



2013 Annual Report

# BUNBURY PORT AUTHORITY





## ANNUAL REPORT 2013

To the Hon Troy Buswell MLA  
Treasurer; Minister for Transport; Fisheries

In accordance with section 68 and clauses 34 and 35 of Schedule 5 of the Port Authorities Act 1999, I have pleasure in submitting for your information and presentation to Parliament, the Annual Report of the Bunbury Port Authority for the year ended 30 June 2013.

Neema Premji  
Chairman  
Board of Directors

## Corporate Directory

### Directors

N Premji - Chairman  
R Frisina - Deputy Chairman  
D Brennan-Jesson  
A Willinge  
G Wood

### Chief Executive Officer

Kevin Schellack

### Chief Financial Officer

Brian Granville

### Auditors

Office of the Auditor General, Western Australia

### Internal Auditors

Protiviti Risk and Business Consulting

Bunbury Port Authority - ABN 30 044 341 250

## Contacts

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Annual Report  
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# CONTENTS

■ Bunbury Port - 2012-2013 Highlights	P2
■ Business Review	P4
■ Performance	P10
■ Governance	P25
■ Directors Report	P34
■ Financials	P42

## About This Report

This report has been prepared by the Bunbury Port Authority on the financial and business related activity for the financial year ended 30 June 2013. This report is intended to communicate a clear and accurate account of the Authority's performance during this period and clearly articulate the outlook for the future.

## Publication Availability

Consistent with the Bunbury Port Authority's objectives of sustainability and responsible environmental management, only a limited number of hard copies of this Annual Report have been printed. An online version of this Report and past Annual Reports can be found on our website at [www.byport.com.au](http://www.byport.com.au).

## Your Feedback

Your comments and suggestions on the content and style of the Bunbury Port Authority's Annual Report are important to ensure the Report continues to meet the requirements of stakeholders. Your comments are welcome and can be made via our website.



# Bunbury Port

## Our Mission

To contribute to the economic growth and development of the South West region of Western Australia by facilitating trade in a commercial, efficient and sustainable manner.

## Who We Are

The Bunbury Port Authority (Authority) is a West Australian Government owned entity located in Bunbury in the South West of Western Australia and is responsible for the management of trade through the Bunbury Port. While a government owned entity, the Authority operates on a commercial basis and in a competitive environment to meet our aim of securing the best possible rate of return on assets to the state of Western Australia. The Authority has one shareholder Minister; the Minister for Transport.

## What We Do

Our principal role is to maximise trade through the commercial management of an efficient, sustainable and customer-focused port.

We achieve this by providing the necessary infrastructure and facilities through the planning and sustainable development of new facilities along with the vigorous maintenance and management of existing infrastructure.

We do not provide stevedoring, towage services or transport operations, however we do work proactively and jointly with relevant service providers to ensure the smooth running of the port.

## How We Operate

We believe that operating to high standards of service, health, safety, and environmental management while engaging with stakeholders increases our reputation as a key trading port. We balance social, environmental, and economic considerations in how we manage our business.

## How We Create Value

We create substantial value for our shareholder, the Western Australian Government, our varied stakeholders, and the regional communities of the South West of Western Australia through the facilitation of trade by providing facilities and services to meet customer needs.

# Our 2012-2013 Highlights

## Financial

Direct trade revenues rose to \$23.961 million, up 9.6 per cent on 2011-2012 figures.

[Refer to Financial Statements](#)

Net operating result after tax increased \$4.092 million to **\$10,821 million**.

[Refer to Financial Statements](#)

## Operational

Total trade through the Bunbury Port increased 7.41 per cent to reach a record 15.332 million tonnes.

[Refer to page 21](#)

The Authority achieved key milestones in the planning processes for the Inner Harbour Structure Plan

[Refer to page 16](#)

MSIC audit with no non-compliance reported.

[Refer to page 17](#)

## People

No lost time injuries were recorded

[Refer to page 32](#)

## Environmental

Environmental Management System achieved AS14001 accreditation.

[Refer to page 14](#)

# Chairman & Chief Executive's Report

The past financial year has been a story of change, challenge, and ultimately, success. The Bunbury Port Authority (Authority) has delivered an extraordinary trade year for the benefit of our shareholder, the Western Australian Government, our varied stakeholders, and the communities of the South West region.



Chief Executive Officer, Kevin Schellack and Chairman Neema Premj

The **15,331,975 tonnes of cargo** that passed through the Authority's port in the reporting period set a fourth-consecutive year trade record, and brought into focus the benefit of the significant investment in infrastructure and efficiency made by the Authority and its customers in recent times. Alumina remains the highest exported commodity with 10,589,634 tonnes and minerals sands the highest import commodity at 326,348 tonnes. Trade through the Port of Bunbury has increased 3,603,374 tonnes over the last ten years.

The Authority's commercial performance returned a net operating result after tax of **\$10.821 million**.

During the financial year, the Authority focused on negotiations with stakeholders for new trade including grain, coal, urea, and containers to facilitate trade for the South West of the State.

The Authority moved forward with its major project, the Inner Harbour Structure Plan, with the commencement of the Strategic Public Environmental Review (SPER). The SPER will provide to the Environmental Protection Authority,

a summary of all the anticipated environmental impacts of the Authority's project, including the **realignment of the Preston River** and the squaring off of the Inner Harbour basin.

Due to the projected growth of trade and the associated administration requirements of the Authority's many new projects, staffing numbers have increased and therefore additional office space is required for current and future staff numbers. The Board has provided approval to the Authority's Management team to extend and renovate the current **Casuarina Drive office** to meet the future growth requirements.

Other undertakings during the period include the demolition and removal of the ship loader and conveyor system at the Outer Harbour and the further development of the business case for the **land backing of Berth 3**.

These projects, while drastically different, are equally important to the Authority's objective to provide efficient and effective port services and by doing so maximise trade and shareholder value.



The Authority's Environmental Management System underwent audit and received [ISO14001 certification](#) in April 2013, a significant achievement by the Authority's staff and a credit to their professionalism.

The safety record of the Authority remains at zero Lost Time Injuries for another year, due to the Management team's many safety initiatives implemented during the year.

It is also pleasing to note the Authority's heritage listed [Leschenault Homestead](#) was nominated and won the City of Bunbury's "2012 Award for Excellence in Heritage Building Design and Conservation by a Corporate Owner". The award is a tribute to the extensive works undertaken by the Authority's staff in maintaining the property.

A Stakeholder Survey was conducted during the early part of 2013 and the results were provided to the Board of Directors for analysis and action. One of the main outcomes was the need for customers and the community alike to receive more information in relation to the operations of the Bunbury Port. In compliance with this request the Authority has increased the frequency and size of the Portal Newsletter publication and now utilises electronic distribution of the Newsletter to all key stakeholders.

The completion of the Bunbury Port Access Road (Willinge Drive) and the Bunbury Port Access Stage 2 Project is a critical piece of infrastructure and was jointly funded by the Commonwealth (80%) and State Government (20%) that will not only enhance port access, transport capacity and efficiency, but improve the amenity and safety of nearby residents and road users.

The Authority again enters the new fiscal year on a strong financial footing, well positioned to optimise its strategic position and again deliver pleasing shareholder and stakeholder returns. We would like to acknowledge those people who are working tirelessly with the Authority's officers, and making substantial investments in infrastructure, to grow the port – it is certainly a great pleasure to work with people who share our passion and vision. Further, we would like to acknowledge the Authority's Directors, Executive Management Team and employees, without whom none of the past financial year's achievements would have been possible. We also thank the Port Community Liaison Committee, the shareholding Minister for Transport, their staff, and departments for their continued support, cooperation, and assistance.

The amalgamation of the Bunbury, Albany and Esperance Port Authorities is moving ahead in a positive manner and will bring about a major benefit in the efficient economic running of the southern ports for the future. There are many challenges ahead and we are confident the Authority will rise to the occasion.

**Neema Premji**  
Chairman

**Kevin Schellack**  
Chief Executive Officer

# Achievements

this past year  
for improvements



Substantial Funding Allocated  
**Preston River Realignment**

Major Project Commenced  
**Strategic Public Environmental Review**

New Agreements For  
**Grain Exports**

# Executive Management

Our Executive  
Management team is  
comprised of the following  
members.



## Kevin Schellack

MAICD. AIMM. MCILT. MCIT.

### **Chief Executive Officer**

Kevin was appointed the Chief Executive Officer of the Authority in May 2009.

Previously he worked 19 years for the Mediterranean Shipping Company, firstly as General Manager for Western Australia and the Northern Territory, based in Fremantle.

Kevin then moved to establish Mediterranean's Hong Kong and China offices and held a Chairman's position for their Ship Management company in Hong Kong and Director positions for their China companies covering Ship agency, Port management, Logistics, Container depots and Mediterranean's Asian Cruise company.

Kevin is a member of the Chartered Institute of Logistics and Transport, a member of the Australian Institute of Management, a Member of the Australian Institute of Company Directors and is a member of the Chartered Institute of Transport and Tourism.

In Bunbury he is also a member of the South West Campus Advisory Board for Edith Cowan University.

Kevin has extensive experience in Shipping, Transport and Port management and has worked in the mining industry.





## Brian Granville

BBus. CPA.

### **Chief Financial Officer**

Brian joined the Authority as the Chief Financial Officer in February 2012 taking over from long serving office holder John Barratt, who had been in the role for over 23 years. Brian has over 20 years experience working in senior financial roles, most recently at a local water utility as the Manager Finance and Administration. Interestingly, one of Brian's previous roles included working at the Bunbury Port Authority as a Finance Officer for over seven years.

One of Brian's main career achievements includes a nomination for the Institute of Chartered Accountants of Australia's Chief Financial Officer of the Year Award (2009). Brian has tertiary finance qualifications and is a member of CPA Australia.



## David Lantry

### **Port Superintendent**

David completed 21 years service with the Royal Australian Navy, commencing in 1974 as a 16 year old Junior Recruit working through the ranks to Warrant Officer Engineer and later as Engineer Officer. David left the Navy to work at Mt Keith Power Station as a Supervisor of Operations and Maintenance for two years. He was then engaged by Oceanfast Marine Group as a Chief Engineer building ships for a short period before commencing with the Authority as Port Superintendent in 1997.

David has been the Port Superintendent for 16 years, witnessing many changes within the Authority.

David holds a Diploma in Marine Engineering Systems and a Diploma in Marine Engineering.

## Executive Management



### Duncan Gordon

BHppSc

#### **Health, Safety & Environment Manager**

Duncan has been with the Authority for eight years, initially coordinating environmental monitoring programs with particular emphasis on marine water and sediment quality. In addition, the development of the Port's ambient dust monitoring program and cumulative noise model was a key focus as was the management of community contacts. In 2011, Duncan was promoted to the position of Health, Safety and Environment Manager and in early 2012 achieved with his work team, ISO14001 accreditation of the Port's Environmental Management System and is currently overseeing the Strategic Public Environmental Review of the Port's Inner Harbour Structure Plan. Prior to joining the Authority, Duncan gained a Bachelor of Applied Science (Environmental Health) and worked in the power generation and distribution industry as an Occupational Hygienist, in the mining industry as an Occupational Health and Safety Manager and in the construction industry as a Health, Safety, Environment and IR Manager.



### Captain Rob Liley

Master Class 1 FNG

#### **Marine Manager / Harbour Master**

Rob was born in the United Kingdom. He joined the British Merchant navy in 1977 at age 16 and progressed through a sea career with a Master Class One qualification to a Senior Marine Pilot at Medway Ports in South England.

Rob immigrated to Australia in 2004 and undertook six years of remote living as Port Captain in Gove, Northern Territory. Skills obtained during this period were, Draft Surveying, Port Security Officer, Marine Manager of two tugs and a pilot boat, Pilotage, Agency work and Harbour Master, whilst learning and understanding the operation of a tropically situated remote alumina refinery.

In 2010 Rob moved to the South West of Australia to his current position of Marine Manager and Harbour Master of Bunbury. Rob now enters his 36th year of association with the marine industry.

He is a member of the International Harbour Masters Association.



## Michael Beaton

BBus. CPA.

### Commercial Manager

Michael joined the Authority in January 2012 as the Commercial Manager focussing on Contract Management, Commercial Negotiation and ICT Management. For the last ten years, Michael has lived in the South West region of WA where before joining the Authority he was a director of a management consulting company focusing on strategic planning, business process improvement and company formations for small to medium enterprises. This included consulting to WA State Government departments on strategic planning issues.

Michael has over 15 years commercial and general management experience working with various ASX listed and privately owned companies in Australia and USA. He has worked in research and development, manufacturing, wholesale and agribusiness industries gaining hands on domestic and international experience in strategic planning, financial management, operations management, business development and contract management.

Michael has a Bachelor of Business (Major in Accounting) and is a qualified Certified Practising Accountant.



## Kevan Wheeler

CEng. MICE. BEng (Civil)

### Manager, Projects & Engineering

Kevan joined the Authority in August 2012 as Manager Projects and Engineering with particular focus on major capital works projects to secure Port infrastructure capacity for the future. Following the Authority's recent success in securing funding for the design of the Preston River Realignment, Kevan will oversee a dedicated team focused on the successful delivery of this project. Other major projects on the horizon include Berth 3 Land Backing and Berth 14A Coal Export Facility, subject to Financial Investment Decision from port proponents.

Prior to joining the Authority, Kevan worked for seven years as Project and Acting Engineering Manager for the Dampier Port Authority. He previously worked in design, civil and construction and oil and gas industries in Southern Africa, United Kingdom, Papua New Guinea, Middle East, Central Asia, SE Asia and Hong Kong.

Kevan is a Chartered Engineer, holds a Bachelor of Engineering (Civil) and is a Member of the Institution of Civil Engineers (UK).

# Performance



The Bunbury Port Authority (Authority) achieved a strong operational performance in 2012-2013 with record trade throughput supported by increased commodity trading by existing Port users.

## IN THIS SECTION

[Financial Review](#)

[Operating Review](#)

[Operations](#)

[Trade](#)

[Port Development](#)

[Land Use Planning & Property](#)

[Human Resources](#)

## Financial Review

The 2012-2013 financial year has produced another record breaking year in trade for the Authority resulting in an operating profit before income tax expense, of [\\$15.102 million \(2012: \\$9.591 million\)](#).

This is the fourth consecutive year of record breaking trade for the Authority.

The Authority's profit before income tax increased by \$5.511 million, as compared to 2012, was mainly due to an increase in trade and other revenue generating port activities and services. Another contributing factor was a

decrease in total operating expenditure of \$2.307 million as compared to budget, primarily due to the deferral of some maintenance expenditures.

Minor works expenditure for the year was \$1.078 million, which was lower than the Authority's approved minor works capital budget of \$1.550 million. This was a result of the deferral of some minor works into the 2013-2014 financial year.

The Authority did not undertake any major capital investment expenditure during the financial year.



### Financial and non-financial key performance targets

The status of the Authority's performance during the reporting period towards achieving its financial and non-financial targets as detailed in its 2012-2013 Statement of Corporate Intent (SCI) is summarised below:

- On target
- Target partially met
- Below target - unlikely to be met

PERFORMANCE TARGET	Actual 2013	Actual 2012	SCI Annual Target 2013	Status
<b>FINANCIAL</b>				
Gross cargo revenue per tonne of cargo	\$0.56	\$0.58	\$0.58	<span style="color: orange;">●</span> ①
Gross ship revenue per ship	\$37,034	\$33,191	\$33,081	<span style="color: green;">●</span>
Aggregated operating port authority cost per cargo tonne	\$1.46	\$1.65	\$1.58	<span style="color: green;">●</span>
Rate of return	10.4%	7.4%	8.6%	<span style="color: green;">●</span>
<b>NON-FINANCIAL</b>				
Berth utilisation Berths 1 & 2	8.5%	13.6%	12.13%	<span style="color: red;">●</span> ②
Berth utilisation Berth 3	18.2%	23.3%	20.53%	<span style="color: orange;">●</span> ③
Berth utilisation Berth 5	57.1%	46.1%	60.07%	<span style="color: orange;">●</span> ④
Berth utilisation Berth 8	54.6%	71.3%	51.53%	<span style="color: green;">●</span>
Berth utilisation Berth 4 & 6	79.0%	75.8%	75.29%	<span style="color: green;">●</span>
Total combined berth occupancy	43.56%	40.03	43.85%	<span style="color: orange;">●</span> ⑤
Average ship turn-a-round time (hours) bulk	61.6	65.12	57.3	<span style="color: orange;">●</span> ⑥
Total tonnes throughput per berth	2,190,282	2,039,096	2,240,000	<span style="color: orange;">●</span> ⑦
Cargo tonnes per total vessel hour (average all berths) bulk	601	533	583	<span style="color: green;">●</span>
Target zero lost time injuries	0	0	0	<span style="color: green;">●</span>
Maintain PM10 dust levels below NEPIM standard of 50mg/m <sup>3</sup>	<50	<50	<50	<span style="color: green;">●</span>
Achieve ISO14001 accreditation	Achieved	Audit complete	Achieved	<span style="color: green;">●</span>
Undertake annual monitoring of marine waters, sediments, surface water and soils for determination of product build up	Monitoring programmes undertaken	Monitoring programmes undertaken	Monitoring programmes undertaken	<span style="color: green;">●</span>
Develop a carbon neutral operation in regards of the authority's vehicle and mobile equipment fleet	Maintain carbon neutral fleet	Maintain carbon neutral fleet	Maintain carbon neutral fleet	<span style="color: green;">●</span>
Achieve year on year reduction in substantiated community complaints	5	3	15	<span style="color: green;">●</span>

① Measures the average level of revenue per cargo tonne. Result marginally lower than target due mainly to some cargoes with a higher charge rate not being loaded as compared to target.

② The on-flow effect of lower than targeted trade over Berths 1 and 2.

③ The on-flow effect of marginally lower than targeted trade over Berth 3.

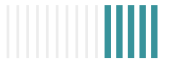
④ Although total trade over Berth 5 exceeded targets, the load rate per hour reduced the time at berth overall.

⑤ Combined result of berth utilisation results.

⑥ Average vessel load was higher than target therefore average turn-around time increased.

⑦ Lower than target due to forecasted trade levels not being achieved.

BUNBURY PORT AUTHORITY 5 Year Performance Summary	2013 \$'000	2012 \$'000	2011 \$'000	2010 \$'000	2009 \$'000
<b>Financial Performance</b>					
Operating income	35,924	31,400	28,862	24,881	20,746
Interest income	1,636	1,757	1,652	1,155	1,096
Total operating income	37,560	33,157	30,514	26,036	21,842
Operating expenses	(18,263)	(18,533)	(16,086)	(15,440)	(12,815)
Operating profit before depreciation, interest paid and income tax equivalent	19,297	14,624	14,428	10,596	9,027
Depreciation and impairment	(3,801)	(4,510)	(5,484)	(6,232)	(6,230)
Borrowing costs	(394)	(523)	(689)	(634)	(769)
Net profit before income tax equivalent	15,102	9,591	8,255	3,730	2,028
Income tax equivalent	(4,281)	(2,862)	(2,466)	(1,150)	(578)
Net profit after tax	10,821	6,729	5,789	2,580	1,450
<b>Financial Position</b>					
Current assets	43,892	35,846	32,221	28,320	26,481
Non-current assets	74,317	77,697	78,571	78,742	78,985
Total assets	118,209	113,543	110,792	107,062	105,466
Current liabilities	4,394	5,517	4,054	2,799	3,959
Non-current liabilities	6,886	7,545	9,223	10,860	13,018
Total liabilities	11,280	13,062	13,277	13,659	16,977
Net assets	106,929	100,481	97,515	93,403	88,489
<b>Equity</b>					
Reserves	14,815	14,815	14,815	14,815	14,815
Retained earnings	92,114	85,666	82,700	78,588	73,674
Total equity	106,929	100,481	97,515	93,403	88,489
<b>Statistics</b>					
Financial:					
Operating profit margin	54%	47%	50%	43%	44%
Operating expense ratio	60%	71%	73%	86%	91%
Debt to equity ratio (total liabilities/equity)	11%	13%	14%	15%	19%
Interest cover - profit basis (times) (EBIT/Int)	39.33	19.34	12.98	6.88	3.64
Total operating income per FTE (\$'000s)	\$1,125	\$1,228	\$1,130	\$1,240	\$1,040
Return on average net assets (RONA)	14.9%	10.2%	9.4%	4.8%	3.0%
Dividends paid/payable (\$'000s)	4,373	3,763	1,677	725	1,969
Trade:					
Total export trade (\$'000s)	13,616	12,630	12,369	12,410	11,739
Total import trade (\$'000s)	1,716	1,644	1,629	1,457	1,538
Total port trade (\$'000s)	15,332	14,274	13,998	13,867	13,277
Total commercial vessels	414	411	414	391	334
Total gross registered tons (\$'000s)	11,790	11,342	11,419	11,024	9,895



## Operating Review

### Statutory Objectives, Functions and Powers

The statutory functions and objectives of the Authority are set out in its Port Authorities Act 1999.

#### Objectives:

The corporate objectives of the Authority are categorised into the following main activity areas:

- Customer focus
- Financial performance
- Environmental focus
- Productivity improvement
- Infrastructure & supply chain development
- Community relations
- Landside development
- Safety
- Corporate values; and
- Risk management.

#### Functions:

Part 4, section 30(1) of the Port Authorities Act 1999 notes the following functions of port authorities:

- to facilitate trade and plan for future growth and development of the Port;

- to undertake activities that will encourage and facilitate the development of trade and commerce for the benefit of the State;
- to control business and other activities in the Port;
- to be responsible for the safe and efficient operation of the Port;
- to maintain and preserve property; and
- to be environmentally responsible.

Section 30(2) states that it is also a function of a port authority:

- to do things that its Board determines to be conducive and incidental to the performance of a function referred to in subsection (1);
- to use or exploit its fixed assets for profit so long as the proper performance of its functions under subsection (1) is not affected; or
- to do things that it is authorised to do by any written law.

#### Powers:

Section 35(1) of the Port Authorities Act 1999 provides a port authority all the powers necessary to perform its functions. Section 40 details provisions requiring Ministerial approval for certain transactions. This relates to larger contracts and agreements in excess of a specified value.

The Authority undertakes the above for the Port of Bunbury.



Port workers



## Operations

The Authority's diverse operational functions and services range from the provision of strategic port infrastructure through capital investment and ongoing maintenance works to port security, environmental monitoring and safety. A skilled workforce is maintained, utilising external contractors to ensure core activities and specialist tasks are completed in the most effective and economical manner.

## Engineering

The Authority's engineering business focuses on the maintenance and improvement of the Authority's assets and infrastructure to ensure availability and reliability in order to accommodate existing and projected increases in trade. Consistent with the Authority's strategic direction the following capital projects were undertaken during the reporting period.

### Berth 8

Capital works in and around Berth 8 for the reporting period included fencing; safety guards for the conveyor system; a spare telescopic chute, which is nearing completion; oil waste holding pad and motor cable upgrade.

### ICT

Major server upgrades to the Authority's IT system were undertaken during the year which included the file server and emergency server. The existing network fibre cable was extended at Berth 8 also.

### Fire Protection

The Authority upgraded the fire protection system at Berth 8 with substantial works to the pipework. Extra capacity water storage tanks are also to be installed to provide further protection.

## Environment

### Environmental Management System (EMS)

The Authority's ISO14001 accredited EMS sets out very specific accountabilities for Authority personnel with respect to environmental performance and compliance. Objectives and targets have been set for air quality, marine waters, marine sediments, noise, heritage and invasive marine species, and management plans written to outline the processes

to achieve these objectives and targets. EMS related plans and procedures are progressively being formatted by the Authority's Document Controller and made available to all staff on the Authority's intranet. Environmental performance is reported to the Authority's Board of Directors monthly and identified environmental risks recorded in the Authority's Risk Register and then actioned through Risk Treatment Action Plans to mitigate or eliminate risk. In addition, the Authority's Environmental Policy is reviewed every two years with the next review due in December 2013. The Policy is appropriate to the nature, scale and environmental impacts of port operations and is the keystone of the EMS.

### Dust Monitoring

The Authority's real time particulate (dust) Tapered Element Oscillating Microbalance (TEOM) monitors again operated reliably with good data capture during the year.

As has been previously reported, the very highest PM10 levels continue to be due to smoke from non-port related activities and/or distant regional sources. The monitoring network now allows the Authority and its lease holders internet access to ten minute interval PM10 dust levels and wind vector data. This allows the rapid investigation by Authority personnel of any potential port related dust sources and allows lease holders to monitor any dust impacts from their loading operations.

A review of the ambient dust data for the 2011 and 2012 calendar years was completed during the reporting year. A peer review is undertaken every two years and the data reviewed provided useful analysis of the degree to which the port operations contributed to total PM10 dust at each of the monitoring sites. The maximum estimated contribution from harbour sources to measured PM10 levels over the two year period was 13.6 percent.

In addition, the Authority continues to compare its daily monitoring results against PM10 particulate levels measured by the Department of Environment and Conservation (DEC) at its monitoring site in South Bunbury which is distant from the port operational areas and removed from other industrial activities. In most instances, the daily average particulate levels are directly comparable.





### Noise Model

The Inner Harbour Cumulative Noise Model which was first completed in 2006 and revised biennially was partially updated in early 2013 to take into account some changes to noise sources within the port reserve. A comprehensive review will be conducted later in 2013. Other noise modelling work has been commissioned by export proponents, particularly in relation to grain and coal exports. The updated port noise model will include these potential noise sources.

### Environmental Regulation

During the year, the Authority submitted Annual Audit Compliance Reports to the DEC as required by the Berth 1 and Berth 8 environmental licences. No non-compliances with the licence conditions were declared by the Authority.

The Berth 1 licence conditions were amended to reflect the removal of the conveyor system and ship loader in October 2012.

The Authority submitted a Works Approval application to the DEC in early 2013 in relation to an interim coal export proposal received by the Authority. The proposal involves the transport by rail of coal to the port in sealed containers, the off-loading and storage at the Inner Harbour, loading into vessels by the “rotabox system” using shore cranes and the removal of the empty containers by rail back to the mine site. At the end of the reporting year the Works Approval was on hold following a request by the proponent’s logistics provider to seek an alternative container storage area. The change to the storage area location required additional noise modelling to be done due to the proximity of residential areas.

### Marine Monitoring


The results of a comprehensive Introduced Marine Species (IMS) survey were received early in the year following a survey of all port areas including the maintenance dredging spoil ground in May 2012. No species of concern were identified. The IMS surveys are conducted biennially and will continue as an indicator of the effectiveness of the ballast water exchange protocols followed by international shipping visiting the port. The Authority also requires other vessels such as dredges and barges to be inspected and cleared for marine pests prior to entry into the port. The

recent identification of Asian Green Mussels on vessels at Barrow Island and Henderson, south of Fremantle is a timely reminder of the significant danger posed to the marine environment by introduced marine species.

Following the commencement of the export of copper sulphide concentrate through Berth 8 in November 2009, numerous marine sediment, biota and seawater chemistry sampling programs have been conducted, the last being in May 2012. The data collected along with that from the first baselines in 2008 and 2009 is being used to monitor any changes to baseline metal levels due to concentrate handling, loading or wash-down activities. Post-loading sampling and analysis has shown that the mean concentration of copper in the sediments of the Inner Harbour is showing a declining trend over time, demonstrating that improvements to the conveyor system and increased berth cleaning during loading has been effective in reducing the potential for product to enter the marine environment. Over the period since concentrate exports commenced, there has been no identifiable change in the seawater chemistry indicating low solubility of the product in salt water. While there has been some spatial spread of copper enriched sediments away from Berth 8 due to the influence of shipping and tug movements, all sediment samples tested for bioavailable copper had concentrations below the corresponding National Assessment Guidelines for Dredging (NAGD) screening level and posed no ecological risk to biota.

### Land Based Monitoring

An area of land on the north western boundary of the Inner Harbour has been classified by the DEC Contaminated Sites Branch as “possibly contaminated – Investigation required”. The classification followed a meeting between the Authority, an adjoining leaseholder and the DEC in late 2012 regarding the site. While the exposure risk is considered to be very low, the site has been fenced to restrict access and a remediation plan will be developed by mid 2014.



As a land holder with a large number of potential breeding sites, the Authority has an obligation to control mosquito breeding to the extent that it can.

A mosquito breeding survey of port owned land was conducted in October 2012. A number of active breeding sites were identified and these were treated to target the mosquito larvae. The baits being used are larvae specific and cause no harm to any other aquatic biota, in particular frogs.

### Estuarine and Riverine monitoring

Due to the proximity of the Inner Harbour to the Leschenault Inlet, the Estuary and the Preston River that divides the Port Reserve, the Authority has continued its quarterly sampling program in these water bodies to build a comprehensive database on the metals concentrations in the sediments and the in-situ water quality. The monitoring also includes the Berth 8 waste water retention basin. The monitoring is undertaken to ensure that port operations are not impacting on the environmental qualities of these significant water bodies. Results to date show no adverse impacts.

In addition, fresh water testing at the request of the Authority was undertaken by a concentrate exporter and conducted under the advice of the CSIRO at 15 sites in the Preston River, waste water retention basin, Leschenault Estuary and Leschenault Inlet to improve understanding of the risk posed by copper concentrate exports on fresh water environments adjacent to the port, and in particular, the Preston River. A short program was undertaken using trace metal sampling and analysis techniques to determine the concentrations of dissolved copper and other metals in these water bodies. The methods used enabled appropriate comparisons of the dissolved metal concentrations with the Water Quality Guidelines (WQGs) – ANZECC/AEMCA NZ, 2000. It was determined no waters tested were observed to exceed trigger values for copper demonstrating the concentrate export poses minimal risk to the environment.

### Inner Harbour Structure Plan Strategic Public Environmental Review (SPER)

Early in the reporting year, the Authority sought expressions of interest from a number of environmental companies to undertake the role of lead consultant to oversee the studies

set out in the SPER scoping document written by the Environmental Protection Authority (EPA). An International consultancy that has a local office in Bunbury was appointed early in 2013 and work is well underway on the review with a gap analysis and project definition study completed. Monthly updates on the progress of the SPER are submitted to the Authority's Board for their consideration and fortnightly meetings are held. A Buffer Definition Study (BDS) is being undertaken concurrently with the SPER. The BDS will assist in setting appropriate future planning controls in areas adjacent to the Port Reserve to ensure the interests of both the Authority and the community are recognised and protected.

### Maintenance Dredging

As a condition of its ten year sea dumping permit to achieve optimum sailing draft for port users, the Authority commissioned an Invasive Marine Species (IMS) survey. This work was completed during May 2012 with survey work being done at the Inner and Outer Harbours, shipping channel and the off-shore spoil ground. The final report was received early in the reporting year and no species of concern were identified. A copy of the report was provided to the Commonwealth Department of Sustainability, Environment, Water, Population and Communities (DSEWPAC) as required under the permit conditions. The Authority reported its calendar year 2012 maintenance dredge volume data to DSEWPAC in April 2013 as required under its sea dumping permit.

### Heritage

The Authority continued to utilise the heritage listed Leschenault Homestead as additional office and meeting space.

The proposal to record, take down and flat-pack the Homestead outbuildings was submitted to the State Heritage Office in May 2012 for their consideration as the buildings are in a poor state of repair and continuing to deteriorate. The flat-packing proposal was prepared by a local heritage architect and a consulting structural engineer with a long history of involvement with heritage structures. The proposal was conditionally supported by the State Heritage Office at their September 2012 Development Committee

meeting subject to a number of conditions including details of the type of storage facility proposed by the Authority and its location.

The Authority also recognises the significance of Aboriginal heritage as it relates to the area where the Inner Harbour is now located and its future expansion footprint. The possible future relocation of the Preston River is a particularly sensitive issue to the local aboriginal community and to address this, the Authority has engaged with the South West Aboriginal Land and Sea Council as part of the SPER process to ensure that Aboriginal people have direct input into the proper cultural design of the realigned Preston River channel within port land.

### Maintenance Services

The Authority's maintenance services are responsible for creating and implementing all routine maintenance tasks required to protect and improve the Authority's assets and infrastructure. The reporting period featured a focus on redeveloping the task of planning and scheduling process, and developing strategies to support a safe and efficient work environment.

### Planning & Scheduling

The Authority engaged a Maintenance Planner to assist in the planning and scheduling of asset maintenance during the reporting period. Quarterly planned and unplanned maintenance was undertaken, to ensure reliable and efficient infrastructure was available to meet Port User's needs.

## Marine Services

### Operational

The WA State Bi-annual oil spill drill was held in Bunbury on 13 to 15 November 2012 with 161 participants from the 8 WA Ports and associated agencies. Called "Protect Koombana Bay" the drill was considered a great success with the Authority being able to prove their ability to contain and handle a major oil spill in the Port. The exercise also gave an opportunity to improve the oil spill equipment and test the suitability of the Leschenault Homestead building as an emergency control centre.

Recruitment and training of the Authority's Pilots continued with the aim to have four fully licenced Pilots in the near future. This will enable the Port to provide a more flexible service to the Port Users and ensure that as trade increases the extra shipping can be safely handled.

The record tonnage and equal record number of ships demonstrated the 2012-2013 annual maintenance dredge program was a success as a 12.2 meter deep channel was delivered and the Port Users have been able to load ships to a deeper draft.

### Security

The Authority's Security Plan for the Port of Bunbury was tested over the year and improved by audit. This year again resulted in an increase in Marine Security Identification Card (MSIC) applications and the MSIC Plan was improved to assist in the issuing and recovering of the cards. Fibre optic cable was run from the Inner Harbour to the Administration office to enable the security and gate access systems to run more efficiently.

With a new proponent preparing to start an operation at the Outer harbour, security was increased with new fences, gates and a camera moved to enhance the required level of protection.



Oil spill drill

## Trade

Total trade for 2012-2013 was a record 15.332 million tonnes, an increase of 1.058 million tonnes or 7.4% compared to previous record of 14.274 million tonnes set in 2011-12.

Compared to the 2011-2012 year there were improvements in a number of exports in particular alumina which improved by 1.093 million tonnes and iron concentrate by 0.061 million tonnes. The main improvements in imports were for caustic soda which increased by 0.100 million tonnes and urea which improved by 0.017 million tonnes as compared to last year.

The main negative variation was in the export of silica sand which declined 0.115 million tonnes as well as a number of import cargoes such as petroleum coke, coal and vegetable oils.

In 2012-2013 commercial vessel visits were up slightly with 414 visits as compared to 411 for 2011-2012 as was the overall Gross Registered Tonnage of vessels which increased by 3.9% to 11.790 million tonnes

### MILESTONES ACHIEVED DURING THE YEAR INCLUDED

Records Overall	
Total trade	15.332 million tonnes (previously 14.274 mt)
Total exports	13.616 million tonnes (previously 12.630 mt)
Total imports	1.716 million tonnes (previously 1.644 mt)
Record Exports	
Alumina	10.590 million tonnes (previously 9.664 mt)
Spodumene	0.421 million tonnes (previously 0.397 mt)
Copper concentrate	0.228 million tonnes (previously 0.216 mt)
Iron concentrate	0.254 million tonnes (previously 0.194 mt)
Record Imports	
Caustic soda	1.288 million tonnes (previously 1.195 mt)
Mineral sands	0.326 million tonnes (previously 0.318 mt)
Individual Vessel Records	
Iron concentrate (export)	Pacific Fighter – 27,300 tonnes February 2013
Recycled oil (export)	Golden Nexus – 7,309 tonnes – February 2013
Coal (import)	Asahi Bulker – 14,210 tonnes – February 2013
Timber (import)	Deltagracht – 7,384 tonnes – March 2013
Urea (import)	Ikan Jubal – 14,972 tonnes – March 2013

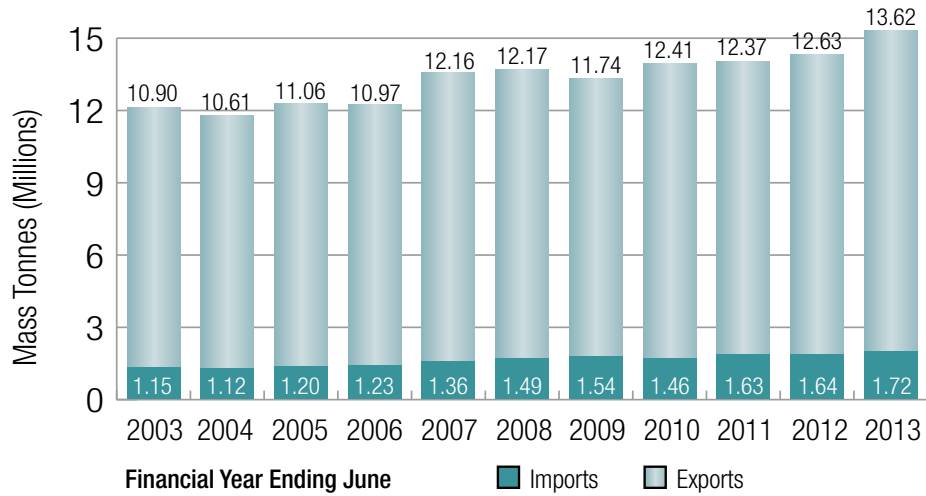
### Trade Forecast

The Authority is forecasting total trade for 2013-2014 of 16.224 million tonnes which represents a 5.8% increase compared to the 2012-2013 trade result. Alumina, woodchips and mineral sands exports are forecast to increase by 0.110 million, 0.214 million and 0.149 million tonnes respectively and the majority of the

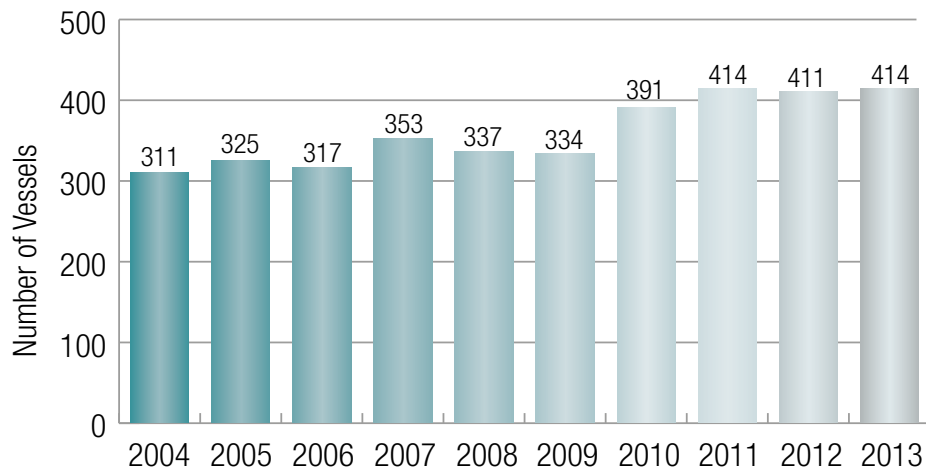
remaining trade volumes are expected to remain at similar levels to those achieved for the reporting period. An increase in caustic soda imports of 0.057 million tonnes is also forecasted for the 2013-2014 year. The commercial vessel numbers are estimated to be higher than the 2012-2013 year.

### Total Port Trade Over 10 Years

(Million Tonnes)



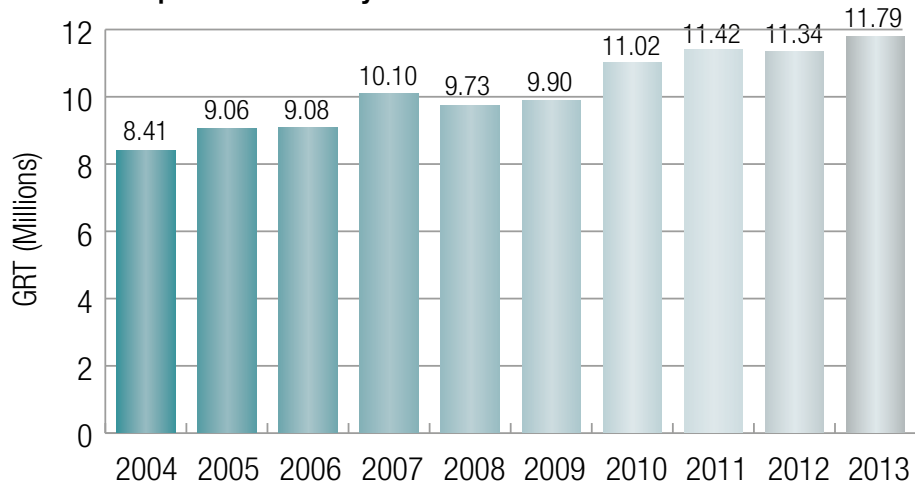
### Commercial Vessel Visits Comparison Over 10 Years



### Gross Registered Tonnage (GRT)

(Million Tonnes)

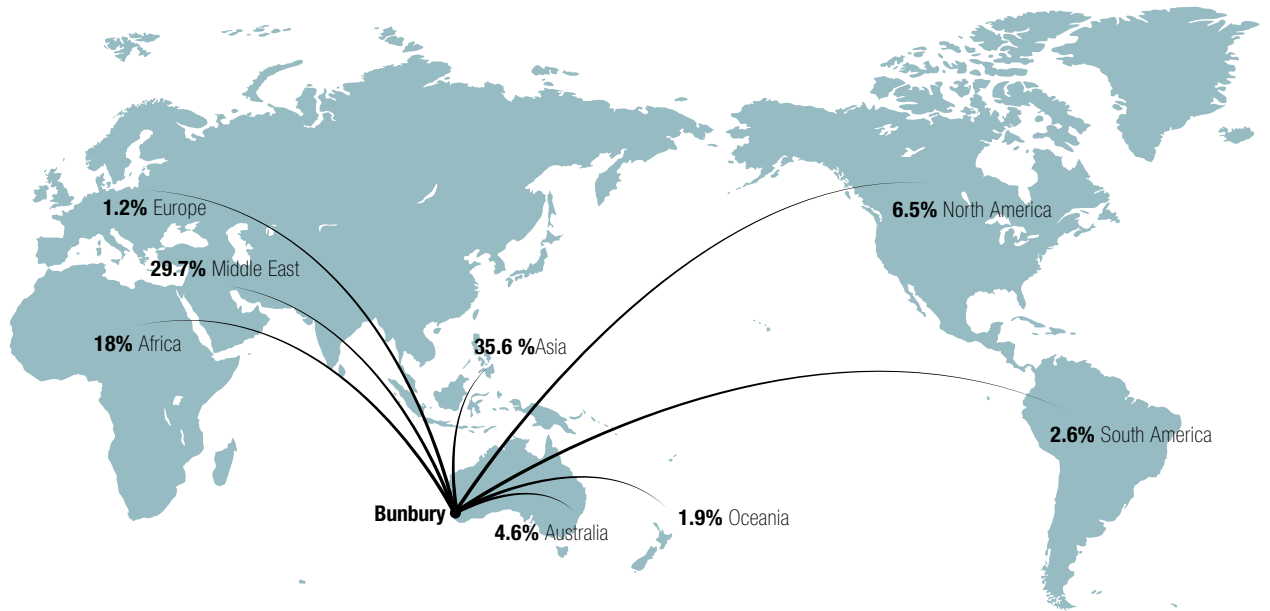
#### Comparison Over 10 years



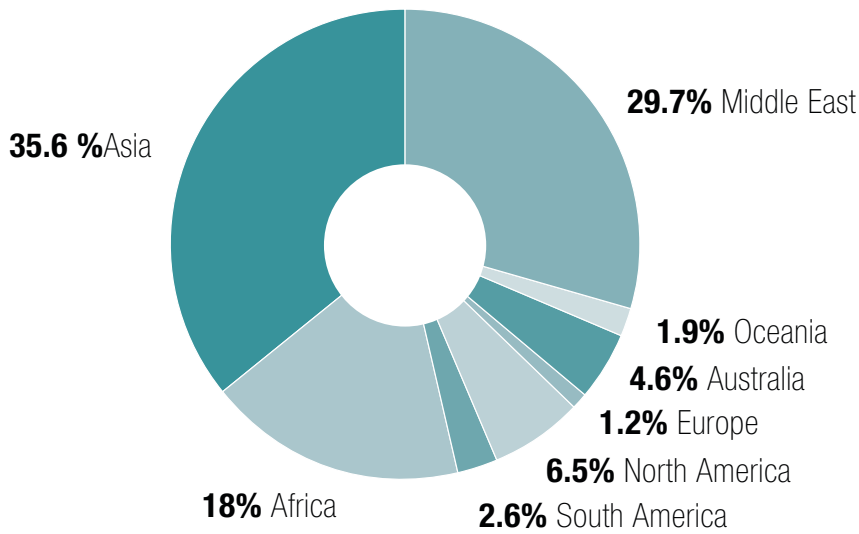


# Trade

## LINKS IN WORLD TRADE



TRADE BY REGION (ROUNDED)  
2012-2013 FINANCIAL YEAR



## BUNBURY PORT AUTHORITY STATISTICAL INFORMATION - 5 Year Period from 2009 to 2013

Cargo (tonnes)	2009	2010	2011	2012	2013
<b>IMPORTS</b>					
Commodity					
Caustic soda	1,146,632	1,158,492	1,194,894	1,187,668	1,287,545
Mineral sands	252,356	179,386	274,523	317,985	326,348
Potash	21,755	-	-	-	-
Petroleum coke	58,967	45,341	61,098	77,396	21,082
Methanol	14,739	9,715	13,538	7,893	11,174
Vegetable oil	3,015	3,626	4,442	1,972	-
General	-	29,188	45,506	3,515	109
Coal	4,800	4,468	10,502	22,585	14,210
Chemical fertilizers	36,208	26,786	24,268	17,488	35,033
Timber	-	-	-	7,304	20,546
<b>TOTAL IMPORTS</b>	<b>1,538,472</b>	<b>1,457,002</b>	<b>1,628,771</b>	<b>1,643,806</b>	<b>1,716,047</b>
<b>EXPORTS</b>					
Commodity					
Alumina	9,476,391	9,663,730	9,439,269	9,496,531	10,589,634
Mineral sands	732,732	720,774	482,458	486,812	461,353
Silica sand	218,068	250,524	245,551	350,220	235,657
Spodumene	204,844	248,051	387,204	396,928	420,925
Woodchips	1,094,405	1,313,394	1,522,675	1,389,988	1,370,648
General	12,337	17,615	19,108	33,972	20,051
Timber	-	87,290	85,974	42,567	8,597
Copper Concentrate	-	108,507	155,739	215,846	228,362
Iron Concentrate	-	-	20,126	193,654	254,168
Recycled Oil	-	-	10,691	19,365	23,670
Petroleum Products	-	-	-	3,921	2,794
<b>TOTAL EXPORTS</b>	<b>11,738,777</b>	<b>12,409,885</b>	<b>12,368,795</b>	<b>12,629,804</b>	<b>13,615,859</b>
Fuel Oil (Bunkers)	-	82	70	60	69
<b>TOTAL TRADE</b>	<b>13,277,249</b>	<b>13,866,969</b>	<b>13,997,636</b>	<b>14,273,670</b>	<b>15,331,975</b>
<b>SHIPPING</b>					
Gross Registered Tonnage	9,895,143	11,023,611	11,419,143	11,342,151	11,790,036
Number of Vessels:					
Commercial Vessels	334	391	414	411	414
Other	11	11	9	5	-
Number of Vessels	334	391	414	416	414



## Port Development

The proactive planning for appropriate infrastructure is critical to maximising trade opportunities for the benefit of port users and stakeholders. The Authority is focused on delivering and promoting strategic developments, both short and long term, in accordance with the Inner Harbour Structure Plan.

The development of appropriate marine infrastructure is an obvious objective and in order for this to occur the port boundaries must first be set and land made available to allow expansion. In addition, the safety and security of port operations, certainty of transport connectivity, and land availability for the receipt, storage and distribution of cargoes are equally critical to the Authority's continued prosperity. The following is a snapshot of the major works currently being undertaken by the Authority.

### **Preston River Relocation Design Works**

One of the most significant future port developments for the Authority, as outlined in the approved Inner Harbour Structure Plan, is the realignment of the lower Preston River to accommodate the expanded Inner Harbour and port operations area. This will be the third time the [Preston River](#) has been realigned. The rearrangement of the two kilometres reach of the Preston River, between the Australind Bypass traffic bridge and the Leschenault Estuary, will result in a new river mouth being created approximately 650 metres to the east of the present mouth. The new channel will intersect Estuary Drive, Johnston Road and Newton Road, as well as the rail line that runs to the port and the recently constructed Port Access Road. Bridges will be required where the channel intersects Estuary Drive, the rail line and the new Port Access Road. After the new channel is satisfactorily stabilised and opened to the estuary for connection to the upstream river, the existing channel will be backfilled to ground level between the new channel and the existing rail bridges prior to development of the land. Recently the Authority was successful in their application for Royalties for Regions funding for the design of these works. The Authority's Management Team are currently reviewing the scope of works and preparing tender documents with the aim of appointing a suitable consultant in early 2014.

After thorough community consultation, design works will proceed, with a final design expected mid to late 2015

### **Proposed Internal Roads and Services South-West of Berth 5 and 7**

Access roads and services corridors are required to be constructed to enable safe access for future lease holders and Berth 5 and 7 users, south west of Berth 5. A concept design for the south side of the Port of Bunbury has been prepared indicating the preferred layout plan that will meet the future needs of Port Users safely. Once finance is secured, works will commence on the procurement of a full design and then construction of the works will commence.

### **Berth 3 Land Backing**

Berth 5 is located directly adjacent to the east of Berth 3, and extends for 240 metres. The Berth 5 structure consists of a suspended deck supported on piles, with a rock revetment slope beneath the suspended slab. Future use of Berth 5 includes plans to export 1.6 million tonne per annum of urea through the facility. Hence Berth 3 will be upgraded from a dolphin structure to a land backed facility to offset the subsequent congestion at Berth 5. Berth 3 will then align with Berth 5 quay line to create 620 metres of continuous wharf frontage adequate for the future Berth 3 and Berth 5 potential export demands.

### **Lanco Development – Berth 14A**

Lanco Resources Australia Pty Ltd is planning to construct and operate a facility located at Berth 14A within the Inner Harbour of the Port of Bunbury to export up to 15 million tonnes of coal per annum. In order to process this increased volume of coal, new transport facilities, a handling plant and berthing arrangements are required at the Inner Harbour to mobilise the coal from mine to the ship. A non binding Heads of Agreement (HOA) was signed by Lanco and the Authority in July 2012. Lanco have subsequently commissioned a consultant to prepare a Public Environmental Review and carry out a detailed concept design of the enclosed coal export facility, which includes development of rail links, roads, a coal storage shed, conveyors, ship loader and new berth within the Inner Harbour of the Port of Bunbury.

The Public Environmental Review will assess the environmental impacts associated with the proposed





construction and operation of a coal handling and export facility at Berth 14A within the Inner Harbour. The Inner Harbour Structure Plan allows for the creation of two berths, 14A and 14B and Lanco propose to develop Berth 14A. The project and location of Berth 14A are consistent with the objectives of the Inner Harbour Structure Plan.

#### **Proposed Casuarina Drive Office Extension**

To accommodate the growing needs of the Port of Bunbury, up to an additional 20 staff are required over the next three to four years and options to extend the office have been agreed. The extensions include additional meeting rooms, ablutions and parking. The Authority envisage the appointment of a suitable contractor in late 2013 with completion of the construction works targeted for September 2014.

## **Berth Infrastructure Maintenance**

#### **Proposed Berth 1 and 2 Staged Repairs**

The Authority is adopting a long term approach to maintenance works on Berth 1 and 2 to procure a suitable contractor for a five year staged design and construct maintenance contract for Berth 1 and 2 in the Outer Harbour. The benefits of carrying out the maintenance under this model include more accurate budgeting, cost effectiveness, inclusion of new maintenance works that may arise, no ambiguities as to the responsibility for any defects, surety to the contractor and fostering of good long term working relationships. The Authority will require minimal support from an external structural consultant to provide technical support and assist in project managing the five year contract.

#### **Berth 5 Waste Water Management System**

To meet the Authority's environmental requisites and subject to proceeding with the proposed urea trade project, a new waste water management system will be constructed at Berth 5 to ensure all environmental sensitive waste is prevented from entering the ocean.

#### **Berth 8 Procurement of Telescopic Chute**

Due to the aging of the current Berth 8 chute, a second telescopic chute was seen as a necessary critical spare and the Authority therefore commissioned the design and supply of a spare chute for delivery in September 2013

#### **Proposed Berth 8 Hardstand Apron Repairs**

The Berth 8 superstructure is essentially a concrete and steel structure supported on steel piles. This structure is sound; however, the ground directly behind the concrete deck has been subject to subsidence. The repairs the Authority are currently undertaking will be a long term solution and in order to carry out the works the Authority is in the process of procuring via public tender, a contractor to perform the work. Works will need to coincide with planned shutdowns and hence the contract has been designed to allow multiple start and finish dates over an 18 month period

#### **Proposed Berth 8 Energy Chain Repairs**

The Berth 8 energy chain has failed in the past and due to the possibility of a reoccurrence, the Authority commissioned a review of the energy chain and track requesting a full design for a new improved track. This will enable the Authority to tender the works as a construct only package and it is intended to complete the construction of the new improved energy chain track in the scheduled January 2014 shutdown.

#### **Berth 8 Shed to Chute - Fit for Purpose Review**

A scope of works was developed in house to appoint a consultant to review the fitness for purpose of the Berth 8 Shed to Chute system, with emphasis on the ship loader. The Board has requested a detailed review of the Berth 8 ship loader and conveying system to cover product movement from within the shed up to the discharge chute of the Berth 8 ship loader. The entire loading system is to be reviewed in terms of fit for purpose reviewed against current best practices and standards, plus probable future requirements of the Authority. The Authority has categorised several areas of review: environment; reliability; compliance with Australian Standards (or other applicable standards); throughput performance; safety (e.g. collision avoidance); modification costs and replacement costs. The expression of interest process was concluded in mid July. The Authority has shortlisted the Invitation for Tender list to a select four to six consultants with the aim of selecting a suitable consultant in late 2013 and the final report and recommendation expected by the end of 2013.



## Land Use Planning & Property

The Authority is responsible for the management of approximately 460 hectares of land at the Port of Bunbury, located approximately 175 kms from Perth, Western Australia.

The Authority is committed to sustainable planning and development of port lands to promote the economic growth and ensure efficient port service while integrating with and enhancing the surrounding community.

The Authority seeks to achieve this objective through a range of strategies including;

- ensuring all major projects are evaluated through a detailed Risk Management process, which includes environmental and societal risk analysis.
- ensuring all major projects are progressed through the appropriate Environmental Protection process and are properly assessed.
- implementing the necessary environmental conditions as agreed to with the regulatory authorities.
- implementing whole of port monitoring programmes for dust and noise emissions.
- undertaking regular, at least biannual, Water Quality Monitoring Programmes.

### Land Use

The use of the Authority's land is outlined in the Inner Harbour Structure Plan 2009 (IHSP) and BPA Board.

New and existing Port Users formally approach the Authority and then proceed through a due diligence approval process to determine whether the land allocation and their product is "fit for purpose" and in line with the Port Authority Act 1999 and IHSP 2009.

### Land Rental Reviews

Rental revenue accounts for approximately 15% of the Authority's total revenue.

All current and future lease negotiations with the Authority have rents negotiated based on market valuations.

## Human Resources

### Our People

The Authority has developed a comprehensive workforce to provide efficient and effective services to our stakeholders. In order to maintain this workforce the Authority has developed Human Resource policies and procedures for all employees to observe. The following is an extract from the current Human Resources Policy.

"In order to ensure effectiveness and efficiency of its operations, it is important for the Authority to have effective systems for managing its workforce and individual employees. This encompasses fair, transparent and equal treatment of employees, as well as comprehensive strategies to motivate and lead people and promote personal development."

The Authority employed 33 (33.4 full time equivalent) people at 30 June 2013 across a range of disciplines. Employee turnover, which includes resignations and retirements, averaged 9.1% in 2012-2013. Our high retention rate reflects the value the Authority places in our professional staff and the appreciation of the skills and knowledge each brings to the day to day business requirements.

During the reporting period there were six full-time positions advertised by the Authority. The positions were for a Document Controller; Maintenance Planner; Management Accountant; Manager – Engineering & Projects; Marine Pilot and Port Worker. There were no claims arising as a result of the recruitment, selection and appointment process carried out by the Authority for these positions.

### Training and Professional Development

The Authority is proactive in encouraging and assisting employees in undertaking professional development, training and further education.

During 2012-2013 staff trained in the areas of risk management, financial management, auditing and taxation, maintenance planning, health and safety, business continuity, and coast and marine structures. At the close of the reporting period one staff member is undertaking a study course supported by the Authority.

The Authority is an inclusive and non-discriminatory community which embraces diversity irrespective of race, age, sex, marital status, pregnancy, religious or political conviction, impairment, family responsibility or family status, gender history or sexual orientation.

The Authority affirms its endorsement and acceptance of staff and visitors with a disability and its commitment to meet their needs by providing an environment of equal opportunity, appropriate access and support.

The Authority will continue to review the corporate structure in the new reporting period to ensure the operational needs of the port and its users are in accordance with the anticipated growth in port trade.

The Authority appreciates the record results achieved over the last 12 months are thanks to the efforts of the Authority's staff and a reflection on their performance as a team.

# Bunbury Port Authority



## Our Mission

“To contribute to the economic growth and development of the South West region of Western Australia by facilitating trade in a commercial and efficient manner.”

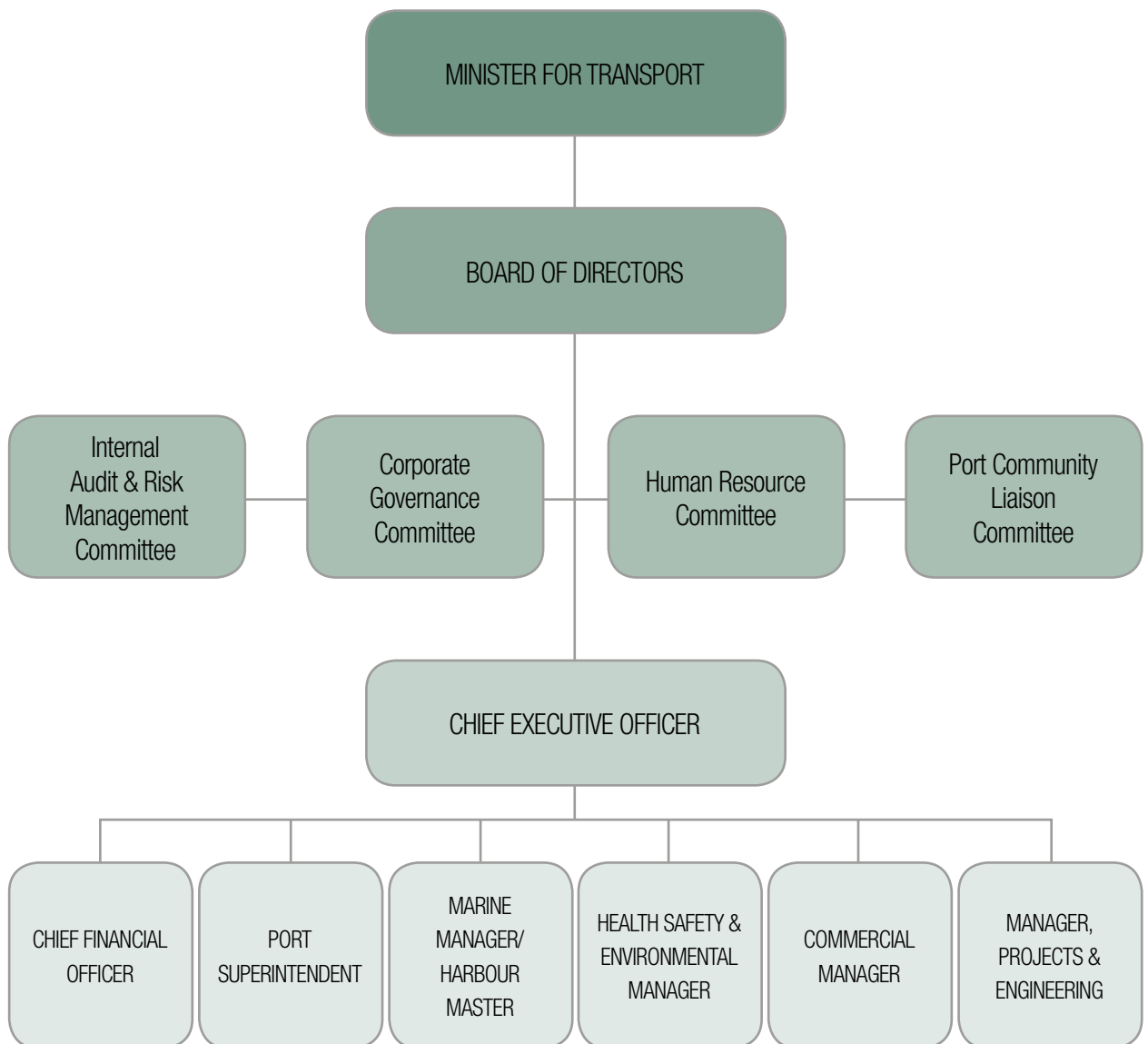
## The Organisation

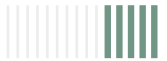
The Bunbury Port Authority (Authority) is a body corporate with perpetual succession and is subject to the provisions of its enabling legislation, the Port Authorities Act 1999, whereby the Authority is capable of suing and being sued and may acquire, hold and dispose of real and personal property.

The Board of Directors, as the governing body of the Authority, has adopted the following corporate governance principles

as the framework by which the Board carries out its duties and obligations on behalf of the Government shareholder to enable the Authority to fulfil its mission being:

“To contribute to the economic growth and development of the South West region of Western Australia by facilitating trade in a commercial and efficient manner.”





Board of Directors - Derek Brennan-Jesson, Anthony Willinge, Neema Premj, Raffaele (Ray) Frisina, Gary Wood.

### Role of The Board

The Board consists of five Directors who are responsible for setting the strategic direction and establishing the corporate policies and procedures of the Authority. The Board is also accountable for planning approvals, monitoring the business activities and overseeing the financial performance of the Authority on behalf of the Government, the sole shareholder by whom the Directors are appointed and to whom they are answerable.

The Board takes a proactive approach on matters that may be raised in relation to internal controls and procedures in regards to the following risk management categories:

- injuries and health;
- financial loss and or asset damage;
- business interruption;
- reputation and image;
- environment; and
- compliance (corporate governance).

The Chief Executive Officer, who is accountable to the Board for the efficient performance of those duties described in the Port Authorities Act 1999, is responsible for the day to day management of the Authority's activities.

The Board is empowered by legislation to determine its own procedures, and has established:

- standing Orders to encourage maximum participation by Directors at meetings of the Board;
- a Corporate Governance Committee to ensure Board efficiency, quality in outcomes, and continuous improvement in Board performance is achieved. Consistent with the powers of delegation contained in the enabling legislation, the Board has defined appropriate levels of delegation to effectively manage the Authority's business with clear lines of accountability;
- an Internal Audit and Risk Management Committee which oversees the internal audit program and assessment of risk of the Authority's operations; and
- a Human Relations Committee which oversees the review of staff awards and individual contracts as well as human resource management policies.

In addition, two of the Directors attend the Authority's well established Port Community Liaison Committee meetings which are held bi-monthly. Local resident John Saunders has been Chairman of the committee for many years and his voluntary service in this important community role is appreciated.

# The Board of Directors

## Composition of the Board

The Authority has five non-executive Directors including the Chairman. The Director's Report in the annual report contains details of each Director's qualifications, skills and experience. The Board meets monthly and as required during the year when extraordinary or special meetings may be called.

## Appointment and Retirement of Directors

Directors are appointed by the Minister for Transport in accordance with Section 7 (1) of the Port Authorities Act 1999. Directors are appointed for periods of up to three years and are eligible for reappointment. The Minister appoints the Chairman and the Deputy Chairman.

## Independent Professional Advice

The Authority will permit any Director to seek external professional advice as considered necessary in the performance of their responsibility as a Director, at the Authority's expense, with the approval of the Chairman.

## Conflict of Interest

Directors make declarations of items of personal interest at the commencement of each Board meeting so that in the event a potential conflict of interest may arise, involved Directors may, at the discretion of the other Directors:

- a) withdraw from deliberations concerning the matter; and
- b) not be permitted to participate in any vote on the matter.

Directors are not permitted to exercise any influence over other Board members or to make improper use of information or their position.

## Directors Fees

The Minister in accordance with Section 10 of the Port Authorities Act 1999, determines the fees for Directors. Details of fees and other benefits paid to Directors during the reporting period are provided within the Directors Report

## Ethical Standards

The Board recognises that the Authority's corporate governance, safety, occupational health, environmental and ethical standards must be of a high standard. The Board therefore keeps these practices under review on an annual basis. All Directors and employees are required to meet

high standards of ethical business practice and must abide by a code of conduct which is part of the Authority's Code of Ethics and Code of Conduct.

These policies comply with the requirements of the Commissioner for Public Sector Standards. The performance of staff against the Code of Ethics and Code of Conduct is reported annually to the Minister in accordance with sections 21 and 23 of the Port Authorities Act 1999.

## Remuneration

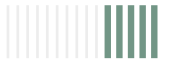
The remuneration of the Chief Executive Officer is reviewed annually by the Board and is subject to the approval of the Minister. The annual review includes performance evaluation based on key targets linked to the Statement of Corporate Intent, as well as taking into consideration comparative remuneration and independent advice when required.

## Internal Audit and Risk Management Committee

The Internal Audit and Risk Management Committee met regularly during the year to discuss internal audit findings, to review the Authority's Risk Register and assess new risks that may have been identified during the year. The Committee is represented by two Directors. The Authority's Internal Auditors attended meetings where required to discuss their audit findings and recommendations.

The Internal Audit and Risk Management Committee perform the following functions:

- Regular, management oriented appraisals of functions to determine their appropriateness in the context of the Authority's objectives as described in the Statement of Corporate Intent and Strategic Development Plan (including, but not restricted to, accounting and financial management information and control systems, monitoring operational performance and risk management systems;
- reviews of the reliability of accounting and financial management information and the protection of all assets and resources under the Authority's control;
- regular reports on the extreme and high level risks to the



Authority and its operations with at least annual reports on medium and low level risks;

- reviews of the risk management systems and mitigation strategies developed, implemented and monitored by the Authority;
- independent and confidential advice on action to be taken to improve operational effectiveness, efficiency and economy;
- follow up appraisals, where appropriate, regarding remedial action taken by levels of management as a result of the Audit Committee's findings and recommendations; and
- follow up recommendations and concerns as expressed by the external auditor as a result of any audit findings and recommendations.

The Committee is an important link for the internal and external auditors to provide their views and recommendations to the Board. During the year the Audit Committee held 4 meetings one of which was to discuss the Strategic Audit Plan for the 2012-2013 reporting period.

The financial systems and functions of the Authority were audited in April and May 2013 by the internal auditors in preparation for the external audit.

The recommendations raised by the internal auditors on the broad scope functions that were reviewed have been implemented or are being progressively implemented to improve internal procedures and controls.

### Internal Controls

Procedures have been developed at the Executive and Board level to ensure that the assets and interests of the Authority are safeguarded and to ensure the integrity of financial reporting and project management. These controls are enhanced by a strong focus on risk management.

These include accounting, financial reporting and internal control policies and procedures as well as physical controls over assets and records.

The Authority has in place the following arrangements:

- review and approval by the Board of the annual budget

which includes the Statement of Corporate Intent and the five year Strategic Development Plan. These are to be agreed between the Minister and the Board with the concurrence of the Treasurer;

- authorisation of major capital and service provider contractual commitments by the Board;
- guidelines, limits and controls on all financial risks and exposures in accordance with the powers of delegation of the Port Authorities Act;
- a comprehensive annual insurance program including risk management reviews and business continuity planning undertaken where necessary with the assistance of professional outside advisors;
- compliance with equal opportunity legislation including affirmative action, sexual harassment, discrimination, diversity and the environment; and
- compliance with financial reporting requirements and applicable accounting standards.

The Board reviews actual financial results against budget on a monthly basis. The Authority prepares quarterly financial statements and performance reports which following review by the Board, are submitted to the Minister, to comply with the reporting requirements of the Port Authorities Act 1999, and the Ministers requests.

### Risk Management/Business Continuity

The Authority is committed to the following policy statement in regards to risk management:

- behaving as a responsible corporate citizen, protecting employees, lease holders, port users, contractors and their property, as well as the community and the broader environment from unnecessary injury, loss or damage;
- achieving its business objectives by seeking opportunities to improve the business and optimise risk management; and
- finding the right balance between the cost of control and the risks it is willing to accept as the legitimate grounds for earning reward.

The Authority recognises that effective risk management at all levels of the organisation is a core element of corporate governance and is necessary for the successful achievement of business objectives and outcomes.

The Authority has adopted a pro-active rather than reactive approach to risk management by establishing a Risk Management Framework, identifying new risks and incorporating risk management as a standing item on agendas for the Risk Management Committee meeting. At each Committee meeting risks rated as extreme or high are reviewed and the Risk Register updated accordingly.

A comprehensive Risk Treatment Action Plan has been developed by the Committee for recording treatment and actions that have been or are planned to be taken for each risk. When the Committee is satisfied that all the necessary action that can be taken has been implemented to reduce the risk the Committee Chairman then signs off on the Risk Treatment Action Plan.

The Authority also recognises the importance of workplace occupational health and safety. Risk management and safety issues are discussed at regular senior management communication meetings.

The Authority in response to these increasing obligations is currently developing a Business Continuity Management Plan as part of its overall risk management strategy to protect its people, assets, port customers and earnings by avoiding or minimising where possible the potential for loss.

The Authority's risk management business continuity plan has a dual purpose:

- Legislative compliance; and
- Ensuring observance of Due Diligence and Corporate Governance requirements.

### Expenditure Guidelines

The Authority has clearly defined expenditure guidelines for the purpose of controlling operating and capital expenditure. A major focus in controlling expenditure includes monthly reports analysing the variances between actual and budgeted expenditure for the major business units which include marine expenses, port operations, administration and management services, asset maintenance and port utilities. In addition there are formally approved levels of delegated financial authority endorsed by the Board.

The Authority is required to obtain the approval of the Minister for individual capital works expenditure projects that exceed \$2million dollars and advises the Minister of projects which exceed \$1million dollars. The Board also reviews capital expenditure and cash flows at monthly Board meetings.

### Financial Management Act 2006

Section 91 of the Port Authorities Act 1999 gives effect to Schedule 5 of the Port Authorities Act 1999, which contains provisions substantially based upon corporations law in relation to financial administration and audit. The provisions of the Financial Management Act 2006 are limited to the application of the audit process only.

### Port Pricing Policies on Services

The Authority's pricing policy is based on commercial user pays principles which are required to recover ongoing operating costs and earn a rate of return on the assets used in providing port services, the rate of return being determined by the Minister for Transport with the Treasurers' concurrence. Port prices are reviewed annually during the budget process.

The main charge for cargo services is Port Infrastructure and for vessel services the Authority charges Navigational Services and Pilotage charges as well as Berth Hire when the Authority owned berths are used. Revised Pilotage charges are required to be published in the Government Gazette before they can apply.

In 2012-2013 port charges increased to aid in the recovery of budgeted increases in major maintenance and refurbishment costs, especially for berths and port infrastructure. In addition, pilotage charges increased to recover an increase in the number of marine pilots employed.

The Authority's Port charges can be obtained from the Authority's website.

Beacon 3







## Disclosures and Legal Compliance

The following are the disclosures required in accordance with legislation and government policies.

### Ministerial Directives

The Minister may give directions in writing to the Board of Directors with respect to the performance of the functions prescribed by legislation. There were no Ministerial directives during the year.

### Disability Access

Initiatives in relation to disability access and inclusion are provided by the Authority as follows:

- physical access is provided to the administration office from the car park; and
- provision of facilities in the office for people with disabilities in accordance with Australian Standards.

People with disabilities can obtain information regarding the Authority's publications and services including our annual reports on the Authority's web site at [www.byport.com.au](http://www.byport.com.au)

### Compliance with Public Sector Standards and Ethical Codes

Section 21 of the Port Authorities Act 1999 requires the Authority's Board to prepare and issue, in consultation with the Commissioner for Public Sector Standards, a code of conduct setting out minimum standards of conduct and integrity to be observed by members of staff.

The Authority's Board reviewed and updated the Code of Ethics and Code of Conduct in September 2012 in line with the Public Sectors Commission's Code. All staff members are provided with a copy of the Code of Ethics and Code of Conduct and the document is provided at the induction process of new employees.

In 2012-2013 there were no incidents involving reportable misconduct or breaches of the Authority's Code of Ethics or Code of Conduct.

### Substantive Equality

The Authority acknowledges the importance to support employees balancing work and family responsibilities by providing, where possible, flexible hours, availability of purchased leave and parental leave.

There are eight females employed full time by the Authority as at 30 June 2013.

### Recordkeeping

In accordance with section 19 of the State Records Act 2000 the Authority is required to have a Recordkeeping Plan.

The Authority's amended Recordkeeping Plan RKP 2012010 was formally approved by the State Records Commission on 30 August 2012.

This Recordkeeping Plan applies to all employees, contractors and organisations performing outsourced services on behalf of the Authority.

### Records Management System

All staff are responsible for the creation and management of the Authority's corporate records using the electronic records management system.

Recordkeeping training is provided to new employees within the first week of employment. An in-depth training session covering recordkeeping policies and procedures is provided followed by refresher training on an as-needs basis. Newsletters, flyers and help sheets are regularly distributed throughout the Authority through the corporate intranet, providing updated policies and procedures.

### Records Management Policy and Procedures

The Authority has adopted the Recordkeeping Plan as the "manual" and this has been circulated to all staff. The Recordkeeping Plan includes:

- policies;
- procedures; and
- defines the roles and responsibilities for all employees, contractors and outsourced organisations.

## Recordkeeping Audit

The Office of Auditor General undertook an audit of the Authority's recordkeeping plan, policy and procedures in April 2013. The audit found the recordkeeping practices to be generally compliant with key aspects of legislation and recommended practices. As a result of the audit, the following improvement opportunities were identified and implemented to ensure continuous improvement in recordkeeping practices:

- all key Authority records on network drives are being captured in the records management system;
- administrator access to the records management system reduced to key staff only;
- regular stocktakes of hardcopy records is undertaken;
- formalised approval process for access levels to the record management system; and
- update of the Information Technology Disaster Recovery Plan.

## Occupational Safety, Health and Injury Management

The Authority is committed to maintaining a high standard of occupational safety, health and injury management. Regular meetings are held with Management and all staff to discuss occupational safety and health issues and allow staff to participate in system improvements. The meetings also provide the opportunity for staff to raise any safety or health concerns with Management. The Authority is currently working towards AS4801 accreditation for its safety management system and expects this to be achieved in mid 2014.

Our consultative process extends to and includes the licensed stevedores and lessees. All new port users are required to submit safety management plans as part of the lease and port services agreement requirements.

Regular port user meetings are held to discuss operational, security and any health and safety issues. When safety matters are raised, the Authority takes action to implement the necessary changes to improve the safety of workers in the Port precinct. Minutes of the meetings with assigned actions are recorded and available to all staff on the Authority's electronic filing system. Safety risks are also recorded in the Authority's risk management system and appropriate risk treatment action plans developed.

In November 2012 there was one minor injury to a staff member that resulted in no lost time. The Authority will continue to comply with the injury management requirements of the Workers Compensation and Injury Management Act 1981.

The Authority is committed to assisting employees who are injured at work or who suffer a work related illness to return to work as soon as appropriate.

The Authority also has an Employee Assistance Program which assists employees to resolve work and personal issues that may affect their wellbeing and productivity.

The Authority is also committed to providing first aid training to all staff on a voluntary basis and it is pleasing to report the majority of staff are now trained First Aiders.

The Authority's OSH and Injury Management Data for the reporting period is illustrated below:

MEASURE	Actual Results		Results against Target	
	2012-13	2011-12	Target	Comments
Number of fatalities	0	0	0	<b>Achieved</b>
Number of lost time injury or diseases	0	0	0	<b>Achieved</b>
Number of severe claims	0	0	0	<b>Achieved</b>
Lost time injury severity rate	0	0	0	<b>Achieved</b>
Percentage of injured workers returned to work within 28 weeks	100%	100%	100%	100%
Percentage of managers trained in occupational safety, health and injury management responsibilities	40%	75%	100%	Training over the next 4 years

## Information Statement

The Authority is required to publish annual information statements either as stand-alone documents or in its annual reports. The Authority has chosen to incorporate its Freedom of Information data in its Annual Report.

Where possible, information the Authority holds will be made available on an informal basis and at no charge. Publications released during the year were:

- 2011-2012 Annual Report; and
- Portal Newsletter, Issue 19, September 2012.

Other information is available via the Authority's web site at [www.byport.com.au](http://www.byport.com.au).

Under the Freedom of Information Act 1992 the Authority is required to respond to applications for information within 45 days of receipt, unless an extension of time is granted.

A formal application for information must be:

- in writing;
- give enough information to enable the requested documents to be identified;
- give an Australian address to which notices can be sent;
- accompanied by a \$30 application fee, unless the information relates to a personal matter which is free of charge. An additional charge may apply for the processing of non-personal information. The fee is reduced by 25 percent for pensioners and financially disadvantaged persons; and
- addressed to the Authority's Freedom of Information Act (FOI) Coordinator as follows:

Michael Beaton  
FOI Coordinator  
Bunbury Port Authority  
PO Box 4  
BUNBURY WA 6231.

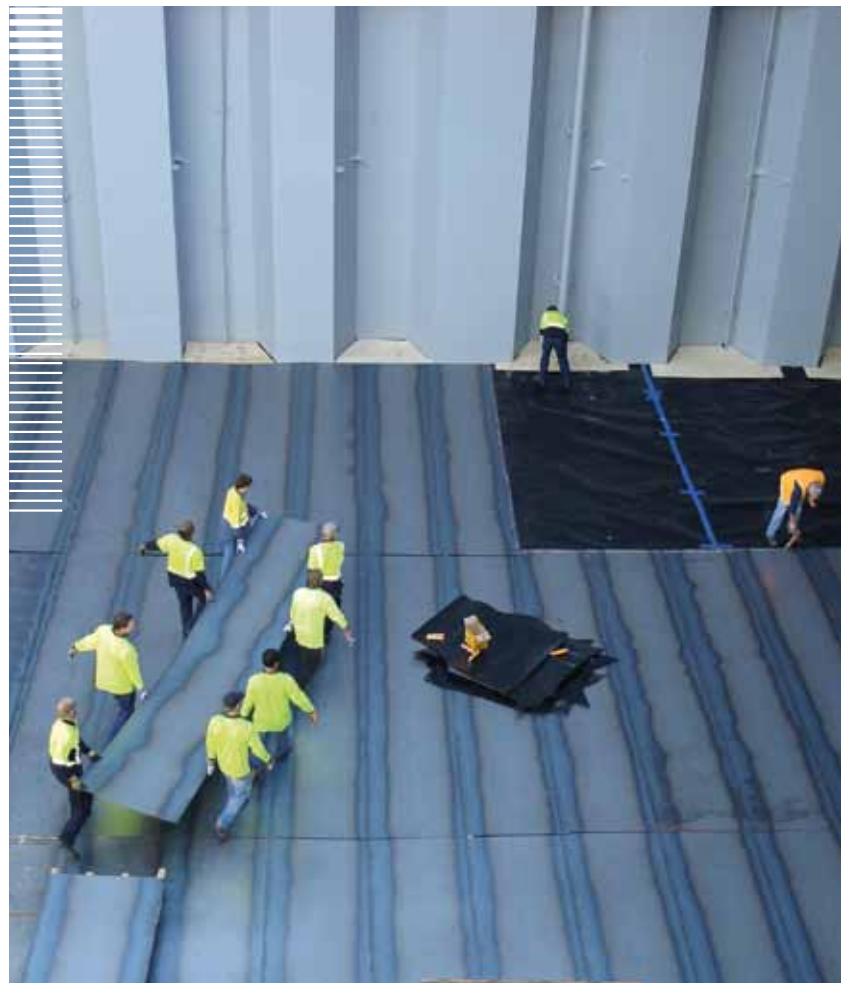
The Authority's FOI Coordinator received one FOI access application during 2012-2013.

## Human Resource Policies and Procedures

The Authority complied with its Human Resource policies & procedures and section 18 of the Port Authorities Act 1999 by providing a report on the administration and management of its staff to the Commissioner for Public Sector Standards.

The Authority's policies generally follow the guidelines and principles of the public sector standards in human resource management. The Human Resource policies are available on the Authority's intranet.

As a result of a management review of the corporate structure five new positions were created to assist with the growing needs of the Authority. The Authority is pleased to welcome the new staff who have settled well into their roles.



Lining of ships hold for cargo loading

# Directors' Report 2013

The Board of Directors of the Bunbury Port Authority have pleasure in presenting their report for the financial year ended 30 June 2013

The following persons were Directors of the Bunbury Port Authority during the financial year and up to the date of this report:



## Neema Premji

Re-appointed Chair: July 2012

### Chairman

B.E. (Civil), Grad. Dip.(Tech. Mngt), MBA, FAICD, MIE (Aust)

Ms Premji was initially appointed to the Board of Bunbury Port Authority in 2002 and is currently the Chair of the Bunbury Port Authority. Ms Premji is a facilitator for the Australian Institute of Company Directors, and administers her own board and business management consultancy, based in Busselton. Ms Premji is a Civil Engineer with broad expertise and experience in the mining and power industries, with strategic business planning, asset management, corporate governance and local government experience. She also is a consultant for matters related to boardroom strategic, corporate governance and risk management. Ms Premji has previously served as a member on the South West Regional Planning Committee, the Edith Cowan University Board, the Bunbury Regional Art Gallery Collections Committee, St John of God Foundations Committee and the Zonta Club of Bunbury and is actively interested in community concerns. Ms Premji has successfully completed the AICD ASX 200 Chairmen's Mentoring Program, is a member of AICD South West Regional Committee. She is an active member on the Port Governance Review Implementation Steering Committee and was recently appointed as Deputy Chair of Ports WA Council.

**Special responsibilities:** Chair of Corporate Governance Committee.

**Expiry of present term:** 30 June 2014



## Raffaele (Ray) Frisina

Re-appointed Deputy Chair: November 2011

### Deputy Chairman

Fellow of CPA Australia, MAICD

Mr Frisina was appointed to the Board on 1 October 2009. He is a Fellow of CPA Australia with many years experience in business consultancy, corporate governance and strategic planning and has the ability and the insight to see the bigger picture.

From his extensive business background Mr Frisina has developed strong leadership and negotiating skills and has the ability to deal with complex and challenging commercial issues.

Mr Frisina is a long term resident of Bunbury and has a deep interest and background in community issues and this makes him well placed to understand the Authority's vital role and contribution within the South West. As a former Town Councillor for the City of Bunbury, Mr Frisina brings a solid understanding of local matters, pressures and opportunities for the enhancement and development of the region.

Mr Frisina has also served on numerous statutory and community Boards and Committees, including a term as a member of the South West Regional Planning Commission, Member of the City of Bunbury City Vision Taskforce, Board Member of the Val Lishman Health Research Foundation, Chairman of the Chefs Long Lunch Charity Committee and currently serves on the Board of the Bunbury Regional Entertainment Centre. He is also a member of the Australian Institute of Company Directors.

**Special responsibilities:** Board representative on the Port Community Liaison Committee, Member of Internal Audit and Risk Management Committee

**Expiry of present term:** 31 December 2014



## Derek Brennan-Jesson

Re-appointed: November 2011

Dip Eng (Elec) UK, Grad Dip (Mgt) GAICD

Mr Jesson was originally appointed to the Board on 27 March 2006. He graduated from the London Regent Street Polytechnic in Electrical Engineering and migrated to Australia in 1970. Mr Jesson has been involved with several major engineering and construction companies gaining experience in a wide range of projects from feasibility to implementation including financial and site construction management.

Following formal retirement in 2004 he has been involved with a number of community activities and various projects in the capacity of a Consultant. Mr Jesson has been a member on a variety of the Authority's committees.

**Special responsibilities:** Chair of the Internal Audit and Risk Committee; member of the Port Community Liaison Committee

**Expiry of present term:** 31 December 2013.

## Directors' Report 2013



### Tony Brennan

Appointed: 1 March 2010

Bachelor of Laws, Grad. Dip. (Legal Practice), MAICD

Mr Brennan was appointed to the Board on 1 March 2010. He holds a Bachelor of Laws degree from the University of Queensland and is an Adjunct Professor of Law at Murdoch University. Mr Brennan is a professional company director with experience across a range of sectors including construction and engineering; mining and resources; transport; corporate advisory; funds management and financial services. He is a member of the Maritime and Transport Law committee; Mining Law committee and the International Construction Projects committee of the International Bar Association and is also one of the few Australian lawyers to have studied Capital Market Development and Regulation; Arbitration & Dispute Resolution and Debt Rescheduling with the Paris Club through the United Nations Institute of Training and Research.

#### **Special responsibilities**

Member of Human Relations Committee and member of Corporate Governance Committee.

#### **Mr Brennans term as Director ceased on:**

31 December 2012.



## Gary Wood

Re-appointed: July 2012

### MAICD

Mr Wood commenced his appointment as a member of the Board on 1 October 2006 bringing his extensive experience in Industrial Relations and the Fair Work Act to the Board. He holds the long term positions of Secretary to both the CFMEU Mining & Energy Division WA District and Coal Miners Industrial Union of Workers of WA and has a lengthy history of widespread involvement in the mining industry. Mr Wood is currently a member of the Australian Institute of Company Directors, the Mining Industry Advisory Committee (MIAC) which is charged with the responsibility of implementing the National Occupational Health & Safety Regime for the Western Australian Resource Sector based on practical risk management. Mr Wood is a member of the Commission of Occupational Safety & Health (COSH) along with being a member of the Legislative Advisory Committee (LAC) inline with his interest in matters pertaining to occupational health and safety in industry, including onshore petroleum and dangerous goods. He is also a Trustee of the Coal Industry Superannuation Board and as such is required to meet the standards of a Registered Superannuation Entity and Australian Financial Services Licence to hold this position.

### Special responsibilities

Chair of the Human Resources Committee.

### Expiry of present term

30 June 2014.



## Anthony Willinge

Appointed 1 January 2013

### LL.B (Honours), LL.M (Distinction)

Mr Willinge holds a Bachelor of Laws degree with honours from the University of WA and a Masters of Law with distinction from London University.

He has extensive experience in risk management and dispute resolution at the Crown (now State) Solicitor's Office where he acted exclusively for the WA Government. As a Partner of Blake Dawson he acted for Government and a range of commercial clients.

His skills and experience include advising Government and commercial parties on a range of risk management and corporate governance issues, and acting for Government and commercial parties in a range of contract and other disputes including on major construction, mining and infrastructure projects.

Mr Willinge is a barrister at the Independent Bar at Francis Burt Chambers, an honorary fellow at the University of WA, and a Nationally accredited mediator.

### Special responsibilities

Member of Human Resources Committee; Member of Corporate Governance Committee

### Expiry of present term:

30 June 2014.

## Directors' Meetings

The Directors of the Authority attended the following Board and Committee meetings during the financial year. The information notes the number of meetings held and the number of attendances by the Director at the respective meetings.:

COMMITTEE MEETINGS	Full Board Meeting		Internal Audit & Risk Management		Human Relations		Corporate Governance		Port Community Liaison	
	A	B	A	B	A	B	A	B	A	B
Neema Premji	12	12	-	-	-	-	3	3	-	-
Raffaele (Ray) Frisina	12	12	4	4	-	-	-	-	5	5
Derek Brennan - Jesson	12	12	4	4	-	-	-	-	5	4
Gary Wood	12	10	-	-	3	3	-	-	-	-
Tony Brennan	6	2	-	-	1	1	2	2	-	-
Anthony Willinge	6	6	-	-	2	2	1	1	-	-

**Column A** - Indicates the number of meetings the Director was eligible to attend. **Column B** - Indicates the number of meetings attended.

## Directors' Emoluments

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

	Directors Base Fee	Superannuation & Other Benefits	Total
NAME	\$	\$	\$
Neema Premji Chairman	45,000	4,050	49,050
Raffaele (Ray) Frisina Deputy Chairman	25,000	2,050	27,050
Derek Brennan - Jesson Director	16,500	1,485	17,985
Gary Wood Director	16,500	1,485	17,985
Tony Brennan Director (01/07/12 – 31/12/12)	8,250	742	8,992
Anthony Willinge Director (01/01/13 – 30/06/13)	8,250	742	8,992
	Salary	Superannuation & Other Benefits	Total* \$
K L Schellack Chief Executive Officer	293,372	44,874	338,246
R Liley Marine Manager/Harbour Master	231,979	32,068	264,047
L Turner Marine Pilot	211,902	29,247	241,149

\*The total remuneration includes salaries, superannuation and non-monetary benefits.





**Indemnification of Directors and Officers**

During the financial year the Directors' and Officers' Liability Insurance Policy was renewed to ensure that Directors and Officers of the Authority had adequate coverage. The policy provides insurance against all liabilities and expenses arising as a result of work performed in their capacities, to the extent permitted by law. The Authority paid an insurance premium of \$30,722 in respect of the Directors' and Officers' Liability Insurance Policy for the reporting period.

At the date of this report no claims have been made against the policy.

**Principal Activities**

The role of the Authority is to contribute to the economic growth and development of the South West region of Western Australia by facilitating trade in a commercial and efficient manner.

During the 2012-2013 financial year the principal continuing activities of the Authority consisted of the:

- provision of port services and port infrastructure for the exchange of goods between sea and land transport;
- maintaining and operating port facilities and equipment required for such purposes including five berths, one mechanical ship loader and a mobile ship loader; and
- planning and co-ordinating the strategic development of the Port of Bunbury to ensure that facilities meet the current and future needs of Port Users, the South West regional community and other key stakeholders.

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

**Objectives**

The Authority's core objectives are summarised as follows:

- to facilitate trade and plan for future growth and development of the port;
- to undertake activities that will encourage and facilitate the development of trade and commerce for the benefit of the state;
- to control business and other activities in the port;

- to be responsible for the safe and efficient operation of the port;
- to maintain and preserve property; and
- to be environmentally responsible.

**Dividends**

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

	2013 \$'000	2012 \$'000
Dividends paid:	4,373	3,763

**Review of operations - port trade**

The Port's record trade performance for the financial year of 15.332 million tonnes, was 1.058 million tonnes or 7.4% above last year's record total of 14.274 million tonnes.

Significant variations in actuals for 2013 compared to actuals for 2012 were as follows:

Imports

- caustic soda increased by 0.100 million tonnes
- urea increased by 0.018 million tonnes

Exports

- alumina increased by 1.093 million tonnes
- iron concentrate increased by 0.061 million tonnes
- spodumene increased by 0.024 million tonnes
- silica sand decreased by 0.115 million tonnes

**Actual compared to Budget**

The total actual trade compared to the budget shows the total trade was below budget for 2012-2013 by 0.384 million tonnes or 2.2%.

## Review of operations – financial results

	Actual 2013 \$'000	Target 2013 \$'000	Actual 2012 \$'000
Income	37,560	36,331	33,157
Expenditure	22,458	24,765	23,566
Net profit before tax	15,102	11,567	9,591
Tax expense	4,281	3,470	2,862
Net profit after tax	10,821	8,097	6,729

### Commentary on operating results

The operating profit before income tax expense was \$15.102 million (2012: \$9.591 million). The income tax attributable to the operating profit for the financial year was \$4.281 million (2012: \$2.862 million).

The increase in profit before income tax was up compared to the previous year by \$5.511 million, due to an increase in trade and other revenue generating port activities and services. In addition, there was a decrease in total operating expenditure of \$1.108 million which was mainly due to the deferral of some categories of maintenance expenditure.

Capital expenditure for the year was \$1.078 million. This was \$0.474 million below the Authority's approved minor works capital budget of \$1.550 million due to the deferral of some minor works into the next financial year.

There were no major capital investment expenditures undertaken during the year. However, minor works totalling \$1.078 million were undertaken during the year which included ongoing port infrastructure improvements such as the purchase of a spare navigational buoy, capital maintenance on Berth 8, IT upgrades and various asset replacements.

### Strategy and future performance - trade and finance

The Authority is expecting higher trade throughput for the 2013-2014 financial year with the commencement of grain exports in the early part of 2014. Minerals sands, copper concentrate, iron concentrate, spodumene and silica sands are also expected to increase in trade during the ensuing financial year.

The 2013-2014 financial year is also budgeted to return a slight decrease in operating profit before tax of \$13.437 million, derived from budgeted revenue of \$42.149 million.

Port users were advised in December 2012 of required changes in port charges for 2013-2014. The changes included various increases to the Port infrastructure charge, 4.50% for Pilotage, a 5.96% increase to Navigational Services and increases to Berth Hire charges to recover budgeted costs to facilitate required maintenance and various improvements. These increases in charges will become effective in the new financial year.

### Significant Changes In The State Of Affairs

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



### Events Subsequent To Reporting Date

There has not been any matter or circumstance that has arisen since 30 June 2013 that has significantly affected, or may significantly affect:

- The Authority's operations in future financial years;
- The results of the operations in future financial years; or
- The Authority's state of affairs in future financial years.

### Likely Developments

The Authority will continue to work closely with customers and stakeholders to fulfil its trade facilitation role.

The Authority has received an enquiry for the proponent driven development of Berth 7 and will continue to liaise with the client to develop a business case for Ministerial approval.

The land backing of the Authority's existing Berth 3 dedicated woodchip export berth, into a multi user berth remains a high priority. The Authority continues to work closely with the State Government in the development of the business cases to advance this project.

With the signing of a non binding heads of agreement with Lanco Resources Australia Pty Ltd and the Authority, negotiations will continue for the proponent built Berth 14A for the exporting of coal. Discussions with Lanco have also included a proposal for the exporting of coal in the interim until Berth 14A is operational. The Authority will continue to liaise with the client and State Government to progress the coal export trade.

### Environmental Regulation

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

### Environmental Management

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

### Rounding Off

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

This report is made with a resolution of the directors on 19 August 2013.

**N B Premji**  
Chairman

Bunbury, Western Australia

**R Frisina**  
Deputy Chairman

# Statement of Comprehensive Income

for the year ended 30 June 2013

	Note	2013 \$'000	2012 \$'000
<b>Income</b>			
Revenue	4	31,168	27,238
Other income	5	6,392	5,919
<b>Expenditure</b>			
Depreciation expense	6	(3,801)	(3,911)
Impairment expense	15	-	(599)
Marine expenses		(2,220)	(1,965)
Port operations expenses		(1,442)	(1,149)
General administration		(4,541)	(4,278)
Asset maintenance		(4,963)	(6,486)
Environmental expenses		(832)	(699)
Port utilities		(3,256)	(2,923)
Security and safety		(991)	(1,011)
Finance costs	8	(394)	(523)
Other expenses	9	(18)	(22)
<b>Profit before income tax</b>		<b>15,102</b>	<b>9,591</b>
Income tax expense	10	(4,281)	(2,862)
<b>Profit for the year</b>		<b>10,821</b>	<b>6,729</b>
<b>Other comprehensive income:</b>			
Items that will not be reclassified to profit and loss		-	-
Items that may be reclassified subsequently to profit and loss		-	-
<b>Total comprehensive income for the year</b>		<b>10,821</b>	<b>6,729</b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.



# Statement of Financial Position

as at 30 June 2013

	Note	2013 \$'000	2012 Restated* \$'000	1 July 2011 Restated* \$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	12(i)	7,619	6,184	7,192
Other financial assets	12(ii)	30,488	25,432	21,416
Trade and other receivables	13	5,409	3,863	3,258
Inventories	14	376	367	355
<b>Total Current Assets</b>		<b>43,892</b>	<b>35,846</b>	<b>32,221</b>
<b>Non-Current Assets</b>				
Deferred tax assets	10	4,061	4,360	3,220
Property, plant and equipment	15	70,256	73,337	75,351
<b>Total Non-Current Assets</b>		<b>74,317</b>	<b>77,697</b>	<b>78,571</b>
<b>TOTAL ASSETS</b>		<b>118,209</b>	<b>113,543</b>	<b>110,792</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	16	1,830	1,615	1,606
Interest bearing borrowings	17	439	1,733	566
Current tax liabilities	10	1,409	1,564	1,409
Provisions	18	716	605	473
<b>Total Current Liabilities</b>		<b>4,394</b>	<b>5,517</b>	<b>4,054</b>
<b>Non-Current Liabilities</b>				
Interest bearing borrowings	17	6,544	7,129	8,862
Provisions	18	342	416	361
<b>Total Non-Current Liabilities</b>		<b>6,886</b>	<b>7,545</b>	<b>9,223</b>
<b>TOTAL LIABILITIES</b>		<b>11,280</b>	<b>13,062</b>	<b>13,277</b>
<b>NET ASSETS</b>		<b>106,929</b>	<b>100,481</b>	<b>97,515</b>
<b>EQUITY</b>				
Reserves	19	14,815	14,815	14,815
Retained earnings	19	92,114	85,666	82,700
<b>TOTAL EQUITY</b>		<b>106,929</b>	<b>100,481</b>	<b>97,515</b>

\*Refer to note 2(f).

The above statement of financial position should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

as at 30 June 2013

	Note	Reserves	Retained Earnings	Total Equity
<b>Balance at 1 July 2011</b>		<b>14,815</b>	<b>82,700</b>	<b>97,515</b>
<b>Total comprehensive income for the year</b>				
Profit	19	-	6,729	6,729
Total other comprehensive income		-	-	-
Total comprehensive income for the year		-	6,729	6,729
<b>Transactions with owners recognised directly in equity</b>				
Dividends paid	11	-	(3,763)	(3,763)
<b>Balance at 30 June 2012</b>		<b>14,815</b>	<b>85,666</b>	<b>100,481</b>
<b>Balance at 1 July 2012</b>		<b>14,815</b>	<b>85,666</b>	<b>100,481</b>
<b>Total comprehensive income for the year</b>				
Profit	19	-	10,821	10,821
Total other comprehensive income		-	-	-
Total comprehensive income for the year		-	10,821	10,821
<b>Transactions with owners recognised directly in equity</b>				
Dividends paid	11	-	(4,373)	(4,373)
<b>Balance at 30 June 2013</b>		<b>14,815</b>	<b>92,114</b>	<b>106,929</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.



# Statement of Cash Flows

for the year ended 30 June 2013

	Note	2013 \$'000	2012 Restated* \$'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		38,536	33,566
Cash paid to suppliers and employees		(21,565)	(21,161)
Cash generated from operations		16,971	12,405
Interest paid		(299)	(521)
Income taxes paid		(4,362)	(3,847)
<b>Net cash from operating activities</b>	<b>20</b>	<b>12,310</b>	<b>8,037</b>
<b>Cash flows from investing activities</b>			
Interest received		1,359	1,708
Proceeds from sale of property, plant and equipment		152	178
Acquisition of property, plant and equipment		(1,078)	(2,586)
Investments in fixed deposits		(5,056)	(4,016)
<b>Net cash used in investing activities</b>		<b>(4,623)</b>	<b>(4,716)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(1,879)	(566)
Dividends paid		(4,373)	(3,763)
<b>Net cash used in financing activities</b>		<b>(6,252)</b>	<b>(4,329)</b>
Net increase in cash and cash equivalents		<b>1,435</b>	<b>(1,008)</b>
Cash and cash equivalents at 1 July	<b>12</b>	6,184	7,192
<b>Cash and cash equivalents as at 30 June</b>	<b>12, 20</b>	<b>7,619</b>	<b>6,184</b>

\*Refer to note 2(f).

The above statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 1

### Basis of preparation

#### (a) Statement of compliance

Bunbury Port Authority ("The Authority") is a not-for-profit entity that prepares general purpose financial statements in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the financial reporting provisions of the Port Authorities Act 1999, except as disclosed in note 1(b).

The financial statements were authorised for issue on 15 August 2013 by the Board of Directors of the Authority.

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

Expenses have been classified by nature and this 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, environmental expenses, safety and security 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.

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, except that it has departed from AASB 101, paragraph 99, to achieve a fair presentation. Total employee benefits expenses are disclosed in note 7 to the financial statements.

#### (c) Basis of measurement

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

#### (d) Functional and presentation currency

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

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

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

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

Information about assumptions and estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year are included within the following notes:

Note 18(d) - Defined benefit plans

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



# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 2

### Summary of significant accounting policies

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

#### (a) Revenue recognition

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

##### (i) Rendering of services

Revenue from services rendered is recognised in 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 income is recognised as it accrues.

##### (iii) Rental income

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

#### (b) Finance income and expenses

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues.

Finance expenses include interest expenses on borrowings and finance charges payable under finance leases.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the statement of comprehensive income.

#### (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 Department of Treasury (WA). 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 except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

##### (i) Current Tax

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

##### (ii) Deferred Tax

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. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Authority expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 2 (cont)

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

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) Trade Receivables

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

The collectability of receivables is reviewed on an ongoing basis and any receivables identified as 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 the debt.

### (e) Inventories

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

### (f) Property, plant and equipment

#### (i) Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- cost of materials and direct labour;
- any other costs directly attributable to bringing the asset to a working condition for its intended use;
- when the Authority has an obligation to remove an asset or restore the site, an estimate of the costs of dismantling and removing the item and restoring the site on which it was 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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in the statement of comprehensive income.

#### (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 and its cost can be measured reliably. Ongoing repairs and maintenance are expensed as incurred.

# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 2 (cont)

### (iii) Depreciation

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.

Depreciation is calculated to write off the cost of property, plant and equipment less the estimated residual value using the straight-line basis over the estimated useful life. Depreciation is generally recognised in the statement of comprehensive income, unless the amount is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and the useful life unless it is reasonably certain that the Authority will obtain ownership by the end of the lease term. Land is not depreciated.

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

Buildings and improvements	4-25 years
Breakwaters	22-40 years
Inner and outer harbour channels and basins	40 years
Navigational aids	10 years
Berth and jetties	15-40 years
Port infrastructure, plant and equipment	5-40 years
Minor plant and equipment	3-20 years
Office furniture and equipment	3-15 years
Motor vehicles	4-10 years

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

### (iv) Impairment

Property, plant and equipment and infrastructure are tested for any indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset 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 recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling. 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 benefit and to evaluate any impairment risk from falling replacement costs.

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

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

### (g) Leases

#### (i) Leased assets

Assets held by the Authority under leases which transfer to the Authority 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

# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 2 (cont)

to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the statement of financial position.

### (ii) Lease payments

Payments made under operating leases are recognised in the statement of comprehensive income 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.

### (iii) Determining whether an arrangement contains a lease

At inception of an arrangement, the Authority determines whether such an arrangement contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset or assets.

At inception or upon reassessment of the arrangement, the Authority separates the payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Authority concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset.

## (h) Non Derivative Financial instruments

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

- loans and receivables;
- held to maturity investments; and
- financial liabilities measured at amortised cost.

Refer to note 21 (ii) for further information on the classification of financial instruments.

Initial recognition and measurement is at fair value. The transaction cost or face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

The value of the provision for impairment loss is assessed using an analysis of historical data to determine the level of risk and subsequent recovery of debts based on the age of amounts outstanding. Bad debts are written off when formally recognised as being irrecoverable.

Trade and other receivables are stated at cost less impairment losses.

### (i) Payables

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

# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 2 (cont)

### (j) Borrowings

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

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

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

### (k) Employee benefits

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

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

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

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

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

### (l) 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. The Authority's total superannuation liability has been actuarially assessed as at 30 June 2013.

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.

# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 2 (cont)

From 30 March 2012, existing members of the WSS or GESB and new employees were able to choose their preferred superannuation fund. The Authority makes concurrent contributions to GESB or other funds on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. Contributions to these accumulation schemes extinguish the Authority's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

### Defined benefit plan

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

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

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

- current service cost;
- interest cost (unwinding of the discount);
- actuarial gains and losses; and
- past service cost.

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

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

### (m) Dividends

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

### (n) Provisions

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

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

### (o) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand, cash at bank, at call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of change in their fair value, and are used by the Authority in the management of its short-term commitments.

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

# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 2 (cont)

### (p) 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 Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of the acquisition of the asset or part of the expense.

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

### (q) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Authority has retrospectively applied an accounting policy, made a retrospective restatement or reclassified items in its financial statements, an additional statement of financial position at the beginning of the earliest comparative period will be disclosed.

### (r) Rounding

Amounts in the financial statements have been rounded to the nearest \$1,000.

### (s) Future impact of Australian Accounting Standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. Consequently, the Authority has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Authority. Where applicable, the Authority plans to apply these Australian Accounting Standards from their application date.

**AASB 9:** Financial Instruments (December 2010) as AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;

# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 2 (cont)

- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these instruments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in credit risk of the liability) in profit or loss.

**AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13** (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Authority's financial statements.

**AASB 2011-4: Amendments to Australian Accounting Standards to Remove Key Management Personnel Disclosure Requirements** (applicable for the annual reporting periods beginning on or after 1 July 2013).

This Standard makes amendments to AASB 124: Related Party Disclosures to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent Corporations Act 2001 disclosure requirements.

This Standard is not expected to significantly impact the Authority's financial report as a whole because:

- some of the disclosures removed from AASB 124 will continue to be required under s 300A of the Corporations Act, which is applicable to the Authority; and
- AASB 2001-4 does not affect the related party disclosure requirements in AASB 124 applicable all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2001-4.

**AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)** (applicable for annual reporting periods commencing on or after 1 January 2013).



# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 2 (cont)

These Standards introduce a number of changes to the presentation and disclosure of defined benefit plans, including:

- removal of the “corridor” approach from AASB 119, thereby requiring entities to recognise all changes in a net defined benefit liability/(asset) when they occur; and
- disaggregation of changes in a net defined benefit liability/(asset) into service cost, net interest expense and remeasurements and recognition of:
  - (i) service cost and net interest expense in profit or loss; and
  - (ii) remeasurements in other comprehensive income.

AASB 119 (September 2011) also includes changes to the criteria for determining when termination benefits should be recognised as an obligation.

This standard is not expected to significantly impact the Authority’s financial report.

**AASB 2012-2:** Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2013).

AASB 2012-2 principally amends AASB 7 – Financial Instruments: Disclosures to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entities recognised financial assets and recognised financial liabilities, on the entities financial position.

This Standard is not expected to significantly impact the Authority’s financial statements.

**AASB 2012-5:** Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle (applicable for annual reporting periods commencing on or after 1 January 2013).

This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of Annual Improvements to AFRSs 2009-2011 Cycle by the International Accounting Standards Board, including:

- AASB 1 : First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
- AASB 101: Presentation of Financial Statements and AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
- AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
- AASB 132 and Interpretation 2: Member’s Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
- AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

This Standard is not expected to significantly impact the Authority’s financial statements.

# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 2 (cont)

### (t) Reclassification of term deposits

Previously, the Authority disclosed all term deposits as cash and cash equivalents. Due to the maturity term of certain term deposits being in excess of three months, the deposits have been reclassified to other financial assets with comparative periods presented being restated accordingly.

The impact on the statement of financial position is outlined below

	30 June 2013 \$'000	30 June 2012 Restated \$'000	Previously presented 30 June 2012 \$'000	1 July 2011 Restated \$'000	Previously presented 1 July 2011 \$'000
Cash and cash equivalents	7,619	6,184	31,616	7,192	28,608
Other financial assets	30,488	25,432	-	21,416	-
<b>Total</b>	<b>38,107</b>	<b>31,616</b>	<b>31,616</b>	<b>28,608</b>	<b>28,608</b>

Overall total current assets, total assets and net assets of the Authority have remained unchanged. The reclassification has also had an effect in the statement of cash flows of a \$5,056,000 (2012: \$4,016,000) reduction in investing activities, and a corresponding net decrease in cash and cash equivalents.

## NOTE 3

### Expenses by nature

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



# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 4

### Revenue

	2013 \$'000	2012 \$'000
<b>Revenue consists of the following items:</b>		
Rendering of services		
Charges on ships		
Navigational services	10,339	8,941
Berth hire	2,486	2,233
Waste disposal & water	153	128
Charges on cargo		
Port infrastructure & stevedoring	8,631	8,229
Shipping services		
Pilotage	2,352	2,338
Interest revenue		
Bankwest	265	186
National Australia Bank	1,007	770
Westpac	98	321
Commonwealth	11	-
ANZ	255	480
Rentals and leases	5,571	3,612
<b>Total revenue</b>	<b>31,168</b>	<b>27,238</b>

## NOTE 5

### Other income

<b>Other income consists of the following items:</b>		
Net gain/(loss) on sale of property, plant and equipment	(114)	43
Sale of electricity and water	4,931	4,280
Miscellaneous charges	1,575	1,596
<b>Total other income</b>	<b>6,392</b>	<b>5,919</b>

## NOTE 6

### Depreciation expense

Channels, dredging, breakwaters and navigation aids	973	962
Buildings and improvements	709	753
Plant and equipment	469	444
Berths, jetties and infrastructure	1,650	1,752
<b>Total depreciation</b>	<b>3,801</b>	<b>3,911</b>

# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 7

### Employee benefits expense

	2013 \$'000	2012 \$'000
<b>Employee benefits</b>		
Wages and salaries	4,065	3,391
Superannuation	330	287
Increase/(decrease) in:		
Accrued wages	3	24
Accumulated days off	(2)	(5)
Annual leave	-	92
Long service leave	(89)	69
Personal leave	-	(28)
<b>Total employee benefits</b>	<b>4,485</b>	<b>3,830</b>

## NOTE 8

### Finance costs

Interest paid	394	523
<b>Finance costs</b>	<b>394</b>	<b>523</b>

## NOTE 9

### Other expenses

Employee on-costs movement	18	22
<b>Total other expenses</b>	<b>18</b>	<b>22</b>



# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 10 Income tax expense

Recognised in the statement of comprehensive income

	2013 \$'000	2012 \$'000
<b>Current tax expense</b>		
Current income tax expense	4,599	4,021
Adjustment for prior periods	(617)	(19)
	<b>3,982</b>	<b>4,002</b>
<b>Deferred tax (income)</b>		
Origination and reversal of temporary differences - current	(43)	(1,140)
Adjustments for prior periods	342	-
	299	(1,140)
<b>Total income tax expense</b>	<b>4,281</b>	<b>2,862</b>
<b>Numerical reconciliation between tax expense and pre-tax net profit</b>		
Profit for the period	10,821	6,729
Total income tax expense	4,281	2,862
Profit excluding income tax	15,102	9,591
Income tax using the statutory tax rate of 30% (2012: 30%)	4,531	2,877
Non-deductible expenses	26	4
	4,557	2,881
Under (over) provision in prior years	(276)	(19)
<b>Income tax expense</b>	<b>4,281</b>	<b>2,862</b>

## Deferred income tax

	Statement of Financial Position		Statement of Comprehensive Income	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Deferred tax liabilities</b>				
Accelerated depreciation for tax purposes	(3,170)	(3,200)	(30)	(200)
Others	(303)	(70)	233	17
Gross deferred tax liabilities	(3,473)	(3,270)		

# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 10 (cont)

	Statement of Financial Position		Statement of Comprehensive Income	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Deferred tax assets</b>				
Employee benefits	252	307	55	(56)
Accelerated depreciation for accounting purposes	6,810	6,638	(172)	(216)
Others	472	685	213	(685)
Gross deferred tax assets	7,534	7,630		
Set-off of deferred tax liabilities pursuant to set-off provisions				
Net deferred tax assets	4,061	4,360		
Deferred tax income			299	(1,140)

### Current tax liabilities

The current tax liability of \$1.409 million (2012: \$1.564 million) represents the amount of income tax payable in respect of current and prior financial periods.

## NOTE 11

### Dividends

	2013 \$'000	2012 \$'000
Dividends paid in the financial year	<b>4,373</b>	<b>3,763</b>

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 65% (2012:65%) of after tax profits. However, in accordance with Australian Accounting Standards, dividends relating to the financial results for the year ended 30 June 2013 have not been provided as they are expected to be declared by Government after balance date.

A dividend of \$4.373 million (2012: Dividend of \$3.763 million was paid in respect of the financial year 2011) in respect of the financial results for the year ended 30 June 2012 was paid during the year ended 30 June 2013.

## NOTE 12

### (i) Cash and cash equivalents

	2013 \$'000	2012 Restated*	1 July 2011 Restated*
Bank balances	3,592	6,184	7,192
Cash deposits	4,027	-	-
Cash and cash equivalents in the statements of cash flows	<b>7,619</b>	<b>6,184</b>	<b>7,192</b>

### (ii) Other financial assets

Fixed deposits	30,488	25,432	21,416
	<b>30,488</b>	<b>25,432</b>	<b>21,416</b>

\*Refer to note 2(t).

The Authority's exposure to interest rate risk and sensitivity analysis for financial assets and liabilities is disclosed in note 21(i).



# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 13

### Trade and other receivables

	2013 \$'000	2012 \$'000
<b>Current</b>		
Receivables	4,754	3,563
Less: allowance for impairment of receivables	(7)	(1)
	<u>4,747</u>	<u>3,562</u>
Other debtors		
Accrued revenue (accrued interest receivable)	511	233
Prepayments	151	68
	<u>5,409</u>	<u>3,863</u>
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of year	1	7
Doubtful debts expense recognised in the income statement	6	-
Amounts written off during the year	-	-
Amounts written back during the year	-	(6)
Balance at the end of year	<u>7</u>	<u>1</u>

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

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

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

	Gross 2013	Impairment 2013	Gross 2012	Impairment 2012
Not more than 3 months	1,061	1	824	-
More than 3 months but less than 6 months	13	6	-	-
More than 6 months but less than 1 year	2	-	-	-
More than 1 year	-	-	4	1
	<u>1,076</u>	<u>7</u>	<u>828</u>	<u>1</u>

## NOTE 14

### Inventories

	2013 \$'000	2012 \$'000
<b>Current</b>		
Material stores, spares for maintenance - at cost	376	367
	<u>376</u>	<u>367</u>

# Notes to the Financial Statements

for the year ended 30 June 2013

	Channels, breakwaters, dredging and navigation aids		Land		Buildings and improvements		Plant and equipment		Berths, jetties and infrastructure		Work in Progress		TOTAL	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
<b>Opening balance as at 1 July</b>														
At cost	55,304	54,967	18,412	18,412	17,044	16,925	3,076	2,615	51,542	50,398	1,128	969	146,506	144,287
Accumulated depreciation	(38,948)	(37,985)	-	-	(9,081)	(8,328)	(1,505)	(1,340)	(23,036)	(21,283)	-	-	(72,570)	(68,936)
Impairment	-	-	-	-	-	-	-	-	(599)	-	-	-	(599)	-
	<b>16,356</b>	<b>16,982</b>	<b>18,412</b>	<b>18,412</b>	<b>7,963</b>	<b>8,597</b>	<b>1,571</b>	<b>1,275</b>	<b>27,907</b>	<b>29,115</b>	<b>1,128</b>	<b>969</b>	<b>73,337</b>	<b>75,351</b>
Additions	-	-	-	-	7	119	462	844	134	129	431	1,524	1,034	2,616
Write off	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers from work in progress	162	336	-	-	-	-	65	15	1	1,014	(228)	(1,365)	-	-
Depreciation for the year	(973)	(962)	-	-	(709)	(753)	(469)	(444)	(1,650)	(1,752)	-	-	(3,801)	(3,911)
Impairment	-	-	-	-	-	-	-	-	(599)	-	-	-	-	(599)
Disposals	-	-	-	-	(382)	-	(235)	(398)	(2,532)	-	-	-	(3,149)	(398)
Acc depreciation on disposals	-	-	-	-	292	-	139	279	2,455	-	-	-	2,886	279
Expensed to P&L	-	-	-	-	-	-	-	-	-	-	(51)	-	(51)	-
Carrying amount at 30 June	<b>15,545</b>	<b>16,356</b>	<b>18,412</b>	<b>18,412</b>	<b>7,171</b>	<b>7,963</b>	<b>1,533</b>	<b>1,571</b>	<b>26,315</b>	<b>27,907</b>	<b>1,280</b>	<b>1,128</b>	<b>70,256</b>	<b>73,337</b>
<b>Closing balance as at 30 June</b>														
At cost	55,466	55,304	18,412	18,412	16,669	17,044	3,368	3,076	49,145	51,542	1,280	1,128	144,340	146,506
Accumulated depreciation	(39,921)	(38,948)	-	-	(9,498)	(9,081)	(1,835)	(1,505)	(22,830)	(23,036)	-	-	(74,084)	(75,570)
Impairment	-	-	-	-	-	-	-	-	(599)	-	-	-	-	(599)

## Fair value of land and buildings

Fair values are based on an independent valuation of land and buildings including freehold land, Crown land and Crown reserves which was undertaken by Landgate (Valuer General's Office, Bunbury) in July 2013. The valuation methodology used was based on market valuation using kerbside and desktop valuation techniques.

The values determined were:

	\$'000
Freehold land	24,715
Buildings on freehold land	850
Crown land	64,290
Buildings on Crown land	23,195

These fair values have not been recognised in the financial statements.

## Impairment

There was no impairment of assets in the 2013 reporting period (2012: \$599,000).





# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 16

### Trade and other payables

	2013 \$'000	2012 \$'000
Trade payables	1,198	1,013
Other payables	61	73
GST payable	192	136
Accrued wages	74	72
Unexpired income	305	321
	<b>1,830</b>	<b>1,615</b>

The Authority's exposure to liquidity risk related to trade and other payables is disclosed in note 21(i).

## NOTE 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 risk, see note 21(i).

<b>Current liabilities</b>		
Direct borrowings	439	1,733
	<b>439</b>	<b>1,733</b>
<b>Non-current liabilities</b>		
Direct borrowings	6,544	7,129
	<b>6,544</b>	<b>7,129</b>
<b>Financing arrangements</b>		
The Authority has access to the following lines of credit:		
Total facilities available:		
Direct borrowings	8,300	8,900
	<b>8,300</b>	<b>8,900</b>
Facilities utilised at reporting date:		
Direct borrowings	6,983	8,862
	<b>6,983</b>	<b>8,862</b>
Facilities not utilised at reporting date:		
Direct borrowings	1,317	38
	<b>1,317</b>	<b>38</b>

These borrowings relate to funds advanced to the Authority in the 1970's to fund the capital expansion of the Inner Harbour.

# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 17 (cont)

### Significant terms and conditions

Borrowings of \$7.0 million (2012: \$7.6 million) from the WA Treasury Corporation's Portfolio Lending Arrangements (PLA) are repayable on fixed dates and bear interest at between 2.81% and 6.91% (30 June 2012: 3.53% and 6.91%). Repayments are based on quarterly instalments with the capital and interest being repaid according to a fixed repayment schedule.

Borrowings of \$1.3 million (2012: \$1.3 million) from the WA Treasury Corporation's Portfolio Lending Arrangements (PLA) was an interest only loan. This amount was repaid in full on 13 July 2012.

### 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:

	1 year or less \$'000	Over 1 to 2 years \$'000	Over 2 to 3 years \$'000	Over 3 to 4 years \$'000	Over 4 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>2013</b>							
<b>Interest bearing borrowings:</b>							
Fixed interest rate borrowings	-	-	-	-	-	-	-
Variable interest rate borrowings	439	591	598	605	613	4,137	6,983
	<b>439</b>	<b>591</b>	<b>598</b>	<b>605</b>	<b>613</b>	<b>4,137</b>	<b>6,983</b>
<b>Weighted average interest rate:</b>							
Fixed interest rate borrowings	-	-	-	-	-	-	-
Variable interest rate borrowings	4.86%	4.81%	4.89%	4.79%	4.69%	4.49%	4.76%
<b>2012</b>							
<b>Interest bearing borrowings:</b>							
Fixed interest rate borrowings	-	-	-	-	-	-	-
Variable interest rate borrowings	1,733	585	591	598	605	4,750	8,862
	<b>1,733</b>	<b>585</b>	<b>591</b>	<b>598</b>	<b>605</b>	<b>4,750</b>	<b>8,862</b>
<b>Weighted average interest rate:</b>							
Fixed interest rate borrowings	-	-	-	-	-	-	-
Variable interest rate borrowings	5.03%	5.00%	5.16%	5.06%	5.01%	4.85%	5.02%

# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 18

### Provisions

	2013 \$'000	2012 \$'000
<b>Current</b>		
Employee benefits provision		
Accumulated days off	11	13
Annual leave (a)	304	308
Long service leave (b)	256	150
Superannuation (d)	33	39
Time in lieu	6	12
Other provisions		
Employment on-costs (c)	106	83
	<b>716</b>	<b>605</b>
<b>Non-current</b>		
Employee benefits provision		
Long service leave (b)	100	133
Superannuation (d)	224	260
Other provisions		
Employment on-costs (c)	18	23
	<b>342</b>	<b>416</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 balance date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance date	304	308
More than 12 months after balance date	-	-
	<b>304</b>	<b>308</b>

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

Within 12 months of balance date	256	150
More than 12 months after balance date	100	133
	<b>356</b>	<b>283</b>

# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 18 (cont)

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

(d) Defined benefit superannuation plans

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

<b>Amounts recognised in the Statement of Comprehensive Income are:</b>	<b>2013</b>	<b>2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current service cost:</b>		
Interest cost	8	14
Actuarial loss	26	47
	<b>34</b>	<b>61</b>

<b>Amounts recognised in the Statement of Financial Position are:</b>		
Present value of unfunded obligations	257	299
Fair value of plan assets	-	-
	<b>257</b>	<b>299</b>

### **Reconciliation of movement in the present value of the unfunded obligations recognised in the Statement of Financial Position are:**

Opening balance	299	245
Current service cost:		
Interest cost	8	12
Actuarial losses	26	42
Benefits paid	(76)	(39)
Transferred defined benefit obligation	-	39
	<b>257</b>	<b>299</b>

### **Reconciliation of the fair value of plan assets is as follows:**

Fair value of plan assets at start of year	-	-
Employer contributions	76	39
Benefits paid	(76)	(39)
Fair value of plan assets at end of year	-	-

# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 18 (cont)

**The principal actuarial assumptions used (expressed as weighted averages) were as follows:**

	2013	2012
Discount rate	3.38%	2.84%
Expected future salary increases	5.00%	5.50%
Expected future pension increases	2.50%	2.50%
Anticipated return on plan assets	-	-

<b>Historic summary</b>	2013 \$'000	2012 \$'000	2011 \$'000	2010 \$'000	2009 \$'000
Pension scheme:					
Present value of unfunded obligation	257	260	245	283	282
Fair value of plan assets	-	-	-	-	-
Transferred defined benefit obligation	-	39	-	-	-
(Surplus)/deficit in plan	257	299	245	283	282
Experience adjustments (gain)/loss - plan assets	-	-	-	-	-
Experience adjustments (gain)/loss - plan liabilities	17	16	(17)	11	23

The experience adjustment for plan liabilities represents the actuarial loss (gain) due to a change in the liabilities arising from the plan's experience (eg membership movements, unit entitlements) and excludes the effect of the changes in assumptions (eg movement in the bond rate and changes in pensioner mortality assumptions).

### Movement in provisions

Reconciliation for the carrying amounts of each class of provision is set out below:

	2013 \$'000	2012 \$'000
<b>Retirement benefit obligations</b>		
Carrying amount at 1 July 2012	299	245
Provisions made during the year	34	54
Amounts utilised in the year	(76)	(39)
Transferred defined benefit obligation	-	39
Carrying amount at 30 June 2013	<b>257</b>	<b>299</b>
<b>Employment on-cost provision</b>		
Carrying amount at 1 July 2012	106	87
Provisions made during the year	18	19
Amounts utilised in the year	-	-
Carrying amount at 30 June 2013	<b>124</b>	<b>106</b>

# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 19

### Equity

	2013 \$'000	2012 \$'000
<b>Reserves</b>		
Asset revaluation reserve (a)		
Balance at the start of the year	14,815	14,815
Movements	-	-
Balance at the end of the year	<b>14,815</b>	<b>14,815</b>
<b>Retained earnings</b>		
Balance at the start of the year	85,666	82,700
Profit for the period	10,821	6,729
Dividends paid	(4,373)	(3,763)
Balance at the end of the year	<b>92,114</b>	<b>85,666</b>

#### (a) Nature and purpose of reserves

The asset revaluation reserve was used to record historic increments and decrements on the revaluation of non-current assets. The balance relates to valuation of land and plant and equipment. All land and plant and equipment previously revalued are now carried at deemed cost.

# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 20

### Notes to the Statement of Cash Flows

	2013 \$'000	2012 Restated* \$'000
<b>Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and cash equivalents	7,619	6,184
	<b>7,619</b>	<b>6,184</b>
<b>Reconciliation of profit after income tax equivalent to net cash flows from operating activities</b>		
Profit after income tax equivalents	10,821	6,729
Adjustments for:		
Depreciation expense	3,801	3,911
Impairment expense	-	599
Interest income	(1,636)	(1,757)
Interest expense	394	523
Net (gain)/loss on sale of property, plant and equipment	114	(43)
Income tax expense	4,281	2,862
<b>Operating profit before changes in working capital</b>	<b>17,775</b>	<b>12,824</b>
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in assets:		
Trade and other receivables	(1,049)	(605)
Inventories	(9)	(12)
(Decrease)/increase in liabilities:		
Trade and other payables	161	(94)
Current provisions	111	132
Non-current provisions	(74)	55
GST liability	56	105
	<b>16,971</b>	<b>12,405</b>
Interest paid	(299)	(521)
Income taxes paid	(4,362)	(3,847)
<b>Net cash from operating activities</b>	<b>12,310</b>	<b>8,037</b>

\*Refer to note 2(f).

# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 21

### Financial instruments

#### (i) Financial Risk Management Objective and Policies

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

#### Market risk

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

The Authority's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations, and cash and cash equivalents. The Authority's borrowings are all obtained through the Western Australian Treasury Corporation (WATC) and are at fixed rates with varying maturities or at variable rates. The risk is managed by WATC through portfolio diversification and variation in maturity dates. The Authority's cash and cash equivalents are mainly deposited in the banks which earned variable interest rates.

Other than detailed in the interest rate sensitivity analysis table below, the Authority has limited exposure to interest rate risk because it has no borrowings other than WATC borrowings and cash and cash equivalents.

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. At 30 June 2013 and 30 June 2012, the Authority holds variable interest rate borrowings.

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

#### Sensitivity analysis

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

Interest rate risk	Carrying Amount \$'000	+0.5% Change Profit \$'000	(0.25%) Change Profit \$'000
<b>2013</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	7,619	38	(19)
<b>Financial liabilities</b>			
Interest-bearing borrowings	(6,983)	(35)	17
	<b>636</b>	<b>3</b>	<b>(2)</b>
<b>2012 Restated*</b>			
<b>Financial Assets</b>			
Cash and cash equivalents	6,184	31	(15)
<b>Financial liabilities</b>			
Interest-bearing borrowings	(8,862)	(44)	22
	<b>(2,678)</b>	<b>(13)</b>	<b>7</b>

\*Refer to note 2(f).



# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 21 (cont)

### 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, and term deposits, the Authority's exposure to credit risk arises from the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The cash and cash equivalents and term deposits are held with banks and financial institution counterparties, which are rated AA- to AA+, based on Standard & Poor's ratings.

The Authority operates predominantly within the shipping and cargo handling industry and accordingly is exposed to risks affecting that industry. The maximum exposure to creditor risk at balance date in relation to each class of recognised financial asset is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at note 21(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 debtors balances. In addition, management of receivable balances includes frequent monitoring thereby minimising the Authority's exposure to bad debts. For financial assets that are either past due or impaired, refer to note 13 'Trade and other receivables'.

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

### Liquidity risk

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

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

	Carrying amount \$'000	6 months or less \$'000	6-12 months \$'000	1-2 years \$'000	2-5 years \$'000	More than 5 years \$'000
<b>Financial liabilities</b>						
<b>2013</b>						
Trade and other payables	1,830	1,788	42	-	-	-
Interest-bearing borrowings	6,983	247	482	939	2,669	4,857
	<b>8,813</b>	<b>2,035</b>	<b>524</b>	<b>939</b>	<b>2,669</b>	<b>4,857</b>
<b>2012</b>						
Trade and other payables	1,615	1,487	128	-	-	-
Interest-bearing borrowings	8,862	1,559	503	978	2,793	5,781
	<b>10,477</b>	<b>3,046</b>	<b>631</b>	<b>978</b>	<b>2,793</b>	<b>5,781</b>

# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 21 (cont)

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

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

### (ii) Categories of financial instruments

Set out below are the categories and fair values of the Authority's financial instruments:

	2013 \$'000	2012 Restated* \$'000
<b>Financial assets</b>		
Cash and cash equivalents	7,619	6,184
Trade and other receivables	5,409	3,863
Other financial assets	30,488	25,432
	<b>43,516</b>	<b>35,479</b>
<b>Financial liabilities</b>		
Trade and other payables	(1,830)	(1,615)
Interest-bearing borrowings	(6,983)	(8,862)
	(8,813)	(10,477)
	<b>34,703</b>	<b>25,002</b>

\*Refer to note 2(f).

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

Due to the short term of fixed rate term deposits, the fair value approximates the carrying value.

## NOTE 22

### Commitments

	2013 \$'000	2012 \$'000
<b>Operating leases receivable</b>		
Future minimum rentals receivable for operating leases at reporting date:		
Within 1 year	4,776	4,492
Later than 1 year but not later than 5 years	12,339	13,342
Later than 5 years	54,639	57,358
	<b>71,754</b>	<b>75,192</b>

# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 23

### Remuneration of auditors

	2013 \$'000	2012 \$'000
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Remuneration received, or due and receivable, by the Auditor General for:

Audit of the financial statements	39	40
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## NOTE 24

### Related parties

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

<b>Chairperson</b>	N B Premji	
<b>Deputy Chair</b>	R Frisina	
<b>Directors</b>	D J Brennan-Jesson	
	T Brennan	Term expired on 31 December 2012. Did not seek re-nomination.
	A Willinge	Appointed on 1 January 2013.
	G N Wood	

### Related party transactions

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



# Notes to the Financial Statements

for the year ended 30 June 2013

## NOTE 25

### Contingent liabilities

#### Contaminated sites

Under the Contaminated Sites Act 2003 (the Act), the Authority is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC) Contaminated Sites Branch.

In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environment values. Where sites are classified as “contaminated - remediation required” or “possibly contaminated - investigation required”, the Authority may have a liability with respect to investigation or remediation expenses if the polluter cannot be identified or hasn't the resources to undertake the investigation or remediation work.

Four lots within the Inner Harbour Port Reserve previously reported to the DEC's Contaminated Sites Branch have now been identified as contaminated at the date of this report.

Three of the lots comprise part of the land area previously occupied by a coal fired power station that was operated for approximately 40 years by Western Power. Verve Energy now continues to monitor this site.

The fourth lot contains an area shared by Alcoa and Worsley used for caustic soda storage and train out-loading activities. These port lease-holders have undertaken monitoring activities as the caustic contamination has been caused by their combined activities.

An additional site bordering the Cristal lease lot 962 Koombana Drive has been classified as “possibly contaminated - investigation required”.

At this stage, any future financial liability that may fall to the Authority to monitor or remediate contamination caused by the activities of the third parties referenced above, is uncertain.

## NOTE 26

### Events occurring after the end of the reporting period

On 10 July 2013, the Authority received a \$1.3 million equity injection from the Government as reimbursement for the loan from Western Australian Treasury Corporation's Portfolio Lending Arrangement which was paid out by the Authority in July 2012 (see note 17). No amount has been recorded with respect to this item at 30 June 2013.

Except as disclosed above 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 or 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 the future financial years.

## Directors Declaration

In the opinion of the Directors of the Bunbury Port Authority (the “Authority”):

- (a) the financial statements and notes are in accordance with the financial reporting provisions of the Port Authorities Act 1999, including:
- (i) giving a true and fair view of the financial position of the Bunbury Port Authority as at 30 June 2013 and of its performance, as represented by the results of its operations and its cash flows for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the Port Authorities Act 1999; and
- (b) there are reasonable grounds to believe that the Bunbury Port Authority will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the directors on 15 August 2013.



N B PREMJI  
Chairperson



R FRISINA  
Deputy Chair

Bunbury, Western Australia  
15 August 2013



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

#### BUNBURY PORT AUTHORITY

I have audited the financial report of the Bunbury Port Authority. The financial report comprises the Statement of Financial Position as at 30 June 2013, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, Notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

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

The directors of the Bunbury 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 Bunbury 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 2013 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 Bunbury Port Authority for the year ended 30 June 2013 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  
23 August 2013



## Contacts

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