ALBANY PORT AUTHORITY

ANNUAL REPORT 2009/10

Albany Port Authority
85 Brunswick Road
ALBANY WA 6330
(PO Box 175 Albany WA 6331)

www.albanyport.com.au

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 Albany Port Authority for the year ended 30 June 2010.

PJ West.

Peter West
Chairman

Albany Port Authority Board (from left):
Cass Porter, Sally Malone, Peter West (Chairman), Brad Williamson (CEO), Bob Golding (absent – Russell Harrison, Deputy Chairman)

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Chairman's Report

The Port Authority has two underlying imperatives to the State:

- to facilitate trade
- to provide a modest return on assets

The marked decline (18%) in trade through the Port this financial year has signaled a dilemma for the Port Authority for the next three years at least. In the expected event that the timber products trade does not return to previous levels and that there is no significant and equivalent new trade (the earliest of which would be magnetite exports in 2014), we will have to compromise one of these targets. Serious consideration will be given to our options during the first half of the new financial year.

On a more positive note:

- Safety performance was good, with no lost time through injuries to APA staff
- A land use plan was developed for the port
- The new and unique fuel pellet export activity commenced on a fast learning curve
- Work with new proponent Grange Resources is progressing well
- Focus is being maintained on enhancing the Port's relationships with the local community

Finally, while Port CEO Brad Williamson had some well earned and rejuvenating long service leave this year, the Port executive and staff did an excellent job shouldering the extra load.

My thanks to the staff and the Board for their continued support and fellowship during the year.

Peter West
Chairman

Chief Executive Officer's Report

Unlike all other bulk product ports in Western Australia, Albany Port is predominantly an agricultural port, reliant on the export of agricultural products. When the agricultural industry suffers a downturn, the Port is also significantly impacted and this has been the case this year.

Port trade was 18% down on the previous year due to lower grain exports (17% down). Restructuring and reduced demand in the woodchip trade caused a 26% drop in the woodchip trade. Due to these factors, revenue was down 14% on the previous year, although this was offset to some extent by a 3% increase in Port charges. Profit (before tax and dividends) was down 49% on last year ($2.576M) giving an annual rate of return of 2.19% on assets, but a long term (over 5 years) rate of return of just over 5%, which is within the government's target range of 5 – 8%. It is expected that the difficulties in the woodchip industry will continue for the next financial year with the other major variable impacting the Port, grain exports, being too difficult to predict this early in the growing season.

During the year, the pine log export trade ceased operation. It was always intended that this trade would be short term, although exports over the last three years have been substantial at 232,000 tonnes. It was particularly pleasing to see the start of a new trade, biomass fuel pellets, with the first export in September 2009. Albany is the first port in Australia to handle biomass fuel pellets and extensive due diligence work was undertaken by the Port on the handling characteristics of this product. As the Port and exporter's knowledge of this product has increased, improvements have been made for its handling.

Strategic planning has continued during the year, with the completion of a Land Use Management Plan, which will provide useful guidance for the Board and executive on appropriate port land allocation. Extensive work has also been undertaken on identifying possible out of port boundary land sites for long term use.

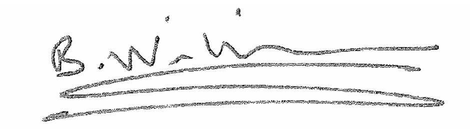
The Port continues to undertake extensive environmental research to obtain EPA approval for the dredging required for the Grange (Southdown) iron ore project. The EPA has given conditional approval for the dredging and the Port is awaiting the outcome of the appeals process for State approvals to be completed. Commonwealth approvals have already been provided. The economic outlook for iron ore has improved significantly during the year and it is hoped that within a short time there will be a clear commitment to undertake the project once all the approvals are finalised. This is a major project for the Albany Port and could result in up to a tripling of trade in the near future.

Major union negotiations were completed during the year with the Maritime Union of Australia (MUA) and the Australian Maritime Officers Union (AMOU). The Port Authority continued to have no industrial stoppages during the year. The selection of Svitzer as the preferred towage tender during the year involved extensive analysis and consideration of tenders. The Port looks forward to continuing its good relationship with its towage providers as we finalise this agreement.

A highlight of the year included the very successful visit of the Queen Victoria cruise ship in February, with a tremendous public response to the visit. Other highlights included allocation of over $150,000 in community funding from the Atlantic Eagle Fund and the receipt of a WorkSafe Award from the Department of Commerce for being a finalist in the Work Safety Awards for the World War II bomb removal project.

During the year, Sue Sandison retired as Executive Officer after seven years of service. Sue made a major contribution to the Port and was a dedicated and loyal staff member; she will be missed. Colin Berry (Finance Manager) also announced his retirement after 24 years service at the Port. Colin has a vast wealth of knowledge of the port industry in Western Australia and has been of great assistance to me, often taking on the role of Acting CEO for me and my predecessors. Colin has seen enormous change in the industry and I could always rely on him to give me wise counsel on the complexities of running the Port. I wish Colin all the best for the future.

Finally I wish to thank all the staff for their contributions during the year. I particularly wish to thank the Board for their guidance and support.



Brad Williamson
Chief Executive Officer

Our Mission –

To facilitate trade and economic growth by providing a safe, sustainable, innovative and efficient port.

Our Vision –

“To be an efficient participant in the state’s logistics chain, with our contribution valued by our customers and the community.”

Our Values –

Demonstrate EFFICIENCY and business ACUMEN to our SHAREHOLDERS

Show RESPECT and INTEGRITY in dealings with our STAFF

Provide SERVICE and act PROFESSIONALLY and RESPONSIVELY to our CUSTOMERS

Be OPEN and ENGAGING with members of our COMMUNITY

Recognise our role in PRESERVING our HERITAGE and ENVIRONMENT

Community Donations

The Albany Port Authority has supported a number of events and organisations throughout the year by providing donations as follows:

Organisation	Project/Event	Grant
Creative Albany	Cruise ship entertainment	$2,500
John Dowson	Reprint of book ‘Old Albany’	$1,000
Great Southern Grammar	Book Prize	$75
City of Albany	Naming rights for New Year’s Eve fireworks	$3,636
Albany Chamber of Commerce	2010 ACCI Business Awards	$2,500
The Nathan Drew Memorial Trust	Productions of 3 complete Silent Sentry units	$6,276
Albany Clay Target Club	January 2010 Open Shoot	$250
Albany PCYC	Valentine’s Ball	$500
Albany Sea Rescue Squad	Provision of escort for MV Queen Victoria	$250
Albany Muzzle Loaders	Queen Victoria Welcome – firing of canon	$250
Creative Albany	Jazz Masala for cruise ship entertainment	$1,000
Creative Albany	Harbour Sound 2010	$1,000
Albany Maritime Foundation	2010 Festival of the Sea	$500
Great Southern Grammar	Assistance for student visit to Japan	$3,000
Princess Royal Sailing Club	Mirror World Championships	$5,000
Dolphie Diggins	Attendance at National Wildlife Rehabilitation Conference	$705
TOTAL		**$28,442**

Atlantic Eagle Community Fund

The Atlantic Eagle ran aground on Maud Reef on 15 July 2008 and in exchange for permission to drop its damaged rudder on the sea bed, a Deed of Settlement was entered into between the Atlantic Eagle Special Maritime Enterprise, of Greece, and the Albany Port Authority. As a result, a $250,000 fund was created for the purpose of the benefit of the general community in Albany.

Funding applications are considered on their merits by an assessment panel made up of the Chief Executive Officer of the APA (or delegated officer), the Chief Executive Officer of the City of Albany (or delegated officer) and another officer of the APA and the City of Albany as chosen by the CEO of each organisation. The Albany Port Authority Board then grants final approval.

The following grants have been allocated from the Atlantic Eagle Community Fund:

Organisation	**Project/Event**	**Amount Allocated**	**Amount Drawn to Date**
Albany Maritime Foundation Inc	Albany Maritime Interpretation Project	$5,000	$5,000
Albany Maritime Foundation Inc	Interpretive and Gallery Space Completion	$13,700	$5,000
City of Albany	Interpretation @ the Anzac Peace Park	$20,000	$10,000
Department of Fisheries WA	Community Monitoring Program for Introduced Species in King George Sound & Princess Royal Harbour	$5,000	$5,000
Department of Water	Trial transplanting seagrasses in Princess Royal Harbour	$16,490	$10,000
Great Southern TAFE	Port Theme Public Art Mural	$1,840	$1,840
Green Skills Inc	Weed management in Mount Clarence reserve adjacent to port land	$15,000	$7,500
Mission to Seafarers	Air-conditioning and insulation upgrade	$8,550	$8,550
North Albany Senior High School *(Art Department)*	Harbour Impressions – years 11 & 12 art course unit (additional $200 provided for prize)	$3,140	$3,340
Southern Edge Arts	The Colour of Forgetting – 25 years celebration performance, maritime stories and themes	$10,000	$10,000
Stella Maris Seafarers Centre	Building upgrade	$8,550	$8,550
WA Seabird Rescue Inc Albany	Veterinarian Medical Trust Fund	$5,000	$5,000
Western Australian Museum Albany	Port Interpretation – Refurbishment of the Residency Museum	$40,000	$10,000
TOTAL		**$152,270**	**$89,780**

Queen Victoria Visit

The Queen Victoria visit to Albany Port on Saturday 27 February 2010 was a highlight of the year for the Port. This was her first visit to Albany and her first stop in WA during her 2010 world cruise. She cruised into port on time, arriving at the berth at 8am. Harbour Master, Captain Steve Young described piloting the Queen Victoria into the Albany Port as a career highlight although the testing wind conditions made the task quite challenging.

The Queen Victoria is 294 metres in length, the same length as the QE II, which visited in 2008. The ship stands 54.6m above the waterline (the equivalent of a 20-storey building) and can accommodate 1,980 passengers and 900 crew. It features a three-storey grand lobby, a stunning ballroom, a museum of maritime memorabilia and artefacts, a theatre, a library and a choice of restaurants.

The ship’s visit created much excitement in town, with people travelling far and wide to welcome her into port. The Muzzle Loaders organised a welcome with a difference, firing a canon from the boardwalk as the Queen Victoria passed Ataturk Entrance, steaming into Princess Royal Harbour. Also marking the occasion were a six plane flyover by the Albany Aero Club and the traditional water shower from the tug boats as the ship entered the harbour.

The Port, as with all cruise ship visits, arranged free shuttle buses for the passengers into town. Approximately 1,900 passengers were on board, some taking tours and others leisurely walking around the central business district.

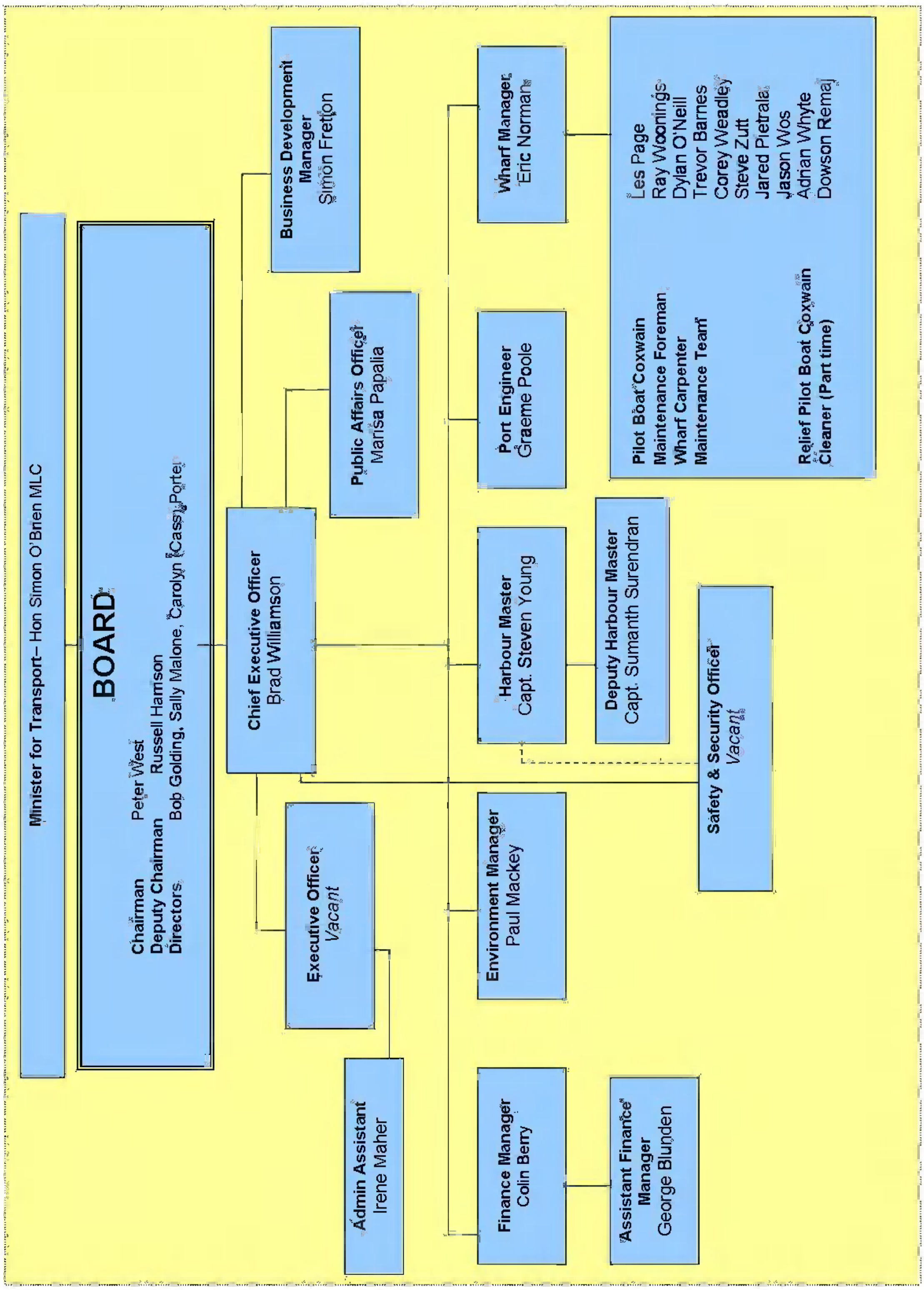
The markets and live music performed by the Swing Cats in Alison Hartman Gardens created a great atmosphere in town during the ship’s visit. Business owners and locals enjoyed the influx of visitors, which many said added to the vibrancy of a usual Saturday in Albany.

The CEO presented an Albany Port plaque to the ship’s Captain, to mark its maiden voyage to Albany.

Local volunteers provided valuable assistance during the visit, with Albany Visitors Centre staff greeting passengers as they disembarked; the City of Albany’s Rangers helping with traffic management along Princess Royal Drive and in town for the shuttle buses; and the Albany Volunteers being on hand to provide information to passengers.

The ship’s departure for Fremantle at 2.00pm saw Marine Drive, the boardwalk and other vantage points packed with people and cars.

Organisation Structure



Organisation Structure

MINISTER	Hon Simon O'Brien MLC Minister for Transport, Disability Services
BOARD MEMBERS	Peter West (Chairman) Russell Harrison (Deputy Chairman) Bob Golding Sally Malone Carolyn (Cass) Porter
CHIEF EXECUTIVE OFFICER	Brad Williamson
HARBOUR MASTER	Captain Steven Young
DEPUTY HARBOUR MASTER	Captain Sumanth Surendran
SAFETY & SECURITY OFFICER	*Vacant*
FINANCE MANAGER	Colin Berry
ASSISTANT FINANCE MANAGER	George Blunden
EXECUTIVE OFFICER	*Vacant*
ADMINISTRATION ASSISTANT	Irene Maher
PUBLIC AFFAIRS OFFICER	Marisa Papalia
ENVIRONMENT MANAGER	Paul Mackey
BUSINESS DEVELOPMENT MANAGER	Simon Fretton
PORT ENGINEER	Graeme Poole
WHARF MANAGER	Eric Norman
MAINTENANCE FOREMAN	Ray Woonings
MAINTENANCE TEAM	Trevor Barnes Corey Weadley Steve Zutt Jared Pietrala Jason Wos
WHARF CARPENTER	Dylan O'Neill
PILOT BOAT COXWAIN	Les Page
RELIEF PILOT BOAT COXWAIN	Adrian Whyte
CLEANER	Dowson Remaj

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ALBANY PORT AUTHORITY

ANNUAL FINANCIAL REPORT

30 JUNE 2010

Directors' Report

The Board of Directors of the Albany Port Authority ("the Authority") has pleasure in submitting its report for the financial year ended 30 June 2010.

1. Directors

The directors of the Authority at any time during or since the end of the financial year are:

Mr Peter West Chairman	Appointed: 31 March 2008
Mr Russell Harrison B.Comm, F.T.I.A., A.C.A Deputy Chairman	Appointed: 18 October 1993
Mr Robert (Bob) Golding Dip Man	Appointed: 10 January 2002
Ms Sally Malone BA (Design) Hons., M(Phil) Urban Studies	Appointed: 26 March 2007
Ms Carolyn (Cass) Porter B.Ed (Hons)	Appointed: 2 October 2007

2. Directors' Meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Authority during the financial year are:

Director	Number of Meetings	Number of Meetings Attended
Mr Peter West	8	7
Mr Russell Harrison	8	6
Mr Bob Golding	8	7
Ms Sally Malone	8	8
Ms Cass Porter	8	8

Directors' Report

3. Principal Activities

The principal activities of the Authority during the course of the financial year were:

- To facilitate trade within and through the port and plan for future growth and development of the port;
- To undertake or arrange for activities that will encourage and facilitate the development of trade and commerce generally for the economic benefit of the state through the use of port and related facilities;
- To control business and other activities in the port or in connection with the operation of the port;
- To be responsible for the safe and efficient operation of the port;
- To be responsible for the maintenance and preservation of vested property and other property held by the Authority; and
- To protect the environment of the port and minimise the impact of port activities on that environment.

There were no other significant changes in the nature of the activities of the Authority during the year.

Objectives

The Authority's objectives and targets are:

- To ensure the provision of facilities to meet user demands for a safe, speedy, reliable and cost effective transfer point for ships and cargo (Operations);

	Actual	Target				
	2010	**2010**	**2011**	**2012**	**2013**	**2014**
Diversification of Trade *(Proportion to Total Trade)*						
Grain	54%	47%	49%	49%	49%	49%
Woodchips	35%	42%	39%	38%	38%	37%
Other	11%	11%	12%	13%	13%	14%
Average Turn Around Time (Hours) (Total Time in Port / Number of Cargo Vessels)	92.66	88.93	89.46	88.62	87.68	87.11
Berth Occupancy Rate *(Total Berth Hours / Total Available Hours)*						
No 3 Berth	47%	49%	54%	55%	56%	58%
No 6 Berth	22%	35%	35%	35%	35%	35%

Diversification of trade: the level of woodchip trade is expected to stabilise with a gradual increase in the export of biomass pellets (over berth 6).
Berth occupancy rate – berth 6: the improvement is associated with the increasing shipments of biomass pellets; which have a slower loading rate than woodchips.

Diversification of trade and the berth occupancy on No 6 berth were adversely affected by 26% downturn in the woodchip trade.

Directors' Report

- To maintain the Authority as an independent, financially viable corporate body by charging competitive and transparent rates, satisfactory to both users and shareholders (Finance);

	Actual	Target				
	2010	2010	2011	2012	2013	2014
Total Charges per Tonne *(Total Ship & Cargo Charges / Total Cargo Tonnes)*	2.21	2.11	2.18	2.26	2.37	2.48
Total Expenditure per Tonne *(Total Expenditure / Total Cargo Tonnes)*	1.93	1.46	1.43	1.50	1.56	1.59
Rate of Return (Deprival) *(Adjusted Profit / Average Asset Base)*	2.16%	4.73%	5.19%	5.09%	5.13%	5.18%
Debt Ratio *(Total Liabilities / Total Assets)*	12%	11 %	9 %	9 %	6 %	6 %

Total port charges per tonne: the increase is primarily due to the need to increase port charges to achieve the rate of return (5%) required by the government.
Rate of return: has been adversely affected by the downturn (26%) in the woodchip trade, which affected the port's income levels.

- To facilitate and co-ordinate port development as necessary to ensure the satisfaction of clients on the basis of user pays (Investment):

	Actual	Target				
	2010	2010	2011	2012	2013	2014
Development Costs ($'000s)	583	1,000	2,000	2,800	1,000	1,000
Maintenance Costs ($'000s)	1,219	1,331	1,384	1,439	1,497	1,557
Land Availability *(Land available / Total land available)*	31%	27%	27%	27%	27%	27%

- To work with the local and regional community to achieve our mutual aspirations (Community):

	Actual	Target				
	2010	2010	2011	2012	2013	2014
Publications	2	2	2	2	2	2
Number of Complaints	0	0	0	0	0	0

There were no complaints during the year

Directors' Report

- To ensure the provision of a safe, healthy and fulfilling workplace environment (Personnel):

	Actual	Target				
	2010	2010	2011	2012	2013	2014
LTI Incident Rate *(Lost time injuries per Million ManHours Worked)*	0	0	0	0	0	0
Expenditure on Safety ($'000s)	26	51	53	56	58	60
Expenditure on Training ($'000s)	23	62	64	67	69	72

- To operate the port in an environmentally responsible manner and fully comply with or exceed all relevant legislation (Environment):

	Actual	Target				
	2010	2010	2011	2012	2013	2014
Incident Rate *(Environmental Incidents per Million Tonnes of Cargo)*	0.29	0	0	0	0	0
Fuel Usage ('000s Litres)	44	45	45	45	45	45
Power Usage ('000s)	342	550	550	550	550	550
Water Usage ('000s Kl)	8	10	10	10	10	10

- The Authority subscribes to the principles of justice and corporate responsibility through ongoing ethical policy development and adherence to the highest standards of professional conduct (Community).

4. Dividends

Dividends paid or declared by the Authority since the end of the previous financial year were:

	2010 **$'000s**	**2009** **$'000s**
Dividends Paid	1,506	1,225

Directors' Report

5. Operating and financial review

Review of operations – Port Trade

	Target 000's	Actual 2010 000's	Actual 2009 000's
Grain	2,250 47%	**1,842** **54%**	2,210 53%
Woodchips	1,250 42%	**1,197** **35%**	1,627 39%
Other	511 11%	**381** **11%**	331 8%
Total Port Trade	4,011 100%	**3,420** **100%**	4,168 100%
Variation (%)	(14.7)%		(18.0)%

Commentary on operating results

Total port trade was down by 15% on target.

Grain was down 17% (on the previous year) due to lower harvesting results and woodchips was down 26% (on the previous year) due to the winding up of the TimberCorp and Great Southern operations.

Review of operations – Financial Results

	Target $000's	Actual 2010 $000's	Actual 2009 $000's
Revenue & Income	10,089	**9,206**	10,716
Expenditure	6,942	**6,632**	6,341
Net Profit before Tax	3,147	**2,574**	4,375
Taxation Expense	995	**797**	1,362
Net Profit after Tax	2,152	**1,777**	3,013

Commentary on financial results

As a result of the downturn in port trade, the port's revenue declined by 9% on budget (14% on the previous year). To some degree this reduction was offset by a 3% increase in port charges.

Total expenditure (for the year) was down 8% on target. This was primarily due to less than expected expenditure on the refurbishment of berths 1 & 2.

Total expenditure (when compared with the previous year) increased by 12% due to higher levels of expenditure on maintenance (berth refurbishment $90K), pilotage (increase in salaries $70K) and the environment (increase in consulting fees $90K).

Directors' Report

Strategy and future performance

It is expected that it will be at least two years before the woodchip industry stabilises, probably at a lower level than originally anticipated by the respective shippers.

Discussions are continuing with Grange Resources who wish to develop an iron ore deposit approximately 90 kilometres east of Albany. It is expected that the dredging and reclamation program (to facilitate the larger vessels required by the project) will be approved by the Minister for the Environment early in the new financial year.

As usual grain shipments will be subject to seasonal vagaries.

Port users were advised of an 8% increase in port charges, which will become effective in the new financial year.

6. Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Authority that occurred during the financial year under review.

7. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year 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 Authority, the results of those operations, or the state of affairs of the Authority, in future financial years.

8. Likely developments

The Port is currently investigating the possibility of providing a rail loop, which will go some way to overcoming the current rail congestion in the woodchip precinct. It is expected there will have to be considerable discussion with the respective rail and road managers to address the safety issues that will need attention.

Directors' Report

9. Directors' emoluments

In accordance with Section 13(c)(i) of Schedule 5 of the Port Authorities Act 1999, the nature and amount of each major element of remuneration of each Director of the Authority, each of the three named executives who received the highest remuneration and other key management personnel of the Authority are:

Directors

	Base Salary	Superannuation	Total
PJ West Chairman	$45,000	$4,050	$49,050
RJ Harrison Deputy Chairman	$25,000	$2,250	$27,250
RJ Golding Director	$16,500	$1,485	$17,985
SA Malone Director	$16,500	$1,485	$17,985
C Porter Director	$16,500	$1,485	$17,985

Executive Officers

	Base Salary	Superannuation	Motor Vehicle	Other	Total
BR Williamson Chief Executive Officer	$181,708	$17,810	$25,808	$16,184	$241,511
SA Young Harbour Master	$190,779	$17,713	$7,441	$7,637	$223,571
CR Berry Finance Manager	$113,400	$14,295	$9,162	$1,600	$138,457

10. Environmental regulation

The Authority's operations are subject to regulation under both Commonwealth and State environmental legislation applicable to any Australian commercial entity. Under the Port Authorities Act 1999, the Authority is also required to "protect the environment of the port and minimise the impact of port activities on that environment".

Directors' Report

11. Environmental management

The Authority is committed to demonstrating that it is an environmentally responsible organisation and this commitment is reflected in its values and corporate priorities. In order to comply with environmental responsibilities and objectives, the Authority maintains an environmental management system based on international standard ISO14001.

12. Rounding off

Amounts have been rounded off to the nearest thousand dollars in the Directors' Report and Financial Statements.

This report is made with a resolution of the directors:

Peter West
Chairman

Russell Harrison
Deputy Chairman

Place: Albany, Western Australia

Date: 12 August 2010

Trade Statistics

Port Trade for periods ending 30 June:

	2006	2007	2008	2009	2010
IMPORTS					
C.A.N.	3,036	-	-	5,233	-
D.A.P.	9,720	6,358	9,626	14,153	2,952
DPXL	-	1,514	-	-	-
Fertiliser	-	-	-	3,970	29,707
Fish	1,249	2,948	751	767	-
MAPS	4,643	8,958	13,257	15,590	-
MPZL	-	2,267	512	1,502	2,042
Petroleum Products	28,455	28,948	39,147	30,538	45,301
Potash	13,907	7,439	14,430	18,929	-
Rock Phosphate	24,101	-	-	-	-
Single Super	5,947	2,004	-	15,105	22,025
Superphosphate	-	1,772	-	-	-
Triple Super	957	5,243	-	6,347	-
Urea	28,348	25,149	33,954	23,022	28,261
Vigour	-	-	-	853	-
Wheat	-	-	-	8,358	-
Zinc Star	1,432	-	-	-	-
TOTAL IMPORTS	**121,794**	**92,599**	**111,677**	**144,368**	**130,289**
EXPORTS					
Barley	330,927	444,148	693,563	566,141	677,330
Biomass Pellets	-	-	-	-	26,531
Canola	202,644	119,369	204,104	409,693	319,518
Lupins	-	-	-	3,883	1,800
Oats	38,056	6,029	60,327	55,551	40,147
Pine Logs	-	-	69,049	97,950	65,918
Silica Sand	162,300	56,065	138,224	89,650	160,875
Wheat	720,924	1,372,801	827,570	1,174,906	802,966
Woodchips	1,083,316	1,410,065	1,561,485	1,626,537	1,197,443
TOTAL EXPORTS	**2,538,167**	**3,408,478**	**3,554,322**	**4,024,311**	**3,292,527**
Bunkers	73	-	150	-	350
TOTAL PORT TRADE	**2,660,034**	**3,501,077**	**3,666,150**	**4,168,679**	**3,423,165**
VESSELS					
Number of Vessels Entered Port	91	119	129	138	126
Gross Registered Tonnage	2,741,828	3,268,545	3,966,823	4,613,321	4,287,370
Deadweight Tonnage	4,261,811	4,883,784	5,367,636	6,419,922	5,381,711

Trade Statistics

Destination / Origin of Cargo:

Country	Fertiliser	General	Grain	Petroleum	Sand	Woodchips	Total	Previous
Australia	17,307	16,842	28,923				63,072	79,259
Bangladesh			67,590				67,590	-
Belgium			31,500				31,500	18,000
China		49,076	332,503				381,579	180,863
Egypt			38,500				38,500	27,510
Ethiopia			36,570				36,570	-
Europe							-	156,622
Germany							-	51,300
Hong Kong							-	10,820
Indonesia			206,810				206,810	386,121
Iran			31,000				31,000	359,602
Iraq			7,499				7,499	-
Israel							-	15,757
Japan			211,761		145,639	1,197,443	1,554,843	1,948,819
Kuwait	6,617		121,314				127,931	27,000
Malaysia			94,730				94,730	51,483
Mexico			31,897				31,897	53,766
Mozambique			4,230				4,230	-
Netherlands		26,531					26,531	54,200
New Zealand	22,025						22,025	18,824
Oman	6,323						6,323	-
Pakistan			246,018				246,018	34,650
Papua New Guinea			10,800				10,800	-
Qatar							-	11,932
Russia	7,522						7,522	-
Saudi Arabia	3,009		132,609				135,617	183,564
Singapore				45,301			45,301	57,358
South Africa			35,750				35,750	-
South Korea			55,144		15,236		70,380	292,224
Spain	16,139						16,139	-
Thailand			12,403				12,403	-
United Arab Emirates			50,664				50,664	-
U.S.A.	6,046						6,046	37,328
Vietnam			53,547				53,547	78,676
Yemen							-	33,000
TOTAL	84,987	92,449	1,841,760	45,301	160,875	1,197,443	3,422,815	4,168,679

Albany Port Authority

Financial Statements

30 June 2010

Statement of Comprehensive Income

	Note	2010 $'000	2009 $'000
Revenue	4	**9,038**	10,555
Other income	5	**168**	159
Depreciation and amortisation expense	6	**(1,149)**	(1,110)
Marine expenses	3	**(659)**	(591)
Port operations expenses	3	**(360)**	(410)
General administration	3	**(1,587)**	(1,763)
Asset maintenance		**(1,772)**	(1,317)
Environmental expenses		**(277)**	(183)
Port utilities		**(332)**	(375)
Safety and security		**(217)**	(228)
Finance costs	8	**(161)**	(258)
Other expenses	9	**(118)**	(104)
Profit before income tax		**2,574**	4,375
Income tax expense	10	**(797)**	(1,362)
Profit after income tax		**1,777**	3,013
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,777**	3,013

The notes on pages 29 to 62 are an integral part of these financial statements.

Statement of Financial Position

	Note	2010 $'000	2009 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	12	**8,386**	8,484
Trade and other receivables	13	**652**	1,175
Current tax refund	10	**121**	-
Other	14	**162**	151
Total Current Assets		**9,321**	9,810
Non-Current Assets			
Other	14	**108**	104
Property, plant and equipment	15	**33,078**	33,674
Total Non-Current Assets		**33,186**	33,778
TOTAL ASSETS		**42,507**	43,588
LIABILITIES			
Current Liabilities			
Trade and other payables	17	**426**	371
Interest bearing borrowings	18	**1,309**	1,700
Current tax payable	10	**-**	468
Provisions	19	**322**	249
Other	20	**607**	558
Total Current Liabilities		**2,664**	3,346
Non-Current Liabilities			
Interest bearing borrowings	18	**850**	1,500
Provisions	19	**630**	675
Deferred tax liabilities	10	**992**	967
Total Non-Current Liabilities		**2,472**	3,142
TOTAL LIABILITIES		**5,136**	6,488
NET ASSETS		**37,371**	37,100
EQUITY			
Contributed equity	21	**5,171**	5,171
Retained earnings	21	**32,200**	31,929
TOTAL EQUITY		**37,371**	37,100

The notes on pages 29 to 62 are an integral part of these financial statements.

Statement of Changes in Equity

	Note	Contributed equity $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2008	21	5,171	30,141	35,312
Total comprehensive income for the year			3,013	3,013
Transactions with owners in their capacity as owners:				
Dividends paid	11		(1,225)	(1,225)
Balance at 30 June 2009		5,171	31,929	37,100
Balance at 1 July 2009	21	**5,171**	**31,929**	**37,100**
Total comprehensive income for the year			**1,777**	**1,777**
Transactions with owners in their capacity as owners:				
Dividends paid	11		**(1,506)**	**(1,506)**
Balance at 30 June 2010		**5,171**	**32,200**	**37,371**

The notes on pages 29 to 62 are an integral part of these financial statements.

Statement of Cash Flows

	Note	2010 $'000	2009 $'000
Cash flows from operating activities			
Cash receipts from customers		**10,250**	11,335
Cash paid to suppliers and employees		**(6,061)**	(6,059)
Cash generated from operations		**4,189**	5,276
Interest paid		**(179)**	(282)
Income taxes paid		**(1,361)**	(1,477)
Net cash from operating activities	22	**2,649**	3,517
Cash flows from investing activities			
Interest received		**309**	436
Proceeds from sinking funds		**-**	209
Proceeds from sale of property, plant and equipment		**74**	39
Acquisition of property, plant and equipment	15	**(583)**	(2,206)
Net cash from investing activities		**(200)**	(1,522)
Cash flows from financing activities			
Repayment of borrowings		**(1,041)**	(1,700)
Dividends paid	11	**(1,506)**	(1,225)
Net cash from financing activities		**(2,547)**	(2,925)
Net increase (decrease) in cash and cash equivalents		**(98)**	(930)
Cash and cash equivalents at 1 July		**8,484**	9,414
Cash and cash equivalents at 30 June	12	**8,386**	8,484

The notes on pages 29 to 62 are an integral part of these financial statements.

Notes to the Financial Statements

1. Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial statement which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the financial reporting provisions of the Port Authorities Act 1999, except as disclosed in note 1(b).

The financial statements were authorised for issue on 12 August 2010 by the Board of Directors of the Albany Port Authority ("the Authority").

(b) Presentation of the statement of comprehensive income

The Statement of Comprehensive Income classifies expenses by nature, as it is considered to provide more relevant and reliable information than classification by function due to the nature of the Authority's operations.

According to AASB 101 *Presentation of Financial Statements*, expenses classified by nature are not reallocated among various functions within the entity. However, the Authority has allocated employee benefits expenses to various line items on the statement of comprehensive income including marine expenses, port operations expenses, general administration, and asset maintenance. This allocation reflects the internal reporting structure of the Authority, which allocates labour expenses to significant expense items in the income statement based on the nature of the expenses incurred. The Authority believes that the allocation is more relevant to the understanding of the financial performance of the Authority and does not result in a function of expense presentation.

The Directors have concluded that the financial statements present fairly the Authority's financial position, financial performance and cash flows and that it has complied with applicable standards and interpretations, except that it has departed from AASB 101, para 99, to achieve a fair presentation.[a]

Total employee benefits expenses are disclosed in note 7 to the financial statements.

(c) Basis of measurement

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

Notes to the Financial Statements

1. Basis of preparation (continued)

(d) Functional and presentation currency

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

(e) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are:

Defined benefit plans

Various actuarial assumptions are required when determining the Authority's superannuation obligations. These assumptions and the related carrying amounts are discussed in note 19(d).

Notes to the Financial Statements

2. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise stated.

(a) Revenue recognition

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

(i) Rendering of services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(ii) Interest

Interest revenue is recognised as it accrues using the effective interest method (see note 2(b)).

(iii) Rental income

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

(b) Finance income and expenses

Finance income comprises interest income on funds invested and interest receivable under finance leases. Interest income is recognised as it accrues in profit or loss, using the effective interest method. The interest receivable component of finance lease receivables is also recognised in the income statement using the effective interest rate method.

Finance expenses comprise interest expense on borrowings and finance charges payable under finance leases. All borrowing costs are recognised in profit or loss using the effective interest method. The interest expense component of finance lease payments is also recognised in the income statement using the effective interest rate method.

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

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

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(c) Income tax

The Authority operates within the national tax equivalent regime ("NTER") whereby an equivalent amount in respect of income tax is payable to the State Government. 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*.

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(d) Receivables

(i) Trade receivables

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

The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect its debts.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(d) Receivables (continued)

(ii) Lease receivables

A lease receivable is recognised for leases of property, plant and equipment which effectively transfers to the lessee substantially all of the risks and benefits incidental to legal ownership of the leased asset. The lease receivable is initially recognised as the amount of the present value of the minimum lease payments receivable at the reporting date plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term.

Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease, in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease, with interest revenue calculated using the interest rate implicit in the lease and recognised directly in the income statement.

(e) Inventories

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

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other income” in profit or loss.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(f) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Authority and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for each class of depreciable assets are as follows:

• Channels and breakwater	40-100 years
• Land improvements	40-100 years
• Buildings and improvements	40 years
• Plant and equipment	4-10 years
• Berths, jetties and infrastructure	40 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(g) Intangible assets

(i) Research and development

Research costs are expensed as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Authority intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(g) Intangible assets (continued)

(ii) Subsequent expenditure

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

(iii) Computer software

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

(iv) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for each class of depreciable assets are as follows:

- Computer software 3 – 4 years

(h) Impairment

Property, plant and equipment and intangible assets are tested for any indication of impairment at each balance sheet date. Where there is any indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Authority is a not-for-profit entity, 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, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets not yet available for use are tested for impairment at each balance sheet date irrespective of whether there is any indication of impairment.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(i) Leases

Leases, in terms of which the Authority assumes substantially all the risks and rewards of ownership, are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Authority's balance sheet.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(j) Financial instruments

In addition to cash, the Authority has three categories of financial instruments:

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

Refer to Note 23(ii) for further information on the classification of financial instruments.

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.

(k) Payables

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

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(l) Borrowings

All borrowings are initially recognised at cost, being the fair value of the consideration received less directly attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest rate method.

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

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

(m) Employee benefits

The liability for annual and long service leave expected to be settled within 12 months after the balance sheet 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 balance sheet 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 balance sheet date.

When assessing expected future payments, consideration is given to expected future wage and salary levels including non-salary components, such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

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

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

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

(n) Employee superannuation

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

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

The Authority's total superannuation liability has been actuarially assessed as at 30 June 2010.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(n) Employee superannuation (continued)

Employees who are not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS), an accumulation fund until 15 April 2007. From 16 April 2007, employees who are not members of the Pension, GSS or WSS Schemes become non-contributory members of the GESB Superannuation Scheme (GESB Super), a taxed accumulation fund. The Authority makes concurrent contributions to the Government Employee Superannuation Board (GESB) on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESB Super Schemes.

Defined benefit plan

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

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

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

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

Actuarial gains and losses of the defined benefit plan are recognised immediately as income and expense in the income statement.

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

(o) Dividends

Dividends are recognised as a liability in the period in which they are declared.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(p) Provisions

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

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

(q) Cash and cash equivalents

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

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

(r) Goods and services tax

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

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

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

(s) Contributed equity

The Authority receives support from the WA Government (see note 21). The amount received is recognised directly as a credit to contributed equity.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(t) Initial application of an Australian Accounting Standard

The Authority has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the Authority.

- AASB 101 Presentation of Financial Statements (September 2007)

This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.

- AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101

This Standard changes the term ‘general purpose financial report’ to ‘general purpose financial statements’, where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.

- AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]

This Standard amends AASB 7 Financial Instruments: Disclosures and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

(u) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report:

- AASB 124 Related Party Disclosures (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for Authority’s 30 June 2012 financial statements, are not expected to have any impact on the financial statements.

- AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Process affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Authority’s 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(u) New standards and interpretations not yet adopted (continued)

- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 136, 1023 & 1038 and Interpretations 10 & 12]. The revised Standard introduces a number of changes to the accounting for financial assets. The impact, if any, is still to be assessed by the Authority.

3. Expenses by nature

Operating expenses are presented on the face of the income statement using a classification based on the nature of expenses (see note 1(b)). Marine expenses include those expenses derived from water based activities, port operations expenses include those expenses related to land based support activities, whilst general administration expenses includes expenditure of an administrative nature.

4. Revenue

Revenue consists of the following items:

	2010 $'000	2009 $'000
Rendering of services		
Charges on cargo	**4,692**	5,588
Charges on ships	**2,893**	3,356
Shipping services	**124**	151
Interest revenue		
WA Treasury Corporation	**191**	317
National Australia Bank	**123**	106
Treasury	**4**	8
Rentals and leases	**1,011**	1,029
Total revenue	**9,038**	10,555

5. Other income

Other income consists of the following items:

	2010 $'000	2009 $'000
Net gain on sale of property, plant and equipment	**25**	(10)
Sale of electricity and water	**61**	61
Miscellaneous charges	**82**	108
	168	159

Notes to the Financial Statements

6. Depreciation and amortisation expense

	2010 $'000	2009 $'000
Depreciation		
Channels and breakwaters	**633**	597
Buildings and improvements	**74**	70
Plant and equipment	**209**	213
Berths, jetties and infrastructure	**213**	209
Total depreciation	**1,129**	1,089
Amortisation		
Prepaid expenditure	**20**	21
Total amortisation	**20**	21
Total depreciation and amortisation	**1,149**	1,110

7. Employee benefits expense

	2010 $'000	2009 $'000
Wages and salaries[a]	**2,212**	2,016
Fringe benefit tax	**49**	41
Superannuation – defined benefit plans (see note 19(d))	**198**	180
Personal leave	**5**	7
Long service leave[b]	**20**	(45)
Annual leave[b]	**17**	39
Accumulated days off	**(3)**	(1)
	2,498	2,237

(a) Includes the value of the fringe benefit to the employee plus the fringe benefit tax component.

(b) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance and payroll tax are included at note 9 'Other expenses". The employment on-costs liability is included at note 19 'Provisions'.

8. Finance costs

	2010 $'000	2009 $'000
Finance lease finance charges	**-**	-
Interest paid	**161**	258
Borrowing costs capitalised	**-**	-
Finance costs expensed	**161**	258

Notes to the Financial Statements

9. Other expenses

	2010 $'000	2009 $'000
Doubtful debts expense	**(12)**	(6)
Employee on-costs[(a)]		
Payroll tax	**97**	95
Income protection insurance	**3**	-
Workers compensation insurance	**30**	15
	118	104

(a) Includes workers' compensation insurance, payroll tax and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 19 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employee on-costs.

10. Income tax expense

Recognised in the income statement

	2010 $'000	2009 $'000
Current tax expense		
Current income tax charge	**772**	1,321
	772	1,321
Deferred tax expense		
Origination and reversal of temporary differences	**25**	41
	25	41
Total income tax expense	**797**	1,362

Numerical reconciliation between tax expense and pre-tax net profit

	2010 $'000	2009 $'000
Profit for the period	**1,777**	3,013
Total income tax expense	**797**	1,362
Profit excluding income tax	**2,574**	4,375
Income tax using the statutory tax rate of 30% (2009: 30%)	**772**	1,313
Non-deductible expenses	**48**	52
Investment allowance	**(23)**	(3)
	797	1,362
Income tax expense	**797**	1,362

Notes to the Financial Statements

10. Income tax expense (continued)

Deferred income tax

	2010 Balance sheet $'000	2009 Balance sheet $'000	2010 Income statement $'000	2009 Income statement $'000
Deferred tax liabilities				
Accelerated depreciation for tax purposes	**(9,270)**	(8,915)	**355**	378
Future dredging	**(762)**	(782)	**(20)**	(9)
Others	**(10)**	(8)	**2**	(2)
Gross deferred tax liabilities	**(10,042)**	(9,705)		
Deferred tax assets				
Employee benefits	**285**	277	**(8)**	(23)
Accelerated depreciation for accounting purposes	**8,702**	8,398	**(304)**	(297)
Prepaid rental	**17**	29	**12**	4
Others	**46**	34	**(12)**	(10)
Gross deferred tax assets	**9,050**	8,738		
Set-off of deferred tax liabilities pursuant to set-off provisions				
Net deferred tax liability	**(992)**	(967)		
Deferred tax expense			**25**	41
Current tax refund / (liabilities)			**121**	(468)

The current tax refund of $0.121 million (2009: Current tax liability of $0.468 million) represents the amount of income taxes payable or refundable in respect of current and prior financial periods.

Notes to the Financial Statements

11. Dividends

	2010 $'000	2009 $'000
Dividends paid in the financial year	**1,506**	1,225

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 65% of after tax profits. However, in accordance with Australian Accounting Standards, dividends relating to the financial results for the year ended 30 June 2010 have not been provided as they are expected to be declared by Government after balance date.

A dividend of $1.506 million (2009: $1.225 million) in respect of the financial results for the year ended 30 June 2009 was paid by 30 June 2010.

12. Cash and cash equivalents

	2010 $'000	2009 $'000
Bank balances	**3,103**	3,337
Call deposit	**5,256**	5,122
Term deposits	**27**	25
Cash and cash equivalents in the statements of cash flows	**8,386**	8,484

The Authority's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 23(i).

13. Trade and other receivables

	Note	2010 $'000	2009 $'000
Current			
Receivables		**652**	1,184
Less: allowance for impairment of receivables		**(9)**	(21)
		643	1,163
Other debtors		**9**	12
		652	1,175

Notes to the Financial Statements

13. Trade and other receivables (continued)

	Note	2010 $'000	2009 $'000
Reconciliation of changes in the allowance for impairment of receivables:			
Balance at start of year		**21**	27
Amount recovered during the year		**(12)**	(6)
Balance at end of year		**9**	21

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

The Authority does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

At 30 June, the ageing analysis of trade debtors past due but not impaired is as follows:

	Note	2010 $'000	2009 $'000
Greater than 30 days and not more than 3 months		**166**	368
More than 3 months but less than 6 months		**-**	-
More than 6 months but less than 1 year		**-**	-
More than 1 year		**-**	-
		166	368

14. Other

	2010 $'000	2009 $'000
Current		
Prepaid expenditure	**120**	126
Accrued income	**42**	25
	162	151
Non-current		
Sinking funds	**108**	104
	108	104

Sinking funds are invested with Treasury at floating interest rates. The interest rates received ranged between 3.374% and 4.535% (2009 3.21% and 7.60%).

The Authority's exposure to interest rate rise and sensitivity analysis for financial assets and liabilities are disclosed in note 23(i).

Notes to the Financial Statements

15. Property, plant and equipment

	2010 $'000	2009 $'000
Channels and breakwaters		
At cost	**29,374**	29,374
Accumulated depreciation	**(7,593)**	(6,960)
Accumulated impairment losses		
	21,781	22,414
Land		
At cost	**2,966**	2,966
Accumulated impairment losses		
	2,966	2,966
Buildings and improvements		
At cost	**4,152**	3,966
Accumulated depreciation	**(3,580)**	(3,517)
Accumulated impairment losses		
	572	449
Plant and equipment		
At cost	**3,762**	3,611
Accumulated depreciation	**(2,808)**	(2,694)
Accumulated impairment losses		
	954	917
Berths, jetties and infrastructure		
At cost	**21,507**	21,379
Accumulated depreciation	**(15,011)**	(14,822)
Accumulated impairment losses		
	6,496	**6,557**
Total property, plant and equipment at net book value	**32,769**	33,303
Add: Work in progress (at cost)	**309**	371
Total property, plant and equipment	**33,078**	33,674

Notes to the Financial Statements

15. Property, plant and equipment (continued)

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

	2010 $'000	2009 $'000
Channels and breakwaters		
Carrying amount at 1 July	**22,414**	20,858
Transfers from works in progress	**-**	2,153
Depreciation for the year	**(633)**	(597)
Carrying amount at 30 June	**21,781**	22,414
Land		
Carrying amount at 1 July	**2,966**	2,966
Carrying amount at 30 June	**2,966**	2,966
Buildings and improvements		
Carrying amount at 1 July	**449**	519
Transfer from work in progress	**197**	-
Depreciation for the year	**(74)**	(70)
Carrying amount at 30 June	**572**	449
Plant and equipment		
Carrying amount at 1 July	**917**	880
Additions	**295**	300
Depreciation for the year	**(209)**	(213)
Disposals	**(49)**	(50)
Carrying amount at 30 June	**954**	917
Berths, jetties and infrastructure		
Carrying amount at 1 July	**6,557**	6,502
Additions	**21**	-
Transfer from work in progress	**131**	264
Depreciation for the year	**(213)**	(209)
Carrying amount at 30 June	**6,496**	6,557

Notes to the Financial Statements

15. Property, plant and equipment (continued)

	2010 $'000	2009 $'000
Work in progress:		
Carrying amount at 1 July	**371**	3,380
Additions	**297**	353
Adjustments	**-**	(945)
Transfers from work in progress	**(360)**	(2,417)
Carrying amount at 30 June	**309**	371
Total property, plant and equipment	**33,078**	33,674

Impairment loss and subsequent reversal

The Authority did not experience any impairment loss during the current or prior year.

Security

There are no assets pledged as security.

17. Trade and other payables

	2010 $'000	2009 $'000
Current		
Trade payables	**375**	247
Other payables	**27**	26
GST payable	**24**	98
	426	371

The Authority's exposure to liquidity risk related to trade and other payables in disclosed in note 23(i).

Notes to the Financial Statements

18. Interest bearing borrowings

This note provides information about the contractual terms of the Authority's interest bearing borrowings, which are measured at amortised cost. For more information about the Authority's exposure to interest rate and liquidity risk, see note 23(i).

	2010 $'000	2009 $'000
Current liabilities		
Direct borrowings	**1,309**	1,700
Special borrowings	**-**	-
	1,309	1,700
Non-current liabilities		
Direct borrowings	**850**	1,500
Special borrowings	**-**	-
	850	1,500
Financing arrangements		
The Authority has access to the following lines of credit:		
Total facilities available:		
Direct and special borrowings	**5,735**	5,735
	5,735	5,735
Facilities utilised at reporting date:		
Direct and special borrowings	**2,159**	3,200
	2,159	3,200
Facilities not utilised at reporting date:		
Direct and special borrowings	**3,576**	2,535
	3,576	2,535

Significant terms and conditions

Loans of $2.059 million (2009 $3.1 million) from the WA Treasury Corporation are repayable on fixed dates and bear fixed interest at between 3.91% and 6.54% (2009: 3.91% and 7.35%). Inscribed stocks from WA Treasury Corporation of $100,000 (2009 $100,000) are repayable on fixed dates and bear fixed interest at 7.40% (2009: 7.40%).

Interest rate risk exposure

The Authority's exposure to interest rate risk on the interest bearing borrowings and the effective weighted average interest rate at year end by maturity periods is set out in the following table.

Notes to the Financial Statements

18. Interest bearing borrowings (continued)

Interest rate risk exposure (continued)

2010		Fixed interest rate						
	Variable interest rate $'000	1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	More than 5 years $'000	Total $'000
Interest bearing borrowings:								
Direct borrowings		**1,309**	**750**	**100**	**-**	**-**	**-**	**2,159**
		1,309	**750**	**100**	**-**	**-**	**-**	**2,159**
Weighted average interest rate:								
Direct borrowings		**5.04%**	**5.03%**	**6.40%**				**5.10%**

2009		Fixed interest rate						
	Variable interest rate $'000	1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Over 4 to 5 years $'000	More than 5 years $'000	Total $'000
Interest bearing borrowings:								
Direct borrowings		1,700	1,400	100	-	-	-	3,200
		1,700	1,400	100	-	-	-	3,200
Weighted average interest rate:								
Direct borrowings		6.91%	5.22%	6.40%				6.16%

19. Provisions

	Note	2010 $'000	2009 $'000
Current			
Employee benefits provision			
Accumulated days off		**5**	8
Annual leave[(a)]		**164**	147
Long service leave[(b)]		**79**	26
Personal leave		**29**	24
Superannuation[(d)]		**45**	44
		322	249
Non-current			
Employee benefits provision			
Long service leave[(b)]		**90**	123
Superannuation[(d)]		**540**	552
		630	675

Notes to the Financial Statements

19. Provisions (continued)

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2010 $'000	**2009 $'000**
Within 12 months of balance date	**164**	147
More than 12 months after balance sheet date	**-**	-
	164	147

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

	2010 $'000	**2009 $'000**
Within 12 months of balance date	**79**	26
More than 12 months after balance sheet date	**90**	123
	169	149

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 9 'Other expenses'.

(d) Defined benefit superannuation plans

The following is a summary of the most recent financial position of the Pension Scheme related to the Authority calculated in accordance with AASB 119 *Employee Benefits*.

	Note	**2010 $'000**	**2009 $'000**
Amounts recognised in the balance sheet:			
Present value of unfunded obligations		**585**	596
Fair value of plan assets			
		585	596
Reconciliation of movement in the present value of the unfunded obligations recognised in the balance sheet:			
Opening balance		**596**	520
Current service cost			
Interest cost		**30**	33
Actuarial gain on liabilities		**3**	85
Benefits paid (including expenses and taxes)		**(44)**	(42)
		585	596

Notes to the Financial Statements

19. Provisions (continued)

(d) Defined benefit superannuation plans (continued)

	Note	2010 $'000	2009 $'000
Amounts recognised in the income statement:			
Current service cost			
Interest cost		**30**	33
Actual gain recognised		**3**	85
		33	118
Historic summary:			
Defined benefit plan obligation		**585**	596
Plan assets		**-**	-
		585	596
Experience adjustments arising on plan liabilities		**3**	84
Experience adjustments arising on plan assets		**-**	-
Principal actuarial assumptions:			
Discount rate		**5.48%**	5.34%
Expected future salary increases		**4.50%**	4.50%
Expected future pension increases		**2.50%**	2.50%
Expected contributions		**45**	44

Employer contributions are made to meet the cost of retirement benefit obligations as they fall due. For further details regarding the policy in respect of provision for retirement benefit obligations, refer to note 2(n).

Movements in provisions

Reconciliations for the carrying amounts of each class of provision, except for employee benefits are set out below:

	2010 $'000	2009 $'000
Retirement benefit obligations		
Carrying amount at 1 July	**596**	520
Provisions made during the year	**33**	118
Amounts utilised in the year	**(44)**	(42)
Carrying amount at 30 June	**585**	596

Notes to the Financial Statements

19. Provisions (continued)

Movements in provisions (continued)

	2010 $'000	2009 $'000
Employment leave provisions		
Carrying amount at 1 July	**328**	327
Provisions made during the year	**343**	248
Amounts utilised in the year	**(304)**	(247)
Carrying amount at 30 June	**367**	328

20. Other liabilities

	Note	2010 $'000	2009 $'000
Current			
Prepaid rental income		**110**	124
Accrued expenses		**263**	200
Other			
Future dredging expenditure		**234**	234
		607	558

21. Equity

	2010 $'000	2009 $'000
Contributed equity		
Balance at the start of the year	**5,171**	5,171
Capital contributions	**-**	-
Balance at end of year	**5,171**	5,171
Retained earnings		
Balance at start of year	**31,929**	30,141
Profit for the period	**1,777**	3,013
Income and expenses recognised directly in equity		
Dividends paid	**(1,506)**	(1,225)
Balance at end of year	**32,200**	31,929

Notes to the Financial Statements

22. Reconciliation of cash flows from operating activities

	Note	2010 $'000	2009 $'000
Cash flows from operating activities			
Profit for the period		**1,777**	3,013
Adjustments for:			
Depreciation and amortisation	6	**1,149**	1,110
Net finance expense	8	**161**	258
Interest income		**(314)**	-
Gain on sale of property, plant and equipment	5	**(25)**	10
Income tax expense	10	**797**	1,362
Operating profit before changes in working capital and provisions		**3,545**	5,753
Change in trade and other receivables	13	**526**	(218)
Change in trade and other payables	17	**56**	(113)
Change in prepayments	14	**5**	245
Change in provisions and employee benefits	19	**57**	(391)
		4,189	5,276
Interest paid		**(179)**	(282)
Income taxes paid		**(1,361)**	(1,477)
Net cash from operating activities		**2,649**	3,517

Notes to the Financial Statements

23. Financial instruments

(i) Financial risk management objectives and policies

The Authority's principal financial instruments comprise cash and cash equivalents, receivables, payables, interest bearing borrowings, and finance leases. The Authority has limited exposure to financial risks. The Authority's overall risk management program focuses on managing the risks identified below.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates, will affect the Authority's income or the value of its holdings of financial instruments. The Authority does not trade in foreign currency and is not materially exposed to other price risks.

The Authority's exposure to market risk for changes in interest rates relates primarily to its 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 as detailed in the interest rate sensitivity analysis in the table below, the Authority has limited exposure to interest rate risk because it has no borrowings other than WATC borrowings.

Sensitivity analysis

The Authority's policy is to manage its finance costs using a mix of fixed and variable debt with the objective of achieving optimum returns whilst managing interest rate risk to avoid uncertainty and volatility in the market place.

The Authority constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions and alternative financing structures.

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

Notes to the Financial Statements

	Carrying Amount	+0.50% change Profit	(0.25%) change Profit
	$'000	$'000	$'000
2010			
Financial Assets			
Cash and cash equivalents	**8,386**	**42**	**(21)**
Sinking funds	**108**	**1**	**-**
Financial Liabilities			
Interest bearing borrowings	**(2,159)**	**(11)**	**5**
Total Increase/(Decrease)	**6,335**	**32**	**(16)**

	Carrying Amount	+0.50% change Profit	(0.25%) change Profit
	$'000	$'000	$'000
2009			
Financial Assets			
Cash and cash equivalents	8,484	42	(21)
Sinking funds	104	1	-
Financial Liabilities			
Interest bearing borrowings	(3,200)	(16)	8
Total Increase/(Decrease)	5,388	27	(13)

Notes to the Financial Statements

23. Financial instruments (continued)

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. 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 operates predominantly within the shipping and cargo handling industry and accordingly is exposed to risks affecting that industry. The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 23(ii).

The Authority follows stringent credit control and management procedures in reviewing and monitoring debtor accounts and outstanding balances as evidenced by the historical aged debtor balances. In addition, management of receivable balances includes frequent monitoring thereby minimising the Authority's exposure to bad debts. For financial assets that are either past due or impaired, refer to note 13 'Trade and other receivables'.

The Authority's credit risk management is further supported by rental agreements and sections 116 & 117 of the Port Authorities Act 1999. Section 116 refers to the liability to pay port charges in respect of vessels and Section 117 refers to the liability to pay port charges in respect of goods. Port charges are defined in Section 115.

Liquidity risk

The Authority's objective is to maintain a balance between continuity of funding and flexibility through the use of cash reserves and its borrowing facilities. The Authority manages its exposure to liquidity risk by ensuring appropriate procedures are in place to manage cash flows, including monitoring forecast cash flows to ensure sufficient funds are available to meet its commitments.

The table below reflects the contractual maturity of financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the balance sheet date. The table includes both interest and principal cash flows. An adjustment has been made where material.

Notes to the Financial Statements

23. Financial instruments (continued)

Financial liabilities	Carrying amount $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
2010						
Trade and other payables	**426**	**426**	**-**	**-**	**-**	**-**
Interest bearing borrowings	**2,268**	**576**	**775**	**803**	**114**	**-**
	2,694	**1,002**	**775**	**803**	**114**	**-**
2009						
Trade and other payables	371	371	-	-	-	-
Interest bearing borrowings	3,397	1,026	741	1,509	121	-
	3,768	1,397	741	1,509	121	-

The risk implied from the values shown in the table below reflects a balanced view of cash inflows and outflows. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in the ongoing operations such as property, plant and equipment and investments in working capital e.g. inventories and trade receivables. These assets are considered in the Authority's overall liquidity risk.

Risk associated with the liability on borrowings is reduced by the Authority paying a guarantee charge. This charge guarantees payment to the WATC by the Government for outstanding borrowings in case of default.

2010	Carrying amount $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Financial assets						
Cash and cash equivalents	**8,386**	**8,386**	**-**	**-**	**-**	**-**
Trade and other receivables	**652**	**652**	**-**	**-**	**-**	**-**
	9,038	**9,038**	**-**	**-**	**-**	**-**
Financial liabilities						
Trade and other payables	**(426)**	**(426)**	**-**	**-**	**-**	**-**
Interest bearing borrowings	**(2,268)**	**(576)**	**(775)**	**(803)**	**(114)**	**-**
	(2,694)	**(1,002)**	**(775)**	**(803)**	**(114)**	**-**
Net maturity	**6,344**	**8,036**	**(775)**	**(803)**	**(114)**	**-**

Notes to the Financial Statements

23. Financial instruments (continued)

2009	Carrying amount $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
Financial assets						
Cash and cash equivalents	8,484	8,484	-	-	-	-
Trade and other receivables	1,175	1,175	-	-	-	-
	9,659	9,659	-	-	-	-
Financial liabilities						
Trade and other payables	(371)	(371)	-	-	-	-
Interest bearing borrowings	(3,397)	(1,026)	(741)	(1,509)	(121)	-
	(3,768)	(1,397)	(741)	(1,509)	(121)	-
Net maturity	5,891	8,262	(741)	(1,509)	(121)	-

(ii) Categories of financial instruments

Set out below are the category and fair value of the Authorities financial instruments.

	Note	2010 $'000	2009 $'000
Financial assets			
Cash and cash equivalents		**8,386**	8,484
Trade and other receivables		**652**	1,175
Sinking funds		**108**	104
		9,146	9,763
Financial liabilities			
Trade and other payables		**(426)**	(371)
Interest-bearing borrowings:		**(2,159)**	(3,200)
		(2,585)	(3,571)

The carrying amounts, by maturity, of the interest-bearing borrowings that are exposed to interest rate risk are disclosed in note 18.

Notes to the Financial Statements

23. Financial instruments (continued)

(iii) Fair values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

The fair value of the interest bearing borrowings was provided by the WA Treasury Corporation using a lending curve, based on the various maturing dates for each loan, less a margin.

The Directors consider the carrying amount of the other financial instruments to represent their fair value.

24. Commitments

(i) Capital expenditure commitments

	Note	**2010 $'000**	**2009 $'000**
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:			
Within 1 year		**-**	119
Later than 1 year and not later than 5 years		**-**	-
Later than 5 years		**-**	-
		-	119

(ii) Operating leases receivable

	2010 $'000	**2009 $'000**
Future minimum rentals receivable for operating leases at reporting date:		
Within 1 year	**759**	802
Later than 1 year and not later than 5 years	**2,684**	2,726
Later than 5 years	**9,980**	10,507
	13,423	14,035

Operating leases receivable are in respect of property rentals.

Notes to the Financial Statements

25. Remuneration of auditor

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

	2010 $'000	2009 $'000
Auditing the accounts and financial statements	47	38

26. Related parties

There are no transactions in the year with the Directors or other related parties.

27. Contingent liabilities

In addition to the liabilities included in the financial statements, there are the following contingent liabilities:

Contaminated sites

Under the Contaminated Sites Act 2003 (the Act), 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 environmental values. Where sites are classified as either contaminated – remediation required or possibly contaminated – investigation required, the Authority may have a liability in respect of investigation or remediation expenses.

During the year, the Authority was advised by DEC of the identification of one suspected contaminated site. This site is currently being assessed and therefore it is not yet practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. The Authority has applied for support from the Contaminated Sites Management Account.

28. Events occurring after the balance sheet date

There has not arisen in the interval between the end of the financial year 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 Authority, the results of those operations, or the state of affairs of the Authority, in future financial years.

Directors' Declaration

In the opinion of the Directors of Albany Port Authority (the "Authority"):

(a) the financial statements and notes, set out on pages 15 to 49, are in accordance with the financial reporting provisions of the Port Authorities Act 1999, including:

   (i) giving a true and fair view of the Authority's financial position as at 30 June 2010 and of its performance, for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Port Authorities Act 1999;

(b) there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

PJ West.

Peter West
Chairman

Russell Harrison
Deputy Chairman

Date: 12 August 2010

Albany, Western Australia

Auditor General

INDEPENDENT AUDIT REPORT ON ALBANY PORT AUTHORITY

To the Parliament of Western Australia

I have audited the financial statements of the Albany Port Authority. The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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 Statements
The directors of the Albany Port Authority are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Port Authorities Act 1999. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are 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 statements 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. This document is available on the OAG website under "How We Audit".

An audit does not guarantee that every amount and disclosure in the financial statements 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 statements.

Audit Opinion
In my opinion, the financial statements of the Albany Port Authority are 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 2010 and of its performance for the year ended on that date; and
(b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

COLIN MURPHY
AUDITOR GENERAL
6 September 2010

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