



## BROOME PORT ANNUAL REPORT

# 2011-2012









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# 1. CHAIRMAN'S REPORT

I am pleased to report in my second year as Chairman of the Board of Directors that the Port of Broome has successfully emerged from a turbulent year, during which port business, employment and revenues were affected by unexpected downturns in offshore resource sector activities and regional livestock exports. The port authority's stringent financial and operational management of these circumstances, coupled with re-emergence of Browse Basin offshore activity late in the financial year, enabled the port authority to achieve a financial surplus by year's end.

A further challenge that the port authority is meeting with enthusiasm resulted from the WA State Government initiating a port reform process (the first port governance review since 1995) in which the Broome Port Authority is tasked with evolving into a regional Kimberley Ports Authority. This new government trading agency is to provide port authority overview across the ports and terminals of Wyndham, Cockatoo and Koolan Islands, Derby, Broome, and the proposed greenfields port at James Price Point.

Broad strategic objectives set by the Board for the financial year were largely met despite the financial downturn, including:

1. the provision of crucial infrastructure and ongoing asset maintenance and replacement;
2. maintaining service capabilities in meeting customer demands;
3. the provision of high standards in governance, safety, physical security and environmentally and socially sustainable outcomes; and
4. readying land for proponents' logistics projects.

Performance indicators met by our Board and Management during 2011-12 include facilitating and supporting trade; maintaining levels and standards of commerce; safe, effective, and efficient operations; the maintenance and preservation of property; sound environmental management over land and water; and, despite the port's financial constraints during the year, an efficiency dividend was paid to the State Government.

Safety, finance, and risk management control were emphasised within the Board's ongoing deliberations and management tasking, and independent audits and reviews of these processes confirm that the port is satisfactorily performing its primary governance roles. Our workforce and contractors have reached a new milestone without lost time incidents for which all personnel are to be congratulated. We joined with our major customers during the year at seminars, workshops and audits to implement safety projects and recently we attended a Woodside-sponsored program entitled 'Standing Together for Safety' which provides new directions for safety within the region.



During the past year the port collaborated closely with government, the community, logistics partners, and our customers. Formation of the Logistics Consultative Committee is a particularly successful initiative, whereby a cross section of port customers and stakeholders attend a quarterly independently chaired meeting to discuss the port's logistics performance. Attendance has rapidly grown from an inaugural dozen members to more than sixty attendees from all facets of the port industry, and important change outcomes have subsequently been achieved in the areas of port safety, logistics methodology, and port performance.

Port works have increased in scale and complexity, enabled by state government assistance towards financing of power, water and telecommunications infrastructure improvements, and in particular the undergrounding of the power lines along Port Drive. Other project





tasks include safety and environmental initiatives at the wharf, plus cultural, heritage and environmental surveys and audits. Important community service obligation tasks have included maintaining the town's primary recreational boat ramps at Entrance Point and the safety management of recreational vehicle and foot traffic activities occurring alongside heavy truck movements.

During the year I attended a number of important government and industry port management forums. In particular, the port authority's membership of the Ports WA Council provides a collegial environment for the transmission of ideas and collaboration across the WA port industry.

The Board members see environmental management as second only in importance to safety and a comprehensive environmental audit was conducted across the port lands to ensure that the port authority and associated stakeholders operate in an environmentally sensitive and responsible manner. Additionally, I am pleased to report that BrPA is well advanced in compiling an Environmental management system as a preliminary step

in attaining ASNZS 14001 accreditation.

Cultural, heritage and environmental corridors are being established across port land on the Broome Peninsula to protect socially important sites and to enable wildlife movement from one area to another around the port perimeters. Provision has been made to retain stands of mature trees as permanent shelter, feeding, and roosting sites. Within Roebuck Bay the port provides ongoing support for independent seagrass and blue-green algae environmental monitoring programs. BrPA is also engaged with the state government and industry to maintain a high level of emergency preparedness including that of oil spill response, and together with industry the port has acquired a substantial local stock of oil spill response equipment.

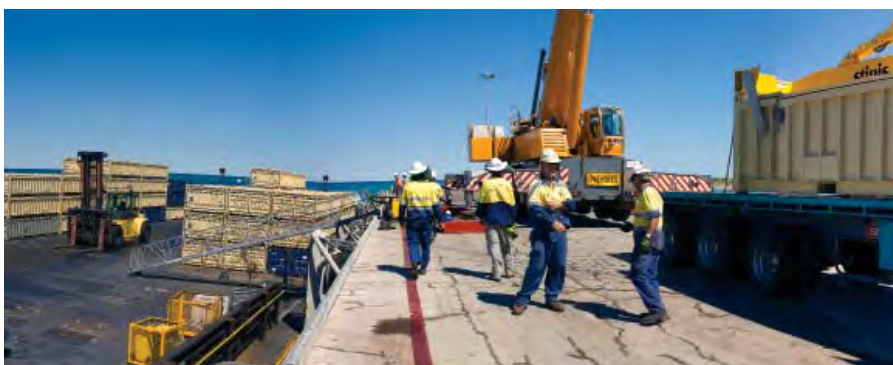
BrPA successfully carried its operations through the economic downturn and managed to attain financial viability at year's end. A dividend was paid to the State government for a previous year and a dividend will also be paid for FY 2011-12. Financial management during the extended period of business downturn required a number of hard decisions

regarding areas of savings. I thank the port's staff and employees who all worked unstintingly during the past twelve months to achieve these outcomes and end result.

In terms of port authority personnel, a decision was made to outsource the port's pilotage following a marked turnover of staff mariners during the past five years, and this decision was primarily made in relation to providing port customers with surety of service. This outsourcing will provide visiting ships Masters with access to a greater number of experienced and qualified pilots, and a major procedural change for port customer attention is that these licensed pilotage services providers will be invoicing customers directly rather than through the port authority.

I am especially reassured by the level of professionalism practiced by the port authority managers and staff during this past year, and am grateful for the contributions and enthusiasm of all employees who have made 2011-12 successful and financially viable despite the difficulties we encountered along the way. The Board of Directors and staff look forward to working with the WA government, the people of our region, and our customers in successfully managing the anticipated challenges and opportunities of the coming year.

**Chair**  
**Laurie Shervington**





## 2. CEO'S REPORT

Broome Port Authority successfully managed through a difficult period of business and economic constraints during FY2011-12. Our achievements include accessing new business opportunities, attaining heightened levels of safety and environmental compliance, completing key capital works projects on budget, and implementing strategic and operational planning processes towards expanding regional port authority roles.

An emphasis on safety and training enabled the port authority to finish the year with sound feedback from port users on the levels of safety and reliability demonstrated at our workplace. An important operational initiative was planned and implemented between the port's proactive safety committee and Shell (a major port user) whereby a set of safe working standards were designed for working heavy drill pipe and casings breakbulk cargo. This type of cargo is difficult to unload from ships' holds and the methodology as developed at Broome follows extensive risk evaluations and trials. The new procedure has potential to form the basis of a new industry standard in tubular cargo working processes, and was submitted for consideration towards state and national industry safety awards as a means of gaining wider workplace acceptance.

Turning to financial management and as outlined in the Chairman's report, the federal government intervention in the areas of offshore exploration activities and the suspension of the live cattle trade adversely impacted Port of Broome shipping revenue until April 2012. Stringent financial controls throughout the financial year ensured that the port accounts remained viable during the shipping downturn.

When offshore exploration resumed in the Browse Basin in April 2012, the resurgence in cargo throughput coupled with commencement of the cattle export season transformed the wharf business from a care and maintenance level of activity to almost full capacity. In May 2012 the port authority experienced a record month in terms of port business and revenue, and returned to the level of business activities previously achieved during 2008.

New business has resulted in support of regional resource projects, which is markedly increasing container throughput. From a local perspective this new port-oriented business gives rise to increased employment and business opportunities for the community. At least 50 new jobs were created at port-oriented trucking and logistics agencies.

Other boosts to local employment and business were provided from projects within the port including BrPA relocating essential port services, with the objective of releasing parcels of land for development. Also, logistics services providers Toll-Mermaid invested in the development of two logistics yards within the port. Other projects included enhancing the safety of high load vehicle and crane operators by undergrounding the heavy duty power



lines both along and across Port Drive. These power lines were not only relatively low to the ground; they were exhibiting signs of age and diminished resilience against cyclonic winds. In other projects a fire main was installed to cover the slipway area, the Entrance Point boat ramp parking area lighting was refurbished and the boat ramps repaired, increased support services were provided at the wharf, and various components of a Port Master Plan were developed, including stormwater and waste water management, and a Land Use Plan.

A competent engineering firm prepared an extensive engineering review and business case for a wharf maintenance works program, and other engineering firms provided specialist project management and oversight functions for various projects. While several projects came in late (primarily due to competition in obtaining materials and labour) all projects came in on budget.





The port authority has close ties with community businesses and residents, and particularly so in relation to the tourism and recreational activities that occur within the port's land boundaries. The township of some 17,000 population has a 10% level of boat ownership (DoT Technical Report 491/2012) and the primary boat launching facility is located at Entrance Point within the port. These boat ramps and its parking area are maintained and repaired as a port authority community service obligation. Other expenditure related to community service obligations includes:

- a) Jetty recreational walkway maintenance;
- b) Car parks and toilet block maintenance and cleaning;
- c) Traffic management - integration of commercial, recreational, tourist industry vehicles and pedestrian traffic;
- d) Park and gardens maintenance;
- e) Beach access stairs;
- f) Fencing maintenance (part of traffic/pedestrian separation scheme);
- g) Port signage;
- h) Subsidised fishing and pearling vessel operations; and
- i) Peppercorn rentals for several community service agencies and organisations.

Stakeholder relations were furthered by means of Director and management participation in seminars, meetings, communications and presentations. A Port Review by a third party conducted a survey of port users on a number of



*Night unloading of casing pipes*

issues and concluded that the port was highly regarded for its levels of reliability and safety governance. 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.

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 prepare business cases towards the port's growth and development. BrPA continues to work with peer groups Ports WA and Ports Australia to develop high level strategic vision, policies and planning instruments in support of state and national port objectives, operations and

administration.

In summary, the financial outcome for FY2011-12 was pleasing in terms of viability following a prolonged period of business downturn. Essential works, governance and planning activities were accomplished within budget. Our Minister and Board of Directors have provided clear strategic direction for the coming year, during which management will undertake much of the planning process towards adopting a wider regional role.

**CEO**  
**Capt Vic Justice**



250 tonne crane lowers piano onboard

## 3. AGENCY OVERVIEW

### 3.1. Agency Performance

**Table 1 - Agency Performance 2011/2012**

| <b>FINANCIAL PERFORMANCE</b> | <b>Result (\$000)</b> | <b>% Change from FY10-11</b> |
|------------------------------|-----------------------|------------------------------|
| Total Revenue                | 15,227                | 16%                          |
| Profit/Loss after Tax        | 759                   | P                            |
| Dividend to State Government | 493                   | (100)%                       |
| Capex                        | 764                   | (63)%                        |
| Total Assets                 | 33,954                | 3%                           |

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

- a) Business cases were raised and financial planning conducted towards future growth - including the extension of life of the 46 year wharf for \$23M and a new wharf concept plan amounting to \$314M.
- b) An environmental gap analysis was undertaken and the resulting Environmental Management System is being documented for implementation.
- c) 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 2011-12. Notwithstanding, the following activities were successfully accomplished:

- a) Port's maritime industries were promoted and growth occurred in Port business including servicing of tugs and barges transporting construction material to Barrow Island for Chevron's Gorgon Project.
- b) Revenue from shipping activities including coastal trading, fishing, pearling, cruise, livestock exports and oil and gas sector increased.
- c) Revenue flow and cash reserves were managed prudently so that the Port Authority finances remained viable.
- d) Met and exceeded the efficiency dividend requirements and a dividend payment will to be made for 2011/12.

### 3.2. Ministerial Directions

Nil.

### 3.3. Governance

#### 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.

Most female staff take advantage of the benefits arising from BrPA's Education Assistance Policy and have been undertaking training at either a tertiary or TAFE level. An Indigenous trainee was provided a full-time position within the Administration section and is continuing studies at Certificate III level at the Kimberley Training Institute.





Stevedore's at work on wharf

### Human Resources

Stevedoring employment decreased through 2011 - 12 in line with a decline in the expected offshore exploration activity and reduction in live cattle export shipping activity.

Training delivered during the year includes MEX maintenance software usage for the maintenance team, oil spill response, first aid, radio and ongoing participation of 24 stevedores in Certificate III and nine in Certificate IV in Transport and Logistics (Stevedoring) to formalise their work expertise.

### The State Records Act 2000

BrPA has a registered Recordkeeping Plan - RKP 2008020. Archive records are retained in a purpose built room and disposal of records is an ongoing process in accordance with the State Records Office approved 'General Disposal Authorities'.

### Freedom of Information

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 have been no applications made under this Act during the financial year 2011 - 2012.

### The Electoral Act 1907 - section 175ZE

Table 2 - Advertising Expenses 2011/12 (includes staff recruitment)

| Advertising Agencies           | Detail                  | Amount (ex GST)    |
|--------------------------------|-------------------------|--------------------|
| Adcorp Australia               | Recruitment             | \$5,670.75         |
| Broome Advertiser              | Recruitment             | \$1,951.09         |
| Career One                     | Recruitment             | \$600.00           |
| Informa Australia              | Recruitment             | \$709.80           |
| Lester Blades                  | Recruitment             | \$16,459.00        |
| Lloyds                         | Recruitment             | \$858.80           |
| Nationwide News                | Recruitment             | \$9,730.73         |
| Seek                           | Recruitment             | \$553.75           |
| West Australian                | Recruitment             | \$8,545.65         |
| Broome Advertiser              | Public Notice           | \$965.59           |
| Broome Pictures                | Marketing Port Services | \$2,000.00         |
| KAS Helicopters                | Marketing Port Services | \$400.00           |
| Landgate                       | Marketing Port Services | \$29.71            |
| Online USB Sales               | Marketing Port Services | \$1,347.53         |
| Proton Promotional Advertising | Marketing Port Services | \$2,375.00         |
| <b>Total</b>                   |                         | <b>\$52,197.40</b> |



### Risk Management

Broome Port Authority employs Risk Management top down – bottom up processes in order to achieve its organisational objectives within the contexts of good governance, business resilience and effective levels of performance. These processes to control the various categories of risks employ a combination of strategic, operational, economic, legal and regulatory management measures.

Impartiality is lent towards auditing BrPA’s risk exposure by the employment of third party services providers, including a regulatory requirement for port authority internal audits. Other risk performance measures include maintaining a RiskCover risk management register, and the conduct of both programmed and ‘for cause’

observations and surveys across all areas under BrPA’s jurisdiction. Policies and procedures towards controlling enterprise risks are promulgated and explained to notify all personnel of what is required of them in terms of risk management, mitigation and emergency response capabilities.

### 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.

### Insurance of Directors and Officers

BrPA paid a premium of \$47,214.48 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 office to the extent permitted by law and provided that various conditions have been satisfied. Coverage excludes conduct involving a willful breach of duty in relation to their employment or appointment to the BrPA Board.

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

Table 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 and has a range of policies in place to satisfy auditors’ requirements.**

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





Shoreline from Simpsons beach to the wharf

### Corruption Prevention

BrPA has a comprehensive system of policies that form the basis of its corruption prevention system. The codes and policies have been approved by the Board of Directors and each staff member is required to read and acknowledge receipt of the relevant policy and agree to abide by its terms.

The Code of Conduct also addresses:

- a) Customer Service
- b) Conflicts of interest
- c) Offer and Acceptance of Gifts and other Incentives
- d) Personal Behaviour with customers and work colleagues
- e) Professional Integrity
- f) Corruption
- g) Release and use of Port Authority Information
- h) 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.

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 and usage and expenditure limits for credit cards to ensure correct expenditure protocol is followed.

BrPA's Public Interest Disclosure Officer is obligated to investigate, assess and where

appropriate, refer misconduct allegations to the relevant authorities. BrPA's website sets out the process to be followed if an individual wishes to make a Public Interest Disclosure.

### 3.4. Environmental Management

In 2012 BrPA commenced a program to upgrade the existing environmental management system (EMS) to a standard compliant with the International Standard for EMS (ISO 14001:2004). The upgrade will assist BrPA to continue to meet its requirement under the Port Authorities Act 1999 "to protect the environment of the port and minimise the impact of port activities on that environment".

The first step towards developing an ISO 14001 compliant EMS was to undertake a gap analysis of existing environmental management practices at BrPA. BrPA engaged an environmental consultant to undertake this work during the 2011-2012 financial year, with the objective of providing a road map to guide works required to further develop the EMS.

The scope of the gap analysis included review of existing BrPA environmental management documentation, a review of incident reporting processes, an inspection of facilities, and interviews with staff members, followed by the preparation of a Gap Analysis report. Key findings of the gap analysis were as follows:

- a) BrPA generally operates in a manner consistent with the intent of an ISO 14001 aligned EMS.

- b) The framework required for an ISO 14001 compliant EMS is in place. However, the information and procedures within this framework require optimisation if certification of the EMS is to occur at a later date.
- c) Environmental management at BrPA is integrated with health and safety management.
- d) Revision of existing environmental management documentation, the development of additional documentation where gaps currently exist, and the centralisation of all EMS documentation will be required to support an ISO 14001 compliant EMS.
- e) Training of BrPA staff will be required to support the implementation of an ISO 14001 compliant EMS.

BrPA intends to engage a specialist consultant to assist with the development and implementation of an ISO 14001 compliant EMS during the 2012-2013 financial year.

An environmental audit was conducted by an environmental consultant of the BrPA lands including BrPA Lease holders. This audit will be finalised shortly and further audits will be conducted on a regular basis.

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.

### 3.5. Organisational Structure

#### MINISTER

Hon Troy Buswell, MLA  
Treasurer and Minister for Transport; Emergency Services

#### 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

Graham Hill

#### 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

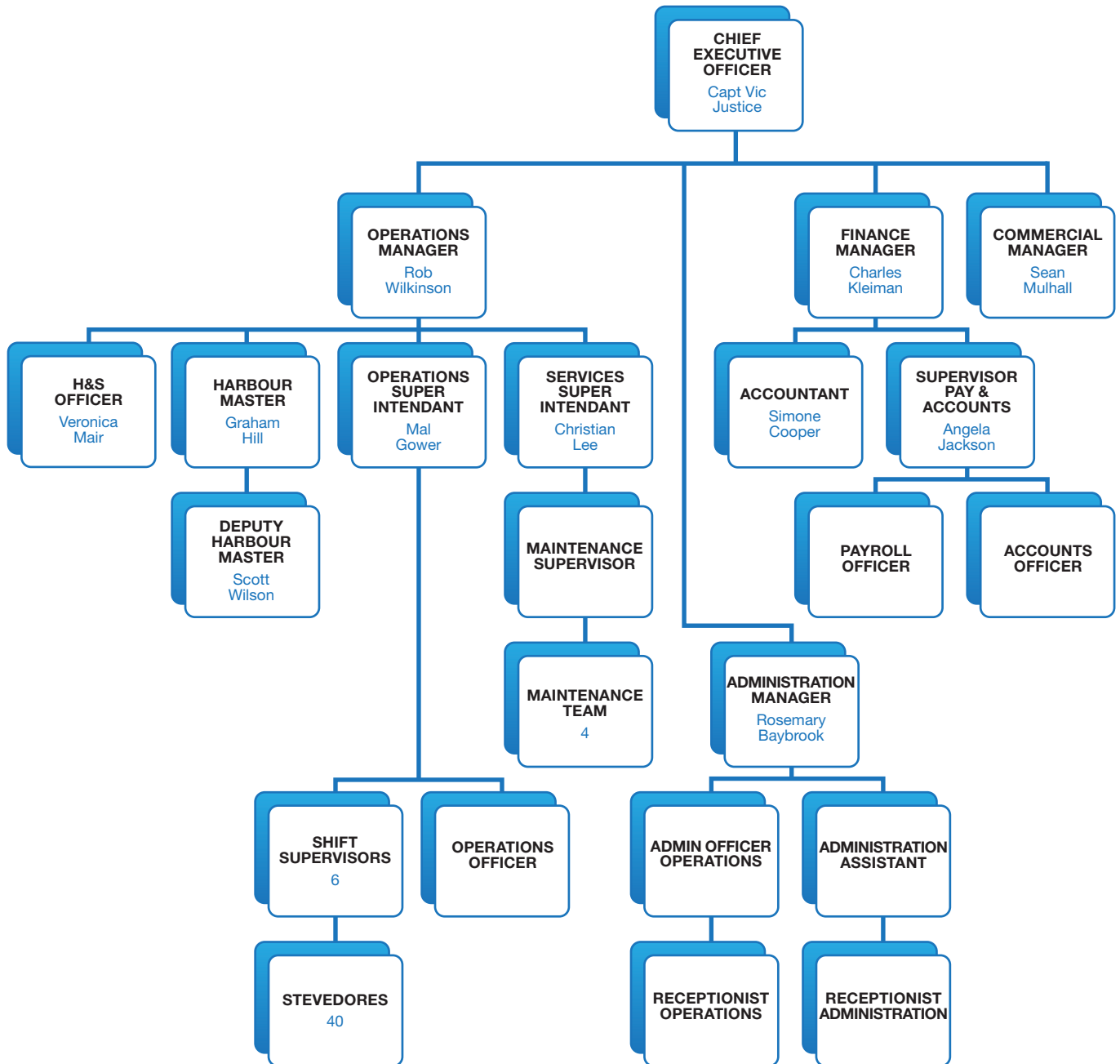
info@broomeport.wa.gov.au

#### WEBSITE

www.broomeport.wa.gov.au



Organisational Chart





## 4. OPERATIONAL OVERVIEW

### 4.1. Operational Review and KPI's

#### Vessel Visits

Figure 1 shows a 10% increase in vessel visits during 2011-12. Government related vessel visits servicing Navy, Customs and Fisheries increased by 90% from the previous year. Livestock vessel visits remained lower as larger vessels continue to be used. Offshore oil and gas use of the wharf decreased in line with reduced Browse Basin exploration activities. Large commercial vessel visits remained strong influenced by the coastal shipping service making regular calls into Broome. There were 30 visits for vessels supporting the Gorgon Project on Barrow Island, including vessels calling for water, fuel and containerized construction materials.

Industries where vessel visits decreased include:

- Livestock vessels by 3%
- Browse Basin Offshore oil & gas vessels by 11% (due to delays with the start of planned campaigns)
- Private vessel visits by 21%
- Tourism Charter vessel visits by 21%

Industries where vessel visits increased include:

- Fishing vessels by 20%.
- Pearling vessels by 12%.
- Navy vessels by 126%.
- Customs vessels by 64%.

- Department of Fisheries vessels by 50%.
- Petroleum vessels by 33% (figure 3)
- General cargo vessel visits by 31%
- Cruise vessels by 87% due to an increase in cruise liner and smaller expeditionary cruise vessel visits (figure 2).

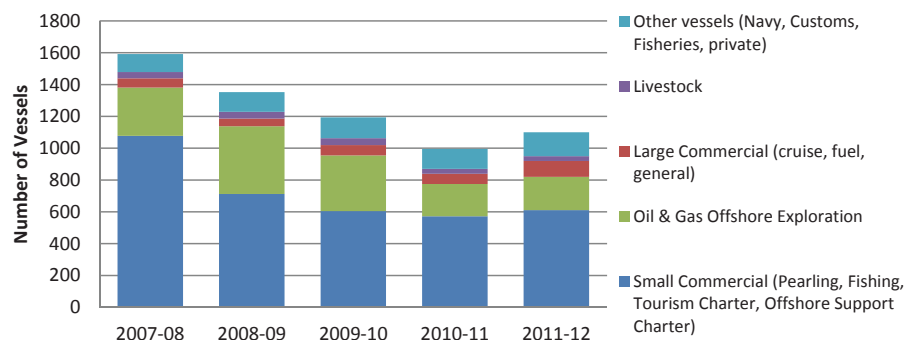


Figure 1 - Vessel Visits

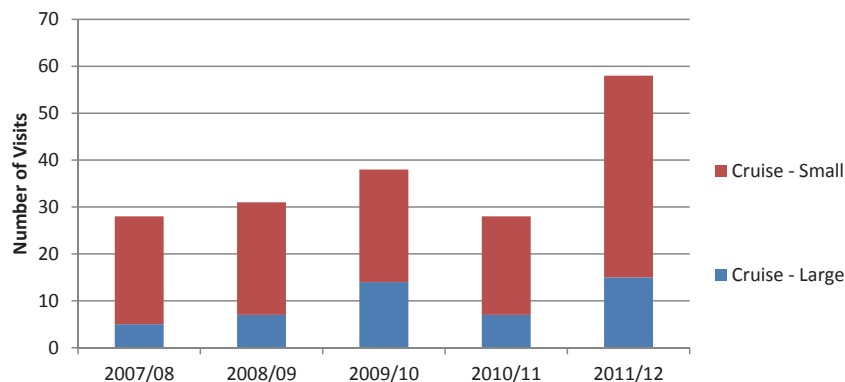


Figure 2 - Cruise vessel visits to Broome Port for the past 5 years





Broome Port commenced being used as a logistics pathway for construction materials to be shipped to Barrow Island. This is a new trade for BrPA and is expected to continue during 2012/13.

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

Figure 4 shows the monthly average berth occupancy (Berths 4-10) for the period July 2011 - June 2012. The highest monthly average was 47% during May 2012. Berth occupancy increased significantly during the 4th quarter of 2011/12, as offshore oil and gas exploration was restarted by ConocoPhillips.

**Vessel Turnaround Times**

Figure 5 shows monthly average vessel turnaround times for oil and gas supply vessels was 16 hours (18 hours in 2010/11). 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 and gas supply vessels visiting from October 2011 - March 2012.

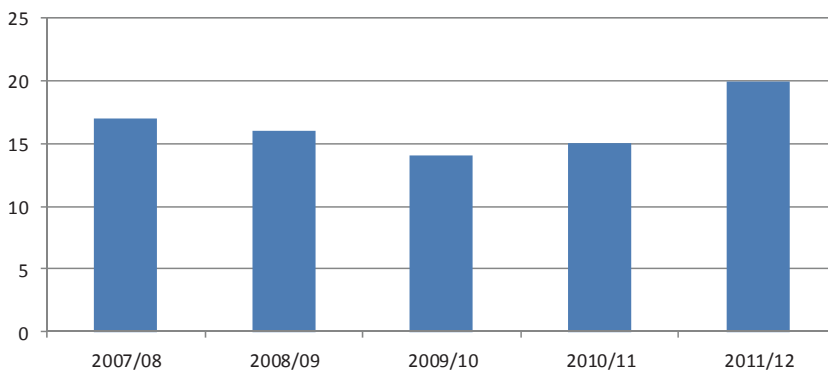


Figure 3 - Petroleum vessel visits 2011-12

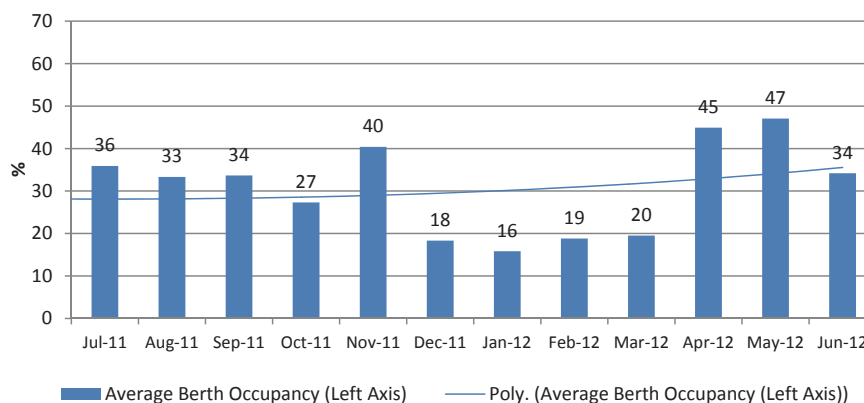


Figure 4 - Berth Occupancy

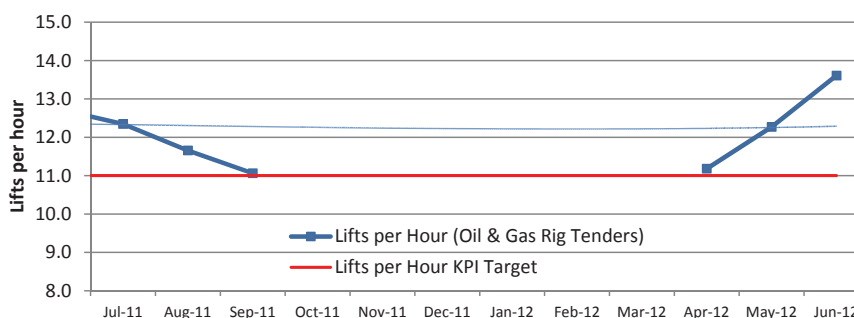


Figure 5 - Average Oil & Gas Rig Tender Turnaround Time 2011-12



**Crane Rates**

Figure 6 shows that the monthly average crane rates for oil & gas supply vessels was 12.0 lifts per hour, which is above the KPI of 11.0 lifts per hour. Reliability 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 October 2011 - March 2012.

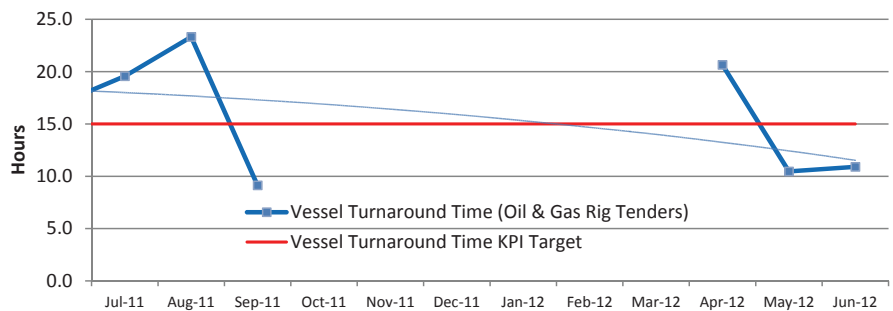


Figure 6 - Average Oil & Gas Rig Tender Cranes Rate 2011-12

**Truck Turnaround Times**

Figure 7 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 2012 was 31 minutes. There were no oil & gas supply vessels visiting from October 2011 - March 2012.

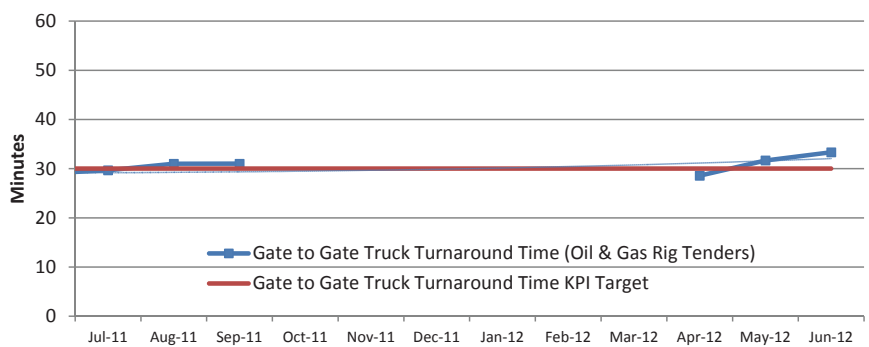


Figure 7 - Average Truck Turnaround Time 2011-12





## 4.2. Trade Statistics

### Total Trade

Figure 8 shows that total trade in tonnes decreased by 2% compared to the previous year.

### Import Trade

Figure 9 shows that total import trade increased 3% from the previous year. Fuel imports decreased by 2% due to decreased demand for bunker fuel from vessels supporting Browse Basin oil & gas exploration.

Drilling equipment and drill mud imports increased by 68% from the previous year as offshore oil & gas companies prepare for exploration drilling campaigns in the Browse Basin during 2012/13.

### Export Trade

Figure 10 shows that total export trade decreased by 9% from the previous year with fuel bunkers, drilling equipment and water used by the offshore oil and gas exploration industry down due to decreased Browse Basin activity. Other exports increased significantly as Broome Port began to be used as a logistics pathway for construction materials to be shipped to Barrow Island.

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

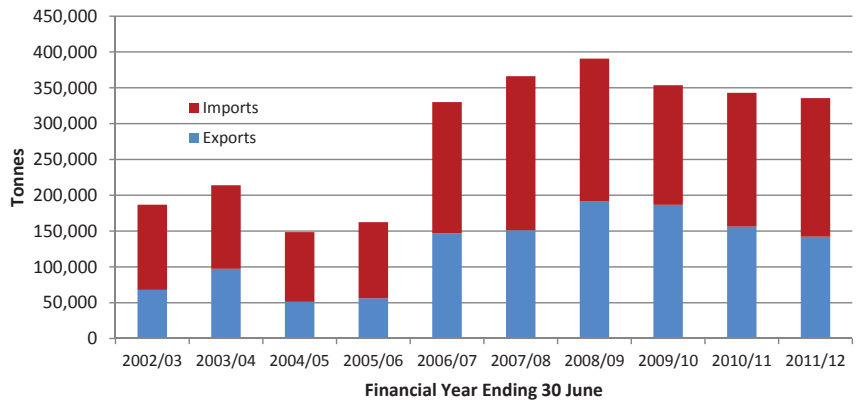


Figure 8 - Total Trade for the past 10 Years

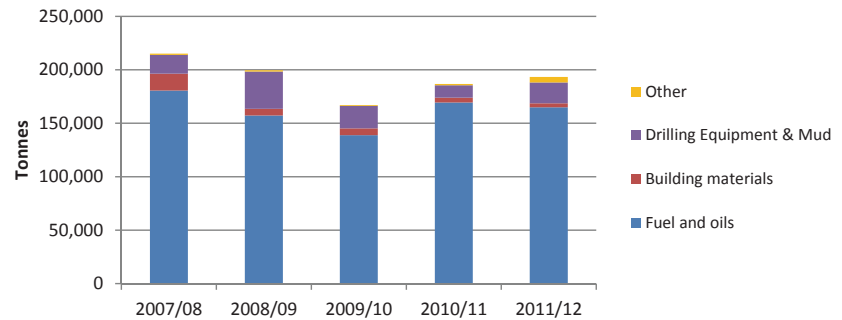


Figure 9 - Import Trade for the past 5 Years

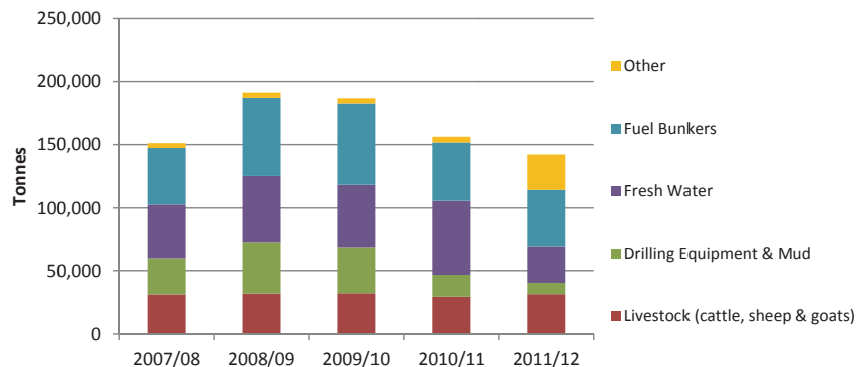


Figure 10 - Export Trade for the past 5 years



Sand barge loading

### Container Trade

Figure 11 shows that container trade increased significantly. This is a result of Broome Port being used as a logistics pathway for containerized construction materials being shipped to Barrow Island and empty containers being returned from Barrow Island via Broome Port.

### Offshore Oil and Gas Exploration

During 2011/12 offshore oil and gas exploration drilling activities in the Browse Basin were undertaken by Woodside Energy Limited and ConocoPhillips. From October 2011 through to the end of March 2012 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 increased during the second half of 2011/12 in preparation for increased Browse Basin activity during 2012/13. 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 and gas processing facility on Barrow Island.

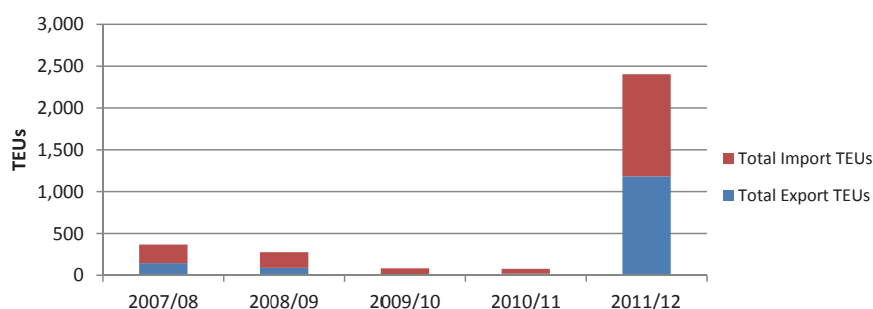


Figure 11 - Container Trade for the past 5 years

### Infrastructure Improvement and Maintenance

Underdeck warranty rectification work is complete. BrPA commenced blasting and recoating refurbishment of the outer berth fender system. A Megapoxy treatment of the wharf extension has been completed to stop water ingress into the cracks in the concrete deck. Two new lights were fitted to a wharf tower to increase illumination quality on the wharf. Kerbing replacement on the old section of the wharf head was also completed.

Other essential major works included installation of a fire main to service the slipway and BrPA renewed the lighting infrastructure at the Entrance Point Boat Launching Facility.

A transportable meal facility was installed on the wharf to provide both an overflow option and meal preparation facilities outside the flammable zone when a fuel tanker is alongside.





Toolbox meeting

### 4.3. Safety Review

#### Commitment to Occupational Safety and Health

Broome Port maintains its commitment to providing a safe and healthy work environment for all employees, contractors, port users and visitors. Continual improvement in OSH management and performance is a key focus for the BrPA Board and management team.

BrPA's Health Safety and Environment (HSE) Activity Plan 2012, which was developed in consultation with the workplace HSE Committee and approved by the Board, outlines the organisation's targets and goals for OSH and injury management performance. BrPA aims for zero harm in the workplace and encourages all employees and contractors to identify and report hazards, incidents and near misses.

#### Formal Mechanism for Consultation with Employees on OSH Matters

BrPA recognises that consultation and communication with the workforce is a fundamental element to an effective OSH Management System (OSHMS). BrPA's HSE Committee plays an integral role in the consultation process within the organisation. In this forum hazards, risks and other matters relating to OSH are raised, discussed and reviewed. The Committee is comprised of seven employee safety representatives and six management representatives. In 2011/12 there were 13 HSE Committee meetings conducted.

OSH information is communicated to employees through toolbox talks, after action review meetings and safety notice boards. The Port Induction also provides employees and Port Users with important safety and environment information.

#### Injury Management and Workers Compensation

BrPA is committed to assisting employees who have been injured or become ill due to work return to their pre-existing duties as soon as medically appropriate and in accordance with the Workers Compensation and Injury Management Act 1981.

BrPA's Workplace Injury Management Policy is distributed to all employees and information on injury management is included in the Port Induction. Management supports the injury management process and understands that success relies on the active participation and cooperation of all parties including the injured worker, treating medical practitioners, insurance provider and BrPA.

#### Occupational Safety and Health Management Systems

BrPA has an effective OSHMS that is internally reviewed on an annual basis. A review of the OSH management system was conducted in May 2012 by an external consultant as part of an internal BrPA workplace audit.

During the reporting period BrPA received the following Occupational Safety and Health Awards:

- a) October 2011 Worksafe Finalist for Best Workplace Safety and Health Management System
- b) October 2011 IFAP Safety Achievement Award (Gold). As part of this award IFAP reviewed the BrPA OSHMS.



Figure 12 – Finalist for Best Workplace Safety and Health Management System



### Occupational Safety and Health Performance Indicators

Table 4 - Occupational Safety and Health Performance Indicators

| Measure  | 2009-10 | Actual Results |                                      | Target |
|--|---------|----------------|--------------------------------------|--------|
|  |         | 2010-11        | 2011-12                              |        |
| Number of fatalities   | 0       | 0              | 0                                    | 0      |
| Lost time injury and/or disease frequency rate                               | 0       | 12.13%         | 12.26%<br>One LTI in<br>October 2011 | 0      |
| Lost time injury and/or disease severity rate                                | 0       | 12.13%         | 0                                    | 0      |
| Percentage of injured workers return to work within 28 days                  | 100%    | 100%           | 100%                                 | 100%   |
| Percentage of managers trained in OSH and injury management responsibilities | 12.5%   | 12.5%          | 30%                                  | ≥80%   |





## 5. DIRECTORS REPORT

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 2012.

### 5.1. Role of the Board

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.

During 2011-12 the Board commissioned consultants to conduct an internal audit of BrPA procedures and practices, and submitted a funding proposal to Government to ensure an extension of life for the 46 year old section of the wharf. A Land Use Plan was finalised to provide direction for future port development.

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.

### 5.2. Directors' Rights

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

### 5.3. Directors' Details

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

#### **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.

#### **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 a senior manager with regional firm Buru Energy which is engaged in exploration of the onshore Canning Basin. He has worked with many of the larger Australian oil and gas explorers, and has experience in project planning, community consultation and liaison, project management, communication and reporting. As a long term Broome resident, Mr. Morris has wide ranging connections with the community and its organisations including lengthy involvement with the Broome Turf Club and a founding member of the Surf Lifesaving Club. His current term as director expires on 31 December 2013.

#### **Ms Marie Gamble**

Ms Gamble is actively involved in the Yeeda Pastoral Company family business which also includes the development and marketing of Kimberley free range beef. Ms Gamble has been a director in the pearling industry and a Broome retail proprietor. A long term Broome resident, Ms Gamble has worked with remote communities within the region and is currently engaged in community projects and tourism for Broome and the Kimberley. Her current term as director expires on 30 June 2013.

#### **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**

During the reporting period Director Marie Gamble's term was extended to 30 June 2013 and Director George Morris until 31 December 2013.



#### 5.4. Directors Meetings

During the financial year 2011 - 2012 Directors held seven Directors' meetings and one Strategic Management sub-Committee meeting.

**Table 5 - Meetings attended by Directors**

| Members Name   | Laurie Shervington (Chairman) | Kim Male (Deputy Chairman) | George Morris | Marie Gamble | Derek Albert |
|--|-------------------------------|----------------------------|---------------|--------------|--------------|
| Board Meetings held in 2011/12                         | 7                             | 7                          | 7             | 7            | 7            |
| Number of Board meetings attended                      | 7                             | 6                          | 7             | 7            | 6            |
| Audit & Risk sub-Committee meetings held 2011/12       | 0                             | 0                          | 0             | 0            | 0            |
| Strategic Planning sub-Committee meetings held 2011/12 | 1                             | 1                          | 1             | 1            | 1            |
| Strategic Planning sub-Committee meetings attended     | 1                             | 1                          | 1             | 1            | 1            |





## 5.5. Planned Achievements

BrPA experienced an unprecedented growth in trade in the final quarter of the year offsetting low shipping activity for the remainder of the year. Against this backdrop many projects and planned expenditure were reduced in order to maintain cash reserves.

### Planned Achievements

### Status

#### Infrastructure:

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>a) Fully maintain and repair critical infrastructure - piles and decking on the wharf;</li> <li>b) Replace obsolete Infrastructure and equipment;</li> <li>c) Upgrade essential services such as sewerage systems and stormwater drainage, and</li> <li>d) Modification and construction of key road works.</li> </ul> | <ul style="list-style-type: none"> <li>a) Blasting and recoating refurbishment of 25 meters of the outer berth fender system, plus fender upgrades and megapoxy used to reseal wharf extension deck;</li> <li>b) Personal computer replacement programme commenced;</li> <li>c) Sewerage Plan finalised and water drainage plan at proposal stage, and</li> <li>d) Traffic plan being finalised and road sealing works finalised at Jetty neck entrance.</li> </ul> |
|---|---|

#### Safety and Environment:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>a) Ensure a safe working environment for Port staff and customers;</li> <li>b) Meet site specific safety provisions including access between small vessels and the wharf, and</li> <li>c) Provide a high level of governance of environmentally and socially sustainable outcomes.</li> </ul> | <ul style="list-style-type: none"> <li>a) Port Standard Operating Procedures reviewed as required and JHAs implemented following a risk analysis process;</li> <li>b) Safety Committee undertakes risk assessments and actively reviews stevedore procedures, and</li> <li>c) Environmental audit and gap analysis undertaken and management system being documented.</li> </ul> |
|--|--|

#### Planning

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>a) Collaborate with the State Government and commercial entities in planning for the proposed James Price Point LNG precinct, and</li> <li>b) Preparation and documentation of Port Master plans.</li> </ul> | <ul style="list-style-type: none"> <li>a) Ongoing input provided to Department of State Development, Transport commercial entities and Minister, and</li> <li>b) Sewerage plan finalised. water drainage plan at proposal stage and Worley Parsons Traffic Management Plan being modified for port use.</li> </ul> |
|---|--|



## Planned Achievements

## Status

### Finance

- |   |   |
|---|---|
| <ul style="list-style-type: none"> <li>a) Increase revenue to remain self-supporting and to fund improvements and maintain prudent cash reserves;</li> <li>b) Secure funding for crucial infrastructure, master plans, provision of essential services, and ongoing asset maintenance and replacement.</li> <li>c) Achieve and sustain profitability with financial capability to meet shareholder returns;</li> <li>d) Improve ability to reduce existing debt and sustain long term viability, and</li> <li>e) Increase diversification of port revenue and long term guaranteed income through land leases.</li> </ul> | <ul style="list-style-type: none"> <li>a) Increased total revenue by 14%;</li> <li>b) Funding submissions lodged with State Government;</li> <li>c) Met efficiency dividend obligations and declared a Dividend for 2011/12.</li> <li>d) Debt repayments met throughout period, and</li> <li>e) Leasehold returns increased throughout period.</li> </ul> |
|---|---|

### Facilitate Trade

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>a) Meet customer demands and consolidate and increase trade;</li> <li>b) Increase volume of general cargo shipping, and</li> <li>c) Promote the Port's and Broome's maritime industries.</li> </ul> | <ul style="list-style-type: none"> <li>a) Berthing delays remained very low and export livestock numbers increased by 14%;</li> <li>b) General cargo and coastal trading vessel visits increased by 30%. Additionally shipments of casing and drill products increased 68%, and</li> <li>c) The port Logistics Working Group met quarterly with increasing number of attendees and companies being represented.</li> </ul> |
|--|--|

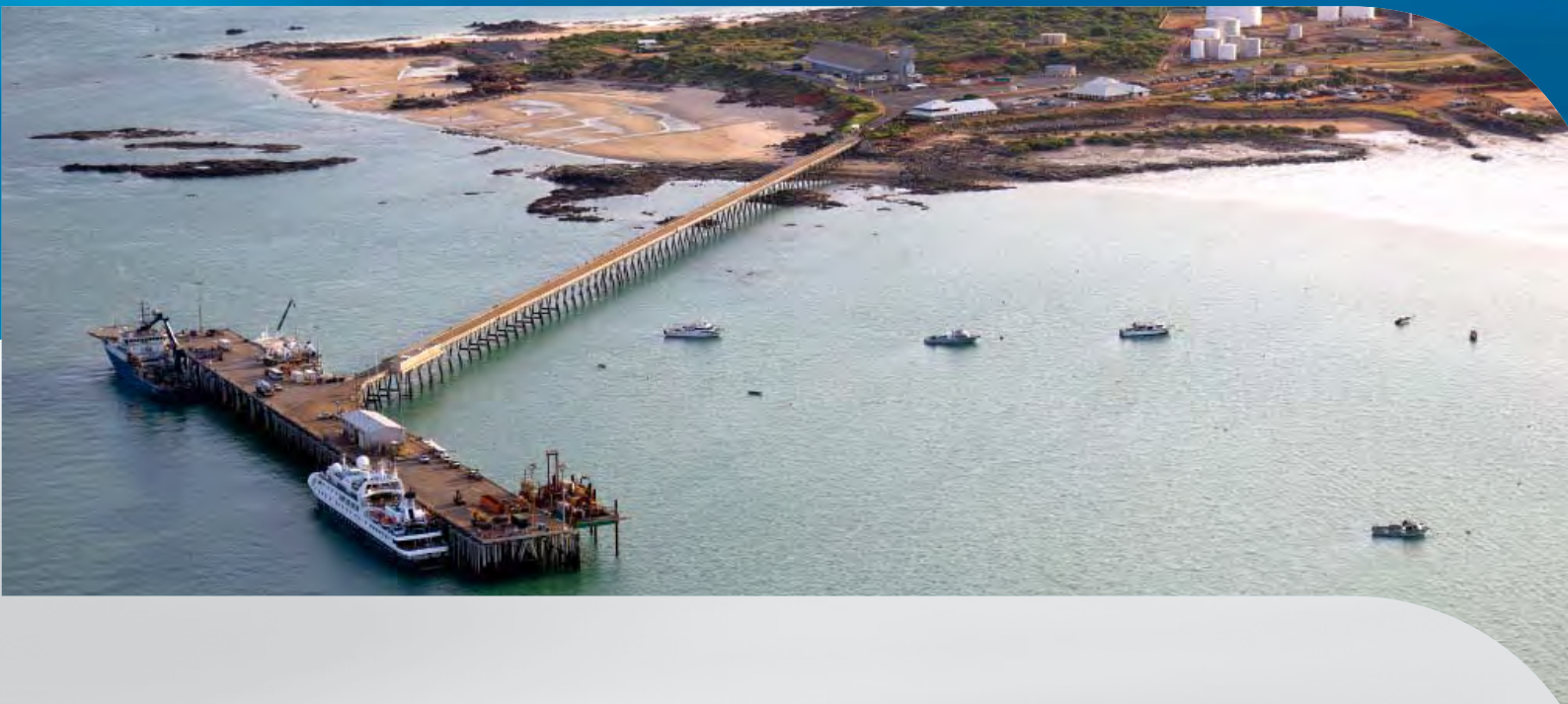
### Community Relations

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>a) Improve customer service to port tenants, customers and the public;</li> <li>b) Ensure stakeholders continued support, and develop, and</li> <li>c) Maintain a high level of public understanding and confidence.</li> </ul> | <ul style="list-style-type: none"> <li>a) Optimum service levels maintained thorough out period;</li> <li>b) Regular port logistics Working Group meetings held and customer survey undertaken, and</li> <li>c) Ongoing support for environmental studies in Roebuck Bay and personnel attending community group meetings.</li> </ul> |
|--|---|

### Land

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>a) Increase port landholdings sufficient to meet customer requirements, and</li> <li>b) Secure long term tenure to additional adjoining land for logistics support.</li> </ul> | <ul style="list-style-type: none"> <li>a) 20 hectares close to project ready status, and</li> <li>b) Engaging with traditional owners on heritage boundaries and optimal development envelopes.</li> </ul> |
|---|--|





### 5.6. Dividends

A dividend of \$493,658 is due and payable for the current financial year.

### 5.7. Operating Results

The 2011/12 budget estimated that the profit before tax and dividend would be \$0.51m. The actual outcome for 2011/12 was a before tax profit of \$1.1m. This outcome was mainly due to the significant increase in oil and gas support vessels visiting the Port from April to year end. During the first three quarters of the year the Port kept costs to a minimum through judicious overview of expenditure.

#### Shipping revenue

Shipping activity and revenue was marginally below budget due to a drop in oil and gas revenue during the first three quarters of the year, as shown in figure 13.

Figure 14 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 14.

#### Non-shipping revenue

The total non-shipping revenue was higher than budget forecasts for the period. BrPA received a grant of \$300k prior to year end from the Department of State Development in which \$193K was taken up as revenue this year and the remainder will be recognized as revenue during the forthcoming 2012/13 year.

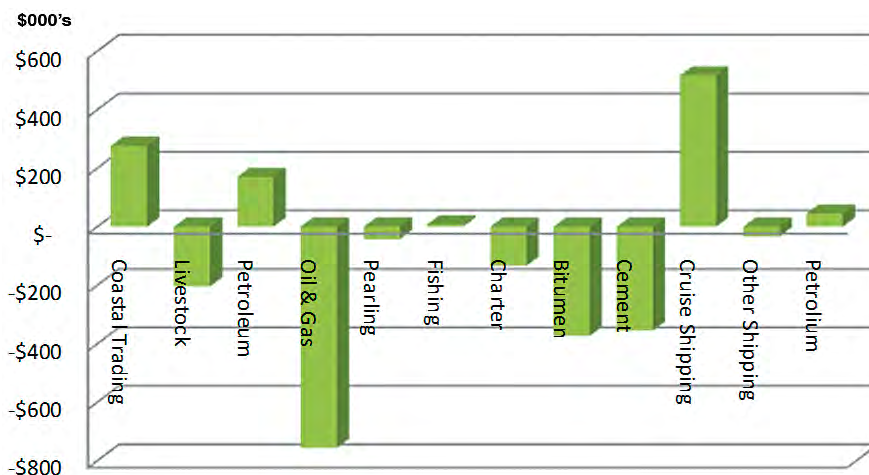


Figure 13 - Variance from Budget

### Shipping Activity By Industry

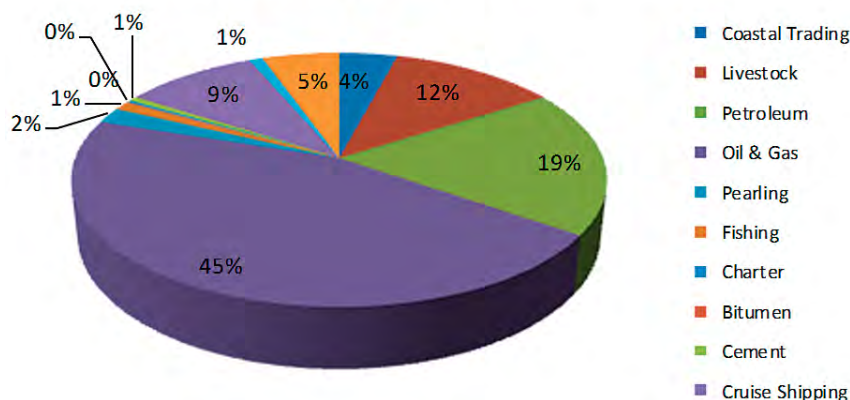


Figure 14 - Shipping Activity as a Percentage of Total Revenue



### **Expenditure**

Total expenditure was \$1.175 million lower than estimated in the 2010/11 budget. With a significant slowdown during the year, management reduced repairs and maintenance where feasible reducing costs by \$1.02 million 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 recommendations were accepted by management and will be acted upon during the coming financial year.

### **5.8. Significant Changes in the State of Affairs**

BrPA has a planning role towards the evolution of the Browse LNG development at James Price Point, which requires expenditure and management attention towards this project.

Additionally, the port authority assumed a primary working group function towards the proposed integration of regional ports and terminals into a Kimberley Ports Authority.

### **5.9. Strategy and Future Performance**

BrPA invests in employee training and 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 well 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 analyses ensured that BrPA addressed perceived vulnerabilities and engaged in measures to become a more resilient organisation.

### **5.10. Events Subsequent to Reporting Date**

No events were recorded after the reporting date.

### **5.11. Likely Developments**

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





## 5.12. 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 2012**

| Director's name | Short term employee benefits | Post-employment benefits | Total remuneration |
|-----------------|------------------------------|--------------------------|--------------------|
|                 | Cash salary & fees           | Superannuation benefits  |                    |
| L. Shervington  | 45,000                       | 4,050                    | 49,050             |
| 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>120,500</b>               | <b>10,755</b>            | <b>130,255</b>     |

**Table 7 - Director's Emoluments 2011**

| Director's name | Short term employee benefits | Post-employment benefits | Total remuneration |
|-----------------|------------------------------|--------------------------|--------------------|
|                 | Cash salary & fees           | Superannuation benefits  |                    |
| 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>     |

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 \$1,721 (2011: \$1,525). This is one of the several retail stores used by the Broome Port Authority on normal commercial terms and conditions.

**Table 8 - Executive Emoluments 2012**

| Executive's name | Short term employee benefits |                | Post-employment benefits | Total remuneration |
|------------------|------------------------------|----------------|--------------------------|--------------------|
|                  | Cash salary & fees           | Other benefits | Superannuation benefits  |                    |
| V Justice*       | 305,921                      | 37,059         | 32,046                   | 375,026            |
| S Mulhall        | 235,016                      | 67             | 21,140                   | 256,223            |
| G. Hill          | 254,854                      | -              | 19,899                   | 274,753            |
| <b>Total</b>     | <b>795,791</b>               | <b>37,126</b>  | <b>73,085</b>            | <b>906,002</b>     |

\*V Justice salary includes \$24,953.46 of back-pay from the previous two years.

**Table 9 – Executive Emoluments 2011**

| Executive's name | Short term employee benefits |                | Post-employment benefits | Total remuneration |
|------------------|------------------------------|----------------|--------------------------|--------------------|
|                  | Cash salary & fees           | Other benefits | Superannuation benefits  |                    |
| 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>     |

### 5.13. Rounding Off

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



## 6. STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

|  | Notes | 2012<br>\$'000 | 2011<br>\$'000 |
|--|-------|----------------|----------------|
| <b>Revenue</b>                                 | 4     | <b>15,227</b>  | <b>13,173</b>  |
| Port operations expenses                       | 5     | (5,261)        | (5,043)        |
| Depreciation and amortisation expense          | 6     | (1,220)        | (1,161)        |
| General administration                         | 7     | (3,650)        | (3,845)        |
| Asset maintenance                              |       | (812)          | (1,016)        |
| Environmental expenses                         |       | (72)           | (25)           |
| Port utilities                                 |       | (534)          | (612)          |
| Safety and security                            |       | (574)          | (577)          |
| Finance costs                                  | 8     | (710)          | (632)          |
| Other expenses                                 | 9     | (1,284)        | (472)          |
| <b>Profit before income tax</b>                |       | <b>1,112</b>   | <b>(210)</b>   |
| Income tax (expense) / benefit                 | 10    | (354)          | 104            |
| Profit / (Loss) for the year                   |       | 758            | (106)          |
| <b>OTHER COMPREHENSIVE INCOME</b>              |       |                |                |
| <b>Total other comprehensive income</b>        |       | <b>-</b>       | <b>-</b>       |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b> |       | <b>758</b>     | <b>(106)</b>   |

The notes on pages 27 to 62 are an integral part of these financial statements.

## 7. STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

|                                      | Notes | 2012<br>\$'000 | 2011<br>\$'000 |
|--------------------------------------|-------|----------------|----------------|
| <b>ASSETS</b>                        |       |                |                |
| <b>Current Assets</b>                |       |                |                |
| Cash and cash equivalents            | 12    | 4,187          | 4,660          |
| Trade and other receivables          | 13    | 3,413          | 1,781          |
| <b>Total Current Assets</b>          |       | <b>7,600</b>   | <b>6,441</b>   |
| <b>Non-Current Assets</b>            |       |                |                |
| Deferred tax assets                  | 10    | 801            | 563            |
| Property, plant and equipment        | 14    | 25,522         | 25,968         |
| Intangible assets                    | 15    | 31             | 41             |
| <b>Total Non-Current Assets</b>      |       | <b>26,354</b>  | <b>26,572</b>  |
| <b>TOTAL ASSETS</b>                  |       | <b>33,954</b>  | <b>33,013</b>  |
| <b>LIABILITIES</b>                   |       |                |                |
| <b>Current Liabilities</b>           |       |                |                |
| Trade and other payables             | 16    | 1,110          | 746            |
| Interest bearing borrowings          | 17    | 547            | 548            |
| Provisions                           | 18    | 834            | 1,275          |
| Other current liabilities            | 19    | 656            | 259            |
| <b>Total Current Liabilities</b>     |       | <b>3,147</b>   | <b>2,828</b>   |
| <b>Non-Current Liabilities</b>       |       |                |                |
| Interest bearing borrowings          | 17    | 11,560         | 11,684         |
| Provisions                           | 18    | 123            | 135            |
| <b>Total Non-Current Liabilities</b> |       | <b>11,683</b>  | <b>11,819</b>  |
| <b>TOTAL LIABILITIES</b>             |       | <b>14,830</b>  | <b>14,647</b>  |
| <b>NET ASSETS</b>                    |       | <b>19,124</b>  | <b>18,366</b>  |
| <b>EQUITY</b>                        |       |                |                |
| Contributed Equity                   | 20    | 17,136         | 17,136         |
| Retained profits                     | 20    | 1,988          | 1,230          |
| <b>TOTAL EQUITY</b>                  |       | <b>19,124</b>  | <b>18,366</b>  |

The notes on pages 27 to 62 are an integral part of these financial statements.



## 8. STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

|   | Notes | Contributed<br>Equity<br>\$'000 | Retained<br>earnings<br>\$'000 | Total<br>equity<br>\$'000 |
|---|-------|---------------------------------|--------------------------------|---------------------------|
| <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: |       |                                 |                                |                           |
| Dividends paid  | 11    | -                               | (775)                          | (775)                     |
| <b>Balance at 30 June 2011</b>                        |       | <b>17,136</b>                   | <b>1,230</b>                   | <b>18,366</b>             |
| <b>Balance at 1 July 2011</b>                         | 20    | 17,136                          | 1,230                          | 18,366                    |
| Total comprehensive income for the year               |       |                                 | 758                            | 758                       |
| Transactions with owners in their capacity as owners: |       | -                               | -                              | -                         |
| <b>Balance at 30 June 2012</b>                        |       | <b>17,136</b>                   | <b>1,988</b>                   | <b>19,124</b>             |

The notes on pages 27 to 62 are an integral part of these financial statements.

## 9. STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 30 JUNE 2012

|   | Notes | 2012<br>\$'000 | 2011<br>\$'000 |
|---|-------|----------------|----------------|
| <b>Cash flows from operating activities</b>                   |       |                |                |
| Cash receipts from customers                                  |       | 13,080         | 12,787         |
| Cash receipts from State and Commonwealth                     |       |                |                |
| Government funding  |       | 535            | 391            |
| Interest received   |       | 227            | 130            |
| Cash paid to suppliers and employees                          |       | (12,124)       | (12,027)       |
| Interest paid   |       | (710)          | (632)          |
| Income taxes paid   |       | (591)          | (100)          |
| <b>Net cash from operating activities</b>                     | 21    | <b>417</b>     | <b>549</b>     |
| <b>Cash flows from investing activities</b>                   |       |                |                |
| Proceeds from sale of property, plant and equipment           |       | -              | 23             |
| Acquisition of property, plant and equipment                  |       | (764)          | (1,210)        |
| <b>Net cash used in investing activities</b>                  |       | <b>(764)</b>   | <b>(1,187)</b> |
| <b>Cash flows from financing activities</b>                   |       |                |                |
| Proceeds from borrowings                                      |       | 422            | 2,073          |
| Repayment of borrowings                                       |       | (498)          | (470)          |
| Payment of finance lease liabilities                          |       | (50)           | (49)           |
| <b>Net cash (used in) / from financing activities</b>         |       | <b>(126)</b>   | <b>1,554</b>   |
| <b>Net (decrease) / increase in cash and cash equivalents</b> |       | <b>(473)</b>   | <b>916</b>     |
| Cash and cash equivalents at 1 July                           |       | 4,660          | 3,744          |
| <b>Cash and cash equivalents at 30 June</b>                   | 12    | <b>4,187</b>   | <b>4,660</b>   |

The notes on pages 27 to 62 are an integral part of these financial statements.



## 10. FINANCE

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## 1. Basis of preparation

### a) Statement of compliance

Broome Port Authority (Authority) is a not-for-profit entity that prepares 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.

The financial statements were authorised for issue on 11 September 2012 by the Board of Directors of the Authority.

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

Statement of Comprehensive Income 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 Statement of Comprehensive Income 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, p 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 which is the Authority's functional currency. All financial information presented in Australian dollars has been 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 estimates are revised and in any future periods affected.

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

- (i) discount rates used in estimating provisions;
- (ii) estimating useful life and residual values of key assets;
- (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 profit or loss 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, over the term of the lease.

### 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 costs 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 Statement of Comprehensive Income using the effective interest method.

Borrowing costs are recognised as expenses in the period in which they are incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset in which case they are capitalised as part of the cost of the asset, in accordance with AASB 123 Borrowing Costs.

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.



## 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 or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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 recognised in respect of 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 for temporary differences 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 temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

## d) Receivables

### (i) Trade receivables

Trade receivables are recognised and carried at the original invoice amounts less an allowance for any uncollectable amounts. Receivables 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 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 Statement of Comprehensive Income.

## e) 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, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. 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.

Any gain or loss on disposal of an item of property, plant and equipment is calculated as the difference between the net proceeds from disposal and the carrying amount of the item and is recognised in profit or loss.

### (ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Authority. The carrying amount of a replaced part is de-recognised. Ongoing repairs and maintenance is expensed as incurred.

### (iii) Depreciation

Items of property, plant and equipment are depreciated on either a straight line or diminishing basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Authority will obtain ownership by the end of the lease term. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

|                      |                |
|----------------------|----------------|
| Improvements         | 10 years       |
| Buildings            | 7 to 50 years  |
| Infrastructure       | 5 to 66 years  |
| Harbour facilities   | 10 to 40 years |
| Access Channel       | 7 to 20 years  |
| Electronic           | 2 to 10 years  |
| Plant & equipment    | 1 to 23 years  |
| Furniture & fittings | 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 and adjusted if appropriate.

## f) Intangible assets

### (i) Subsequent expenditure

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

### (ii) 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.

### (iii) Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

|                   |               |
|-------------------|---------------|
| Computer software | 2 to 20 years |
|-------------------|---------------|

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

## g) 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, unless an asset has been identified as a surplus asset, the carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater 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 evaluate any impairment risk from falling replacement costs.

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

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

Impairment losses are recognised in profit or loss.

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.



## h) Leases

Leases are classified as either finance leases or operating leases based on the economic substance of the lease agreements.

Leases in terms of which the Authority assumes substantially all the risks and rewards of ownership are classified as finance leases. On 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. A finance lease liability of equal value is also recognised. 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 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.

## i) Financial instruments

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

1. Loans and receivables;
2. Held to maturity investments; and
3. Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

- **Financial Assets**
  - o Cash and cash equivalents
  - o Trade and other receivables
- **Financial Liabilities**
  - o Trade payables and accruals
  - o Borrowings
  - o Finance lease liabilities

Refer to Note 22(ii) for further information on the classification of financial instruments.

Initial recognition and measurement is at fair value plus directly attributable transaction costs for assets not carried at fair value through profit or loss. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables approximates their carrying amount because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material. Gains or losses are recognised when the financial assets are de-recognised or impaired.

## j) Payables

Payables, including trade payables, 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 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 Statement of Comprehensive Income when the liabilities are de-recognised, 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 reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled using the remuneration rates expected to apply at the time of settlement.

Annual and long service leave expected to be settled more than 12 months after the reporting date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted to present value using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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 reporting date.

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

## 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 is 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 reporting 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 projected unit credit 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 in profit or loss.

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 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. 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.

The unwinding of the discount is recognised as a finance cost.

## **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 with original maturities of 30 days.

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 item as applicable.

Receivables and payables are stated inclusive of GST. 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). The amount received is 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 2011 that impacted on the Authority:

- AASB 101: Presentation of Financial Statements, these amendments clarify the presentation of the statement of changes in equity. The disaggregation of other comprehensive income reconciling the carrying amount at the beginning and the end of the period for each component of equity is no longer required. There is no financial impact.
- 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.

## **t) Future impact of Australian Accounting Standards not yet operative**

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 2012, but have not been applied in preparing this financial report:

- AASB 7: Financial Instruments: Disclosures, these amendments clarify financial instrument disclosures in relation to credit risk. The carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated is no longer required to be disclosed. There is no financial impact.
- 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 in December 2010. The Authority has not yet determined the application or the potential impact of the Standard.
- AASB 13: Fair Value Measurement, this Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurement. There is no financial impact.
- AASB 119: Employee Benefits, this Standard supersedes AASB 119 Employee Benefits, introducing a number of changes to accounting treatments. The Standard was issued in September 2011. The Authority has not yet determined the application or the potential impact of the Standard.



### 3. Expenses by nature

Operating expenses are presented on the face of the Statement of Comprehensive Income using a classification based on the nature of expenses (see note 1(b)). Port operations expenses include those expenses related to land based support activities whilst general administration expenses includes expenditure of an administrative nature.

### 4. Revenue

|                                 | 2012<br>\$'000 | 2011<br>\$'000 |
|---------------------------------|----------------|----------------|
| <b>Rendering of services</b>    |                |                |
| Charges on cargo                | 4,168          | 3,830          |
| Charges on ships                | 6,590          | 5,642          |
| Shipping services               | 1,861          | 1,513          |
| Interest revenue (a)            | 227            | 133            |
| Rentals and leases              | 1,508          | 1,424          |
| Government grants and subsidies | 535            | 391            |
| Other                           | 338            | 240            |
| <b>Total revenue</b>            | <b>15,227</b>  | <b>13,173</b>  |

(a) Interest revenue is interest received from bank accounts

### 5. Port operations expense

|  | 2012<br>\$'000 | 2011<br>\$'000 |
|--|----------------|----------------|
| Shipping activity                      | 2,874          | 2,416          |
| Indirect wages & salaries – operations | 1,669          | 1,726          |
| Plant & equipment                      | 598            | 821            |
| Other                                  | 120            | 80             |
|  | <b>5,261</b>   | <b>5,043</b>   |

## 6. Depreciation and amortisation expense

|  | 2012<br>\$'000 | 2011<br>\$'000 |
|--|----------------|----------------|
| <b>Depreciation</b>                        |                |                |
| Improvements                               | 18             | 18             |
| Buildings                                  | 64             | 63             |
| Infrastructure                             | 65             | 65             |
| Harbour Facilities                         | 675            | 659            |
| Access Channel                             | 14             | 26             |
| Electronic                                 | 44             | 41             |
| Plant and Equipment                        | 267            | 206            |
| Furniture and Fittings                     | 7              | 10             |
| Motor Vehicles                             | 34             | 43             |
| Low Value Pool                             | 22             | 17             |
| <b>Total Depreciation</b>                  | <b>1,210</b>   | <b>1,148</b>   |
| <b>Amortisation</b>                        |                |                |
| Intangible assets                          | 10             | 13             |
| Total Amortisation                         | 10             | 13             |
| <b>Total depreciation and amortisation</b> | <b>1,220</b>   | <b>1,161</b>   |

## 7. General administration expense

|                                      | 2012<br>\$'000 | 2011<br>\$'000 |
|--------------------------------------|----------------|----------------|
| Administration employee expenses (a) | 2,609          | 2,606          |
| Other administration expenses        | 1,041          | 1,239          |
|                                      | <b>3,650</b>   | <b>3,845</b>   |

(a) The 2011 amount has been reclassified to move employee on-costs to Note 9 Other expenses.

## 8. Finance costs

|                                 | 2012<br>\$'000 | 2011<br>\$'000 |
|---------------------------------|----------------|----------------|
| Finance leases, finance charges | 16             | 13             |
| Interest expense                | 694            | 619            |
| <b>Finance costs expensed</b>   | <b>710</b>     | <b>632</b>     |

## 9. Other expenses

|                           | 2012<br>\$'000 | 2011<br>\$'000 |
|---------------------------|----------------|----------------|
| Employee on-costs (a) (b) | 394            | 359            |
| Other                     | 890            | 113            |
|                           | <b>1,284</b>   | <b>472</b>     |

a) The 2011 amount has been moved from Note 7 to Note 9 in line with the reporting requirements to separately disclose employee on-costs.

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

## 10. Income tax

Recognised in the Statement of Comprehensive Income

|   | 2012<br>\$'000 | 2011<br>\$'000 |
|---|----------------|----------------|
| <b>Current tax expense</b>                                      |                |                |
| Current year  | 591            | (63)           |
| Adjustment for prior periods                                    | 1              | -              |
|   | <b>592</b>     | <b>(63)</b>    |
| <b>Deferred tax expense</b>                                     |                |                |
| Origination and reversal of temporary differences               | -              | (183)          |
| Current Tax expense/benefit                                     | 238            | 142            |
|   | <b>238</b>     | <b>(41)</b>    |
| Total income tax expense/(benefit)                              | <b>354</b>     | <b>(104)</b>   |
| <b>Reconciliation between tax expense and profit before tax</b> |                |                |
| Profit/(loss) for the year                                      | 1,112          | (210)          |
| Total tax expense   | (354)          | 104            |
| Profit before tax   | <b>758</b>     | <b>(106)</b>   |
| <b>Tax using the statutory rate of 30% (2011:30%)</b>           |                |                |
| Tax using the statutory rate of 30% (2011:30%)                  | 337            | (63)           |
| Non-deductible expenses   | 5              | 3              |
| Sundry items  | 11             | -              |
| Adjustments in respect of previous deferred income tax          | 1              | (44)           |
| Income tax expense / (benefit)                                  | <b>354</b>     | <b>(104)</b>   |



|   | 2012<br>Statement of<br>Financial<br>Position<br>\$,000 | 2011<br>Statement of<br>Financial<br>Position<br>\$,000 | 2012<br>Statement of<br>Comprehensive<br>Income<br>\$,000 | 2011<br>Statement of<br>Comprehensive<br>Income<br>\$,000 |
|---|---|---|---|---|
| <b>Deferred tax liabilities</b>   |   |   |   |   |
| Receivables   | 9   | 19  | (10)  | (54)  |
| FBT Installment   | 4   | 5   | (1)   | (2)   |
|   | <b>13</b>   | <b>24</b>   |   |   |
| <b>Deferred tax assets</b>  |   |   |   |   |
| Accelerated depreciation for tax purposes                                 | 256   | 264   | 8   | 9   |
| Payables  | 19  | 16  | (3)   | 2   |
| Prepaid rental  | 99  | -   | (99)  | -   |
| Employee benefits   | 213   | 197   | (16)  | (39)  |
| Business related costs  | 227   | 110   | (117)   | (99)  |
|   | <b>814</b>  | <b>587</b>  |   |   |
| Set-off of deferred tax liabilities pursuant to<br>the set-off provisions | (13)  | (24)  |   |   |
| Net deferred tax assets   | <b>801</b>  | <b>563</b>  |   |   |
| Deferred tax charge   |   |   | <b>(238)</b>  | <b>(183)</b>  |

## 11. Dividends

|  | 2012<br>\$'000 | 2011<br>\$'000 |
|--|----------------|----------------|
| Dividends payable/paid in the financial year | -              | 775            |
|  | <b>-</b>       | <b>775</b>     |

In accordance with the Government Financial Policy, WA Ports are required to pay dividends of 65% (2011:65%) of after tax profits. However, in accordance with Australian Accounting Standards, dividends relating to the financial results for the year ended 30 June 2012 have not been provided as they are expected to be approved by Government and declared by the Board after the reporting date.

A nil dividend in respect of the financial results for the year ended 30 June 2011 was declared.

## 12. Cash and cash equivalents

|  | 2012<br>\$'000 | 2011<br>\$'000 |
|--|----------------|----------------|
| Bank balances  | 3,137          | 3,660          |
| Term deposits  | 1,050          | 1,000          |
| Cash and cash equivalents in the Statement of Cash Flows | <b>4,187</b>   | <b>4,660</b>   |

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

|   | 2012<br>\$'000 | 2011<br>\$'000 |
|---|----------------|----------------|
| <b>Current</b>                                |                |                |
| Receivables                                   | 2,905          | 1,153          |
| Less: allowance for impairment of receivables | -              | -              |
|   | <b>2,905</b>   | <b>1,153</b>   |
| Accrued revenue                               | 15             | 50             |
| Prepayments                                   | 493            | 578            |
|   | <b>3,413</b>   | <b>1,781</b>   |

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

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

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

|   |            |           |
|---|------------|-----------|
| Not more than 3 months                    | 635        | 82        |
| 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            | <b>635</b> | <b>82</b> |

## 14. Property, plant and equipment

|                               | 2012<br>\$'000 | 2011<br>\$'000 |
|-------------------------------|----------------|----------------|
| <b>Land</b>                   |                |                |
| At cost                       | 1,291          | 1,291          |
| Accumulated impairment losses | -              | -              |
|                               | <b>1,291</b>   | <b>1,291</b>   |
| <b>Improvements</b>           |                |                |
| At cost                       | 223            | 223            |
| Accumulated depreciation      | (125)          | (107)          |
|                               | <b>98</b>      | <b>116</b>     |
| <b>Buildings</b>              |                |                |
| At cost                       | 2,827          | 2,789          |
| Accumulated depreciation      | (728)          | (664)          |
|                               | <b>2,099</b>   | <b>2,125</b>   |
| <b>Infrastructure</b>         |                |                |
| At cost                       | 2,299          | 2,274          |
| Accumulated depreciation      | (1,236)        | (1,171)        |
|                               | <b>1,063</b>   | <b>1,103</b>   |

|  | 2012<br>\$'000 | 2011<br>\$'000 |
|--|----------------|----------------|
| <b>Harbour Facilities</b>                  |                |                |
| At cost                                    | 24,301         | 24,301         |
| Accumulated depreciation                   | (5,180)        | (4,505)        |
|  | <b>19,121</b>  | <b>19,796</b>  |
| <b>Access Channel</b>                      |                |                |
| At cost                                    | 418            | 417            |
| Accumulated depreciation                   | (368)          | (353)          |
|  | <b>50</b>      | <b>64</b>      |
| <b>Electronic Equipment</b>                |                |                |
| At cost                                    | 290            | 234            |
| Accumulated depreciation                   | (174)          | (130)          |
|  | <b>116</b>     | <b>104</b>     |
| <b>Plant and Equipment</b>                 |                |                |
| At cost                                    | 2,424          | 2,373          |
| Accumulated depreciation                   | (1,544)        | (1,277)        |
|  | <b>880</b>     | <b>1,096</b>   |
| <b>Furniture &amp; Fittings</b>            |                |                |
| At cost                                    | 73             | 73             |
| Accumulated depreciation                   | (34)           | (27)           |
|  | <b>39</b>      | <b>46</b>      |
| <b>Motor Vehicles</b>                      |                |                |
| At cost                                    | 277            | 276            |
| Accumulated depreciation                   | (154)          | (120)          |
|  | <b>123</b>     | <b>156</b>     |
| <b>Low Value Pool</b>                      |                |                |
| At cost                                    | 94             | 67             |
| Accumulated depreciation                   | (45)           | (23)           |
|  | <b>49</b>      | <b>44</b>      |
| <b>Total property, plant and equipment</b> |                |                |
| At cost                                    | 34,514         | 34,318         |
| Accumulated depreciation                   | (9,588)        | (8,377)        |
|  | <b>24,926</b>  | <b>25,941</b>  |
| Work in progress                           | 596            | 27             |
|  | <b>596</b>     | <b>27</b>      |
| <b>Total property, plant and equipment</b> | <b>25,522</b>  | <b>25,968</b>  |



## Reconciliations of the carry amounts

|                                | 2012<br>\$'000 | 2011<br>\$'000 |
|--------------------------------|----------------|----------------|
| <b>Land</b>                    |                |                |
| Carrying amount at 1 July      | 1,291          | 1,291          |
| Additions                      | -              | -              |
| Disposals                      | -              | -              |
| Impairment losses              | -              | -              |
| Carrying amount at 30 June     | <u>1,291</u>   | <u>1,291</u>   |
| <b>Improvements</b>            |                |                |
| Carrying amount at 1 July      | 116            | 134            |
| Additions                      | -              | -              |
| Transfer from work in progress | -              | -              |
| Depreciation for the year      | (18)           | (18)           |
| Disposals                      | -              | -              |
| Impairment losses              | -              | -              |
| Carrying amount at 30 June     | <u>98</u>      | <u>116</u>     |
| <b>Buildings</b>               |                |                |
| Carrying amount at 1 July      | 2,125          | 2,000          |
| Additions                      | 38             | 7              |
| Transfer from work in progress | -              | 188            |
| Depreciation for the year      | (64)           | (63)           |
| Disposals                      | -              | (7)            |
| Impairment losses              | -              | -              |
| Carrying amount at 30 June     | <u>2,099</u>   | <u>2,125</u>   |
| <b>Infrastructure</b>          |                |                |
| Carrying amount at 1 July      | 1,103          | 1,000          |
| Additions                      | 25             | 102            |
| Transfer from work in progress | -              | 66             |
| Depreciation for the year      | (65)           | (65)           |
| Disposals                      | -              | -              |
| Impairment losses              | -              | -              |
| Carrying amount at 30 June     | <u>1,063</u>   | <u>1,103</u>   |
| <b>Harbour Facilities</b>      |                |                |

|                                | 2012<br>\$'000 | 2011<br>\$'000 |
|--------------------------------|----------------|----------------|
| Carrying amount at 1 July      | 19,796         | 20,234         |
| Additions                      | -              | 3              |
| Transfer from work in progress | -              | 218            |
| Depreciation for the year      | (675)          | (659)          |
| Disposals                      | -              | -              |
| Impairment losses              | -              | -              |
| Carrying amount at 30 June     | <b>19,121</b>  | <b>19,796</b>  |

#### Access Channel

|                            |           |           |
|----------------------------|-----------|-----------|
| Carrying amount at 1 July  | 64        | 89        |
| Additions                  | -         | 1         |
| Depreciation for the year  | (14)      | (26)      |
| Disposals                  | -         | -         |
| Impairment losses          | -         | -         |
| Carrying amount at 30 June | <b>50</b> | <b>64</b> |

#### Electronic Equipment

|                                |            |            |
|--------------------------------|------------|------------|
| Carrying amount at 1 July      | 104        | 138        |
| Additions                      | 56         | 10         |
| Transfer from work in progress | -          | -          |
| Depreciation for the year      | (44)       | (41)       |
| Disposals                      | -          | (3)        |
| Impairment losses              | -          | -          |
| Carrying amount at 30 June     | <b>116</b> | <b>104</b> |

#### Plant and Equipment

|                                |            |              |
|--------------------------------|------------|--------------|
| Carrying amount at 1 July      | 1,096      | 693          |
| Additions                      | 51         | 29           |
| Transfer from work in progress | -          | 586          |
| Depreciation for the year      | (267)      | (206)        |
| Disposals                      | -          | (6)          |
| Impairment losses              | -          | -            |
| Carrying amount at 30 June     | <b>880</b> | <b>1,096</b> |

#### Furniture & Fittings

|                            |           |           |
|----------------------------|-----------|-----------|
| Carrying amount at 1 July  | 46        | 52        |
| Additions                  | -         | 5         |
| Depreciation for the year  | (7)       | (10)      |
| Disposals                  | -         | (1)       |
| Impairment losses          | -         | -         |
| Carrying amount at 30 June | <b>39</b> | <b>46</b> |

#### Motor Vehicles

|  | 2012<br>\$'000                              | 2011<br>\$'000                      |
|--|---|-------------------------------------|
| Carrying amount at 1 July                  | 156   | 109                                 |
| Additions                                  | 1   | 114                                 |
| Depreciation for the year                  | (34)  | (43)                                |
| Disposals                                  | -   | (24)                                |
| Impairment losses                          | -   | -                                   |
| Carrying amount at 30 June                 | <b>123</b>                                  | <b>156</b>                          |
| <b>Low Value Pool</b>                      |   |                                     |
| Carrying amount at 1 July                  | 44  | 28                                  |
| Additions                                  | 27  | 33                                  |
| Depreciation for the year                  | (22)  | (17)                                |
| Carrying amount at 30 June                 | <b>49</b>                                   | <b>44</b>                           |
| <b>Work in progress:</b>                   |   |                                     |
| Carrying amount at 1 July                  | 27  | 179                                 |
| Additions                                  | 569   | 906                                 |
| Transfers to property, plant and equipment | -   | (1,058)                             |
| Carrying amount at 30 June                 | <b>596</b>                                  | <b>27</b>                           |
| <b>Total property, plant and equipment</b> | <b>25,525</b>                               | <b>25,968</b>                       |
| <b>Operating leases</b>                    |   |                                     |
|  | <b>Plant &amp;<br/>equipment<br/>\$'000</b> | <b>Motor<br/>Vehicle<br/>\$'000</b> |
| Carrying Amount at 1 July 2011             | 254   | 10                                  |
| New Leases                                 | -   | 17                                  |
| Repayments                                 | (159)                                       | (13)                                |
| Carrying Amount at 30 June 2012            | <b>95</b>                                   | <b>14</b>                           |
| <b>Finance leases</b>                      |   |                                     |
|  | <b>Plant &amp;<br/>equipment<br/>\$'000</b> | <b>Motor<br/>Vehicle<br/>\$'000</b> |
| Carrying Amount at 1 July 2011             | 19  | 50                                  |
| New Leases                                 | -   | -                                   |
| Repayments                                 | (16)  | (38)                                |
| Carrying Amount at 30 June 2012            | <b>3</b>                                    | <b>12</b>                           |



## 15. Intangible Assets

|   | 2012<br>\$'000 | 2011<br>\$'000 |
|---|----------------|----------------|
| <b>Computer software</b>                  |                |                |
| At cost                                   | 138            | 138            |
| Less: Accumulated Depreciation            | (107)          | (97)           |
|   | <u>31</u>      | <u>41</u>      |
| <b>Reconciliation of carrying amounts</b> |                |                |
| <b>Computer software</b>                  |                |                |
| Carrying amount at 1 July                 | 41             | 53             |
| Additions                                 | -              | 1              |
| Depreciation for the year                 | (10)           | (13)           |
| Carrying amount at 30 June                | <u>31</u>      | <u>41</u>      |

## 16. Trade and other payables

|                  | 2012<br>\$'000 | 2011<br>\$'000 |
|------------------|----------------|----------------|
| <b>Current</b>   |                |                |
| Trade payables   | 956            | 362            |
| Accrued expenses | 154            | 384            |
|                  | <u>1,110</u>   | <u>746</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 and liquidity risk, see note 22(i).

|  | 2012<br>\$'000 | 2011<br>\$'000 |
|--|----------------|----------------|
| <b>Current liabilities</b>                                     |                |                |
| Direct borrowings  | 528            | 498            |
| Current portion of finance lease liabilities (secured) (a)     | 19             | 50             |
|  | <b>547</b>     | <b>548</b>     |
| <b>Non-current liabilities</b>                                 |                |                |
| Direct borrowings  | 11,138         | 11,665         |
| Non-current portion of finance lease liabilities (secured) (a) | 422            | 19             |
|  | <b>11,560</b>  | <b>11,684</b>  |

a) *Lease liabilities are effectively secured as the rights to the leased assets revert 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:

### 2012 Fixed interest rate

|                                     | 1 year<br>or less<br>(\$'000) | Over<br>1 to 2<br>years<br>(\$'000) | Over<br>2 to 3<br>years<br>(\$'000) | Over<br>3 to 4<br>years<br>(\$'000) | Over<br>4 to 5<br>years<br>(\$'000) | More<br>than 5<br>years<br>(\$'000) | Total<br>(\$'000) |
|-------------------------------------|-------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------|
| <b>Interest bearing borrowings:</b> |                               |                                     |                                     |                                     |                                     |                                     |                   |
| Direct borrowings (WATC)            | 528                           | 559                                 | 696                                 | 758                                 | 804                                 | 8,320                               | 11,665            |
| Finance lease liabilities           | 19                            | -                                   | -                                   | -                                   | -                                   | -                                   | 19                |
|                                     | <u>547</u>                    | <u>559</u>                          | <u>696</u>                          | <u>758</u>                          | <u>804</u>                          | <u>8,320</u>                        | <u>11,684</u>     |

### Weighted average interest rate:

|                                |      |
|--------------------------------|------|
| Direct borrowings              | 5.8% |
| Finance leases and liabilities | 9.2% |

### 2011 Fixed interest rate

|                                     | 1 year<br>or less<br>(\$'000) | Over<br>1 to 2<br>years<br>(\$'000) | Over<br>2 to 3<br>years<br>(\$'000) | Over<br>3 to 4<br>years<br>(\$'000) | Over<br>4 to 5<br>years<br>(\$'000) | More<br>than 5<br>years<br>(\$'000) | Total<br>(\$'000) |
|-------------------------------------|-------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------|
| <b>Interest bearing borrowings:</b> |                               |                                     |                                     |                                     |                                     |                                     |                   |
| Direct borrowings (WATC)            | 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              | 5.6% |
| Finance leases and liabilities | 9.2% |

## 18. Provisions

|                        | 2012<br>\$'000 | 2011<br>\$'000 |
|------------------------|----------------|----------------|
| <b>Current</b>         |                |                |
| Annual leave (a)       | 341            | 345            |
| Sick leave (b)         | 79             | 86             |
| Time in lieu (c)       | 37             | 6              |
| Accrued days off (d)   | 16             | 16             |
| Long service leave (e) | 94             | 53             |
| Fringe benefits tax    | 17             | 15             |
| Dividend               | -              | 775            |
| Income tax             | 250            | (21)           |
|                        | <b>834</b>     | <b>1,275</b>   |
| <b>Non-Current</b>     |                |                |
| Long service leave (e) | 123            | 135            |
|                        | <b>123</b>     | <b>135</b>     |

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 reporting date. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

|  | 2012<br>\$'000 | 2011<br>\$'000 |
|--|----------------|----------------|
| Within 12 months of the reporting date       | 250            | 253            |
| More than 12 months after the reporting date | 91             | 92             |
|  | <b>341</b>     | <b>345</b>     |

b) Sick leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting date. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

|  | 2012<br>\$'000 | 2011<br>\$'000 |
|--|----------------|----------------|
| Within 12 months of the reporting date       | 40             | 70             |
| More than 12 months after the reporting date | 39             | 16             |
|  | <b>79</b>      | <b>86</b>      |

c) Time in lieu leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting date. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

|  | 2012<br>\$'000 | 2011<br>\$'000 |
|--|----------------|----------------|
| Within 12 months of the reporting date       | 37             | 6              |
| More than 12 months after the reporting date | -              | -              |
|  | <b>37</b>      | <b>6</b>       |



d) Accrued days off leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting date. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

|  | 2012<br>\$'000 | 2011<br>\$'000 |
|--|----------------|----------------|
| Within 12 months of the reporting date       | 16             | 16             |
| More than 12 months after the reporting date | -              | -              |
|  | <b>16</b>      | <b>16</b>      |

e) 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.

|  | 2012<br>\$'000 | 2011<br>\$'000 |
|--|----------------|----------------|
| Within 12 months of the reporting date       | 94             | 53             |
| More than 12 months after the reporting date | 123            | 135            |
|  | <b>217</b>     | <b>188</b>     |

## 19. Other liabilities

|                                  | 2012<br>\$'000 | 2011<br>\$'000 |
|----------------------------------|----------------|----------------|
| Prepaid lease and license income | 519            | 187            |
| Unallocated wages                | 137            | 72             |
|                                  | <b>656</b>     | <b>259</b>     |

## 20. Equity

The WA Government holds the equity interest in the Authority on behalf of the community. Equity represents the residual interest in the net assets of the Authority.

|                                  | 2012<br>\$'000 | 2011<br>\$'000 |
|----------------------------------|----------------|----------------|
| <b>Contributed equity</b>        |                |                |
| Balance at the start of the year | 17,136         | 17,136         |
| Balance at end of the year       | <b>17,136</b>  | <b>17,136</b>  |
| <b>Retained earnings</b>         |                |                |
| Balance at start of year         | 1,230          | 2,111          |
| Profit for the year              | 758            | (106)          |
| Dividends paid                   | -              | (775)          |
| Balance at end of year           | <b>1,988</b>   | <b>1,230</b>   |

## 21. Reconciliation of cash flows from operating activities

|  | 2012<br>\$'000 | 2011<br>\$'000 |
|--|----------------|----------------|
| <b>Cash flows from operating activities</b>                              |                |                |
| Profit/(Loss) for the period   | 758            | (106)          |
| Adjustments for:   |                |                |
| Depreciation   | 1,210          | 1,148          |
| <b>Deferred tax provision</b>  | (238)          | (41)           |
| Amortisation of intangible assets  | 10             | 13             |
| (Gain)/loss on sale of property, plant and equipment                     | -              | 17             |
| <b>Operating profit before changes in working capital and provisions</b> | <b>1,740</b>   | <b>1,031</b>   |
| Changes in assets and liabilities  |                |                |
| Change in trade and other receivables                                    | (1,751)        | (141)          |
| Change in prepayments  | 85             | (540)          |
| Change in accrued income   | 35             | 189            |
| Change in trade and other payables                                       | 430            | (112)          |
| Change in prepaid income   | 332            | 87             |
| Change in employee benefits  | 51             | 130            |
| Change in provisions   | (505)          | 68             |
| Future income tax benefit  | -              | (163)          |
| <b>Net cash from operating activities</b>                                | <b>417</b>     | <b>549</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 noted below:

|                             | Notes | 2012<br>\$'000      | Fair<br>Values | 2011<br>\$'000      | Fair<br>Values |
|-----------------------------|-------|---------------------|----------------|---------------------|----------------|
|                             |       | Carrying<br>Amounts |                | Carrying<br>Amounts |                |
| Cash and cash equivalents   | 12    | 4,187               | 4,187          | 4,660               | 4,660          |
| Trade and other receivables | 13    | 3,413               | 3,413          | 1,781               | 1,781          |
| Trade and other payables    | 16    | (1,110)             | (1,110)        | (746)               | (746)          |
| Interest bearing borrowings | 17    | (12,107)            | (13,707)       | (12,232)            | (11,224)       |
|                             |       | <b>(5,617)</b>      | <b>(7,217)</b> | <b>(6,537)</b>      | <b>(5,529)</b> |

#### Note:

The carrying amounts of (1) cash and equivalents, (2) trade and other receivables and (3) trade and other payables are a reasonable approximation of their fair values on account of their short maturity cycle.

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

### Market risk

Market risk is the risk that 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 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. 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).

### Sensitivity analysis

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

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

At the reporting 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<br>(\$'000) | +0.50% change      |                    | (0.25%) change     |                    |
|----------------------------------|-----------------------------|--------------------|--------------------|--------------------|--------------------|
|                                  |                             | Profit<br>(\$'000) | Equity<br>(\$'000) | Profit<br>(\$'000) | Equity<br>(\$'000) |
| <b>2012</b>                      |                             |                    |                    |                    |                    |
| <b>Financial Assets</b>          |                             |                    |                    |                    |                    |
| Cash & cash equivalents          | 4,187                       | 21                 | 21                 | (10)               | (10)               |
| <b>2012</b>                      |                             |                    |                    |                    |                    |
| <b>Financial Liabilities</b>     |                             |                    |                    |                    |                    |
| Interest bearing borrowings      | (12,106)                    | (61)               | (61)               | 30                 | 30                 |
| <b>Total Increase/(Decrease)</b> | <b>(7,919)</b>              | <b>(40)</b>        | <b>(40)</b>        | <b>20</b>          | <b>20</b>          |
| <b>2011</b>                      |                             |                    |                    |                    |                    |
| <b>Financial Assets</b>          |                             |                    |                    |                    |                    |
| Cash & cash equivalents          | 4,660                       | 23                 | 23                 | (12)               | (12)               |
| <b>2011</b>                      |                             |                    |                    |                    |                    |
| <b>Financial Liabilities</b>     |                             |                    |                    |                    |                    |
| Interest bearing borrowings      | (12,232)                    | (61)               | (61)               | 30                 | 30                 |
| <b>Total Increase/(Decrease)</b> | <b>(7,572)</b>              | <b>(38)</b>        | <b>(38)</b>        | <b>18</b>          | <b>18</b>          |



### Credit risk

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

With respect to credit risk arising from cash and cash equivalents, the Authority's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of the cash and cash equivalents.

The Authority operates predominantly within the shipping and cargo handling industry and accordingly is exposed to risks affecting that industry. The maximum exposure to credit risk at reporting 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 receivables 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 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

Liquidity risk is the risk that the Authority 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 that 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 weighted average interest rate for each category of financial instrument is as follows:

|   | Weighted<br>Average<br>Interest Rate | Fixed<br>Interest<br>Rate<br>(\$'000) | Floating<br>Interest rate<br>(\$'000) | Non Interest<br>Bearing<br>(\$'000) | Total<br>(\$'000) |
|---|--------------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|-------------------|
| <b>2012</b>                               |                                      |                                       |                                       |                                     |                   |
| <b>Financial Assets &amp; Liabilities</b> |                                      |                                       |                                       |                                     |                   |
| Cash & cash equivalents                   | 5.22%                                | -                                     | 4,187                                 | -                                   | 4,187             |
| Trade and other receivables               |                                      | -                                     | -                                     | 3,422                               | 3,422             |
| Interest bearing borrowings               | 5.82%                                | (11,665)                              | -                                     | -                                   | (11,665)          |
| Finance leases                            | 9.23%                                | (441)                                 | -                                     | -                                   | (441)             |
| Trade and other payables                  |                                      | -                                     | -                                     | (1,111)                             | (1,111)           |
| Net Financial Assets/(Liabilities)        |                                      | <b>(12,106)</b>                       | <b>4,187</b>                          | <b>2,311</b>                        | <b>(5,608)</b>    |
| <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             |
| WATC Borrowings                           | 5.82%                                | (12,163)                              | -                                     | -                                   | (12,163)          |
| Finance leases                            | 9.23%                                | (69)                                  | -                                     | -                                   | (69)              |
| Trade and other payables                  |                                      | -                                     | -                                     | (746)                               | (746)             |
| Net Financial Assets/(Liabilities)        |                                      | <b>(12,232)</b>                       | <b>4,660</b>                          | <b>1,035</b>                        | <b>(6,537)</b>    |

|                              | Carrying amount<br>(\$'000) | 6 months<br>or less<br>(\$'000) | 6 – 12<br>months<br>(\$'000) | 1 – 2<br>years<br>(\$'000) | 2 – 5<br>years<br>(\$'000) | more than<br>5 years<br>(\$'000) |
|------------------------------|-----------------------------|---------------------------------|------------------------------|----------------------------|----------------------------|----------------------------------|
| <b>2012</b>                  |                             |                                 |                              |                            |                            |                                  |
| <b>Financial assets</b>      |                             |                                 |                              |                            |                            |                                  |
| Cash and cash equivalents    | 4,187                       | 4,187                           | -                            | -                          | -                          | -                                |
| Trade and other receivables  | 2,905                       | 2,905                           | -                            | -                          | -                          | -                                |
|                              | <b>7,092</b>                | <b>7,092</b>                    | -                            | -                          | -                          | -                                |
| <b>Financial liabilities</b> |                             |                                 |                              |                            |                            |                                  |
| Trade payables and accruals  | (1,111)                     | (1,106)                         | (5)                          | -                          | -                          | -                                |
| Finance lease liability      | (19)                        | (19)                            | -                            | -                          | -                          | -                                |
| Borrowings                   | (17,019)                    | (616)                           | (619)                        | (1,238)                    | (4,068)                    | (10,478)                         |
|                              | (18,149)                    | (1,741)                         | (624)                        | (1,238)                    | (4,068)                    | (10,478)                         |
| Net maturity                 | (11,057)                    | 5,351                           | (624)                        | (1,238)                    | (4,068)                    | (10,478)                         |
| <b>2011</b>                  |                             |                                 |                              |                            |                            |                                  |
| <b>Financial assets</b>      |                             |                                 |                              |                            |                            |                                  |
| 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> |                             |                                 |                              |                            |                            |                                  |
| Trade payables and accruals  | (746)                       | (746)                           | -                            | -                          | -                          | -                                |
| Finance lease liability      | (73)                        | (27)                            | (27)                         | (19)                       | -                          | -                                |
| Borrowings                   | (17,960)                    | (753)                           | (452)                        | (2,065)                    | (3,097)                    | (11,593)                         |
|                              | (18,779)                    | (1,526)                         | (479)                        | (2,084)                    | (3,097)                    | (11,593)                         |
| Net maturity                 | (12,966)                    | 4,287                           | (479)                        | (2,084)                    | (3,097)                    | (11,593)                         |

## (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 fair values.

|                                  | Notes | 2012<br>\$'000 | 2011<br>\$'000 |
|----------------------------------|-------|----------------|----------------|
| <b>Financial assets</b>          |       |                |                |
| Cash and cash equivalents        | 12    | 4,187          | 4,660          |
| Trade and other receivables      | 13    | 3,413          | 1,781          |
|                                  |       | <b>7,600</b>   | <b>6,441</b>   |
| <b>Financial liabilities</b>     |       |                |                |
| Trade and other payables         | 16    | 1,110          | 746            |
| Interest bearing borrowings:     |       |                |                |
| Obligations under finance leases | 17    | 441            | 69             |
| Fixed rate borrowings            | 17    | 11,666         | 12,163         |
|                                  |       | <b>13,217</b>  | <b>12,978</b>  |

The Authority's exposure to interest rate risk on the interest-bearing borrowings is disclosed in note 17.

## (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 unless otherwise stated in the applicable notes.

## 23. Commitments

### (i) Finance lease commitments

Minimum lease payment commitments in relation to finance leases are payable as follows:

|   | 2012<br>\$'000   | 2011<br>\$'000   |
|---|------------------|------------------|
| Within one year                                   | 19               | 54               |
| Later than one year and not later than five years | -                | 19               |
| Later than 5 years                                | -                | -                |
| Minimum finance lease payments                    | <u>19</u>        | <u>73</u>        |
| Less: future finance charges                      | (4)              | (4)              |
| Present value of finance lease liabilities        | <u><b>15</b></u> | <u><b>69</b></u> |

The present value of finance leases payable is as follows:

|  |                  |                  |
|--|------------------|------------------|
| Within 1 year                                | 19               | 53               |
| Later than 1 year and not later than 5 years | -                | 19               |
| Later than 5 years                           | -                | -                |
| Present value of finance lease liabilities   | <u><b>19</b></u> | <u><b>72</b></u> |

Included in the financial statements as:

|                       |                   |                  |
|-----------------------|-------------------|------------------|
| Current (note 17)     | 19                | 50               |
| Non-current (note 17) | 422               | 19               |
|                       | <u><b>441</b></u> | <u><b>69</b></u> |

### (ii) Non-cancellable operating lease commitments

|  | 2012<br>\$'000    | 2011<br>\$'000    |
|--|-------------------|-------------------|
| Commitments for minimum lease payments are payable as follows: |                   |                   |
| Within 1 year  | 99                | 169               |
| Later than 1 year and not later than 5 years                   | 13                | 95                |
| Later than 5 years   | -                 | -                 |
|  | <u><b>112</b></u> | <u><b>264</b></u> |

### (iii) Other expenditure commitments

|   | 2012<br>\$'000    | 2011<br>\$'000   |
|---|-------------------|------------------|
| Open Purchase Orders                    | 346               | -                |
| Remote Area Housing Tenancy Commitments | 63                | 40               |
|   | <u><b>409</b></u> | <u><b>40</b></u> |



#### (iv) Operating leases receivable

|   | 2012<br>\$'000 | 2011<br>\$'000 |
|---|----------------|----------------|
| Future minimum rentals receivable for operating leases at reporting date: |                |                |
| Within 1 year   | 1,473          | 1,365          |
| Later than 1 year and not later than 5 years                              | 5,892          | 5,460          |
| Later than 5 years  | -              | -              |
|   | <b>7,365</b>   | <b>6,825</b>   |

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.

#### (v) Other receivables

|   | 2012<br>\$'000 | 2011<br>\$'000 |
|---|----------------|----------------|
| Remote Area Housing Tenancy Receivables | 63             | 40             |
|   | <b>63</b>      | <b>40</b>      |

## 24. Remuneration of Auditors

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

|  | 2012<br>\$'000 | 2011<br>\$'000 |
|--|----------------|----------------|
| Auditing the accounts and financial statements | 28             | 27             |
|  | <b>28</b>      | <b>27</b>      |

## 25. Related Parties

### **Directors**

The following persons held the position of director during the financial year and until the date of this report:

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

There have been no other related parties transactions except for those detailed below:

Director K. Male is a proprietor for the retail store Streeter and Male (Mitre 10). Transactions with Streeter and Male by BrPA amounted to \$1,721 (2011: \$1,525).

## 26. Contingent liabilities

There are no contingent liabilities.

## 27. Subsequent events

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

## Directors' declaration

In the opinion of the directors of Broome Port Authority:

- (a) the financial statements and notes, set out on pages 27 to 62 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 2012 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:

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**Mr Derek Albert**

Director

Date: 11 September 2012



**Ms Marie Gamble**

Director

Date: 11 September 2012



## 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 2012, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flow 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 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 Australian Auditing Standards, and other relevant ethical requirements.



## 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 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

## Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Broome Port Authority for the year ended 30 June 2012 included on the Authority's website. The Authority's directors are responsible for the integrity of the Authority's website. This audit does not provide assurance on the integrity of the Authority's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



DON CUNNINGHAME  
ASSISTANT AUDITOR GENERAL ASSURANCE SERVICES  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
18 September 2012



## BROOME PORT

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