

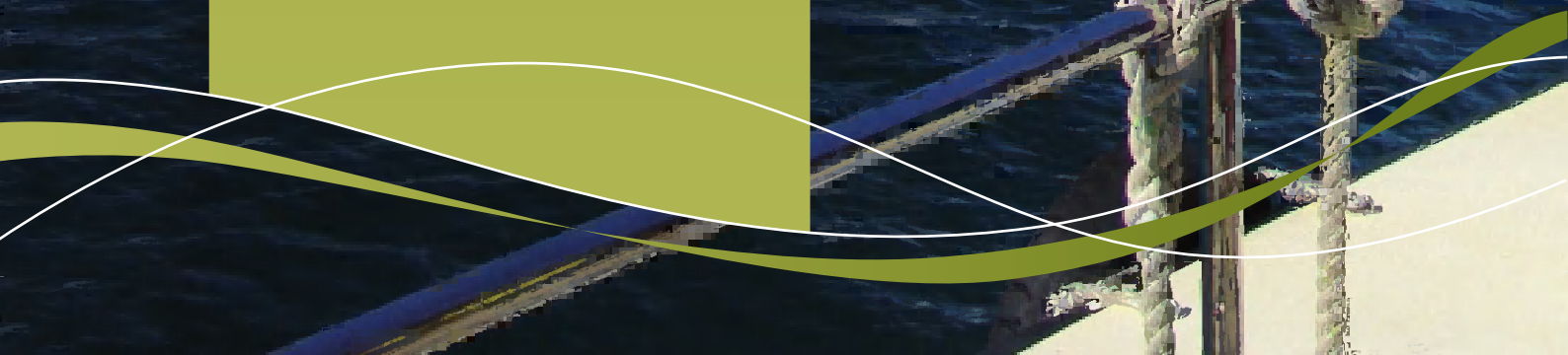


# ANNUAL REPORT 2008/09



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## ANNUAL REPORT 2009

**To the Hon Simon O'Brien MLC**  
Minister for Transport; Disability Services

In accordance with section 68 and clauses 34 and 35 of Schedule 5 of the Port Authorities Act 1999, I hereby submit for your information and presentation to Parliament, the Annual Report of the Bunbury Port Authority for the year ended 30 June 2009.

A handwritten signature in black ink, appearing to read 'Jim Brosnan', written in a cursive style.

**Jim Brosnan**  
Chairman  
Board of Directors



# CHAIRMAN'S REPORT



## Overview

On behalf of the Board of the Bunbury Port Authority I am pleased to report that the Port has weathered the impact of the global financial crisis quite well. Total trade of 13.277 million tonnes was only 0.382 million tonnes below last years record trade results.

Mineral sands and woodchips were both decreased in 2008/09 but this was partially offset by an increase in alumina exports. The forecast commencement of copper concentrate and coal exports did not eventuate in 2008/09 but are expected to commence in the coming year. The Boddington Gold Mining Management Company's storage shed facility for copper concentrate exports at Berth 8 was however completed.

Negotiations have also commenced with Perdaman Chemicals & Fertilisers in order to finalise lease and berth access agreements for export of urea produced at their proposed Collie plant commencing in 2013. New berth facilities will be required to facilitate this project.

The major potential growth areas for the Authority include the export of bulk minerals such as coal and bauxite and we continue to work on establishing a container trade in Bunbury with interested parties. To facilitate the growth in trade the Authority has been continuing with the development of a range of options for the expansion of infrastructure in the Inner Harbour.

Profit performance was primarily down due to an increase in depreciation due to the increase in the cost of the capitalised maintenance dredging in 2008 and an increase in dredging maintenance. Port operation costs were also up due to an increase in shiploader and conveyor maintenance as well as general maintenance costs.

Operating profit after tax of \$1.450 million was 4.7% below budget.

The BPA is very pleased to have appointed a new Chief Executive Officer following an extended recruiting process. Kevin Schellack has many years experience in the maritime industry and returns to Western Australia having been based in Hong Kong for a number of years. I would also like to express my appreciation and that of the Board to John Barratt who filled in as Acting CEO during this recruitment process. John is also to be congratulated for the Gold Award received by the BPA for the 2007/08 Annual Report.

During the year, several important tenders were also awarded, these were:

- Towage tender awarded to Riverwijs,
- Stevedoring and port services contract license awarded to P&O Automotive & General Stevedoring (POAGS),
- Pilot boat manning contract awarded to PB Towage.

Work has also commenced on the long awaited Port Access Road by Main Roads WA which is being jointly funded by State and Federal governments. This is a first step to minimize the interaction between heavy vehicles servicing the port and general traffic in Bunbury – particularly at the Eelup roundabout.

In the latter half of 2008 we welcomed a delegation from our Chinese sister city Jiaying which included representatives from our sister port. The head of the delegation, the Deputy Mayor of Jiaying Ms Zhao Shumei, opened the Bunbury Jiaying Business Development office during their visit.

## Community Relations and Sustainable Development

The Authority continues to closely monitor whether port operations have any impact on the surrounding community and the dust monitoring program of PM 10 dust particulates using TEOMs showed no exceedences during the year. The Authority now has a fourth TEOM which is operating in the waterfront area of the Outer Harbour to provide a better overall monitoring coverage.

To minimise the impact of port related activities upon the community remains a priority and to this end the Authority erected trial panels for a noise wall along Port land near Koombana Drive. During the public submission period the Authority received minimal comment about the trial panels, many people when asked to comment said that they had not noticed that the panels were in place. The Authority is now planning for the construction of the noise wall to provide improved noise management for nearby residents as operations develop further within the Inner Harbour.

The Leschenault Homestead maintenance plan that was prepared by heritage architect Kent Lyon was endorsed by the Heritage Council and work on the homestead relating to the maintenance plan has commenced.

“TO FACILITATE THE GROWTH IN TRADE THE AUTHORITY HAS BEEN CONTINUING WITH THE DEVELOPMENT OF A RANGE OF OPTIONS FOR THE EXPANSION OF INFRASTRUCTURE IN THE INNER HARBOUR.”





“THERE ARE A NUMBER OF  
NEW TRADE OPPORTUNITIES  
FOR THE BUNBURY PORT,  
INCLUDING THE EXPORT OF  
COPPER CONCENTRATE,  
BAUXITE AND COAL.”

## Investment in Infrastructure/Land Use Planning

During the year comment was received from the City of Bunbury on the public submissions received on the Authority's draft Inner Harbour Structure Plan. This plan will provide the basis for all future planning and development at the Port. It is designed to maximise the use of the resources and land which the Port has at its disposal whilst minimising any impact on the community and at the same time endeavoring to integrate the Port into the community. Due to legal advice received the BPA will be the approving body for the Structure Plan which will then be adopted as a planning document to guide the future development of the Port once some final changes have been made based on comment received from the community.

Work is continuing on the design and environmental approvals process for the Preston River realignment project which will define the boundary around the future Inner Harbour basin and support areas, as depicted in the Port's Structure Plan. It is expected that the Public Environment Review document will be ready for comment early in 2010.

## Business Development

There are a number of new trade opportunities for the Bunbury Port, including the export of copper concentrate, bauxite and coal, all likely to commence in the short term as well as other bulk commodities under discussion for the medium to longer term.

Planning is already underway to ensure that the necessary infrastructure is in place to underpin these opportunities. This includes the upgrading of Berth 5 for the proposed urea exports which are planned to commence in 2013. The proposed Perdaman Chemicals and Fertilisers urea project is an exciting project for the south West region and in particular the Port of Bunbury which as a result will increase trade by around 2 million tpa.

A positive outcome of the continued relationship with our Sister City of Jiaxing in China was the opening of the Bunbury Jiaxing Business Development Office to further develop economic, educational and cultural ties between the two cities. During 2008 the Port hosted a visit from our Sister City/Port of Jiaxing for the official opening of the office. Already a number of trade and investment opportunities have been identified and it is hoped that this will result in increased trade through the port. This is in fact likely to further strengthen the case for the introduction of container trade through Bunbury.

The establishment of container trade out of Bunbury to service the export industries of the South West is

a high priority for the BPA, a challenge that our new CEO Kevin Schellack has the right credentials in shipping to successfully achieve.

## Outlook

At this time in 2008 the economic downturn had commenced but few realized at that time the extent to which the global economy would suffer in 2008/09. In Australia, particularly Western Australia, the impact has not been as severe as elsewhere.

It is hoped that all of our users recover rapidly from the impacts of the downturn that may have affected their operations and that we can return to the strong growth experienced in recent years.

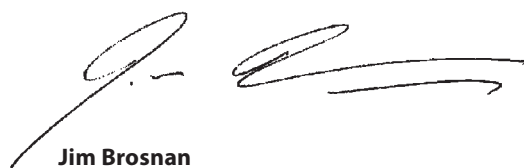
The BPA takes its responsibilities to all of its stakeholders seriously but most particularly the community. In the feedback received from the community to the Structure Plan, many asked that we ensure that even if access to the port is limited in future, provision is made for people to be able to see port operations. This is a request which we will certainly endeavour to accommodate.

It is our intention to continue working closely with the community in future and to ensure that whilst we promote economic development in the South West we do not forget the principles of sustainability or our responsibilities to the local community.

## Acknowledgement

I would like to acknowledge the Board of Directors for the support given to me as Chair as well as management and staff of the Authority for their excellent work during the year. Operating without a CEO for virtually the whole year lead to a significant increase in work load for Board members as well as staff and I appreciate the effort of all concerned. In particular I would like to thank John Barratt who filled in as Acting CEO for virtually the whole year as well as managing the financial affairs of the port.

I would also like to acknowledge all of the service providers and port users as well as the Port Community Liaison Committee under the Chairmanship of John Saunders for their valued contribution to what has been another strong year for the Authority despite a very difficult economic climate, providing a sound basis for future development.

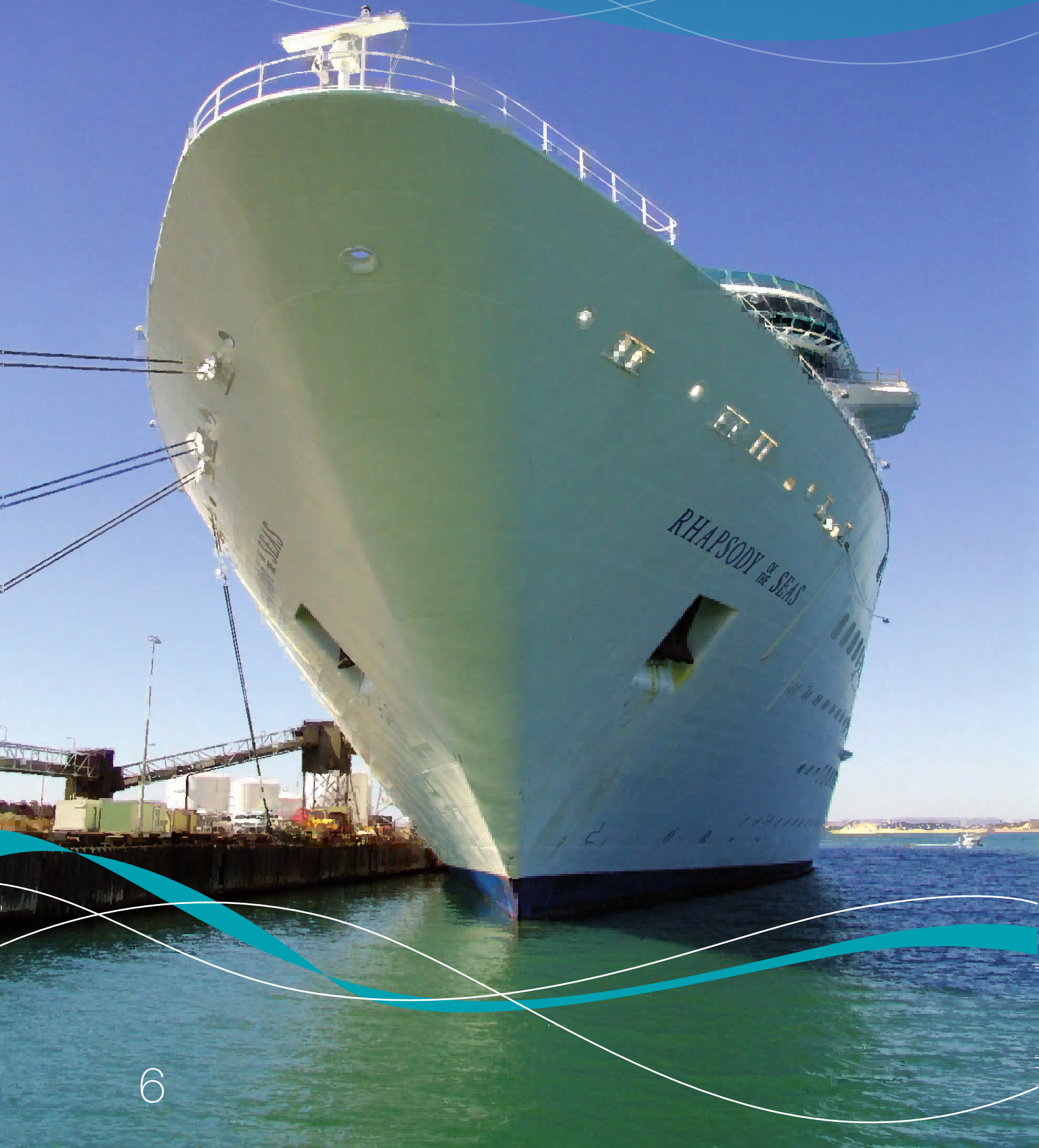


**Jim Brosnan**  
**Chairman**

Bunbury Port Authority



“AN ENCOURAGING RESULT FOR THE YEAR WAS THE CONTINUED GROWTH IN THE CRUISE SHIP VISITS TO THE PORT WITH 8 VISITS PROVIDING AN ADDED ATTRACTION FOR THE LOCAL COMMUNITY AND FLOW ON BENEFITS TO THE LOCAL ECONOMY.”





# CEO REPORT ON OPERATIONS



## Port Operations

The reporting period was indeed a challenging one for the Bunbury Port Authority with a reduction in trade compared to the record achieved last year of 2.8% to 13.277 million tonnes and an increase in operating expenditure which affected the Authority's profit performance.

On the positive side the Authority has a number of exciting challenges ahead with new trade developments including bauxite, coal and urea exports. These trade developments will require a concerted effort by all concerned to ensure port facilities are available to ensure the efficient handling of these commodities.

Copper concentrate is also expected to commence early in the new financial year with the Boddington Gold Mining Management Company (BGMMC) having completed the construction of their negative pressure storage facility during the year at Berth 8. It is an impressive facility.

Safety in the workplace continues to have a high priority in terms of our management practices and I am pleased to report that during the reporting period there were no employees involved in accidents resulting in lost time. The Authority also has developed a strong emphasis on environmental management and it is encouraging to report a further reduction in community contacts compared to the previous year from 12 to 9 this year with respect to impacts on the community from port operations.

Although the overall Port trade of 13.277 million tonnes was below last years record there were record exports of alumina of 9.476 million tonnes and total imports of 1.538 million tonnes was also a record. There were however declines in exports of woodchips and mineral sands of 18% and 30% respectively which are the second and third largest export commodities through the Port.

An encouraging result for the year was the continued growth in the cruise ship visits to the Port with 8 visits providing an added attraction for the local community and flow on benefits to the local economy. Growth in cruise ship visits is expected to continue in the new financial year.

The Authority continued to focus strongly during the year on trade development in the Port with the assistance of the Department for Transport (previously Department for Planning and Infrastructure) and the Department for Resources Development (previously Department of Industry and Resources). The challenge for the Authority

is to provide infrastructure in partnership with new and existing port customers for exports such as coal and bauxite through Bunbury. In addition there is the exciting Perdaman Chemicals and Fertilisers urea project being planned for Collie. This project is expected to generate significant economic activity in the South West region and provide a significant boost to the Port's trade throughput of up to 2 million tonnes per annum of urea when in full production. The Authority is negotiating with Perdaman in regards to their plans for the export facility at Berth 5.

During the year the Authority received copies of the submissions from the City of Bunbury's public comment period on the draft Inner Harbour Structure Plan. The submissions received have been assessed and responses noted. Following receipt of the submissions and as a result of the gazetting of the Greater Bunbury Region Scheme further work is now being carried out to revise the draft Structure Plan in order that it may then be approved. The Authority has received legal advice which supports that due to the gazetting of the Greater Bunbury Region Scheme under which all Bunbury Port land is classified as "port reserve" the approving body for the draft Structure Plan is the Authority.

When approved the Structure Plan will be used by the Authority as a future planning policy document. As part of the approval process the Authority is committed to then developing a Port Buffer Definition Study that will consider and determine the buffer concepts emanating from the Structure Plan.

Plans for the proposed noise attenuating wall along Koombana Drive were progressed during the year by the Authority with the erection of two trial panels to allow the public to comment on their suitability and amenity. The Authority received only one public comment which was basically a neutral comment. To allow construction of the wall the Authority is now liaising with the City of Bunbury in regard to the need to realign a drain on Council land which may affect the footings of the proposed wall.

Work on the development of a waste water management system for Berth 8 is progressing although it has taken longer than originally planned to implement due to challenging design parameters and the need to retro fit such a system. It is expected that the project when completed will ensure that waste water from conveyor wash-downs and storm water is redirected away from the marine environment.



## Financial Performance

The Port achieved a profit before tax of \$2.028 million. The result was lower than budget, due to a combination of a reduction in trade levels compared to budget especially for mineral sands and woodchips resulting in lower revenue and an increase in expenditure due mainly to the one off cost for maintenance dredging for the urgent removal of sand from the Outer Harbour to allow vessels to gain access to Berth 1.

Total revenue was \$21.842 million or 13.5% below budget, with operating costs of \$19.800 million being 14.2% below budget.

As at the end of the financial year, the Authority's balance sheet comprised total assets of \$105.466 million and total liabilities of \$16.977 million resulting in total equity of \$88.489 million.

Capital works approved, commenced or completed during the year included:-

- Completion of the Berth 8 spillage catch chutes.
- Completion of the Outer Harbour footpath and fencing for cruise vessel passengers.
- Continuation of work on the design of the waste water management system at Berth 8.
- Preliminary work on the enclosure of the shiploader boom at Berth 8.

Capital expenditure for the year totalled \$1.628 million.

## Port Development

Work was completed during the year by the Authority's project team involved in the Inner Harbour Expansion Berth 14 Option study. The study was to determine the optimum conceptual design for the development of a second common user bulk loading facility in the Inner Harbour in the area known as Berth 14 which could be used for bulk exports such as coal and bauxite. The study included geotechnical, environmental and dredging works required to develop the Berth 14 area and provide order of magnitude cost estimates for the development. The concept of Berth 14 is included in the Authority's draft Inner Harbour Structure Plan. The next stage of this project is to develop a business case in consultation with industry to ensure that the investment meets the expectations of Government.

Included in the Authority's Port development equation during the year has been the possibility that Berth 7 which will be adjacent to Berth 5 should also be developed as a multi purpose berth. The option of the need for Berth 7 arose due to the increased utilisation that is expected to arise with the export of urea which is planned to be loaded over Berth 5. The decision as to whether Berth 7 or Berth 14 should be developed first will be an important decision for the future of the Port.

In regards to the urea exports the Authority has been working with Perdaman to come to agreement in regards to access to Port facilities and land for their product.



## “CAPITAL EXPENDITURE FOR THE YEAR TOTALLED \$1.628 MILLION.”

The Preston River relocation is another project which the Authority has continued to work on during the year. The focus during the year has been in developing the environmental impact assessment document with assistance from our environmental consultants. The next phase of the project will be to obtain engineering design and indicative cost estimates for construction of the relocated river for preparation of the business case for the funding of the project.

The multi-million dollar Bunbury Port Access Road is well underway, with work on the new road from the Bunbury Inner Harbour to the outskirts of the city reaching the major construction stage. Stage 1 involves construction of a new 4.7km road between Picton and Estuary Drive that will pass under the Australind Bypass next to the Port Railway. The work is being carried out by MacMahon Contracting as part of a \$40.9 million contract and is being jointly funded by the State and Federal Governments. When completed early next year the new road will allow heavy haulage vehicles to access the Port from South West Highway without having to use the Eelup roundabout which will assist in easing the traffic congestion in that area.

During the year the Authority initiated the establishment of the Bunbury Port Rail Infrastructure Working Group to allow stakeholders to provide input to the Authority for the future planning for rail infrastructure within the Bunbury Port controlled Inner Harbour area. The purpose of the Group was to ensure a strategic planning approach towards the provision of rail infrastructure into the Inner Harbour, to handle the proposed future growth in a coordinated manner through open and effective communication between stakeholders. An important objective of the Group was that all current and future stakeholders have input into the process.

The three main objectives for establishing the Working Group were:

- To ensure that the rail infrastructure into the Bunbury Port's Inner Harbour can handle the proposed future growth in trade in a coordinated manner by allowing input by stakeholder members;
- To ensure the needs of stakeholders are taken into consideration in the future planning of the rail network into the Inner Harbour while being consistent with the planning requirements of the Bunbury Port Inner Harbour structure Plan; and
- To establish an overall working rail plan for the Inner Harbour which provides a greater level of certainty about the priorities and timing of major rail infrastructure development that will allow better-informed decisions for both the Port Authority and stakeholders.

The Working Group comprised representatives of the current and future users of port rail facilities, government agencies and technical consultants. The Authority would like to acknowledge the contribution made by the Working Group in successfully achieving the three objectives outlined above and in producing a report which can now be used for future planning of rail in the Inner Harbour.

My final comment in relation to Port development is that the environmental management of the Port will continue to play an important role during any development stage of the Port. Over the years the Authority has obtained valuable base line data from its TEOM dust particulate monitors and this will assist in managing the impact on the environment that any future development may have.

### Staff

The only staff changes that occurred during the year was with our Finance Officer, (and Acting Finance & Administration Manager during the year), Miranda Lydon commenced maternity leave in May 2009 and was replaced by Kathryn Cowley.

### Acknowledgement

Although I have only been in the role of CEO for a short period of time I have gained an appreciation of the dedication and commitment of the team at the Authority who have assisted me in developing a clear understanding of the current operations and challenges that lie ahead for the Bunbury Port.

I would also like to acknowledge the ongoing contribution made by Port users, Port contractors and the Port community committees whose input has greatly assisted me in settling in to my new and exciting role as CEO of the Bunbury Port Authority. Finally I extend my personal appreciation to our Chairman Jim Brosnan and the Board of Directors for their support and guidance.

**Kevin Schellack**  
**Chief Executive Officer**  
Bunbury Port Authority

20 August 2009

# COMMUNITY & ENVIRONMENT



The 2008/09 reporting year saw a continuation of a number of environmental studies associated with future Inner Harbour expansion options. A monitoring instrument was placed on the sea floor adjacent to Beacon10 close to the entrance to the Inner Harbour basin to gain an understanding of current patterns in that area of Koombana Bay. This data is to compliment the long standing and comprehensive data set obtained from the monitoring station on the sea floor at Beacon 3 which is located near the seaward end of the shipping channel. A desktop review was also undertaken in early 2009 to review previous marine studies conducted in the Koombana Bay area near the Inner Harbour and to identify any knowledge gaps that may require additional data collection. In addition, spring period vegetation and flora studies were conducted at the Inner Harbour along with a survey of shorebird activity and habitats.

Stage 1 of a 2 part introduced marine species (IMS) comprehensive re-survey was conducted in December 2008. Several IMS surveys have previously been undertaken by the Port Authority both with the harbour waters and in the greater Koombana Bay area including the recreational and fishing boat mooring area near the Outer Harbour. An extensive baseline survey was originally conducted in 1996 and biennial surveys undertaken thereafter, the last being in 2006. The current Stage 1 (summer survey) was conducted adopting the targeted species approach developed by the National Introduced Marine Pest Coordination Group (NIMPCG). While this survey approach is subject to further development, the Port Authority was keen to also work within the guidelines provided by the Commonwealth Department of Agriculture, Food and Fisheries (DAFF) to ensure consistency with survey protocols intended to be introduced Australia wide.

The survey results have indicated the continued presence of a number of previously identified IMS. However, the survey has also shown the continued decline of one previously common IMS, the European Fan Worm, populations of which are becoming quite sparse.

The only additional IMS Identified was the dinoflagellate, *Alexandrium catenella*. However, no immediate action is considered necessary as a result of the Stage 1 (summer) IMS survey findings and the Stage 2 (winter) survey is expected to commence in late August 2009.

The Port Authority's Long Term Dredged Material Management Plan was formally approved by the Commonwealth Department of the Environment and Water Resources (DEWR) in April 2009. The development

of the Plan was a condition of the Port Authority's current maintenance dredging sea dumping permit granted in November 2007 and opens the way for the Port Authority to apply for a 10 year sea dumping permit rather than the existing 3 year permits. The 10 year permit will give the Port Authority more flexibility as to when it can conduct its dredging campaigns and reduce the administrative and cost burden of more frequent permit applications. It will also allow a more targeted approach to dredging by taking into account seasonal factors which can vary the degree to which sediment build up occurs within the harbour areas and shipping channel.

Additional maintenance dredging was conducted at the Outer Harbour during September 2008 to remove the increasing build up of sand to the eastern side of the breakwater and the sand trap area. This dredging required a variation to the existing permit following the submission to DEWR of sediment sampling chemical analysis data to confirm the material was suitable for disposal to sea. The siltation of the Outer Harbour is becoming of particular concern to the Port Authority as the rate of build up appears to be increasing over that experienced historically. In addition, while the Outer Harbour has seen an ongoing downward trend in bulk material shipping movements, the dredging of this area of the Port accounts for approximately 30% of the dredging costs.

To better understand the siltation process at the Outer Harbour, the Port Authority commissioned a Harbour Siltation Investigation which commenced in early 2009 and is expected to be completed in July 2009. The investigation will provide the Port Authority with a better understanding of the harbour siltation dynamics so that it can optimise the effectiveness of future dredging campaigns and also look to possible alternatives to dredging such as sand by-passing.

The Port Authority has previously submitted notification to the Department of Environment and Conservation (DEC) Contaminated Sites Branch, details of sites within the Port Reserve that it believes are contaminated or suspected to be contaminated. Subsequent to this, the DEC has advised the Port Authority that Lot 963 which comprises the major portion of land on the eastern side of the Inner Harbour Basin has been classified as "Contaminated – remediation required". The contamination appears to be due in part to some long term lease holder activities on some sections of the site and investigations are being undertaken by these lease holders. A memorial stating the site's classification has been placed on the Certificate of Title but this does not in anyway restrict current or future port related activities on the site.



Further to the issue of contaminated sites, the Port Authority received a detailed site investigation report in early 2009 from Verve Energy (formerly Western Power) regarding the former Bunbury Power Station site at the northern perimeter of the Inner Harbour. While the Port Authority is now the owner of the land previously occupied by the power station, Verve Energy is responsible for the ongoing monitoring and remediation, if required, of the site. This site has been reported to the DEC by both the Port Authority and Verve Energy.

The Port Authority's Berth 1 environmental licence for handling of bulk mineral products was renewed in April 2009 after modification to the licence conditions were negotiated between the Port Authority and the DEC. The new licence sets a premises boundary and the conditions in the licence recognise the low volume of bulk granular material handled at the Outer Harbour and the low risk nature of this material.

Application has been made for the renewal of the Berth 8 environmental licence for handling of bulk mineral products which expires in September 2009 and the Port Authority will again negotiate with the DEC for fair and reasonable licence conditions based on the low risk materials handled at Berth 8 and the outcome of 3 years of dust monitoring around the Port Reserve which has demonstrated the low level of dust impacts due to operations at that facility.

During the year, the Port Authority's real-time dust monitoring system comprising 4 x PM10 and 1 x TSP (PM50) Tapered Element Oscillating Microbalance's (TEOM's) continued to operate well. The 4th PM10 TEOM was installed at the southern side of the timber jetty causeway to the north west of the Inner Harbour during May 2009. This unit now completes a full monitoring

arc on the City of Bunbury side of the Inner Harbour reserve. The TEOM operating systems were also upgraded during the year to improve remote data downloading capabilities. The TEOMs were also fitted with wind speed and direction sensors in addition to the weather station located near the Estuary Drive monitoring site to the south of the Inner Harbour Basin. The wind direction sensors are now linked to the dust sampling ACCU filters which capture representative dust samples for later elemental analysis. Previously the ACCU filters sampled 24/7 capturing dust from all points of the compass which included not only port emissions but general environment and anthropogenic dust from the City of Bunbury and surrounding areas. The ACCU filters are now set up for sector sampling in which the filters are activated via the wind sensors only when the wind is blowing from the port areas towards the TEOM. This is known as "sector sampling" and will provide a much more accurate picture of dust emissions from the various port areas.

In addition to the fixed TEOM dust samplers, the Port Authority purchased two portable PM10 Dustrak dust monitoring units. These units can be set up at various locations around the Port and if necessary in the community to do spot sampling.

To provide additional information on the quantity of cumulative dust emissions from Port operations, an outside consultant was engaged by the Port Authority to model dust emissions from the Inner Harbour area for both existing and future port activities. Dust monitoring data from the TEOMs was used to construct the model which set out cumulative dust concentration contours around the Port under various conditions based on factors such as wind direction and speed and predicted emissions from within the port from various activities such as ship loading. The modelling will be useful to the Port and its



lease holders as a reference point to gauge current dust management practices and controls and to predict emissions from future port development scenarios. The model also clearly defines a “buffer zone” outside the Port boundary that will assist in precluding inappropriate development within that buffer zone to protect both the health and amenity of the community and not hinder the current or future development of the Port.

The Port Authority has continued to investigate the possibility of installing a screen wall along its Koombana Drive boundary to reduce noise impacts from the possible future reintroduction of train traffic to that side of the Inner Harbour. Trial screening panels were erected in late 2008 to gauge public reaction to a possible future wall of similar height and construction. The trial screen panels elicited very little public comment as the panels were well protected by existing vegetation. However, some recent development proposals have required additional space for rail infrastructure resulting in a revision of the screen wall length and positioning. The repositioning has required the possible relocation of a stormwater open drain and a fibre optic cable. Work will continue in the latter part of 2009 to resolve these issues in consultation with the City of Bunbury and others.

Consultation with local aboriginal people was completed in July 2008 as part of the Port Authority’s preparation for submission of a Section 18 Application under the Western Australian Aboriginal Heritage Act (1972) to the Department of Indigenous Affairs (DIA) in August 2008. The Application was in reference to the use of Port

land overlaid by one Aboriginal Site DIA 16713 (Collie River Waugal). The site extent was brought to the Port Authority’s attention in early 2008. The Minister for Indigenous Affairs granted consent for the use of the land referenced in the Section 18 Application in late December 2008.

In preparation for the future export of copper sulphide concentrate through Berth 8, baseline sediment, biota and seawater chemistry sampling was conducted at the Inner Harbour. The baseline data will be used to ensure that any change to baseline metals levels due to handling, loading or wash-down activities will be quickly identified and appropriate remedial action taken. The sampling will be repeated 6 monthly following the commencement of copper exports.

The Environmental Scoping Document for the proposed Preston River relocation project neared completion at the end of the year. The scoping document will be peer reviewed to ensure that all issues have been addressed and this will be the precursor for an engineering feasibility study to investigate the most appropriate construction method for the new channel and to provide a cost estimate for the project.

The Berth 8 water capture and redirection project has continued through the year and is now close to finalisation. An acid sulphate soil and dewatering management plan associated with the project was submitted to the DEC for approval during July 2009.

The number of community contacts relating to Port operations has continued to decline. This trend has been seen over the past four years as the Port Authority and its port lease holders have maintained their focus on noise reduction initiatives and management practices. For example, one wood chip exporting company now uses rubber tyred loaders on its woodchip stockpiles. This change has significantly reduced the mobile plant noise that was associated with the metal tracked machines that were used previously.

Community contacts for the year were as follows:

Dust observations –	Inner Harbour	2
	Outer Harbour	1
Noise impacts –	Inner Harbour	6

The Port Community Liaison Committee met bimonthly during the year and was kept up to date on all port related activities and environmental issues. The Committee continues to provide the community with a useful forum by which they can maintain an effective dialogue with the Port Authority and to be kept abreast of future expansion plans for the Port.

# OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT

The Bunbury Port Authority's management team is committed to maintaining a high standard of occupational safety and health and injury management as is evidenced by its achievement in obtaining the Gold Status in its Worksafe Plan.

Monthly occupational safety and health (OSH) meetings are held with staff to inform employees of OSH issues and to allow them to participate fully in improving the system and allow them the opportunity to raise any safety or health concerns with management. This is considered an important strategy in particular to minimise the effects that may occur with regards to control of flu epidemics that could impact on the Authority's workforce. When issues are raised the Authority is prepared to take action to rectify or improve the safety of workers in the Port area.

During the reporting period, the Authority arranged for a full resurvey to be undertaken of the port buildings and structures to identify any remaining asbestos containing materials in assets or infrastructure owned and under the control of the Authority. Following the completion of the resurvey, an asbestos materials management program was developed and asbestos containing materials have been progressively removed during the year.

The Authority is pleased to report that during the year there was no time lost due to injury of Port Authority employees and no major incidents occurred in the Port, although there was one minor injury reported. This demonstrates the Authority's ongoing commitment to safety in the workforce. The Authority has therefore complied with the injury management requirements of the *Workers Compensation and Injury Management Act 1981*.

The Authority's OSH and Injury Management Data for the reporting period as provided by RiskCover is illustrated below:

Financial Year	Number of Fatalities	Number of Lost Time Injury or Diseases	Number of Severe Claims	Lost Time Injury Severity Rate
<b>2007/08</b>	0	0	0	0.0000
<b>2008/09</b>	0	1	0	0.0000

## Data Definitions

Financial Year	Claims lodged in the financial year, as at the end of that year.
Fatalities	Number of compensated work related fatalities.
Lost Time Injury or Disease	The number of lost time injury/disease claims where one day/shift or more is estimated to be lost on claims lodged in the financial year.
Severe Claims	The Number of severe injuries (estimated 60 days or more lost from work). An injury resulting in death is considered to have accounted for 60 days or more lost.
Severity Rate	The number of Severe Claims divided by the number of Lost Time Injury/Disease claims multiplied by 100.





“THE BUNBURY PORT AUTHORITY’S MANAGEMENT TEAM IS COMMITTED TO MAINTAINING A HIGH STANDARD OF OCCUPATIONAL SAFETY AND HEALTH AND INJURY MANAGEMENT AS IS EVIDENCED BY ITS ACHIEVEMENT IN OBTAINING THE GOLD STATUS IN ITS WORKSAFE PLAN.”

**Community Service Obligations**

During the year the Authority contributed to a number of community based service providers by charging only peppercorn rental on their lease areas. The monetary contributions to these community services were:

Description of Lease	Area m <sup>2</sup>	Peppercorn Rent Charged	Commercial Rent	CSO Value
Naval Cadets Club Rooms Site	2,700	\$50.00	\$ 10,125.00	\$10,075.00
Bunbury Lifeboat Foundation	250	\$10.00	\$937.50	\$927.50
Department of Waters & Rivers (DEC) - Nursery Site	6,600	\$1,100.00	\$24,750.00	\$23,650.00
Western Tourist Radio	1,000	\$454.55	\$ 3,750.00	\$3,295.45
<b>Total Monetary Contributions to CSO's</b>				<b>\$37,947.95</b>

**Port Pricing Policies on Services**

The Authority’s pricing policy is based on user pays principles which are required to recover ongoing operating costs and earn a rate of return on the assets used in providing port services. Port prices are reviewed annually during the budget process.

The main charge for cargo services is Port Infrastructure and for vessel services the Authority charges Navigational Services and Pilotage charges as well as Berth Hire when Port Authority owned berths are used. Revised

Pilotage charges are required to be published in the Government Gazette before they can apply.

In 2008/09 the Navigational Services charge for deep draft vessels of 11.6 metres or greater was increased by 37.7% while other charges including Port Infrastructure and Berth Hire increased by 6% and Pilotage charges by 19.2% to recover increases in operating costs.

Port charges are published each year in the Authority’s trade statistics brochure and are available on our web site.



# CORPORATE GOVERNANCE



## The Organisation

The Bunbury Port Authority (the Authority) is a body corporate with perpetual succession and a common seal. Subject to the provisions of its enabling legislation, the Port Authorities Act 1999 (the Act), the Authority is capable of suing and being sued and may acquire, hold and dispose of real and personal property.

The board of directors, as the governing body of the Authority, has adopted the following corporate governance principles as the framework by which the board carries out its duties and obligations on behalf of the government shareholder.

## The Board of Directors

### Role of the Board

The board is responsible for setting the strategic direction and establishing the corporate policies and procedures of the Bunbury Port Authority. The board is also responsible for planning approvals and oversees the financial performance and monitoring of the business activities of the Authority on behalf of the government as the sole shareholder by whom the directors are appointed and to whom they are accountable. The board also addresses issues relating to internal controls and procedures in relation to risk management including environmental, financial and operational.

Responsibility for the day to day management of the ports activities resides with the Chief Executive Officer who is accountable to the board for the efficient performance of those duties ensconced in the Act.

The board is empowered by legislation to determine its own procedures, and has established:

- Standing Orders to encourage maximum participation by directors at meetings of the board.
- A Corporate Governance Committee to ensure board efficiency, quality in outcomes and continuous improvement in board performance is achieved.
- Consistent with the powers of delegation contained in the enabling legislation, the board has defined appropriate levels of delegation to effectively manage the Authority's business with clear lines of accountability.
- An Internal Audit and Risk Management Committee which oversees the internal audit program and assessment of risk of the Authority's operations.

In addition directors have responsibility for distinct portfolios including government, business development/

commercial financial, infrastructure, land use and Outer Harbour and community, environment and Leschenault Homestead. The intention of the portfolios is to provide an opportunity for directors to provide specialist input to the long term planning and strategic development issues of the Bunbury Port in a manner which allows high level participation in strategic policy development and where appropriate community liaison.

### Composition of the Board

The Authority has five non-executive directors including the Chairman. The Director's Report in the annual report contains details of each director's qualifications, skills and experience. The board generally meets monthly and as required during the year when extraordinary meetings may be called.

### Appointment and retirement of Directors

Directors are appointed by the Minister for Transport in accordance with Section 7 (1) of the Act. Directors are appointed for periods of up to three years and are eligible for reappointment. The Minister may at any time remove a director from office and is not required to give any reason for doing so. The Minister appoints a director as Chairman and another as Deputy Chairman.

### Independent professional advice

The Authority will permit any director to seek external professional advice as considered necessary in the performance of their responsibility as a director, at the Authority's expense, with the approval of the Chairman.

### Conflict of Interest

At the commencement of each meeting Directors make declarations of items of personal interest so that in the event that a potential conflict of interest may arise, involved directors may, at the discretion of the other Directors:

- a) withdraw from deliberations concerning the matter; and
- b) are not permitted to participate in any vote on the matter.

They are not permitted to exercise any influence over other board members or to make improper use of information or their position.

### Directors Fees

Fees for directors are determined by the Minister in accordance with Section 10 of the Act. Details of fees and other benefits paid to directors during the reporting period are provided in the Directors Report.



### **Ethical Standards**

The board recognises that the Authority's corporate governance, safety, occupational health, environmental and ethical standards must be of a high standard. The board therefore keeps these practices under review on an annual basis. All directors and employees are required to meet high standards of ethical business practice and must abide by a code of conduct which is part of the Port Authority policy Code of Conduct and Ethical Behaviour.

These policies comply with the requirements of the Commissioner for Public Sector Standards. The performance of staff against the Code of Conduct and Ethical Behaviour is reported annually to the Minister in accordance with Section 21 and 23 of the Act. As was the case last year the Authority reported its performance to the Commissioner on the observance by members of staff in relation to the Authority's minimum standards for staff management by way of the Annual Agency Survey.

### **Remuneration**

The remuneration of the Chief Executive Officer is reviewed annually by the board and is subject to the provisions of the Salaries and Allowances Act 1975 and the approval of the Minister. The annual review includes performance evaluation based on key targets linked to the Statement of Corporate Intent as well as having regard to comparative remuneration and independent advice as may be required.

### **Internal Audit and Risk Management Committee**

The Internal Audit and Risk Management Committee met regularly during the year to discuss internal audit findings and to review the Authority's Risk Register. The Committee is represented by Directors' Neema Premji (Chairperson), David Smith and Gary Wood with the ex officio member during the year being the Acting CEO who had the dual role until 11 May 2009 of also being the Chief Finance Officer. The Authority's Internal Auditors, Stantons International, attended meetings where required to discuss their audit findings and recommendations.

The Internal Audit and Risk Management Committee performs the following functions:

- Regular, management oriented appraisals of functions to determine their appropriateness in the context of the Authority's objectives as described in the Statement of Corporate Intent and Strategic Development Plan (including, but not restricted to, accounting and financial management information and control systems, performance monitoring and risk management systems);
- Reviews of the reliability of accounting and financial management information and the protection of the assets and resources under the Authority's control;
- Reviews on a regular basis the risk management register of the Authority;
- Independent and confidential advice on action to be taken to improve operational effectiveness, efficiency and economy;
- Follow up appraisals, where appropriate, regarding remedial action taken by levels of management as a result of the Audit Committee's findings and recommendations; and
- Follow up recommendations and concerns as expressed by the external auditor as a result of any audit findings and recommendations.

The Committee is an important link for the internal and external auditors to provide their views and recommendations to the board. During the year the Audit Committee held three meetings one of which was to discuss the audit plan for the 2008/09 reporting period.

The areas reviewed by the internal auditors included a broad scope review of the Authority's information technology security controls and a review of financial functions and accounting systems review, which is an annual compliance audit that was undertaken in April prior to year end. The IT security review found that although there was a need for a formally documented security framework, strong IT security controls have

been implemented resulting in a low overall risk exposure. The findings of the financial systems audit included recommended improvements in procedures for provisions for employee entitlements, delegated authorities for purchasing and updating the relevant sections of the accounting manual.

The recommendations raised by the internal auditors on the broad scope and financial functions that were reviewed have been implemented or are being progressively implemented to improve internal procedures and controls.

### **Internal Controls**

Procedures have been established at the executive and board level that are designed to safeguard the assets and interests of the Authority and to ensure the integrity of financial reporting and project management.

These include accounting, financial reporting and internal control policies and procedures as well as physical controls over assets and records.

The Authority has in place the following arrangements;

- Review and approval by the board of the annual budget which includes the Statement of Corporate Intent and the five year Strategic Development Plan. These are to be agreed between the Minister and the board with the concurrence of the Treasurer;
- Authorisation of major capital and contractual commitments by the board;
- Guidelines, limits and controls on all financial risks and exposures;
- A comprehensive annual insurance program including risk management reviews undertaken where necessary with the assistance of professional outside advisors;
- Compliance with equal opportunity legislation including affirmative action, sexual harassment, discrimination, diversity and the environment;
- Compliance with financial reporting requirements.

The board reviews actual financial results against budget on a monthly basis. The Authority prepares six monthly financial statements and performance reports which following review by the board are submitted to the Minister to comply with the reporting requirements of the Act.

### **Risk Management/Business Continuity**

Risk management is recognised by the Authority as an important process in managing its day to day operations in order to protect its people, assets, port customers, the

environment and earnings by avoiding or minimising where possible the risks that have been identified. A considerable amount of work has been undertaken as a result of the Internal Audit and Risk Management Committee meeting recommendations to improve the reporting of risks and updating the Risk Register.

The Authority also recognises that the legal interpretation of a workplace safety hazard is becoming broader with more frequent litigation being initiated against organisations and managers for activities which they considered were outside their area of responsibility, or had adequately addressed the issue. In response to these increasing obligations the Authority conducted an intensive risk management review to update its Risk Register. Risk management, business continuity and safety issues are discussed at weekly management communication meetings. Two staff members also attended the annual Risk Management Conference organised by RiskCover to provide information about the latest risk management practices.

The Authority discusses business continuity at its weekly management meetings to ensure procedures are in place to minimise interruptions to the essential services and port infrastructure that is provided to our port users when an emergency such as the recent H1N1 flu epidemic occurs.

### **Expenditure Guidelines**

The Authority has clearly defined expenditure guidelines for the purpose of controlling operating and capital expenditure outlays. A major focus in controlling expenditure includes monthly reports against budget for the major business units which include finance and administration, management services, port operations and pilotage. In addition there are formally approved levels of delegated financial authority endorsed by the board.

The Authority is required to obtain the approval of the Minister for individual capital works expenditure projects that exceed two million dollars and advises the Minister of projects that exceed one million dollars. The board also reviews capital expenditure and cash flows.

### **Financial Management Act 2006**

Section 91 of the Port Authorities Act 1999 gives effect to Schedule 5 of the Act, which contains provisions substantially based upon Corporations Law in relation to financial administration and audit. The provisions of the Financial Management Act 2006 are limited to the application of the audit process only.

# COMPLIANCE STATEMENT



For the year ended 30 June 2009

## Advertising & Sponsorship (Electoral Act 1907 - S175ZE)

In accordance with section 175ZE of the Electoral Act 1907 the Bunbury Port Authority incurred the following expenditure during the year in relation to services provided by advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

1. Total expenditure for 2008/09 was \$30,050.
2. Expenditure for each service where applicable, was incurred during the year as follows:

Advertising agencies:-

Informa Australia	\$583
Marketforce Productions	\$985
Chameleon Advertising	\$2,354
JEM Promotions Products Pty Ltd	\$4,001

**Total** **\$7,923**

Market research organisations:- nil

Polling organisations:- nil

Direct mail organisations:- nil

Media advertising organisations:-

Adcorp Australia Limited	\$11,965
Main Event Media Pty Ltd	\$8,955
Marsh Agencies Pty Ltd	\$409
Rural Press Regional Media	\$197
South West Printing & Publishing Co	\$601

**Total** **\$22,127**

## Disability Services

Initiatives in relation to disability access and inclusion are provided by the Authority as follows:

- Physical access is provided to the administration office from the car park.
- Access to services within the office for people with disabilities.
- Provision of facilities in the office for people with disabilities in accordance with Australian Standards.
- Matt Gare continues to enjoy his employment as our casual Data Entry Officer.

People with disabilities can obtain information regarding the Authority's publications and services including our annual reports on the Authority's web site at [www.byport.com.au](http://www.byport.com.au).

## Recordkeeping Plan

In accordance with section 19 of the State Records Act 2000 the Authority is required to have a Recordkeeping Plan. The Authority is also required to report on its compliance with the Act in its annual report in accordance with section 61 and State Records Commission Standard 2, Principle 6.

In addition an ongoing review of document control and file management has been carried out during the year by staff including the Personal Assistant to the CEO, the Accounting Systems Officer and the Emergency Response and Security Officer.

Standard 2, Principle 6 states that the minimum compliance requirements of the Authority's Recordkeeping Plan is to provide evidence to adduce that:

1. The efficiency and effectiveness of the Authority's recordkeeping systems is evaluated not less than once every five years.
  - The Authority has a process of continuous improvement for its recordkeeping systems and this will be reviewed as part of the internal audit program.
2. The Authority conducts a recordkeeping training program.
  - In regard to training, the Authority's staff completed a Records Awareness Training (RAT) refresher course which is provided online by IRIS, an external training provider. All new employees will complete the RAT as part of their induction.
3. The efficiency and effectiveness of the recordkeeping training program is reviewed from time to time.
  - It is envisaged that this review will be undertaken in conjunction with the evaluation of the recordkeeping systems as part of the internal audit program.
4. The Authority's induction program addresses employees' roles and responsibilities in regard to their compliance with the Authority's recordkeeping plan.
  - The Authority's induction procedures include records awareness.



## Information Statement

The Authority is required to publish annual information statements either as stand-alone documents or in its annual reports. The Authority has chosen to incorporate its Freedom of Information data in its Annual Report.

Where possible, information the Authority holds will be made available on an informal basis and at no charge. Publications released during the year were:

- 2008 Annual Report
- Trade Statistics (2007-2008) and Port Charges (2008-2009)
- Portal Newsletter, Issue 11 April 2009

Other information is available via the Authority's web site at [www.byport.com.au](http://www.byport.com.au).

Under the Freedom of Information Act 1992 the Authority is required to respond to applications for information within 45 days of receipt, unless an extension of time is granted.

A formal application for information must be:

- in writing;
- give enough information to enable the requested documents to be identified;

- give an Australian address to which notices can be sent;
- accompanied by a \$30 application fee, unless the information relates to a personal matter which is free of charge. An additional charge may apply for the processing of non-personal information. The fee is reduced by 25 per cent for pensioners and financially disadvantaged persons; and
- addressed to the Authority's Freedom of Information Act Coordinator as follows:  
Grahame Coves  
FOI Coordinator  
Bunbury Port Authority  
PO Box 4  
BUNBURY WA 6231

The Authority's FOI Coordinator did not receive any FOI access applications during 2008-2009.

## Public Interest Disclosure

The Bunbury Port Authority is a "notifying authority" for the purposes of the Corruption and Crimes Commission Act and the Public Interest Disclosure Act.

There were no incidents requiring disclosure reports under this legislation during the reporting period ending 30 June 2009.



The Authority has complied with section 23 (1) of the Public Interest Disclosure (PID) Act 2003 by establishing internal procedures relating to the Authority's obligations under the Act. As part of these procedures the Finance & Administration Manager has been appointed as the PID Officer for the Authority. The PID Officer is responsible for receiving disclosures of public interest information relating to matters falling within the realm of responsibility of the Bunbury Port Authority.

The PID Officer provided information to staff to raise awareness about the process of public interest disclosure by distributing the PID newsletter "The Voice" to all staff.

The Authority recognises the value and importance of staff contributions to enhance the administrative and management practices of the Authority and strongly supports disclosures being made by staff as to corrupt or other improper conduct. In addition the Authority will take all reasonable steps to provide protection to staff, who may make disclosures under the PID Act, from any detrimental action in reprisal for the making of a public interest disclosure.

## Code of Conduct

Section 21 of the Port Authorities Act 1999 requires the Authority's board to prepare and issue, in consultation with the Commissioner for Public Sector Standards, a code of conduct setting out minimum standards of conduct and integrity to be observed by members of staff. The legislation also requires a report to be submitted to the Commissioner for Public Sector Standards annually regarding the observance by members of the Authority's staff to this code of conduct. Section 23 also requires that a report be delivered to the Minister on the observance by members of staff of any code of conduct in force under section 21.

The report submitted in compliance showed that there were no reported breaches of the code of conduct in the year under review.

## Human Resource Policies and Procedures

In the administration and management of its staff the Authority has complied with its human resource policies and procedures and provided a report to the Commissioner for Public Sector Standards as required by section 18 of the Port Authorities Act 1999.

The Authority's policies generally follow the guidelines and principles of the public sector standards in human resource management. The Human Resource Policies are in the Authority's reference library which is accessible to all staff.

During the reporting period there were two full-time positions advertised by the Authority which were for the Chief Executive Officer and the Finance Officer. There were no claims arising as a result of the recruitment, selection and appointment process of the Authority for this position.

A new Collective Agreement was successfully negotiated between the Authority the administration and maintenance workforce. The Authority is currently negotiating a new Enterprise Bargaining Agreement with the Harbour Master and our two Marine Pilots and it is hoped that a mutual outcome will be agreed upon in the near future as a result of the current mediation process.

A handwritten signature in black ink, appearing to read "Kevin Schellack".

**Kevin Schellack**  
**Chief Executive Officer**

Bunbury Port Authority

20 August 2008

# CORPORATE STRUCTURE



# TRADE DEVELOPMENT



Total trade for 2008/2009 was 13.277 million tonnes, a decrease of 0.382 million tonnes or 2.8% compared to the record trade of 13.659 million tonnes achieved in 2007/2008.

Although trade was generally lower there were improvements in particular in exports of alumina which rose by 0.160 million tonnes or 2% and silica sands which increased by 0.083 million tonnes or 61% and imports of mineral sands which rose by 0.022 million tonnes or 10%, chemical fertiliser which increased by 0.015 million tonnes or 70% and potash which rose by 0.010 million tonnes or 80%. Reductions in trade mainly occurred in exports of mineral sands which decreased by 0.363 million tonnes or 33% and woodchips which fell by 0.254 million tonnes or 19%.

Details of the Port's trade performance can be found in the section on statistical information charts and graphs.

Total exports for the year decreased by 3.5% to 11.739 million tonnes while imports were up by 3.1% to 1.538 million tonnes compared to the previous year. Exports represent 88% of total trade through the port.

Although commercial vessel visits were lower than the previous year with 334 visits a reduction of 1% compared to last years figure of 337 vessels, Gross Registered Tons of vessels increased by 2% to 9.895 million GRT.

Milestones achieved during the year included:

- Record total imports of 1.538 million tonnes (previously 1.493mt).
- Record exports of alumina of 9.476 million tonnes (previously 9.315mt).

- Record imports of mineral sands 0.252 million tonnes (previously 0.230mt).
- Largest export of woodchips – 52,254 tonnes on MV "Silviculture" in August 2008.
- Largest import of coal – 4,800 tonnes on MV "Tien Hua" October 2008
- Largest import of urea – 12,162 tonnes on MV "Cook Strait" October 2008
- Largest import of potash – 21,755 on MV "Great Immensity" January 2009
- Largest import of petroleum coke – 24,463 tonnes on MV "Fiesta" May 2009.

## Trade Forecast

The Authority is forecasting total port trade for 2009/2010 of 15.083 million tonnes, which is an increase of 13.6% compared to the 2008/2009 trade figure. This is mainly due to the Authority's forecast for copper concentrate exports of 0.200 million tonnes to commence in the new financial year and for coal exports of 0.600 million tonnes. The majority of other trade volumes are expected to remain at similar levels to those achieved for the reporting period except for woodchips, mineral sands and alumina which are expected to increase by 0.500 million, 0.250 million and 0.100 million tonnes respectively.

Commercial vessel numbers are estimated to increase to 392 which is significantly higher than current vessel movements due to the new trades that have been budgeted for.





# STATISTICAL INFORMATION

10 Year Period from 2000 to 2009

Cargo - (tonnes)	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>IMPORTS:</b>										
<b>Commodity</b>										
Caustic Soda	715,332	996,928	929,261	960,988	961,581	1,084,133	1,050,342	1,110,470	1,149,597	1,146,632
Mineral Sands	68,514	44,292	34,502	88,491	71,799	-	44,449	172,567	230,341	252,356
Phosphate Rock	28,606	35,632	79,900	23,241	-	-	-	-	-	-
Potash	20,976	25,953	23,154	20,928	21,634	36,135	8,703	-	12,099	21,755
Petroleum Coke	15,186	21,968	23,006	23,520	22,057	40,612	66,911	46,379	53,737	58,967
Methanol	13,002	11,527	17,184	13,478	14,733	15,505	18,614	15,684	15,943	14,739
Sugar	10,339	10,105	-	-	10,025	-	-	-	-	-
Vegetable Oil	4,204	6,190	4,738	8,056	6,662	3,392	4,097	4,081	3,156	3,015
General	9,047	4,167	-	1,503	996	1,864	-	-	6,652	-
Coal	-	3,585	4,426	4,724	3,789	-	4,605	4,637	-	4,800
Sulphur	3,912	-	-	-	-	-	-	-	-	-
Chemical Fertilizers	-	-	-	4,019	8,107	20,924	34,668	8,046	21,292	36,208
<b>TOTAL IMPORTS</b>	<b>889,118</b>	<b>1,160,347</b>	<b>1,116,171</b>	<b>1,148,948</b>	<b>1,121,383</b>	<b>1,202,565</b>	<b>1,232,389</b>	<b>1,361,864</b>	<b>1,492,817</b>	<b>1,538,472</b>

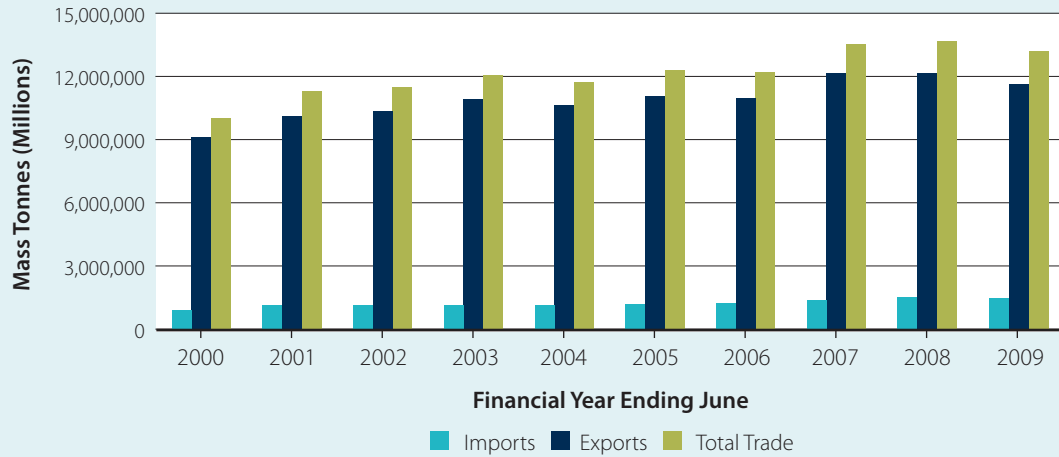
## EXPORTS:

<b>Commodity</b>										
Alumina	6,768,093	7,715,209	8,188,280	8,248,673	8,435,401	8,469,142	8,531,913	9,127,092	9,315,589	9,476,391
Mineral Sands	1,173,721	932,630	837,975	1,005,415	806,308	852,912	1,014,241	1,113,234	1,096,167	732,732
Silica Sand	340,412	383,077	375,619	459,192	348,810	334,532	257,105	289,045	135,141	218,068
Spodumene	61,171	72,769	78,599	106,245	121,683	126,300	140,124	272,341	204,365	204,844
Woodchips	769,918	982,842	809,623	1,045,693	734,705	1,212,621	966,090	1,283,402	1,347,925	1,094,405
Aluminium Hydroxide	4,900	11,500	-	6,478	-	-	-	-	-	-
General	27	8,589	14,906	8,739	9,246	20,047	12,724	11,505	16,122	12,337
Silicon Dross	-	6,286	-	4,475	-	-	-	-	-	-
Timber	6,831	-	22,986	10,403	130,312	39,129	50,445	63,853	43,015	-
Kaolin Clay	2,034	-	-	1,500	-	-	-	-	-	-
Vegetable Oils	-	-	-	1,038	2,524	504	-	-	-	-
Chemical Fertilizers	-	-	31,629	-	-	-	-	-	-	-
Talc	-	-	-	-	9,367	-	-	-	-	-
Iron Oxide	-	-	-	-	8,437	9,174	-	-	7,607	-
<b>TOTAL EXPORTS</b>	<b>9,127,107</b>	<b>10,112,902</b>	<b>10,359,617</b>	<b>10,897,851</b>	<b>10,606,793</b>	<b>11,064,361</b>	<b>10,972,642</b>	<b>12,160,472</b>	<b>12,165,931</b>	<b>11,738,777</b>
Fuel Oil (Bunkers)	-	189	192	37	425	292	135	55	192	-
<b>TOTAL TRADE</b>	<b>10,016,225</b>	<b>11,273,438</b>	<b>11,475,980</b>	<b>12,046,836</b>	<b>11,728,601</b>	<b>12,267,218</b>	<b>12,205,166</b>	<b>13,522,391</b>	<b>13,658,940</b>	<b>13,277,249</b>

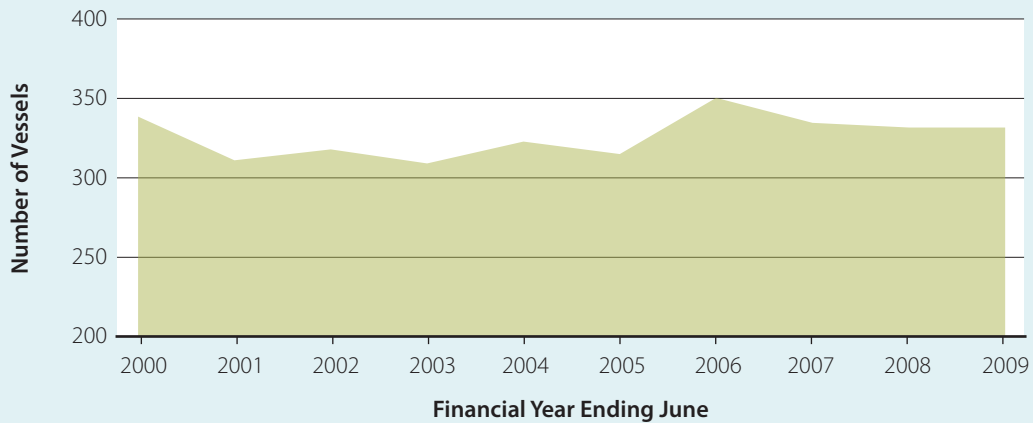
## SHIPPING:

<b>Gross Registered</b>										
<b>Tonnage</b>	7,940,667	8,502,511	8,687,750	9,063,323	8,405,277	9,055,627	9,074,806	10,104,099	9,730,372	9,895,143
<b>Number of Vessels:</b>										
Commercial Vessels	304	341	313	320	311	325	317	353	337	334
Other	7	4	4	3	2	6	8	7	10	11

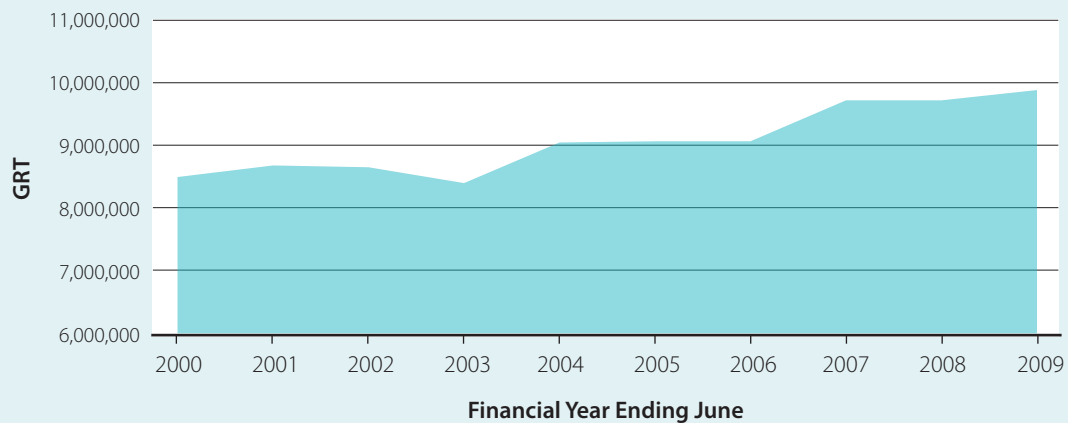
### Total Port Trade Over 10 Years



### Commercial Vessel Visits - Comparison Over 10 Years



### Gross Registered Tonnage (GRT) - Comparison Over 10 Years



# KEY PERFORMANCE INDICATORS

The annual performance of the Authority is measured against the targets and criteria as set in its Statement of Corporate Intent which is tabled in State Parliament each year.

The following key performance indicators have been developed and adopted by the Authority to give an indication as to the Authority's performance against the targets that have been set.

	Four Year Performance Comparison				
	Target 2009	Actual 2009	2008	2007	2006

## Effectiveness Indicators

<b>1. Berth Utilisation (Occupancy)</b>	<b>28.56%</b>	<b>26.9%</b>	31.7%	28.9%	25.9%
(Includes commercial and naval vessels but excludes vessels laying up)					

Comment: This indicator measures the percentage of actual hours of utilisation of all berths compared to total available hours.

The higher the percentage the greater the effective or productive use of the berths.

Berth occupancy = total vessel hours at berth/total annual hours available expressed as a percentage.

The result is lower than the target due mainly to a decrease in occupancy at all berths except Berth 6 some of which were impacted by lower cargo throughput (apart from Berth 4).

<b>2. Average Ship Turn Around Time (Hours)</b>	<b>48.0</b>	<b>46.4</b>	51.8	47.3	45.6
(Commercial vessels only)					

Comment: Measures effectiveness of port operations to moor, load and let-go vessels. Generally the lower the figure the better.

The lower turn around time for the year compared to the target was mainly as a result of improved loading rates at Berths 1, 4, 5 and 8 than forecast as supported by the increase in average cargo tonnes loaded per vessel at KPI 8.

The indicator is calculated as the average hours in port per vessel for commercial vessels only.

<b>3. Average Ship Delay Time (Hours)</b>	<b>0</b>	<b>0</b>	0	0	0
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Comment: There were no delays to vessels during the year due to industrial stoppages.

This measures the effectiveness of the Authority and private sector service providers in the Port to manage industrial relations.



## Key Performance Indicators (cont.)

		Four Year Performance Comparison				
		Target 2009	Actual 2009	2008	2007	2006

### Financial Indicators

<b>4.</b>	<b>Gross Cargo Revenue per Cargo Tonne</b>	<b>\$0.49</b>	<b>\$0.45</b>	\$0.45	\$0.43	\$0.41
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Comment: Measured in dollars per cargo tonne. The indicator is calculated by dividing the total revenue from cargo related Port Authority charges by the total per unit throughput (trade) of the Port.

This indicator shows the average level of revenue per cargo tonne and provides information about the movement in port charges to port users. The result was lower than the target due mainly to lower trade volumes over Berths 1, 3 and Berth 8 than budgeted which affected the higher revenue per cargo tonne cargoes.

<b>5.</b>	<b>Gross Ship Revenue per Ship</b>	<b>\$26,969</b>	<b>\$26,026</b>	\$24,129	\$21,882	\$21,836
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Comment: Measures the gross revenue received from Port Authority vessel charges per trading vessel visiting the Port. The purpose of the indicator is to show the average level of revenue earned by the Authority for each ship entering the port. The result for the year is lower than the target due mainly to a decrease in berth utilisation and hence berth hire at BPA berths and a delay in pilotage charge increases being gazetted. The flow on effect of the "deep draft" navigational services charge was also less than budgeted due to the lower actual cost of dredging which was passed on to port users and lower usage of the charge than budget.

<b>6.</b>	<b>Aggregated Operating Cost per Cargo Tonne</b>	<b>\$1.67</b>	<b>\$1.46</b>	\$1.18	\$1.09	\$1.14
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Comment: This is an efficiency indicator, the lower the indicator the better as it reflects the maximisation of outputs (revenue tonnes) with minimisation of inputs (operating costs). The aggregated operating cost includes all financial, maintenance and administration costs (before income tax). The result for the year is below the target due mainly to lower financing costs of depreciation and interest on new borrowings budgeted for port expansion projects which did not proceed in the financial year as planned.

		Four Year Performance Comparison				
		Target 2009	Actual 2009	2008	2007	2006

### Efficiency Indicators

<b>7.</b>	<b>Total Cargo Tonnes Throughput per Berth.</b>	<b>1,978,641</b>	<b>1,896,750</b>	1,951,277	1,931,770	2,034,194
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Comment: The indicator is calculated by dividing the total number of berths into the total actual cargo tonnes for the year to arrive at a figure in cargo tonnes per berth. The decrease compared to the target is due to the lower cargo tonnes compared to budget of 4.3% from the forecast of 13.850 million tonnes down to 13.277 million tonnes.

<b>8.</b>	<b>Cargo Tonnes per Total Vessel Hour.</b>	<b>791</b>	<b>856</b>	783	809	826
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(Average All Berths)

Comment: This indicator is calculated by dividing the total cargo tonnes by the total hours that vessels are in port and is based on commercial vessel hours only. The increase in tonnes loaded per hour compared to the previous years performance as well as against the target figure of 791 tonnes per hour is due mainly to improved loading rates at Berths 1, 4, 5 and 8 compared to forecast.

Average loading rates are predicted to be slightly lower in 2010 due to new trades.

# 5 YEAR PERFORMANCE SUMMARY

	2009 \$'000	2008 \$'000	2007 \$'000	2006 \$'000	2005 \$'000
<b>Financial Performance</b>					
Operating income	20,746	20,232	19,268	18,271	16,647
Interest income	1,096	1,596	1,487	1,145	1,028
Total operating income	21,842	21,828	20,755	19,416	17,675
Operating expenses	(12,815)	(11,085)	(9,689)	(8,691)	(8,265)
Operating profit before depreciation, interest paid and income tax equivalent	9,027	10,743	11,066	10,725	9,410
Depreciation and amortization	(6,230)	(4,287)	(4,364)	(4,341)	(4,195)
Borrowing costs	(769)	(813)	(819)	(836)	(864)
Net profit before income tax equivalent	2,028	5,643	5,883	5,548	4,351
Income tax equivalent	(578)	(1,705)	(1,676)	(1,655)	(1,348)
<b>Net profit after tax</b>	<b>1,450</b>	<b>3,938</b>	<b>4,207</b>	<b>3,893</b>	<b>3,003</b>
<b>Financial Position</b>					
Current assets	26,481	22,434	27,039	23,298	21,692
Non-current assets	78,985	83,605	78,292	78,503	80,257
Total assets	105,466	106,039	105,331	101,801	101,949
Current liabilities	3,959	2,527	2,824	2,396	3,645
Non-current liabilities	13,018	14,504	13,388	14,493	15,805
Total liabilities	16,977	17,031	16,212	16,889	19,450
<b>Net assets</b>	<b>88,489</b>	<b>89,008</b>	<b>89,119</b>	<b>84,912</b>	<b>82,499</b>
<b>Equity</b>					
Reserves	14,815	14,815	28,647	28,647	28,647
Retained earnings	73,674	74,193	60,472	56,265	53,852
<b>Total equity</b>	<b>88,489</b>	<b>89,008</b>	<b>89,119</b>	<b>84,912</b>	<b>82,499</b>
<b>Statistics</b>					
<b>Financial:</b>					
Operating profit margin	44%	53%	57%	59%	57%
Operating expense ratio	91%	74%	72%	71%	75%
Debt to equity ratio (total liabilities/equity)	19%	19%	18%	20%	24%
Interest cover - profit basis (times) (EBIT/Int)	3.64	7.94	8.18	7.64	6.04
Total operating income per FTE	\$1,040,095	\$1,039,429	\$1,220,882	\$1,386,857	\$1,262,500
Return on average net assets (RONA)	3%	7%	8%	8%	7%
Dividends paid/payable \$'000's	1,969	4,049	0	3,005	1,525
<b>Trade:</b>					
Total Export Trade	11,738,777	12,166,123	12,160,527	11,064,653	10,607,218
Total Import Trade	1,538,472	1,492,817	1,361,864	1,202,565	1,121,383
Total Port Trade	13,277,249	13,658,940	13,522,391	12,267,218	11,728,601
Total Commercial Vessels	334	337	353	325	311
Total Gross Registered Tons	9,895,143	9,730,372	10,104,099	9,055,627	8,405,277

# DIRECTORS' REPORT 2009

The Board of Directors of the Bunbury Port Authority have pleasure in presenting their report for the financial year ended 30 June 2009.

## Directors

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

J G Brosnan  
N B Premji  
D J Brennan-Jesson  
D L Smith  
G N Wood

## Principal Activities

During the financial year the principal continuing activities of the Bunbury Port Authority consisted of:

- provision of port services and port infrastructure for the exchange of goods between sea and land transport;
- maintaining and operating port facilities and equipment required for such purposes including five berths, two mechanical ship loaders and a mobile ship loader; and
- planning and co-ordinating the strategic development of the Port of Bunbury to ensure that facilities meet the current and future needs of port users, the South West regional community and other key stakeholders.

There were no significant changes during the year to the nature of the Bunbury Port Authority's activities.

## Results at a Glance

The operating profit before income tax equivalent payment ("Income Tax") was \$2.028m (2008: \$5.643m). The income tax attributable to the operating profit for the financial year was \$0.578m (2008: \$1.705m).

The reduction in profit before income tax was mainly as a result of the following:

- Depreciation up by \$1.9 million – due to the increase in the cost of the capitalised dredging in 2008.
- Dredging maintenance up by \$1.2 million – due mainly to the emergency removal of sand in the Outer Harbour at a cost of \$1.030 million.
- Port operations up by \$0.441 million – due to an increase in shiploader and conveyor maintenance and general maintenance.

## Dividends

The following dividends have been paid, declared or recommended by the Authority since the end of the preceding financial year:

- On 9 April 2009 the Authority received advice of the Minister's determination and the Treasurer's concurrence for a dividend payment of \$1.969m which was recommended by the Board and provided for in respect of the year ended 30 June 2008. This dividend was paid in full to the Department of Treasury and Finance on 6 May 2009. The dividend was based on the government's current approved dividend policy of a 50% payout ratio of after tax profits as stated in the Authority's Statement of Corporate Intent.
- In accordance with section 84 of the Port Authorities Act 1999 the Board of the Authority intends to make a dividend recommendation to the Minister of \$0.725 million in respect of the financial performance for the year ended 30 June 2009.

## Review of Operations

The Port's trade performance for the financial year of 13.277 million tonnes, was 0.382 million tonnes or 2.8% below last years record of 13.659 million tonnes and 4.1% below the budget forecast of 13.850 million tonnes. The lower trade performance can mainly be attributed to a reduction in demand on the world market for woodchips exports and lower production of mineral sands for export.

The main variations compared to budget were in exports of mineral sands which was down by 30% (0.308 million tonnes), woodchips down 18% (0.236 million tonnes), silica sand lower by 19% (0.052 million tonnes), spodumene lower by 18% (0.044 million tonnes) as well as general cargo exports and general cargo imports which were down by 82% (0.058 million tonnes) and 52% (0.006 million tonnes) respectively while the budgeted export of copper concentrate and coal of 0.100 million tonnes each that was budgeted did not eventuate as planned. This resulted in a combined decrease in exports compared to budget of 0.904 million tonnes.

The main increases in trade compared to the forecast were in exports of alumina of 0.176 million tonnes or 2% above forecast and imports of caustic soda of 0.077 million tonnes or 7% above forecast. There were also increases in imports of mineral sands, fertiliser, petroleum coke and potash which were up by a combined 0.078 million tonnes resulting in an overall increase of 0.331 million tonnes.

TRADE FOR THE NEW FINANCIAL YEAR IS EXPECTED TO BE HIGHER WITH A TOTAL TRADE FORECAST OF 15.083 MILLION TONNES AN INCREASE OF 13.6% OVER THE 2009 FINANCIAL YEAR.



The net effect of these variations was a decrease of 0.573 million tonnes below the budget forecast.

Trade for the new financial year is expected to be higher with a total trade forecast of 15.083 million tonnes an increase of 13.6% over the 2009 financial year. The projected increase in trade is mainly as a result of forecast growth in exports of woodchips and alumina as well as with the addition of 0.200 million tonnes of copper concentrate exports which are forecast to commence in the third quarter of 2009 and coal shipments of 0.600 million tonnes being forecast to commence during the year. The majority of other trades are expected to remain at current volumes.

Capital expenditure for the year was \$1.628m which was mainly for minor works. This was \$5.472m below the Authority's total capital budget of \$7.1m which included \$4.3m for minor works \$2.3m for the container facilities (hardstand) and \$0.5m for the bund wall Inner Harbour (noise management). These latter two projects have been delayed and the minor works expenditure in 2008/09 was lower than expected.

The minor works included \$0.150m for mobile equipment, \$0.120m for the Berth 8 spillage catch chutes, \$0.114m for office equipment including new file servers, \$0.264 for design work for the waste water management project at Berth 8 and the balance of \$0.980m being for minor works including asset replacement and ongoing infrastructure improvements such as \$0.107m for a new high voltage sub station and switch at Berth 8, \$0.105m for the final improvements for the Inner Harbour Access Road, \$0.088m for the final payment of the 2008 maintenance dredging, \$0.083m for the Outer



Harbour footpath and fencing, \$0.067m for the Berth 8 conveyor/gantry and \$0.052m for the Berth 8 shiploader compressor platform.

The net operating profit of the Authority after income tax for the financial year was \$1.450m (2008: \$3.938m). This represents a decrease of 4.7% below the budgeted after tax profit forecast of \$1.518m. The profit performance compared to budget was affected by a combination of lower revenue from reduced trade throughput as explained above as well as increases in operating expenditure especially for unscheduled dredging maintenance at a cost of \$1.030 million for the urgent removal of sand from the Outer Harbour area.

A summary of the Authority's results for the year is set out below:

	2009 \$'000	2008 \$'000
Operating profit before income tax equivalent expense	2,028	5,643
Income tax equivalent expense	(578)	(1,705)
Net profit	1,450	3,938
Retained profits at the beginning of the financial year	74,193	60,472
	75,643	64,410
Dividends provided for or paid	(1,969)	(4,049)
Transfer from developers contribution reserve	-	13,832
Retained profits at the end of the financial year	73,674	74,193

Further details concerning the result of the Authority's operations during the financial year can be found in the Chairman's Report, and the Chief Executive Officer's Review on Operations of the Annual Report.



BACK ROW (L-R):  
J G BROSNAN,  
G N WOOD  
FRONT ROW (L-R):  
D J BRENNAN-JESSON,  
D L SMITH,  
N B PREMJI.

## Directors Profiles

### Chairman

**Jim Brosnan**  
BEng (Metallurgy)

Mr Brosnan was appointed Chairman of the Authority on 1 November 2003. He is Vice President of Simcoa Operations Pty Ltd a world class producer of silicon situated at Kemerton. He holds or has held various other positions on Boards and committees including the Edith Cowan University South West Advisory Board, membership of the Kemerton Advisory Committee and membership of the Ministerial Advisory Committee on Electricity Supply. Mr Brosnan is also Chairman of the Bunbury Jiaxing Business Development Committee.

Special responsibilities – Chairman, Chairman of Corporate Governance committee, Member of Remuneration Committee, responsible for the Government portfolio.

Expiry of present term: 30 June 2009.

### Deputy Chair

**Neema Premji**  
B.E. (Civil), Grad. Dip.,  
MBA (Tech. Mngt)

Ms Premji was appointed to the Board on 26 July 2002. She is a civil engineer with broad expertise and experience in the mining and power industries, strategic business planning, asset management, corporate governance and local government. She currently is a partner in Premmck Management Services, a business consultancy based in Busselton. She has a keen interest in community activities and previously has served as a member on the South West Regional Planning

Committee, Edith Cowan University Board, Bunbury Regional Art Gallery Collections Committee and Zonta Club of Bunbury.

Special responsibilities – Member of Corporate Governance and Chair of Internal Audit & Risk Management committees, and jointly responsible for the Infrastructure, Land Use and Outer Harbour portfolios.

Expiry of present term: 31 December 2010.

### Director

**Derek Brennan-Jesson**  
Dip Eng (Elec), Post Grad Dip (Mgt)

Mr Brennan-Jesson was appointed to the Board on 27 March 2006. He graduated as an Electrical Engineer from the London Regent Street Polytechnic and worked with various large UK companies manufacturing power transformers and capacitors in technical and sales capacities prior to emigrating to Australia in 1969. Since arriving in Australia he has worked for a number of companies in the power generation industry including General Electric Company, C. Itoh Ltd, Modra Electric Power Pty Ltd and Energy Equity Corporation Pty Ltd in project management and business development positions. On retirement he has continued his interest in project management and development whilst undertaking a variety of business feasibility studies as well as participating in community service activities.

Special responsibilities – Responsible for the Community, Environment and Leschenault Homestead portfolio, jointly responsible for the Business Development/ Commercial Financial portfolio and attends the Port Community Liaison Committee meetings.

Expiry of present term: 30 June 2010.



## Director

### David Smith LLB

Mr Smith was appointed to the Board on 1 July 2001. He is a retired Barrister and Solicitor. He was also previously a Member of State Parliament from March 1983 until December 1996. From 1989 until 1993 he held numerous State Ministerial portfolios including Minister for the South West, Minister for Justice and Community and Family Services, and Minister for Local Government Planning and Lands. He has been a Councillor for the City of Bunbury since May 2001 and in May 2005 was elected Mayor of Bunbury. He has a strong interest in regional economic development and town planning and justice issues.

Special responsibilities – Chair of the Remuneration Committee, Member of the Internal Audit & Risk Management Committee, responsible for the Business Development/Commercial Financial portfolio.

Expiry of present term: 30 June 2009.

## Director

### Gary Wood

Mr Wood took up his appointment as a member of the Board on 1 October 2006. He has had extensive experience in the coal mining industry and is currently Secretary to both the CFMEU Mining & Energy Division WA District and Coal Miners Industrial Union of Workers of WA, positions which he has held for a number of years. He is currently a member of the Mining Industry Advisory Committee (MIAC) and has a particular interest in matters pertaining to occupational health

and safety in general industry and is also a member of the Commission of Occupational Safety & Health (COSH) along with being a member of the Legislative Advisory Council (LAC). Mr Wood is also a Trustee of the Coal Industry Superannuation Board and as such is required to meet the standards of a Registered Superannuation Entity and Australian Financial Services Licence to hold this position.

Special responsibilities – Member of the Remuneration Committee, Member of the Internal Audit & Risk Management committee and jointly responsible for the Infrastructure, Land Use and Outer Harbour portfolios.

Expiry of present term: 31 December 2009.

## Directors' Meetings

The number of Board meetings held during the financial year ended 30 June, 2009 was as follows:

Board	Number of Meetings Held
Full meeting of Directors	18

As at the date of this report, the Authority had an internal audit and risk management committee which met three times during the year. The Authority's Corporate Governance committee met once during the year. Details of the functions, role and membership of the committees is presented in the Corporate Governance section.

Details of the attendances at the Board and Committee meetings were as follows:

	Full Board		Committee Meetings					
	Meetings		Audit		Corporate Governance		Remuneration Committee	
	No. Eligible	No. Attended	No. Eligible	No. Attended	No. Eligible	No. Attended	No. Eligible	No. Attended
Jim Brosnan	18	14	-	-	1	1	2	2
Derek Brennan-Jesson	18	18	-	-	-	-	-	-
Neema Premji	18	18	3	3	1	1	-	-
David Smith	18	18	3	3	-	-	2	2
Gary Wood	18	15	2	1	-	-	2	2

## State of Affairs

There were no significant changes in the state of affairs of the Bunbury Port Authority during the financial year. The licensed operators in the Port, P&O Automotive & General Stevedoring (previously P&O Ports) who provide stevedoring, mooring and pilot crew services and Riverwijs Marine who provide the towage services, continued to provide excellent service to all port users.

As a result of a tender process Riverwijs was awarded the renewed contract for the towage service in the port for a seven year term from October 2008.

An extensive tender process was also carried out during the year to renew the stevedoring and maintenance services and pilot boat manning services contracts which expired on 30 June 2009. P&O Automotive & General Stevedoring was awarded the renewed licence for stevedoring and related services in the port and PB Towage was awarded the pilot boat crewing service contract. These new contracts commenced as and from 1 July 2009.

The Port Authority operates in the South West of Western Australia under the provisions of the Port Authorities Act 1999. The financial statements for the period ended 30 June 2009 provide details of the financial performance of the Authority for that period.

## Events Subsequent to the Balance Date

There has not arisen in the interval between the end of the financial period, and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Authority, to affect significantly the operations of the Bunbury Port Authority, the results of those operations, or the state of affairs of the Bunbury Port Authority, in subsequent financial years.

## Likely Developments and Future Results

As reported in the Review of Operations above, trade volumes for the 2009/2010 financial year are forecast to be 15.083 million tonnes which is an increase of 13.6% on the 2008/2009 year figure of 13.277 million tonnes. Port charges have been budgeted to increase by an average 8% in 2009/2010. As a result revenue is expected to increase above the 2008/2009 years figure and improve the Authority's operating profit performance compared to 2008/2009.

Operating expenditure for 2009/2010 is budgeted to be 13% higher than the reporting year due mainly to increases in depreciation for new assets and increases in dredging maintenance and utility charges for power and water.

The main positive impacts on trade in the new financial year include the new copper concentrate exports which are scheduled to commence in the first quarter of the new financial year, continued growth in the alumina exports, an incremental growth in woodchip exports and the commencement of coal trial shipments from the Inner Harbour. The Authority will continue to work with Griffin Coal to facilitate their proposed coal exports in an efficient and effective manner and when developed this will provide a significant boost to trade for the Port. There is also the expectation that bauxite exports will commence in the near future. In addition the Authority is working closely with Perdaman Chemicals and Fertilisers to assist them with the establishment of their urea export facility at Berth 5 by 2013.

The Authority will continue to pursue opportunities to develop other new trades through the port including bulk trades, project cargo and container trade. Discussion continues with prospective new clients on the understanding that the projects will only proceed if they are found to be financially viable. Part of the trade development options will include consideration for additional bulk storage sheds for the Inner Harbour if the demand from customers is strong.

The major capital works projects planned by the Authority for the 2009/10 financial year include the waste water management system for Berth 8, capitalised dredging, upgrade to the fender system at Berth 2, minor works including replacement of plant and equipment and the bund wall for the Inner Harbour to improve noise management.

No other major port developments are expected during the year that will affect the Authority's operations or financial results.

## Environmental Regulation Performance

A number of the Authority's port operations are subject to a range of environmental regulations, both State and Federal. Operating licences issued by the State Department of Environment and Conservation (DEC) cover the shiploaders at Berths 1 and 8. All performance obligations under these licences are monitored and reported. There has been no action taken against the Authority by any other Government agency in the year to 30 June 2009.

## Directors' Benefits

No Directors of the Bunbury Port Authority have received benefits or became entitled to receive any benefit (other than a benefit disclosed in the total amount of remuneration received or due and receivable by Directors) by reason of a contract made by the Authority with the Director, or with a firm of which the Director is a member, or with an entity in which the Director has a substantial financial interest.

## Directors' Interest in Contracts

During the financial year, the Authority did not enter into any contracts with entities in which Directors declared an interest, except as set out in Note 27 that forms an integral part of this Report.

## Directors' and Officers' Remuneration

The remuneration of Directors is determined by the Minister for Transport. The Board oversees the remuneration of the Chief Executive Officer on an annual performance basis which is linked to key performance indicators being achieved in accordance with the Authority's Statement of Corporate Intent as approved by the Board and the Minister. The Remuneration of executives apart from the Chief Executive Officer is based on their collective or individual agreements.

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

### Directors of Bunbury Port Authority

Name	Directors Base Fee \$	Super-annuation \$	Other Benefits \$	Total \$
J G Brosnan <i>Chairman</i>	45,000	4,050	0	49,050
N B Premji <i>Deputy Chair</i>	25,000	2,250	0	27,250
D J Brennan-Jesson <i>Director</i>	16,500	1,485	1,375	19,360
D L Smith <i>Director</i>	16,500	1,485	0	17,985
G N Wood <i>Director</i>	16,500	1,485	0	17,985

### Senior Officers of Bunbury Port Authority

Name	Base Salary \$	Super-annuation \$	Other Benefits \$	Total \$
J E Barratt <i>Finance &amp; Administration Manager/ Acting Chief Executive Officer</i>	158,673	20,627	4,443*	183,743
H M Cole <i>Harbour Master</i>	150,043	8,579	6,141**	164,763
R J Sud <i>Marine Pilot</i>	134,972	12,129	9,121***	156,222

\* Includes bonus of \$4,443 \*\* Includes bonuses of \$6,141.  
\*\*\* Includes bonus of \$4,647.

The above disclosure is made in accordance with Regulation 13 of the Port Authorities (Act Amendment) Regulations 2002.

## Indemnification of Directors and Officers

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

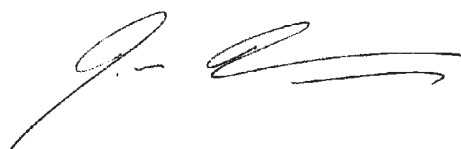
The Authority paid an insurance premium of \$24,804.57 in respect of the Directors' and Officers' Liability Insurance Policy for the reporting period.

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

## Rounding of Amounts

Amounts in the Directors' Report and financial statements have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

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



**J G Brosnan**  
Chairman



**N B Premji**  
Deputy Chair

20 August 2009

# BALANCE SHEET

as at 30 June 2009

	Notes	2009 \$'000	2008 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	23,711	17,352
Trade and other receivables	7	2,392	4,700
Inventories	8	378	382
Total current assets		<b>26,481</b>	<b>22,434</b>
<b>Non-current assets</b>			
Other financial assets	9	1,197	1,129
Property, plant and equipment	10	77,788	82,476
Total non-current assets		<b>78,985</b>	<b>83,605</b>
<b>Total assets</b>		<b>105,466</b>	<b>106,039</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	1,374	1,520
Borrowings	12	541	529
Current tax liabilities	13	1,604	0
Provisions	14/20	440	478
Total current liabilities		<b>3,959</b>	<b>2,527</b>
<b>Non-current liabilities</b>			
Borrowings	15	11,030	11,572
Deferred tax liabilities	16	1,632	2,658
Provisions	17/20	356	274
Total non-current liabilities		<b>13,018</b>	<b>14,504</b>
<b>Total liabilities</b>		<b>16,977</b>	<b>17,031</b>
<b>Net assets</b>		<b>88,489</b>	<b>89,008</b>
<b>EQUITY</b>			
Reserves	18 (a)	14,815	14,815
Retained profits	18 (b)	73,674	74,193
<b>Total equity</b>		<b>88,489</b>	<b>89,008</b>

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

# INCOME STATEMENT

for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
<b>INCOME</b>			
Revenue	2	21,842	21,828
<b>Total Income</b>		<b>21,842</b>	<b>21,828</b>
<b>EXPENSES</b>			
Operational expenses	4	(6,563)	(4,668)
Administration expenses	4	(4,226)	(4,500)
Utilities expense		(2,013)	(1,899)
Depreciation expense	4	(6,230)	(4,287)
Finance costs	4	(769)	(813)
Other expenses	3	(13)	(18)
<b>Total Expenses</b>		<b>(19,814)</b>	<b>(16,185)</b>
Profit before income tax equivalent expense		2,028	5,643
Income tax equivalent expense	5	(578)	(1,705)
<b>Profit for the year</b>	<b>18(b)</b>	<b>1,450</b>	<b>3,938</b>

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

# STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
<b>Balance of equity at start of financial year</b>		<b>89,008</b>	<b>89,119</b>
Dividends		(1,969)	(4,049)
Profit for the year		1,450	3,938
<b>Balance of equity at end of financial year</b>		<b>88,489</b>	<b>89,008</b>

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

# CASH FLOW STATEMENT

for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of goods and services tax)		23,395	22,079
Payments to suppliers and employees (inclusive of goods and services tax)		(15,072)	(13,227)
Interest received		1,096	1,596
Borrowing costs paid		(768)	(813)
Income taxes received		1,829	0
Income taxes paid		0	(2,433)
<b>Net cash inflow from operating activities</b>	<b>19(b)</b>	<b>10,480</b>	<b>7,202</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(1,628)	(9,610)
Proceeds from sale of property, plant and equipment		73	72
<b>Net cash (outflow) from investing activities</b>		<b>(1,555)</b>	<b>(9,538)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(529)	(517)
Dividends paid		(1,969)	(4,049)
<b>Net cash (outflow) from financing activities</b>		<b>(2,498)</b>	<b>(4,566)</b>
<b>Net increase/(decrease) in cash held</b>		<b>6,427</b>	<b>(6,902)</b>
Cash at the beginning of the financial year		18,481	25,383
<b>Cash at the end of the financial year</b>	<b>19(a)</b>	<b>24,908</b>	<b>18,481</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## NOTE 1

### Summary of Significant Accounting Policies

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

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

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

#### (a) Income

##### Revenue

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

##### *Sale of goods*

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

##### *Provision of services*

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

##### *Interest*

Revenue is recognised as the interest accrues.

##### Gains

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

##### Lease income

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

#### (b) Income Tax "Equivalent"

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

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

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rate expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

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



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## NOTE 1

### Summary of Significant Accounting Policies (cont.)

#### (c) Borrowing Costs

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

#### (d) Maintenance and Repairs

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

#### (e) Property, Plant and Equipment and Infrastructure

##### Initial recognition and measurement

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

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

The Authority has a general policy of expensing at the time of purchase all individual assets costing \$100 or less or with a useful life of less than 2 years. The materiality of the item purchased is also taken into consideration when adopting this policy. Regardless of cost, physical control over all the Authority's assets is maintained.

##### Subsequent measurement

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

##### Depreciation

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

Land is not depreciated. Depreciation on other assets is calculated using the straight line method (with the exception of motor vehicles, which is using the reducing balance method), using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	4-25 years
Breakwaters	22-40 years
Dredging	3 years
Inner and outer harbour channels and basins	40 years
Navigational aids	10 years
Berth and Jetties	15-40 years
Port infrastructure, plant and equipment	5-40 years
Minor plant and equipment	3-20 years
Office furniture and equipment	3-15 years
Motor vehicles	4-10 years

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## NOTE 1

### Summary of Significant Accounting Policies (cont.)

#### (f) Impairment of Assets

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

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

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

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

See note 22 'Impairment of assets' for the outcome of impairment reviews and testing.

#### (g) Cash and Cash Equivalents

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

#### (h) Receivables

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

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

#### (i) Payables

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

#### (j) Investments and other financial assets

The Authority classifies its investments in the following categories:

(i) *Loans and receivables*

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

(ii) *Held to maturity assets*

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

(iii) *Financial liabilities measured at amortised cost*

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## NOTE 1

### Summary of Significant Accounting Policies (cont.)

#### (k) Financial Instruments

In addition to cash and cash equivalents, the Authority has three categories of financial instrument:

- Loans and receivables;
- Held-to-maturity investments; and
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

##### Financial Assets

- Cash and cash equivalents
- Trade and other receivables
- Other financial assets

##### Financial Liabilities

- Trade and other payables
- WATC Borrowings

Initial recognition and measurement is at fair value. The transaction cost or face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

#### (l) Borrowings

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

#### (m) Provisions

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

#### (i) Employee Benefits

##### *Annual Leave, Long Service Leave and Sick Leave*

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

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

##### *Superannuation/Retirement Benefit Obligations*

Contributions are made on behalf of employees by the Authority to State superannuation funds which exist to provide benefits for employees and their dependents on retirement, disability or death. Staff may contribute to the Pension Scheme, a defined benefit pension scheme, now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme, now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## NOTE 1

### Summary of Significant Accounting Policies (cont.)

#### (m) Provisions (cont.)

##### (i) Employee Benefits (cont.)

The liability for future payments under the Pension Scheme, together with the pre-transfer service liability for employees who transferred to the Gold State Superannuation Scheme are provided for at reporting date. The superannuation liability has been established from an actuarial assessment of the expected future payments for current employees and other beneficiaries that will be met by the Authority.

The expected future payments are discounted to present value using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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

The note disclosure required by AASB 119 relating to the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market of the plan assets has not been provided. State scheme deficiencies are recognized by the State in its whole of government reporting.

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### (ii) Provisions – Other

###### *Employment On-Costs*

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

###### *Dividends*

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

#### (n) Inventories

Inventories are measured at the lower of cost and net realisable value.

#### (o) Comparative Figures

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

#### (p) Goods and Services Tax (GST)

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

Notes	2009 \$'000	2008 \$'000
<b>NOTE 2</b>		
<b>Revenue</b>		
<b>Operating activities</b>		
Shipping services:		
Navigational services	6,706	5,969
Pilotage	1,254	1,176
Berth hire	645	913
Waste disposal & water	95	79
Total shipping services revenue	8,700	8,137
<b>Cargo services revenue:</b>		
Port infrastructure & stevedoring	5,901	6,180
Total cargo services revenue	5,901	6,180
Utilities services revenue:		
Electricity	2,202	2,154
Water	68	67
Total utilities services revenue	2,270	2,221
	<b>16,871</b>	<b>16,538</b>
<b>Non-operating activities</b>		
Lease rentals	2,866	2,601
Interest on investments	1,096	1,596
Other	1,009	1,093
	4,971	5,290
<b>Total revenue</b>	<b>21,842</b>	<b>21,828</b>

## NOTE 3

### Net Gain (Loss) on Disposal of Non-Current Assets

<b>Costs of disposal of non-current assets</b>		
Plant, equipment and vehicles	(86)	(90)
<b>Proceeds from disposal of non-current assets</b>		
Plant, equipment and vehicles	73	72
Net gain (loss) on disposal	(13)	(18)

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## NOTE 4

### Expenses

**Profit before income tax equivalents expense includes the following specific expenses:**

#### Employee benefits

	2009 \$'000	2008 \$'000
Wages and salaries	1,865	1,741
Superannuation - defined contribution plans	161	150
Net movement in provisions		
Accrued wages	(9)	23
Annual leave & ADO's	21	47
Long service leave	50	5
Sick leave	(25)	12
Superannuation	9	(24)

#### Total employee benefits

**2,072**      **1,954**

#### Depreciation

Buildings	757	757
Plant and equipment	5,473	3,530

#### Total depreciation

**6,230**      **4,287**

#### Other charges against assets

Doubtful debts expense	<b>2</b>	<b>13</b>
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#### Finance costs

Interest and finance charges paid or payable on:

Borrowings	689	733
Inscribed stock	80	80

#### Finance costs expensed

**769**      **813**

## NOTE 5

### Income Tax Equivalent Expense

a. The components of the income tax equivalent expense comprise:

Current tax	1,604	0
Deferred tax	(1,026)	1,705
Under/(over) provision in respect of prior years	0	0
	<b>578</b>	<b>1,705</b>

b. The prima facie tax on profit before income tax equivalents is reconciled to the income tax as follows:

Prima facie tax payable on profit before income tax equivalents at 30% (2008: 30%)	608	1,693
Add:		
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
- under-provision (over-provision) for income tax in prior years	(43)	0
- provisions	13	14
- sundry	0	(2)
Income tax equivalent expense	<b>578</b>	<b>1,705</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## NOTE 6

### Current Assets - Cash and Cash Equivalents

Cash at bank and in hand (a)  
Deposits at call (b)

- (a) Cash at bank  
Interest was earned at a weighted average rate of 4.85% during the year (2008: 6.48%)
- (b) Deposits at call  
The deposits (one to two months periods) are bearing average fixed interest rates of 4.68% (2008: 6.75%).

#### Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above  
Other financial assets - sinking funds (Note 9)  
Balances per statement of cash flows

Notes	2009 \$'000	2008 \$'000
	3,573	1,953
	20,138	15,399
<b>19(a)</b>	<b>23,711</b>	<b>17,352</b>
	23,711	17,352
	1,197	1,129
	<b>24,908</b>	<b>18,481</b>

## NOTE 7

### Current Assets - Trade and Other Receivables

Trade receivables  
Less: Provision for doubtful receivables  
Income tax receivable

Prepayments  
Accrued interest receivable

#### Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of year  
Doubtful debts expense recognised in the income statement  
Amounts written off during the year  
Amounts recovered during the year  
Balance at the end of year

#### Credit Risk

#### Ageing of receivables past due but not impaired based on the information provided to Senior management, at the balance sheet date:

Not more than 3 months  
More than 3 months but less than 6 months  
More than 6 months but less than 1 year  
More than 1 year

	2,117	2,728
	(23)	(21)
	0	1,829
	<b>2,094</b>	<b>4,536</b>
	55	96
	243	68
	<b>2,392</b>	<b>4,700</b>
	21	8
	2	13
	0	0
	0	0
	<b>23</b>	<b>21</b>
	2,068	2,705
	34	9
	1	7
	14	7
	<b>2,117</b>	<b>2,728</b>

The Authority does not hold collateral as security or other credit enhancements relating to receivables.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
<b>NOTE 8</b>			
<b>Current Assets - Inventories</b>			
Material stores, spares for maintenance - at cost		338	346
Livestock - at cost		40	36
		<b>378</b>	<b>382</b>
<b>NOTE 9</b>			
<b>Non-current Assets - Other Financial Assets</b>			
<b>Investments carried at cost:</b>			
Sinking fund deposits (Restricted)	19(a)	<b>1,197</b>	<b>1,129</b>

The sinking fund deposits are held at the Department of Treasury and Finance to offset Inscribed Stock loans when they mature. The funds are invested at floating interest rates. Interest rates received ranged between 3.213% and 7.599% giving an average of 5.38% (2008 average 6.91%). These investments are classed as non-current as their maturity is greater than 12 months.

## NOTE 10

### Non-current Assets - Property, Plant and Equipment

#### Land and buildings

##### Vested (Crown) Land:

At cost

**10,196**      **10,196**

##### Freehold Land:

At cost

**8,216**      **8,216**

##### Buildings :

At cost

16,941      16,921

Less: Accumulated depreciation

(6,986)      (6,228)

**9,955**      **10,693**

#### Plant and equipment

##### Breakwaters:

At cost

2,725      2,725

Less: Accumulated depreciation

(2,670)      (2,660)

**55**      **65**

##### Dredging (capitalised):

At cost

14,065      13,977

Less: Accumulated depreciation

(9,455)      (6,721)

**4,610**      **7,256**

##### Inner & outer harbour channels & basins:

At cost

37,734      37,734

Less: Accumulated depreciation

(18,918)      (17,980)

**18,816**      **19,754**



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
<b>NOTE 10</b>			
<b>Non-current Assets - Property, Plant and Equipment (cont.)</b>			
<b>Navigation aids:</b>			
At cost		426	426
Less: Accumulated depreciation		(401)	(358)
		<b>25</b>	<b>68</b>
<b>Berths &amp; jetties:</b>			
At cost		17,356	17,356
Less: Accumulated depreciation		(9,604)	(8,897)
		<b>7,752</b>	<b>8,459</b>
<b>Port infrastructure plant &amp; equipment:</b>			
At cost		25,365	24,507
Less: Accumulated depreciation		(8,561)	(7,719)
		<b>16,804</b>	<b>16,788</b>
<b>Minor plant &amp; equipment:</b>			
At cost		401	338
Less: Accumulated depreciation		(240)	(221)
		<b>161</b>	<b>117</b>
<b>Office furniture &amp; equipment:</b>			
At cost		725	621
Less: Accumulated depreciation		(465)	(419)
		<b>260</b>	<b>202</b>
<b>Motor vehicles:</b>			
At cost		811	792
Less: Accumulated depreciation		(392)	(325)
		<b>419</b>	<b>467</b>
<b>Add: Capital works in progress</b>			
At cost		<b>519</b>	<b>195</b>
Total at cost		135,480	134,004
Total accumulated depreciation		(57,692)	(51,528)
<b>Total property, plant and equipment</b>		<b>77,788</b>	<b>82,476</b>
<b>Reconciliations</b>			
<b>Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year are set out below.</b>			
<b>Land and buildings</b>			
<b>Vested (Crown) Land:</b>			
Carrying amount at start of year		10,196	10,196
Carrying amount at end of year		<b>10,196</b>	<b>10,196</b>
<b>Freehold Land:</b>			
Carrying amount at start of year		8,216	8,216
Carrying amount at end of year		<b>8,216</b>	<b>8,216</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

Notes	2009 \$'000	2008 \$'000
<b>NOTE 10</b>		
<b>Non-current Assets - Property, Plant and Equipment (cont.)</b>		
<b>Reconciliations (cont.)</b>		
<b>Buildings :</b>		
Carrying amount at start of year	10,692	11,187
Additions	14	17
Transfers from Capital Works in Progress	6	263
Disposals	0	(18)
Depreciation expense	(757)	(757)
Carrying amount at end of year	<b>9,955</b>	<b>10,692</b>
<b>Plant, equipment and infrastructure</b>		
<b>Breakwaters:</b>		
Carrying amount at start of year	65	76
Depreciation expense	(10)	(11)
Carrying amount at end of year	<b>55</b>	<b>65</b>
<b>Dredging (capitalised):</b>		
Carrying amount at start of year	7,256	6
Additions	88	1,052
Transfers from Capital Works in Progress	0	7,063
Depreciation expense	(2,734)	(865)
Carrying amount at end of year	<b>4,610</b>	<b>7,256</b>
<b>Inner &amp; outer harbour channels &amp; basins:</b>		
Carrying amount at start of year	19,754	20,693
Depreciation expense	(938)	(939)
Carrying amount at end of year	<b>18,816</b>	<b>19,754</b>
<b>Navigation aids:</b>		
Carrying amount at start of year	68	110
Depreciation expense	(43)	(42)
Carrying amount at end of year	<b>25</b>	<b>68</b>
<b>Berths &amp; jetties:</b>		
Carrying amount at start of year	8,459	9,167
Depreciation expense	(707)	(708)
Carrying amount at end of year	<b>7,752</b>	<b>8,459</b>
<b>Port infrastructure plant &amp; equipment:</b>		
Carrying amount at start of year	16,788	14,814
Additions	544	276
Transfers from Capital Work in Progress	314	2,482
Disposals	0	0
Depreciation expense	(842)	(784)
Carrying amount at end of year	<b>16,804</b>	<b>16,788</b>
<b>Minor plant &amp; equipment:</b>		
Carrying amount at start of year	117	104
Additions	74	29
Disposals	0	0
Depreciation expense	(30)	(16)
Carrying amount at end of year	<b>161</b>	<b>117</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

Notes	2009 \$'000	2008 \$'000
<b>NOTE 10</b>		
<b>Non-current Assets - Property, Plant and Equipment (cont.)</b>		
<b>Reconciliations (cont.)</b>		
<b>Office furniture &amp; equipment:</b>		
Carrying amount at start of year	202	190
Additions	114	71
Disposals	(1)	0
Depreciation expense	(55)	(59)
Carrying amount at end of year	<b>260</b>	<b>202</b>
<b>Motor vehicles:</b>		
Carrying amount at start of year	468	410
Additions	150	237
Disposals	(85)	(72)
Depreciation expense	(114)	(107)
Carrying amount at end of year	<b>419</b>	<b>468</b>
<b>Capital works in progress:</b>		
Carrying amount at start of year	195	2,074
Additions	644	8,560
Transfers to Property, Plant & Equipment	(320)	(9,808)
Amounts written-off	0	(631)
Carrying amount at end of year	<b>519</b>	<b>195</b>
<b>Total property, plant and equipment</b>		
Carrying amount at start of year	82,476	77,243
Additions	1,628	10,241
Transfers from Capital Works In Progress	320	9,808
Transfers to Capital Works In Progress	(320)	(9,808)
Disposals	(86)	(90)
Depreciation expense	(6,230)	(4,287)
Capital works in progress amounts written-off	0	(631)
Carrying amount at end of year	<b>77,788</b>	<b>82,476</b>

The above capital works in progress at June 2008 includes the write-off of \$631,000 of project costs incurred in respect to three capital projects initially expected to be completed over several financial years. During the year ending 30 June 2008 the board have subsequently decided not to proceed with the related projects, accordingly these amounts have been written off as at 30 June 2008.

#### Valuation of land and buildings.

An independent valuation of land and buildings including freehold land, Crown land and Crown reserves was undertaken by Landgate (Valuer General's Office Bunbury) in June 2008. The valuation methodology used was based on market valuation using kerbside and desktop valuation techniques.

The values determined were:

	\$'000
Freehold land	30,065
Buildings on freehold land	1,070
Crown land	57,950
Buildings on Crown land	22,655

These values have not been recognised in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
<b>NOTE 11</b>			
<b>Current Liabilities - Trade and Other Payables</b>			
Trade payables		855	1,051
Other payables		22	22
GST payable		249	163
Unexpired income		248	284
		<b>1,374</b>	<b>1,520</b>
<b>NOTE 12</b>			
<b>Current Liabilities - Borrowings</b>			
WA Treasury Corporation Direct Borrowings		<b>541</b>	<b>529</b>
The current amount represents the estimated principal repayments for the next twelve months on the WA Treasury Corporations borrowings.			
<b>NOTE 13</b>			
<b>Current Liabilities - Current Tax Liabilities</b>			
Income tax		<b>1,604</b>	<b>0</b>
<b>NOTE 14</b>			
<b>Current Liabilities - Provisions</b>			
Employee benefits - annual leave		202	190
Employee benefits - sick leave		81	106
Employee benefits - long service leave		62	85
Employee benefits - accrued wages		15	24
Superannuation		39	37
Other - employment costs		41	36
	<b>20</b>	<b>440</b>	<b>478</b>
<b>Movement in provisions</b>			
Movements in each class of provision during the financial year, other than employee benefits, are set out below.			
<b>Current</b>			
Carrying amount at start of year		0	0
Additional provision recognised	<b>18(b)</b>	1,969	4,049
Payment of dividends		(1,969)	(4,049)
Carrying amount at end of year		<b>0</b>	<b>0</b>



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## NOTE 18

### Reserves and Retained Profits

#### (a) Reserves

Asset revaluation reserve (c) (i)

At 1 July

Movement in the reserve

Balance at 30 June

#### (b) Retained profits

Movements in retained profits were as follows:

Balance at 1 July

Dividend provided for/paid (a)

Transfer from developers contribution reserve

Net profit for the year

Balance at 30 June

(a) Dividend for 2008 of \$1.969 million was based on the Government's dividend policy of 50% of after tax profit.

#### (c) Nature and purpose of reserves

(i) Asset revaluation reserve

The property, plant and equipment revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. The balance relates to valuation of land and plant and equipment. All land and plant and equipment previously revalued are now carried at deemed cost.

Notes

2009  
\$'000

2008  
\$'000

	14,815	14,815
	0	0
	<b>14,815</b>	<b>14,815</b>
	74,193	60,472
14	(1,969)	(4,049)
	0	13,832
	1,450	3,938
	<b>73,674</b>	<b>74,193</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
<b>NOTE 19</b>			
<b>Notes to the Statement of Cash Flows</b>			
<b>(a) Reconciliation of cash</b>			
For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and deposits at call and in money market instruments. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:			
<b>Cash assets:</b>			
Cash at bank		3,573	1,953
Deposits at call		20,138	15,399
Total cash assets		23,711	17,352
<b>Other financial assets:</b>			
Sinking fund deposits invested at Treasury		1,197	1,129
Balances as per statement of cash flows	<b>6</b>	<b>24,908</b>	<b>18,481</b>
<b>(b) Reconciliation of profit after income tax to net cash inflow from operating activities</b>			
Profit for the year		1,450	3,938
<b>Adjustments for non-cash revenue and expense items</b>			
Depreciation		6,230	4,287
Net (gain)/loss on sale of property, plant & equipment		13	18
<b>Changes in assets and liabilities</b>			
(Increase)/decrease in assets:			
Trade and other receivables		480	(535)
Inventories		4	(13)
(Decrease)/increase in liabilities:			
Trade and other payables		(257)	62
GST liability		86	106
Income tax payable		1,604	(604)
Employee benefits		67	67
Deferred tax liabilities		(1,026)	1,705
Income Tax Receivable		1,829	(1,829)
<b>Net cash inflow from operating activities</b>		<b>10,480</b>	<b>7,202</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## NOTE 20 Employee Benefits

### Employee benefits liabilities

Provision for employee benefits

	Notes	2009 \$'000	2008 \$'000
Current	14	440	478
Non-current	17	356	274
		<b>796</b>	<b>752</b>

### Employee numbers

Number of full-time employees at end of financial year

### Current liabilities

Annual Leave (a)		202	190
Sick Leave (b)		81	106
Long Service Leave (b)		62	85
Accrued wages and other		15	24
Superannuation (d)		39	37
Other - employment on-costs (c)		41	36
		<b>440</b>	<b>478</b>

### Non-current liabilities

Long service leave (b)		88	24
Superannuation (d)		253	247
Other - employment on-costs (c)		15	3
		<b>356</b>	<b>274</b>
		<b>796</b>	<b>752</b>

### Total provision

- (a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date.
- (b) Sick leave and long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after reporting date.
- (c) The settlement of annual, long service and sick leave liabilities give rise to the payment of employment on-costs, including workers' compensation premiums and payroll tax.
- (d) Defined benefit superannuation plans

Reconciliation of the unfunded liability recognised in the balance sheet is as follows:

	Present Value of Liability		Present Value of Defined Benefit Obligation	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Liability at start of year	286	287	22	21
Current service cost	45	36	3	1
Benefits paid	(39)	(37)	0	0
Liability at end of year	<b>292</b>	<b>286</b>	<b>25</b>	<b>22</b>



# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## NOTE 21

### Land & Building - Operating Leases

The Authority owns land and buildings and controls areas of Crown land some of which are not currently required for use in day to day operations. Disclosures required by the Authority as lessor, in accordance with AASB 117 are as follows:

#### Land & buildings leased by the Authority to lessees:

	2009 \$'000	2008 \$'000
Land at cost	8,835	8,835
Buildings at cost	14,252	14,252
Less accumulated depreciation	(5,781)	(5,160)
	<b>8,471</b>	<b>9,092</b>

Land and buildings leased by the Authority to lessees includes vested Crown land, the majority of which is valued at cost by the Authority as detailed at Note 10 - Property, plant and equipment.

#### Depreciation expense applicable to leased assets:

Buildings - depreciation expense	621	621
Lease commitment receivables as at 30 June	400	408
Minimum lease payments receivable by the Authority under non-cancellable land and building leases not recognised in the financial statements are receivable as follows:		
Within 1 year	3,074	2,660
Later than 1 year but not later than 5 years	11,053	9,722
Later than 5 years	55,488	44,164
	<b>69,615</b>	<b>56,546</b>

## NOTE 22

### Impairment of Assets

There were no indications of impairment to property, plant and equipment, infrastructure and intangible assets at 30 June 2009.

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

All surplus assets at 30 June 2009 have either been classified as non-current assets held for sale or written-off.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

Notes	2009 \$'000	2008 \$'000
<b>NOTE 23</b>		
<b>Commitments for Expenditure</b>		
<b>Capital commitments</b>		
Commitments for the acquisition of buildings, plant and equipment contracted for at the reporting date but not recognised as liabilities payable:		
Within one year *	<b>4,203</b>	<b>4,168</b>
* The Authority has capital expenditure commitments outstanding of \$4.203 million in relation to the following:		
\$3.689 million for Berth 8 Waste Water Management		
\$0.511 million for Berth 2 Fender Upgrade Replacement		
\$0.003 million for Berth 8 CV07 Sump		
The capital commitments are due to be completed by June 2010.		
<b>NOTE 24</b>		
<b>Contingent Liabilities</b>		
The Authority's policy is to disclose as a contingency any material future obligation that may arise due to special circumstances or events.		
<b>Dividends</b>		
As of balance date the Authority has not recommended a dividend payment amount to Government for 2008/09.		
<b>Contingent consideration</b>	<b>0</b>	<b>0</b>

## Contaminated sites

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

In regards to contaminated sites, two sites have been identified at the date of this report. The first being the former power station site which remains the responsibility of Verve Energy to monitor and remediate. The second is the caustic soda and alumina storage and out-loading area shared by Alcoa and Worsley who have responsibilities to take the necessary actions to manage the contamination.

As the DEC assessment is still ongoing, the Authority is unable to assess the likely outcome of the classification process, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows.

## Marine pilots salary negotiations

The Authority is currently in an agreed mediation process with the Australian Maritime Officers Union for the renewal of the Marine Pilots Agreement for the Authority's Harbour Master and two Marine Pilots. As the Agreement is due for renewal as from 1 July 2008 there will be an accrued liability that will need to be accounted for in the Authority's operating expenditure. However the quantum is unknown at this stage of the negotiations and therefore an allowance has not been made in the Authority's accounts for the reporting period as it may jeopardise the Authority's bargaining position.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## NOTE 25

### Remuneration of Officers

#### (a) Remuneration of Directors

The Minister for Transport determines the remuneration of non-executive Directors. The Board oversees the remuneration policy for the Chief Executive Officer. Directors receive no other income from the Authority other than that disclosed below.

The numbers of Directors of the Authority whose total fees and other benefits received or due and receivable for the year, falls within the following bands:

\$0 - \$9,999  
\$10,000 - \$19,999  
\$20,000 - \$29,999  
\$40,000 - \$49,999

The total of all fees and other benefits received or due and receivable for the year, by Directors of the Authority.

Number	Number
-	-
3	3
1	1
1	1
<b>\$131,630</b>	<b>\$130,255</b>

Directors' remuneration excludes a proportion of insurance premiums of \$13,906 (2008:\$16,283 ) paid by the Authority in respect of a directors and officers liability insurance contract. Information relating to the insurance contract is set out in the Directors' Report.

#### (b) Remuneration of executives

The number of executive officers whose total income due and receivable for the year falls within the following bands, were:

\$ 20,000 - \$ 29,999  
\$110,000 - \$119,999  
\$130,000 - \$139,999  
\$150,000 - \$159,999  
\$160,000 - \$169,999  
\$170,000 - \$179,999  
\$180,000 - \$189,999

The aggregate income of the executives referred to above:

Number	Number
1	-
-	1
1	2
2	-
1	-
-	1
1	1
<b>\$822,868</b>	<b>\$747,649</b>

Income of executives comprises amounts paid or payable to executive officers directly or indirectly, by any related party in connection with the management of the affairs of the Authority whether as executive officers or otherwise.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## NOTE 26

### Remuneration of Auditors

Remuneration received, or due and receivable, by the Auditor General for:

Audit of the financial statements

Notes

2009  
\$'000

2008  
\$'000

35

33

## NOTE 27

### Related Party Disclosures

#### (a) Directors:

The following persons were Directors of the Bunbury Port Authority during the financial year:

##### Chairman

J G Brosnan

##### Deputy Chair

N B Premji

##### Directors

D J Brennan-Jesson

D L Smith

G N Wood

#### (b) Directors transactions

There were no transactions on a customer or supplier relationship basis between the Directors or their Director related parties and the Authority during the financial year, except for Port Infrastructure charges of \$17,221 to Simcoa Pty Ltd, a company of which a Director is General Manager.

#### (c) Related party transactions

No transactions occurred between the Authority and related parties.

## NOTE 28

### Events Occurring After Reporting Date

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

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

Notes

2009  
\$'000

2008  
\$'000

## NOTE 29

### Financial Risk Management Objective and Policies

The principal financial instruments held by the Authority comprise of interest bearing borrowings, term deposits and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Port Authority's operations. The Port Authority has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations.

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

Note 1 to the financial statements discloses the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument.

The Authority's policy is to manage interest rate risk, in an endeavour to reduce the impact of short term fluctuations on the Authority's earnings. Permanent changes in interest rates over the longer term may have an impact on Authority earnings with the extent of that impact dependent on the level of cash resources held by the Authority.

The Authority holds the following financial instruments.

#### Financial Assets

Cash and cash equivalents	23,711	17,352
Trade and Other Receivables	2,392	4,700
Other Financial Assets	1,197	1,129

#### Financial Liabilities

Trade and other payables	1,374	1,520
Borrowings	11,571	12,101

#### Market risk

The Authority's exposure to the risk of changes in interest rates relates primarily to the Authority's long term debt obligations. The Authority's borrowings are all obtained through the Western Australian Treasury Corporation (WATC) and are at fixed rates with varying maturities or at variable rates. The risk is managed by WATC through portfolio diversification and variation in maturity dates. Other than detailed in the interest rate sensitivity analysis table below, the Authority has limited exposure to interest rate risk because it has no borrowings other than WATC borrowings (at fixed rates). The Authority does not trade in foreign currency and is not materially exposed to price risks.

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

	Notes	2009 \$'000	2008 \$'000
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## NOTE 29

### Financial Risk Management Objective and Policies (cont.)

#### Credit risk

Credit risk arises when there is the possibility of the Authority's receivables defaulting on their contractual obligations resulting in financial loss to the Authority. The Authority measures credit risk on a fair value basis and monitors risk on a regular basis.

The Authority's port services client base consists of customers who are billed for shipping or cargo services and tenants who are billed for lease rental or electricity all of which are required to settle accounts within 30 days. Due to the Authority's stable customer base the Authority is not considered materially exposed to any individual customer or group of customers.

#### Trade receivables

Less than 30 days	1,851	2,343
30 to 60 days	216	274
Greater than 60 days	50	111
<b>Total Trade receivables</b>	<b>2,117</b>	<b>2,728</b>

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 of the cash and cash equivalents. The Authority's practice is to only deal with major trading banks.

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed loans from WATC. The Authority manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

#### Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Authority's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying Amount \$'000	- 1% Change		+ 1% Change	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>2009</b>					
<b>Financial Assets</b>					
Cash at Bank	3,573	(36)	(36)	36	36
Deposits at call	20,138	(201)	(201)	201	201
Other Financial Assets	1,197	(12)	(12)	12	12
		<b>(249)</b>	<b>(249)</b>	<b>249</b>	<b>249</b>
<b>2008</b>					
<b>Financial Assets</b>					
Cash at Bank	1,953	(20)	(20)	20	20
Deposits at call	15,467	(155)	(155)	155	155
Other Financial Assets	1,129	(11)	(11)	11	11
		<b>(186)</b>	<b>(186)</b>	<b>186</b>	<b>186</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## NOTE 29

### Financial Risk Management Objective and Policies (cont.)

The Authority's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities both recognised and unrecognised at the balance date, are as follows:

#### Financial Instruments

##### 2009

##### (i) Financial Assets

	Floating interest rate \$'000	Fixed interest rate maturing in:			Non-interest bearing \$'000	Total carrying amount as per the balance sheet \$'000	Weighted average effective interest rate %
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000			
Cash at Bank	3,573	0	0	0	0	3,573	4.85
Deposits at Call	0	20,138	0	0	0	20,138	4.68
Trade & Other Receivables	0	0	0	0	2,392	2,392	-
Other Financial Assets	1,197	0	0	0	0	1,197	5.38
<b>Total Financial Assets</b>	<b>4,770</b>	<b>20,138</b>	<b>0</b>	<b>0</b>	<b>2,392</b>	<b>27,300</b>	

##### (ii) Financial Liabilities

Trade and Other Payables	0	0	0	0	1,374	1,374	-
WA Treasury Corp Borrowings	0	541	3,584	6,396	0	10,521	6.15
WA Treasury Corp Inscribed Stock	0	0	200	300	0	500	9.26
Other Inscribed Stock	0	0	100	450	0	550	6.16
<b>Total Financial Liabilities</b>	<b>0</b>	<b>541</b>	<b>3,884</b>	<b>7,146</b>	<b>1,374</b>	<b>12,945</b>	
<b>Net financial assets (liabilities)</b>	<b>4,770</b>	<b>19,597</b>	<b>(3,884)</b>	<b>(7,146)</b>	<b>1,018</b>	<b>14,355</b>	

##### 2008

##### (i) Financial Assets

	Floating interest rate \$'000	Fixed interest rate maturing in:			Non-interest bearing \$'000	Total carrying amount as per the balance sheet \$'000	Weighted average effective interest rate %
		1 year or less \$'000	Over 1 to 5 years \$'000	More than 5 years \$'000			
Cash at Bank	1,953	0	0	0	0	1,953	6.48
Deposits at Call	0	15,467	0	0	0	15,467	6.75
Trade & Other Receivables	0	0	0	0	4,700	4,700	-
Other Financial Assets	1,129	0	0	0	0	1,129	6.91
<b>Total Financial Assets</b>	<b>3,082</b>	<b>15,467</b>	<b>0</b>	<b>0</b>	<b>4,700</b>	<b>23,249</b>	

##### (ii) Financial Liabilities

Trade and Other Payables	0	0	0	0	1,520	1,520	-
WA Treasury Corp Borrowings	0	529	3,539	6,982	0	11,050	6.87
WA Treasury Corp Inscribed Stock	0	0	200	300	0	500	9.26
Other Inscribed Stock	0	0	0	550	0	550	6.16
<b>Total Financial Liabilities</b>	<b>0</b>	<b>529</b>	<b>3,739</b>	<b>7,832</b>	<b>1,520</b>	<b>13,620</b>	
<b>Net financial assets (liabilities)</b>	<b>3,082</b>	<b>14,938</b>	<b>(3,739)</b>	<b>(7,832)</b>	<b>3,180</b>	<b>9,629</b>	

# NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2009

## NOTE 29

### Financial Risk Management Objective and Policies (cont.)

#### Fair Values

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

In thousand of AUD	2009		2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Trade and other Receivables	2,149	2,149	4,632	4,632
Cash and cash Equivalents	23,711	23,711	17,352	17,352
Trade and other payables	1,374	1,374	1,520	1,520
WA Treasury Corp short & long term debt	10,521	10,909	11,050	11,137
WA Treasury Corp inscribed stock	500	600	500	575
Other inscribed stock	550	577	550	558
Unrecognised (loss) gain		<b>(515)</b>		<b>(170)</b>

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

Other than the above, the carrying amounts of financial assets and liabilities are recognised at amounts that represent a reasonable approximation of fair value.



# DIRECTORS' DECLARATION


The Directors' declare that the financial statements and notes:

- (a) comply with Accounting Standards, the Port Authorities Act 1999 and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Authority's financial position as at 30 June 2009 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the Directors' opinion:

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

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



**J G Brosnan**  
Chairman



**NB Premji**  
Deputy Chair

Bunbury

20 August 2009



## Auditor General

### INDEPENDENT AUDIT REPORT ON BUNBURY PORT AUTHORITY

#### To the Parliament of Western Australia

I have audited the financial report of the Bunbury Port Authority. The financial report comprises the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory Notes and the Directors' Declaration.

#### Directors' Responsibility for the Financial Report

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

#### Summary of my Role

As required by the Port Authorities Act 1999, my responsibility is to express an opinion on the financial report based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer [www.audit.wa.gov.au/pubs/AuditPracStatement\\_Feb09.pdf](http://www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.pdf).

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

#### Audit Opinion

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

- (a) giving a true and fair view of the Authority's financial position as at 30 June 2009 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

COLIN MURPHY  
AUDITOR GENERAL  
31 August 2009

# BUNBURY PORT AUTHORITY

A.B.N. 30 044 341 250

## Corporate Directory Information

### **Directors**

J G Brosnan, Chairman  
N B Premji, Deputy Chair  
D J Brennan-Jesson  
D L Smith  
G N Wood

### **Chief Executive Officer**

Kevin Schellack

### **Chief Finance Officer**

J E Barratt

### **Address of Office**

1 Casuarina Drive  
Bunbury WA 6230  
Telephone: 08 9729 7020

### **Auditors**

Office of the Auditor General, Western Australia

### **Internal Auditors**

Stantons International

### **Annual Report**

To request an Annual Report::

- Telephone: 08 9729 7020
- Internet: [www.byport.com.au/report](http://www.byport.com.au/report)
- Mail request to PO Box 4 Bunbury 6231



BUNBURY PORT AUTHORITY

