Albany Port Authority

Annual Report

1 July 2005 to 30 June 2006

APA Annual Report 2005 – 2006
Chairman's Report

2005/6 was another year of progress and achievement at Albany's port. The Board, management and staff have worked diligently to develop strategies which are fair and effective and to then implement these plans in a way which gives maximum benefit to all who use our services, while causing minimum nuisance to those who have chosen to live in Albany.

2.66 million tonnes of product was handled across the wharves this year. That tonnage will steadily grow as the significant capital projects undertaken last year have readied the facility for greater throughput. Woodchip exports doubled and will double again. Exports of grain through the expanded and modernised CBH facility, will also grow as efficiencies at the port meet the exacting demands of international trade.

As a trade facilitator for the Great Southern, the APA has efficiently met all the export and import requirements of operators in the region. When new projects or changes are proposed, these are dealt with directly with the customer, or through the refocused Port Customers Group, a representative committee which has become very proactive and a valuable aid for port governance and planning. All these activities are undertaken however, with full recognition that a balance must be struck between increased activity at the 24 hour, 365 day working port, and our social and environmental responsibilities.

It has therefore been satisfying to see one of the proposals we heavily promoted, the ring road system commenced this year. This will ease pressure on the Chester Pass Road roundabout and give a more effective and safer route to woodchip trucks in particular. The Port also intervened to add safety and efficiency to port traffic through the Sate Government's waterfront project. Construction of a road bridge over the rail at the eastern end of our land will proceed soon, adding to the safety and amenity of the port, its users and the wider community.

There has been considerable reform at the port, particularly in terms of industrial relations and self sufficiency. The 90s trend of outsourcing has been reversed and where an activity can be satisfactorily handled in house, efforts are made to train or find a suitably qualified employee to fill a long term role. Positive results are now evident and the growing levels of skills training, safety, morale and expertise within the Port's workforce, is impressive. Up to 10 March 2006 the Port has recorded a remarkable 1835 days of no lost time injuries, and the incident which broke this record was minor. Since then an even greater emphasis on safety is helping to further protect our employees.

It was hoped that progress could be reported on a dispute we have with the Commonwealth Government. The argument has arisen over compensation claimed by the Port for extra dredging costs which arose when negligently dropped bombs, shells and bullets from Army disposal operations at the end of the 2nd World War were encountered during work in Princess Royal Harbour, five years ago. The extra costs of dredging, once this dangerous legacy was found, exceeded $2m and an estimate of future costs to remove any remaining ordinance is over $3m. To fully restore our financial position, the claim also includes fees and interest.

There has been argument over both liability, and the amount of the claim. It was hoped that resort to the law would not be necessary and the Port remains open to sensibly negotiate, but not on a basis which would leave us out of pocket. That has not been achieved, but a trial date has now been set down for 2007 and in the absence of a full and sufficient offer, the matter will be decided in the Supreme Court.

It has been a great pleasure to again work with the Albany Port. There have been no exceptions to that during this successful year and therefore it is with great pleasure that I offer every employee, manager, port user and board colleague my sincere thanks. The Albany Port Authority has a fine and productive asset, which is directed, managed, operated and used by equally fine people. My sincere thanks to you all.

A.G. Birchmore
Chairman

Annual Report 2005 – 2006
Chief Executive Officer's Report

The port has produced a good result for 2005/6. Although trade was down 11% on last year (totalling 2.66 million tonnes), this was entirely due to a three month shutdown in grain exports as a part of a $100 million upgrade of the CBH facilities. Woodchip exports doubled to over a million tonnes, and the port is well on track to becoming the largest woodchip port in the nation, and one of the top two or three woodchip ports in the world. The port continues to trade well financially, with slightly over $2m in profit (before tax and dividends) being recorded for the year.

In July 2005, the Albany Chip Terminal commenced exports on behalf of Timbercorp and Integrated Tree Cropping. This is a significant development, as it marks the start of operations for the second woodchip terminal at the port.

Woodchips are a great success story for the port. They are increasingly reducing our seasonal dependence on grain, and adding much needed tonnage and shipping movements for all port related activity in the city.

It is particularly pleasing to see representatives from other regions in Australia which are about to enter the harvesting and export phase of the industry, coming to our port to see what is regarded as best practice. The port established a clear policy of planning for multiple users of port land and infrastructure with rigorous "take or pay" contracts – and while this was difficult at times, now the benefits are flowing to the entire industry.

During the past year the port has again had to carefully think through the planning issues associated with a new trade – this time; iron ore for the Grange Resources Ltd ("Grange") Southdown deposit. Although financial close has not been forecast by Grange until the end of 2006, an enormous amount of planning and technical work has been undertaken throughout the year to ensure that the project can proceed rapidly, once their financial and environmental approvals are in place.

A Memorandum of Understanding between Grange and the Port formalised the financial arrangements between both parties and is working well. The Port has managed to structure an arrangement that has devoted significant Port resources to the task of planning for the trade, while at the same time, minimising the risk to the state should the project not proceed. Mr Simon Fretton has been seconded from Main Roads WA to assist with the project management of the Grange work, and has proven to be a very valuable support to the Port.

After much investigation, it was particularly pleasing to see the first wharf pile restored on the wharves that date back to the early 1950s. These wharves handle limited trade, but it is cargo that would otherwise travel by road and alleviating road pressures in this way is worthwhile. In any case, additional wharf space is valuable when operating a facility to meet all regional needs. It is now important to implement a low cost solution to keep the wharves operating (albeit with some restrictions) while they are repaired. Albany Port has pioneered a very innovative, low cost method of restoring the concrete piles, which in time will be widely recognised as a very neat solution to a complex problem. The Wharf Manager, Eric Norman, and his skilled team of Adrian Hetherington, Trevor Grove, Trevor Barnes, Dylan O'Neill and Kevin Jones are to be congratulated on this work.

Environmental issues continue to be a major focus for the port. During the year, Paul Mackey was recruited as Environment and Compliance Officer to continue the Port's work in this area. The proposed iron ore trade requires state and federal approvals for new dredging works, reclamation and berths. Approvals for marine works are extremely complex and demanding, and Paul has an ideal background for this work, as well as meeting the ongoing environmental and compliance issues at the port.

Following an exhaustive search, Mr Steve Young has been appointed, initially as Deputy Harbourmaster for the period of specialist training, which when satisfactorily completed, will see him appointed as Harbour Master. Steve combines both wharf management experience from HMAS Stirling base, with extensive experience in training navy pilots, where he served as a pilot instructor. Steve will ultimately replace Captain Chris Shuttleworth who has been harbourmaster of the Albany Port for 15 years and leaves on 31 July 2006.

Chris has been an outstanding harbourmaster and it is important that I recognise in this report that his steady hands and cool head will be a great loss to us. Chris Shuttleworth is recognised as one of Australia's most competent and able pilots and we thank you Chris for the skill and dedication which has built Albany's reputation for efficiency and safety in our harbour.

Mr Les Page has been appointed directly by the Port as Pilot Boat coxswain – a skilled position that the Port has decided to take back in-house in line with the decision to have better control over our people, strategic assets and their maintenance.

As a general observation, the past year has seen the rapid acceleration of regulatory and administrative burdens upon the Port. Certainly the Commonwealth security requirements, which will result in the introduction of the Maritime Security Identification Card, is a good example of this, but there is a growing expectation from governments and the community that ports are expected to respond to more issues. Such issues include the handling of ballast water, marine pest incursions, complex environmental approvals, the development of professional marine training, disaster response, urban encroachment, freight route planning and community engagement. Although these pressures are not unique to ports, it is clear that we need to gear ourselves up for a more regulated environment, coupled with the unique demands of operating a major industrial site in the heart of a rapidly growing lifestyle town.

I wish to thank the Port staff who have assisted me during the year; Captain Chris Shuttleworth (Harbourmaster), Colin Berry (Finance Manager), his assistant George Blunden, Irene Maher and Dowson Remaj – and of course Sue Sandison (Executive Officer) who continues to ensure things get done.

The Board, under the Chairmanship of Mr Alan Birchmore, continues to provide outstanding corporate governance, and wise counsel, and I thank the board for their continued support.

B.R. Williamson
Chief Executive Officer

Albany Port Authority

Report on Operations

1 July 2005 to 30 June 2006

This report, presents the operating report of the Albany Port Authority for the year ended 30 June 2006.

Board Members

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

Name	Position	Expiry Date of Tenure
Mr. Alan Birchmore	Chairman	31-Dec-2006
Mr. Russell Harrison	Deputy Chairman	30-Jun-2008
Ms. Melissa Fletcher-Toovey	Member	30-Jun-2007
Mr. Bob Golding	Member	30-Jun-2008
Ms. Jo Hummerston	Member	31-Dec-2007

Chairman: Alan Birchmore A.A.I.I., F.A.I.C.D

Mr. Birchmore was appointed to the Board in August 2003.

He is currently a director of Mermaid Marine Australia Ltd, United Kimberley Diamonds Ltd, the WA Ballet and Chairman of Bauxite Australia.

His experience encompassed senior management and board appointments in Australia, England, Europe and the USA. These included companies such as British Satellite Broadcasting, TVam, the Swan Brewery, GMK Limited, Bond International Gold, St Barbara Mines Ltd, Argyle Diamonds, Whittakers, Mermaid Marine Limited and United Kimberley Diamonds Limited.

Director: Russell Harrison B.Comm., F.T.I.A., A.C.A.

Mr. Harrison was appointed to the Board in November 1993 ad is Chairman of the Great Southern Development Corporation.

Special responsibility: Finance

His work experience includes 25 years as a public accountant, and for 20 years has been a partner of Lincoln's Accountants & Business Advisors, and sits on various other boards.

Director: Melissa Fletcher-Toovey

Ms. Fletcher-Toovey was appointed to the Board in September 2001.

She is currently the General Manager (since April 1993) of Fletcher International, a meat processing plant, which employs 300 - 500 people, depending on seasonal conditions.

Director: Bob Golding Dip Man

Mr. Golding was appointed to the Board in October 2002

He is currently the business manager of Albany Bulk Handling and is a Member of the Australian Grain Institute and a past Member Director of CBH Superannuation Fund.

His work experience includes twenty years in managerial roles in the grain storage industry.

Director: ***Jo Hummerston***

Ms. Hummerston was appointed to the Board in September 2003

She is currently the Chief Executive Officer of the Albany Chamber of Commerce and is a member of a number of local committees, including the Great Southern Employment Development Committee, the Great Southern TAFE College Council and the Regional Chambers of Commerce WA.

Her work experience includes eight years in education and seven years with an employment agency.

Principal Activities

In accordance with the Port Authorities Act 1999, the principal activities of the Authority consist of:

(a) To facilitate trade within and through the port and plan for future growth and development of the port;

(b) To undertake or arrange 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 port and related facilities;

(c) To control business and other activities in the port or in connection with the operation of the port;

(d) To be responsible for the safe and efficient operation of the port;

(e) To be responsible for the maintenance and preservation of vested property and other property held by the Authority; and

(f) To protect the environment of the port and minimise the impact of port activities on that environment.

Meetings of the Board

	2006	**2005**
Number of meeting held	5	7
A G Birchmore, *Chairman*	5	6
R J Harrison, *Deputy Chairman*	4	7
M Fletcher-Toovey	5	6
R J Golding	4	7
J Hummerston	5	6

Insurance of Officers

During the financial year, the Authority paid a premium of $25,519 (Excluding GST) to insure the members and executive officers of the Authority.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Authority.

Auditor

In accordance with the Financial Administration and Audit Act 1985, the Office of the Auditor General continues in the office of auditor for the Authority.

Port Polices and Procedures

The port has developed a number of policies and procedures to address specific responsibilities.

The port is committed to these policies, all of which are regularly reviewed and updated to ensure they reflect the current standards in the port industry.

Copies of the policies are available on request.

The following specific policies (and procedures where appropriate) have been developed:

(a) Risk assessment and management

In 1997, Minter Ellison was engaged to assess the port's risks.

These risks are regularly reviewed and updated as necessary to ensure the port's exposure to those risks is addressed in a timely and appropriate manner.

(b) Internal audit

The Authority has formed an audit group comprising of relevant officers from four regional ports (Albany, Broome, Geraldton and Pt Hedland).

The group has developed an internal audit program for each of the ports.

Mr. Partha Nag, from the Port of Geraldton, carried out the internal audit function for the Authority.

(c) Equal employment opportunities (Equal Opportunities Act 1994)

The current staff level is eighteen, comprising of the CEO, five line managers (Harbour Master, Finance Manager, Port Engineer, Project Manager and Wharf Manager), four administration and eight operational staff members.

(d) Occupational Health and Safety (Occupational Health Safety & Welfare Act 1984)

The Directors of the APA set the highest priority on safety and have established an OH&S committee, in accordance with the Act.

This committee meets regularly to address safety issues on an ongoing basis and considers issues raised by staff members and persons operating in the port area. OH&S statistics gathered by the Compliance officer are reviewed by the committee and acted upon where work practices can be improved.

Also, the port has developed a policy of licensing the organisations operating in the port area.

As part of each license it is mandatory for each organisation to have an appropriate OH&S program and the operator is required to provide periodic reports to ensue that the entire Port area operates in a safe and manner.

(e) Ethical standards

The port has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all Board Members and employees.

The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism.

In summary, the Code requires that at all times all port personnel act with the utmost integrity, objectivity and in compliance with the letter and spirit of both the law and port policies.

There were no breaches of the Code during the year.

Port Compliance
Advertising and sponsorship (Electoral Act s175ze)

Section 175ZE of the Electoral Act requires the Authority to provide details of all expenditure incurred during the year in relation to services provided by advertising agencies, market research organizations, polling organizations, direct mailing organizations and media advertising organizations.

Expenditure, where applicable, was incurred as follows:

ADVERTISING AGENCIES:

Albany Advertiser	$ 1,037
Albany & Great Southern Weekender	$ 389
Informa Australia	$ 2,200
Marketforce Advertising	$12,377
The Australian	$ 7,492
WA Newspapers	$ 2,640

Records Management System

The Authority recognises the importance of proper and adequate record keeping practices.

The State Records Act 2000 requires the following to be reported:

1. the efficiency and effectiveness of the record management system has been evaluated to be within the requirements of the Act;
2. the Authority conducts record keeping training as required;
3. the efficiency and effectiveness of the Authority's training program is reviewed within the requirements of the Act; and
4. new employees are inducted in their responsibility with regard to compliance with the Authority's record management system and the authority's responsibility under the Act

Publications

The following publications are available to the public: -

Annual Report
Port Facilities & Charges
Albany – Port with a Past and Future by Les Johnson 1997
Code of Practice

These documents (with the exception of the book by Les Johnson) are available on the Authority's website (www.albanyport.com.au), but also can be obtained by calling at the office of the Authority or by postal request. The documents are also available in other forms, such as audio recording, within one month of receiving requests, to help disabled persons.

Sponsorship 2005/2006

The Albany Port Authority is proud to support various activities in the region through sponsorship.

Sponsorship is provided predominantly for activities with a trade or marine focus, and is designed to enhance community recognition of the Port's role and activities within the community

Paid To	**Purpose**	**Amount**
University of Western Australia Albany Campus	Annual Trade Research Bursary for a trade-related subject	$1,800
Constable Care	Promotional materials	$450
Albany Surf Lifesaving Club	Annual sponsorship towards lifesaving activities	$1,000
Albany Sea Rescue	Monitoring of marine radio channels out of office hours	$5,000
Total Sponsorship		**$8,250**

Community Services Obligations 2005/2006

Due to the nature of a number of organizations who use or operate in the port area, the port provides a significant reduction on the commercial terms that would normally apply.

Reduction Provided to	**Purpose**	**Commercial Charges**	**Charged**	**CSO Value**
Albany Light Opera Co	Lease: Lot 19 Princess Royal Drive Light Opera Co	$14,500	$2,000	$12,500
Hanover Bay Wooden Boats	Lease: Lot 7B Princess Royal Drive Refurbishment of wooden boats	$3,600	$9,600	$6,000
Mission to Seafarers	Lease: Lot 12 Princess Royal Drive Support for foreign seafarers	$10	$5,400	$5,390
Stella Maris	Lease: Lot 9 Princess Royal Drive Support for foreign seafarers	$10	$5,400	$5,390
Royal Australian Navy	Use of Port Facilities Rest & Relaxation	$119,141	$7,425	$111,716
Total Contribution to CSO's				**$140,996**

Review of Operations

Trade Report (Metric Tonnes)

	2006 000's	**2005 000's**	**Comments**
Imports	122	156	
Exports	2,538	2,834	42% reduction in grain exports
Total Port Trade	2,660	2,990	
Number trading of vessels	91	120	
Deadweight tonnage of vessels	4,262	4,605	

Revenue & Expenditure Report

	2006 $'000	**2005 $'000**	**Comments**
Income from Vessels	2,166	2,301	Lower income level due to reduction in trade throughput
Income from Cargo	3,803	4,284	Lower income level due to reduction in trade throughput
Other Income	1,156	1,147	
Total Income	7,125	7,732	
Depreciation and Amortisation (iii)	(1,180)	(1,179)	
Write-down Non-current Assets	(152)	0	Reduction in carrying value in accordance with accounting standards
Maintenance of Port Facilities	(375)	(377)	
All Other Expenditure	(3,658)	(3,238)	Increase due to higher level of expenditure on Salaries and Wages
Total Expenditure	(5,365)	(4,794)	
Net Profit/(Loss) before Income Tax	1,760	2,938	
Income Tax Expense	(700)	(958)	
Net Profit/(Loss)	1,060	1,980	

Dividends

Details of dividends paid in respect of the current year are as follows;

	2006 $'000	2005 $'000	Comments
Total dividends in respect of the year	$826	$0	A recommendation (by the Board) of $990k has been made in respect to year ended 30 June 2005

Performance Indicators

	2006	2005	Comments
OPERATIONAL			
1. Turn around time (Hours) (Total time in port divided by Number of vessels)	86	100	A higher number of hours is a combined reflection of the time loading, the time waiting to load and the time at anchor. The time waiting to load and at anchor is affected by many factors (cargo availability, finance, survey etc) beyond the control of the Port. The reduction was due to a decrease in the waiting time component 29%, compared with 54% in 2005.
2. Berth occupancy – No3 Berth (Total berth hours divided by Total available hours)	37%	49%	A high ratio indicates a better utilization of the berth. However, as this ratio increases a ships time waiting for the berth can be affected. The lower rate was due to the decrease in grain tonnage passing through the Port, 1.292M tonnes compared with 2.247M tonnes in 2005 and efficiency improvements.
3. Berth occupancy – No6 Berth (Total berth hours divided by Total available hours)	19%	8%	A high ratio indicates a better utilization of the berth. However, as this ratio increases a ships time waiting for the berth can be affected The improved rate was due to 136% increase in woodchip tonnages passing through the port

FINANCIAL	2006	2005	Comments
4. Charges per cargo tonne (Cargo plus vessel charges divided by Tonnes of cargo)	$2.14	$2.08	A higher rate is a reflection of the pricing structure and vessels taking on smaller cargo lots than the capacity of the ship (they are not taking a full load from the Port of Albany) The increase is attributable to the increase in utilisation of No6 Berth, which has a higher per tonne rate.
5. Expenditure per cargo tonne (Total expenditure divided by Tonnes of cargo)	$2.02	$1.61	The Port is primarily a fixed cost operation, which means this ratio is significantly affected by the tonnes of cargo passing through the port. The combination of increasing expenditure (12%) and lower tonnage (11%) had an adverse affect on this indicator
6. Rate of return – Deprival value (Adjusted profit divided by DV Asset base)	3.45%	7.78%	A higher ratio is a refection of the profitability of the port's operations in relation to the value of assets controlled. The reduction was attributable to a significant increase in the asset base from $48m to $52M and the port's results (down $1.9M)
7. Debt ratio (Total liabilities divided by Total assets)	34%	29%	The lowering of the ratio is an indication of the port's success of the port policy of reducing debt. The port was unable to make any significant reduction in debt levels during the year
8. Debt Ratio (Total Revenue divided by Net Borrowings	101%	108%	The lowering of the ratio is an indication of the port's lack of success in reducing debt.

DEVELOPMENT	**2006**	**2005**	**Comments**
9. Vacant land (Vacant land divided by Total port land)	32%	31%	A reflection of land available for the development of future trade opportunities and buffer zones. However, there is a significant part of port land which is unsuitable (hilly terrain) for the stockpiling of bulk commodities.

CITIZENSHIP	**2006**	**2005**	**Comments**
10. Incident Rate (Environmental incidents per million tonnes of cargo)	0.75	1.34	The port seeks to address complaints lodged by members of the public in a timely and appropriate manner. The complaints received in 2006 related to environmental issues, and the assistance of the Department of Environmental Protection is utilised to address such matters

PERSONNEL	**2006**	**2005**	**Comments**
11. Incident Rate (Lost time injuries per million man hours worked)	41	0	The ports objective is to have no lost time injuries. There was one lost time injury experienced by an employee during the year.

ETHICS	**2006**	**2005**	**Comments**
12. Number of Complaints (Ethical)	0	0	

Rounding of Amounts to Nearest Thousand Dollars

Amounts in the financial report have been rounded off to the nearest thousand dollars.

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

Russell Harrison	Jo Hummerston
Chairman of Audit Committee	Director

Albany, Western Australia
18 September 2005

Trade Statistics for Year Ending 30 June

	2002	2003	2004	2005	2006
IMPORTS					
Agras	2,356	3,064	3,571	0	0
All Star	1,208	0	2,428	0	0
Ammonia Sulphate	494	1,120	1,497	1,216	0
C.A.N.	2,734	3,006	3,244	1,151	3,036
D.A.P.	7,837	7,559	3,855	7,281	9,720
Fish	4,087	5,549	2,486	4,418	1,249
General	0	3,545	0	0	0
Kieserite	0	0	1,361	0	0
MAPS	19,213	28,224	19,461	19,914	4,643
NPK Fertiliser	0	2,139	564	7,675	0
Petroleum Products	57,117	22,354	24,427	0	28,455
Potash	20,225	25,781	35,680	36,503	13,907
Rock Phosphate	0	0	6,396	28,273	24,101
Single Super	3,246	4,217	4,814	3,892	5,947
Sulphur	0	0	0	0	0
Triple Super	6,054	8,045	12,993	9,911	957
Urea	35,829	31,966	31,131	35,830	28,348
Vigour	0	1,208	1,973	0	0
Zinc Star	0	0	515	0	1,432
TOTAL IMPORTS	**160,401**	**147,778**	**156,396**	**156,065**	**121,794**
EXPORTS					
Barley	330,001	459,711	585,725	857,018	330,927
Canola	172,993	121,125	252,490	214,536	202,644
Meat (Frozen)	0	0	0	0	0
Lupins	0	5,498	25,275	0	0
Oats	24,999	51,885	50,230	0	38,056
Peas	0	0	0	4,949	0
Silica Sand	123,829	122,258	158,215	127,750	162,300
Superphosphate	0	0	0	0	0
Wheat	711,561	840,145	1,426,028	1,171,186	720,924
Woodchips	70,740	212,846	223,185	458,732	1,083,316
TOTAL EXPORTS	**1,434,123**	**1,813,468**	**2,721,148**	**2,834,170**	**2,538,167**
Bunkers	0	25	41	150	73
TOTAL PORT TRADE	**1,594,524**	**1,961,271**	**2,877,585**	**2,990,385**	**2,660,034**
VESSELS					
Number of Vessels Entered Port	86	104	116	120	91
Gross Registered Tonnage	1,795,256	2,213,096	2,616,888	2,834,882	2,741,828
Deadweight Tonnage	3,017,665	3,582,845	4,321,577	4,605,416	4,261,811

Origin and Destination of Cargo (Tonnes)

Country	Grain	Fertiliser	Petroleum	Sand	Woodchips	General	Total	Previous
Australia			28,455			1,249	29,704	14,514
Chile							0	26,985
China	120,916						120,916	580,898
Ecuador							0	23,100
Egypt	71,747						71,747	86,343
Germany		95,918					95,918	9,351
Hong Kong							0	25,725
India	44,000						44,000	16,500
Indonesia	311,087						311,087	159,396
Iran							0	212,920
Iraq	135,620						135,620	0
Israel		11,707					11,707	18,287
Japan	70,519			162,300	1,083,316		1,316,135	889,248
Jordon							0	50,406
Malaysia	16,808	12,811					29,619	48,728
Mexico	32,826						32,826	0
Morocco		23,075					23,075	28,273
New Zealand	10,200						10,200	0
Pakistan							0	122,770
Portugal	53,750						53,750	0
Qatar		7,317					7,317	7,388
Saudi Arabia	200,878	3,419					204,297	122,737
Singapore	52,202						52,202	82,839
South Africa	5,230						5,230	10,557
South Korea							0	274,229
United Arab Emerites	27,266						27,266	0
U.S.A.		28,812					28,812	42,573
Vietnam							0	99,716
Yemen	48,534						48,534	36,750
TOTAL	1,201,584	183,058	28,455	162,300	1,083,316	1,249	2,659,961	2,990,235

Albany Port Authority

Financial Report

1 July 2005 to 30 June 2006

Albany Port Authority
Income Statement
For the year ended 30 June 2006

	Notes	30-Jun-06	30-Jun-05
		$000's	$000's
Revenue from Operations	2	7,140	7,732
Other Income	3	(15)	11
Employee benefit expense		(216)	(113)
Depreciation and amortisation expenses	4	(1,180)	(1,179)
Write Down of Non-current Assets	4	(152)	0
Borrowing costs expense	4	(591)	(672)
Advertising & promotion		(34)	(21)
Chargeable Costs		(70)	(71)
Cleaning and Groundworks		(87)	(101)
Consulting Fees		(282)	(396)
Doubtful Debts		17	0
Electricity		(74)	(88)
Insurance Premiums		(194)	(136)
Land Tax & LGTE		(255)	(257)
Legal Expenses		(157)	(160)
Members Fees & Expenses		(87)	(87)
Operational Costs		(183)	(119)
Repairs & Maintenance		(375)	(377)
Salaries & Wages		(886)	(683)
Surveys & Studies		(58)	(27)
Travel Expenses		(71)	0
Water Rates		(42)	(44)
Other expenses from ordinary activities		(388)	(274)
Profit before Income Tax Expense		1,760	2,938
Income Tax Expense	5	(648)	(1,021)
Profit for the Year		1,112	1,917

The above income statement should be read in conjunction with the accompanying notes

Albany Port Authority
Balance Sheet
As at 30 June 2006

	Notes	30-Jun-06	30-Jun-05
		$000's	$000's
ASSETS			
Current Assets			
Cash and Cash Equivalents	**6,27**	1,693	1,851
Receivables	**7,27**	617	715
Other Assets	**8**	35	17
Total Current Assets		2,345	2,583
Non-current Assets			
Property, Plant and Equipment	**9**	32,796	33,577
Other Financial Assets	**10,27**	262	558
Deferred Tax Assets	**11**	630	600
Total Non-current Assets		33,688	34,735
TOTAL ASSETS		36,033	37,318
LIABILITIES			
Current Liabilities			
Payables	**12,27**	254	347
Interest Bearing Liabilities	**13,27**	4,100	3,417
Current Tax Liabilities		27	747
Provisions	**14**	342	315
Other Liabilities	**15**	322	302
Total Current Liabilities		5,045	5,128
Non-current Liabilities			
Interest Bearing Liabilities	**16,27**	5,035	6,685
Provisions	**17**	603	441
Total Non-current Liabilities		5,638	7,126
TOTAL LIABILITIES		10,683	12,254
NET ASSETS		25,350	25,064
EQUITY			
Contributed Equity	**18**	1,386	1,386
Retained Profits	**19**	23,964	23,678
TOTAL EQUITY		25,350	25,064

The above balance sheet should be read in conjunction with the accompanying notes

Albany Port Authority
Statement of Changes in Equity
for the year ended 30 June 2006

	Notes	30-Jun-06	30-Jun-05
		$000's	$000's
Total equity at the beginning of the financial year		25,064	23,147
Profit for the year		1,112	1,917
		26,176	25,064
Dividends provided	20	(826)	0
Total equity at the end of the financial year		25,350	25,064

The above statement of changes in equity should be read in conjunction with the accompanying notes

Albany Port Authority
Cash Flow Statement
for the year ended 30 June 2006

	Notes	30-Jun-06	30-Jun-05
		$000's	$000's
Cash Flows from Operating Activities			
Receipts from Customers		7,697	8,441
Payments to Suppliers and Employees		(4,887)	(5,153)
		2,810	3,288
Interest Receipts		245	307
Interest Payments		(604)	(704)
Income Tax Payments		(1,399)	(615)
Net Cash Inflow from Operating Activities	**26**	1,052	2,276
Cash Flows from Investing Activities			
Payments for Purchase of Property, Plant and Equipment	**9**	(576)	(320)
Proceeds from Sale of Property, Plant and Equipment	**3**	10	47
Payments into Sinking Funds		(1)	(3)
Proceeds from Sinking Funds		324	257
Net Cash Inflow (Outflow) from Investing Activities		(243)	(19)
Cash Flows from Financing Activities			
Proceeds from Borrowings		800	0
Repayment of Borrowings		(1,767)	(2,518)
Net Cash Inflow (Outflow) from Financing Activities		(967)	(2,518)
Net Increase (Decrease) in Cash and Cash Equivalents		(158)	(261)
Cash and Cash Equivalents at 1 July		1,851	2,112
Cash and Cash Equivalents at 30 June	**6**	1,693	1,851

The above cash flow should be read in conjunction with the accompanying notes

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorised for issue on 17 August 2006 by the Board of Directors of the Albany Port Authority ("The Authority"). The following significant accounting policies have been adopted in the preparation of the financial statements for the year ended 30 June 2006.

1.1 Statement of compliance

The financial statements comply with Australian Accounting Standards, which include Australian Equivalents to International Financial Reporting Standards (AIFRS).

These are the Authority's first financial statements prepared in accordance with AIFRS, and AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied.

Comparatives for the year ended 30 June 2005 have been restated accordingly except for the adoption of AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*.

The Authority has adopted the exemption under AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards* from having to apply AASB 132 and AASB 139 to the comparative period.

An explanation of how the transition to AIFRS has affected the reported financial position, financial performance and cash flows of the entity is provided in note 1.21.

Early adoption of standard

The Albany Port Authority has elected to early adopt the following standard to the annual reporting period beginning 1 July 2005:

AASB 119 *Employee Benefits (December 2004)*

This includes applying the standard to the comparatives in accordance with AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards*.

The following standards and amendments were available for early adoption but have not been applied by the Authority in these financial statements:

- AASB 2004-3 *Amendments to Australian Accounting Standards (December 2004)* amending AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards (July 2004)*, AASB 101 *Presentation of Financial Statements* and AASB 124 *Related Party Disclosures.* AASB 2004-3 is applicable for annual reporting periods beginning on or after 1 January 2006.

- AASB 2005-1 *Amendments to Australian Accounting Standards (May 2005)* amending AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 2005-1 is applicable for annual reporting periods beginning on or after 1 January 2006.

- AASB 2005-4 *Amendments to Australian Accounting Standards (June 2005)* amending AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards (July 2004)*, AASB 1023 *General Insurance Contracts* and AASB 1038 *Life Insurance Contracts*. AASB 2005-4 is applicable for annual reporting periods beginning on or after 1 January 2006.

- AASB 2005-5 *Amendments to Australian Accounting Standards (June 2005)* amending AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards (July 2004) and* AASB 139 *Financial Instruments: Recognition and Measurement.* AASB 2005-5 is applicable for annual reporting periods beginning on or after 1 January 2006.

- AASB 2005-6 *Amendments to Australian Accounting Standards (June 2005)* amending AASB 3 *Business Combinations*. AASB 2005-6 is applicable for annual reporting periods beginning on or after 1 January 2006.
- AASB 2005-9 *Amendments to Australian Accounting Standards (September 2005)* requires that liabilities arising from the issue of financial guarantee contracts are recognised in the balance sheet. AASB 2005-9 is applicable for annual reporting periods beginning on or after 1 January 2006.
- AASB 2005-10 *Amendments to Australian Accounting Standards (September 2005)* makes consequential amendments to AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 101 *Presentation of Financial Instruments*, AASB 114 *Segment Reporting*, AASB 117 *Leases*, AASB 133 *Earnings per Share*, AASB 139 *Financial Instruments: Recognition and Measurement*, AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards*, AASB 4 *Insurance Contracts*, AASB 1023 *General Insurance Contracts* and AASB 1038 Life *Insurance Contracts* arising from the release of AASB7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007.
- AASB 2006-1 *Amendments to Australian Accounting Standards (January 2006)* amending AASB 121 *The Effects of Changes in Foreign Exchange Rates (July 2004).* AASB 2006-1 is applicable for annual reporting periods beginning on or after 31 December 2006.
- AASB 2006-2 *Amendments to Australian Accounting Standards (March 2006)* amending AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards*. AASB 2006-2 is applicable for annual reporting periods beginning on or after 30 June 2006.
- AASB 7 *Financial Instruments: Disclosure (August 2005)* replacing the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007.

The Albany Port Authority plans to adopt the above standards, if relevant, in the 2007 financial year. The impact of these standards are not quantifiable nor reasonably estimable in the current financial year.

1.2 Basis of preparation

These financial statements have been prepared as a general purpose financial report in accordance with the Australian Accounting Standards, Urgent Issues Group Interpretations adopted by the Australian Accounting Standards Board ("AASB") and the financial reporting provisions of the Port Authorities Act 1999. International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the AASB, being Australian equivalents to IFRS ("AIFRS").

The financial statements have been prepared on an accrual accounting basis and in accordance with the historical cost convention, except for property, plant and equipment which has been recorded at deemed cost at transition.

The accounting policies adopted are applied consistently to all periods presented in the financial statements and in preparing an opening AIFRS balance sheet at 1 July 2004 for the purposes of the transition to Australian Accounting Standards – AIFRS.

The financial statements are prepared in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

1.3 Significant accounting judgments, estimates and assumptions

The preparation of a financial statement in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Defined benefit plans

Various actuarial assumptions are required when determining the Authority's superannuation obligations. These assumptions and the related carrying amounts are discussed in note 1.16.

(ii) Significant accounting judgements

In the process of applying the Authority's accounting policies, management made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements:

- the Authority has entered into commercial property leases on some of its land and buildings and has determined that it retains all of the significant risks and rewards of ownership of those land and buildings and thus classified the leases as operating leases.

1.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Revenue for services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest revenue is recognised as it accrues using the effective interest method.

Miscellaneous revenue recognised as the legal entitlement arises is derived predominantly from the hire of facilities and equipment, recoup of rates and taxes and insurance claims.

Rental income is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

1.5 Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested.

Interest receivable on funds invested includes interest on short-term investments and term deposits and is recognised as it accrues.

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. This is in accordance with the allowed alternative benchmark accounting treatment under AASB 123 *Borrowing Costs*.

In determining the amount of borrowing costs to be capitalised during the financial year, investment revenue earned directly relating to the borrowings, is deducted from the borrowing costs incurred.

1.6 National Tax Equivalent Regime (Income tax)

The Albany Port Authority is subject to the National Tax Equivalent Regime (NTER).

The NTER is an administrative arrangement under which relevant Commonwealth Taxation laws are applied notionally to the NTER entities as if they were subject to those laws. Income tax equivalent liabilities are paid to the State Government.

1.7 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable profit for the year, using the tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

1.8 Receivables

Trade receivables

Trade debtors are recognised and carried at the original amounts due less an allowance for any uncollectible amounts. Debtors are generally settled within 30 days except for property rentals, which are governed by individual lease agreements.

The value of the provision for impairment of receivables is assessed using an analysis of historical data to determine the level of risk and subsequent recovery of debts based on the age of amounts outstanding. Bad debts are written off when formally recognised as being irrecoverable.
Trade and other receivables are stated at their cost less impairment losses.

1.9 Inventories

Inventories consist of stores which are stated at the lower of cost and net realisable value.

1.10 Property, plant and equipment

Property, plant and equipment purchased or constructed for port operations is recorded at the cost of acquisition less accumulated depreciation and impairment losses. This includes incidental 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 assets are ready for use. Depreciation is charged to the income statement.

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

	Depreciation Rates (%)
Buildings, wharves & Other Infrastructure	2.00 – 5.00
Dredging	1.00 – 2.50
Breakwaters	2.00 – 2.50
Plant and equipment	10.00 – 33.33

1.11 Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. As the Authority is a not-for-profit entity, the value in use is the assets depreciated replacement cost.

Impairment losses are recognised in the income statement.

1.12 Payables

Payables, including trade creditors, amounts payable and accrued expenses, are recognised for amounts to be paid in the future for goods and services received prior to the reporting date. Trade creditors are unsecured and are usually paid within 30 days of recognition. The carrying amount is equivalent to fair value.

1.13 Interest bearing borrowings

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

Borrowing costs are expensed as incurred unless they relate to qualifying assets.

1.14 Net fair values of financial assets and liabilities

The net fair values of monetary financial assets and liabilities not traded in an organised financial market are determined using the cost basis.

1.15 Employee benefits

Annual Leave, Sick Leave and Accumulated Days Off benefits represent present obligations resulting from employees' services provided to reporting date and are provided at nominal amounts calculated on the basis of remuneration rates expected to be paid when the liability is settled.

Long Service Leave liabilities were assessed on the basis of the present value of estimated future payments, discounted by the Commonwealth Government Bonds rates estimated to be applicable to the relevant period. A 4.20% (2005: 2.00%) per annum rate of increase in employee wage and salary rates was assumed in the present value calculations.

The liability in all provisions covers entitlements from the date the employee commences in accordance with the conditions of employment.

Provisions are made for long service leave even though in some cases such amounts are currently not vesting.

Associated payroll on-costs are included in the determination of other provisions.

1.16 Employee superannuation

The Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme, and the Superannuation and Family Benefits Act Scheme, a defined benefit pension scheme are now closed to new members. The Albany Port Authority is liable for superannuation benefits for past years' service of members of the Superannuation and Family Benefits Act Scheme who elected to transfer to the GSS Scheme. The Albany Port Authority also accrues for superannuation benefits to the pension scheme for those members who elected not to transfer from that scheme.

The superannuation liability for existing employees with the pre-transfer service incurred under the Superannuation and Family Benefits Act Scheme who transferred to the GSS Scheme are provided for at reporting date.

The Albany Port Authority' total superannuation liability has been actuarially assessed as at 30 June 2006.

Employees who are not members of either the Pension or the GSS Schemes become non-contributory members of the Fund of their choice. The Albany Port Authority makes concurrent contributions to these Funds on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of these Schemes.

Defined benefit plan

The Authority's net obligation in respect of defined benefit pension plan is calculated separately by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. These benefits are unfunded.

The discount rate used is the market yield rate at the balance sheet date on national government bonds that have maturity dates approximating to the terms of the entity's obligations. The calculation is performed by a qualified actuary using the actuarial cost method.

The superannuation expense of the defined benefit plan is made up of the following elements:

- Current service cost;
- Interest cost (unwinding of the discount);
- Actuarial gains and losses; and
- Past service cost.

Actuarial gains and losses of the defined benefit plan is recognised immediately as income and expense in the Income Statement.

The superannuation expense of the defined contribution plan is recognised as and when the contributions fall due.

1.17 Dividends

Dividends are recognised as a liability in the period in which they are declared and approved by the Minister.

1.18 Provisions

A provision is recognised in the balance sheet when the Albany Port Authority has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

1.19 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cash at bank, at call deposits and term deposits due within 30 days.

For the purpose of the cash flow statement, cash equivalents consist of cash and cash equivalents as defined above.

1.20 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the cash flow statement 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.

1.21 Explanation of transition to AIFRS

As stated in the significant accounting policies note 1.1, these are Albany Port's first financial statements prepared in accordance with AIFRS.

The policies set out in the significant accounting policies section of this report have been applied in preparing the financial statements for the year ended 30 June 2006, the comparative information presented in these financial statements for the year ended 30 June 2005 and in the preparation of an opening AIFRS balance sheet at 1 July 2004 (the entity's date of transition).

In preparing the opening AIFRS balance sheet, The Albany Port Authority has adjusted amounts reported previously in financial statements prepared in accordance with Australian Accounting Standards before 1 July 2004. An explanation of how the transition from previous AGAAP to AIFRS has affected The Albany Port Authority' financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

(a) Reconciliation of total equity as presented under previous AGAAP to that under AIFRS

	Notes	30 June 2005 $'000	1 July 2004 $'000
Total equity under previous AGAAP		24,482	23,328
Adjustments to retained earnings			
Taxation	(i)	(244)	(181)
Transfer from revaluation reserve	(ii)	7,460	7,460
Reversal of dividends provided	(iii)	826	0
Adjustments to other reserves			
Transfer of revaluation reserve to retained earnings	(ii)	(7,460)	(7,460)
Total equity under AIFRS		25,064	23,147

(i) Taxation

To comply with AASB 112 *Income Taxes*, The Authority is required to use the balance sheet liability method, rather than the income statement method previously adopted under AGAAP. The balance sheet liability method recognises tax balances when there is a difference between the carrying value of an asset or liability and its corresponding tax base. As a result of the above adjustments, the deferred tax liabilities and deferred tax assets decreased as follows:

Adjustments to opening Balance Sheet (1 July 2004)
Deferred tax assets decreased by $181,000.

Adjustments to 30 June 2005 Balance Sheet

Deferred tax assets decreased by $244,000

(ii) Revaluation Reserve

Property, plant and equipment will be measured at cost under AIFRS.

Any revaluation reserve balance relating to assets recognised at deemed cost were transferred to retained earnings at transition date.

(iii) Provision for Dividends

The previous AASB1044 *Provisions, Contingent Liabilities and Contingent Assets* states that dividends cannot be recognised as a provision unless they are declared, determined or publicly recommended prior to reporting date. The publication of proposed dividends in the Statement of Corporate Intent creates a valid expectation that a dividend will be paid. Therefore, a provision for dividend of $826,000 (2004 : $0) was provided for in the accounts for the year ended 30 June 2004 under previous AGAAP.

However, AASB 110 *Events after the Balance Sheet Date*, provides that a liability for dividend is not to be recognised if the dividends are declared after the reporting date.

“Declared” is considered to mean that the dividends are appropriately authorised and no longer at the discretion of the Authority. Undeclared dividends do not meet the criteria of a present obligation. Under Section 84(2) of the Port Authorities Act 1999, the Board recommends a dividend to the Minister after reporting date and the dividend is subject to the Minister’s subsequent approval.

The adjustment above, for the reversal of the provision for dividends in the accounts for the year ended 30 June 2004 prepared under AGAAP has been in compliance with AIFRS.

(b) Reconciliation of net profit under AGAAP to that under AIFRS

YEAR ENDED 30 JUNE 2005	**Notes**	**30 June 2005 $'000**
Net profit as reported under AGAAP		1,980
Adjustment to income tax expense	(i)	(63)
Net profit under AIFRS		1,917

(i) Income Tax expense

The adjustment to income tax expense relates to the AIFRS adjustments as referred to in note 1.21 (a)(i). The net effect of the deferred asset changes has resulted in an increase in the income tax expense for 2005 of $63,000.

1.22 Changes in accounting policy

In the current financial year, The Albany Port Authority adopted AASB 132 *Financial Instruments: Disclosure & Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement.* This change in accounting policy has been adopted in accordance with the transition rules contained in AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards*, which does not require the restatement of comparative information for financial instruments within the scope of AASB 132 *Financial Instruments: Disclosure & Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*.

This change in accounting policy has not resulted in any adjustments to the results of The Albany Port Authority for the financial year.

	2006 $000's	2005 $000's
2. Revenue		
Sales Revenue		
Shipping Services	2,166	2,301
Cargo Services	3,803	4,284
Other Services	170	206
	6,139	6,791
Other Revenue		
Rentals	746	643
Interest	255	298
	7,140	7,732
3. Other Income		
Net Gain on Disposal of Property, Plant and Equipment		
Proceeds on sale	10	47
Less: Written Down Cost	(25)	(36)
Net Gain on Disposal	(15)	11
4. Expenses		
Profit before income tax includes the following specific expenses		
Depreciation		
Buildings	85	86
Wharves and Other Infrastructure	394	399
Dredging	428	428
Breakwaters	138	140
Plant and Equipment	135	126
Total Depreciation	1,180	1,179
Impairment of property, plant and equipment		
Buildings	117	0
Wharves and Other Infrastructure	35	0
	152	0

Finance Costs

Interest and Finance Charges	591	672
Net Finance Costs	591	672

Employee Benefits

Staff Leave paid	129	81
(Increase)/Decrease in Staff Leave Provision	(197)	(69)
Contribution to Superannuation Funds	110	86
Contribution to Defined Superannuation Fund	40	37
(Increase)/Decrease in Defined Superannuation Provision	134	(22)
	216	113

Retirement Benefit Obligations

The following is a summary of the most recent financial information of the Pension Scheme calculated in accordance with AAS25 *Financial Reporting by Superannuation Plans*

Present Value of Unfunded Obligations	564	594

Reconciliation of Movement in the Present Value of the Unfunded Obligations Recognised in the Balance Sheet

Opening Balance	594	541
Interest Cost	30	32
Actuarial Loss/(Gain)	(23)	57
Employer Contributions	(37)	(36)
Closing Balance	564	594
Experience Adjustments Arising on Plan Liabilities	12	5

Principal Actuarial Assumptions

Discount Rate	5.81%	5.22%
Expected Future Salary Increase Rate	4.50%	4.50%
Expected Pesion Increase Rate	2.50%	2.50%

Expected Contributions

Employer contributions are made to meet the cost of retirement benefit obligations as they fall due.
For more detail regarding the policy in respect of provision for retirement
benefit obligations refer to note 1.16

5. Income Tax Expense

Major components of income tax expense for the year ended 30 June

Income Statement

Current Income		
Current income tax charge	678	940
Deferred Income Tax		
Relating to origination and reversal of temporary differences	(30)	81
Income Tax Expense reported in Income Statement	648	1,021

Reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the effective income tax rate for the year ended is as follows:

Accounting profit before tax	1,760	2,938
	1,760	2,938
Statutory income tax rate of 30% (2005 - 30%)	528	895
Expenditure not allowable for income tax purposes	112	67
Deferred tax assets not previously recognised	8	59
Effective income tax rate of 36.8% (2005 - 34.2%)	648	1,021
Income tax expense reported in income statement	648	1,021
	648	1,021

Deferred income tax at 30 June relates to the following:

Deferred Income Tax Liabilities		
Capitalised expenditure deductible for tax purposes	4	4
Income not yet assessable for tax purposes	3	1
Gross deferred income tax liabilities	7	5
Deferred Income Tax Assets		
Employee benefit provisions	296	245
Expenses not yet deductible for tax purposes	45	13
Decelerated depreciation for tax purposes	296	347
Gross deferred tax assets	637	605
Net Deferred Tax Asset (Liability)	630	600

6. Current Assets - Cash and Cash Equivalents

Cash at Bank and on hand	1,670	1,828
Term Deposits	23	23
	1,693	1,851

Cash at Bank
Interest was earnt at variable rates of between 5.10% and 5.25% (2005 4.75% and 5.00%)

Term Deposits
The deposits (one & two year periods) are bearing fixed interest rates of between 1.75% and 5.10% (2005 1.75% and 5.25%)

7. Current Assets - Receivables

Trade Debtors	632	741
Other Debtors	28	34
	660	775
Less: Provision for doubtful debts	(43)	(60)
	617	715

Other Debtors
These amounts generally arise from transactions outside the usual operating activities

8. Current Assets - Other

Prepaid Expenditure	15	15
Accrued Revenue	20	2
	35	17

9. Non-current Assets - Property, Plant & Equipment

Freehold land		
At Cost	1,517	1,517
Vested land		
At Cost	1,449	1,449
Buildings		
At Cost	4,179	4,392
Less Accumulated Depreciation	(3,333)	(3,373)
	846	1,019
Wharves and other infrastructure		
At Cost	20,852	20,897
Less Accumulated Depreciation	(14,242)	(13,949)
	6,610	6,948
Dredging		
At Cost	21,032	21,032
Accumulated Depreciation	(4,106)	(3,678)
	16,926	17,354
Breakwaters		
At Cost	5,690	5,689
Less Accumulated Depreciation	(1,116)	(977)
	4,574	4,712
Plant and equipment		
At Cost	3,286	2,917
Less Accumulated Depreciation	(2,485)	(2,378)
	801	539
Work in Progress		
At Cost	73	39
Total at Cost	58,078	57,932
Total Accumulated Depreciation	(25,282)	(24,355)
Total Property Plant and Equipment	32,796	33,577

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

Freehold Land

Carrying amount at start of year	1,517	1,517
Additions	0	0
Transfers	0	0
Disposals / Write Down	0	0
Depreciation	0	0
Carrying amount at end of year	1,517	1,517

Vested Land

Carrying amount at start of year	1,449	1,449
Additions	0	0
Transfers	0	0
Disposals / Write Down	0	0
Depreciation	0	0
Carrying amount at end of year	1,449	1,449

Buildings

Carrying amount at start of year	1,019	1,070
Additions	20	35
Transfer	8	0
Disposals / Write Down	(116)	0
Depreciation	(85)	(86)
Carrying amount at end of year	846	1,019

Wharves and Other Infrastructure

Carrying amount at start of year	6,948	7,304
Additions	91	43
Transfer	0	0
Disposals / Write Down	(35)	0
Depreciation	(394)	(399)
Carrying amount at end of year	6,610	6,948

Dredging

Carrying amount at start of year	17,354	17,782
Additions	0	0
Transfers	0	0
Disposals / Write Down	0	0
Depreciation	(428)	(428)
Carrying amount at end of year	16,926	17,354

Breakwaters

Carrying amount at start of year	4,712	4,852
Additions	0	0
Transfers	0	0
Disposals / Write Down	0	0

Depreciation	(138)	(140)
Carrying amount at end of year	4,574	4,712

Plant and Equipment

Carrying amount at start of year	539	489
Additions	392	203
Transfers	30	9
Disposals / Write Down	(25)	(36)
Depreciation	(135)	(126)
Carrying amount at end of year	801	539

Work in Progress

Carrying amount at start of year	39	9
Additions	73	39
Transfers	(39)	(9)
Disposals / Write Down	0	0
Depreciation	0	0
Carrying amount at end of year	73	39

Total Property, Plant and Equipment

Carrying amount at start of year	33,577	34,472
Additions	576	320
Transfers	0	0
Disposals / Write Down	(177)	(36)
Depreciation	(1,180)	(1,179)
Carrying amount at end of year	32,796	33,577

Land Holdings
The carrying value of vested land is $1.449M compared with $6.050M shown by the Office of State Revenue (unimproved value) in 2005
The carrying value of freehold land is $1.517M compared with $1.891M shown by the Office of State Revenue (unimproved value) in 2005

10. Non-current Assets - Other Financial Assets

Sinking Funds	262	558

Sinking funds, for the eventual repayment of loan funds, are invested at floating interest rates with Treasury. Interest rates received ranged between 5.411% and 5.568%
(2005 - 5.246% and 5.447%)

Interest revenue is recognised on an accrual basis

11. Non-current Assets - Deferred Tax Assets

Deferred tax asset	578	600

12. Current Liabilities - Payables

Trade creditors	254	347

Other Creditors
These amounts generally arise from transactions outside the usual operating activities

13. Current Liabilities - Interest Bearing Liabilities

Government loan No1	0	67
Government loan No2	4,100	3,350
	4,100	3,417

Government loan No1
Loan No1 is repayable on fixed dates and bear interest (fixed) at between 8.92% and 14.09% (2005)

Government loan No2
Loan No2 is repayable on fixed dates and bear interest (fixed) at between 5.61% and 5.70% (2005 5.50% and 5.57%)

Fair value disclosures
Details of the fair value of interest bearing liabilities are set out in note 28

Effective interest rates and credit risk
Information concerning the effective interest rate of interest bearing liabilities are set out in note 27

14. Current Liabilities - Provisions

Employee Benefits	342	315

15. Current Liabilities - Other Liabilities

Accrued Expenditure	268	258
Income Received in Advance	54	44
	322	302

16. Non-current Liabilities - Interest Bearing Liabilities

Loans - Inscribed stocks	300	600
Government loan No2	4,735	6,085
	5,035	6,685

Inscribed stocks
Inscribed stocks are repayable on fixed dates and bear interest (fixed) at between 6.40% and 7.40% (2005 6.40% and 7.40%)

Government loan No2
Loan No2 is repayable on fixed dates and bear interest (fixed) at between 5.54% and 6.12% (2005 5.49% and 6.12%)

Fair value disclosures
Details of the fair value of interest bearing liabilities are set out in note 28

Effective interest rates and credit risk
Information concerning the effective interest rate of interest bearing liabilities are set out in note 27

17. Non-current Liabilities - Provisions

Employee Benefits	603	441

18. Contributed Equity

Total Contributions	1,386	1,386
Movement		
Opening Balance 1 July	1,386	1,386
Plus: Contribution for Year	0	0
Closing Balance 30 June	1,386	1,386

19. Retained Profits

Accumulated Funds	23,912	23,678

20. Dividends

Dividends	0	0
Movement		
Opening Balance 1 July	0	0
Provision	826	0
	826	0
Less : Paid	(826)	0
Closing Balance 30 June	0	0

21. Remuneration of Auditors

Remuneration for audit of the financial reports	50	21

Fees have been accrued in respect to year ending 30 June 2006

22. Contingencies

Contingent Liabilities

Superannuation Liability

The following amount represents the superannuation liability for an ex-Department of Marine and Harbours employee who transferred over to the Authority in 1992/93. At the time of the transfer the Department agreed to meet the previous liability and so this amount is not provided in the Authority's superannuation liability calculations.

Maximum contingent consideration in respect to this claim.	214	193

Legal Liability

The Authority has lodged a claim for $6 million against the Commonwealth of Australia for compensation for the additional costs and expenses incurred on the construction of Berth 6 and the additional costs and expenses it may incur as result of the presence of explosive ordinance (EXO) in the area of the berth. The EXO were dropped by the Australian Military personnel on to the seabed in the course of loading a Royal Australian Navy vessel berthed at the Deep Water Jetty between 1947 and 1948. The Authority has a contingent liability, estimated at $1,500,000 for the Commonwealth's costs in the event the Authority is unsuccessful.

Estimated Claim	1,500	0

23. Commitments

The Authority does not have any further commitments.

24. Related Party Transactions

No transactions occurred between the Authority and related parties.

25. Events Occurring after Balance Sheet Date

There were no events occurring after the reporting date.

26. Reconciliation of profit after income Tax to net cash flow from Operating Activities

Profit for the Year	1,112	1,980
Depreciation and Amortisation	1,180	1,179
Write Down Non-current assets	152	0
Interest on Other Financial Assets	(27)	(36)
Net (Gain)/Loss on Sale of Assets	15	(11)
Changes in Assets and Liabilities :-		
(Increase)/Decrease in Receivables	98	5
(Increase)/Decrease in Deferred Tax Assets	(30)	18
(Increase)/Decrease in Other Assets	(18)	10
Increase/(Decrease) in Payables	(93)	(1,196)
Increase/(Decrease) in Current Tax Liabilities	(720)	325
Increase/(Decrease) in Provisions	(637)	56
Increase/(Decrease) in Other Liabilities	20	(54)
Net Cash Inflows from Operating Activities	1,052	2,276

27. Financial Risk Management Objectives and Policies

The Authority's principal financial instruments comprise of interest bearing borrowings, cash and cash equivalents.
The main purpose of these financial instruments is to raise finance for the Authority's operations.

The Authority has other financial instruments sucha s trade debtors and trade creditors which arise directly
from it's operations.

The main risks arising from the financial instruments are interest rate risk, liquidity risk and credit risk.
The Authority's policies for managing each of these risks are summarised below.

Interest Rate Risk

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

	Notes	Floating Interest Rate $'000	Fixed Interest Maturing 1 Year or Less $'000	Over 1 to 5 Years $'000	Over 5 Years $'000	Non-interest Bearing $'000	Total $'000
2006							
Financial assets							
Cash Assets	**6**	1,670	13	10			1,693
Receivables	**7**					617	617
Other Financial Assets	**10**	262					262
Total Financial assets		1,932	13	10	0	617	2,572
Weighted average interest rate		5.27%	4.53%	1.75%			
Financial liabilities							
Payables	**12**					254	254
Interest Bearing Liabilities	**13,16**		4,100	4,735	300		9,135
Total financial liabilities		0	4,100	4,735	300	254	9,389
Weighted average interest rate			5.61%	5.79%	7.07%		
Net Financial Assets/(Liabilities)		1,932	(4,087)	(4,725)	(300)	363	(6,817)

2005

Financial assets							
Cash Assets	**6**	1,828	16	7			1,851
Receivables	**7**					715	715
Other Financial Assets	**10**	558					558
Total Financial assets		2,386	16	7	0	715	3,124
Weighted average interest rate		5.10%	3.87%	1.75%			
Financial liabilities							
Payables	**12**					347	347
Interest Bearing Liabilities	**13,16**		3,417	6,085	600		10,102
Total financial liabilities		0	3,417	6,085	600	347	10,449
Weighted average interest rate			5.66%	5.71%	6.73%		
Net Financial Assets/(Liabilities)		2,386	(3,401)	(6,078)	(600)	368	(7,325)

Net Fair Value of Financial Assets and Liabilities

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

The net fair value of other monetary financial assets and financial liabilities is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar profiles.

Net fair value is exclusive of costs which would be incurred on realisation of an asset and inclusive of costs which would be incurred on settlement of a liability

The carrying amounts and net fair values of financial assets and liabilities at reporting date were:

	2006		2005	
	Carrying Amount $'000	Net Fair Value $'000	Carrying Amount $'000	Net Fair Value $'000
Financial Assets				
Cash Assets	1,693	1,693	1,851	1,851
Receivables	600	600	715	715
Other Financial Assets	262	262	558	558
	2,555	2,555	3,124	3,124
Financial Liabilities				
Payables	174	174	347	347
Interest Bearing Liabilities	9,135	9,820	10,102	10,622
	9,309	9,994	10,449	10,969

Liquidity Risk

The Authority's objective is to maintain a balance between continuity of funding and flexibility through the use of cash reserves and its borrowing facilities.

Credit Risk

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

It is the authority's polocy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that exposure to bad debts is not significant.

With respect to credit risk arising from cash and cash equivalents, the Authority's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount.
The Authority only deals with counter parties approved through the tender process.

28. Director and Executive Disclosures

Directors

The following people were directors during the financial year

Alan Birchmore	Chairman
Melissa Fletcher-Toovey	Director
Russell Harrison	Director
Bob Golding	Director
Jo Hummerston	Director

Executive Officers

The following people were the three executives with the greatest authority for the strategic direction and management of the port during the financial year.

Brad Williamson	Chief Executive Officer
Chris Shuttleworth	Harbour Master
Colin Berry	Finance Manager

Remuneration of Directors and Executives

In accordance with *Section 10 of the Port Authorities Act 1999,* the Minister determines the remuneration and allowances payables to directors.

The Board determines staff remuneration policies and practices.

The Chief Executive Officers remuneration and terms of employment are reviewed annually, having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. As well as a base salary, the remuneration package includes superannuation and fringe benefits.

Details of Remuneration

Directors		Members' Base Fee $	Superannuation $	Other Benefits $	This Year Total $
2006					
Alan Birchmore	Chairman	22,000	1,980	600	24,580
Melissa Fletcher-Toovey	Director	11,000	990		11,990
Russell Harrison	Director	11,000	990		11,990
Bob Golding	Director	11,000	990		11,990
Jo Hummerston	Director	11,000	990		11,990
Total		66,000	5,940	600	72,540
2005					
Alan Birchmore	Chairman	22,000	1,980	600	24,580
Melissa Fletcher-Toovey	Director	11,000	990		11,990
Russell Harrison	Director	11,000	990		11,990
Bob Golding	Director	11,000	990		11,990
Jo Hummerston	Director	11,000	990		11,990
Total		66,000	5,940	600	72,540

Executive Officers		Officers' Base Fee $	Motor Vehicle $	Superannuation $	Bonus $	This Year Total $
2006						
Brad Williamson	Chief Executive Officer	124,601	13,083	11,214	5,000	153,898
Chris Shuttleworth	Harbour Master	124,601	7,339	13,806	36,000	181,746
Colin Berry	Finance Manager	87,127	3,118	9,475	1,000	100,720
Total		336,329	23,540	34,495		436,364
2005						
Brad Williamson	Chief Executive Officer	122,215	12,689	10,999		145,903
Chris Shuttleworth	Harbour Master	109,616	7,339	12,219		129,174
Colin Berry	Finance Manager	83,761	3,220	9,194		96,175
Total		315,592	23,248	32,412		371,252

ALBANY PORT AUTHORITY

DIRECTORS DECLARATION

The Directors of the Albany Port Authority declare that the financial statements and notes:

(a) Comply with Accounting Standards and the Port Authorities Act 1999 (the Act), which generally reflects the requirements of the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) Give a true and fair view of the Authority's financial position as at 30 June 2006 and its performance as represented by the results of its operations and cash flows for the year ended on that date.

In the Directors opinion:

(i) The financial statements and notes are in accordance with the Act; and

(ii) At the date of this statement, there are reasonable grounds to believe the Authority will be able to pay its debts as and when they become due and payable.

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

R.J. Harrison
Director
Chairman of Audit Committee

J. Hummerston
Director

Albany, Western Australia
18 September 2006

AUDITOR **GENERAL**

INDEPENDENT AUDIT REPORT ON ALBANY PORT AUTHORITY

To the Parliament of Western Australia

Audit Opinion
In my opinion, the financial report of the Albany 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 30 June 2006 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 of Directors is responsible for the financial report.

The financial report consists of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, 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 testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer "http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf".

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

D D R PEARSON
AUDITOR GENERAL
25 September 2006

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