	(166)
Depreciation	1,065	991
Net gain on sale of property, plant and equipment	(8)	(9)
Changes in assets and liabilities:		
Receivables	275	(123)
Other current assets	6	-
Future income tax benefit	(89)	24
Payables	(215)	619
Provisions	(5)	40
Provision for income tax payable	-	-
Provision for deferred income tax	(10)	(106)
Other current liabilities	1,715	-
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>2,659</u>	<u>1,270</u>



14. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk Exposure

The following table details the Authority's exposure to interest rate risk as at the reporting date:

2004

	Average Interest Floating Rate %	Floating Interest Rate \$'000	Non Interest Bearing \$'000	\$'000
Financial Assets:				
Cash Assets	4.90	167	-	167
Receivables		-	436	436
Deposits at Call	5.30	2,580	-	2,580
Total Financial Assets		2,747	436	3,183
Financial Liabilities:				
Payables		-	523	523
Other Liabilities		-	2,000	2,000
Provisions		-	179	179
Total Financial Liabilities		-	2,702	2,702
Net Financial Assets		2,747	(2,266)	481

2003

	Average Interest Floating Rate %	Floating Interest Rate \$'000	Non Interest Bearing \$'000	\$'000
Financial Assets:				
Cash Assets	3.10	123	-	123
Receivables		-	697	697
Deposits at Call	4.50	550	-	550
Total Financial Assets		673	697	1,370
Financial Liabilities:				
Payables		-	738	738
Other Liabilities		-	-	-
Provisions		-	184	184
Total Financial Liabilities		-	922	922
Net Financial Assets		673	(225)	448

(b) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in note 1.9 to the financial statements.

15. RELATED PARTIES

Directors and specified executives

Disclosures relating to directors and specified executives are set out in note 16.

16. DIRECTOR AND EXECUTIVE DISCLOSURES

Directors

The following persons were directors of the Broome Port Authority during the financial year:

Chairman – non-executive

Mr Ian Burston

Non-executive directors

Ms Theresa Howe

Mr Graeme Hutton (resigned 1 March 2004))

Mr Kim Male

Mr George Morris (appointed 2 March 2004)

Ms Veronica Wevers

Executives with the greatest authority for strategic direction and management

The following persons were the three executives with the greatest authority for the strategic direction and management of the authority (“specified executives”) during the financial year:

Name	Position
Mr Stefan Frodsham	Chief Executive Officer
Mr Chris Geraghty	Harbour Master
Mr Donal Langdon	Finance and Administration Manager

Each of the above persons were also specified executives employed by the Broome Port Authority during the year ended 30 June 2003, with the exception of Chris Geraghty who commenced with the Authority on 8th December 2003.

Remuneration of directors and executives

Principles used to determine the nature and amount of remuneration

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

- competitiveness and reasonableness
- performance linkage / alignment of executive compensation
- transparency
- capital management.

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

16. DIRECTOR AND EXECUTIVE DISCLOSURES (Continued)

Alignment to owners' interests:

- focuses on sustained business growth and the facilitation of trade through the Port
- has maximum return on assets as an aim
- considers key non-financial drivers of value
- attracts and retains high calibre executives.

Alignment to program participants' interests:

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

The framework recognises the current status of the fledgling Broome Port Authority in the rapidly growing West Kimberley economy, the cyclical fluctuations in its business and its exposure to factors outside its control.

Non-executive Directors

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

Directors' fees

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

Executive pay

The executive pay and reward framework has three components:

- base pay (cash and non-cash benefits)
- additional benefits
- retirement benefits such as superannuation.

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

Base pay

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

Additional benefits

Executives receive additional benefits such as private use of a port vehicle, a travel allowance, an air-conditioning subsidy and a district allowance which are in addition to their base pay.

Retirement benefits

Retirement benefits are delivered under an accumulation superannuation scheme for all executives managed by the W.A. Government Employees' Superannuation Board except for the Chief Executive Officer whose superannuation benefits are delivered under a defined benefit superannuation scheme through the Government Employees' Superannuation Board. The Chief Executive Officer's fund provides defined benefits based on years of service and final average salary.



16. DIRECTOR AND EXECUTIVE DISCLOSURES (Continued)

Details of remuneration

Details of the nature and amount of each element of the emoluments of each Director of the Broome Port Authority and each of the 3 specified executives of the Authority for the year ended 30 June 2004 are set out in the following tables.

Directors of the Broome Port Authority

2004 Name	Primary		Post-employment	Total Remuneration \$
	Cash Salary and Fees \$	Other Benefits \$	Superannuation \$	
Burston I	16,200	-	1,458	17,658
Morris G	2,025	-	182	2,207
Howe T	8,100	-	729	8,829
Hutton G	6,075	-	547	6,622
Male K	8,100	-	729	8,829
Wevers V	8,100	-	729	8,829
Total	48,600	-	4,374	52,974

Total remuneration of Directors of the Broome Port Authority for the year ended 30 June 2003 is set out below. Information for individual Directors is not shown as this is the first financial report prepared since the issue of AASB 1046.

2003	Primary		Post-employment	Total Remuneration \$
	Cash Salary and Fees \$	Other Benefits \$	Superannuation \$	
Total	60,200	-	5,418	65,618

Higher remuneration was paid to Directors during 2003 as some of the payments made during 2003 related to the 2002 financial year.

Specified executives of the Broome Port Authority

2004 Name Role	Primary		Post-employment	Total Remuneration \$
	Cash Salary and Fees \$	Other Benefits \$	Superannuation \$	
Frodsham S <i>Chief Executive Officer</i>	106,554	41,706	12,066	160,326
Geraghty C <i>Harbourmaster*</i>	49,983	16,675	5,019	71,677
Langdon D <i>Finance Manager</i>	67,746	25,909	6,078	99,733
Total	224,283	84,290	23,163	331,736

*Appointed 8th December 2003

16. DIRECTOR AND EXECUTIVE DISCLOSURES (Continued)

Total remuneration of the specified executives of the Broome Port Authority for the year ended 30 June 2003 is not shown as this is the first financial report prepared since the issue of AASB 1046 and there were only two specified executives during that period.

Other transactions with directors

A director Mr Graeme Hutton is a director of the pearling company Maxima Pearls. The transactions for the year with Maxima Pearls amounted to \$198 (2003: \$6,628). This is one of several pearling companies serviced by The Broome Port Authority on normal commercial terms and conditions.

A director Mr Kim Male is a proprietor of the retail store Streeter and Male ("Mitre10"). The transactions for the year with Streeter and Male amounted to \$4,118 (2003:\$4,320). This is one of several retail stores used by The Broome Port Authority on normal commercial terms and conditions.

17. REMUNERATION OF AUDITORS

	2004	2003
	\$'000	\$'000
Office of the Auditor General:		
Remuneration for audit of the financial statements.	<u>16</u>	<u>16</u>

18. CONTINGENT LIABILITY

There are no contingent liabilities as at reporting date.

19. SEGMENT INFORMATION

The mission statement of the Authority is "To facilitate trade and to maximise the competitive advantage available to customers using the Port of Broome".

The Authority's activities are directed towards achieving the mission and in this regard operate in one business segment for the purpose of reporting under this section.

The Authority operates predominantly in the one geographical segment, being Australia.

20. EVENTS OCCURRING AFTER REPORTING DATE

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

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of the Broome Port Authority we declare that -

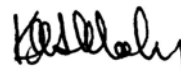
in the opinion of the Directors:

- (a) the financial statements and associated notes comply with the applicable accounting standards and Urgent Issues Group Consensus Views, other mandatory reporting requirements and the Port Authorities Act 1999;
- (b) the Statement of Financial Performance gives a true and fair view of the loss of the Authority for the year ended 30 June 2004;
- (c) the Statement of Financial Position gives a true and fair view of the state of affairs of the Authority as at 30 June 2004; and
- (d) at the date of this declaration there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due.

For and on behalf of the Board,



I Burston
Chairman



K Male
Director

Broome
13th August 2004



AUDITOR GENERAL

INDEPENDENT AUDIT REPORT ON BROOME PORT AUTHORITY

To the Parliament of Western Australia

Audit Opinion

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

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

Scope

The Board's Role

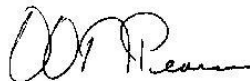
The Board of Directors is responsible for the financial report.

The financial report consists of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, accompanying Notes and Directors' Declaration.

Summary of my Role

As required by the Port Authorities Act 1999, I have independently audited the financial report to express an opinion on it. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial report is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial report.



D D R PEARSON
AUDITOR GENERAL
September 27, 2004



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Broome's History

By the late 1870's there was a growing pearling industry in the waters off north-western Australia with the largest base of operations being located in Cossack, about 700 kilometres from what was to become Broome. Alex McRae found rich beds of pearl shell in Roebuck Bay in 1882 on his ship the *'Dawn'*. This find would guarantee increased activity at the sheltered harbour site and lead to a base of operations for the pearling industry.

In 1879, Charles Harper suggested to the Legislative Council for government offices that Roebuck Bay be set up as a port with facilities for the pearling industry. Thus, in 1883, John Forrest selected a town site on Roebuck Bay just east of Dampier Creek where three native wells existed and predicted this site would become the *'Capital of the Kimberley'*. Later that year, the townsite of Broome was proclaimed and named after the colony's Governor, Frederick N. Broome.

Before Forrest's arrival at the bay, an English businessman by the name of E. W. Streeter had recognized the potential of this outback location and had a passage cleared through the mangroves. He had a rough jetty built near a well-worn path which led to the wells. There was no form of a permanent settlement at that time, but soon a motley collection of bush camps, tents and corrugated iron sheds were erected near the jetty and the beginnings of the town were born.

The first sale of town lots took place in October 1886 and three years later Broome was gazetted as a port. Streeter bought up a large tract of town land and employed George Roe to erect a store and his residence. Next, he contracted to build the Roebuck Arms Hotel. Later, realizing that the demand for fresh meat and dairy products was also a financial opportunity, he took up a pastoral lease and opened a butcher shop in town. In 1890, he also opened a dairy and milk run for the residents of Broome.

About this time, two brothers who had been working in the colony's goldfields made their way to the port of Broome. Arthur and Archie Male were hired as clerks in Streeter's store and by 1899 had become managers in Streeter's various concerns and in later years partners in the firm. Even today, visitors to Broome can visit the Streeter and Male store and the Male family name is well known in Broome history.

In 1889, a new telegraph cable was established at Roebuck Bay, linking the isolated colony direct with England, via Singapore, India, Aden, Egypt, Malta and Gibraltar. The structure the Eastern Extension and China Telegraph Company erected in Broome was by far the most elegant building in the town and was called Cable House. Today it serves as Broome's Court House and is located on the corner of Frederick and Hamersley Streets. The grounds host the popular Saturday Court House Markets.

By 1891, the port of Broome consisted of a butcher's shop, a building of twelve sheets of iron, the Telegraph Office and Cable Station, a Post Office and Streeter's store. No jetty was available for travelers and other than at high tide, passengers had to endure the gruesome experience of trudging for over half a mile, wading in pools and mud carrying their belongings.

The town was lawless and following constant complaints M.S. Warton, son of C.N. Warton, the Attorney General, was appointed officer-in-charge and became the port's genial Resident Magistrate.



Broome Courthouse, originally Cable House constructed by the Eastern Extension & China Telegraph Co. - 1890's.

The 'Fat Years' of 1889 to 1891 saw the price of mother of pearl (m.o.p.) shell escalate to new highs and it established Broome as a port. Often called the 'Queen City of the North', Broome developed into a town different from any other pearling centre and different from any other Australian city. By 1898, Broome was the principal cargo port for north western Australia and by the first world war, the Port of Broome was second only to Fremantle. Broome was becoming a cosmopolitan centre fuelled by visiting pearl buyers and businessmen from the major city centres around the world.



When World War I was declared in 1914, Broome harboured about 300 pearl luggers and had a population of over 3,000. Within a few months, the fleet numbers were halved as men enlisted in the forces and economic events in Europe severely depressed the pearling industry.

When the war ended in 1918, a different pearling industry emerged with new challenges and new rules to rebuild itself in the years to come. The English influence and affluence of "Old Broome" disappeared forever. Many returning soldiers could not find work in the economically stricken town and many of the socially prominent families chose not to return after the war. Additionally, Broome had suffered extensive damage from the cyclones of 1908, 1910 and especially 1912 and much of the town needed to be rebuilt.

Slowly, Broome would rebuild itself once again into an exciting and economically viable port. The 1920's would see Broome

once again a vibrant, bustling, international melting pot with the pearling industry thriving and the price of pearl shell at its highest ever.



Australia joined America in declaring war on the Japanese after the attack on Pearl Harbour and almost immediately all pearling activity ceased in Broome. Men rushed to enlist and the industry's labour pool vanished over night as Japanese residents were interned in camps.

Since Broome's livelihood relied heavily on the skill and experience of Japanese divers this spell ruin for the pearling industry and the town. The residents of Broome were suddenly faced with rounding up and interning friends and employees simply because they were Japanese. Unlike other towns in Australia, Broome's Japanese population made up a good portion of the town's inhabitants and had resided in the community for over a half a century. Many had been born and raised in Australia and had no ties to Japan. Consequently, it was extremely difficult for Broome residents to suddenly treat these long term Broome inhabitants as "the enemy". Although they complied with the internment policy, Broome residents tried to make life as easy as possible for the Japanese, bringing food and presents to the camp and allowing regular visits to town to go shopping.



Broome's population was now vastly decreased. Most of the white men had rushed to enlist in the war effort, a number of white families decided to evacuate to safer areas further south

and many of the indigenous people were sent to Beagle Bay under the charge of the Sisters at the St John of God Convent.

On March 3, 1942 Japanese Zeros raided Broome and destroyed sixteen flying boat planes on Roebuck Bay which were crammed with Dutch refugees from Java. Most Broome residents left town and the town fell into decay. By the time the war ended, Broome was badly deteriorated and a mere shell of its former self. Buildings stood empty and neglected with looters having taken most items of value. Residents who did return found little to salvage and were forced to start over from scratch.

By 1951, the few master pearlers in Broome were trying to get the town back on its feet. The labour problem was critical and by February 1952 the government decided to again permit the entry of Japanese pearling workers.

Pearl production in 1957 was reputedly reaching pre-war levels, and the town was slowly recovering. Rebuilding had begun in earnest but within two years another downturn in the pearling industry economy caused concern. Plastic was cheaper and readily available and m.o.p. was no longer needed for the making of buttons and fasteners. Since Broome's economy was based on pearling, this was devastating. By 1962 the pearling industry, as it had previously existed, was virtually abandoned due to its lack of profitability. Broome needed new economic drivers and they were to become tourism and cultured pearl farming.

Cultured pearl farms had been in the experimental stages since the mid-50's and the technology of seeding and growing cultured pearls was just beginning to be perfected. Slowly, this new version of the pearling industry grew and prospered. Today Broome is once again the world's major producer of South Sea Pearls and m.o.p. shell. Harvesting techniques may have changed and modern diving equipment may lessen the perils of the divers but the demand for pearls and the mystique that surrounds them is as evident today as it was in the past.

Tourism began to emerge as an important business for the town. Since the early 1900's, Broome had been a destination for visitors attracted by its warm winter climate, diverse cultural history and white sandy beaches. A concentrated effort led by Lord Alistair McAlpine to resurrect the historical charm of the town led to restoration of many of the town's old buildings and a sound plan for Broome's future.

Developers discovered that Broome had a wealth of available opportunities and were eager to invest in the town. With the exception of a down turn in its economy caused by the Australia-wide airline's pilots' strike in 1989, Broome continues to grow. Tourism is now recognised as a major industry for Broome.

The Port of Broome

The Port of Broome has been servicing Broome and the Kimberley region since 1889, originally from a spring tide jetty at Mangrove Point. The new deepwater jetty was established at Entrance Point in 1966, initially providing facilities to service large trading vessels across a narrow client base. Over the years pearling, fishing, charter boats and the Royal Australian Navy have increased their use of the port, joined more recently by cruise shipping and offshore oil and gas service vessels.

Location

Broome is located 2,200 km north of the Western Australian State capital, Perth. The Port of Broome is situated at Entrance Point, on the tip of the Broome peninsula, nine kilometres south of the town.

Broome's location provides a competitive advantage to shippers accessing markets in the Middle East and South East Asia as well as to the offshore oil and gas industry's exploration and development of the hydrocarbon rich areas to Broome's north and west.

Port History

The Port of Broome was proclaimed on 10 August 1889, just five years after the town of Broome was established. In the first years of the port it did not even have a jetty to operate from. Vessels would enter the port on the tide and sit on the bottom once the waters receded. Cargo for the young town was lowered over the sides of ships and carried to shore. In 1896 the State Government awarded a contract to J Wishart and Sons for the construction of a 2,953 feet (about 900 metres) jetty at Mangrove Point (Town Beach) which was completed the following year.

The port was essential to life in Broome. Roads were primitive and everyone relied on the West Australian Steam Navigation Company's fortnightly mail steamer service to travel to Perth or Darwin. Ships of the Blue Funnel Line travelling between Perth and Singapore called at Broome en route. The jetty was the headquarters of the pearling fleet, a tradition that has continued into modern times. The port was also essential to the cattle industry as evidenced by early photographs showing a cattle race the length of the jetty.

The Port was a 'spring tide port' with trading vessels only able to enter and leave the port on spring high tides. At low tide the flat-bottomed ships would rest on the muddy sand. A favourite past-time of passengers was to walk around the hull of their steamer at low tide. The lack of access at neap tides was a constant source of frustration for the

townsfolk. When the first State Premier to visit Broome, Hon Sir Newton J Moore, arrived on board the 'Koombana' in April 1909 he was met with a demand from the Mayor, Mr Archie Male, that the Broome jetty be extended "*to enable captains to come alongside at all times*". Sir Newton retorted "*if you make the jetty much longer you will be obstructing the Indian Ocean*". Broome would have to wait until 1966 before it had an all-tides port.

Interestingly, Sir Newton Moore on the same visit was asked by Mr Hugh Norman, representing the Pearler's Association, for a new crane on the jetty. Mr Norman's wish was finally met 90 years later in February 1999 when the Port of Broome took delivery of its first ever new crane.



Ships which made regular calls in the 1920's included the 'Gorgon' and 'Centaur' of the Blue Funnel Line and the 'Kangaroo' and 'Bambra' of the State Shipping Line. The Broome meatworks, established by Farrell Brothers in 1940, was an important customer of the port for over 50 years until it finally closed in 1993.



Broome aerial - 1940's

(M. Prime)

The Indonesian Confrontation of the early 1960's prompted the Menzies Government to invest in infrastructure in the North West of the State. A flurry of building activity resulted in new port facilities at Wyndham, Derby and Broome. Construction on the new deepwater jetty at Entrance Point began in February 1964 and the facility was officially opened July 1966. The old jetty, which had served Broome so well through 70 years, was burnt down by the Public Works Department in 1967, ending an era.

The new deepwater port was established to provide an all-tides big ship service for the frozen and chilled meat processing industry, the pastoral industry in the West Kimberley region and to meet the supply needs of the Broome community. The port was also vital to the needs of the regional pearling and fishing industries based in Broome. Historically, the port had a narrow client base and thin trade which inhibited financial viability. Port berthing and handling capacity was under-utilised for many years. In its early years of operations, the port had only 15 vessels of all types calling per month.

Following a review of the future of the Kimberley ports in 1995, a Port Advisory Board was established by the then Minister for Transport, Eric Charlton, and a resident General Manager was appointed. The port's financial performance began to improve with an emphasis on containing costs and attracting more trade through the port to build on the revenue base. The state of the port's infrastructure received a substantial boost in 1996 when the Government approved a \$3.9m deferred maintenance program.

In 1997/98 the port recorded its first ever profit, albeit being helped by not having to make any expenditure on long term maintenance work due to the deferred maintenance program. The next year profit improved establishing the port as a financially viable operation and ready to become Western Australia's eighth port authority.

The Broome Port Authority came into being on 1 January 2000.

Port Services and Facilities

Sea Access

The port is the largest deep-water access serving the Kimberley region and is open to shipping on a 24-hour basis. The port's new entrance channel (commissioned in 1999) has a depth of 13 metres at low water datum. The outer berth has a 10 metre depth at chart datum and a length of 183 metres. The inner berth is 170 metres with 9 metres of water at chart datum.

Pilotage is compulsory for all vessels of 500 gross tonnes or more, other than for Masters of Australian vessels having valid pilotage exemptions certification. Tugs are not required or used.

Berthing facilities

The main wharf provides berth facilities for general cargo ships, passenger ships, and petroleum vessels on the 183m outer berth and berthing facilities for smaller commercial vessels and naval patrol boats on the 170m inner berth. No tugs are required.

The berthing space at the wharf is unchanged since the jetty was completed in 1966 even though the number of vessels of all types being serviced at the port has increased from 15 to 190 a month in peak periods in recent times.

The port suffers an additional restriction resulting from a lack of berthage space in having to close to all other traffic whenever a tankship is discharging or loading. This is due to a 25m exclusion zone around the fuel tankships encompassing the entire wharf. The port has to be closed on this account around eight times a year, for periods of between 24 hours and four days.

Wharf Extension

A 148m southerly extension along the existing axis of the wharf head is planned. This extension represents the minimum that will allow ships to berth and be serviced at a time when a tankship is loading or discharging. The extension will increase the working area on the wharf and the berthing space alongside significantly.

Port Services

Stevedoring

The port conducts its own stevedoring using a flexible multi-skilled port workforce who also conduct day-to-day maintenance. Stevedoring services are available 24 hours a day, seven days a week.

Land

The port has an extensive land holding which is used for port related industry development purposes.

Cattleyards

Modern cattleyards with a feedlot capable of holding 4,500 head are located on the Port Reserve one kilometre from the jetty. The port specialises in cattle export and maintains a full complement of loading equipment.

Machinery and Plant

The port operates three mobile cranes of 31, 35 and 100 tonne capacity. The port owns spreader bars including multi-bag spreaders, meaning the port's stevedores can undertake just about any job. Containers are loaded and unloaded directly via road transport. A 14m 50 tonne public weighbridge is also available.

Water and fuel

The port is able to supply water and diesel fuel at rates of up to 120 tonnes an hour.

Kimberley Region Economic Profile

The Kimberley

The Kimberley region of Western Australia is the northern-most region of the State, covering an area of 421,451 square kilometres. The region has experienced population growth of nearly 40% over the last decade stimulated by developments in tourism, mining, agriculture, horticulture, aquaculture and the fishing industries.

It is one of the fastest growing regions in Western Australia and has an estimated population of around 35,000 people. Growth estimates indicate that this figure will approach 50,000 by the year 2031 under a medium growth scenario.

The Kimberley has a diverse economy with tourism, agriculture, pastoral, mining, pearling, community services and retail trade as the major contributors to economic output.



The mining sector contributes significantly to the size of the Kimberley economy in terms of value but makes a small contribution to the region's labour force, providing around 380 jobs for people residing in the region. The largest employing sector is the Government administration and Defence sector.

The Kimberley is likely to become a major agricultural producer in the future with its economy diversified through growth in tourism and the emergence of a major aquaculture industry.

Mining and Petroleum

Value of production in this sector was valued at \$665 million in 2001/02. The Argyle Diamond Mine remains one of the world's largest by volume and produced diamonds worth \$489 million, or approximately 25.7 million carats in 2001/02.

The Kimberley also is home to one of Australia's most efficient lead–zinc mining operations.

Other mineral and petroleum commodity reserves include nickel, platinum, gold, bauxite, oil and gas.

Irrigated Agriculture

Irrigated agriculture has grown rapidly in recent years capitalising on out of season markets in southern Australia and emerging international markets. Gross production from the Ord Irrigation Area is estimated at around \$57 million per annum in 2001/02.

The scheme is based on the abundant water resources of the Ord System at Lake Argyle and Lake Kununurra. In addition to sugar, the area produces a wide range of higher value crops. Irrigated agriculture and horticultural development has also resulted in production activities north-east of Broome near Derby.

Pastoral

The pastoral industry is based on rangeland production of beef cattle on 98 pastoral leases covering around 23 million hectares. The Kimberley herd comprises around 500,000 head, representing 25% of the state's total with production currently valued at around \$60 million.

Restructuring of the industry has seen a move into new market options for both live cattle into Asia, Europe and the Middle East and processed beef into a range of markets.

Pearling and Aquaculture

The fishing and aquaculture industries are dominated by pearling but also include finfish, prawning operations and small-scale aquaculture ventures.

The cultured pearl industry is serviced primarily from Broome and produces approximately \$150 million worth of pearls and pearl shell in 2001/02, most of which is exported.

Conditions in the region are suited to the development of a major aquaculture industry in the future and a number of important prospects have been identified.



Tourism

The Kimberley region has a unique and spectacular natural environment which is attracting increasing numbers of visitors each year. Direct flights linking the Kimberley to Melbourne and Adelaide during 2003 have further increased tourist visits. Tourism is a rapidly expanding industry with estimated expenditure of around \$237 million in 2002.

The industry is likely to continue to grow rapidly, building on the region's impressive natural features and its proximity to the associated Asian and Northern Territory markets and destinations.

Source: Kimberley Development Commission



“Ghost Ship” – *High Aim 6* at low tide with charter vessels and Broome Jetty



Paspaley Pearls vessels, *Roebuck Two* and *Marilynne* at the outer berth

**Broome**

Established as a pearling port in the 1880s, Broome has a romantic and often flamboyant history. It was populated by hearty people of many nationalities - mainly Europeans, Malays, Chinese and Japanese, as well as Australia's Indigenous People - who flocked to the shores of Roebuck Bay in the hope of making their fortune from the pearling industry.

The influence of the pearling industry, with its cultural melting pot, has helped to create the distinctive character and charm of Broome. Pearling remains one of the town's major industries due to the cultured pearl, which revived the industry after its near demise in the late 1950s. South Sea Pearls are recognised as the best in the world and the retail pearl outlets in town are a showcase to the quality of Broome pearls.

Contact Details

Addresses / Contact Details

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AUDITOR GENERAL

INDEPENDENT AUDIT REPORT ON BROOME PORT AUTHORITY

To the Parliament of Western Australia

Audit Opinion

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

- (a) schedule 5 of the Port Authorities Act 1999, including:
 - (i) giving a true and fair view of the Authority's financial position at June 30, 2004 and of its performance for the financial year ended on that date; and
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Scope

The Board's Role

The Board of Directors is responsible for the financial report.

The financial report consists of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, accompanying Notes and Directors' Declaration.

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AUDITOR GENERAL
September 27, 2004