



**BROOME PORT AUTHORITY**

**2011 ANNUAL  
REPORT**



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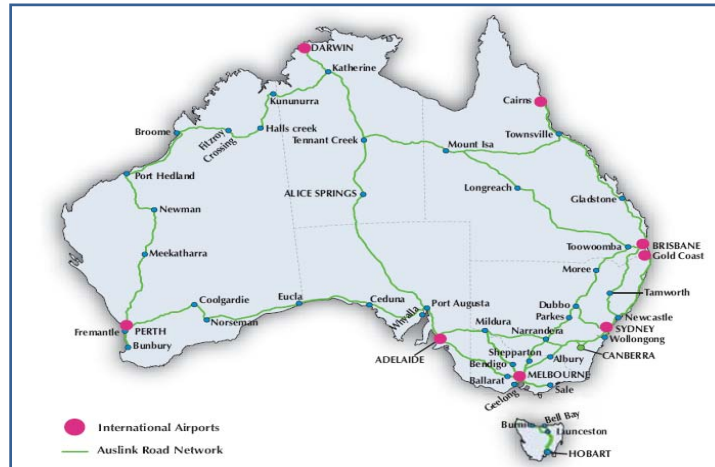
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## 1. EXECUTIVE SUMMARY

Broome Port is located on a sheltered peninsula halfway between the Pilbara Ports and Port of Darwin (figure 1) and the depth alongside the wharf is naturally maintained by tidal flow at approximately 10 metres. The Port is linked to the main coastal highway by a modern logistics corridor (quad road train capable) that bypasses the town. Community infrastructure includes a modern hospital, a thriving tourism and hospitality industry, and a busy and well managed regional airport.



**Figure 1 – Strategic Location**

The Port is the logistical gateway for the Kimberley region and essential fuel supplies and construction materials are imported for regional distribution. The port is also an intermodal hub for onshore and offshore projects and activities. In 2010 the Broome Port Authority was assigned a role in the compilation of the WA State Government’s Browse LNG Strategic Assessment, and this role has carried over into the planning work associated with Browse Project definitions.

During the past year Broome Port Authority has complied with its mandate under the Port Authorities Act 1999 (WA), namely to:

- a) Facilitate trade within and through the port and plan for future growth and development of the port;
- b) Undertake or arrange for activities that will encourage and facilitate the development of trade and commerce generally for the economic benefit of the State through the use of the port and related facilities;
- c) Control business and other activities in the port or in connection with the operation of the port;
- d) Be responsible for the safe and efficient operation of the port;
- e) Be responsible for the maintenance and preservation of vested property and other property held by it; and
- f) Protect the environment of the port and minimise the impact of port activities on that environment.

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## 2. CHAIRMAN'S REPORT

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**Figure 2 – Chair  
Laurie Shervington**

*I am pleased to advise that I was appointed to chair the Broome Port Authority Board of Directors on 24th March 2011 and I look forward to continuing the fine work of my predecessor Dr. Ian Burstton who well served this port for eight years, and the Board of Esperance Port Authority for the prior decade. I also look forward to working with our Board members who capably represent the community interests. Recently, several of our Directors had their terms of office renewed which represents State Government satisfaction in the Board's commitment to, and conduct of its corporate governance obligations.*

I join the Board at a time of prime opportunity for the region, when new business and employment opportunities might be provided to the community with the further exploration and development of the offshore Browse Basin, and from increased levels of general shipping. Further opportunities might arise from the inception of a multi-billion dollar greenfield port site at James Price Point for which Broome Port Authority expects to provide regulatory and oversight functions on behalf of the State Government.

The new Minister for Transport the Hon. Troy Buswell has provided clarity and guidance in the State Government's expectations of the Board. Accordingly, the Minister's expectations were translated into clear strategic directions for management to grow and evolve our port's capabilities and to develop the requisite financial and operational resources.

In line with the Board's commitment to the State Government's transport, logistics and supply chain strategies, submissions were made to the high level planning documents WA Ports Review and the State Freight Strategy. Outcomes from these two reviews are likely to shape the Port Authority's strategic deliberations for the coming decade. Accordingly, the Board aims to increase management capabilities and expertise by empowering managers to meet the operational and technical challenges flowing from an expanded Port Authority role and a potentially broader regional footprint.

I was privileged to become a signatory to the historic agreement between the Goolarboooloo Jabir Jabir Traditional Owners, Woodside Energy Ltd. and the State Government on 30th June 2011. This State agreement will benefit Kimberley Traditional Owners through the provision of training, employment, and business opportunities plus increased societal and financial prospects. The Port Authority Board has resultantly committed to engage and train a number of Indigenous personnel across its management and staff structure.

During the year our Board and Management ensured compliance with the roles and functions required under the Port Authorities Act 1999 - inclusive of facilitating and supporting trade; maintaining high levels of governance and standards of commerce; safe, efficient and effective operations and conservancy; the maintenance and preservation of property; sound environmental management over land and water; plus a continued emphasis on maritime security. Significant effort was assigned to infrastructure maintenance and capital works, including the planning for further essential projects such as stormwater management, placing power services underground, safety audits and improvements, and hydrographic surveys.

Other works involved wharf repairs and maintenance, roadworks, the provision of improved workers' facilities, and the half-life refit of a 100-tonne crane.

The preservation of a safe working system was aided by our highly motivated employee Port Safety Committee.

A severe and unexpected decline in business operations occurred during the first half of FY2010-11 as an outcome of reduced offshore Browse Basin drilling operations following the Montara oil spill, and this decline was exacerbated by the Federal Government's suspension of live cattle exports in 2H 2010-11. The revenue derived from offshore resources operations and cattle exports normally constitutes 65% of the Port of Broome's annual income. Despite this unforeseen business downturn, a revised financial management plan resulted in only a minimal loss for the year. Our Chief Executive Officer and Managers are to be congratulated for their ability to quickly and successfully adapt to such changed and straitened financial and operational circumstances. I would also like to thank the members of the Board for their support and the hard work they have contributed to the business of the Board during the year.

The next five years are expected to set the Board and all personnel of Broome Port Authority with many challenges and uncertainties, as well as opportunities for both personal and corporate growth. The Port Authority will endeavour to further grow its regional capabilities plus act as a catalyst for community employment and business opportunities. We thank all stakeholders and the community for their support and look forward to our ongoing relationships in the coming year.

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### 3. CEO'S REPORT

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Figure 3 – CEO  
Capt Vic Justice

***During the past financial year Broome Port Authority overcame several major challenges, and the most formidable of these challenges was the business and financial impact of the federal government's Montara Oil Spill Report and the resultant suspended authorisation processes for offshore drilling approvals. The Browse Basin drilling downturn led to a 17% unexpected reduction in the port's shipping and logistics activities with a 15% decline in forecast shipping revenue. This business activities downturn was further exacerbated by Australia's suspension of live cattle exports to Indonesia which began to affect cattle shipments from Broome at the close of the reporting period.***

Throughout the year a fundamental challenge successfully met by our management team was the expanded workload associated with assisting the State Government in the strategic planning aspects of Kimberley regional logistics development. Logistics planning and its societal and industry implications for the wider Western Kimberley region had little precedent and the resultant increased workload for senior port personnel was substantial. BrPA's contributions to these planning processes are expected, in due course, to assist the State Government in providing regional benefits, including community training, employment, and business opportunities.

From a management perspective the declining value of port revenues during the second half of 2010-11 required a comprehensive review of programmed essential works and an adjustment of the timelines for when planned objectives might be executed. Key objectives from within our strategic plans retained high priority. In particular, the important areas of safety, environmental protection and maintenance were afforded precedence within an amended operational budget, and essential works such as road repairs and crane maintenance were progressed. Another priority was to bring port and near-port land holdings to project ready status so that land rentals might eventually provide a steady source of predictable income.

Funding was sourced from Treasury and Finance for much needed capital works at the wharf including items of safety and facility enhancement. Under deck maintenance continued with an emphasis on corrosion control works and refurbishment of structural sections. Other crucial work programs included refurbishment of pipeline systems and valves, and the provision of a new fire main to the slipway area and operations building.

Despite a reduced availability of funds, the broad strategic directions and objectives for the year were achieved and in terms of productivity, the key performance indicators and overall organisational effectiveness measures set by our Board were met. Port effectiveness was further enhanced by the acquisition of a more powerful tug by the service provider company, and the primary 100-tonne crane was given a major half-life refit. Risk management and audit processes ensured that management tasks, overview and compliances met the relevant State Government standards.

In response to the Board's requirement for an emphasis on environmental matters, our management undertook a substantial revision of the Environmental Management Plan, and implemented further flora and fauna surveys, seawater sampling and testing, stormwater planning and management, and renewed our support of seagrass monitoring and blue-green algae studies

within the Roebuck Bay benthic zone. BrPA also provided training support to the newly appointed Indigenous rangers who will assist in the terrestrial and waterside management of the proposed Roebuck Bay Marine Park.

Stakeholder surveys, communications, and presentations were delivered towards the Port Authority's objective of enhancing stakeholder support. The WA State Government is a key stakeholder (owner of the port) and early briefings on Port of Broome matters were provided to the Hon Troy Buswell MLA upon his appointment as Minister for Transport in December 2010. Other stakeholder relationships that were furthered throughout the year include those with port users, service entities and emergency response organisations, the community and community interest groups, the media, the wider port and shipping industry, and importantly, our own employees.

BrPA contributed submissions to the WA Ports Review and the WA State Freight Strategy and subsequently worked with the Department for State Development in formulating plans towards implementing port management for the proposed James Price Point LNG production and export facility. These high level activities are the forerunner of a wider Kimberley ports management role that the State Government is considering within the WA Ports Review.

We acknowledge the input of our stakeholders and workforce during the past year, and in particular for the support and assistance provided by Department of Transport managers in assisting us to formulate business cases towards the port's growth and development.

Significant activities planned for the coming year are aligned with increasing the value of the port authority to all of our stakeholders, enhancing our quality management processes, and in ensuring that stakeholder's future needs are met. These activities include a substantially increased effort towards master plans in support of port growth and development, the programming and conduct of capital works and maintenance (particularly for much-needed works upon the wharf infrastructure), placing overhead power lines underground, initiating project management for site works programs, developing a business case for eventual wharf replacement, sourcing funding towards a wider Kimberly port authority role, and expanding the training and accreditation program for our workforce.

We continue to work with our peer groups Ports WA and Ports Australia to develop high level policies and planning instruments in support of state and national port objectives, operations and administration.

In summary, the financial outcome for FY2010-11 was not at all what was planned, but the port authority adapted to major unexpected challenges plus an expanded workload, and managed to sustain all normal port processes without diminishing any operational capabilities. Our Minister and Board of Directors have provided clear strategic direction for the coming year during which Broome Port Authority aims to provide higher levels of port management capability and services delivery.



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## 4. AGENCY OVERVIEW

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### 4.1. Agency Performance

Table 1 – Agency Performance 2010/2011

<b>FINANCIAL PERFORMANCE:</b>	<b>Result (\$000)</b>	<b>% Change from FY09-10</b>
Total Revenue	13,173	(10)%
Profit/Loss after Tax	(106)	(109)%
Dividend to State Government	0	(100)%
Capex	1,210	24%
Total Assets	33,013	5%

Key objectives achieved during the year as measured by an extensive stakeholder satisfaction survey included:

- a) Projects were implemented to increase the Port land holdings sufficient to meet customer requirements;
- b) Business cases were raised and financial planning was conducted towards future growth;
- c) A high level of services provision and informational flow were aimed towards maintaining stakeholders' continued support; and
- d) A safe working environment was maintained for Port staff and stakeholders, including contractors and visiting ships and their crews.

Business performance was constrained by the business and economic decline that affected the Port during 2H 2010-11. Notwithstanding, the following activities were successfully accomplished:

- a) Port's maritime industries were promoted and growth occurred in the areas of fuel tanker operations and general cargo shipping;
- b) Efficiently manage and improve all Port property;
- c) Improved customer service was provided to Port tenants, customers and the public;
- d) Sustainable Land Use Planning and land development practices were undertaken;
- e) Community and stakeholder relationships were addressed in order to enhance the public understanding and confidence in the Port;
- f) Sound and sustainable environmental management practices were applied to all transactions involving Port lands and waters; and
- g) Revenue flow and cash reserves were managed prudently so that the Port Authority finances remained viable, and the organisation was able to adequately fund improvements, asset holdings, maintenance and maintain prudent cash reserves.

## 4.2. Ministerial Directions

Nil.

## 4.3. 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.

### 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. In response to the plan induction and departing employee feedback mechanisms have been introduced during this reporting period.

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 studying a Certificate II in Business, within the Administration section, and placed a school-based Indigenous trainee within the engineering services section.

### Human Resources

Stevedoring employment decreased through 2010 – 11 in line with a decline in the expected offshore exploration activity and reduction in live cattle export shipping activity.

The Employee Consultative Committee has been suspended pending negotiations, with the Maritime Union of Australia, for a new Enterprise Agreement as the current EBA is due to expire in November 2011.

Training delivered during the year includes accounting and maintenance software package upgrades, oil spill response, first aid, radio and the implementation of a Certificate III and IV in Transport and Logistics (Stevedoring), with 37 participants formalising their training efforts.



Figure 4 – Oil spill training

## The State Records Act 2000

BrPA has a registered Recordkeeping Plan - RKP 2008020. The compliance of Operations and Finance sections with recordkeeping standards has been reviewed throughout the year. One Administration staff participated in extensive records management training including Keyword Classification, Records Disposal and Records Management Basics provided by Integrated Records and Information Solutions (IRIS).

Disposal of records is an ongoing process in accordance with the State Records Office approved 'General Disposal Authorities'.

## 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 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](http://www.broomeport.wa.gov.au).

There was been one application made under this Act during the financial year 2010 – 2011 which will be processed outside of the FoI process due to agreement between the applicant and BrPA.

## The Electoral Act 1907 – section 175ZE

Table 2 - Advertising Expenses 2010/11 (includes staff recruitment).

<b>Advertising Agencies</b>	<b>Detail</b>	<b>Amount</b>
Broome Advertiser	Sale/Tender	\$30.45
	Recruitment	\$931.82
WA Newspapers	Recruitment	\$2,244.32
CareerOne	Recruitment	\$260.00
Lloyds List	Recruitment	\$688.80
The Employment Office Pty Ltd	Recruitment	\$3,129.50
Media Advertising organisations		
Showcase Publications Pty Ltd	Marketing Port Services	\$8,125.00
North West Expo	Marketing Port Services	\$500.00
APEA Conference	Marketing Port Services	\$636.36
<b>Total</b>		<b>\$16,546.25</b>

## 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.

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 have a dedicated Audit and Risk Committee.

## 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 \$33,816.48 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.

BrPA indemnifies its director's against liabilities and claims incurred by them as a result of their office to the extent permitted by law and provided that various conditions have been satisfied.

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

Table 3 – Public Sector Management Act 1994 activities

Compliance issues:	Significant action is 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 imposes 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:	Nil

## 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
- Business Travel Policy
- Risk Management Policy
- 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

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.

BrPA also has policies addressing approved expenditure for entertainment, Entertainment Policy, and usage and expenditure limits for credit cards, Credit Card Policy, to ensure correct expenditure protocol is followed.

A Public Interest Disclosure Officer has been appointed 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 Threats

- Regulatory Change
- Live cattle trade uncertainty
- Environmental compliance
- Refugee processing
- Lack of competition for logistics suppliers
- Darwin as an alternative port
- Funding challenges
- Industry and Government
- Union Activism
- Intertidal Zone responsibilities
- Increasing environmental activism
- Exposure to risks inherent at other regional ports

## Potential Opportunities

- James Price Point
- Resources export port
- Expansion of Browse offshore exploration and development
- Growth of International cruise ship market
- Ports WA - collective knowledge
- Remedial dredging of Broome Harbour
- Carbon Tax – sea mile lower carbon
- Quarantine approved premises in Broome
- Imports directly into Broome

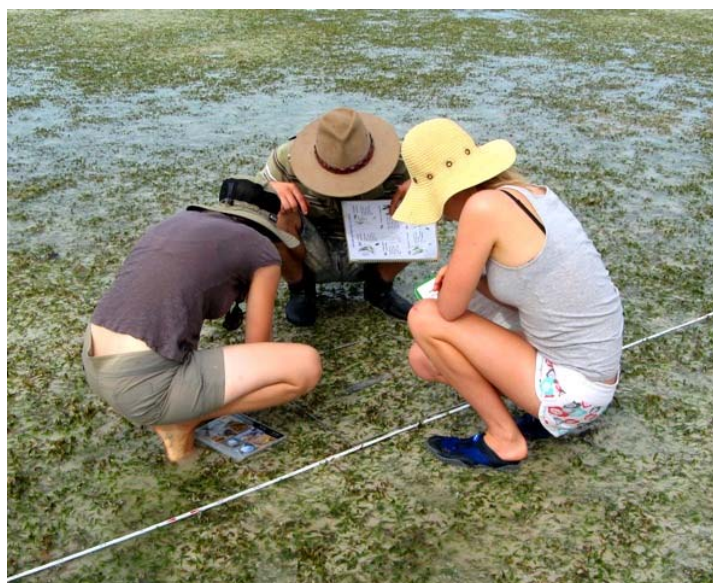
### ***4.4. Environmental Management***

In keeping with an Indigenous Land Use Agreement reached between the State of Western Australia and the Yawuru RNTBC, BrPA has been liaising with the Department of Regional Development and Lands, the Department of Environment and Conservation (DEC), the Yawuru RNTBC and the Shire of Broome to surrender approximately 50 hectares of land previously gazetted as port lands. The surrendered land will be managed as a reserve by the DEC, Broome Shire and the Yawuru RNTBC.

As part of its development of the remaining land at Broome Port and of additional lands to the north of the Port boundary, BrPA has also had a water management plan developed by engineers GHD. The plan is currently with the Shire of Broome and Nyamba Buru Yawuru PBC for comment.

Management and consultants Coffey Environments reviewed the BrPA's Environmental Management Plan to ensure compliance with relevant legislation and encompass Port leaseholder activities.

BrPA continues to contribute to ongoing monitoring studies of sea grass and blue green algae (Lyngbya) within Roebuck Bay. The studies will provide baselines for future comparison studies.

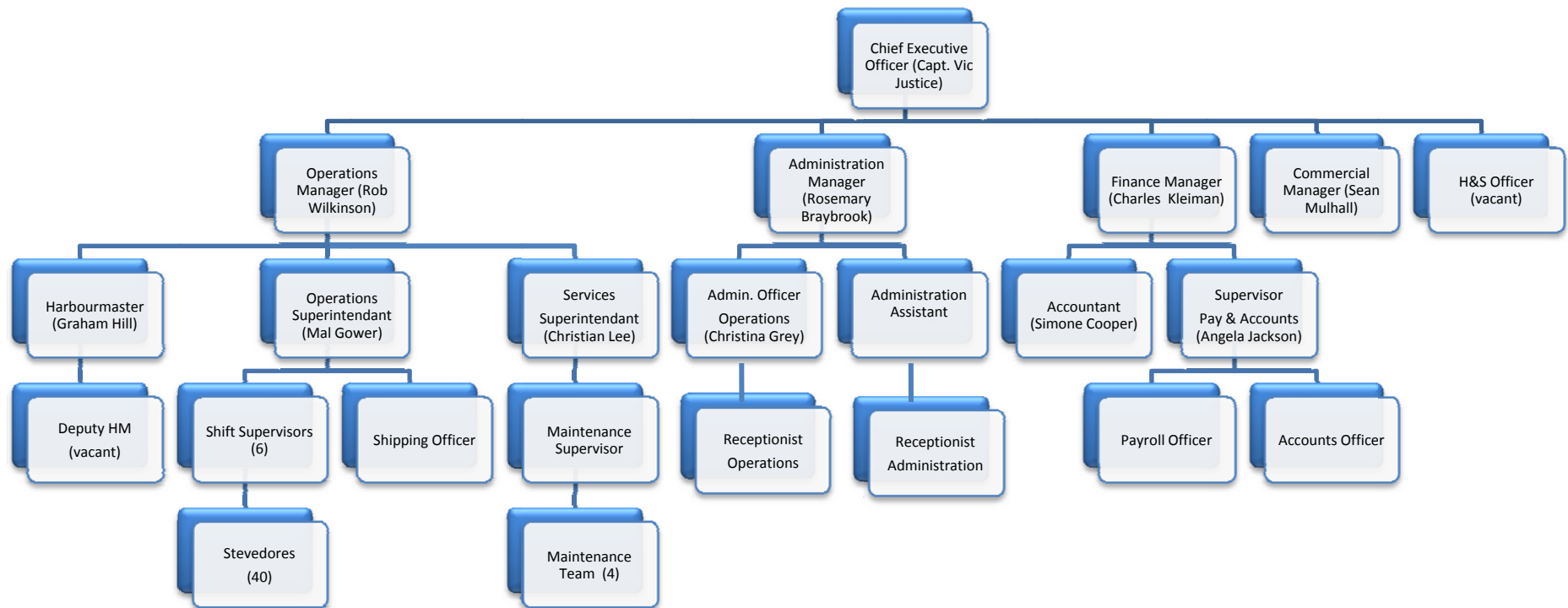


**Figure 5 – Team measures canopy height at Town Beach**

#### **4.5. Organisational Structure**

MINISTER	Hon Troy Buswell, MLA Minister for Transport; Housing
BOARD MEMBERS	Laurie Shervington (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 Graham Hill (formerly Ken Burleigh MMDS)
FINANCE MANAGER	Charles Kleiman Bachelor of Business (Accounting) CPA
OPERATIONS MANAGER	Robert Wilkinson BSc, Post Grad Dip Com
COMMERCIAL MANAGER AND GENERAL COUNSEL	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	<a href="mailto:info@broomeport.wa.gov.au">info@broomeport.wa.gov.au</a>
WEBSITE	<a href="http://www.broomeport.wa.gov.au">www.broomeport.wa.gov.au</a>

# Organisational Chart





## 5. OPERATIONAL OVERVIEW

### 5.1. Operational Review and KPI's

#### Vessel Visits

Figure 6 shows a 16% reduction in vessel visits during 2010-11 due to a decrease in livestock vessel visits. Offshore oil & gas use of the wharf decreased in line with continued reduced Browse Basin exploration activities compared to the previous years'. Large commercial vessel visits remained strong influenced by the resurrection of the coastal shipping service making regular calls into Broome.

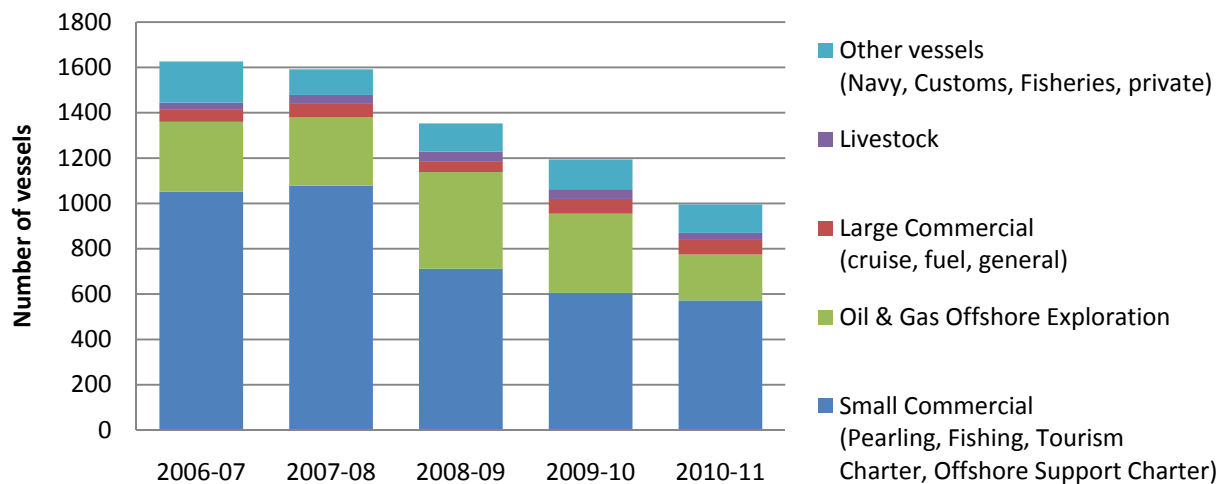


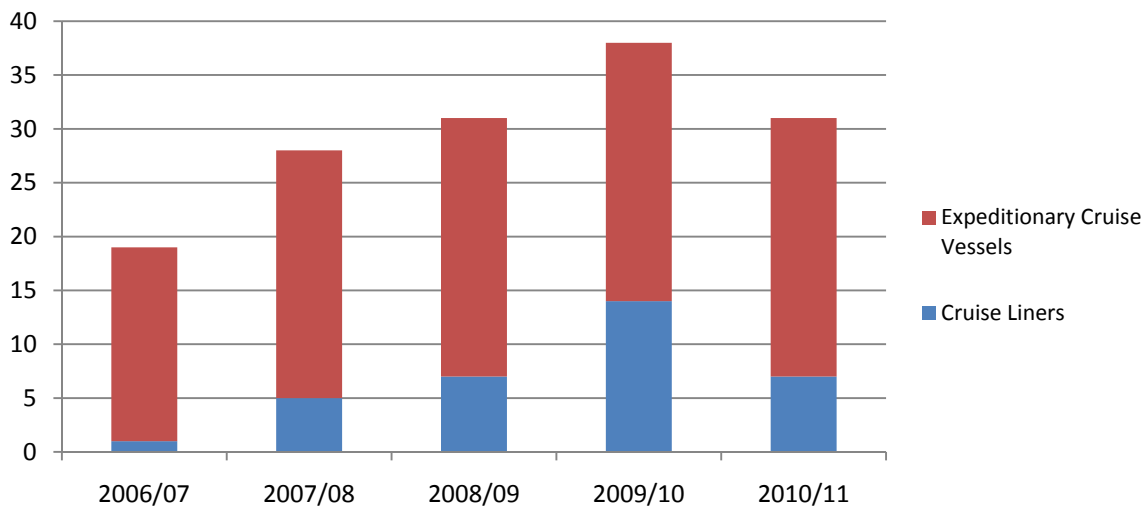
Figure 6 – Vessel Visits

Industries where vessel visits decreased include:

- Fishing vessels by 4%.
- Pearling vessels by 14%.
- Offshore oil & gas vessels by 41% (202 visits compared with 345 in 2009/10).
- Livestock vessels by 28%
- Navy vessels by 50%.
- Department of Fisheries vessels by 29%.
- Cruise vessels by 18% due to a reduction in cruise liner visits (figure 7).

Industries where vessel visits increased include:

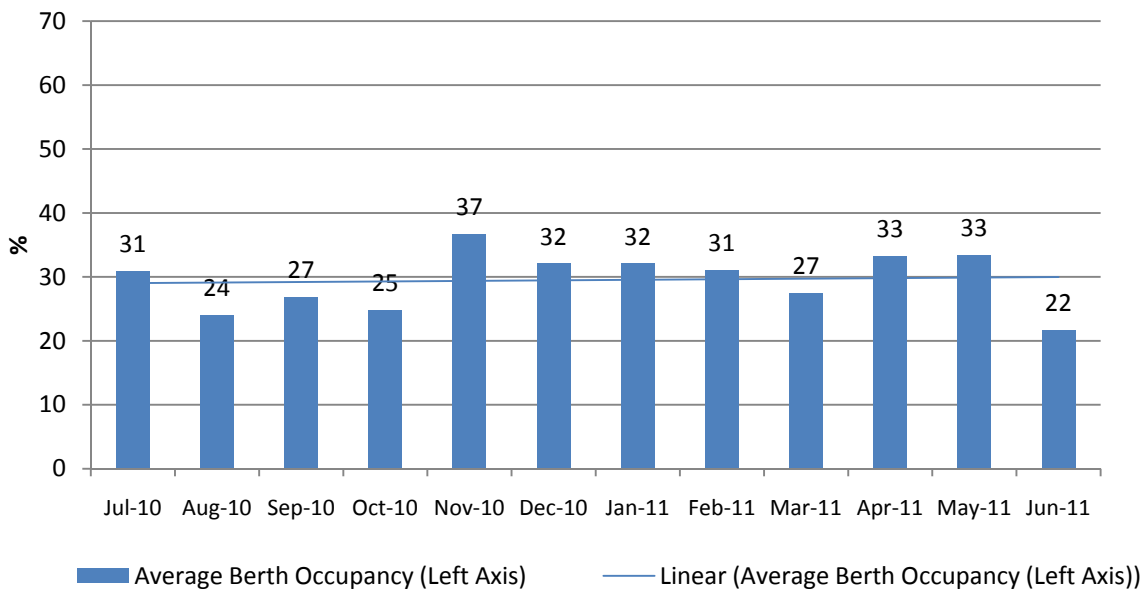
- Customs vessels by 17%.
- Private vessel visits increased by 20% with continued marketing of Broome by Superyachts Australia.
- General cargo by 45% due to the resurrection of the coastal shipping service operated by Jepsens.



**Figure 7 – Cruise vessel visits to Broome Port for the past 5 years**

**Berth Occupancy (Berths 4-10)**

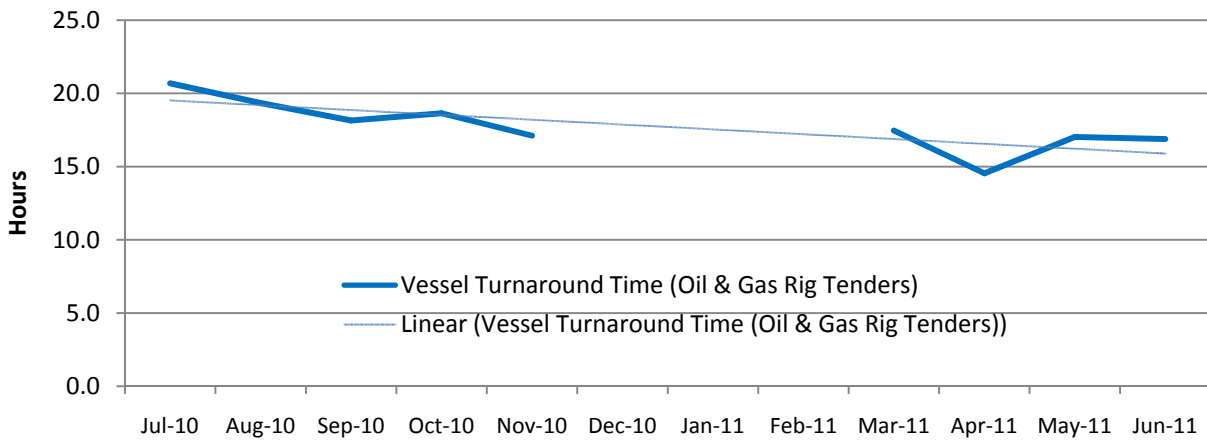
Figure 8 shows the monthly average berth occupancy (Berths 4-10) for the period July 2010 – June 2011. The monthly average during this period was 30% down from 37% during 2009/10. The highest monthly average was 37% during November 2010.



**Figure 8 – Berth Occupancy**

**Vessel Turnaround Times**

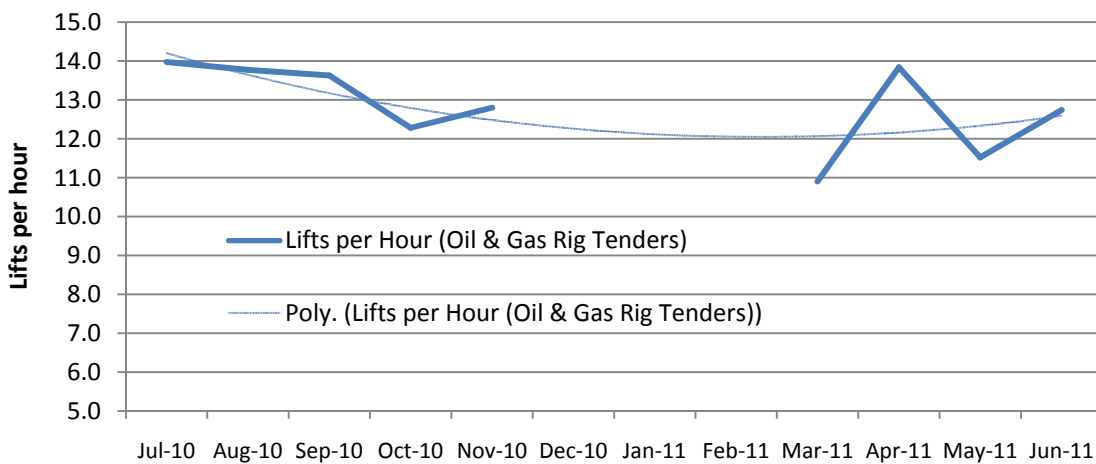
Figure 9 shows monthly average vessel turnaround times for oil & gas supply vessels was 18 hours (19 hours in 2009/10). Maintenance of this port efficiency KPI leads to an increase in berth availability, which is required to counter the onset of port congestion due to recurrent peaking in wharf usage above 60%. There were no oil & gas supply vessels visiting from December 2010 – February 2011.



**Figure 9 – Vessel Turnaround Time**

### Crane Rates

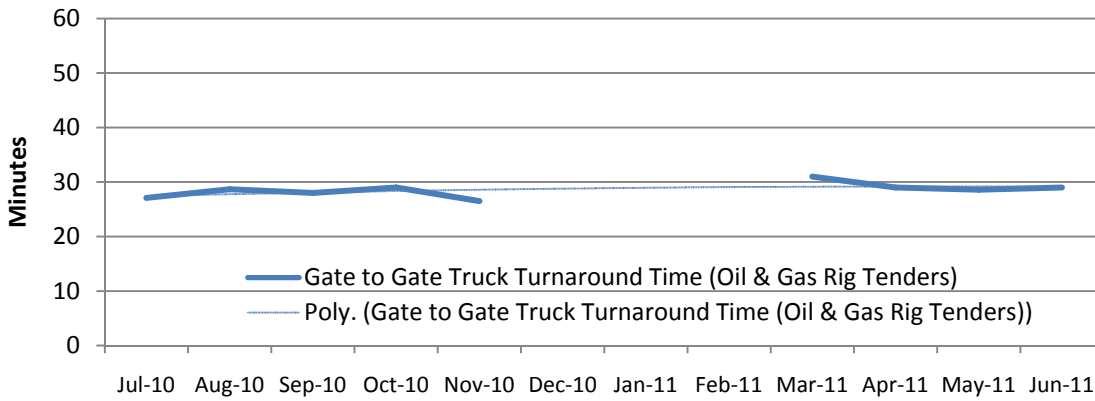
Figure 10 shows that the monthly average crane rates for oil & gas supply vessels was 12.8 lifts per hour (an increase up from 12.0 lifts per hour during 2009-10). This improvement is a result of improved coordination between all parties in the landside logistics chain. The increase in crane rates assists with meeting vessel turnaround time expectations from the offshore oil & gas industry. There were no oil & gas supply vessels visiting from December 2010 – February 2011.



**Figure 10 – Average Crane Rate (Oil & Gas Rig Tenders)**

### Truck Turnaround Times

Figure 11 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 2011 was 29 minutes. There were no oil & gas supply vessels visiting from December 2010 – February 2011.

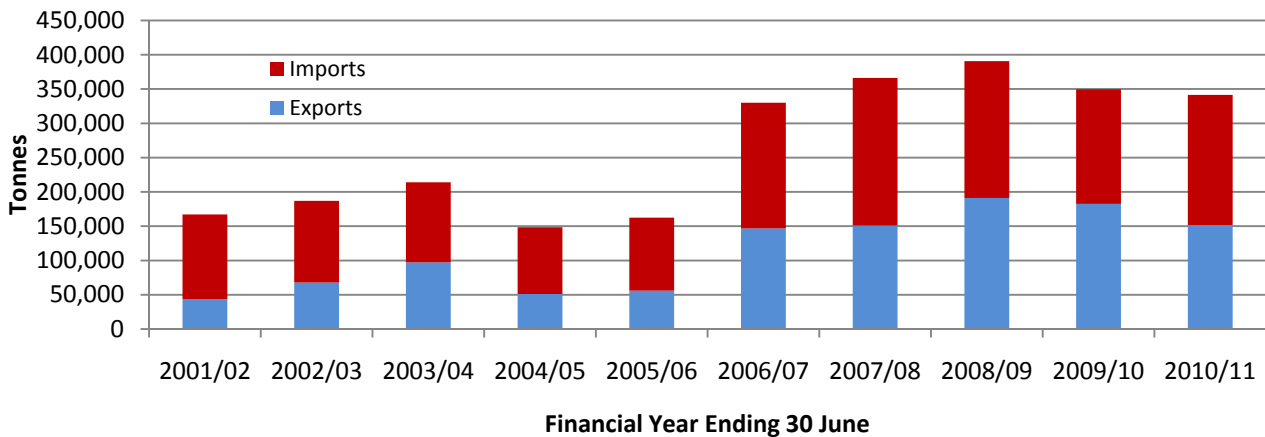


**Figure 11 – Gate to Gate Truck Turnaround Time**

## 5.2. Trade Statistics

### Total Trade

Figure 12 shows that total trade slightly decreased during the past year by 3%.



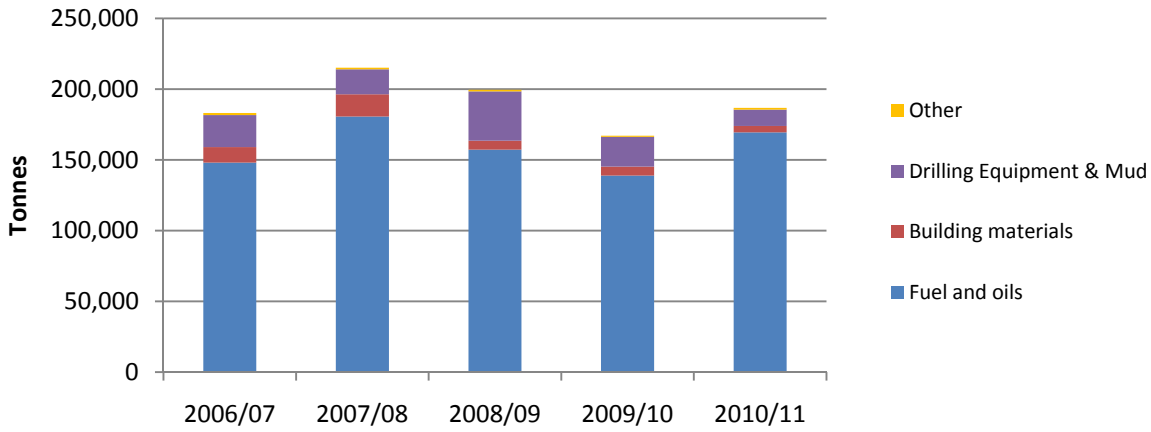
**Figure 12 – Total Trade for the past 10 years**

### Import Trade

Figure 13 shows that total import trade increased 12% from the previous year. Fuel imports increased by 22% due to increased demand for fuel in the Kimberley region.

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

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

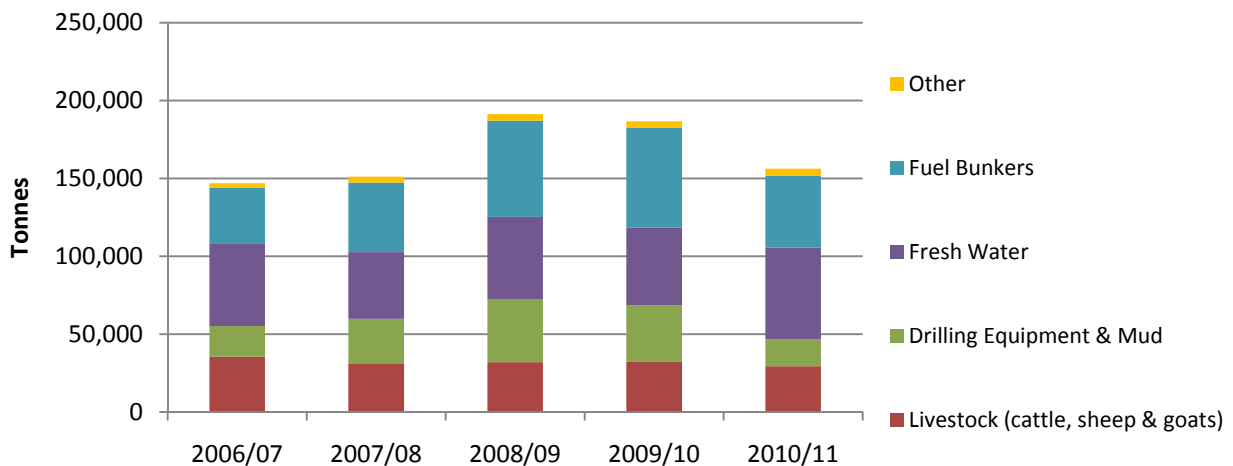


**Figure 13 – Import Trade for the past 5 years**

### Export Trade

Figure 14 shows that total export trade decreased by 16% from the previous year with fuel bunkers, drilling equipment and mud used by the offshore oil & gas exploration industry down due to decreased Browse Basin demand. Fresh water supply increased due to added demand from construction activity on Barrow Island.

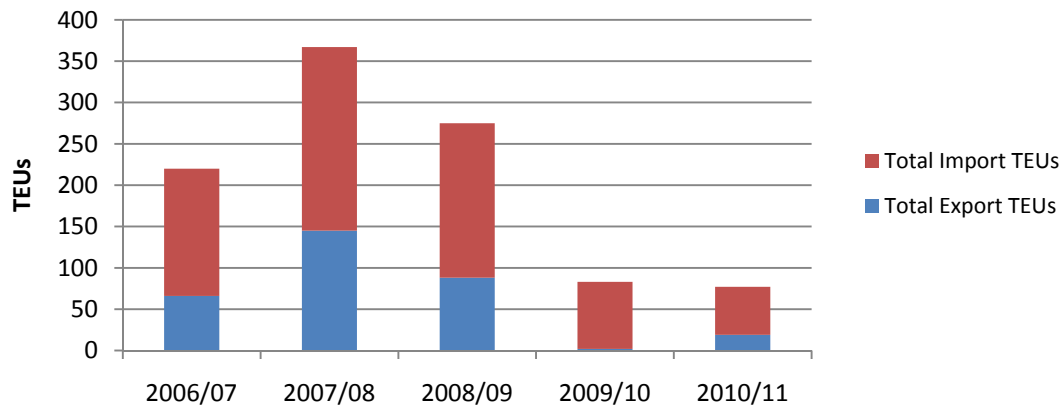
Livestock export tonnage and the number of cattle exported decreased from the previous year.



**Figure 14 – Export Trade for the past 5 years**

### Container Trade

Figure 15 shows that container trade decreased slightly. This trade aspect correlates both with the diminished coastal shipping business under the previous proponents and reduced offshore drilling activity.



**Figure 15 – Container Trade for the past 5 years**

### Offshore Oil & Gas Exploration

During 2010/11 offshore oil and gas exploration drilling activities in the Browse Basin were undertaken by Shell Development Australia and Woodside Energy Limited. From December 2010 through to the beginning of March 2011 there were no rigs operating offshore.

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 and construction of an oil & gas processing facility on Barrow Island.

### Infrastructure 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 wharf link bridge, and this work was overseen by a competent third party inspector. Outstanding underdeck warranty rectification work is also progressing. BrPA installed a new fender system to the dinghy davit berth to provide a safe fendering for small tender vessels. A wharf pylon protection and strengthening trial was initiated on four pylons as an alternative method of repairing and protecting wharf steel piles.

Other essential major works included the resurfacing of the road area approaching the wharf entrance and renewing the drainage and supporting pad at the security gate. This work ensured that trucks could safely transit from Port lands onto the wharf link bridge. Road resurfacing also occurred adjacent to the Administration building carpark. A new portable gatehouse building which provides a safety improvement for BrPA employees was installed to replace the existing fixed facility.

The wharf underdeck access trolleys refurbishment and replacement continued. The major 10 year inspection and service was completed on BrPA's 100T Demag Crane. In response to the important nature of maintaining crucial infrastructure and assets, BrPA implemented a computerized maintenance management system and are developing an employee in a Maintenance Planning and Store role. An additional supplementary welder was also employed.

### **5.3. 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 – 2011 outlines the organisation's targets for OSH and injury management performance:

- Total Recordable Frequency Rate: targeted at 0 per million man hours worked,
- Serious Injury Frequency Rate: targeted at 0 per million man hours worked, and
- 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.

#### **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 for both stakeholders and the organisation, and to promote their own commitment to safety. The last external audit was conducted July 2010.

Significant findings of this audit were as follows:

- Incident Investigation - Ensure all investigators receive training – 1 day Investigation program.
- Determine a Quantitative measurement for the success and value of the procedures.
- Apply a Quantitative, rather than Qualitative, measurement that has a criteria to determine the SUCCESS and VALUE of the procedure/process/policy to the organisation.

## Occupational Safety and Health Performance Indicators

Table 4 – Occupational Safety and Health Performance Indicators

Measure	Actual Results		Results against Target	
	2009-10	2010-11	Target	Comment on Result
Number of fatalities	0	0	0	
Lost time injury and/or disease incident rate	0	12.13%	0	1 LTI recorded in November 2010.
Lost time injury and/or disease severity rate	0	12.13%	0	
Percentage of injured 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:

- August 2010, APPEA Safety Innovation Awards – Finalist.
- October 2010, IFAP Safety Achievement Award for an Effective Safety Management System (Gold).
- October 2010, IFAP Safety Achievement Award for 6 months without a lost time injury.

## 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:

- Certificate III in Transport and Logistics (Stevedoring);
- Certificate IV in Transport and Logistics (Stevedoring); and
- Site specific Dogging.

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



**Figure 16 – Man overboard exercise**

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## 6. DIRECTORS REPORT

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*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 2011.*

### **6.1. 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 BrPA. The role of the Board as the governing body is to provide leadership, direction and oversight to 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 2010-11 the Board commissioned consultants to conduct an internal audit of BrPA procedures and practices, and initiated a significant engineering review resulting in a comprehensive report on wharf infrastructure maintenance requirements and costs. The Board commissioned design work for a new heavy lift wharf and accompanying business plan to support future increased trade requirements. A Land Use Plan was drafted which is awaiting final approval and implementation.

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.

### **6.2. 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.

### **6.3. 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:

#### **Mr Laurie Shervington LLB – Chairman**

Mr Shervington was appointed on 24 March 2011, he has been a practicing lawyer for 43 years and has listed public company and private company experience as a director. His current term expires 31 December 2012.

### **Dr Ian Burston AM – (retired) Chairman**

Dr Burston retired after guiding and serving the Port for some eight years after having his term extended until 31 December 2010 through this reporting period.

### **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, he was a member of the Broome Shire Council for 30 years and is an honorary Freeman of the municipality. Mr Male is a Justice of the Peace and his present term as a director of the Port Authority expires on 31 December 2012.

### **Mr George Morris**

Mr Morris is a consultant with a wide range of experience in the oil exploration industry. He is currently working with Buru Energy co-coordinating exploration in the Canning Basin. He has 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 was a founder member of the Surf Lifesaving Club, and his current term as director expires on 31 December 2011.

### **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 region. Her current term as director expires on 31 December 2011.

### **Mr Derek Albert**

Mr Albert 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 2013.

### **Retirements, Appointments and Continuation in Office of Directors**

The Chairman Ian Burston AM retired on 31 December 2010 and Laurie Shervington was appointed as Chairman in March 2011. Deputy Chairman Kim Male's term was extended to 31 December 2012 and Director Derek Albert's term was renewed until 30 June 2013, throughout the reporting period.

#### 6.4. Directors Meetings

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

Table 5 – Meetings attended by Directors

Members Name	Ian Burston (Chairman)	Laurie Shervington (Chairman)	Kim Male (Deputy Chairman)	George Morris	Marie Gamble	Derek Albert
Board Meetings held in 2010/11	6	6	6	6	6	6
Number of Board meetings attended in 2010/11	3 (due to retirement)	2 (due to commencement date)	5	5	6	6
Audit & Risk sub-Committee meetings held	4	4	4	4	4	4
Audit & Risk sub-Committee meetings attended	3 (due to retirement)	0 (due to commencement date)	4	3	4	4
Strategic Planning sub-Committee meetings held	5	5	5	5	5	5
Strategic Planning sub-Committee meetings attended	4 (due to retirement)	0 (due to commencement date)	5	3	4	5

6.5. Planned Achievements

# Planned Achievements

**FINANCE:**

- a) Source funding for slipway capital works, emergency services infrastructure and land remediation;
- b) Examine potential customer revenue streams, and maximise revenue-generation capability; and
- c) Produce a business model to operate efficiently, cheaply, profitably and remain competitive against other ports.

**PRICING AND CHARGES:**

- a) Maximise revenue and profit from existing customer base.

**FACILITATE TRADE:**

- a) Conduct market surveys, reviews and analyse customer requirements and trade opportunities;
- b) Support establishment of an AQIS approved inspection facility;
- c) Market the Port to expand cargo volumes and broaden customer base;
- d) Collaborate with business, regulatory authorities and the local community;
- e) Explore opportunities arising as an intermodal hub; and
- f) Investigate the feasibility of an artesian water bore as an alternative source of drill water.

**PERFORMANCE TARGETS:**

- a) Implement a cost reduction strategy to minimise waste, increase productivity and effectiveness.

**PERSONNEL:**

- a) Training plan concepts to be addressed in regard to enhancing relationships with Yawuru people.

# Status

**FINANCE:**

- a) Future borrowings approved for emergency services infrastructure and land remediation;
- b) Fees and charges benchmarked and two new charges for navigation and infrastructure introduced to offset expenditure in these areas; and
- c) Business model reviewed and updated, and KPI's measured.

**PRICING AND CHARGES:**

- a) Fees and charges reviewed and increased generally by 3.5% to 5%, with pilotage charges increasing after a period without rise.

**FACILITATE TRADE:**

- a) Customer survey undertaken and new trade opportunities explored on an ongoing basis;
- b) Land leased for the establishment of an AQIS approved inspection facility;
- c) Marketing activities conducted including advertising, and presentations at conferences/trade shows. Responded to stakeholder requirements in areas of training, services, plant and assets;
- d) Conducted Port User Group, Logistics Working Group and other stakeholder meetings;
- e) Identified and progressed opportunities for expanding supply chain support activities; and
- f) Demand for water has declined hence sinking an artesian water bore is not required at this time.

**PERFORMANCE TARGETS:**

- a) Strategy was successful particularly in relation to meeting cost constraints from an unexpected declining business base.

**PERSONNEL:**

- a) BrPA was a signatory to the WA Government/Woodside agreement and consequently has an obligation towards training and employing a percentage of traditional owner employees for the proposed James Price Point Browse LNG Port Authority.

# Planned Achievements

## LAND:

- a) Continue works aimed at developing land within the Port area inclusive of headworks for drainage, provision of utilities and roads;
- b) Progress works and sub-lease arrangements for land at Port's Northern boundary;
- c) Incorporate headworks levy in new rental rates; and
- d) Encourage tenants to maximise use of land.

## INFRASTRUCTURE:

- a) Funding to be sourced/identified to progress whole of site needs including maintenance and refurbishment of infrastructure and equipment; and
- b) Produce a concept design and business case in support of a heavy lift wharf.

## SAFETY AND ENVIRONMENT:

- a) Maintain and exceed present levels of safety and environmental compliance;
- b) Prepare audits and train workforce in risk, hazardous goods handling, safety and marine operations; and
- c) Enhance maritime security through infrastructure planning and increased training drills and exercises.

## PLANNING:

- a) Collaborate with the State Government in planning for the proposed James Price Point LNG precinct.

# Status

## LAND:

- a) Obtained funding for headworks plans and entered into contracts to relocate utilities;
- b) Legal documents/agreements finalised;
- c) Pending release of new land; and
- d) Tenants utilising land to capacity and sub-leasing.

## INFRASTRUCTURE:

- a) Borrowings approved, over three years, for infrastructure and equipment refurbishment and replacement and funding being sought for wharf extension of life; and
- b) Concept plans finalised and business case prepared, ongoing.

## SAFETY AND ENVIRONMENT:

- a) Environmental Management Plan updated, IFAP safety awards received and one LTI recorded;
- b) Oil spill response training undertaken and revised Safety Operating Procedures promulgated and training provided; and
- c) New Gatehouse installed and manned 24/7 by safety watchkeepers and training drills an ongoing activity.

## PLANNING:

- a) Input provided to Department of State Development committees, and seed funding acquired to employ a project manager for BrPA LNG precinct responsibilities; and
- b) Project office established.

## 6.6. Dividends

A dividend of \$775,450 is due and payable for the previous financial year.

## 6.7. Operating Results

The 2010/11 budget estimated that the profit before tax and dividend would be \$0.58m. The actual outcome for 2010/11 was an after tax loss of \$0.1m. This outcome was mainly due to the significant reduction of Oil & Gas support vessels visiting the Port. Oil and Gas campaigns that were expected to be supported from Broome were delayed due to a Federal government freeze on drilling approvals as a result of the West Atlas/Montara oil rig spill. The loss amount was minimised through judicious overview of expenditure.

### Shipping revenue

Shipping activity and revenue was below budget due to a \$1.0m drop in Oil & Gas revenue for the period, plus fewer livestock exports and a decline in regional construction activity, as shown by the following graph.

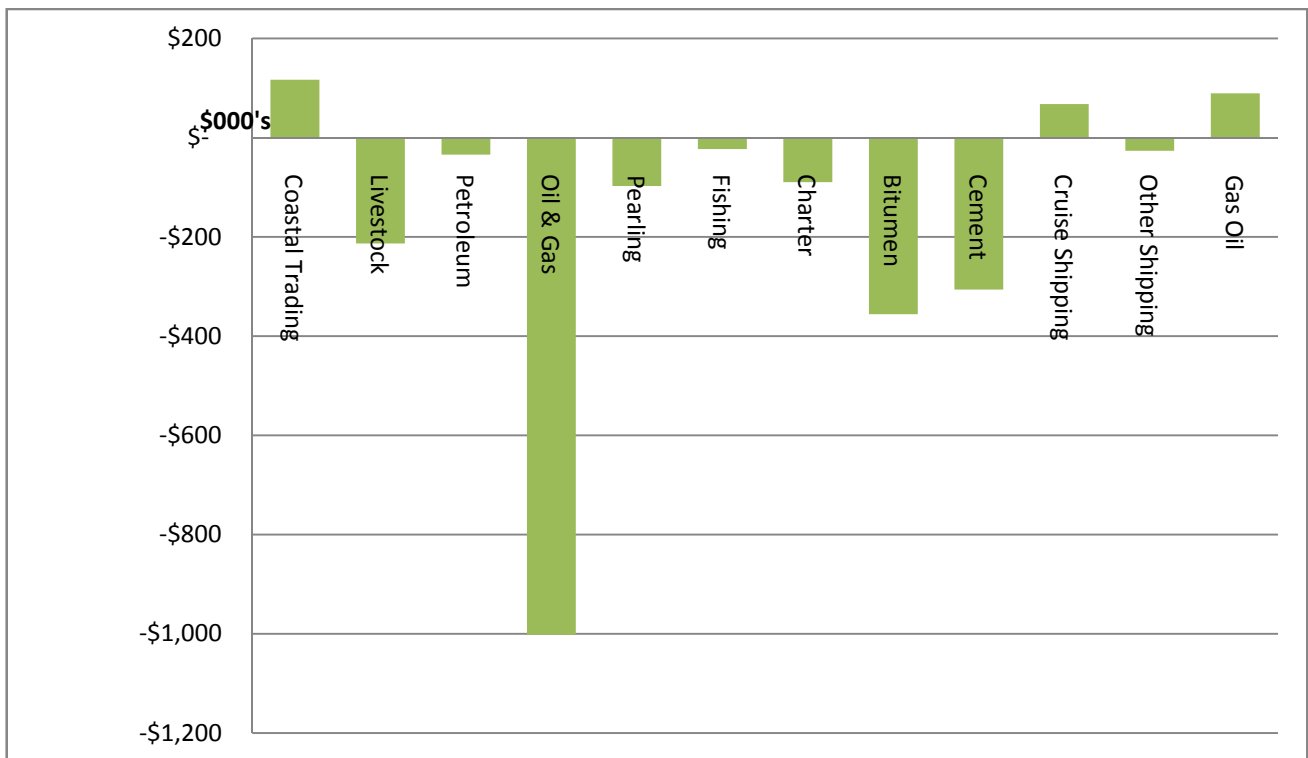


Figure 17 – Variance from Budget

The graph below shows that the oil and gas sector was still the Port's major revenue generator. The percentage of revenue realised from each shipping activity is shown at figure 18.

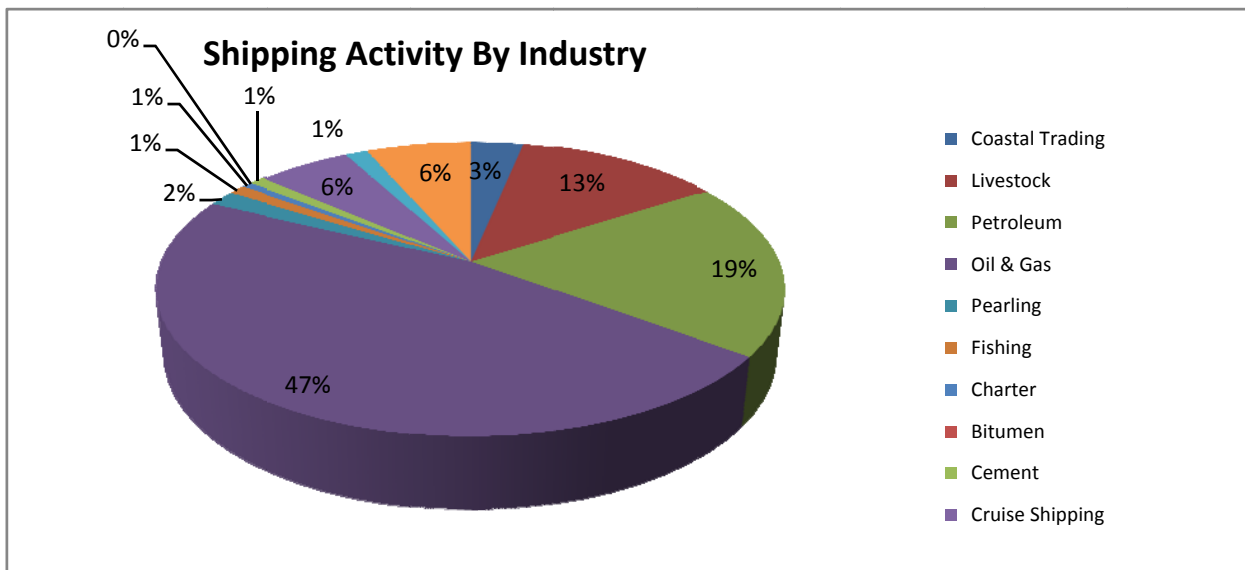


Figure 18 – Shipping Activity as a Percentage of Total Revenue

### Non-shipping revenue

The total non-shipping revenue was in line with budget forecasts for the period. BrPA received a grant of \$300k prior to year end from the Department of State Development in which \$30k was taken up as revenue this year and the remainder will be recognized as revenue during the forthcoming 2011/12 year.

### Expenditure

Total expenditure was \$0.96 million lower than estimated in the 2009/10 budget. The reduction in Oil & Gas vessel visits reduced the direct labour cost by \$0.4m. Also, management reduced expenditure where operationally feasible, thus some repairs & maintenance were delayed thereby reducing costs by \$0.7m compared to budget for the period.

### 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.

#### 6.8. Significant Changes in the State of Affairs

BrPA was delivered a planning role towards the evolvement of the Browse LNG development at James Price Point, which necessitated expenditure towards this project. The project involves a requirement to formulate a business case for an estimated \$40M expenditure over six years in order to provide a port authority presence and capabilities at James Price Point.



## 6.9. Strategy and Future Performance

BrPA invests in holistic employee training and facilitates both individual and corporate self-improvement through a process of internal appraisals and benchmarking the port's performance levels against those of other ports and logistics organisations. During the year individual employees achieved qualifications at certificate levels three and four in frontline management while others attained certificates or diplomas in administration or management.

Two surveys, conducted to establish whether port performance and capabilities conform with customer and stakeholder requirements, recorded that all but 4% of respondents were satisfied. A series of internal audits reviewed internal business processes in order to inform managers of how well their area of business performed and results of these processes were satisfactory, albeit with several areas for improvement.

An ongoing process of risk management inclusive of financial, operational, safety and environment, administrative, and project areas and activities ensured that BrPA addressed vulnerabilities and became a more resilient organisation.

## 6.10. Events Subsequent to Reporting Date

No events were recorded after the reporting date.

## 6.11. Likely Developments

At the time of writing this report there are no likely developments that might impact upon the operations of the port authority.

## 6.12. Directors 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 6 – Director's Emoluments 2011

	<b>Short term employee benefits</b>	<b>Post- employment benefits</b>	<b>Total remuneration</b>
<b>Director's name</b>	<b>Cash salary &amp; fees</b>	<b>Superannuation benefits</b>	
L. Shervington	12,236	1,101	13,337
I Burston	22,500	-	22,500
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
<b>Total</b>	<b>109,236</b>	<b>7,806</b>	<b>117,042</b>

Table 7 – Director’s Emoluments 2010

	<b>Short term employee benefits</b>	<b>Post-employment benefits</b>	<b>Total remuneration</b>
<b>Director’s name</b>	<b>Cash salary &amp; fees</b>	<b>Superannuation benefits</b>	
I Burston	45,000	-	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
<b>Total</b>	<b>119,500</b>	<b>6,705</b>	<b>126,205</b>

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 \$1,525 (2010: \$1,482). This is one of the several retail stores used by the Broome Port Authority on normal commercial terms and conditions.

Mr. Burston resigned from Board in 2011 and was replaced by Mr. Shervington.

Table 8 – Executive Emoluments 2011

	<b>Short term employee benefits</b>		<b>Post-employment benefits</b>	<b>Total remuneration</b>
<b>Executive’s name</b>	<b>Cash salary &amp; fees</b>	<b>Other benefits</b>	<b>Superannuation benefits</b>	
V Justice	263,714	37,770	27,329	328,813
S Mulhall	223,648	-	20,128	243,776
K Burleigh	264,542	21,162	19,649	305,353
<b>Total</b>	<b>751,904</b>	<b>58,932</b>	<b>67,106</b>	<b>877,942</b>

Table 9 – 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	-	20,546	250,396
K Burleigh	230,816	-	16,699	247,515
<b>Total</b>	<b>726,109</b>	<b>25,816</b>	<b>65,338</b>	<b>817,263</b>

### 6.13. Rounding Off

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

## 7. STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	<i>Notes</i>	<b>2011</b>	<b>2010</b>
		\$'000	\$'000
<b>Revenue</b>	4	<b>13,173</b>	<b>14,482</b>
Depreciation and amortisation expense	6	<b>(1,161)</b>	<b>(1,161)</b>
Port operations expenses	5	<b>(5,043)</b>	<b>(5,010)</b>
General administration	7	<b>(4,204)</b>	<b>(3,551)</b>
Asset maintenance		<b>(1,016)</b>	<b>(1,034)</b>
Environmental expenses		<b>(25)</b>	<b>(131)</b>
Port utilities		<b>(612)</b>	<b>(525)</b>
Safety and security		<b>(577)</b>	<b>(529)</b>
Finance costs	8	<b>(632)</b>	<b>(655)</b>
Other expenses	9	<b>(113)</b>	<b>(181)</b>
<b>Profit before income tax</b>		<b>(210)</b>	<b>1,705</b>
Income tax (expense) / benefit	10	<b>104</b>	<b>(512)</b>
<b>(Loss)/Profit for the year</b>		<b>(106)</b>	<b>1,193</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in asset revaluation surplus		-	-
Gains/losses recognised directly in equity		-	-
Income tax on items of other comprehensive income		-	-
<b>Total other comprehensive income</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>(106)</b>	<b>1,193</b>

*The notes on pages 41 to 76 are an integral part of these financial statements.*

## 8. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	<i>Notes</i>	<b>2011</b> \$'000	<b>2010</b> \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	12	4,660	3,744
Trade and other receivables	13	1,781	1,289
<b>Total current assets</b>		<b>6,441</b>	<b>5,033</b>
<b>Non-current Assets</b>			
Deferred tax assets	10	563	380
Property, plant and equipment	14	25,968	25,947
Intangible assets	15	41	53
<b>Total non-current assets</b>		<b>26,572</b>	<b>26,380</b>
<b>TOTAL ASSETS</b>		<b>33,013</b>	<b>31,413</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	16	746	836
Provisions	18	1,275	336
Interest bearing borrowings	17	548	519
Other Liabilities	19	259	194
<b>Total current liabilities</b>		<b>2,828</b>	<b>1,885</b>
<b>Non-current Liabilities</b>			
Provisions	18	135	122
Interest bearing borrowings	17	11,684	10,159
<b>Total non-current liabilities</b>		<b>11,819</b>	<b>10,281</b>
<b>TOTAL LIABILITIES</b>		<b>14,647</b>	<b>12,166</b>
<b>NET ASSETS</b>		<b>18,366</b>	<b>19,247</b>
<b>EQUITY</b>			
Contributed Equity	20	17,136	17,136
Retained profits	20	1,230	2,111
<b>TOTAL EQUITY</b>		<b>18,366</b>	<b>19,247</b>

The notes on pages 41 to 76 are an integral part of these financial statements.

## 9. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	<i>Notes</i>	<b>Contributed Equity</b>	<b>Reserves</b>	<b>Retained earnings</b>	<b>Total equity</b>
		\$0'000	\$0'000	\$0'000	\$0'000
<b>Balance at 1 July 2009</b>	20	17,136	-	1,978	19,114
Prior period error adjustment		-	-	(235)	(235)
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		-	-	-	-
<b>Balance at 30 June 2010</b>		<b>17,136</b>	<b>-</b>	<b>2,111</b>	<b>19,247</b>
<b>Balance at 1 July 2010</b>	20	17,136	-	2,111	19,247
Total comprehensive income for the year		-	-	(106)	(106)
Transactions with owners in their capacity as owners:					
Capital contributors		-	-	-	-
Dividends payable	11	-	-	(775)	(775)
Contributions to owners		-	-	-	-
<b>Balance at 30 June 2011</b>		<b>17,136</b>	<b>-</b>	<b>1,230</b>	<b>18,366</b>

*The notes on pages 41 to 76 are an integral part of these financial statements.*

## 10. STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE 2011

	<i>Notes</i>	<b>2011</b>	<b>2010</b>
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		12,917	14,458
Cash receipts from State and Commonwealth Government funding		391	372
Cash paid to suppliers and employees		(12,027)	(11,763)
Interest paid		(632)	(655)
Income taxes paid		(100)	(442)
<b>Net cash from operating activities</b>	<b>21</b>	<b>549</b>	<b>1,970</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		23	345
Acquisitions of property, plant and equipment		(1,210)	(976)
<b>Net cash from investing activities</b>		<b>(1,187)</b>	<b>(631)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		2,073	-
Repayment of borrowings		(470)	(504)
Final Dividend		-	(825)
Finance lease payments		(49)	(78)
Receipts from State Government equity contributions		-	-
<b>Net cash from financing activities</b>		<b>1,554</b>	<b>(1,407)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>916</b>	<b>(68)</b>
Cash and cash equivalents at 1 July		3,744	3,812
<b>Cash and cash equivalents at 30 June</b>	<b>12</b>	<b>4,660</b>	<b>3,744</b>

*The notes on pages 41 to 76 are an integral part of these financial statements.*

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## 11. FINANCE

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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 15 August, 2011 by the Board of Directors of Broome Port Authority ("the Authority").

### **b) Presentation of the statement of comprehensive income**

During the year ended 30 June 2011 the Authority modified the statement of comprehensive income presentation of expenses using a classification based on the nature of expenses. Comparative amounts were reclassified for consistency.

Classification of expenses by nature is considered to provide more relevant and reliable information than classification by function due to the nature of the Authority's operations.

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

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

### **c) Basis of measurement**

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

### **d) Functional and presentation currency**

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

### **e) Use of estimates and judgements**

The preparation of financial statements requires management to make judgments, 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 judgments 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 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	10 to 40	years
Navigation Aids	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 two categories of financial instruments:

1. Loans and receivables;
2. Financial liabilities measured at amortised cost.

Refer to Note 22(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:

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
Rendering of services		
Charges on cargo	3,830	4,349
Charges on ships	5,642	6,531
Shipping services	1,513	1,273
Interest revenue	133	160
Rentals and leases	1,424	1,528
Government grants and subsidies	391	372
Other	240	269
Total revenue	<b>13,173</b>	<b>14,482</b>

### 5. Port operations expense

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
Shipping activity	2,416	2,607
Indirect wages & salaries – operations	1,726	1,618
Plant & equipment	821	698
Other	80	87
	<b>5,043</b>	<b>5,010</b>

## 6. Depreciation and amortization

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
<b>Depreciation</b>		
Buildings	63	57
Improvements	18	18
Electronic equipment	41	34
Plant and equipment	206	193
Harbour facilities	659	649
Furniture & fittings	10	11
Motor vehicles	43	37
Navigation Aids	26	29
Associated infrastructure	65	115
Low Value Pool	17	7
Total Depreciation	<b>1,148</b>	<b>1,150</b>
<b>Amortisation</b>		
Intangible assets	13	11
Total Amortisation	<b>13</b>	<b>11</b>
Total depreciation and amortisation	<b>1,161</b>	<b>1,161</b>

## 7. General administration expense

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
<b>General administration expenses</b>		
Administration employee expenses	2,965	2,704
Other administration expenses	1,239	847
	<b>4,204</b>	<b>3,551</b>

## 8. Finance costs

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
Finance leases, finance charges	13	14
Interest Paid	619	641
Finance costs expensed	<b>632</b>	<b>655</b>

## 9. Other expenses

	2011	2010
	\$'000	\$'000
Doubtful debts	-	-
Other	113	181
	<u>113</u>	<u>181</u>

## 10. Income tax

Recognised in the Statement of Comprehensive Income

	2011	2010
	\$'000	\$'000
<b>Current tax expense</b>		
Current income tax charge	(63)	443
Adjustment for prior periods	-	-
	<u>(63)</u>	<u>443</u>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(183)	69
Current Tax expense/benefit	142	-
Recognition of previously unrecognised tax losses	-	-
	<u>(41)</u>	<u>69</u>
Total income tax expense/(benefit)	<u>(104)</u>	<u>512</u>
<b>Numerical reconciliation between tax expense and pre-tax profit</b>		
Profit/(loss) for the period	(147)	1,193
Total income tax expense	(63)	512
Profit excluding income tax	<u>(210)</u>	<u>1,705</u>
Income tax using the statutory rate of 30% (2010:30%)	(63)	512
Non-deductible expenses	3	2
Adjustments in respect of previous deferred income tax	(44)	-
Temporary investment allowance	-	(2)
Income tax expense	<u>(104)</u>	<u>512</u>

## Deferred income tax

	2010 Balance Sheet \$,000	2010 Balance Sheet \$,000	2011 Income Statement \$,000	2010 Income Statement \$,000
<b>Deferred tax liabilities</b>				
Receivables	19	74	(54)	67
Accelerated depreciation for tax purposes	-	-		-
FBT Installment	5	6	(2)	-
	<u>24</u>	<u>80</u>		
<b>Deferred tax assets</b>				
Receivables	-	-	-	-
Accelerated depreciation for tax purposes	264	274	9	12
Payables	16	17	2	(11)
Employee benefits	197	158	(39)	(10)
Borrowing costs	-	-	-	-
Business related costs	110	11	(99)	11
Tax losses	-	-	-	-
	<u>587</u>	<u>460</u>		
Set-off of deferred tax liabilities pursuant to the set-off provisions	(24)	(80)		
Net deferred tax assets (liabilities)	<u>563</u>	<u>380</u>		
Deferred tax charge			<u>(183)</u>	<u>69</u>

## 11. Dividends

	2011 \$'000	2010 \$'000
Dividends payable/paid in the financial year	<u>775</u>	<u>825</u>

In accordance with the Government Financial Policy, WA Ports are required to pay dividends of 65% of after tax profits for 2011 and 2010. However, in accordance with Australian Accounting Standards, dividends relating to the financial results for the year ended 30 June 2011 have not been provided as they are expected to be declared by Government after balance date.

A dividend of \$775,450 in respect of the financial year results for the year ended 30 June 2010 is due and payable by 30 June 2012.

## 12. Cash & cash equivalents

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
Bank balances	3,660	1,244
Call deposits	-	-
Term deposits	1,000	2,500
	<u><b>4,660</b></u>	<u><b>3,744</b></u>

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

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
<b>Current</b>		
Receivables	1,153	1,013
Less: allowance for impairment of receivables	-	-
	<u><b>1,153</b></u>	<u><b>1,013</b></u>
Accrued revenue	50	238
Prepayments	578	38
	<u><b>1,781</b></u>	<u><b>1,289</b></u>
<b>Non-Current</b>		
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at the beginning of the year	-	-
Doubtful debts expense recognised in the Statement of Comprehensive Income	-	-
Amounts written off during the year	-	-
Balance at the end of the year	<u>-</u>	<u>-</u>

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	82	17
More than 3 months but less than 6 months	-	-
More than 6 months but less than 1 year	-	-
Balance at the end of the year	<u><b>82</b></u>	<u><b>17</b></u>

## 14. Property, plant and equipment

	2011	2010
	\$'000	\$'000
<b>Land</b>		
At cost	<b>1,291</b>	<b>1,291</b>
<b>Buildings</b>		
At cost	2,789	2,610
Less: Accumulated Depreciation	(664)	(610)
	<b>2,125</b>	<b>2,000</b>
<b>Improvements</b>		
At cost	223	223
Less: Accumulated Depreciation	(107)	(89)
	<b>116</b>	<b>134</b>
<b>Electronic equipment</b>		
At cost	234	232
Less: Accumulated Depreciation	(130)	(94)
	<b>104</b>	<b>138</b>
<b>Plant &amp; equipment</b>		
At cost	2,373	1,769
Less: Accumulated Depreciation	(1,277)	(1,076)
	<b>1,096</b>	<b>693</b>
<b>Harbour facilities</b>		
At cost	24,301	24,077
Less: Accumulated Depreciation	(4,505)	(3,843)
	<b>19,796</b>	<b>20,234</b>
<b>Furniture &amp; Fittings</b>		
At cost	73	109
Less: Accumulated Depreciation	(27)	(57)
	<b>46</b>	<b>52</b>
<b>Motor vehicles</b>		
At cost	276	214
Less: Accumulated Depreciation	(120)	(105)
	<b>156</b>	<b>109</b>
<b>Navigation Aids</b>		
At cost	417	417
Less: Accumulated Depreciation	(353)	(328)
	<b>64</b>	<b>89</b>



**Associated infrastructure**

At cost	2,274	2,104
Less: Accumulated Depreciation	(1,171)	(1,104)
	<b>1,103</b>	<b>1,000</b>

**Low Value Pool**

At cost	67	35
Less: Accumulated Depreciation	(23)	(7)
	<b>44</b>	<b>28</b>

**Total property, plant and equipment**

At cost	34,318	33,081
Less: Accumulated Depreciation	(8,377)	(7,313)
	<b>25,941</b>	<b>25,768</b>

Works In Progress	27	179
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<b>Total property, plant and equipment</b>	<b>25,968</b>	<b>25,947</b>
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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:

	2011	2010
	\$'000	\$'000
<b>Land</b>		
Carrying amount at 1 July	1,291	1,291
Additions	-	-
Disposals	-	-
Impairment losses	-	-
Carrying amount at 30 June	<b>1,291</b>	<b>1,291</b>

**Improvements**

Carrying amount at 1 July	134	144
Transfer from work in progress	0	8
Depreciation for the year	(18)	(18)
Disposals	-	-
Impairment losses	-	-
Carrying amount at 30 June	<b>116</b>	<b>134</b>

#### 14. Property, plant and equipment (continued)

	2011	2010
	\$'000	\$'000
<b>Buildings</b>		
Carrying amount at 1 July	2,000	1,792
Additions	7	264
Transfer from work in progress	188	-
Depreciation for the year	(63)	(56)
Disposals	(7)	-
Impairment losses	-	-
Carrying amount at 30 June	<u>2,125</u>	<u>2,000</u>
<b>Plant and equipment</b>		
Carrying amount at 1 July	693	846
Additions	29	69
Transfer from work in progress	586	0
Depreciation for the year	(206)	(192)
Disposals	(6)	(30)
Impairment losses	-	-
Carrying amount at 30 June	<u>1,096</u>	<u>693</u>
<b>Electronic Equipment</b>		
Carrying amount at 1 July	138	73
Additions	10	103
Transfer from work in progress	-	-
Depreciation for the year	(41)	(37)
Disposals	(3)	(1)
Impairment losses	-	-
Carrying amount at 30 June	<u>104</u>	<u>138</u>
<b>Harbour Facilities</b>		
Carrying amount at 1 July	20,234	20,149
Additions	3	734
Transfer from work in progress	218	-
Depreciation for the year	(659)	(649)
Disposals	-	-
Impairment losses	-	-
Carrying amount at 30 June	<u>19,796</u>	<u>20,234</u>

**Furniture & Fittings**

Carrying amount at 1 July	52	60
Additions	5	13
Transfer from work in progress	-	-
Depreciation for the year	(10)	(8)
Disposals	(1)	(13)
Impairment losses	0	0
Carrying amount at 30 June	<u>46</u>	<u>52</u>

**Motor Vehicles**

Carrying amount at 1 July	109	157
Additions	114	19
Transfer from work in progress	-	-
Depreciation for the year	(43)	(36)
Disposals	(24)	(31)
Impairment losses	-	-
Carrying amount at 30 June	<u>156</u>	<u>109</u>

**Navigation Aids**

Carrying amount at 1 July	89	49
Additions	1	75
Depreciation for the year	(26)	(35)
Disposals	-	-
Impairment losses	-	-
Carrying amount at 30 June	<u>64</u>	<u>89</u>

**Associated Infrastructure**

Carrying amount at 1 July	1,000	1,710
Additions	102	81
Transfer from work in progress	66	-
Depreciation for the year	(65)	(65)
Disposals	-	(491)
Prior period error adjustment	-	(235)
Impairment losses	-	-
Carrying amount at 30 June	<u>1,103</u>	<u>1,000</u>

**Low Value Pool**

Carrying amount at 1 July	28	-
Additions	33	35
Transfer from work in progress	-	-
Depreciation for the year	(17)	(7)
Disposals	-	-
Impairment losses	-	-
Carrying amount at 30 June	<u>44</u>	<u>28</u>

**Work in progress:**

Carrying amount at 1 July	179	536
Additions	906	842
Transfers to property, plant and equipment	(1,058)	(1,199)
Carrying amount at 30 June	<u>27</u>	<u>179</u>

**Total property, plant and equipment**

<b>25,968</b>	<b>25,947</b>
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<b>Operating leases</b>	<b>Plant &amp; equipment</b>	<b>Motor Vehicle</b>
	<b>\$'000</b>	<b>\$'000</b>
Carrying Amount at 1 July 2010	414	23
Repayments	(160)	(13)
Carrying Amount at 30 June 2011	<u>254</u>	<u>10</u>

<b>Finance leases</b>	<b>Plant &amp; equipment</b>	<b>Buildings</b>
	<b>\$'000</b>	<b>\$'000</b>
Carrying Amount at 1 July 2010	36	82
Repayments	(17)	(32)
Carrying Amount at 30 June 2011	<u>19</u>	<u>50</u>

## 15. Intangible Assets

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
Computer software		
At cost	138	137
Less: accumulated depreciation	(97)	(84)
	<u>41</u>	<u>53</u>

### Reconciliation of carrying amounts

#### Computer software

Carrying amount at 1 July	53	35
Additions	1	29
Disposals	-	-
Amortisation expense	(13)	(11)
Carrying amount at 30 June	<u>41</u>	<u>53</u>

## 16. Trade and other payables

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
<b>Current</b>		
Trade payables	362	511
Accrued expenses	384	325
	<u>746</u>	<u>836</u>

The Authority's exposure to liquidity risk related to trade and other payables is disclosed in note 22(i)

## 17. 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).

	2011	2010
	\$'000	\$'000
<b>Current liabilities</b>		
Direct borrowings	498	470
Current portion of finance lease liabilities (secured) (a)	50	49
	<u>548</u>	<u>519</u>
<b>Non-current liabilities</b>		
Direct borrowings	11,665	10,090
Non-current portion of finance lease liabilities (secured) (a)	19	69
	<u>11,684</u>	<u>10,159</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 of two loans at fixed interest rates from WA Treasury Corporation and are repayable in accordance with a fixed repayment schedule. A loan for \$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 5.98% A loan for \$2.073m with fixed monthly principal and interest repayments that will result in the loan being fully settled in July 2026. The effective interest rate on the loan is 5.78%.

### 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.

#### 2011 Fixed interest rate

Interest bearing borrowings	1 year or less (\$'000)	Over 1 to 2 years (\$'000)	Over 2 to 3 years (\$'000)	Over 3 to 4 years (\$'000)	Over 4 to 5 years (\$'000)	More than 5 years (\$'000)	Total (\$'000)
Direct borrowings	498	528	559	695	758	9,125	12,163
Finance lease liabilities	50	19	-	-	-	-	69
	<u>548</u>	<u>547</u>	<u>559</u>	<u>695</u>	<u>758</u>	<u>9,125</u>	<u>12,232</u>

#### Weighted average interest rate:

Direct borrowings	5.8%
Finance leases and liabilities	9.2%

## 2010 Fixed interest rate

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

### Weighted average interest rate:

Direct borrowings	5.6%
Finance leases and liabilities	9.2%

## 18. Provisions

	2011 \$'000	2010 \$'000
<b>Current</b>		
Annual leave	345	288
Sick leave	86	63
Time in lieu	6	14
Accrued days off	16	16
Long service leave	53	27
Fringe benefits tax	15	(4)
Dividend	775	-
Income tax	(21)	(68)
	<b>1,275</b>	<b>336</b>
<b>Non-Current</b>		
Long service leave	135	122
	<b>135</b>	<b>122</b>

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:

	2011 \$'000	2010 \$'000
Within 12 months of balance date	253	215
More than 12 months after balance sheet date	92	73
	<b>345</b>	<b>288</b>

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:

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
Within 12 months of balance date	70	40
More than 12 months after balance sheet date	16	23
	<u><b>86</b></u>	<u><b>63</b></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:

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
Within 12 months of balance date	6	14
More than 12 months after balance sheet date	-	-
	<u><b>6</b></u>	<u><b>14</b></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:

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
Within 12 months of balance date	16	16
More than 12 months after balance sheet date	-	-
	<u><b>16</b></u>	<u><b>16</b></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.

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
Within 12 months of balance date	53	27
More than 12 months after balance sheet date	135	122
	<u><b>188</b></u>	<u><b>149</b></u>



	<b>2011</b>
	\$'000
<b>Annual leave provision</b>	
Carrying amount at 1 July	288
Provisions made during the year	332
Amounts utilised in the year	<u>(275)</u>
Carrying amount at 30 June	<u><b>345</b></u>

## **19. Other liabilities**

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
<b>Current</b>		
Prepaid lease and license income	187	100
Unallocated wages	<u>72</u>	<u>94</u>
	<u><b>259</b></u>	<u><b>194</b></u>

## 20. Equity

	2011	2010
	\$'000	\$'000
<b>Contributed equity</b>		
Balance at the start of the year	17,136	17,136
Capital contributions	-	-
Balance at the end of the year	<u>17,136</u>	<u>17,136</u>
<b>Retained earnings</b>		
Balance at start of year	2,111	1,978
Profit for the period	(106)	1,193
Prior period error adjustment	-	(235)
Dividends declared	(775)	(825)
Balance at end of year	<u>1,230</u>	<u>2,111</u>

### Correction of Prior Period Errors

During the year, the Authority identified an error in capitalized assets for associated infrastructure. Costs to move and update a water main located on Port property were capitalized during the 2009/10 financial year. The Authority reevaluated the asset and decided that the costs were not eligible for capitalization as the underlying asset was not the Authority's property. The prior period comparative numbers have been adjusted accordingly where material to the presentation of the financial statements.

As the error was made in a financial year prior to the comparative year, the Statement of Financial Position opening balance as at 1 July 2009 were restated as follows:

Property plant and equipment decreased by \$235,524 to de-recognise the previously recognised water main from infrastructure assets. This decrease to property, plant and equipment was made up of the following:

- Infrastructure assets by \$243,890
- Accumulated depreciation on the buildings by \$8,366
- Retained earnings were increased by \$235,524

In addition, this error resulted in restatement of the following line items for the year ending 30 June 2011:

- Property, plant and equipment decreased by \$243,890
- Retained earnings decreased by \$243,890
- Accumulated Depreciation on infrastructure assets increased by \$8,366 and
- Retained earnings decreased by \$8,366

## Correction of Prior Period Errors (Continue)

Finance Item/Balance Affected	Report Line	Note	Actual 2011 \$'000	Correction \$'000	Corrected Actual 2011 \$'000
<b><u>Balance Sheet Extract</u></b>					
<b>Non-Current Assets</b>					
Property, Plant and Equipment		14	26,203	(235)	25,968
<b>Total Non-current assets</b>			<b>26,807</b>	<b>(235)</b>	<b>26,572</b>
<b>Total Assets</b>			<b>33,248</b>	<b>(235)</b>	<b>33,013</b>
<b>Net Assets</b>			<b>18,601</b>	<b>(235)</b>	<b>18,366</b>
<b><u>Statement of Changes in Equity Extract</u></b>					
<b>Retained Earnings</b>					
Opening Balance			19,114	-	19,114
Net effect of Correction of an Error			-	(235)	(235)
<b>Total Income and Expense recognised directly in Equity for the period</b>			<b>368</b>	<b>-</b>	<b>368</b>
<b>Closing Balance</b>			<b>19,482</b>	<b>(235)</b>	<b>19,247</b>

## 21. Reconciliation of cash flows from operating activities

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit/(Loss) for the period	(106)	1,193
Depreciation	1,148	1,149
Deferred tax provision	(41)	69
Amortisation of intangible assets	13	12
Write-offs	-	1
(Gain)/loss on sale of property, plant and equipment	17	76
<b>Operating profit before changes in working capital and provisions</b>	<b>1,031</b>	<b>2,500</b>
Changes in assets and liabilities		
Change in trade and other receivables	(141)	575
Change in prepayments	(540)	41
Change in accrued income	189	(226)
Change in trade and other payables	(112)	(200)
Change in prepaid income	87	(325)
Change in employee benefits	130	32
Change in provisions	68	(427)
Change in income tax benefit	(163)	-
<b>Net cash from operating activities</b>	<b>549</b>	<b>1,970</b>

## 22. 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>	<b>2011</b> \$'000 <b>Carrying Amounts</b>	<b>2011</b> \$'000 <b>Fair Values</b>	<b>2010</b> \$'000 <b>Carrying Amounts</b>	<b>2010</b> \$'000 <b>Fair Values</b>
Cash and cash equivalents	12	4,660	4,660	3,744	3,744
Trade and other receivables	13	1,781	1,781	1,013	1,013
Trade and other payables	17	(746)	(746)	(836)	(836)
Loans and borrowings	18	(12,232)	(11,224)	(10,678)	(11,225)
		<b>(6,537)</b>	<b>(5,529)</b>	<b>(6,757)</b>	<b>(7,304)</b>

#### 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:

	Carrying Amount	Interest Rate Risk				Interest Rate Risk			
		+25 basis points		+50 basis points		-25 Basis points		-50 Basis points	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>2011</b>									
<b>Financial Assets</b>									
Cash & cash equivalents	4,660	12	12	23	23	(12)	(12)	(23)	(23)
<b>Total Increase/(Decrease)</b>		12	12	23	23	(12)	(12)	(23)	(23)
<b>2010</b>									
<b>Financial Assets</b>									
Cash & cash equivalents	3,744	9	9	19	19	(9)	(9)	(19)	(19)
<b>Total Increase/(Decrease)</b>		9	9	19	19	(9)	(9)	(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
			\$'000	\$'000	\$'000
<b>2011</b>					
<b>Financial Assets &amp; Liabilities</b>					
Cash & cash equivalents	5.22%		4,660		4,660
Trade and other receivables				1,781	1,781
Interest bearing borrowings	5.82%	(12,163)			(12,163)
Finance leases	9.23%	(69)			(69)
Trade and other payables				(746)	(746)
<b>Net Financial Assets/(Liabilities)</b>		<b>(12,232)</b>	<b>4,660</b>	<b>1,035</b>	<b>(6,537)</b>

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

### **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.

<b>Financial liabilities</b>	<b>Carrying amount</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>&gt;5 years</b>
<b>2011</b>	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Trade payables & accruals	(746)	(587)	(159)	-	-	-
Finance lease liability	(73)	(4)	(9)	(41)	(19)	-
Borrowings	(17,960)	(100)	(201)	(904)	(5,162)	(11,593)
	<b>(18,779)</b>	<b>(691)</b>	<b>(369)</b>	<b>(945)</b>	<b>(5,181)</b>	<b>(11,593)</b>
<b>Financial liabilities</b>	<b>Carrying amount</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>&gt;5 years</b>
<b>2010</b>	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Trade payables & accruals	(836)	(629)	(207)	-	-	-
Finance lease liability	(131)	(8)	(9)	(41)	(73)	-
Borrowings	(15,918)	(90)	(181)	(814)	(4,341)	(10,492)
	<b>(16,885)</b>	<b>(727)</b>	<b>(397)</b>	<b>(855)</b>	<b>(4,414)</b>	<b>(10,492)</b>

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.

<b>Financial assets</b>	<b>Carrying amount</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>&gt;5 years</b>
<b>2011</b>	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Cash and cash equivalents	4,660	4,660	-	-	-	-
Trade and other receivables	1,153	1,153	-	-	-	-
	<b>5,813</b>	<b>5,813</b>	-	-	-	-
<b>Financial liabilities</b>	<b>Carrying amount</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>&gt;5 years</b>
<b>2011</b>	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Trade payables & accruals	(746)	(587)	(159)	-	-	-
Finance lease liability	(73)	(4)	(9)	(41)	(19)	-
Borrowings– interest only	(17,960)	(100)	(201)	(904)	(5,162)	(11,593)
	<b>(18,779)</b>	<b>(691)</b>	<b>(369)</b>	<b>(945)</b>	<b>(5,181)</b>	<b>(11,593)</b>



Net Maturity	<b>(12,966)</b>	<b>5,122</b>	<b>(369)</b>	<b>(945)</b>	<b>(5,181)</b>	<b>(11,593)</b>
<b>Financial assets</b>	<b>Carrying amount</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>&gt;5 years</b>
<b>2010</b>	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Cash and cash equivalents	3,744	3,744	-	-	-	-
Trade and other receivables	1,013	1,013	-	-	-	-
	<b>4,757</b>	<b>4,757</b>	-	-	-	-
<b>Financial liabilities</b>	<b>Carrying amount</b>	<b>Up to 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>&gt;5 years</b>
<b>2010</b>	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Trade payables & accruals	(836)	(629)	(207)	-	-	-
Finance lease liability	(131)	(8)	(9)	(41)	(73)	-
Borrowings-interest only	(15,918)	(90)	(181)	(814)	(4,341)	(10,492)
	<b>(16,885)</b>	<b>(727)</b>	<b>(397)</b>	<b>(855)</b>	<b>(4,414)</b>	<b>(10,492)</b>
Net maturity	<b>(12,128)</b>	<b>4,030</b>	<b>(397)</b>	<b>(855)</b>	<b>(4,414)</b>	<b>(10,492)</b>

## (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.

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
<b>Financial assets</b>		
Cash and cash equivalents	4,660	3,744
Trade and other receivables	1,781	1,013
	<b>6,441</b>	<b>4,757</b>
<b>Financial liabilities</b>		
Trade and other payables	746	836
Interest bearing borrowings	-	-
Obligations under finance leases	69	118
Fixed rate borrowings	12,163	10,560
	<b>12,978</b>	<b>11,514</b>

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.

## 23. 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:

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
Within one year	<u>-</u>	<u>54</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:

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
Within one year	169	160
Later than one year but not later than five years	95	254
Later than 5 years	-	-
	<u><b>264</b></u>	<u><b>414</b></u>
Representing:		
Non-cancellable operating leases	<u><b>264</b></u>	<u><b>414</b></u>

### (iii) Finance lease commitments

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
Minimum lease payment commitments in relation to finance leases are payable as follows:		
Within one year	54	58
Later than one year but not later than five years	19	73
Later than 5 years	-	-
Minimum lease payments	<u><b>73</b></u>	<u><b>131</b></u>
Less: future finance charges	<u><b>(4)</b></u>	<u><b>(13)</b></u>
	<u><b>69</b></u>	<u><b>118</b></u>

The present value of finance leases payable is as follows:

Within one year:	53	56
Later than one year but not later than five years	19	69
Later than 5 years	-	-
Present value of lease liabilities	<u>72</u>	<u>125</u>

Included in the financial statements as:

Current (note 18)	50	49
Non-current (note 18)	18	69
	<u>68</u>	<u>118</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:	169	160
Later than one year but not later than five years	95	254
Later than 5 years	-	-
	<u>264</u>	<u>414</u>

**(v) Operating leases receivable**

Future minimum rentals receivable for operating leases at reporting date:

Within one year:	1,365	1,143
Later than one year but not later than five years	5,460	4,572
	<u>6,825</u>	<u>5,715</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.

## 24. Remuneration of Auditors

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

	<b>2011</b>	<b>2010</b>
	\$'000	\$'000
Auditing the accounts and financial statements	<u>27</u>	<u>27</u>

## 25. Related Parties

### Directors

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

L. Shervington, I. Burston, G. Morris, M. Gamble, K. Male and D. Albert.

There have been no material related parties' transactions.

## 26. Contingent liabilities

There are no contingent liabilities.

## 27. Events occurring after the balance sheet date

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 36 to 76 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:



**Mr Kim Male**  
**Deputy Chairman**

Date: 15 September 2011



## Auditor General

### **INDEPENDENT AUDITOR'S REPORT**

#### **To the Parliament of Western Australia**

#### **BROOME PORT AUTHORITY**

I have audited the financial report of the Broome Port Authority. The financial report comprises the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, Notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

#### **Directors' Responsibility for the Financial Report**

The directors of the Broome Port Authority are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Port Authorities Act 1999, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that is free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

As required by the Port Authorities Act 1999, my responsibility is to express an opinion on the financial report based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Independence**

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.

## **Broome Port Authority**

### **Opinion**

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

- (a) giving a true and fair view of the Authority's financial position as at 30 June 2011 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  
21 September 2011