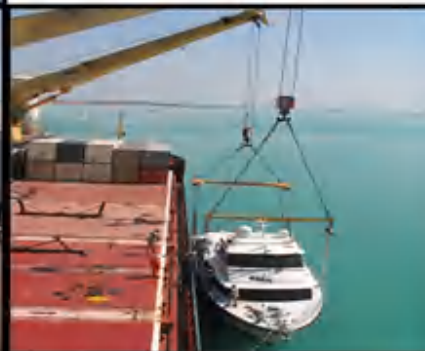


BROOME PORT AUTHORITY 2010 ANNUAL REPORT



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Figure 1 – Chair Dr Ian Burston

I am pleased to report in my seventh year as Chairman (which is also the 10th anniversary of Broome Port Authority's gazettal) that the Port of Broome has consolidated its financial and efficiency gains of the previous year, and continues to add significant value to the Kimberley region by providing economic and employment opportunities for the community, improving its logistics capabilities, and making navigation safer.

Strategic planning and concept design for future infrastructure are aimed towards adequately meeting the landside and waterfront demands of our diverse range of customers, while plans recently brought to completion include improved disability-focused ship/shore access for cruise ship passengers, increased wharf working space for cranes and trucks, enablement of new supply base facilities along Port Drive, and works to bring a significant parcel of land to project ready status. These are significant works and achievements for a small regional port.

Key strategic planning issues addressed by the Board include the WA state government's plans to provide the Port Authority with a wider Kimberley maritime management role, and the very welcome 2010 state budget provision of \$35m to establish a small vessel boat launching and slipway facility at the Port. Additionally, with 65-80% wharf capacity usage throughout years 2009 and 2010 and with indications that 2011 will be a busier shipping year the concept design for a wharf extension has been developed.

Key performance indicators met by our Board and Management for 2009-10 included facilitating and supporting trade; maintaining levels and standards of commerce; safe, effective, and efficient operations; the maintenance and preservation of property; sound environmental management over land and water; and, despite the overshadowing effects of the global financial crisis the port provided a solid financial return for the State Government. The port's operational, asset, and financial performances as measured by KPI's are slightly improved over those of last year.

The port has collaborated closely with government, the community, logistics partners, and our customers. Of particular note, I had the pleasure of attending a significant and historic ceremony in Broome during which the Yawuru People and the WA State Government signed two indigenous land use agreements (ILUAs). The ILUA's conveyed agreement over native title and compensation for approximately 5,300 square kilometers of land that was previously subject to native title.

In July 2009 Broome Port Authority signed an Option to Lease Agreement with Woodside Energy Ltd for up to 15 hectares of land at the Broome Port which will be utilised for service and support of Woodside's proposed Browse Basin offshore LNG Development. This noteworthy agreement was approved by the Minister for Transport, the Honourable Simon O'Brien MLC and it opened a new chapter in an already long and successful working relationship with Woodside. The agreement also paves the way for other interested parties to secure strategically important land adjacent the Port of Broome to meet their own future needs.

During this year the WA Government consulted with Directors towards renaming Broome Port Authority as the 'Kimberley Port Authority' (figure 2) with the function of providing port authority overview across both the Port of Broome and the proposed James Price Point LNG Precinct. This process is ongoing.



Figure 2 – Map of Kimberley West coastal area

Strategic planning tasks underway in support of the port's infrastructure and service delivery encompass land use, drainage, services, traffic management, port development, business development plans, and business cases. The key infrastructure consideration involves the existing wharf where the original link bridge and wharf sections are 46 years old with a design life of 50, and the entire wharf undertakes peak capacity loading of 65-80% several times per month and more regularly during multiple oil and gas exploration operations within the Browse Basin.

Concept plans for a wharf extension project is a prudent measure to mitigate against increased wharfage demands that might lead to shipping congestion and supply chain bottlenecks as have occurred in the southern ports.

I was pleased to commission an Indigenous Employment Protocol which underlines BrPA's commitment towards breaking the local unemployment cycle. The Board's protocol for training and employing Aboriginal people flows from our aspiration to be seen as a socially responsible employer committed to employing Aboriginal people. BrPA intends taking a leadership role in support of local Indigenous leaders' aspirations to '*...create opportunities for (their) people to participate in their own wealth creation through their own skills, education qualifications and hard efforts*'. These aspirations might be partially assisted through the provision of training opportunities that will create a pool of 'job ready' applicants for positions with regional industries and businesses.

The port's environmental management personnel undertook further flora and fauna studies over port and near port land and the preparation of related reports. Environmental corridors both along and across the Broome Peninsula will enable ambient wildlife movement from one area to another around the port perimeters, and provision has been made at several sites for ensuring the provision of mature trees as permanent fauna shelter, feeding, and roosting sites. Within Roebuck Bay the port provides ongoing support for the seagrass and blue-green algae environmental monitoring programs, plus a post-graduate research program for studying wading birds at the Bird Observatory location.

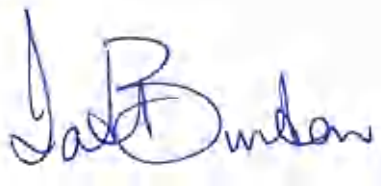
BrPA successfully carried its operations through the economic downturn and managed to maintain financial viability throughout. A sound dividend was paid to the State government for FY 2008-9 and a dividend is also expected to be paid for FY 2009-10. Financial viability was achieved through increased levels of business, and by achieving significant efficiencies across all areas of operations. I thank the port's staff and employees who have worked unstintingly during the past twelve months to achieve this result.

Our workforce and contractors have reached a two-year milestone without lost time incidents for which again all personnel are to be congratulated. We joined with our major customers during the year at seminars, workshops and audits to implement safety projects such as 'Zero Harm', which is a commitment that every employee and contractor returns home safely every day and that we operate without harm to the environment. More recently we joined with other community work groups in a Woodside-sponsored program titled 'Standing Together for Safety' which provided new leadership and directions for safety within the region.

Our maritime operations and maintenance personnel contribute significantly towards the port's navigational safety. The acquisition and setting to work of a new technology Automated Identification System (AIS) and acquisition of a portable pilot navigation system improves both ship safety and the port's maritime security compliance levels. The port's maintenance team ably constructed two new navigation buoys and these were installed at key locations within the shipping channel, while navigation buoyage was further enhanced by our Harbourmaster's installation of virtual and synthetic navigation aids, an Australian first. Our Harbourmaster recently presented an overview of the ports' virtual and synthetic 'Aids to Navigation' project to a global navigation forum hosted by the Australian Maritime Safety Authority.

The challenges of 2009-10 and lingering financial constraints following the GFC economic decline remain as issues of concern. Within the community, diverse opinions blur the future directions of industry and development. The Board and management are therefore faced with a complex and shifting management environment that, coupled with increasing demands on port services and facilities, requires greater effort and commitment than ever before.

In summary, during 2009-10 we successfully resolved a range of challenges to our operations including a shipping downturn related to the economic situation, and thereby met our strategic and performance objectives. Broome Port Authority has achieved much during its first ten years, and the Board of Directors and management look forward to working with the WA government, the people of our community, and our customers in meeting anticipated challenges and opportunities throughout the next decade.

A handwritten signature in blue ink, appearing to read 'Ian Burston', is centered on the page. The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Dr. Ian Burston, AM

Chairman



Figure 3 – CEO Capt Vic Justice

2010 is the tenth anniversary of when the WA state government founded the Broome Port Authority (BrPA) and it is also the 120th anniversary of the port's proclamation by Sir Frederick Napier Broome, the then Governor of Western Australia. During this 120 years the Port of Broome has evolved into an important and vibrant logistics gateway for the Kimberley region while its historical links remain to the regional pastoral, construction, fishing and pearling interests.

Broome's maritime connections increasingly include the offshore oil and gas industries working on the NW Shelf and the Browse Basin, and this connection began in the 1960's when a Burmah Oil/Woodside consortium was the port's earliest offshore industry customer. Today some 55% of port business relates to Browse Basin offshore activities, and Woodside has been joined by eight other resources companies within the increasingly significant Browse Basin offshore hydrocarbon province.



Figure 4 – The original wharf provided a NAABSA 'not always afloat but safely aground' berth.

During 2009-10 BrPA marketed the port's strategic advantages and capabilities to potential customers inclusive of our sheltered deep water port, access to a wide range of supporting industries, a highly trained and motivated workforce, and proximity to regional projects both on and offshore. A recent customer satisfaction survey indicated that existing port users perceived quality and effectiveness in the port's service delivery.

Financial viability has enabled BrPA's Board of Directors to authorise various projects involving maintenance, systems, and works capability. Planning processes continued towards bringing areas of port land to project ready status following achievement of cultural, heritage and environmental approvals for land development. Resultantly, a three year programme of planning and works was recently submitted to the WA government for approval. This works programme is important both for the continuation and evolution of port capabilities and services, and for clearing the decks of outstanding local works in preparation for the state government's intentions for tasking Broome Port Authority with an expanded regional role.

The works program for the past financial year included continuation of essential maintenance programs, improved infrastructure at the wharf, new navigational aids and marine safety functions, enhanced emergency response capabilities, and the newly developed gangway capability for disabled access between ship and shore during cruise ship visits. Disabled access was also provided to a new rest room facility located on the wharf near the cruise ship passengers' embarkation/disembarkation point.

Governance training was provided for all employees, and a range of administrative works and documentation was conducted to ensure our continuing compliance with public sector standards. Our workforce participated in a number of other training and certification courses sponsored by the port and I congratulate all who gained valuable new qualifications. Training courses in first aid, emergency response and oil spill response procedures were delivered across the workforce and some employees participated in emergency response exercises both here and at other ports. Other administrative achievements included the development of a new web site, preparation of IT management plans, and the creation of plans and policy related to business continuity and safety. Occupational health and safety was further improved through a range of safety courses, staff attendance at regional seminars, enhanced consultative mechanisms, and the introduction of a zero tolerance regime against drugs and alcohol in the workplace.

Community and customer collaborative meetings included the Logistics Consultative Committee, the Port Users' Group, public meetings and forums, and the North West Expo. Management representatives also attended the Shire Heads of Department meetings and the Chamber of Commerce Committee meetings. BrPA presentations were delivered at a cross section of conferences and seminars including the International Harbourmasters' Conference, and the Harbourmaster delivered a keynote presentation on electronic navigation aids at an international maritime safety forum held in Canberra.

BrPA is required to perform a unique port/community services obligation with up to a thousand tourists and community members per day utilising site roads, land, foreshore, and the wharf walkway for recreational purposes. Heaviest visitor levels occur when large cruise ships are alongside the wharf with consequent traffic management and services challenges, and during the dry season's peak tourism period the Port parking areas are often at full capacity.

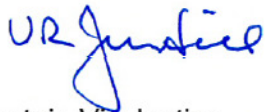
The long-established Entrance Point boat ramps are heavily utilised on a daily basis by both recreational and commercial boat users and maintenance and safety issues arising from this basic infrastructure led in part to the State government's decision to provide a replacement small craft facility in south west Roebuck Bay. This very welcome project is estimated to cost \$35M and the project will be funded over three years through the WA Royalties for Regions programme. In the meantime the port has included Entrance Point boat ramp repairs within the port's maintenance schedule.

The Port provides land for public, state government, and volunteer organisation use at either nil cost or peppercorn rentals, including a four hectares aquaculture park operated by the Department of Fisheries. Approximately 45 Ha of unused port land is assessed to hold high cultural, heritage, and environmental values and is ultimately intended to form part of a managed coastal park that will extend into the southern reaches of the Broome Peninsula.

Sustainability considerations are integral to our short and long-term decision making processes, operational management, and work procedures. Internal auditors were employed to monitor the port's governance compliance. BrPA's wider sustainability measures included consideration of the environment within all operations and projects, strong collaboration with the community and port users, maintaining an efficient, financially viable port that aims for continuous improvement, compliance with applicable regulations and legislation, and transparency in reporting and communications. The workforce is to be commended for successfully meeting these compliance challenges for 2009-10.

Broome Port's future strategic directions are aligned with the support of traditional customers such as the regional cattle industry, regional project support, the development of cruise shipping and with meeting the ongoing requirements of the Browse Basin oil and gas industry. As emerging industries establish themselves at Broome, the availability of commercial and residential land becomes increasingly important. For this reason, the Broome North housing development now underway, and the port and near-port commercial lands will underpin the community's profitable future.

In conclusion, the next year is expected to be both transformational and challenging with Broome Port Authority evaluating how it might best fit into its wider Kimberley role, while conducting multiple maintenance and works programs across the Port of Broome site and meeting ongoing stakeholder demands.



Captain Vic Justice

Chief Executive Officer

3.1 Executive Summary

Broome Port Authority's 2009-10 achievements included twelve months free from Lost Time Incidents, a second year of modest surplus, our largest ever dividend payments to the State Government, and commencement of a critical program to refurbish and replace infrastructure, assets and capabilities to better serve the region. Four hundred businesses and organisations conducted shipping business with the port in 2009-10, and the port was the catalyst for an estimated \$300M in regional earnings plus the creation and maintenance of 300 direct and indirect jobs in Broome.

A customer satisfaction survey was conducted and a high level of satisfaction in the port's services was recorded. Improvements that were identified additional to our present levels of service delivery and infrastructure capabilities were noted and programs were initiated to achieve what our customers had requested.

Safety, the environment, and good governance were high on the list of considerations against which the year's work was conducted and internal and government departmental audits confirmed that the port achieved or surpassed benchmark levels of performance. The Board of Directors' Risk and Audit, and Strategic Management Committees provided ongoing oversight and strategic direction to the port's activities and planning.

Training programs ensured that personnel were qualified in their respective roles and workshops were conducted to raise employee awareness in prescribed areas of anti-discrimination, harassment, bullying, grievance procedures, equality, and sound corporate governance.

Significant efficiencies were maintained across the port's operational structure, including KPI's achieved for safety performance, navigational safety, capability for 24/7 operations, wharf availability, crane lifts per hour, crane availability, truck turnaround times, and corporate services' efficiency and effectiveness.

The port's most significant infrastructure is its wharf and a lack of funding over the years has resulted in a maintenance overhang that requires significant 'catch-up' remedial work. An intensive works program was implemented during 2009-10 but despite the maintenance department making inroads upon on the metal corrosion, fender works, and concrete repairs a much larger effort will be required in the short term before the work commitment can be reduced to 'normal' levels of planned maintenance. Other essential works included extensive boat ramp repairs at Entrance Point, construction of a disabled access gangway for cruise ship passengers, a fire main to service areas of the port without fire fighting capability, road works, erosion repairs, construction of a toilet block with disabled access at the wharf, shed repairs, navigation aid maintenance and improvements, and improved signage throughout the port site.

A transportable document and archive storage facility was provided alongside a similar meeting and training room so that for the first time the port has secure and climate controlled storage for its documents and records, and now has an indoor facility for all-year around training, meetings, and emergency response operations control.

Land availability shows encouraging signs of progress with some 20 Ha now ready for the conduct of works to bring the land to a project ready status, once funding is available. The port in conjunction with the Yawuru PBC has had 54 Ha adjacent to the port surveyed for environmental significance and the land subsequently received cultural and heritage clearance towards development. This 54 Ha is presently zoned as a C-class Reserve and work is underway to seek the necessary rezoning. For medium term development needs the port is working with LandCorp to be assigned 20 Ha outside town at the Cape Leveque turnoff.

The port’s remaining 45 hectares of vested but undeveloped land is intended to be passed back to government because of the land parcel’s cultural, heritage and environmental values. These 45 hectares are intended to be incorporated into a coastal park management scheme that will ensure adequate flora, fauna and cultural care and protection.

In conjunction with these land planning processes, BrPA’s Environmental Management Plan and associated management system were reviewed to provide relevant benchmarking, monitoring and compliance standards within port land holdings.

3.2 Agency Performance

The port maintained its operational and corporate efficiencies in 2009-10 and despite the economic downturn the port recorded for the second year a modest surplus. This surplus was achieved despite increased costs and overheads, plus increased expenditures related to the provision of services and infrastructure maintenance.

Key Performance Indicators

Support of Browse Basin shipping declined during 2009-10 with the average number of rigs operating in the Browse Basin dropping to 1.6 from a yearly average of 2.5 rigs working offshore – figure 5. Average berth occupancy also declined with this decrease in Browse Basin drilling activity.

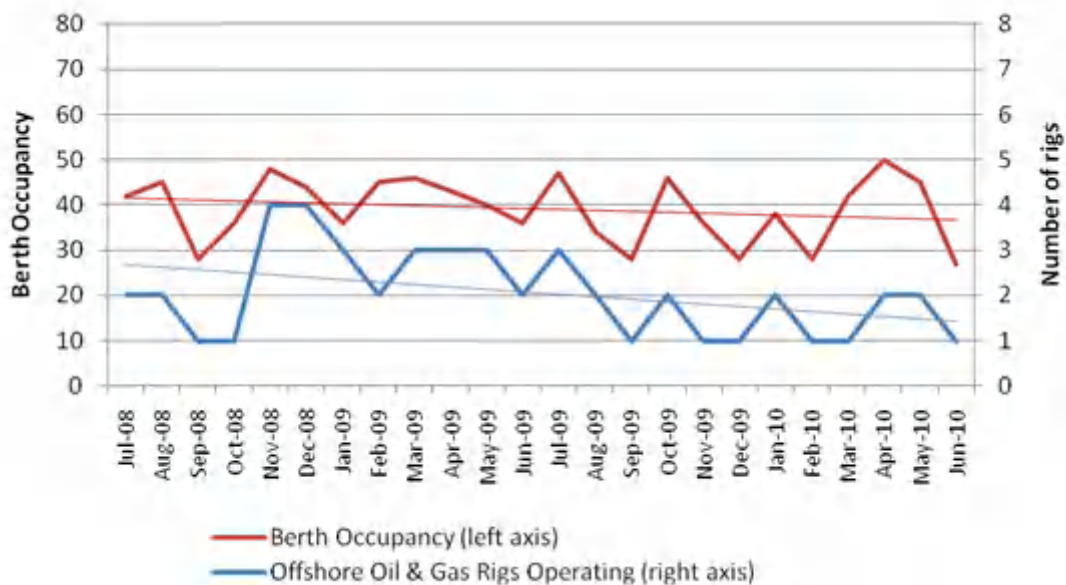


Figure 5 – Berth Occupancy as a Function of Operational Rigs

For a short period Broome was the support centre for five rigs operating in the Browse Basin and each rig was attended by three supply boats. The port managed to provide integrated support for this level of offshore operations assisted by the town's logistics support across a wide range of industries.

Performance indicators and internal auditors' analyses of the agency's performance are listed separately. The quality of management capability, internal monitoring processes, financial and ethical governance, record keeping, and IT services has received increased attention during the past year and this is reflected within these auditor reports

3.3 Ministerial Directives

Nil.

3.4 Governance

The Disability Services Act 1993—Section 29

Broome Port Authority is exempt from formulating a Disability Access and Inclusion Plan. However, periodic reviews take place to ensure that the Port complies as far as possible with both Federal and State Government disability legislation. Recently, gangways were especially engineered and constructed to provide egress for disabled passengers disembarking from cruise ships, and a disabled access facilities block was placed on the wharf adjacent to the cruise ship passengers marshalling point for bus tours.

Substantive Equality

The Authority is exempt from reporting on Substantive Equality measures. However, the Authority endorses substantive equality, is establishing closer ties with local Indigenous organisations, and provides for equal access to public services and diversity within the workforce.

Equal Opportunity

BrPA submitted an updated Equal Opportunity Employment Plan to the Equal Opportunity Commission in December 2009, which was subsequently approved, and is gradually implementing initiatives arising from the Plan.

While female staff levels have remained constant across the organisation there has been a small increase in the number of young people employed at BrPA. All female staff benefit from BrPA's Education Assistance Policy and have been undertaking training at either a tertiary or TAFE level.

Throughout the year BrPA employed an Indigenous trainee within the ranks of the stevedoring section and placed a school-base Indigenous trainee within the engineering services section. An Indigenous Training and Employment Protocol was written to provide a framework for future Indigenous employment.

Human Resources

The port underwent an illegal one-day strike during the year and Fair Work Authority inspectors initiated an investigation (ongoing).

Competition from project-related work has at times reduced the available pool of stevedores to meet peak demands on services, while at times the amount of available work has fallen in line with decreasing shipping. In 2010-11 the amount of offshore exploration activity is expected to gradually increase and provide a more consistent level of work.

The Employee Consultative Committee encountered teething problems in its first few months of existence, however its procedures are now in general operating well and some useful discussion and results related to its original reasons for inception are being achieved.

Training courses delivered during the year included modules on governance, equal opportunity, grievance and PID procedures, emergency responses, first aid, professional and trade development, radio and security watchkeeping, IT, and administration.

Performance Reviews have been extended to include stevedore personnel which will help to identify BrPA's skills base and necessary training requirements to meet industry's labour demands. The Port has begun reviewing all existing HR policies and procedures to ensure compliance with state and national standards.

The State Records Act 2000

BrPA has a registered Recordkeeping Plan - RKP 2008020. Two new office personnel have undertaken Recordkeeping Awareness Training provided by Integrated Records and Information Solutions (IRIS) and two Administration staff have participated in extensive records management training also provided by IRIS.

Administration staff have completed converting BrPA's file titling system to comply with the State Records Authority of New South Wales' Keyword AAA Thesaurus of General Terms. A first disposal of records in accordance with the State Records Office approved 'General Disposal Authorities' occurred during the year. The Port's induction manual includes a copy of the Correspondence Procedures and Filing Policy which documents the Port's entire filing system and the expected level of staff compliance.

Freedom of Information

The *Freedom of Information Act 1992* applies. Broome Port has an Information Statement which details relevant legislation, methods for community/customer interaction, the structure of management and decision making functions and the public library records that are maintained by the BrPA. The Information Statement explains how to lodge a Freedom of Information request and lists associated charges, and a copy of the document is available at the BrPA's offices and the website - www.broomeport.wa.gov.au.

There was been one application made under this *Act* during the financial year 2009 – 2010 which was responded to within the required timeframe and to the satisfaction of the applicant.

The Electoral Act 1907 – section 175ZE

Table 1 - Advertising Expenses 2009/10 (includes staff recruitment).

Advertising Agencies	Detail	Amount
Broome Advertiser	Sale/Tender	832.19
	Marketing Port Services	7,180.69
	Recruitment	452.27
WA Newspapers	Sale/Tender	1,142.00
	Recruitment	6,434.60
Nationwide News	Sale/Tender	4,458.49
	Recruitment	4,458.49
Adcorp Ltd	Sale/Tender	5,372.14
Media Advertising organisations		
Purple Communications	Marketing Port Services	24,343.16
North West Expo	Marketing Port Services	3,000.00
Market Creations P/L	Marketing Port Services	330.00
Total		\$58,004.03

Risk Management

Senior management assists the Board in identifying specific sources of risk and in establishing controls to mitigate these risks. Risk management is a standing agenda item at Manager's meetings and BrPA's OS&H Officer participates in these meetings to ensure that safety issues are addressed and acted on.

Risk management is ingrained within Port decision making functions, from a wharf operations perspective through to contractual arrangements and Board decisions, and the Board members form a dedicated Audit and Risk Committee.

The Port's Safety Management Plan now records operational risk management procedures and this document was recently revised for imminent re-promulgation.

Compliance with Legislation

BrPA and its operations are affected by many State, Federal and International laws, regulations, conventions, codes and standards. The Authority analyses new and amended legislation and any changes to codes, standards and conventions to ensure identification of any change that may impact upon Port operations, and managers implement relevant measures to ensure compliance.

Insurance of Directors and Officers

BrPA paid a premium of \$20,207.03 to insure the Directors and officers of BrPA against liabilities for costs and expenses incurred by them in defending any civil or criminal proceedings arising out of their conduct while acting in the capacity of director or officer of the Authority. Coverage excludes conduct involving a willful breach of duty in relation to their employment or appointment to the BrPA Board.

The Public Sector Management Act 1994—Section 31 (1) framework

Table 2 – Public Sector Management Act 1994 activities

Compliance issues:	Significant action taken to monitor and ensure compliance. In order to achieve best practice, BrPA is internally and externally audited. The development and administration of policies to satisfy auditors' requirements imposed significant demands on the BrPA's administrative resources.
Public Sector Standards (PSS) Breach claims:	Nil
WA Code of Ethics Reports of non compliance with WA Code of Ethics:	Nil
Agency Code of Conduct:	<p>Five Items were recorded:</p> <ul style="list-style-type: none"> • Safety awards following an incident-free campaign from an oil and gas customer to all staff; • Receipt of a gift by a customer which was then passed on to a randomly selected employee; • Potential for conflict of interest by BrPA employee who holds a position on a recreational club located on Port land; • Disclosure of social relationship with an individual who provided contracting services to BrPA; • Disclosure by casual employee that his spouse provided services to cruise ships through a separately operated business.

Corruption Prevention

BrPA has a comprehensive system of policies that form the basis of its corruption prevention system.

The following codes and policies reduce the risk of corruption and misconduct:

- Education Assistance Policy
- Language Services Policy
- Business Travel Policy
- Risk Management Policy
- Employee Suggestion Program
- Debt Management Policy
- Asset Policy
- Investment Policy
- Salary Packaging Policy
- IT Change Management Policy

The codes and policies have been approved by the Board of Directors and each staff member is required to sign a form in which they acknowledge receipt of the relevant policy and agree to abide by its terms.

The Code of Conduct also addresses:

- Customer Service
- Conflicts of interest
- Offer and Acceptance of Gifts and other Incentives
- Personal Behaviour with customers and work colleagues
- Professional Integrity
- Corruption
- Release and use of Port Authority Information
- Use of Port Authority Resources

An independent contractor attended the Port to provide a half day training package on the BrPA Code of Conduct and Conflicts of Interest.

The Purchasing Policy sets clear guidelines regarding the procedure to be followed when services and products are procured by the Port. The procedure separates the approvals required to issue a purchase order so that multiple parties are aware of any significant purchase. Staff members authorised to purchase goods and services on behalf of the Port are assigned limits on the value of goods and services they can purchase.

The BrPA also has a Public Interest Disclosure Officer who is obligated to investigate, assess and where appropriate, refer misconduct allegations made in accordance with the Public Interest Disclosure Act 2003 to the relevant authorities. BrPA's updated website sets out the process to be followed if an individual wishes to make a Public Interest Disclosure.

Opportunities and Risks

BrPA has identified the following opportunities and risks for attention in the year ahead:

Potential Risks

- Competition from other Ports
- Competition for workers
- Environment and heritage restrictions
- Continued subdued activity by fishing and pearling industries
- Growing requirement for wharf maintenance
- Increased demand on cash reserves to take advantage of income generating development opportunities.

Potential Opportunities

- Industry support
- LNG hub support
- Barrow Island maritime logistics support
- Increased fuel throughput
- Increased water throughput
- Increased rent from tenants
- Increased general cargo trade
- Potential to sub-lease 50 hectares of new land.

3.5 Environmental regulation

Under the Port Authorities Act 1999 (p. 19) the Authority is required to ‘...protect the environment of the port and minimise the impact of port activities on that environment’.

In response to Browse Basin offshore oil and gas proponents support requirements, key parcels of land both on and adjacent the port site were identified for development. This process included cultural and heritage surveys, flora and fauna surveys, revision of the Environmental Management Plan and forwarding a vegetation clearing application to the Department for Environment and Conservation. Significant work was conducted in conjunction with the Department of Environment and Conservation to progress these studies to pave the way for further development initiatives and requirements.

3.6 Environmental Management

BrPA is committed to demonstrating that it is an environmentally responsible organisation and this commitment is reflected in its values and corporate priorities. The port supports two major environmental studies within Roebuck Bay waters and is an active member of the Roebuck Bay Working Group, which consists of community based members contributing to the environmental management and maintenance of the Bay. The port maintains equipment for the response to emergency situations with potential environmental impact, in addition to conducting regular training and drills to reinforce the correct use of emergency response equipment.

The port’s environmental commitment was well demonstrated by its timely and efficient response to an oil pollution incident where weathered heavy oil globules washed up along 40 kilometres of the Broome coastline during the week of 29th June 2009 – 2nd July 2009 (figure 6). Additionally, the port provided personnel support to the National Response Team while dealing with the Montara Oil Spill in the Timor Sea during October 2009.

Oil spill response training is provided by both the state and federal government emergency response organisations and BrPA is tasked with first response duties for the section of coastline from Sandfire to the SW and the NT border to the NE. This responsibility entails in excess of 2,000 kilometres of coastline.

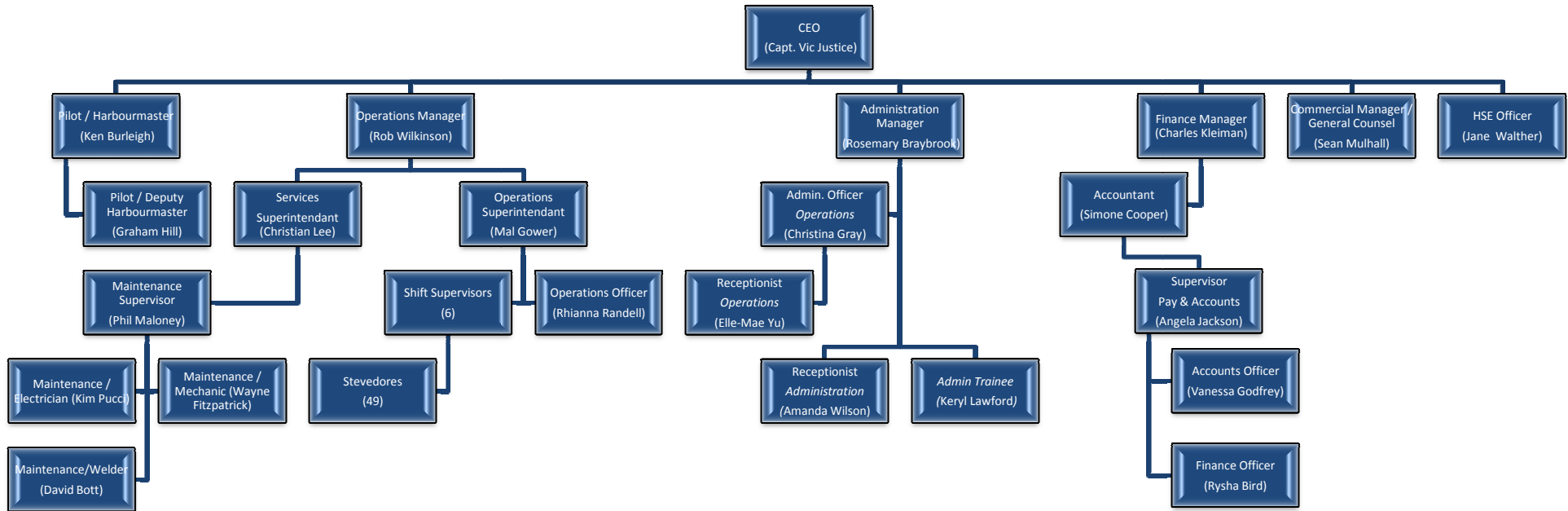


Figure 6 – Oil spill cleanup response June 2009

3.7 Organisational Structure

MINISTER	Hon Simon O'Brien MLA Minister for Transport and Disability Services
BOARD MEMBERS	Dr. Ian Burston AM (Chairman) Kim Male (Deputy Chair) George Morris Marie Gamble Derek Albert
CHIEF EXECUTIVE OFFICER	Captain Vic Justice MBA Dip.MS Master Mariner MNI
HARBOUR MASTER	Captain Ken Burleigh MMDS
FINANCE MANAGER	Charles Kleiman Bachelor of Business (Accounting) ASA
OPERATIONS MANAGER	Robert Wilkinson BSc, Post Grad Dip Com
COMMERCIAL MANAGER	Sean Mulhall BA LLB
ADMINISTRATION MANAGER AND EXECUTIVE OFFICER	Rosemary Braybrook
POSTAL ADDRESS	PO Box 46 BROOME Western Australia 6725
OFFICE ADDRESS	401 Port Drive BROOME Western Australia 6725
TELEPHONE	08 9194 3100
FACSIMILE	Administration 08 9192 1778 Operations 08 9194 3188
EMAIL	info@broomeport.wa.gov.au
WEBSITE	www.broomeport.wa.gov.au

Figure 7 – BrPA Organizational Chart



4.1 Operational Review and KPI's

Vessel Visits

Figure 8 shows a 12% reduction in vessel visits during 2009-10 due to a decrease in small commercial operator visits including the fishing and pearling industries. However charter vessel use of the wharf slightly increased. Offshore oil & gas use of the wharf decreased in line with reduced Browse Basin exploration activities compared to the previous year, and increased large commercial vessel visits reflected a spike in cruise liner activity.

Industries where vessel visits decreased include:

- Fishing vessels by 45%.
- Pearling vessels by 39%.
- Offshore oil & gas vessels by 18% (345 visits compared with 425 in 2008/09).
- Customs vessels by 25%.
- Navy vessels by 7%.

Industries where vessel visits increased include:

- Livestock vessel visits remained the same as the previous year with 43 visits.
- Cruise vessels by 23%, with cruise liner visits doubling from seven visits during 2008/09 to 14 visits this financial year (figure 9).
- Charter vessels by 30% due to increased tourism in Broome and the Kimberley, and an increase in vessel chartering by oil & gas industry participants.
- Department of Fisheries vessels by 55%.
- Private vessel visits increased by 12% with continued marketing of Broome by Superyachts Australia.

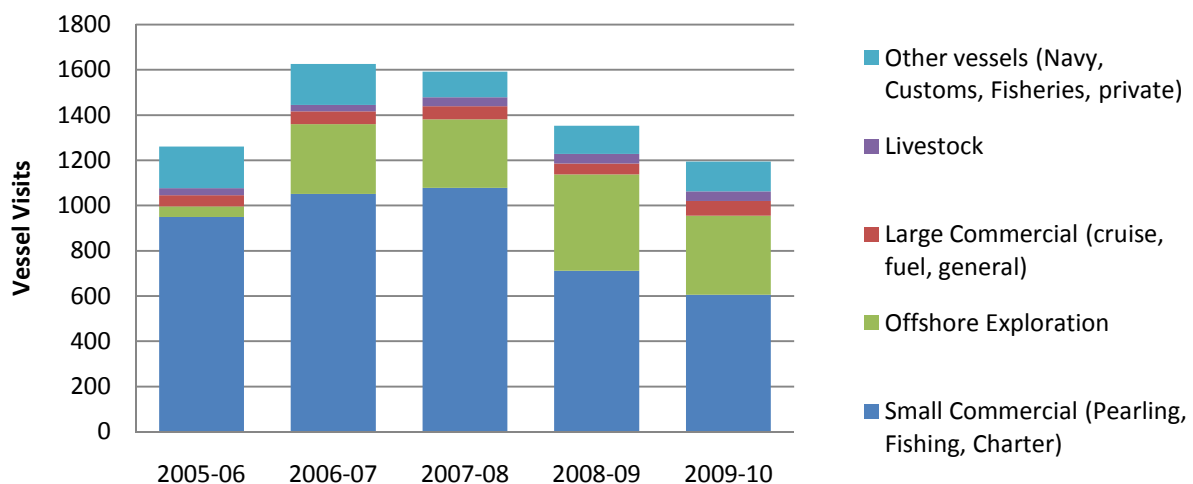


Figure 8 – Vessel Visits

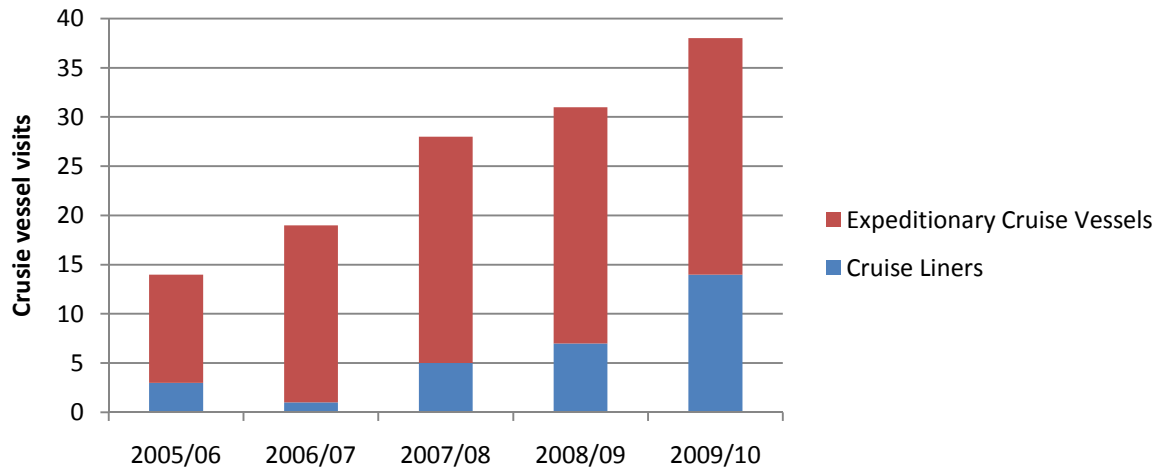


Figure 9 – Cruise vessel visits to Broome Port for the past 5 years



Figure 10 – Sun Princess – Broome Port

Berth Occupancy (Berths 4-10)

Figure 11 shows the monthly average berth occupancy (Berths 4-10) for the period July – June 2010. The monthly average during this period was 37.5% down from 41% during 2008/09. The highest monthly average was 50% during April 2010. However, peak usage of the berths was 80% and occasional incidents of shipping congestion occurred.

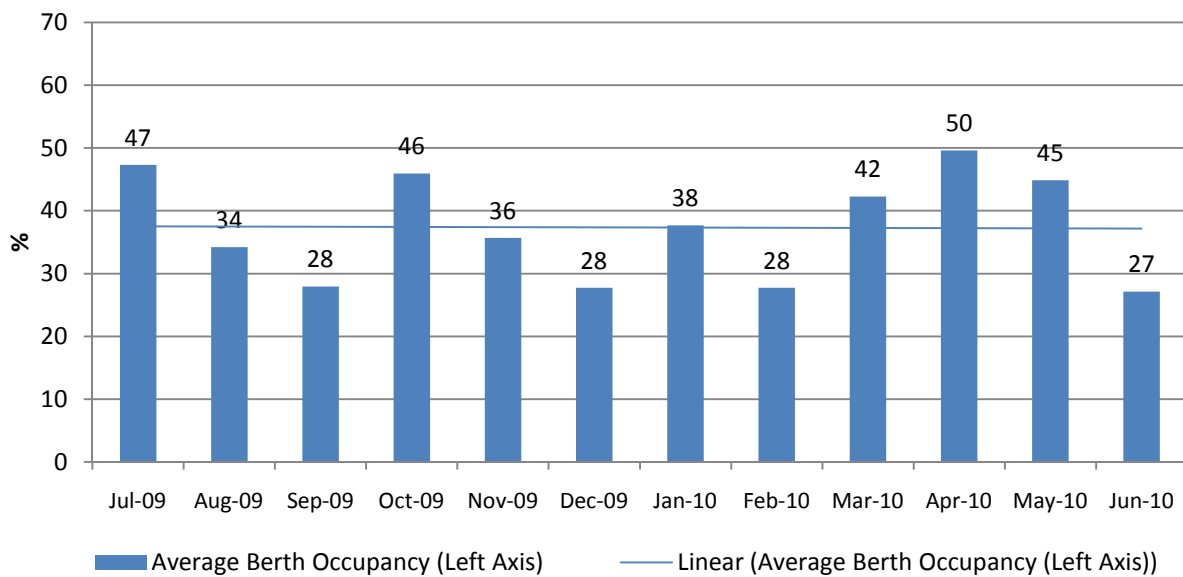


Figure 11 – Berth Occupancy

Vessel Turnaround Times

Figure 12 Monthly average vessel turnaround times for oil & gas supply vessels was 19 hours (18 hours in 2008/09 and 21 hours in 2007/08). Maintenance of this port efficiency KPI leads to an increase in berth availability, which is required to counter the onset of port congestion due to recurrent peaking in wharf usage above 60%.

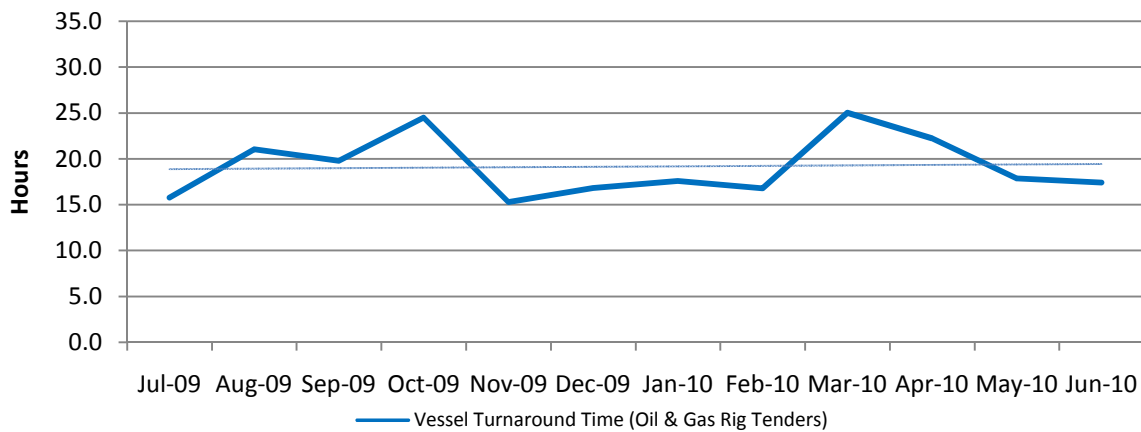


Figure 12 – Vessel Turnaround Time



Figure 13 – Drilling equipment loaded on a large rig tender using BrPA cranes

Crane Rates

Figure 14 shows that the monthly average crane rates for oil & gas supply vessels was 12 lifts per hour which is up from 11.1 lifts per hour during 2008-09 (10 lifts per hour in 2007/08). This improvement is a result of improved coordination between all parties in the landside logistics chain. The increase in crane rates assists with meeting vessel turnaround time expectations from the offshore oil & gas industry.

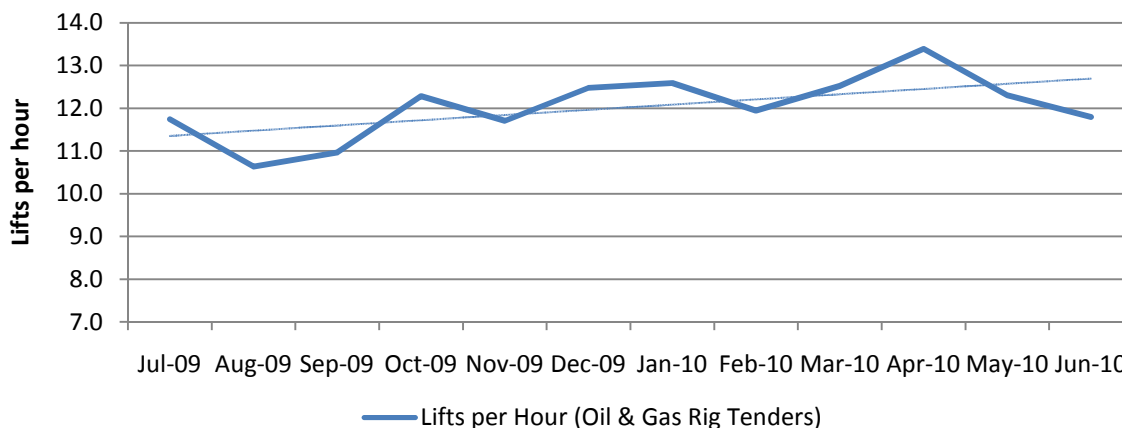


Figure 14 – Average Crane Rate (Oil & Gas Rig Tenders)

Truck Turnaround Times

Figure 15 shows that the monthly average gate to gate truck turnaround times for trucks servicing offshore oil & gas exploration over the 12 months to 30 June 2010 was 33 minutes.

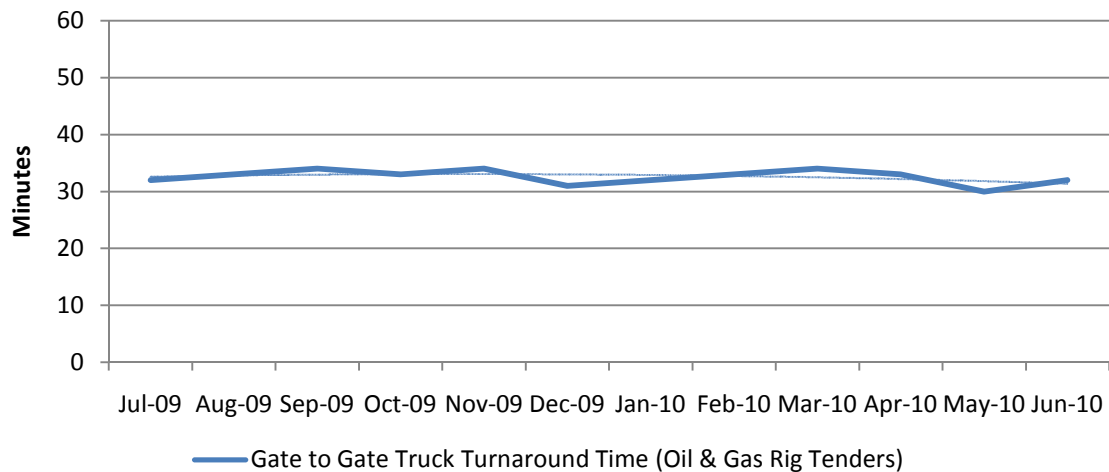


Figure 15 – Gate to Gate Truck Turnaround Time

4.2 Trade Statistics

Total Trade

Figure 16 shows that total trade decreased during the past year by 10% primarily because of reduced demand from the offshore oil & gas industry, however trade continues to flow at around the rolling average for the past four years.

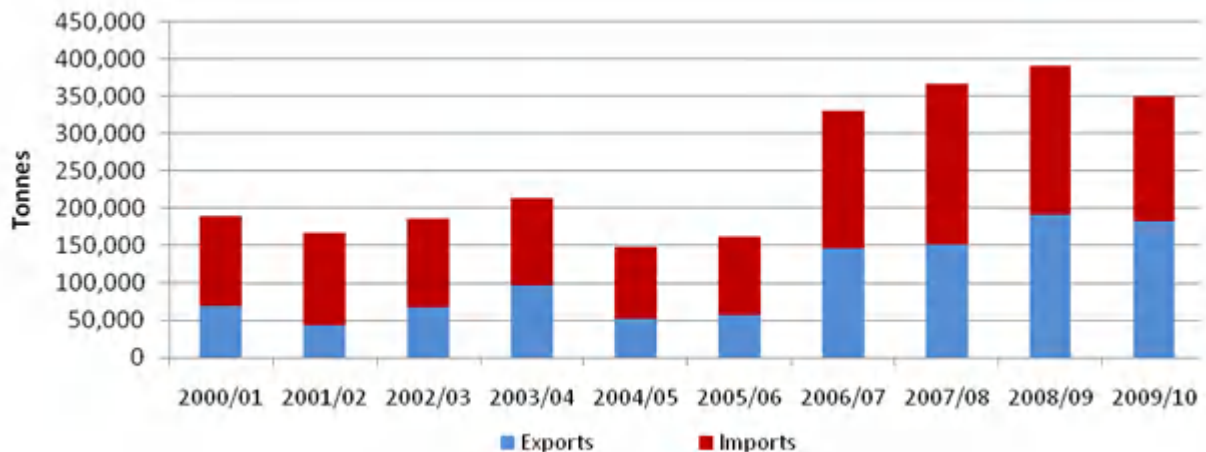


Figure 16 – Total Trade

Import Trade

Figure 17 shows that total import trade during the past 5 years has progressively decreased and in particular, fuel and bitumen imports decreased by 12% due to reduced demand for fuel from the subdued Kimberley resources sector. There were no bitumen imports during 2009-10.

Drilling equipment and drill mud imports decreased from the previous year due to reduced Browse Basin exploration activities.

Building material imports have fallen during the past two years in line with subdued commercial activities within the region.

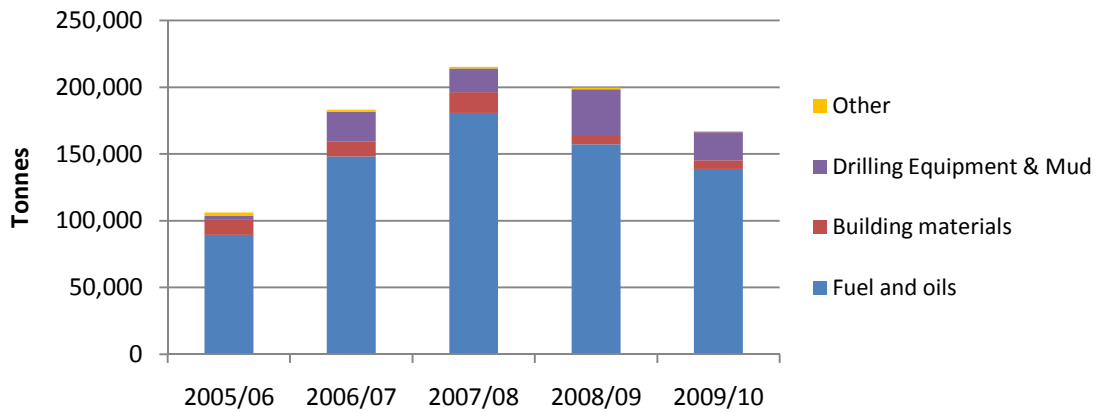


Figure 17 – Import Trade

Export Trade

Figure 18 shows that the total export trade decreased by 5% from the previous year with fresh water, drilling equipment and mud used by the offshore oil & gas exploration industry down due to decreased Browse Basin demand. Fuel bunkers increased by 4% due to increased seismic activity in the Browse Basin and associated charter vessel demand.

Livestock export tonnage and the number of cattle exported were similar to the previous year.

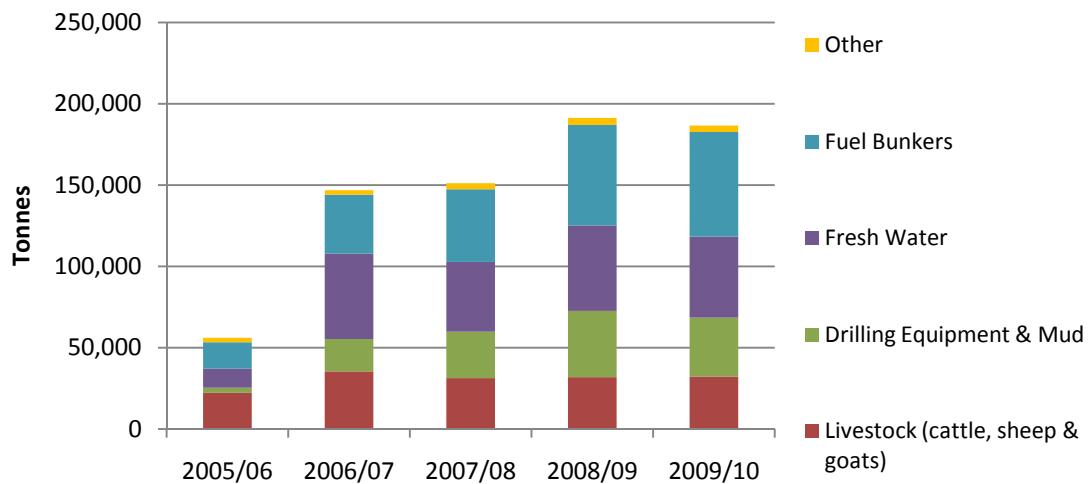


Figure 18 – Export Trade

Container Trade

Figure 19 shows that container trade decreased by 70% - container imports reduced by 57% while containerised exports were nil. This trade aspect correlates both with the diminished coastal shipping business under the previous proponents and reduced offshore drilling activity.

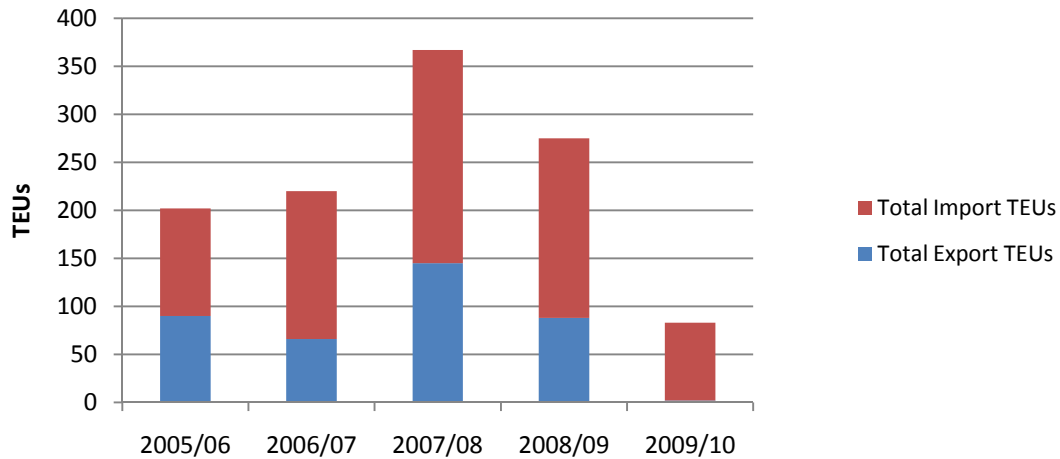


Figure 19 – Container Trade

Offshore Oil & Gas Exploration

During 2009/10 offshore oil and gas exploration drilling activities in the Browse Basin were undertaken by Apache Energy, ADA, Santos, Conoco-Phillips and Shell Development Australia and an average of 1.6 drilling rigs worked offshore, compared to 2.5 during 2008/09.

Ancillary offshore exploration shipping included seismic vessels and jack-up rigs undertaking oceanographic studies in the Browse Basin and offshore at James Price Point. General cargo vessel visits supplying bulk drill product and drilling equipment grow or decrease in line with offshore support activities, plus import fuel shipments reflect both the levels of offshore exploration and the stages of the Kimberley tourist season. The Port supplied the bulk of its potable water and fuel bunker exports to Browse Basin exploration drilling activities.

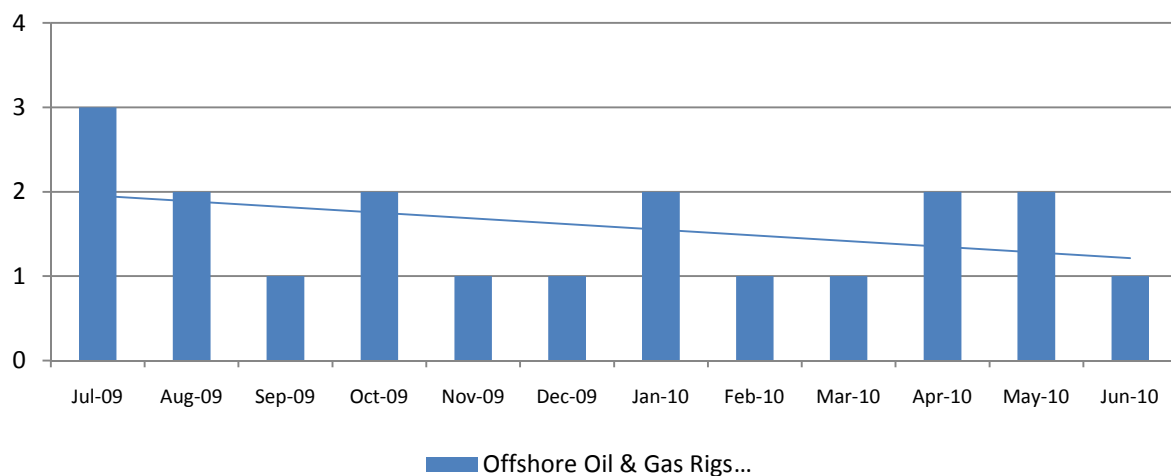


Figure 20 – Offshore Oil & Gas Rigs Operating in the Browse Basin 2009-10

Wharf Improvement and Maintenance

Blast and paint maintenance to the wharf underdeck structure during the year was undertaken at the abutment of the wharf and the North Eastern end of the jetty link bridge, and this work was overseen by a competent third party inspector. Outstanding underdeck warranty rectification work is also progressing. Repairs to the concrete deck of the original wharf and fender replacement have returned the wharf operational capabilities to a more desirable state. Other essential major works included the removal of three bulk silos from the northern end of the wharf, and shortening the wharf transit shed to assist in opening up two more berths for truck and crane access, and in reducing vehicle congestion.

A new light tower was erected to improve the level of lighting on the wharf and lux readings were taken to ensure that working conditions at night met required standards. The wharf underdeck access trolleys were refurbished and underdeck trolley rails receive ongoing maintenance. The BrPA 100T Demag Crane was despatched to Perth for a major 10 year inspection and service. In response to the important nature of maintaining crucial infrastructure and assets, BrPA employed a permanent Maintenance Supervisor and Boilermaker.

4.3 Safety Review

Commitment to Occupational Safety and Health

Broome Port Authority recognises its obligations to provide a safe and healthy work environment for all employees, contractors, port users and visitors. We operate under a strong leadership based safety culture which begins with management commitment from the Board of Directors through to the shop floor. We believe that a successful safety management system must foster continuous improvement principles to provide a safe and productive work environment that is fit for purpose, therefore maintaining the welfare of our operators as the business grows.

BrPA has demonstrated its commitment to injury management as well as occupational safety and health (OSH) by implementing a Workplace Injury Management Policy which has been distributed to all employees. Injury management is raised as a topic during the induction process for new employees, where the significance of accurate reporting and timely return to work programs are discussed to assist employees with limited knowledge on the impact that injury management can have within an organisation.

BrPA's Health Safety and Environmental Activity Plan – 2010 outlines the organisation's targets for OSH and injury management performance:

- a) *Total Recordable Frequency Rate*: targeted at 0 per million man hours worked,
- b) *Serious Injury Frequency Rate*: targeted at 0 per million man hours worked, and
- c) *Lost Time Injury Frequency Rate*: targeted at 0 per million man-hours worked.

Formal Mechanism for Consultation with Employees on OS&H Matters

Consultation and communication are integral in achieving an accident and injury free environment and this is manifested by OSH and injury management discussion during the induction process for new employees.

BrPA has an effective Occupational Safety and Health Committee that plays an integral part in the communication and consultation process within the organisation. To ensure timely communication and consultation on safety issues BrPA has increased the number of safety and health representatives from four to seven.

OSH information is made available to all staff via notice boards, electronic bulletins, flyers and via safety meetings. For more complex information that requires investigation, our employees, contractors and visitors are actively encouraged to seek the assistance of the Health Safety and Environment Officer who will assist in researching the required information in a timely manner.



Figure 21 – Tug Fire Monitors

Injury Management and Workers Compensation

BrPA is committed to assisting injured workers return to their pre-existing duties as soon as medically possible and in accordance with the Workers' Compensation and Injury Management Act 1981. Management supports the injury management process and recognises that its success relies on the active participation and cooperation of the injured worker and BrPA. Where possible the agency actively seeks suitable or alternative duties internally whilst having regard for injured workers' medical restrictions. Injury management is outlined during the induction process for new employees in conjunction with the Workplace Injury Management Policy.

Occupational Safety and Health Management Systems

BrPA has an effective Occupational Safety and Health Management System (OSHMS) that is internally reviewed on an annual basis. External agencies are encouraged to audit the OSHMS to ensure continuity and effectiveness to both stakeholders and the organisation, and to promote their own commitment to safety. The last external audit was conducted April 1, 2009.

Significant findings of this audit were as follows;

- The MSDS file is maintained for Dangerous and Hazardous Goods and retained in the main office – copy required near DG cabinets, and document requires indexing.
- Control of Pedestrian & Vehicle Traffic: Line marking is conducted as required.
- Crisis Management and Emergency Response: First aiders are trained and drilled in emergency response, and activity could be improved with a conspicuous identifier, e.g. a different coloured hard hat helmet.

Occupational Safety and Health Performance Indicators

Table 3 – Occupational Safety and Health Performance Indicators

Measure	Actual Results		Results against Target	
	2008-9	2009-10	Target	Comment on Result
Number of fatalities	0	0	0	
Lost time injury and/or disease incident rate	0	0	0	
Lost time injury and/or disease severity rate	0	0	0	
Percentage of injuries workers return to work within 28 days	100%	100%	100%	
Percentage of managers trained in occupational safety, health and injury management responsibilities	12.5%	12.5%	50%	Number of managers to undertake training identified, however course rescheduled to a later date by external provider.

Significant Awards Received by the Agency

During the period BrPA received Occupational Safety and Health Awards as follow:

- October 2009, IFAP Safety Achievement Award for an Effective Safety Management System.
- October 2009, IFAP Safety Achievement Award for 6 months without a lost time injury.
- October 2009, Work Safety Awards WA, Best Solution to an Identified Workplace Safety and Health Issue – Finalist.
- August 2010, APPEA Safety Innovation Awards – Finalist.



Figure 22 – Safety Awards

Additional Information

BrPA recognises that the marine industry and in particular port operations such as stevedoring can entail high-risk work. There are many hazardous conditions to consider and mitigate towards an acceptable level of risk. BrPA has addressed movement of heavy loads, working at heights, working on vessels that are in motion due to weather conditions alongside the wharf, and personnel fatigue due to irregular hours and ambient work conditions.

The agency has developed a number of key initiatives and training schedules to educate and prepare operators for various tasks as mentioned above. These include:

- Q-Fever vaccination in relation to livestock export;
- Pre-employment medical;
- Medical assessments for all High Risk licences;
- Site specific forklift induction;
- Site specific crane induction; and
- Site specific air compressor induction;

The port is a member of Ports Western Australia Peer Group for Occupational Safety and Health. This forum works towards port specific OS&H programmes and investigates commercial products that may provide industry best practice solutions.

The Board of Directors of the Broome Port Authority, in accordance with Schedule 5 of the Port Authorities Act 1999, has pleasure in submitting its report for the financial year ended 30 June 2010.

5.1 Role of the Board

The Board of Directors (Board) of BrPA is its governing body and in the name of the port authority performs the functions, determines policies and controls the affairs of the BrPA. The role of the Board as the governing body is to provide leadership, direction and oversight to the BrPA through setting corporate policies and strategic direction.

The Audit and Risk Review sub-committee of the Board scrutinises finance and risk related matters, governance issues, human resource requirements, and formulates the internal audit requirements for the year. The Strategic Management sub-committee oversees the environmental and sustainability functions, project management, and the implementation of strategic initiatives.

During 2009-10 the Board commissioned consultants to conduct an internal audit of BrPA procedures and practices, and initiated a significant review of wharf maintenance and future proposed infrastructure requirements.

The Board appoints the Chief Executive Officer and reviews CEO performance and remuneration. The Board also ensures that holistic regulatory and ethical standards are met and that risks are appropriately managed.

Broome Port Authority has five Directors who are appointed by the Minister for Transport and these Directors may hold office for up to three years. Members of staff are not eligible for appointment as a Director.

5.2 Directors' Rights

Directors have access to independent legal or financial advice paid for as an approved BrPA expense and are entitled to access the Authority's records for a period of seven years following retirement from the Board.

5.3 Directors' Details

The names and details of the Directors of the Broome Port Authority during the financial year and until the date of this report are:

Dr Ian Burston AM – Chairman

Dr Burston holds an engineering degree and has completed management programmes at some of the world's leading business schools. Dr Burston has over 32 years' experience in the extractive and related resources industries including roles as Managing Director at Portman Ltd and Hamersley Iron Pty Ltd; and other senior positions as Executive Chairman at Cape Lambert Iron Ore Ltd; Non Executive Director and Chairman at Imdex Ltd and NRW Holdings Ltd; Non Executive Chairman at Waters and Rivers Commission, WA; Non Executive Director of Fortescue Metals Group Ltd, Mincor Resources Ltd and Carrick Gold Ltd. Dr Burston was awarded Citizen of the Year (Industry and Commerce) 1992 and member of the Order of Australia (General Division) in 1993. His present term expires on 30 June 2010.

Mr Kim Male – Deputy Chair

Mr Male's family has been closely involved with the development of Broome and the pearling industry for over a hundred years. Mr Male is a local businessman who has been active in diverse community organisations and he was a member of the Broome Shire Council for 30 years. Mr Male is a Justice of the Peace and his present term as a director of the Port Authority expires on 31 December 2010.

Mr George Morris

Mr Morris is a consultant with a wide range of experience in the oil exploration industry. Having worked with many of the larger Australian oil and gas explorers, Mr Morris has developed experience in project planning, community consultation and liaison, project management and communication and reporting. As a long term Broome resident, Mr Morris has a wide ranging involvement with the community. He has had lengthy involvement with the Broome Turf Club and the Surf Lifesaving Club, and his current term as director expires on 31 December 2012.

Ms Marie Gamble

Ms Gamble is a long term resident of Broome and for the past 20 years has been a director in the pearling industry and a retail proprietor. Ms Gamble has been involved throughout this period in community projects, tourism and the pastoral industry within the Broome and wider Kimberley regions. Her current term as director expires on 30 June 2011.

Mr Derek Albert

Mr Albert was appointed on 9 March 2009 and has a long history with Broome as a lifelong resident. Mr Albert is heavily involved in the local community assisting an array of community organisations and has senior management experience in the marine, tourism and construction industries, with additional business consulting experience. Mr Albert has Post-Graduate qualifications in management and management accounting and his current term expires on 30 June 2011.

Retirements, Appointments and Continuation in Office of Directors

There have been no retirements or changes in the composition of the Board over the past year. Directors Marie Gamble and George Morris's terms were renewed and continue beyond the 2009 – 2010 financial year.

5.4 Directors Meetings

During the financial year Directors held eight Directors' meetings, six Accounting Risk and Audit meetings and six Strategic Management sub-Committee meetings. Directors' attendance at these meetings is shown in the table below:

Table 4 – Meetings attended by Directors

Members Name	Ian Burston (Chairman)	Kim Male (Deputy Chairman)	George Morris	Marie Gamble	Derek Albert
Board Meetings held in 2009/10	8	8	8	8	8
Number of Board meetings attended in 2009/10	6	8	7	8	8
Audit & Risk sub-Committee meetings held	6	6	6	6	6
Audit & Risk sub-Committee meetings attended	4	6	5	4	6
Strategic Planning sub-Committee meetings held	6	6	6	6	6
Strategic Planning sub-Committee meetings attended	4	6	5	3	6



Figure 23 – Planned Achievements and Status June 2010

Planned Achievements

LAND:

- a) Continue securing cultural, heritage and environmental clearances for Port land;
- b) Acquire additional land at Port's Northern boundary;
- c) Provide headworks for new land development;
- d) Incorporate headworks levy in new rental rates;
- e) Encourage tenants to maximise use of land;
- f) Maintain an annual market rent survey; and
- g) Continue approaches to secure land held by Fisheries Department.

INDUSTRY SUPPORT:

- a) Business case to be prepared to develop whole-of-site needs to expand capabilities.

WHARF MAINTENANCE:

- a) Major maintenance program scheduled and costed to protect wharf.

PERSONNEL:

- a) Promotion of Deputy Harbourmaster to Harbourmaster;
- b) Engage 2nd Marine Pilot; and
- c) Workforce capabilities and effectiveness enhanced by training.

ENVIRONMENT:

- a) Environmental audit to ensure ongoing compliance with internal/external strictures;
- b) Support seagrass monitoring program;
- c) Support Robuck Bay blue-green algae study; and
- d) Promote water, energy conservation and recycling programs.

ADMINISTRATION:

- a) Review Correspondence & Filing Policy and Procedures;
- b) Build record storage building; and
- c) Establish a new website.

Status

LAND:

- a) Traditional owners provided cultural clearance and land clearing application granted;
- b) Agreement reached with Traditional owners and State Land Services, Shire rezoning application to be lodged, flora survey completed and fauna survey in progress;
- c) Stakeholders and engineers consulted and topographical survey completed;
- d) Pending release of new land;
- e) Tenants utilising land to capacity and sub-leasing;
- f) Rent reviews carried out in accordance with lease agreements; and
- g) Ministerial directive supports current Fisheries lease arrangements.

INDUSTRY SUPPORT:

- a) Business Case completed and forwarded to the Minister.

WHARF MAINTENANCE:

- a) Maintenance team formed and commenced concrete deck repairs, blast and painting of pylons and underdeck infrastructure; and
- b) Work is ongoing.

PERSONNEL:

- a) Harbourmaster appointed December 2009;
- b) 2nd Pilot/Deputy Harbourmaster employed July 2009; and
- c) Livestock Handling course provided and Supervisors completed Dangerous Goods training.

ENVIRONMENT:

- a) Audit completed with compliance accorded;
- b) Seagrass monitoring project financially supported and ongoing;
- c) Lyngbya Contingency Plan financially supported and ongoing; and
- d) Compliance and reporting to Water Corporation on Water Efficiency Management regulations.

ADMINISTRATION:

- a) Policy reviewed to reflect implementation of Keyword AAA new file titling system;
- b) Storage building completed; and
- c) New Website launched May 2010.

5.5 Dividends

A dividend of \$825,500 was paid for the previous financial year.

5.6 Operating results

The Statement of Corporate Intent (SCI) for 2009/10 originally estimated that the profit before tax and dividend would be \$0.73m due to the expected downturn in the Australian economy. The actual outcome for 2009/10 was a profit before tax and dividend of \$1.7m. This is a positive outcome for what was expected to be a financially constrained year. The gross revenue from shipping activities, which is the principal activity of the Authority, exceeded budget estimates by \$2.3m.

Shipping revenue

Shipping activity overall was greater than expected, particularly Oil & Gas related operations as shown by the following graph.

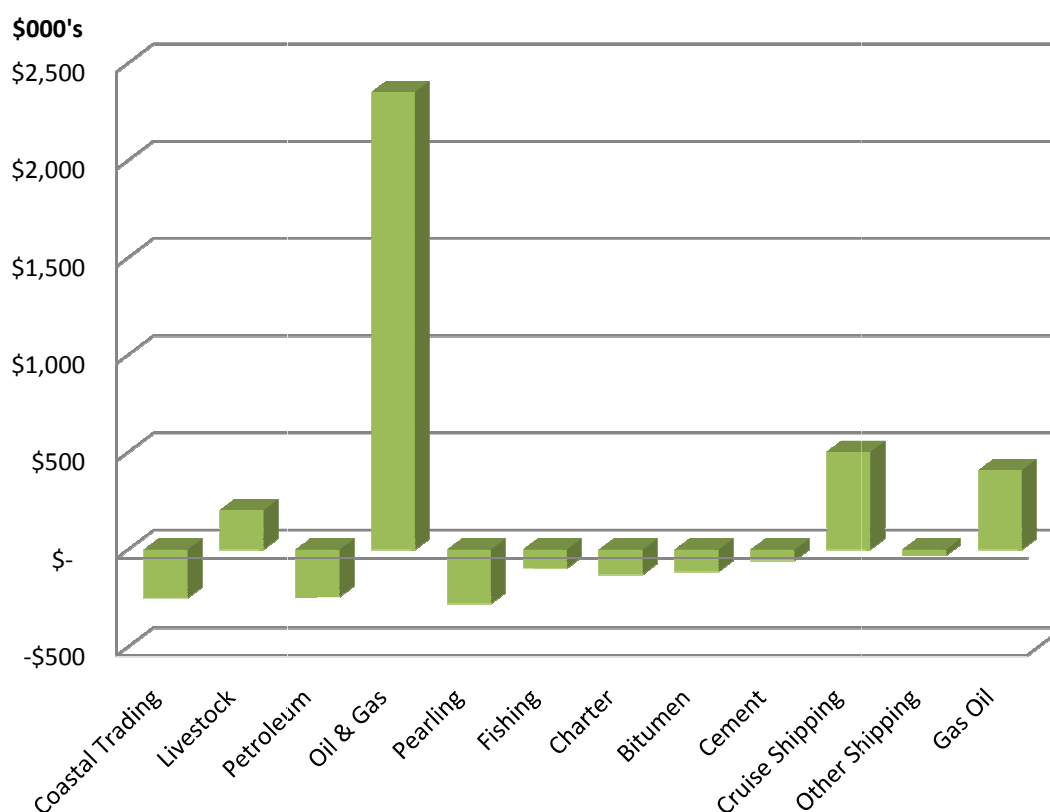


Figure 24 – Variance from Budget

The graph shows that activity in the oil and gas sector was much greater than expected. There were small variances from budget estimates in other sectors but the impact of these variances on revenue was not significant.

The percentage of revenue that is realised from each shipping activity is shown in the following figure 25.

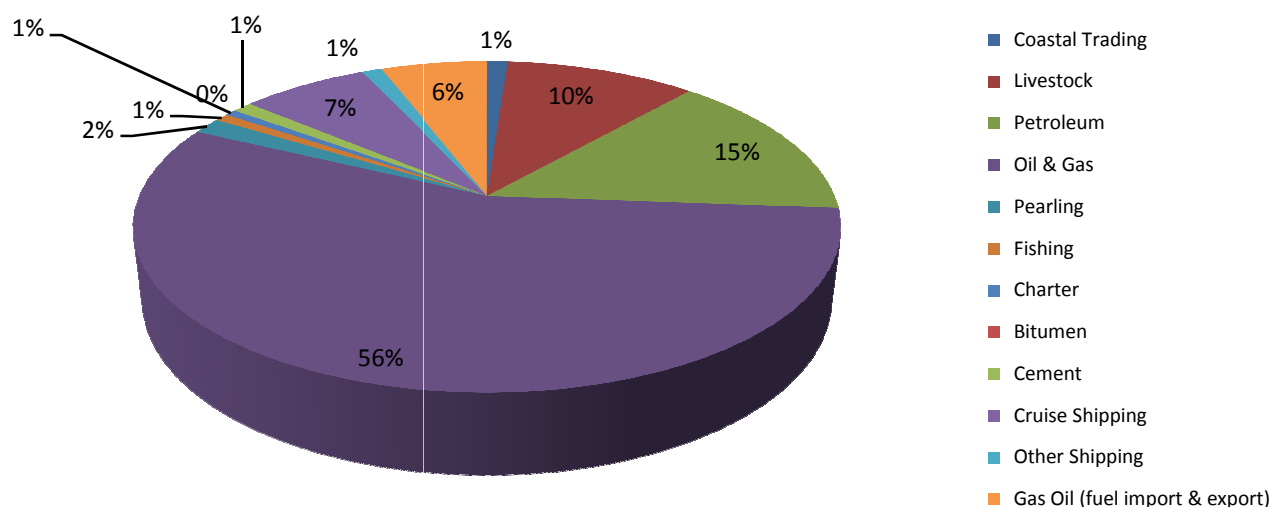


Figure 25 – Shipping Activity as a Percentage of Total Revenue

Non-shipping revenue

The Total Non-Shipping revenue was higher than expected for the period. This was mainly due to an increase in lease payments for the year. The terms and conditions on several leases provided for an independent review of the monthly lease payment, resulting in an increase to two lease holders.

Expenditure

Total expenditure was \$1.75 million greater than estimated in the 2009/10 SCI Budget. When the budget was prepared the Directors anticipated a downturn in revenue due to the effects of the Global Financial Crisis. In reality, Oil & Gas shipping continued at a similar level as the previous year resulting in both the shipping revenue and expenditure being higher than budget.

During the year the Board required BrPA to have a redundancy capability for the 100 tonne cranes. An agreement was arranged to dry hire an additional crane in October 2009 which resulted in Plant & Equipment hire costs becoming higher than budgeted for.

Other financial matters

The level of internal audit work during the year produced a positive end of year audit result. The minor item recommendations were accepted by management and will be acted upon during the coming financial year.

5.7 Strategy and Future Performance

The Board committees have developed a strategic business plan and an allied business case for essential works to enable the port to achieve benchmark levels of maintenance, planning and works sufficient to take it through the next five years. These works are in two stages to address forward planning, and then project implementation, with certain crucial logistics improvements to be accomplished at an early stage to maximise the use of existing infrastructure.

State government planning indicates that Broome Port Authority is being considered for a wider regional role with an extension of port authority overview to the planned James Price Point LNG site. The new organisation would be known as the Kimberley Port Authority.

A major planned maintenance program has commenced with a dedicated services superintendent managing these works. The replacement value of port infrastructure, some of which is 46 years old, is in the order of \$300M and this maintenance program was designed to protect and prolong the forward life and operational capability of these important state assets.

Increasing inquiries from shipping interests are related to projects including transportable work camp accommodation units and the import of a range of break bulk cargoes. Browse Basin oil and gas customer requirements include access to project ready land, provision of additional logistic handling equipment, and infrastructure modifications. These facilitation of trade items have become major components of the port's strategic and business planning considerations.

Present and ongoing drivers for Port expansion and capital expenditure include:

- High levels of offshore drilling and associated supply vessel visits (figure 26) that have continued albeit at a lower level despite the global economic downturn,
- Land development requirements for supporting future Browse Basin projects, and
- Potential project support for the LNG precinct construction at nearby James Price Point.

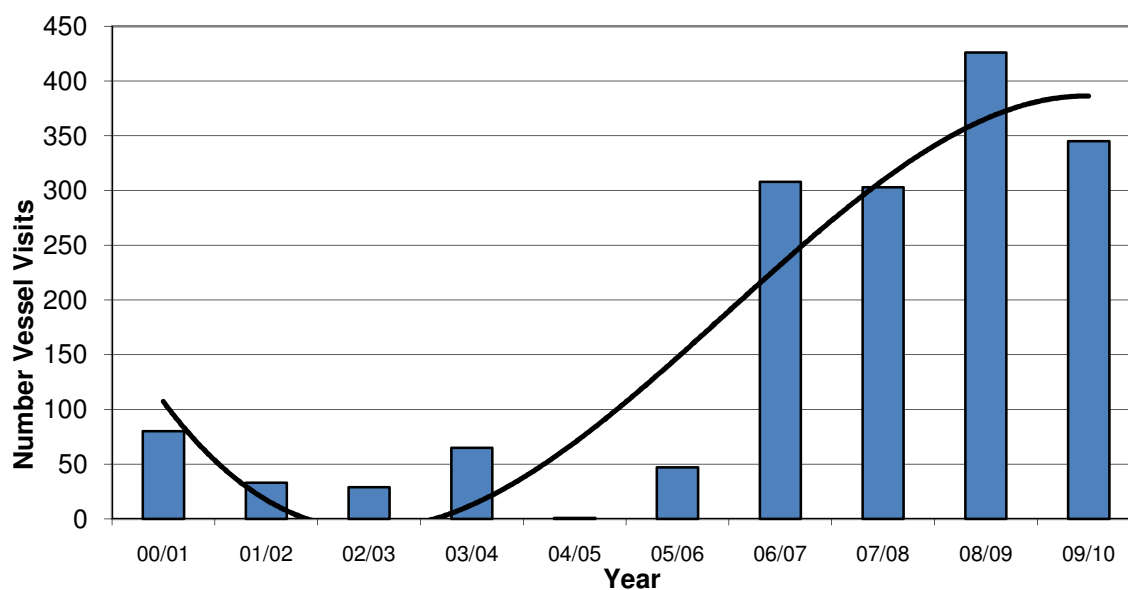


Figure 26 – Offshore Oil & Gas Rig Tender Vessel Visits to Broome Port for the past 10 years

5.8 Significant changes in the state of affairs

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

5.9 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 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.

5.10 Likely developments

Current and emerging issues potentially liable to impact BrPA include:

Maintenance Needs. Much of the port's physical infrastructure was built in the 1960's and the levels of ongoing maintenance and the provision of facilities and services to assuage regional shipping demands have been limited by the Port's ability to pay. Despite the port's recent cashflow improvement with more investment being directed into maintaining port facilities and prolonging asset life, further expenditure is required to bring facilities to an acceptable standard.

Remediating the marine slipway. The poor state of the marine slipway and repair facility poses potential safety risks both for the port and regional commercial and recreational boat owners.

The changing face of local industries. The regional pearling, fishing and charter boat industries are now operating at historically low levels - several years ago these industries constituted a large portion of the port's activities, now they provide less than 2% of the port's income. Both the town and Port of Broome have supported the oil and gas industry for 40 years and established synergistic logistics capabilities. BrPA's operational, marketing and planning addresses heterogeneous industry sectors with increasing support needs, e.g. general cargo, oil imports and exports, livestock exports, and Browse Basin oil and gas activities.

Competition for business. Other ports are keen to increase their market share of business from that which is currently operating from Broome. BrPA took steps to resist these commercial pressures and undertook a customer satisfaction survey to gauge industry's level of support for Broome as a maritime logistics centre. A consequent and ongoing marketing program is based on the port's natural strategic advantages of a sheltered harbour, deep water and ease of passage for shipping, coupled with 24/7 operations and workforce efficiencies. The port is a valuable contributor to the region, supporting 400 Kimberley businesses and organisations, injecting some \$300M into the local economy, and providing more than 300 direct and indirect jobs. The 20 major port authorities had a common survey response, their concerns for the future lay in the provision of sufficient wharf berthing space and the availability of heavy lift cranes.

James Price Point LNG Construction Project. In 2010 the WA government advised BrPA that the potential project and new WA port at James Price Point will require maritime management overview (particularly with the community's high levels of environmental interest) plus logistics support. The project's early logistics requirements might potentially be shipped through Broome Port inclusive of bitumen for roadworks to site, the arrival of large earthmoving machinery, and bulk shipments of construction materials such as cement. Planning has commenced to identify what was required to expand the port's existing capabilities and resources to cope with an expanded Kimberley Port Authority role.

5.11 Director's Emoluments

The following tabulations are provided 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 for each Director and the three named key management personnel of the Authority who received the highest remuneration:

Table 5 – Director's Emoluments 2010

	Short term employee benefits	Post- employment benefits	Total remuneration
Director's name	Cash salary & fees	Superannuation benefits	
I Burston	45,000	0	45,000
K Male	25,000	2,250	27,250
G Morris	16,500	1,485	17,985
M Gamble	16,500	1,485	17,985
D Albert	16,500	1,485	17,985
Total	119,500	6,705	126,205

Table 6 – Director's Emoluments 2009

	Short term employee benefits	Post- employment benefits	Total remuneration
Director's name	Cash salary & fees	Superannuation benefits	
I Burston	45,000	0	45,000
K Male	25,000	2,250	27,250
G Morris	16,500	1,485	17,985
V Wevers	8,250	743	8,993
M Gamble	16,500	1,485	17,985
D Albert	5,500	495	5,995
Total	116,750	6,458	123,208

Director Kim Male is a proprietor of the retail store Streeter and Male (Mitre 10). The transactions for the year with Streeter and Male amounted to \$1,482 (2008: \$2,104). This is one of the several retail stores used by the Broome Port Authority on normal commercial terms and conditions.

Ms Wevers resigned from the Board in 2009 and was replaced by Mr Albert.

Table 7 – Executive Emoluments 2010

Executive's name	Short term employee benefits		Post-employment benefits	Total remuneration
	Cash salary & fees	Other benefits	Superannuation benefits	
V Justice	265,443	25,816	28,093	319,352
S Mulhall	229,850	0	20,546	250,396
9K Burleigh	230,816	0	16,699	247,515
Total	726,109	25,816	65,338	817,263

Table 8 – Executive Emoluments 2009

Executive's name	Short term employee benefits		Post-employment benefits	Total remuneration
	Cash salary & fees	Other benefits	Superannuation benefits	
V Justice	229,190	28,244	18,209	275,643
S Mulhall	199,110	256	17,886	217,252
K Burleigh	189,962	571	16,699	207,232
Total	618,262	29,071	52,794	700,127

5.12 Rounding off

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

6 STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	<i>Notes</i>	2010	2009
		\$'000	\$'000
Revenue	4	14,482	14,404
Other income	5	0	0
Depreciation and amortisation expense	6	(1,161)	(1,378)
Port operations expenses	3	(5,010)	(4,855)
General administration	3	(3,551)	(3,336)
Asset maintenance		(1,034)	(738)
Environmental expenses		(131)	0
Port utilities		(525)	(463)
Safety and security		(529)	(464)
Finance costs	8	(655)	(700)
Other expenses	9	(181)	(339)
Profit before income tax		1,705	2,131
Income tax (expense) / benefit	10	(512)	(480)
Profit for the year		1,193	1,651
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation surplus		0	0
Gains/losses recognised directly in equity		0	0
Income tax on items of other comprehensive income		0	0
Total other comprehensive income		0	0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,193	1,651

The notes on pages 49 to 82 are an integral part of these financial statements.

7 STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	<i>Notes</i>	2010 \$'000	2009 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	12	3,744	3,812
Trade and other receivables	13	1,289	1,678
Inventories	14	0	1
Total current assets		5,033	5,491
Non-current Assets			
Deferred tax assets	10	380	449
Property, plant and equipment	15	26,182	26,807
Intangible assets	16	53	35
Total non-current assets		26,615	27,291
TOTAL ASSETS		31,648	32,782
LIABILITIES			
Current Liabilities			
Trade and other payables	17	836	1,059
Provisions	19	336	762
Interest bearing borrowings	18	519	581
Other Liabilities	20	194	497
Total current liabilities		1,885	2,899
Non-current Liabilities			
Provisions	19	122	91
Interest bearing borrowings	18	10,159	10,678
Total non-current liabilities		10,281	10,769
TOTAL LIABILITIES		12,166	13,668
NET ASSETS		19,482	19,114
EQUITY			
Contributed Equity	21	17,136	17,136
Retained profits	21	2,346	1,978
TOTAL EQUITY		19,482	19,114

The notes on pages 49 to 82 are an integral part of these financial statements.

8 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

	<i>Note</i>	Contributed Equity	Reserves	Retained earnings	Total equity
		\$0'000	\$0'000	\$0'000	\$0'000
Balance at 1 July 2008	21	16,786	-	327	17,113
Changes in accounting policy or correction of prior period errors		-	-	-	-
Restated Balance as at 1 July 2008		16,786	0	327	17,113
Total comprehensive income for the year		-	-	1,651	1,651
Transactions with owners in their capacity as owners:					
Capital contributors		350	-	-	350
Dividends paid	11	-	-	-	-
Contributions to owners		-	-	-	-
Balance at 30 June 2009		17,136	0	1,978	19,114
Balance at 1 July 2009	21	17,136	-	1,978	19,114
Total comprehensive income for the year		-	-	1,193	1,193
Transactions with owners in their capacity as owners:					
Capital contributors			-	-	-
Dividends paid	11	-	-	(825)	(825)
Contributions to owners		-	-	-	-
Balance at 30 June 2010		17,136	0	2,346	19,482

The notes on pages 49 to 82 are an integral part of these financial statements.

9 STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2010

	<i>Notes</i>	2010 \$'000	2009 \$'000
Cash flows from operating activities			
Cash receipts from customers		14,458	14,046
Cash receipts from State and Commonwealth Government funding		372	390
Cash paid to suppliers and employees		(11,763)	(10,288)
Interest paid		(655)	(700)
Income taxes paid		(442)	(300)
Net cash from operating activities	22	1,970	3,148
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		345	20
Acquisitions of property, plant and equipment		(976)	(1,414)
Net cash from investing activities		(631)	(1,394)
Cash flows from financing activities			
Repayment of borrowings		(504)	(489)
Final Dividend		(825)	0
Finance lease payments		(78)	(72)
Receipts from State Government equity contributions		0	350
Net cash from financing activities		(1,407)	(211)
Net increase (decrease) in cash and cash equivalents		(68)	1,543
Cash and cash equivalents at 1 July		3,812	2,269
Cash and cash equivalents at 30 June	12	3,744	3,812

The notes on pages 49 to 82 are an integral part of these financial statements.

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1. Basis of preparation

a) Statement of compliance

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 Urgent Issues Group Consensus Views and the Port Authorities Act 1999. The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented, unless otherwise stated.

The financial statements were authorised for issue on 20th August, 2010 by the Board of Directors of Broome Port Authority (“the Authority”).

b) Basis of measurement

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

c) 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.

d) 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:

- (i) discount rates used in estimating provisions;
- (ii) estimating useful life and residual values of key assets; and
- (iii) long service leave – retention rates and discount rates.

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.

Certain comparative amounts have been reclassified to conform with the current year's presentation [see note 1(b)].

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 from debtors. Interest income is recognised as it accrues in profit or loss using the effective interest method.

Finance expenses comprise interest expense on borrowing 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.

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

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 substantially 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/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 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 benefits will be realised.

c) Receivables

(i) Trade receivables

Trade debtors are recognised and carried at the original invoice amounts less an allowance for any uncollectable amounts. Debtors are generally settled within 14 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 uncollectable are written-off against the allowance account. The allowance for uncollectable amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect a debt.

(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 recognised directly in the income statement.

d) Inventories

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

e) 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*.

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.

(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 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 or diminishing 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:

Asset improvements	10	years
Buildings	7 to 50	years
Infrastructure	5 to 66	years
Harbour facilities	14 to 27	years
Access channel	7 to 20	years
Electronic	2 to 10	years
Plant & equipment	1 to 23	years
Furniture & equipment	2 to 17	years
Motor vehicles	3 to 8	years
Low Value Pool	3	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.

(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 they are available for use. Computer software amortisation is 2 to 20 years. The estimated useful life of amortised assets is as follows:

Computer software	2 to 20	years
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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 the asset's future economic benefits and to 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.

i) Leases

Leases in 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:

1. Loans and receivables;
2. Held to maturity investments; and
3. 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.

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.

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 they are declared.

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.

t) 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, this revision amends the disclosure requirements for government related entities and the definition of a related party and is effective for annual reporting periods ending on or after 31 December 2011.

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	2009
	\$'000	\$'000
Rendering of services		
Charges on cargo	4,349	4,463
Charges on ships	6,531	6,483
Shipping services	1,273	1,337
Interest revenue	160	140
Rentals and leases	1,528	1,256
Government grants and subsidies	372	468
Other	269	257
Total revenue	<u>14,482</u>	<u>14,404</u>

5. Other income

	2010	2009
	\$'000	\$'000
Other income consists of the following:		
Net gain on sale of property, plant and equipment	<u>0</u>	<u>0</u>

6. Depreciation and amortization

	2010	2009
	\$'000	\$'000
Depreciation		
Buildings	57	50
Improvements	18	18
Electronic equipment	34	25
Plant and equipment	193	191
Harbour facilities	649	844
Furniture & fittings	11	13
Motor vehicles	37	37
Access channels	29	10
Associated infrastructure	115	169
Low Value Pool	7	0
Total Depreciation	1,150	1,357
Amortisation		
Intangible assets	11	21
Total Amortisation	11	21
Total depreciation and amortisation	1,161	1,378

7. Employee benefits expense

	2010	2009
	\$'000	\$'000
Employee benefits expenses		
Wages and salaries	5,776	5,197
Superannuation	483	406
Long Service Leave	33	0
Annual leave	244	162
	6,536	5,765

8. Finance costs

	2010	2009
	\$'000	\$'000
Finance leases, finance charges	14	20
Superannuation	641	680
Finance costs expensed	655	700

9. Other expenses

	2010	2009
	\$'000	\$'000
Doubtful debts	0	0
Other	181	339
	<u>181</u>	<u>339</u>

10. Income tax

Recognised in the Statement of Comprehensive Income

	2010	2009
	\$'000	\$'000
Current tax expense		
Current income tax charge	443	510
Adjustment for prior periods	0	0
	<u>443</u>	<u>510</u>
Deferred tax expense		
Origination and reversal of temporary differences	69	(30)
Change in the unrecognised temporary differences	0	0
Recognition of previously unrecognised tax losses	0	0
	<u>69</u>	<u>(30)</u>
Total income tax expense	<u>512</u>	<u>480</u>
Numerical reconciliation between tax expense and pre-tax profit		
Profit/(loss) for the period	1,193	1,651
Total income tax expense	512	480
Profit excluding income tax	<u>1,705</u>	<u>2,131</u>
Income tax using the statutory rate of 30% (2009:30%)	512	639
Non-deductible expenses	2	3
Adjustments in respect of previous deferred income tax	0	(162)
Temporary investment allowance	(2)	0
Income tax expense	<u>512</u>	<u>480</u>

Deferred income tax

	2010 Balance Sheet \$,000	2009 Balance Sheet \$,000	2010 Income Statement \$,000	2009 Income Statement \$,000
Deferred tax liabilities				
Receivables	74	6	67	6
Accelerated depreciation for tax purposes	0	0	0	(112)
FBT Installment	6	6	0	1
	<u>80</u>	<u>12</u>		
Deferred tax assets				
Receivables	0	0	0	7
Accelerated depreciation for tax purposes	274	285	12	(285)
Payables	17	6	(11)	74
Employee benefits	158	148	(10)	(71)
Borrowing costs	0	0	0	0
Business related costs	11	22	11	11
Tax losses	0	0	0	340
	<u>460</u>	<u>461</u>		
Set-off of deferred tax liabilities pursuant to the set-off provisions	(80)	(12)		
Net deferred tax assets (liabilities)	<u>380</u>	<u>449</u>		
Deferred tax charge			<u>69</u>	<u>(29)</u>

Current tax liabilities:

The current tax liability of \$511,558 (2009: \$479,738) represents the amount of income taxes payable in respect of the current financial period.

11. Dividends

	2010 \$'000	2009 \$'000
Dividends paid in the financial year	<u>825</u>	<u>0</u>

In accordance with the Government Financial Policy, WA Ports are required to pay dividends of 65% and 50% of after tax profits for 2010 and 2009, respectively. 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 \$825,500 (2009: Nil) in respect of the financial year results for the year ended 30 June 2009 was paid by 30 June 2010.

12. Cash & cash equivalents

	2010	2009
	\$'000	\$'000
Bank balances	1,244	212
Call deposits	0	1,600
Term deposits	2,500	2,000
	3,744	3,812

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

	2010	2009
	\$'000	\$'000
Current		
Receivables	1,013	1,587
Less: allowance for impairment of receivables	0	0
	1,013	1,587
Accrued revenue	238	12
Prepayments	38	79
	1,289	1,678
Non-Current		
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at the beginning of the year	0	36
Doubtful debts expense recognised in the Statement of Comprehensive Income	0	0
Amounts written off during the year	0	(36)
Balance at the end of the year	0	0

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

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

Not more than 3 months	17	288
More than 3 months but less than 6 months	0	0
More than 6 months but less than 1 year	0	0
Balance at the end of the year	<u>17</u>	<u>288</u>

14. Inventories

	2010	2009
	\$'000	\$'000
Store on hand	<u>0</u>	<u>1</u>

15. Property, plant and equipment

	2010	2009
	\$'000	\$'000
Land		
At cost	1,291	1,291
Buildings		
At cost	2,610	2,296
Less: Accumulated Depreciation	(610)	(504)
	2,000	1,792
Improvements		
At cost	223	215
Less: Accumulated Depreciation	(89)	(71)
	134	144
Electronic equipment		
At cost	232	131
Less: Accumulated Depreciation	(94)	(58)
	138	73
Plant & equipment		
At cost	1,769	1,782
Less: Accumulated Depreciation	(1,076)	(936)
	693	846
Harbour facilities		
At cost	24,077	23,343
Less: Accumulated Depreciation	(3,843)	(3,194)
	20,234	20,149
Furniture & Fittings		
At cost	109	109
Less: Accumulated Depreciation	(57)	(49)
	52	60
Motor vehicles		
At cost	214	240
Less: Accumulated Depreciation	(105)	(83)
	109	157
Navigation Aids		
At cost	417	343
Less: Accumulated Depreciation	(328)	(294)
	89	49

Associated infrastructure

At cost	2,348	2,919
Less: Accumulated Depreciation	(1,113)	(1,209)
	<u>1,235</u>	<u>1,710</u>

Low Value Pool

At cost	35	0
Less: Accumulated Depreciation	(7)	0
	<u>28</u>	<u>0</u>

Total property, plant and equipment

At cost	33,325	32,669
Less: Accumulated Depreciation	(7,322)	(6,398)
	<u>26,003</u>	<u>26,271</u>

Works In Progress	179	536
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Total property, plant and equipment	<u>26,182</u>	<u>26,807</u>
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Reconciliations of the carry amounts of property, plant and equipment at the beginning and end of the reporting period are set out below:

	2010	2009
	\$'000	\$'000
Land		
Carrying amount at 1 July	1,291	990
Additions	0	301
Disposals	0	0
Impairment losses	0	0
Carrying amount at 30 June	<u>1,291</u>	<u>1,291</u>
Improvements		
Carrying amount at 1 July	144	162
Transfer from work in progress	8	0
Depreciation for the year	(18)	(18)
Disposals	0	0
Impairment losses	0	0
Carrying amount at 30 June	<u>134</u>	<u>144</u>

15. Property, plant and equipment (continued)

	2010	2009
	\$'000	\$'000
Buildings and improvements		
Carrying amount at 1 July	1,792	1,818
Additions	264	17
Transfer from work in progress	0	7
Depreciation for the year	(56)	(50)
Disposals	0	0
Impairment losses	0	0
Carrying amount at 30 June	<u>2,000</u>	<u>1,792</u>
Plant and equipment		
Carrying amount at 1 July	846	978
Additions	69	173
Transfer from work in progress	0	0
Depreciation for the year	(192)	(191)
Disposals	(30)	(114)
Impairment losses	0	0
Carrying amount at 30 June	<u>693</u>	<u>846</u>
Electronic Equipment		
Carrying amount at 1 July	73	68
Additions	103	34
Transfer from work in progress	0	0
Depreciation for the year	(37)	(26)
Disposals	(1)	(3)
Impairment losses	0	0
Carrying amount at 30 June	<u>138</u>	<u>73</u>
Harbour Facilities		
Carrying amount at 1 July	20,149	19,640
Additions	734	627
Transfer from work in progress	0	726
Depreciation for the year	(649)	(844)
Disposals	0	0
Impairment losses	0	0
Carrying amount at 30 June	<u>20,234</u>	<u>20,149</u>

Furniture & Fittings

Carrying amount at 1 July	60	57
Additions	13	17
Transfer from work in progress	0	0
Depreciation for the year	(8)	(13)
Disposals	(13)	(1)
Impairment losses	0	0
Carrying amount at 30 June	<u>52</u>	<u>60</u>

Motor Vehicles

Carrying amount at 1 July	157	176
Additions	19	18
Transfer from work in progress	0	0
Depreciation for the year	(36)	(37)
Disposals	(31)	0
Impairment losses	0	0
Carrying amount at 30 June	<u>109</u>	<u>157</u>

Navigation Aids

Carrying amount at 1 July	49	59
Additions	75	0
Depreciation for the year	(35)	(10)
Disposals	0	0
Impairment losses	0	0
Carrying amount at 30 June	<u>89</u>	<u>49</u>

Associated Infrastructure

Carrying amount at 1 July	1,710	1,517
Additions	81	218
Transfer from work in progress	0	143
Depreciation for the year	(65)	(168)
Disposals	(491)	0
Impairment losses	0	0
Carrying amount at 30 June	<u>1,235</u>	<u>1,710</u>

Low Value Pool

Carrying amount at 1 July	0	0
Additions	35	0
Transfer from work in progress	0	0
Depreciation for the year	(7)	0
Disposals	0	0
Impairment losses	0	0
Carrying amount at 30 June	<u>28</u>	<u>0</u>

Work in progress:

Carrying amount at 1 July	536	1,338
Additions	842	0
Transfers to property, plant and equipment	(1,199)	(802)
Carrying amount at 30 June	<u>179</u>	<u>536</u>

Total property, plant and equipment

26,182	26,807
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Operating leases	Plant & equipment
	\$'000
Carrying Amount at 1 July 2009	574
Repayments	(160)
Carrying Amount at 30 June 2010	<u>414</u>

Finance leases	Buildings	Plant & equipment
	\$'000	\$'000
Carrying Amount at 1 July 2009	84	111
Repayments	(48)	(29)
Carrying Amount at 30 June 2010	<u>36</u>	<u>82</u>

16. Intangible Assets

	2010	2009
	\$'000	\$'000
Computer software		
At cost	137	131
Less: accumulated depreciation	<u>(84)</u>	<u>(96)</u>
	<u>53</u>	<u>35</u>

Reconciliation of carrying amounts

Computer software

Carrying amount at 1 July	35	49
Additions	29	9
Disposals	0	(2)
Amortisation expense	<u>(11)</u>	<u>(21)</u>
Carrying amount at 30 June	<u>53</u>	<u>35</u>

17. Trade and other payables

	2010	2009
	\$'000	\$'000
Current		
Trade payables	511	584
Accrued expenses	<u>325</u>	<u>475</u>
	<u>836</u>	<u>1,059</u>
Non Current		
Trade payables	<u>0</u>	<u>0</u>
	<u>0</u>	<u>0</u>

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

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 liquidity risk, see note 23(i).

	2010	2009
	\$'000	\$'000
Current liabilities		
Direct borrowings	470	503
Current portion of finance lease liabilities (secured) (a)	49	78
	<u>519</u>	<u>581</u>
Non-current liabilities		
Direct borrowings	10,090	10,560
Non-current portion of finance lease liabilities (secured) (a)	69	118
	<u>10,159</u>	<u>10,678</u>

Lease liabilities are effectively secured as the rights to leased assets reverse to the lessor in the event of default.

Significant terms and conditions

Direct borrowings comprise one loan at fixed interest rates from WA Treasury Corporation and are repayable in accordance with a fixed repayment schedule. The loan amount stands at \$11.32m with fixed monthly principal and interest repayments that will result in the loan being fully settled in February 2025. The effective interest rate on the loan is 5.9778%.

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.

2010	Fixed interest rate						Total
	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	More than 5 years	
Interest bearing borrowings	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Direct borrowings	470	498	528	559	593	7,912	10,560
Finance lease liabilities	53	51	14	0	0	0	118
	<u>523</u>	<u>549</u>	<u>542</u>	<u>559</u>	<u>593</u>	<u>7,912</u>	<u>10,678</u>

Weighted average interest rate:

Direct borrowings 5.6%

Finance leases and liabilities 9.2%

2009	Fixed interest rate						Total
	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	More than 5 years	
Interest bearing borrowings	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Direct borrowings	504	470	498	528	559	8,505	11,064
Finance lease liabilities	78	54	50	14	0	0	196
	582	524	548	542	559	8,505	11,260

Weighted average interest rate:

Direct borrowings 5.8%

Finance leases and liabilities 9.2%

19. Provisions

	2010	2009
	\$'000	\$'000
Current		
Annual leave	288	254
Sick leave	63	62
Time in lieu	14	5
Accrued days off	16	11
Long service leave	27	50
Fringe benefits tax	(4)	20
Income tax	(68)	360
	336	762
Non-Current		
Long service leave	122	91
	122	91

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	2009
	\$'000	\$'000
Within 12 months of balance date	215	203
More than 12 months after balance sheet date	73	51
	288	254

Sick leave liabilities have been classified 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:

	\$'000	\$'000
Within 12 months of balance date	40	42
More than 12 months after balance sheet date	23	20
	<u>63</u>	<u>62</u>

Time in lieu 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	2009
	\$'000	\$'000
Within 12 months of balance date	14	5
More than 12 months after balance sheet date	0	0
	<u>14</u>	<u>5</u>

Accrued days off 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	2009
	\$'000	\$'000
Within 12 months of balance date	16	11
More than 12 months after balance sheet date	0	0
	<u>16</u>	<u>11</u>

The settlement of 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.

20. Other liabilities

	2010	2009
	\$'000	\$'000
Current		
Prepaid lease and license income	100	425
Unallocated wages	94	72
	<u>194</u>	<u>497</u>
Non Current		
Prepaid rental income	0	0
	<u>0</u>	<u>0</u>

21. Equity

	2010	2009
	\$'000	\$'000
Contributed equity		
Balance at the start of the year	17,136	16,786
Capital contributions	0	350
Balance at the end of the year	<u>17,136</u>	<u>17,136</u>
Retained earnings		
Balance at start of year	1,978	327
Profit for the period	1,193	1,651
Dividends paid	(825)	0
Balance at end of year	<u>2,346</u>	<u>1,978</u>

22. Reconciliation of cash flows from operating activities

	2010	2009
	\$'000	\$'000
Cash flows from operating activities		
Profit/(Loss) for the period	1,193	1,651
Depreciation	1,149	1,358
Amortisation of intangible assets	12	20
Write-offs	1	13
(Gain)/loss on sale of property, plant and equipment	76	12
Operating profit before changes in working capital and provisions	2,431	3,054
Changes in assets and liabilities		
Change in trade and other receivables	574	(97)
Change in inventories	1	3
Change in prepayments	41	(30)
Change in accrued income	(226)	129
Change in trade and other payables	(200)	(623)
Change in prepaid income	(325)	144
Change in employee benefits	32	238
Change in provisions	(427)	359
Change in income tax benefit	69	(29)
Net cash from operating activities	1,970	3,148

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.

The fair values and carrying amounts of various financial instruments recognised at reporting date are as follows:

	<i>Notes</i>	2010	2010	2009	2009
		\$'000	\$'000	\$'000	\$'000
		Carrying	Fair	Carrying	Fair
		Amounts	Values	Amounts	Values
Cash & cash equivalents	12	3,744	3,744	3,821	3,821
Trade and other receivables	13	1,013	1,013	1,587	1,587
Trade and other payables	17	(836)	(836)	(1,059)	(1,059)
Loans and borrowings	18	(10,678)	(11,225)	(11,260)	(11,558)
		(6,757)	(7,304)	(6,911)	(7,209)

Note:

The carrying amounts of cash and equivalents, receivables and trade and other payables are a reasonable approximation of their fair values on account of their short maturity cycle.

The fair value of loans and borrowings are estimated by discounting the future expected cash flows applying the current Government yield curve at reporting date plus an adjustment for the BrPA's credit spread (i.e. 0.31% to 2.20%). BrPA does not expect prepayments of those loans and borrowings.

Market risk

Market risk is the changes in market prices such as foreign exchange rates and interest rates that 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 as a result of 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. 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 and finance leases (fixed interest rate).

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

2010	Carrying Amount (\$'000)	Interest Rate Risk				Interest Rate Risk			
		+25 basis points		+50 basis points		-25 Basis points		-50 Basis points	
		Profit (\$'000)	Equity (\$'000)	Profit (\$'000)	Equity (\$'000)	Profit (\$'000)	Equity (\$'000)	Profit (\$'000)	Equity (\$'000)
Financial Assets									
Cash & cash equivalents	3,744	9	9	19	19	(9)	(9)	(19)	(19)
Total Increase/(Decrease)		9	9	19	19	(9)	(9)	(19)	(19)
2009									
Financial Assets									
Cash & cash equivalents	3,821	10	10	19	19	(10)	(10)	(19)	(19)
Total Increase/(Decrease)		10	10	19	19	(10)	(10)	(19)	(19)

The weighted average interest rate for each category of financial instrument is as follows:

	<i>Within one year Weighted Average Interest Rate</i>	Fixed Interest Rate	Floating Interest rate	Non Interest Bearing	Total
2010					
Financial Assets & Liabilities			\$'000	\$'000	\$'000
Cash & cash equivalents	3.95%		3,744		3,744
Trade and other receivables				1,288	1,288
WATC Borrowings	5.57%	(10,560)			(10,560)
Finance leases	9.17%	(118)			(118)
Trade and other payables				(836)	(836)
Net Financial Assets (Liabilities)		(10,678)	3,744	452	(6,482)

	<i>Within one year Weighted Average Interest Rate</i>	Fixed Interest Rate	Floating Interest rate	Non Interest Bearing	Total
2009					
Financial Assets & Liabilities			\$'000	\$'000	\$'000
Cash & cash equivalents	4.19%		3,812		3,812
Trade and other receivables				1,678	1,678
WATC Borrowings	5.84%	(11,064)			(11,064)
Finance leases	9.17%	(195)			(195)
Trade and other payables				(1,059)	(1,059)
Net Financial Assets (Liabilities)		(11,259)	3,812	619	(6,828)

Credit risk

Credit risk arises when there is the possibility of the Authority's receivables defaulting on their 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 with the 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 industry and accordingly is exposed to risks affecting that industry. The maximum exposure to credit risk at balance 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 receivables includes frequent monitoring, thereby minimising the Authority's exposure to bad debts. For financial assets that are 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 and 117 of the Port Authority's 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 and cash reserves and its borrowing facilities. The Authority manages its exposure to liquidity risk by ensuring that appropriate procedures are in place to manage cash flows, including 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 principle cash flows. An adjustment has been made where adjudged to be material.

Financial liabilities	Carrying amount	Up to 1 month	1-3 months	3-12 months	1-5 years	>5 years
2010	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Trade payables & accruals	(836)	(629)	(207)	0	0	0
Finance lease liability	(131)	(8)	(9)	(41)	(73)	0
Borrowings	(15,918)	(90)	(181)	(814)	(4,341)	(10,492)
	(16,885)	(727)	(397)	(855)	(4,414)	(10,492)
Financial liabilities	Carrying amount	Up to 1 month	1-3 months	3-12 months	1-5 years	>5 years
2009	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Trade payables & accruals	(1,059)	(783)	(276)	0	0	0
Finance lease liability	(223)	(8)	(15)	(69)	(131)	0
Borrowings	(17,065)	(106)	(211)	(829)	(5,427)	(10,492)
	(18,347)	(897)	(502)	(898)	(5,558)	(10,492)

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.

Risks associated with the liability on borrowings are 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.

Financial assets	Carrying amount	Up to 1 month	1-3 months	3-12 months	1-5 years	>5 years
2010	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Cash and cash equivalents	3,744	3,744	0	0	0	
Trade and other receivables	1,013	1,013	0	0	0	
	4,757	4,757	0	0	0	
Financial liabilities	Carrying amount	Up to 1 month	1-3 months	3-12 months	1-5 years	>5 years
2010	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Trade payables & accruals	(836)	(629)	(207)	0	0	0
Finance lease liability	(131)	(8)	(9)	(41)	(73)	0
Borrowings– interest only	(15,918)	(90)	(181)	(814)	(4,341)	(10,492)
	(16,885)	(727)	(397)	(855)	(4,414)	(10,492)
Net Maturity	(12,128)	4,030	(397)	(855)	(4,414)	(10,492)

Financial assets	Carrying amount	Up to 1 month	1-3 months	3-12 months	1-5 years	>5 years
2009	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Cash and cash equivalents	3,821	3,821	0	0	0	0
Trade and other receivables	1,587	1,587	0	0	0	0
	5,408	5,408	0	0	0	0
Financial liabilities	Carrying amount	Up to 1 month	1-3 months	3-12 months	1-5 years	>5 years
2009	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Trade payables & accruals	(1,059)	(783)	(276)	0	0	0
Finance lease liability	(223)	(8)	(15)	(69)	(131)	0
Borrowings-interest only	(17,065)	(106)	(211)	(829)	(5,427)	(10,492)
	(18,347)	(897)	(502)	(898)	(5,558)	(10,492)
Net maturity	(12,939)	4,511	(502)	(898)	(5,558)	(10,492)

(ii) Categories of financial instruments

Set out below are the carrying amounts of the Authority's financial instruments. The Directors consider the carrying amounts of the financial instruments represent their net fair values.

	2010	2009
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	3,744	3,821
Trade and other receivables	1,013	1,587
	4,757	5,408
Financial liabilities		
Trade and other payables	836	1,059
Interest bearing borrowings	0	0
Obligations under finance leases	118	195
Fixed rate borrowings	10,560	11,037
	11,514	12,291

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

(iii) Fair values

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

24. Commitments

(i) Capital expenditure commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

	2010	2009
	\$'000	\$'000
Within one year	<u>54</u>	<u>0</u>

(ii) Lease commitments

Commitments in relation to leases contracted for at the balance sheet date but not recognised in the financial statements as liabilities, are payable as follows:

	2010	2009
	\$'000	\$'000
Within one year	160	160
Later than one year but not later than five years	254	414
Later than 5 years	<u>0</u>	<u>0</u>
	414	574
Representing:		
Non-cancellable operating leases	<u>414</u>	<u>574</u>

(iii) Finance lease commitments

	2010	2009
	\$'000	\$'000
Minimum lease payment commitments in relation to finance leases are payable as follows:		
Within one year	58	92
Later than one year but not later than five years	73	131
Later than 5 years	<u>0</u>	<u>0</u>
Minimum lease payments	131	223
Less: future finance charges	(13)	(27)
	<u>118</u>	<u>196</u>

The present value of finance leases payable is as follows:

Within one year:	56	89
Later than one year but not later than five years	69	123
Later than 5 years	0	0
Present value of lease liabilities	<u>125</u>	<u>212</u>

Included in the financial statements as:

Current (note 18)	49	78
Non-current (note 18)	69	118
	<u>118</u>	<u>196</u>

Finance leases payable are in respect of office accommodation, motor vehicles and other plant

(iv) Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Within one year:	160	160
Later than one year but not later than five years	254	414
Later than 5 years	0	0
	<u>414</u>	<u>574</u>

(v) Operating leases receivable

Future minimum rentals receivable for operating leases at reporting date:

Within one year:	1,143	992
Later than one year but not later than five years	4,572	3,968
	<u>5,715</u>	<u>4,960</u>

Many leases that extend beyond 5 years include an option to renew and consequently, rentals receivable beyond 5 years have not been provided.

Operating leases receivable are in respect of property rentals.

25. Remuneration of Auditors

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

	2010	2009
	\$'000	\$'000
Auditing the accounts and financial statements	<u>27</u>	<u>32</u>

26. Related Parties

Directors

The names of persons who were Directors of Broome Port Authority at any time during the financial year are as follows:

I Burston, G Morris, M Gamble, K Male, and Derek Albert.

There have been no material related parties transactions.

27. Contingent liabilities

There are no contingent liabilities.

28. Events occurring after the balance sheet date

Events after the reporting date are those events, favourable and unfavourable, that occur between the reporting date and the date when the financial report is authorised for issue. Such events are material and non-disclosure could influence economic decisions of users taken on the basis of the financial report.

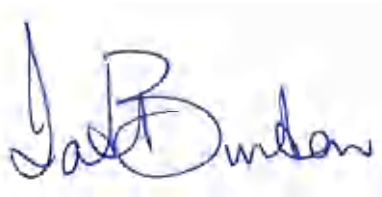
There are no events, either favourable or unfavourable that have occurred between the reporting date and the date when the financial report was authorised for issue.

Directors' declaration

In the opinion of the directors of Broome Port Authority:

- (a) the financial statements and notes, set out on pages 49 to 82 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 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:

A handwritten signature in blue ink, appearing to read 'Iain B. ...', is written over a light blue rectangular background.

Chairman

Date: 13th September, 2010



Auditor General

INDEPENDENT AUDIT REPORT ON BROOME PORT AUTHORITY

To the Parliament of Western Australia

I have audited the financial statements of the Broome 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 Broome 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 Broome 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
20 September 2010