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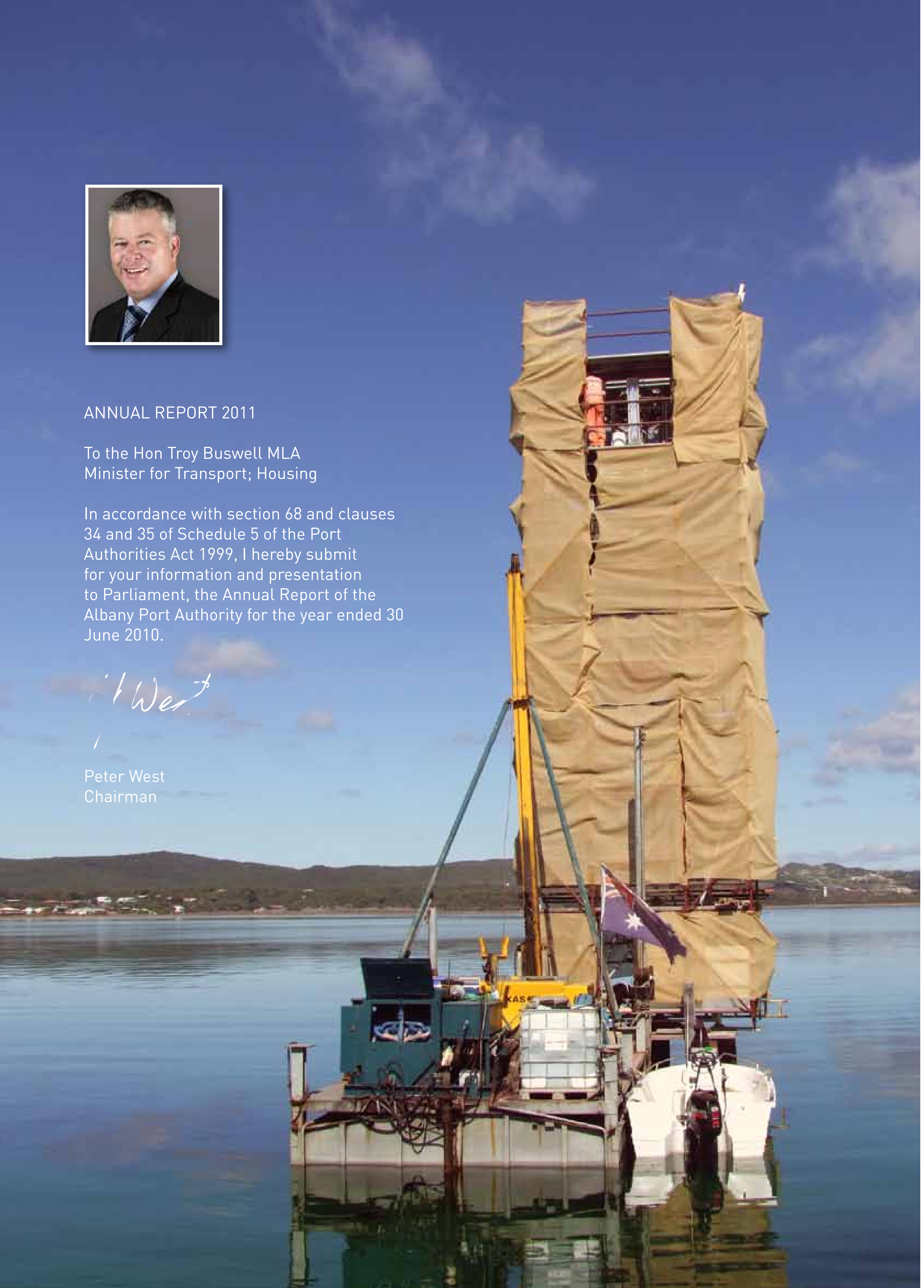
ALBANY PORT AUTHORITY
2010-2011 Annual Report



ANNUAL REPORT 2011

To the Hon Troy Buswell MLA
Minister for Transport; Housing

In accordance with section 68 and clauses 34 and 35 of Schedule 5 of the Port Authorities Act 1999, I hereby submit for your information and presentation to Parliament, the Annual Report of the Albany Port Authority for the year ended 30 June 2010.

Peter West
Chairman

Contents

Cover picture: Aerial image of the Port from satellite in space.

25th Biennial Ports WA Conference
Paper sculpture

Chairman's Report

Highlights for the year for the APA were:-

- Lowest trade through port in the last 5 years and 15% lower than the average for the period. This was a result of a relatively poor grain harvest in Great Southern region and continued low demand for wood products.
- Profitability was low at $1.5m (2% return on assets) but acceptable in the context of trade figures with cost reductions counterbalancing most of the trade reduction.
- Safety performance for Port Authority employees continued to be excellent with no LTI or MTI, for the year. There were 2 LTI's among port users (1 within CBH and 1 within Albany Chip terminal).
- Good progress was made in supporting the marine elements of the Southdown Joint Venture project which is still on track for commissioning in 2013/14.

With retirement and departures of a number of the executive team during the year, I thank those departed for their efforts, while welcoming the new executives. The Board is looking forward to a new perspective and a vigorous engagement.

PJ West.

Peter West
Chairman

Albany Port Authority Board and CEO; Pictured, Cass Porter, Peter West, Brad Williamson, Sally Malone, and Robert Golding, absent from picture Russell Harrison.

Chief Executive Officer's Report

Although the Port operated well and achieved good financial results, the trade figures for the year were again disappointing. Total cargo tonnes were down 10% on 2009/10, with 2009/10 having been 18% down on the previous year. Grain was well down, being 28% off last year's figure, and although woodchips were better than last year, the woodchip trade is still suffering from a subdued Japanese economy, the impacts of the tsunami (11 March 2011) and a very high Australian dollar. Despite these difficulties, the financial results for the Port were relatively good (profit before tax and dividends being $2.3 m, 9% lower than last year).

The reduction in grain tonnage is entirely the result of low rainfall, with the last harvest being well below average due to a poor season. Woodchips are still a substantial trade for the Port, but it is likely to continue to be subdued for at least the short to medium term and I expect tonnages to be in the 1.2 to 1.4 million tonne range during this time. These figures are based on a detailed analysis the Port undertook on the trade during the year and early figures are proving this analysis to be correct.

After lengthy negotiations, an Enterprise Bargaining Agreement (EBA) was finalised during the year with the Maritime Union of Australia (MUA) for Port maintenance and pilot boat staff. The agreement was reached without industrial stoppage and I thank the Albany Port staff for that. Unfortunately other MUA members working for Patrick stevedores at the port had multiple stoppages during the year. The industrial climate on the waterfront across the nation is entering a difficult phase, and I hope this does not damage the good relations that exist between the management, staff and MUA at Albany Port in the future.

A new tug licence was negotiated with Svitzer towage, which will see two new tugs at the port, the Koona and the Karoo. These tugs are more powerful than the previous tugs, but will need to be replaced when the Southdown Joint Venture (iron ore) project proceeds. Extensive simulator and channel design work has been completed during the year to plan for new tugs for the iron ore trade.

State environmental approval for dredging of the harbour was granted in November of 2010 for the Southdown Joint Venture (SDJV), after five years of research and consultation. This approval followed Commonwealth approval granted earlier. The State approval is a major achievement and a testament to the hard work and professional approach of the Environment Manager, Paul Mackey.

Negotiations have continued throughout the year with the SDJV over issues such as funding the port works, asset ownership, project management and port charges. These are complex matters and will continue well into next year.

It is interesting to note the increasing conflict occurring over third party access for privately owned assets in the port, such as shiploaders. The increase in conflict is due to a number of reasons: asset owners' requirements for greater returns, deregulation putting competitive pressures on port users and greater costs being experienced throughout the industry. Although most of these disputes have been resolved, if they continue to occur I can imagine there will be greater pressure for government regulation of these assets. I hope this is not required.

The State Government has been conducting a review of port governance during the year, and I have been a member of the steering committee for the review. The Port Authorities Act, which governs the operations and management of the Albany Port, has served the Port very well over the past 12 years. It is however entirely appropriate to review how ports are run as so much has changed in that time and ports are under enormous trade pressures. At the time of writing this report, the government is about to release the report and its response to it.

During the year the Port hosted the Biennial Ports WA Conference. It has been 16 years since the Port last hosted the conference and we were keen to showcase Albany as a unique place in the state. Although the conference was, of course, focussed on port matters, we made a special effort to display the region's talents in the arts, food and wine and the feedback was extremely positive. An emerging opportunity for the Port will be the centenary commemoration of the departure of the ANZAC fleet in November 2014. This is shaping up to be a major national and international event, with the Port playing a critical role. Of course the Port is giving its full support at this early stage.

The Harbour Master, Captain Steve Young resigned during the year after five years at the port. I wish to record my gratitude to Steve for his service during this time. The position of Harbour Master has changed enormously in the past ten years, with issues such as security, emergency response, environmental issues and community relations being far more prominent. Steve was able to transition the Port to meet these new challenges and I wish him every success in his future piloting career in the Pilbara. Other staff changes have seen Garry Adams take up the role of Finance and Administration Manager; Lindy O'Toole take over as Executive Officer; and Scott Macaulay commence as the Port's Safety & Security Officer. Garry, Lindy and Scott have shown themselves to be extremely competent and valuable members of staff. We are very fortunate to have secured them for the Port. David Hunt and Brian Higgins have also been valuable additions to the Port Maintenance Team, with Corey Weadley leaving to take advantage of a job opportunity in Karratha.

Throughout the year I have been given wise counsel from the Board of the Albany Port Authority and I wish to record my thanks for their assistance and support.

Brad Williamson
Chief Executive Officer

Pilot boat and barge during
refurbishment of Rushy Point front lead

ALBANY PORT AUTHORITY

Our Mission

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

Our Vision

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

Our values

Demonstrate EFFICIENCY and business ACUMEN to our SHAREHOLDERS

Show RESPECT and INTEGRITY in dealings with our STAFF

Provide SERVICE and act PROFESSIONALLY and RESPONSIVELY to our CUSTOMERS

Be OPEN and ENGAGING with members of our COMMUNITY

Recognise our role in PRESERVING our HERITAGE and ENVIRONMENT

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

Event	Amount
2011 ACCI Business Awards	$2,500
New Year's Eve Fireworks (City of Albany)	$5,000
Paperartzi 11	$5,000
Engineers Australia Western Australia Division as sponsorship of the Great Southern Science and Engineering Challenge.	$2,000
Great Southern Grammar – student visit to Japan	$5,000
Constable Care – 75 water bottles	$495
Albany Maritime Foundation – 2011 "Festival of the Sea" 23/24 April	$1,000
City of Albany Band	$250
Albany Entertainment Centre – Harbourside Foyer Concert Series	$1,000
Careers Expo 2011 – silver sponsorship	$250
TOTAL	**$22,495**

Local artists in foyer during Conference

25TH BIENNIAL PORTSWA CONFERENCE

Presentation by Duncan Calder

Ports WA Conference 2011

Albany Port Authority hosted the biennial Ports WA Conference, 11 – 13 May 2011. A huge amount of planning and preparation went into making this event a showcase of the port, the town and the talents of local artists and service providers. The recently completed Albany Entertainment Centre was the main venue, with a welcome cocktail function held at the Boatshed and the Port Transit Shed transformed from an industrial space into a magical venue for the gala dinner.

As well as an exciting line up of guest speakers, the conference featured local artists painting in the foyer of the main venue; a live ABC radio broadcast conducting interviews with guest speakers and local identities; and local performers entertaining the dinner guests. Overall the conference was extremely successful, with the feedback afterwards being overwhelmingly positive.

Conference Co-ordinator, Ellen Milne and Event Designers, Smash Creation deserve special accolades for their hard work and innovation. Port staff and numerous local businesses also made an invaluable contribution.

The Port would like to acknowledge and thank the speakers and the sponsors, all of whom helped make the event a stand out.

Ports WA Conference delegates listen intensely

Speakers:

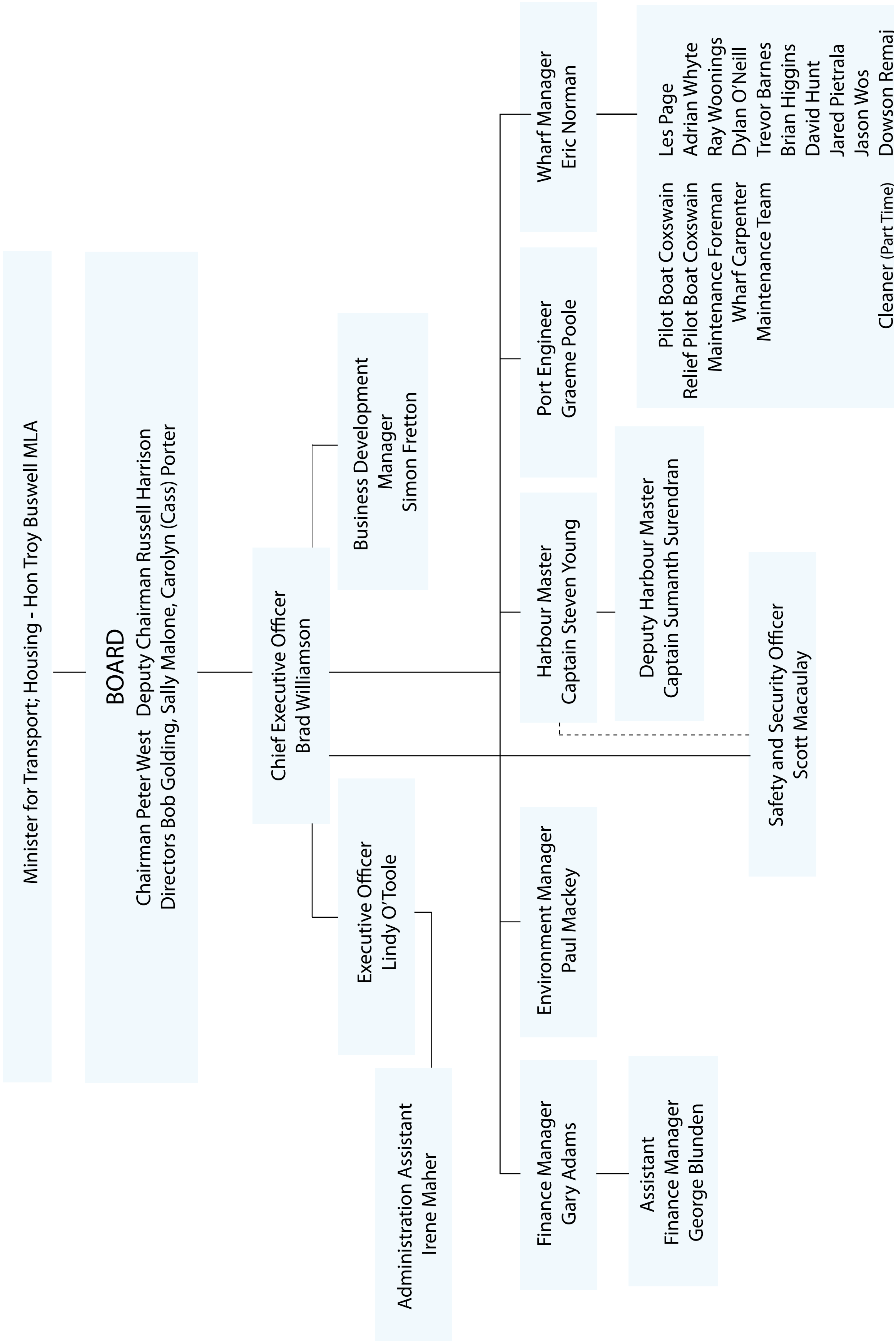
- **Hon Troy Buswell**, MLA, Minister for Transport; Housing
- **Duncan Calder**, President, Australia China Business Council (WA)
- **Margot Cairnes**, Chairman, Zaffyre International
- **Dr Andrew Crane**, CEO, Cooperative Bulk Handling
- **John Langoulant,** AO, Chief Executive, Oakajee Port & Rail
- **Vincent Tremaine**, CEO, Flinders Ports
- **Stephen Bradford**, CEO, Port of Melbourne Corporation
- **Lyle Banks**, Manager Planning and Development, Fremantle Ports
- **Steve Wade**, General Manager Asset and Infrastructure Management, Fremantle Ports
- **Captain Steven Young**, Harbour Master, Albany Port
- **Brad Williamson**, CEO, Albany Port
- **Virginia Christie**, Senior Representative, WA Office, Reserve Bank of Australia
- **Errol Considine**, Senior Counsel, Professional Public Relations
- **Peter Harris**, Managing Director, Professional Public Relations
- **Stewart Richmond**, Channel 9/WIN Director of News
- **Tim Shanahan**, Director Energy & Minerals Institute UWA and Deputy Chair Esperance Port

Sponsors:

- Grange Resources
- Patrick
- Clayton Utz
- Oakajee Port & Rail
- Sojitz
- Svitzer
- ARG
- Ports WA

Ports WA Conference

Organisation Structure



Organisation Structure

MINISTER	Hon Troy Buswell MLA Minister for Transport; Housing
BOARD MEMBERS	Peter West (Chairman) Russell Harrison (Deputy Chairman) Robert (Bob) Golding Sally Malone Carolyn (Cass) Porter
CHIEF EXECUTIVE OFFICER	Brad Williamson
HARBOUR MASTER	Captain Steven Young
DEPUTY HARBOUR MASTER	Captain Sumanth Surendran
SAFETY & SECURITY OFFICER	Scott Macaulay
FINANCE & ADMINISTRATION MANAGER	Garry Adams
ASSISTANT FINANCE MANAGER	George Blunden
EXECUTIVE OFFICER	Lindy O'Toole
ADMINISTRATION ASSISTANT	Irene Maher
ENVIRONMENT MANAGER	Paul Mackey
BUSINESS DEVELOPMENT MANAGER	Simon Fretton
PORT ENGINEER	Graeme Poole
WHARF MANAGER	Eric Norman
MAINTENANCE FOREMAN	Ray Woonings
WHARF CARPENTER	Dylan O'Neill
MAINTENANCE TEAM	Trevor Barnes Brian Higgins David Hunt Jared Pietrala Jason Wos
PILOT BOAT COXWAIN	Les Page
RELIEF PILOT BOAT COXWAIN	Adrian Whyte
CLEANER	Dowson Remaj
POSTAL ADDRESS	PO Box 175 Albany Western Australia 6331
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WEB SITE	www.albanyport.com.au

Director's Report

The Board of Directors of the Albany Port Authority ("the Authority") has pleasure in submitting its report for the financial year ended 30 June 2011.

1. Directors

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

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

2. Directors' meetings

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

Director	Number of Meetings	Number of Meetings Attended
Mr Peter West	7	6
Mr Russell Harrison	7	7
Mr Bob Golding	7	7
Ms Sally Malone	7	6
Ms Cass Porter	7	5

Unloading of Mount Barker wind turbines


NMF

3. Principal activities

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

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

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

Objectives

The Authority's objectives and targets are:

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

	Actual	Target				
	2011	2011	2012	2013	2014	2015
Diversification of Trade (Proportion to Total Trade)						
Grain	43%	49%	49%	50%	52%	53%
Woodchips	45%	39%	38%	37%	36%	36%
Other	12%	12%	13%	13%	12%	11%
Average Turn Around Time (Hours) (Total Time in Port / Number of Cargo Vessels)	74	101	103	104	105	106
Berth Occupancy Rate (Total Berth Hours / Total Available Hours)						
No3 Berth	34%	54%	45%	47%	50%	52%
No6 Berth	25%	35%	49%	49%	49%	49%

Diversification of trade: A greater proportion of the Port's trade related to woodchips in 2010/11 due to an increase in woodchips shipped and a decrease in the amount of grain going through the Port due to a poor harvest.

Berth occupancy rate – the occupancy of berths 3 and 6 was down on target due to decreased shipping movements. Berth 6 was affected by much lower than expected shipments of biomass pellets.

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

	Actual 2011	Target 2011	2012	2013	2014	2015
Total Charges per Tonne **(Total Ship & Cargo Charges / Total Cargo Tonnes)**	2.38	2.18	2.53	2.61	2.69	2.77
Total Expenditure per Tonne **(Total Expenditure / Total Cargo Tonnes)**	1.97	1.43	2.31	2.11	2.12	2.13
Rate of Return (Deprival) **(Adjusted Profit / Average Asset Base)**	2.18%	5.19%	1.54%	3.27%	3.89%	4.26%
Debt Ratio **(Total Liabilities / Total Assets)**	**11%**	**9 %**	**12 %**	**10%**	**8 %**	**8%**

Total port charges per tonne: The charges per tonne were increased by 8% for 2011 as there had been no increase for a number of years. A decrease in total tonnes shipped impacted on the expenditure per tonne as most of the Port's costs are fixed.

Rate of return: The rate of return increased minimally from the previous year due to a decrease in the Port's expenditure. The rate of return is impacted by reduced revenue.
Debt Ratio: the debt ratio is slightly higher than targeted due to the inclusion of a $450,000 provision for removal of asbestos.

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

	Actual 2011	Target 2011	2012	2013	2014	2015
Development Costs ($'000s)	432	2,000	2,800	1,000	1,000	1,000
Maintenance Costs ($'000s)	930	1,384	1,439	1,497	1,557	2,130
Land Availability **(Land available / Total land available)**	31%	27%	27%	27%	27%	28%

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

	Actual 2011	Target 2011	2012	2013	2014	2015
Publications	2	2	2	2	2	2
Number of Complaints	4	0	0	0	0	0

There were four complaints during the year relating to noise, dust and access to cruise ships.

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

	Actual 2011	Target 2011	2012	2013	2014	2015
LTI Incident Rate (Lost time injuries per million man hrs worked)	0	0	0	0	0	0

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

	Actual 2011	Target 2011	2012	2013	2014	2015
Environmental Incident Rate (Incidents per Million Tonnes of Cargo)	0	0	0	0	0	0

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

4. Dividends

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

	2011 $'000s	2011 $'000s
Dividends Paid	1,155	1,506

5. Operating and financial review

Review of operations – Port Trade

	Target 000's	Actual 2011 000's	Actual 2010 000's
Grain	2,000 54%	1,319 43%	1,842 54%
Woodchips	1,250 34%	1,382 45%	1,197 35%
Other	430 12%	367 12%	381 11%
Total Port Trade	3,680	3,068	3,420
Variation (%)	100%	100%	100%

Commentary on operating results

Total port trade was down by 17% on target.

Grain was down 28% (on the previous year) due to much lower than expected harvests, however woodchips were up by 16% (on the previous year) due to the sale of Timbercorp and Great Southern assets to other companies.

Review of operations – Financial Results

	Target $000's	Actual 2011 $000's	Actual 2010 $000's
Revenue & Income	10,142	9,291	9,206
Expenditure	7,722	6,944	6,632
Net Profit before Tax	2,420	2,347	2,574
Taxation Expense	(718)	(805)	(797)
Net Profit after Tax	1,702	1,542	1,777

Commentary on financial results

As a result of the reduced tonnages of port trade, the port's revenue declined by 8% on budget (1% increase on the previous year).

Total expenditure (for the year) was down 10% on target. This was primarily due to less than expected expenditure on maintenance items and reduced operating costs due to lower shipping movements. Expenditure was 5% higher than the previous year.

Strategy and future performance

The woodchip industry has begun to stabilise and it is anticipated that the tonnages shipped will be sustainable at around 1.4 million tonnes, which is a lower level than originally anticipated by the respective shippers.

Discussions are continuing with the Southdown Joint Venture which aims to develop an iron ore deposit approximately 90 kilometres east of Albany. Environmental approvals for dredging and Port works have been obtained and the Port is awaiting the outcome of the Joint Venture's definitive feasibility study to determine whether the project will go ahead. When fully operational, the project aims to ship up to 10 million tonnes of iron ore through the Port.

As usual, grain shipments continue to be subject to seasonal vagaries with far fewer tonnes being shipped in 2011 than originally anticipated. With current prediction being for a good growing season in 2011, the coming year offers some hope for a return to normal shipping rates.

Port users were advised of a 3.46% increase in port charges, which will become effective in the new 2011/12 financial year.

6. Significant changes in the state of affairs

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

7. Events subsequent to reporting date

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

8. Likely developments

The Port is currently investigating the possibility of providing bridge over rail, which will go some way to overcoming the current congestion in the woodchip precinct and provide better access to the proposed Southdown Joint Venture site. Applications are being submitted for additional funding to support this project.

9. Directors' emoluments

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

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

Executive Officers

	Base Salary	Superannuation	Motor Vehicle	Other	Total
BR Williamson Chief Executive Officer	$187,699	$17,937	$26,147	$11,601	$243,384
S A Young Harbour Master	$187,241	$16,851	$7,413	$1,200	$212,705
S Surendran Deputy Harbour Master	$168,298	$15,146	$6,765	$1,200	$191,409

10. Environmental regulation

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

11. Environmental management

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

12. Rounding off

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

This report is made with a resolution of the directors:

Peter West
Chairman

Robert Golding
Director

Place: Albany, Western Australia

Date: 1 September 2011

Port Trade for periods ending 30th June:

	2007	2008	2009	2010	2011
IMPORTS					
C.A.N.	-	-	5,233	-	-
D.A.P.	6,358	9,626	14,153	2,952	6,082
DPXL	1,514	-	-	-	-
Fertiliser	-	-	3,970	29,707	4,017
Fish	2,948	751	767	-	38
General Cargo	-	-	-	-	502
MAPS	8,958	13,257	15,590	-	4,543
MPZL	2,267	512	1,502	2,042	7,045
Petroleum Products	28,948	39,147	30,538	45,301	50,591
Potash	7,439	14,430	18,929	-	-
Single Super	2,004	-	15,105	22,025	8,111
Superphosphate	1,772	-	-	-	-
Triple Super	5,243	-	6,347	-	-
Urea	25,149	33,954	23,022	28,261	33,878
Vigour	-	-	853	-	-
Wheat	-	-	8,358	-	-
TOTAL IMPORTS	**92,599**	**111,677**	**144,368**	**130,289**	**114,807**
EXPORTS					
Barley	444,148	693,563	566,141	677,330	193,334
Biomass Pellets	-	-	-	26,531	76,782
Canola	119,369	204,104	409,693	319,518	196,998
Lupins	-	-	3,883	1,800	-
Oats	6,029	60,327	55,551	40,147	1,050
Pine Logs	-	69,049	97,950	65,918	-
Silica Sand	56,065	138,224	89,650	160,875	175,522
Wheat	1,372,801	827,570	1,174,906	802,966	928,520
Woodchips	1,410,065	1,561,485	1,626,537	1,197,443	1,382,398
TOTAL EXPORTS	**3,408,478**	**3,554,322**	**4,024,311**	**3,292,527**	**2,954,604**
Bunkers	-	150	-	350	45
TOTAL PORT TRADE	**3,501,077**	**3,666,150**	**4,168,679**	**3,423,165**	**3,069,456**
VESSELS					
Number of Vessels Entered Port	119	129	138	126	105
Gross Registered Tonnage	3,268,545	3,966,823	4,613,321	4,287,370	3,827,738
Deadweight Tonnage	4,883,784	5,367,636	6,419,922	5,381,711	5,196,531

Destination / Origin of Cargo:

Country	Fertiliser	General	Grain	Petroleum	Sand	Woodchips	Total	Previous
Australia	6,039	38	95,645	45			101,767	63,072
Bangladesh			8,876				8,876	67,590
Belgium			49,966				49,966	31,500
China	6,082		84,300				90,382	381,579
Egypt							-	38,500
Ethiopia							-	36,570
Germany		26,809	31,858				58,667	-
Indonesia			192,700				192,700	206,810
Iran							-	31,000
Iraq			102,168				102,168	7,499
Japan			189,241		175,522	1,382,398	1,747,161	1,554,843
Kuwait							-	127,931
Malaysia							-	94,730
Mexico							-	31,897
Mozambique							-	4,230
Netherlands		50,475	75,699				126,174	26,531
New Zealand	8,111						8,111	22,025
Oman			31,700				31,700	6,323
Pakistan							-	246,018
Papua New Guinea							-	10,800
Qatar			24,438				24,438	-
Russia							-	7,522
Saudi Arabia	7,507						7,507	135,617
Singapore				50,591			50,591	45,301
South Africa			31,900				31,900	35,750
South Korea			363,265				363,265	70,380
Spain							-	16,139
Thailand							-	12,403
United Arab Emirates							-	50,664
U.S.A.	11,588						11,588	6,046
Vietnam			62,585				62,585	53,547
Yemen							-	-
TOTAL	**39,327**	**77,322**	**1,344,251**	**50,636**	**175,522**	**1,382,398**	**3,069,456**	**3,422,815**

Financial Statements 30 June 2011

Statement of Comprehensive Income

	Note	2011 $'000	2010 $'000
Revenue	4	8,962	9,038
Other income	5	329	168
Depreciation and amortisation expense	6	(1,159)	(1,149)
Marine expenses		(626)	(659)
Port operations expenses		(324)	(360)
General administration		(1,854)	(1,587)
Asset maintenance		(2,006)	(1,772)
Environmental expenses		(188)	(277)
Port utilities		(361)	(332)
Safety and security		(229)	(217)
Finance costs	8	(85)	(161)
Other expenses	9	(112)	(118)
Profit before income tax		2,347	2,574
Income tax expense	10	(805)	(797)
Profit after income tax		1,542	1,777
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,542	1,777

The notes on pages 30 to 65 are an integral part of these financial statements.

Statement of Financial Position

	Note	2011 $'000	2010 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	12	9,331	8,386
Trade and other receivables	13	783	652
Current tax assets	10	-	121
Other	14	180	162
Total Current Assets		10,294	9,321
Non-Current Assets			
Other	14	-	108
Property, plant and equipment	15	32,481	33,078
Total Non-Current Assets		32,481	33,186
TOTAL ASSETS		42,775	42,507
LIABILITIES			
Current Liabilities			
Trade and other payables	16	717	426
Interest bearing borrowings	17	1,250	1,309
Current tax payable	10	206	-
Provisions	18	369	322
Other	19	430	607
Total Current Liabilities		2,972	2,664
Non-Current Liabilities			
Interest bearing borrowings	17	-	850
Provisions	18	1,127	630
Deferred tax liabilities	10	918	992
Total Non-Current Liabilities		2,045	2,472
TOTAL LIABILITIES		5,017	5,136
NET ASSETS		37,758	37,371
EQUITY			
Contributed equity	20	5,171	5,171
Retained earnings	20	32,587	32,200
TOTAL EQUITY		37,758	37,371

The notes on pages 30 to 65 are an integral part of these financial statements.

Statement of Changes in Equity

	Note	Contributed equity $'000	Retained earnings $'000	Total equity $'000
Balance at 1 July 2009	20	5,171	31,929	37,100
Total comprehensive income for the year		-	1,777	1,777
Transactions with owners in their capacity as owners:				
Dividends paid	11	-	(1,506)	(1,506)
Balance at 30 June 2010		5,171	32,200	37,371
Balance at 1 July 2010	20	**5,171**	**32,200**	**37,371**
Total comprehensive income for the year		-	**1,542**	**1,542**
Transactions with owners in their capacity as owners:				
Dividends paid	11	-	(1,155)	(1,155)
Balance at 30 June 2011		**5,171**	**32,587**	**37,758**

The notes on pages 30 to 65 are an integral part of these financial statements.

Statement of Cash Flows

	Note	2011 $'000	2010 $'000
Cash flows from operating activities			
Cash receipts from customers		**9,685**	10,250
Cash paid to suppliers and employees		**(5,868)**	(6,061)
Cash generated from operations		**3,817**	4,189
Interest paid		**(96)**	(179)
Income taxes paid		**(551)**	(1,361)
Net cash from operating activities	21	**3,170**	2,649
Cash flows from investing activities			
Interest received		**385**	309
Proceeds from sinking funds		**-**	-
Proceeds from sale of property, plant and equipment		**80**	74
Acquisition of property, plant and equipment	15	**(626)**	(583)
Net cash from investing activities		**(161)**	(200)
Cash flows from financing activities			
Repayment of borrowings	17	**(909)**	(1,041)
Dividends paid	11	**(1,155)**	(1,506)
Net cash from financing activities		**(2,064)**	(2,547)
Net increase (decrease) in cash and cash equivalents		**945**	(98)
Cash and cash equivalents at 1 July		**8,386**	8,484
Cash and cash equivalents at 30 June	12	**9,331**	8,386

The notes on pages 30 to 65 are an integral part of these financial statements.

Notes to the Financial Statements

1. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared as general purpose financial statements in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the financial reporting provisions of the Port Authorities Act 1999, except as disclosed in note 1(b).

The financial statements were authorised for issue on 1 September 2011 by the Board of Directors of the Albany Port Authority ("the Authority").

(b) Presentation of the statement of comprehensive income

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

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

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

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

(c) Basis of measurement

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

Notes to the Financial Statements

1. Basis of preparation (continued)

(d) Functional and presentation currency

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

(e) Use of estimates and judgements

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

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

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

Defined benefit plans

Various actuarial assumptions are required when determining the Authority's superannuation obligations. These assumptions and the related carrying amounts are discussed in note 18(d).

Provision for Remediation

Various assumptions are required in determining Albany Port's remediation obligations, including the extent of remediation to be undertaken in relation to dismantling and removing assets no longer deemed fit for use.

Notes to the Financial Statements

2. Summary of significant accounting policies

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

(a) Revenue recognition

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

(i) Rendering of services

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

(ii) Interest

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

(iii) Rental income

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

(b) Finance income and expenses

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

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

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

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

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

(c) Income tax

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

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

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

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

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

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

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(d) Receivables

(i) Trade receivables

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

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

(ii) Lease receivables

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

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

(e) Inventories

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

(f) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

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

(iii) Depreciation

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

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

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

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

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(g) Impairment

The carrying value of the assets are reviewed for impairment when the events or changes in circumstances indicated the carrying value may not be recoverable.

If a trigger exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount. The recoverable amount of assets is the greater of fair value less the cost to sell and value in use. As Albany Port is a not for profit entity, the value in use is the assets depreciated, optimised replacement cost.

(h) Leases

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

Other leases are operating leases and the leased assets are not recognised in the Authority's Statement of Financial Position.

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.

(i) Financial instruments

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

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

Refer to Note 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.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

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.

(j) 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.

(k) 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.

(l) Employee benefits

The liability for annual and long service leave expected to be settled within 12 months after the Statement of Financial Position 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 Statement of Financial Position 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 Statement of Financial Position 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 Statement of Financial Position 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 statement of financial position.

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

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

(m) Employee superannuation

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

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

The Authority's total superannuation liability has been actuarially assessed as at 30 June 2011.

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 statement of financial position 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.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

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 statement of comprehensive income.

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

(n) Dividends

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

(o) 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.

(p) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash on hand, cash at bank, at call deposits and term deposits.

For the purpose of the Statement of Cash Flows, cash equivalents consist of cash and cash equivalents as defined above.

(q) 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.

Notes to the Financial Statements

2. Summary of significant accounting policies (continued)

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 statement of financial position.

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.

(r) Contributed equity

The Authority receives support from the WA Government (see note 20). Any amounts received are recognised directly as a credit to contributed equity.

(s) Initial application of an Australian Accounting Standard

The Authority has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2010 that impacted on the Authority.

- AASB 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 5, 8, 101, 117, 118, 136 & 139)

Under amendments to AASB117, the classification of land elements of all existing leases has been reassessed to determine whether they are in the nature of operating or finance leases. As all leases of land and buildings recognised in the financial statements have been determined as operating leases, no changes to accounting estimates have been included in the Financial Statements or the Notes to the Financial Statements.

Under amendments to AASB 107, only expenditures that result in a recognised asset are eligible for classification as investing activities in the Statement of Cash Flows. All investing cashflows reported in the Authority's Statement of Cash Flows relate to increases in recognised assets.

(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 2011, but have not been applied in preparing this financial report. The Port has not yet assessed the impact, if any, of the adoption of the following standards:

Notes to the Financial Statements

		Operative for reporting periods beginning on/after
AASB 2009-11	*Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].* The amendment to AASB 7 Financial Instruments: Disclosures requires modification to the disclosure of categories of financial assets. The Authority does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.	1 Jan 2013
AASB 2009-12	*Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]* This Standard introduces a number of terminology changes. There is no financial impact on the Authority resulting from the application of this revised Standard.	1 Jan 2011
AASB 1053	*Application of Tiers of Australian Accounting Standards* This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. The Standard does not have any financial impact on the Authority. However it may affect disclosures in the financial statements of the Authority if the reduced disclosure requirements apply.	1 July 2013

Notes to the Financial Statements

		Operative for reporting periods beginning on/after
AASB 2010-2	*Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities. The Standard is not expected to have any financial impact on the Authority. However this Standard may reduce some note disclosures in financial statements of the Authority	1 July 2013
AASB 2010-5	*Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (October 2010)* This Standard introduces a number of terminology changes as well as minor presentation changes to the notes to the Financial Statements. There is no financial impact on the Authority resulting from the application of this revised Standard.	1 Jan 2011
AASB 2010-6	*Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]* This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets. The Standard is not expected to have any financial impact on the Authority	1 July 2011

Notes to the Financial Statements

		Operative for reporting periods beginning on/after
AASB 9	*Financial Instruments* This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments. The Standard was reissued on 6 Dec 2010 and the Authority is currently determining the impact of the Standard.	1 Jan 2013
AASB 124	Related Party Disclosures (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for the Authority's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.	1 Jan 2011
AASB 2010 7	*Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]* This Amending Standard makes consequential adjustments to other Standards as a result of issuing AASB 9 Financial Instruments in December 2010. DTF has not yet determined the application or the potential impact of the Standard for agencies.	1 Jan 2013

Notes to the Financial Statements

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:

	2011 $'000	2010 $'000
Rendering of services		
Charges on cargo	4,492	4,692
Charges on ships	2,807	2,893
Shipping services	51	124
Interest revenue		
WA Treasury Corporation	-	191
National Australia Bank	430	123
Treasury	-	4
Rentals and leases	1,182	1,011
Total revenue	8,962	9,038

5. Other income

Other income consists of the following items:

	2011 $'000	2010 $'000
Net gain on sale of property, plant and equipment	13	25
Sale of electricity and water	41	61
Miscellaneous charges	275	82
	329	168

Notes to the Financial Statements

6. Depreciation and amortisation expense

	2011 $'000	2010 $'000
Depreciation		
Channels and breakwaters	633	633
Buildings and improvements	74	74
Plant and equipment	223	209
Berths, jetties and infrastructure	215	213
Total depreciation	1,145	1,129
Amortisation		
Prepaid expenditure	14	20
Total amortisation	14	20
Total depreciation and amortisation	1,159	1,149

7. Employee benefits expense

	2011 $'000	2010 $'000
Wages and salaries[a]	2,370	2,261
Superannuation – defined benefit plans (see note 18(d))	203	198
Personal leave	2	5
Long service leave[b]	37	20
Annual leave(b)	58	17
Accumulated days off	2	(3)
	2,672	2,498

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

(b) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance and payroll tax are included at note 9 'Other expenses". The employment on-costs liability is included at note 18 'Provisions'.

Notes to the Financial Statements

8. Finance costs

	2011 $'000	2010 $'000
Finance lease finance charges	-	-
Interest paid	85	161
Borrowing costs capitalised	-	-
Finance costs expensed	85	161

9. Other expenses

	2011 $'000	2010 $'000
Doubtful debts expense	(4)	(12)
Employee on-costs(a)		
Payroll tax	80	97
Income protection insurance	7	3
Workers compensation insurance	29	30
	112	118

(a) Includes workers' compensation insurance, payroll tax and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 18 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employee on-costs.

Notes to the Financial Statements

10. Income tax expense

Recognised in the income statement

	2011 $'000	2010 $'000
Current tax expense		
Current income tax charge	877	772
Adjustment for prior periods	2	-
	879	772
Deferred tax (benefit)/expense		
Origination and reversal of temporary differences	(74)	25
	(74)	25
Total income tax expense	805	797

Numerical reconciliation between tax expense and pre tax net profit

	2011 $'000	2010 $'000
Profit for the period	1,542	1,777
Total income tax expense	805	797
Profit excluding income tax	2,347	2,574
Income tax using the statutory tax rate of 30% (2010: 30%)	705	772
Non-deductible expenses	98	48
Adjustment in respect of previous current tax	2	-
Investment allowance	-	(23)
	805	797
Income tax expense	805	797

Notes to the Financial Statements

10. Income tax expense (continued)

Deferred income tax

	2011 Statement of Financial Position	2010 Statement of Financial Position	2011 Income statement	2010 Income statement
	$'000	$'000	$'000	$'000
Deferred tax liabilities				
Accelerated depreciation for tax purposes	(9,652)	(9,270)	382	355
Future dredging	(743)	(762)	(19)	(20)
Others	(24)	(10)	14	2
Gross deferred tax liabilities	(10,419)	(10,042)		
Deferred tax assets				
Receivables	2	-	(2)	
Other financial assets	4	-	(4)	
Employee benefits	314	285	(29)	(8)
Accelerated depreciation for accounting purposes	9,005	8,702	(303)	(304)
Prepaid rental	-	17	17	12
Asbestos Removal	135	-	(135)	
Others	41	46	5	(12)
Gross deferred tax assets	9,501	9,050		
Set-off of deferred tax liabilities pursuant to set-off provisions				
Net deferred tax liability	(918)	(992)		
Deferred tax (benefit)/expense			(74)	25

Current tax assets / (liabilities)

The current tax liability of $0.206 million (2010: Current tax refund of $0.121 million) represents the amount of income taxes payable or refundable in respect of current and prior financial periods.

Notes to the Financial Statements

11. Dividends

	2011 $'000	2010 $'000
Dividends paid in the financial year	1,155	1,506

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 65% (2010:50%) of after tax profits. 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 approved by Government and declared by the Board after balance date.

A dividend of $1.155 million (2010: $1.506 million) in respect of the financial results for the year ended 30 June 2010 (2009) was paid in January 2011 (2010).

12. Cash and cash equivalents

	2011 $'000	2010 $'000
Bank balances	3,703	3,103
Call deposit	5,601	5,256
Term deposits	27	27
Cash and cash equivalents in the statements of cash flows	9,331	8,386

The Authority's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 22(i).

13. Trade and other receivables

	Note	2011 $'000	2010 $'000
Current			
Receivables		783	652
Less: allowance for impairment of receivables		(5)	(9)
		778	643
Other debtors		5	9
		783	652
Reconciliation of changes in the allowance for impairment of receivables:			
Balance at start of year		9	21
Amount recovered during the year		(4)	(12)
Balance at end of year		5	9

Notes to the Financial Statements

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

	Note	2011 $'000	2010 $'000
Greater than 30 days and not more than 3 months		170	166
More than 3 months but less than 6 months		8	-
More than 6 months but less than 1 year		-	-
More than 1 year		-	-
		178	166

14. Other

	Note		
Current			
Prepaid expenditure		116	120
Accrued income		64	42
		180	162
Non-current			
Sinking funds		-	108
		-	108

Sinking funds were invested with Treasury at floating interest rates. The interest rates received ranged between 3.374% and 4.535% (2010: 3.374% and 4.535%). The fund was extinguished in September 2010 and the money used to pay down debt.

The Authority's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities are disclosed in note 22(i).

Notes to the Financial Statements

15. Property, plant and equipment

	Note	2011 $'000	2010 $'000
Channels and breakwaters			
At cost		29,374	29,374
Accumulated depreciation		(8,226)	(7,593)
Accumulated impairment losses			
		21,148	21,781
Land			
At cost		2,966	2,966
Accumulated impairment losses		-	-
		2,966	2,966
Buildings and improvements			
At cost		4,152	4,152
Accumulated depreciation		(3,654)	(3,580)
Accumulated impairment losses		-	-
		498	572
Plant and equipment			
At cost		3,852	3,762
Accumulated depreciation		(2,889)	(2,808)
Accumulated impairment losses		-	-
		963	954
Berths, jetties and infrastructure			
At cost		21,511	21,507
Accumulated depreciation		(15,226)	(15,011)
Accumulated impairment losses		-	-
		6,285	6,496
Total property, plant and equipment at net book value		31,860	32,769
Add: Work in progress (at cost)		621	309
Total property, plant and equipment		32,481	33,078

Report on Operations

15. Property, plant and equipment (continued)

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

	2011 $'000	2010 $'000
Channels and breakwaters		
Carrying amount at 1 July	21,781	22,414
Transfers from works in progress	-	-
Depreciation for the year	(633)	(633)
Carrying amount at 30 June	21,148	21,781
Land		
Carrying amount at 1 July	2,966	2,966
Carrying amount at 30 June	2,966	2,966
Buildings and improvements		
Carrying amount at 1 July	572	449
Transfer from work in progress	-	197
Depreciation for the year	(74)	(74)
Carrying amount at 30 June	498	572
Plant and equipment		
Carrying amount at 1 July	954	917
Additions	281	295
Transfers from work in progress	29	-
Depreciation for the year	(223)	(209)
Disposals	(78)	(49)
Carrying amount at 30 June	963	954
Berths, jetties and infrastructure		
Carrying amount at 1 July	6,496	6,557
Additions	-	21
Transfer from work in progress	4	131
Depreciation for the year	(215)	(213)
Carrying amount at 30 June	6,285	6,496

Report on Operations

15. Property, plant and equipment (continued)

	2011 $'000	2010 $'000
Work in progress:		
Carrying amount at 1 July	308	371
Additions	346	297
Adjustments	-	-
Transfers to property plant and equipment	(33)	(360)
Carrying amount at 30 June	621	308
Total property, plant and equipment	32,481	33,078

Impairment loss and subsequent reversal
The Authority did not experience any impairment loss during the current or prior year.

Security

There are no assets pledged as security.

16. Trade and other payables

	2011 $'000	2010 $'000
Current		
Trade payables	669	375
Other payables	27	27
GST payable	21	24
	717	426

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

Notes to the Financial Statements

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 and liquidity risk, see note 22 (i).

	2011 $'000	2010 $'000
Current liabilities		
Direct borrowings	1,250	1,309
Special borrowings	-	-
	1,250	1,309
Non-current liabilities		
Direct borrowings	-	850
Special borrowings	-	-
		850
Financing arrangements		
The Authority has access to the following lines of credit:		
Total facilities available:		
Direct and special borrowings	2,100	5,735
	2,100	5,735
Facilities utilised at reporting date:		
Direct and special borrowings	1,250	2,159
	1,250	2,159
Facilities not utilised at reporting date:		
Direct and special borrowings	850	3,576
	850	3,576

Significant terms and conditions

Loans of $1.25 million (2010 $2.159 million) from the WA Treasury Corporation are repayable on fixed dates and bear fixed interest at between 5.02% and 5.14% (2010: 3.91% and 6.54%).
Interest rate risk exposure

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

Notes to the Financial Statements

17. Interest bearing borrowings (continued)
Interest rate risk exposure (continued)

2011		Fixed interest rate						
	Variable interest rate	1 year or less	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 4 years	Over 4 to 5 years	More than 5 years	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Interest bearing borrowings:								
Direct borrowings		1,250	-	-	-	-	-	1,250
		1,250	-	-	-	-	-	1,250
Weighted average interest rate:								
Direct borrowings		5.06%						

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

18. Provisions

	Note	**2011 $'000**	**2010 $'000**
Current			
Employee benefits provision			
Accumulated days off		7	5
Annual leave(a)		222	164
Long service leave(b)		63	79
Personal leave		31	29
Superannuation(d)		46	45
		369	322
Non-current			
Employee benefits provision			
Long service leave(b)		142	90
Superannuation(d)		535	540
Removal of asbestos		450	-
		1,127	630

Notes to the Financial Statements

18. Provisions (continued)

During the year, it was determined that the Authority is responsible for the removal of a building situated on the Authority's land, which is primarily made of asbestos. It is expected that the building will be removed within the next 18 months and provision has been made for the anticipated removal costs.

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

	2011 $'000	**2010 $'000**
Within 12 months of balance date	222	164
More than 12 months after Statement of Financial Position date	-	-
	222	164

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

	2011 $'000	**2010 $'000**
Within 12 months of balance date	63	79
More than 12 months after Statement of Financial Position date	142	90
	205	169

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

(d) Defined benefit superannuation plans

Notes to the Financial Statements

18. Provisions (continued)

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

	Note	2011 $'000	2010 $'000
Amounts recognised in the Statement of Financial Position:			
Present value of unfunded obligations		581	585
Fair value of plan assets		-	-
		581	585
Reconciliation of movement in the present value of the unfunded obligations recognised in the Statement of Financial Position:			
Opening balance		585	596
Current service cost			
Interest cost		31	30
Actuarial gain on liabilities		11	3
Benefits paid (including expenses and taxes)		(46)	(44)
		581	585

(d) Defined benefit superannuation plans (continued)

	Note	2011 $'000	2010 $'000
Amounts recognised in the income statement:			
Current service cost			
Interest cost		31	30
Actual gain recognised		11	3
		42	33
Historic summary:			
Defined benefit plan obligation		581	585
Plan assets		-	-
		581	585
Experience adjustments arising on plan liabilities		-	3
Experience adjustments arising on plan assets		-	-
Principal actuarial assumptions:			
Discount rate		5.28%	5.48%
Expected future salary increases		4.50%	4.50%
Expected future pension increases		2.50%	2.50%
Expected contributions		**46**	**45**

Notes to the Financial Statements

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

Movements in provisions

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

	Note	2011 $'000	2010 $'000
Retirement benefit obligations			
Carrying amount at 1 July		585	596
Provisions made during the year		42	33
Amounts utilised in the year		(46)	(44)
Carrying amount at 30 June		581	585
Employment leave provisions			
Carrying amount at 1 July		367	328
Provisions made during the year		458	343
Amounts utilised in the year		(360)	(304)
Carrying amount at 30 June		465	367
Provision for Asbestos Removal			
Carrying amount at 1 July		-	-
Provisions made during the year		450	-
Amounts utilised in the year		-	-
Carrying amount at 30 June		450	-

19. Other liabilities

	Note	2011 $'000	2010 $'000
Current			
Prepaid rental income		67	110
Accrued expenses		129	263
Other			
Future dredging expenditure		234	234
		430	607

Notes to the Financial Statements

20. Equity

	2011 $'000	2010 $'000
Contributed equity		
Balance at the start of the year	5,171	5,171
Capital contributions	-	-
Balance at end of year	5,171	5,171
Retained earnings		
Balance at start of year	32,200	31,929
Profit for the period	1,542	1,777
Income and expenses recognised directly in equity		
Dividends paid	(1,155)	(1,506)
Balance at end of year	32,587	32,200

21. Reconciliation of cash flows from operating activities

	Note	2011 $'000	2010 $'000
Cash flows from operating activities			
Profit for the period		1,542	1,777
Adjustments for:			
Depreciation and amortisation	6	1,159	1,149
Finance expense	8	85	161
Interest income		(430)	(314)
Gain on sale of property, plant and equipment	5	(13)	(25)
Income tax expense	10	805	797
Operating profit before changes in working capital and provisions		3,148	3,545
Change in trade and other receivables	13	(131)	526
Change in other assets		141	-
Change in trade and other payables	16	291	56
Change in other liabilities	19	(177)	5
Change in provisions and employee benefits	18	545	57
		3,817	4,189
Interest paid		(96)	(179)
Income taxes paid		(551)	(1,361)
Net cash from operating activities		3,170	2,649

Notes to the Financial Statements

22. Financial instruments

(i) Financial risk management objectives and policies

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

Market risk

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

The Authority's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. The Authority's borrowings are all obtained through the Western Australian Treasury Corporation (WATC) and are at fixed rates with varying maturities or at variable rates. The risk is managed by WATC through portfolio diversification and variation in maturity dates. The Authority has limited exposure to interest rate risk because it has no borrowings other than WATC borrowings.

Cash on deposit is held in a mix of variable interest and fixed interest bank accounts.

Sensitivity analysis

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

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

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

Notes to the Financial Statements

22. Financial instruments (continued)

Interest Rate Risk	Carrying Amount $'000	+0.50% change Profit $'000	(0.25%) change Profit $'000
2011			
Financial Assets			
Cash and cash equivalents	9,331	47	(23)
Total Increase/(Decrease)	9,331	47	(23)

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

Notes to the Financial Statements

22. Financial instruments (continued)

Fair value sensitivity for fixed rate instruments.

The Port does not account for any fixed rate financial asset or liabilities at fair value through profit or loss. Therefore a change in interest rates at reporting date would not affect the profit and loss.

Credit risk

Credit risk primarily arises on cash and cash equivalents and trade and other receivables. Credit risk on cash and cash equivalents is minimised by the Port depositing funds with Australian financial institutions with appropriate credit ratings. Credit risk on trade and other receivables arises when there is the possibility of the Authority's receivables defaulting on their contractual obligations resulting in financial loss to the Authority. The Authority measures credit risk on a fair value basis and monitors risk on a regular basis. With respect to credit risk arising from cash and cash equivalents, The Authority's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of the cash and cash equivalents.

The Authority operates predominantly within the shipping and cargo handling industry and accordingly is exposed to risks affecting that industry. The maximum exposure to credit risk at Statement of Financial Position 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 22(ii).

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

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

Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligations as they fall due. The Authority's objective is to maintain a balance between continuity of funding and flexibility through the use of cash reserves and its borrowing facilities. The Authority manages its exposure to liquidity risk by ensuring appropriate procedures are in place to manage cash flows, including monitoring forecast cash flows to ensure sufficient funds are available to meet its commitments.

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

Notes to the Financial Statements

22. Financial instruments (continued)

Financial liabilities	Carrying amount $'000	6 months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	More than 5 years $'000
2011						
Trade and other payables	717	717	-	-	-	-
Interest bearing borrowings	1,250	778	510	-	-	-
	1,967	1,495	510	-	-	-
2010						
Trade and other payables	426	426	-	-	-	-
Interest bearing borrowings	2,159	576	775	803	114	-
	2,585	1,002	775	803	114	-

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

(ii) Categories of financial instruments

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

	Note	2011 $'000	2010 $'000
Financial assets			
Cash and cash equivalents		9,331	8,386
Trade and other receivables		783	652
Sinking funds		-	108
		10,114	9,146
Financial liabilities			
Trade and other payables		(717)	(426)
Interest-bearing borrowings:		(1,288)	(2,159)
		(2,005)	(2,585)

The carrying amounts, by maturity, of the interest-bearing borrowings that are exposed to interest rate risk are disclosed in note 17.

Notes to the Financial Statements

22. Financial instruments (continued)

(iii) Fair values

All financial assets and liabilities recognised in the Statement of Financial Performance, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.
The fair value of the fixed interest bearing borrowings was provided by the WA Treasury Corporation using a lending curve, based on the various maturing dates for each loan, less a margin.
The directors consider the carrying amount of the other financial instruments to represent their fair value.

23. Commitments

(i) Capital expenditure commitments

	Note	2011 $'000	2010 $'000
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:			
Within 1 year		2,234	-
Later than 1 year and not later than 5 years		-	-
Later than 5 years		-	-
		2,234	-

(ii) Operating leases receivable

	2011 $'000	2010 $'000
Future minimum rentals receivable for operating leases at reporting date:		
Within 1 year	936	759
Later than 1 year and not later than 5 years	3,014	2,684
Later than 5 years	10,084	9,980
	14,034	13,423

Operating leases receivable are in respect of property rentals.

Notes to the Financial Statements

24. Remuneration of auditor

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

	2011 $'000	2010 $'000
Remuneration for audit of the financial statements	40	47

25. Related parties

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

26. Contingent liabilities

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

Contaminated sites

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

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

27. Events occurring after the end of the reporting period

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

Notes to the Financial Statements

Directors' declaration

In the opinion of the Directors of the Albany Port Authority:

(a) the financial statements and notes, set out on pages 11 to 47, are in accordance with the financial reporting provisions of the Port Authorities Act 1999, including:

(i) giving a true and fair view of the financial position of the Albany Port Authority as at 30 June 2011 and its performance, as represented by the results of its operations and cash flows, for the year ended on that date; and

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

(b) there are reasonable grounds to believe that the Albany Port 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 on 1 September 2011:

Peter West
Chairman
Albany, Western Australia

Robert Golding
Director

Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

ALBANY PORT AUTHORITY

I have audited the financial report of the Albany 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 then ended, 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 Albany 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 report 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 report 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.

continued next page

Albany Port Authority

Opinion

In my opinion, the financial report of the Albany 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
8 September 2011

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