Albany Port Authority

Annual Report

1 July 2004 to 30 June 2005

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CHAIRMAN'S REPORT

Australia is an exporting nation and the standard of living enjoyed by every citizen is heavily dependent on the efficiency and cost competitiveness of exporting industries. The ports play a major role in the delivery chain and must offer a reliable, efficient, safe and secure door to their markets at a competitive cost.

The evidence indicates that the Albany Port Authority is now doing well in that competition, as the last two years have been records in terms of both throughput and profit. From an average 1.8m tons in 2003, the Port is now operating at about 3m tons per annum, and plans are in place for 5m tons by 2008, a probable increase of about 250% in 5 years. This rapid growth has demanded considerable expenditure, planning and culture change.

Following 3 years of losses, a return to profit has been an important milestone for the APA. Establishing sustainable financial stability repays the support and confidence placed in us by our shareholder, the State Government and ultimately the people of Western Australia. From these profits debt has been reduced, and work is about to commence on a major project to refurbish the port's two oldest berths and restore them to their original operating capacity.

To stand still is to go backwards and capability must grow. The investment of over $100m in new storage and handling equipment by Cooperative Bulk Handling at the Port will ensure that the Great Southern grain trade is well placed to meet the demanding specifications now required by world markets.

The further development of wood chip infrastructure at the Port guarantees that the crops of plantation timber in the Great Southern can rely on efficient handling and loading of their product through our facility, which will soon become the largest wood chip port in Australia.

In total, the infrastructure investment this year for grain and woodchips has exceeded $140m, all outlaid directly by the exporters. But they have looked to us for reciprocal support, to ensure that their investment is safe and effective. Matching rail and road systems are being developed and long term tenancies arranged to ensure that land on which infrastructure has been developed is efficient and secure for the long term.

Stable industrial relations are of crucial importance and the Port has abandoned the previous practice of outsourcing, to ensure that all work on the facility is now undertaken by skilled local personnel.

Self sufficiency of port operations, based on full time jobs have resulted in a marked improvement in morale and since making these changes in 2002, there have been no lost time injuries. Job training and safety have been enhanced and APA personnel are now well trained for the job. The skills base at our Port is significant and growing.

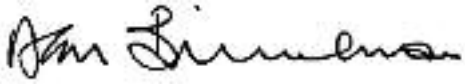
Similarly with engineering, legislative compliance and environmental management, the Port now undertakes a large part of these activities in house and it has been pleasing to note that the quality of all work has improved at the same time that costs have been reduced.

Because of a history in which the town grew up around the Port, the APA has been left with no significant buffer zones between where people live and where we work. For some time that was regarded as a handicap, but with high levels of interest in Port activity by our neighbours, the opportunity has been taken to broaden consultation and ensure that wherever possible, the APA operates as a friend to its many neighbours and the City in general.

To achieve that harmonious balance, one of the major challenges is incoming transport. Rail has far less impact on residents than road and with help from Government we are working to minimize those effects. Passing rail lines, longer trains, better loading and coordination will double present rail capacity. Some truck traffic is unavoidable, but the State has undertaken to ensure that the impacts of road transport will be minimised. That is being achieved by the construction of a ring road north of the town and ensuring that remaining traffic is directed to lower impact roads.

It has been an exciting year and in concluding this report, I offer sincere thanks to our employees, ably led by the CEO Brad Williamson. They daily demonstrate their enthusiasm for this Port and the tasks they perform for our customers. Similarly we are indeed fortunate to have a Board of Directors with a mix of talents, but who together have become such a successful and impressive team. It has been a pleasure and

privilege for me to be involved with all these people, who together have combined to deliver such a solid performance, my sincere thanks to you all.



Alan Birchmore
Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

It has been another strong year at the port. A record was set for tonnage handled, at 2.99 million tonnes (up 5% from last year's record); revenue was up 13% whilst expenditure was down 4%, resulting in a 29% increase in profit. Debt was reduced by $2.5 million. These are pleasing figures – the port is starting to receive the benefit of an increase in the wood chip trade (up 106% from last year), whilst grain, which has traditionally been the foundation of the port's trade, increased 2% despite average to below-average rains in the port's catchment area. Clearly the port is now financially secure and travelling well. The focus now needs to be on managing growth and protecting the existing assets.

The Albany port has been a very busy construction site throughout the year. CBH has been undertaking a $100 million expansion to significantly upgrade the storage, segregation, handling and loading facilities at the port. Such a complex development requires close liaison and I am pleased to report that the multitude of issues thrown up by such a very large development have been handled smoothly between the parties.

The Plantation Pulpwood Terminal, comprised of a joint venture between the interests of Timbercorp and Integrated Tree Cropping (ITC), has also been busy with the completion of their wood chip receival terminal, trading under the name of Albany Chip Terminal. This terminal will eventually be able to handle over 1 million tonnes of wood chips per annum, and links up to the existing wood chip loader owned and operated by Albany Bulk Handling. This project has also involved an array of complex technical issues that have required close liaison with the Port, and again this has proceeded smoothly throughout the year. The facility will export its first shipment of wood chips early in the 2005/06 financial year, which is a significant achievement for Timbercorp and ITC. During the year Albany Bulk Handling commenced an expansion of their facility, with over one hectare added to the site to expand the existing wood chip stockpile.

Albany Plantation Export Company (APEC), the port's first wood chip customer, more than doubled their throughput, reaching 459,000 tonnes. APEC is the pioneer of the wood chip industry in the Great Southern, their vision and perseverance through many challenges has now enabled the port and region to reap the benefits of a new, thriving industry.

The Port's claim against the Commonwealth for damages and remediation caused by the presence of negligently dumped munitions in the harbour has proceeded very slowly. The Port has been keen to avoid an expensive and adversarial court hearing, and has instead attempted to resolve the issue through mediation. Unfortunately the year closes without a resolution to this most difficult issue, one that has significant cost implications for us. Given the concerns expressed during the year by the Commonwealth about removing "bottlenecks" in ports, it is hoped a resolution of this issue can be achieved in the next financial year.

The Albany port is forecasting strong growth in the next 5 years. Indeed, I expect tonnages at the port to double in this time, which requires careful planning. A key bottleneck identified at the port has been the location of the wood chip rail car dumper, which limits the length of wood chip trains to 14 wagons. This number of wagons will not be sufficient for the anticipated bulk wood chip trade, and it has become a priority to find a technical and financial solution to allow longer trains to enter the port.

An analysis has identified grade separation between Princess Royal Drive and the railway line as the best solution and I am very pleased to report that the State Government has committed $2.6 million in funding to this project. This equity contribution is much appreciated and demonstrates their recognition of the critical importance of rail delivery to our port. To facilitate the use of rail and ease road congestion around Albany, the State Government has also made a commitment to the ring road, with stage 1 of this project now funded.

The Albany Port is economical with staff numbers and we rate very well against other facilities in that way, but we have steadily expanded staff numbers where key roles can be filled from within. A milestone was the appointment of Graeme Poole as Port Engineer. The Port is now tackling such a wide variety of complex planning and maintenance issues, that professional in-house engineering is required full-time. Graeme has the ideal background for such a role, and I look forward to his contribution to the port.

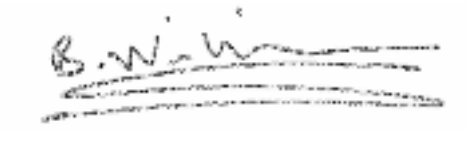
It was once fashionable to reduce direct staffing to very low numbers and contract out many activities, including core port services. We have found that this is not necessarily the best path to follow, and the port is now very well served by its first-rate team of permanent employees. The wharf operations area continues to be run very professionally under the guidance of Eric Norman (Wharf Manager), supported by Adrian Hetherington (Maintenance Supervisor), Trevor Grove, Kevin Jones, Dylan O'Neill and Kevin Drage.

The Port continues to improve the environmental management of the land and water under our care. For some time there has been concern expressed over the amount of nutrients discharged into Princess Royal Harbour with the port identified as a prime suspect. Mandy Bailey (Environment and Compliance Officer) has been able to demonstrate that fertiliser spillage through the spill plate containment system is negligible, with only 150 kilos being discharged in 2004/05 (1 kilo per 1,000 tonnes), compared to over 20 tonnes of nitrogen and 2 tonnes of phosphorus (2001 Department of Environment audit) entering the harbour from other sources. This information enables the Department of Environment to look further for the real culprits whilst we intensify our efforts to make a good record even better.

Throughout the year there has been extensive planning work undertaken for a proposed iron ore (magnetite) trade from the Southdown deposit 90 kilometres east of Albany, near Wellstead. This is an ambitious project, involving the export of 6.5 million tonnes of magnetite concentrate through the port via a slurry pipeline. Without doubt this project, should it eventuate, would be the biggest development in the port's modern history. It would involve dredging 9 kilometres into King George Sound, extensive reclamation and the development of a new berth. Such a development will require a major capital investment and the Port looks forward to working with Grange Resources Limited during its current feasibility stage to see if the project meets key operational and financial criteria. A priority for the Port is trade facilitation and we are making a significant effort to fulfil this role by working closely with Grange.

The strong results this year have only been achieved through the efforts of the entire staff and in addition to those staff members mentioned earlier, I wish to thank Chris Shuttleworth (Harbour Master), Colin Berry (Finance Manager), his assistant George Blunden, Alyson Miller and Dowson Remaj for all their work during the year.

In particular, I would like to thank Sue Sandison (Executive Assistant) for very professionally putting my working day into some sort of reasonable order. In addition, I would like to thank the Board and the Chairman for their support and guidance throughout the year.



Brad Williamson
Chief Executive Officer

Albany Port Authority

Report on Operations

1 July 2004 to 30 June 2005

REPORT ON OPERATIONS

This report, presents the operating report of the Albany Port Authority for the year ended 30 June 2005.

Board Members

The following persons were directors of the Albany Port Authority during the whole of the financial year and up to the date of this report:

Name	Position	Expiry Date of Tenure
Mr. Alan Birchmore	Chairman	31-Dec-2006
Mr. Russell Harrison	Deputy Chairman	30-Jun-2005
Ms. Melissa Fletcher-Toovey	Member	30-Jun-2007
Mr. Bob Golding	Member	30-Jun-2006
Ms. Jo Hummerston	Member	31-Dec-2007

Chairman: Alan Birchmore A.A.I.I., F.A.I.C.D

Mr. Birchmore was appointed to the Board in August 2003.

He is currently the Chairman of Mermaid Marine Australia Ltd (since August 1998)

His experience encompassed senior management and board appointments in Australia, England, Europe and the USA. These included companies such as British Satellite Broadcasting, TVam, the Swan Brewery, GMK Limited, Bond International Gold, St Barbara Mines Ltd, Argyle Diamonds, Whittakers, Mermaid Marine Limited and United Kimberley Diamonds Limited.

Director: Russell Harrison B.Comm., F.T.I.A., A.C.A.

Mr. Harrison was appointed to the Board in November 1993.

Special responsibility: Finance

His work experience includes 19 years as a public accountant, and for 13 years has been a partner of Lincoln's Accountants & Business Advisors, and sits on various other boards.

Director: Melissa Fletcher-Toovey

Ms. Fletcher-Toovey was appointed to the Board in September 2001.

She is currently the General Manager (since April 1993) of Fletcher International, a meat processing plant, which employs 300 - 500 people, depending on seasonal conditions.

Director: Bob Golding Dip Man

Mr. Golding was appointed to the Board in October 2002

He is currently the business manager of Albany Bulk Handling and is a Member of the Australian Grain Institute and a past Member Director of CBH Superannuation Fund.

His work experience includes twenty years in managerial roles in the grain storage industry.

Director: ***Jo Hummerston***

Ms. Hummerston was appointed to the Board in September 2003

She is currently the Chief Executive Officer of the Albany Chamber of Commerce and is a member of a number of local committees, including the Great Southern Employment Development Committee, the Great Southern TAFE College Council and the Regional Chambers of Commerce WA.

Her work experience includes eight years in education and seven years with an employment agency.

Principal Activities

In accordance with the Port Authorities Act 1999, the principal activities of the Authority consist of:

(a) To facilitate trade within and through the port and plan for future growth and development of the port;

(b) To undertake or arrange for activities that will encourage and facilitate the development of trade and commerce generally for the economic benefit of the state through the use of port and related facilities;

(c) To control business and other activities in the port or in connection with the operation of the port;

(d) To be responsible for the safe and efficient operation of the port;

(e) To be responsible for the maintenance and preservation of vested property and other property held by the Authority; and

(f) To protect the environment of the port and minimise the impact of port activities on that environment.

Meetings of the Board

	2005	2004
Number of meeting held	7	8
Number of meetings attended by:		
A G Birchmore, *Chairman*	6	5 of 5
R J Harrison, *Deputy Chairman*	7	4
M Fletcher-Toovey	6	7
R J Golding	7	8
J Hummerston	6	5 of 5

Insurance of Officers

During the financial year, the Authority paid a premium of $25,516 (Excluding GST) to insure the members and executive officers of the Authority.

The liabilities insured are costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Authority.

Auditor

In accordance with the Financial Administration and Audit Act 1985, the Office of the Auditor General continues in the office of auditor for the Authority.

Port Polices and Procedures

The port has developed a number of policies and procedures to address specific responsibilities.

The port is committed to these policies, all of which are regularly reviewed and updated to ensure they reflect the current standards in the port industry.

Copies of the policies are available on request.

The following specific policies (and procedures where appropriate) have been developed:

(a) Risk assessment and management

In 1997, Minter Ellison was engaged to assess the port's risks.

These risks are regularly reviewed and updated as necessary to ensure the port's exposure to those risks is addressed in a timely and appropriate manner.

(b) Internal audit

The Authority has formed an audit group comprising of relevant officers from four regional ports (Albany, Broome, Geraldton and Pt Hedland).

The group has developed an internal audit program for each of the ports.

Mr. Rick Pochroj, from the Port of Pt Hedland, carried out the internal audit function for the Authority.

(c) Equal employment opportunities (Equal Opportunities Act 1994)

The current staff level is fifteen, comprising of the CEO, four line managers (Harbour Master, Finance Manager, Port Engineer and Wharf Manager), three administration and seven operational staff members.

(d) Occupational Health and Safety (Occupational Health Safety & Welfare Act 1984)

The Authority has developed an OH&S committee, in accordance with the Act.

This committee meets regularly to consider issues raised by staff members and persons operating in the port area. OH&S statistics, which are reviewed by the committee, are prepared by the Compliance Officer.

Also, the port has developed a policy of licensing organisations operating in the port area.

As part of each license it is mandatory for each organisation to have an appropriate OH&S program and the operator is required to provide periodic reports (to the port) on related OH&S statistics.

(e) Ethical standards

The port has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all Board Members and employees.

The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism.

In summary, the Code requires that at all times all port personnel act with the utmost integrity, objectivity and in compliance with the letter and spirit of both the law and port policies.

(f) Port Compliance
Advertising and sponsorship (Electoral Act s175ze)

The Authority did not incur any expenditure (greater than $1,500) on advertising agencies, market research organisations, polling organisations, direct marketing organisations or media advertising organisations

Records Management System

The Authority recognises the importance of proper and adequate record keeping practices.

The State Records Act 2000 requires the following to be reported:

1. the efficiency and effectiveness of the record management system has been evaluated to be within the requirements of the Act;
2. the Authority conducts record keeping training as required;
3. the efficiency and effectiveness of the Authority's training program is reviewed within the requirements of the Act; and
4. new employees are inducted in their responsibility with regard to compliance with the Authority's record management system and the authority's responsibility under the Act

Publications

The following publications are available to the public: -

Annual Report
Port Facilities & Charges
Albany – Port with a Past and Future by Les Johnson 1997
Code of Practice

These documents (with the exception of the book by Les Johnson) are available on the Authority's website (www.albanyport.com.au), but also can be obtained by calling at the office of the Authority or by postal request. The documents are also available in other forms, such as audio recording, within one month of receiving requests, to help disabled persons.

Sponsorship 2004/2005

The Albany Port Authority is proud to support various activities in the region through sponsorship.

Sponsorship is provided predominantly for activities with a trade or marine focus, and is designed to enhance community recognition of the Port's role and activities within the community

Paid To	Purpose	Amount
Great Southern Grammar School	Donation towards cost of student visit to Nichinan/Abaratsu, Japan (Albany's sister port)	$5,000
University of Western Australia Albany Campus	Annual Trade Research Bursary for a trade-related subject	$5,000
Constable Care	Promotional materials	$400
Albany Surf Lifesaving Club	Annual sponsorship towards lifesaving activities	$1,000
Albany Sea Rescue	Monitoring of marine radio channels out of office hours	$5,000
Albany Chamber of Commerce & Industry	Annual Business Awards	$500
Perth International Arts Festival	Albany maritime oral histories	$500
Albany Art Prize	Maritime art work - acquisitive	$500

HUGE DRUG SEIZURE AT ALBANY

In July/August 2004, a joint Customs and Australian Federal Police (AFP) operation at the Albany port led to the seizure of approximately 100kg of cocaine (approximately 227,000 street hits) estimated to have a street value of approximately $45 million, and the arrest of three men.

Customs officers and AFP agents recovered the drugs from a beach in Albany Harbour, allegedly offloaded from a bulk grain carrier, the Marcos Dias, which is believed to have originated from South America, via South East Asia. The cocaine was in powder form and was in bags buried in sand dunes.

The operation involved extensive surveillance of the vessel in Australian waters using a combination of Coastwatch Dash 8 electronic surveillance aircraft, a Customs patrol boat, thermal-imaging equipment and Customs closed-circuit television network in the Albany harbour.

The Albany Customs District Office was involved in the operation over a two-week period, assisting both Customs officers from Fremantle and the AFP. This involved providing logistical information such as location of UHF antennas, topographic details and other local advice. The prime task was to carry out surveillance of the Marcos Dias at anchorage 24 hours a day, and Albany District Manager Steve Smith was appointed group commander for the observation post team. Albany Customs officer Jill Gibson offered her house as the observation post location and as it has a vista over King George Sound and the anchorage, it was perfect.

Thermal imaging and CCTV equipment was set up on the verandah and linked to monitors inside the house. After 10 days at anchorage, the Marcos Dias berthed and the observation post was moved to the District Office. The operation culminated in 45 Customs officers from all around Australia converging on Albany for the ship-search phase of the operation.

Review of Operations

Trade Report (Metric Tonnes)

	2005 000's	**2004 000's**	**Comments**
Imports	156	156	
Exports	2,834	2,685	Woodchip exports increased by 106%
Total Port Trade	2,990	2,841	
Number trading of vessels	120	116	
Deadweight tonnage of vessels	4,605	4,322	

Revenue & Expenditure Report

	2005 $'000	**2004 $'000**	**Comments**
Income from Vessels	2,301	2,106	Increase due to larger vessels and additional vessels
Income from Cargo	4,284	3,781	Increase due to higher tonnage and the imposition of a take or pay contract
Other Income	1,147	1,028	
Total Income	7,732	6,915	
Depreciation and Amortisation (iii)	(1,179)	(1,185)	
Maintenance of Port Facilities	(377)	(439)	
All Other Expenditure	(3,238)	(2,985)	Increase due to higher level of expenditure on Consulting, Legal and Salaries and Wages
Total Expenditure	(4,794)	(4,609)	
Net Profit/(Loss) before Income Tax	2,938	2,306	
Income Tax Expense	(958)	(653)	
Net Profit/(Loss)	1,980	1,653	

Dividends

Details of dividends paid in respect of the current year are as follows;

	2005 **$'000**	**2004** **$'000**	**Comments**
Total dividends in respect of the year	$826	Nil	A provision has been made in respect to year ended 30 June 2004

Performance Indicators

	2005	**2004**	**Comments**
OPERATIONAL			
1. Turn around time (Hours) (Total time in port divided by Number of vessels)	100	137	A higher number of hours is a combined reflection of the time loading, the time waiting to load and the time at anchor. The time waiting to load and at anchor is affected by many factors (cargo availability, finance, survey etc) beyond the control of the Port. The reduction was due to a decrease in the waiting time component 54%, compared with 72% in 2004.
2. Berth occupancy – No3 Berth (Total berth hours divided by Total available hours)	49%	54%	A high ratio indicates a better utilization of the berth. However, as this ratio increases a ships time waiting for the berth can be affected. The lower rate was due to the decrease in grain tonnage passing through the Port, 2.248M tonnes compared with 2.303M tonnes in 2004 and efficiency improvements.
3. Berth occupancy – No6 Berth (Total berth hours divided by Total available hours)	8%	4%	A high ratio indicates a better utilization of the berth. However, as this ratio increases a ships time waiting for the berth can be affected The improved rate was due to 106% increase in woodchip tonnages passing through the port

FINANCIAL	2005	2004	Comments
4. Charges per cargo tonne (Cargo plus vessel charges divided by Tonnes of cargo)	$2.08	$2.03	A higher rate is a reflection of the pricing structure and vessels taking on smaller cargo lots than the capacity of the ship (they are not taking a full load from the Port of Albany) The increase is attributable to the increase in utilisation of No6 Berth
5. Expenditure per cargo tonne (Total expenditure divided by Tonnes of cargo)	$1.61	$1.62	The Port is primarily a fixed cost operation, which means this ratio is significantly affected by the tonnes of cargo passing through the port. This year's tonnage and expenditure were similar to last year.
6. Rate of return – Deprival value (Adjusted profit divided by DV Asset base)	8%	7%	A higher ratio is a refection of the profitability of the port's operations in relation to the value of assets controlled. The improvement was due to a lower average asset base ($47.8M in 2005 : $49.0M in 2004)
7. Debt ratio (Total liabilities divided by Total assets)	29%	42%	The lowering of the ratio is an indication of the port's success of the port policy of reducing debt. $2.518M of loans was repaid during the current year ($2.328M in 2004)
8. Debt Ratio (Total Revenue divided by Net Borrowings	108%	141%	The lowering of the ratio is an indication of the port's success of the government policy of reducing debt.

DEVELOPMENT	2005	2004	Comments
9. Vacant land (Vacant land divided by Total port land)	31%	31%	A reflection of land available for the development of future trade opportunities and buffer zones. However, there is a significant part of port land which is unsuitable (hilly terrain) for the stockpiling of bulk commodities.

CITIZENSHIP	2005	2004	Comments
10. Incident Rate (Environmental incidents per million tonnes of cargo)	1.34	0.70	The port seeks to address complaints lodged by members of the public in a timely and appropriate manner. The complaints received in 2005 related to environmental issues, and the assistance of the Department of Environmental Protection is utilised to address such matters

PERSONNEL	2005	2004	Comments
11. Incident Rate (Lost time injuries per million man hours worked)	0	0	The ports objective is to have no lost time injuries.

ETHICS	2005	2004	Comments
12. Number of Complaints (Ethical)	0	0	

Rounding of Amounts to Nearest Thousand Dollars

Amounts in the financial report have been rounded off to the nearest thousand dollars.

DECLARATION BY THE DIRECTORS

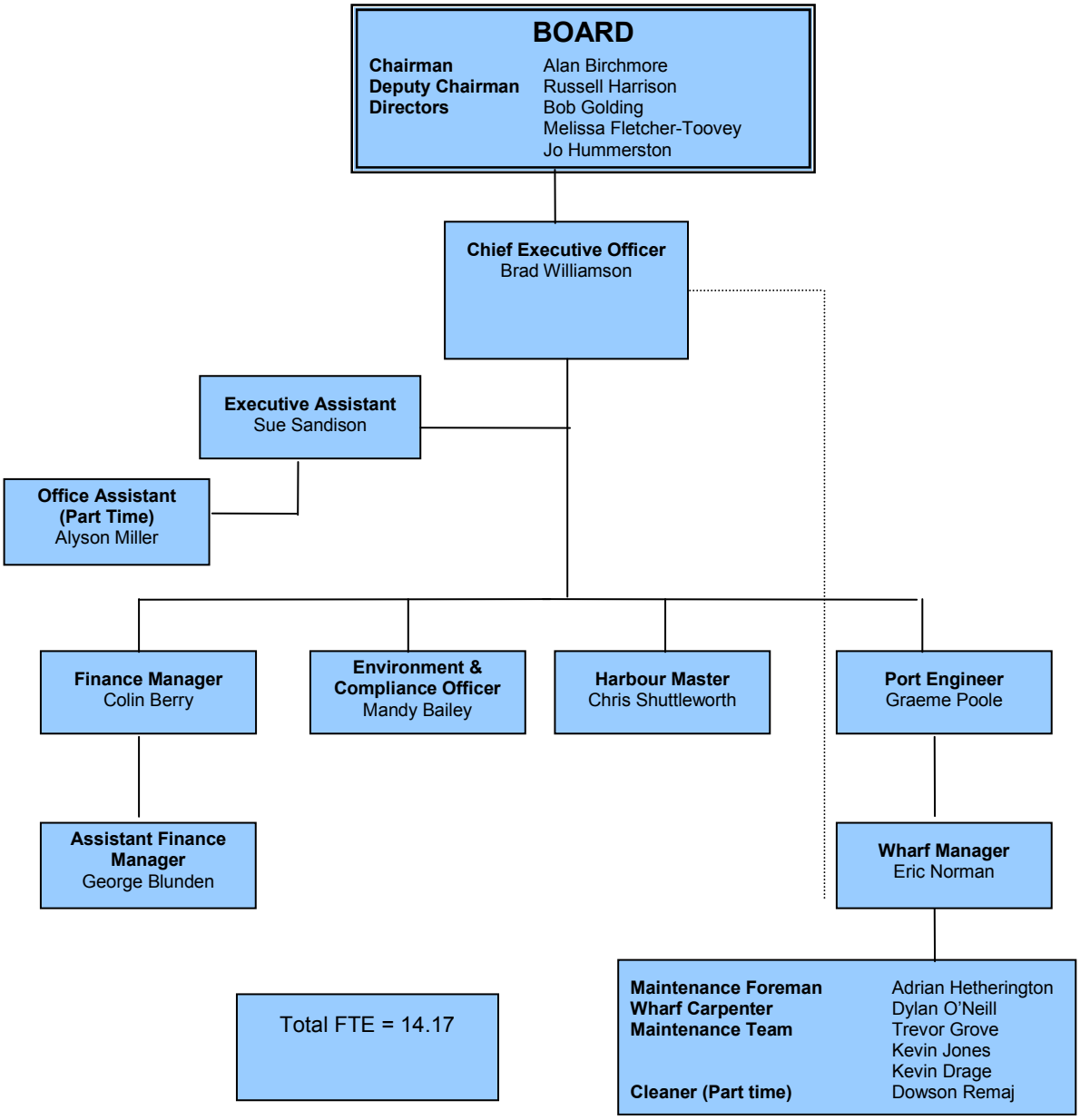
This report has been made in accordance with a resolution of the Directors

Russell Harrison
Chairman of Audit Committee

Jo Hummerston
Director

Albany, Western Australia
8 August 2005

ORGANISATIONAL STRUCTURE



PERFORMANCE INDICATORS FOR YEAR ENDING 30 JUNE

	2001	2002	2003	2004	2005
Operational					
Average Turn Around Time (Hours) (Total time in Port / Number of Vessels	93	82	90	138	100
Occupancy Rate (Total time Berth Occupied / Total time Berth Available)					
No 3 Berth	35%	32%	38%	54%	49%
No 6 Berth	0%	2%	4%	4%	8%
Financial					
Cost Efficiency					
Cargo + Ship Charges per Tonne	$2.14	$2.02	$2.10	$2.03	$2.08
Expenditure per Tonne	$3.38	$2.72	$3.34	$1.62	$1.61
Debt Ratio					
(Total liabilities / Total assets)	29%	46%	44%	42%	34%
(Net Borrowings / Revenue)	115%	320%	251%	141%	107%
Rate of Return *(Adjusted Profit / DepV Assets)*	(2)%	1 %	(2)%	6%	8%
Development					
Land Utilisation Rate *(Vacant Land / Total Land)*	38%	40%	39%	36%	31%
Citizenship					
Incident Rate *(Environmental Incidents / Million Tonnes)*	0.00	0.01	0.01	0.70	1.34
Personnel					
Incident Rate *(Lost Time Injuries / Million Manhours Worked)*	0.00	0.00	0.00	0.00	0.00
Ethics					
Number of Complaints	0	0	0	0	0

TRADE STATISTICS FOR YEAR ENDING 30 JUNE

	2001	2002	2003	2004	2005
IMPORTS					
Agras	0	2,356	3,064	3,571	0
All Star	0	1,208	0	2,428	0
Ammonia Sulphate	0	494	1,120	1,497	1,216
C.A.N.	1,021	2,734	3,006	3,244	1,151
D.A.P.	9,366	7,837	7,559	3,855	7,281
Fish	2,168	4,087	5,549	2,486	4,418
General	2,058	0	3,545	0	0
Kieserite	0	0	0	1,361	0
MAPS	16,054	19,213	28,224	19,461	19,914
NPK Fertiliser	2,693	0	2,139	564	7,675
Petroleum Products	74,573	57,117	22,354	24,427	0
Potash	15,116	20,225	25,781	35,680	36,503
Rock Phosphate	57,314	0	0	6,396	28,273
Single Super	3,460	3,246	4,217	4,814	3,892
Sulphur	12,510	0	0	0	0
Triple Super	7,079	6,054	8,045	12,993	9,911
Urea	40,662	35,829	31,966	31,131	35,830
Vigour	131	0	1,208	1,973	0
Zinc Star	0	0	0	515	0
TOTAL IMPORTS	**244,205**	**160,401**	**147,778**	**156,396**	**156,065**
EXPORTS					
Barley	252,787	330,001	459,711	585,725	857,018
Canola	125,782	172,993	121,125	252,490	214,536
Meat (Frozen)	3,779	0	0	0	0
Lupins	0	0	5,498	25,275	0
Oats	0	24,999	51,885	50,230	0
Peas	0	0	0	0	4,949
Silica Sand	83,850	123,829	122,258	158,215	127,750
Superphosphate	0	0	0	0	0
Wheat	963,007	711,561	840,145	1,426,028	1,171,186
Woodchips	0	70,740	212,846	223,185	458,732
TOTAL EXPORTS	**1,429,206**	**1,434,123**	**1,813,468**	**2,721,148**	**2,834,170**
Bunkers	44	0	25	41	150
TOTAL PORT TRADE	**1,673,454**	**1,594,524**	**1,961,271**	**2,877,585**	**2,990,385**
VESSELS					
Number of Vessels Entered Port	89	86	104	116	120
Gross Registered Tonnage	1,807,713	1,795,256	2,213,096	2,616,888	2,834,882
Deadweight Tonnage	3,064,192	3,017,665	3,582,845	4,321,577	4,605,416

ORIGIN AND DESTINATION OF CARGO

Country	Grain	Fertiliser	Petroleum	Sand	Woodchips	General	Total	Previous
Australia	10,096					4,418	14,514	30,429
Cape Verde							0	4,162
Chile	26,985						26,985	35,175
China	565,454	15,444					580,898	395,638
Columbia							0	42,650
Ecuador	23,100						23,100	24,300
Egypt	86,343						86,343	49,608
Europe							0	40,539
Germany		9,351					9,351	58,403
Hong Kong	25,725						25,725	0
India	16,500						16,500	0
Indonesia	159,396						159,396	351,823
Iran	212,920						212,920	0
Israel		18,287					18,287	33,634
Japan	302,766			127,750	458,732		889,248	658,094
Jordon	50,406						50,406	0
Malaysia	42,439	6,289					48,728	67,672
Morocco		28,273					28,273	31,383
Oman							0	49,230
Pakistan	122,770						122,770	23,805
Poland							0	4,127
Qatar		7,388					7,388	8,704
Saudi Arabia	109,253	13,484					122,737	324,587
Singapore	82,839						82,839	0
South Africa		10,557					10,557	21,497
South Korea	274,229						274,229	500,044
Taiwan							0	30,525
United Arab Emerites							0	22,000
U.S.A.		42,573					42,573	32,994
Vietnam	99,716						99,716	0
Yemen	36,750						36,750	0
TOTAL	2,247,688	151,647	0	127,750	458,732	4,418	2,990,235	2,841,025

Albany Port Authority

Financial Report

1 July 2004 to 30 June 2005

Albany Port Authority
Statement of Financial Performance
for the year ended 30 June 2005

	Notes	30-Jun-05	30-Jun-04
		$000's	$000's
Revenue from Ordinary Activities	**2,3**	7,790	6,915
Written Down Current Cost of Sale of Non-current Assets		(36)	(20)
Employee benefit expense		(113)	33
Depreciation and amortisation expenses	**4**	(1,179)	(1,185)
Borrowing costs expense	**4**	(672)	(810)
Advertising & promotion		(21)	(21)
Chargeable Costs		(71)	(41)
Cleaning and Groundworks		(101)	(83)
Consulting Fees		(396)	(293)
Doubtful Debts		0	(14)
Electricity		(88)	(115)
Insurance Premiums		(136)	(142)
Rates and Land Tax		(257)	(260)
Legal Expenses		(160)	(119)
Members Fees & Expenses		(87)	(71)
Operational Costs		(119)	(108)
Repairs & Maintenance		(377)	(439)
Salaries & Wages		(683)	(573)
Surveys & Studies		(27)	(64)
Water Rates		(44)	(45)
Other expenses from ordinary activities		(238)	(239)
Profit before Income Tax Expense		2,985	2,306
Income Tax Expense	**5**	(958)	(653)
Profit for the Year		2,027	1,653

The above Statement of Financial Performance should be read in conjunction with the accompanying notes

Albany Port Authority
Statement of Financial Position
as at 30 June 2005

	Notes	30-Jun-05	30-Jun-04
		$000's	$000's
ASSETS			
Current Assets			
Cash and Cash Equivalents	**6**	1,851	2,112
Receivables	**7**	715	720
Other Assets	**8**	17	27
Total Current Assets		2,583	2,859
Non-current Assets			
Property, Plant and Equipment	**9**	33,577	34,472
Other Financial Assets	**10**	558	776
Deferred Tax Assets	**11**	844	862
Total Non-current Assets		34,979	36,110
TOTAL ASSETS		37,562	38,969
LIABILITIES			
Current Liabilities			
Payables	**12**	347	1,543
Interest Bearing Liabilities	**13,27**	3,417	3,368
Current Tax Liabilities		747	422
Provisions	**14**	1,141	207
Other Liabilities	**15**	302	356
Total Current Liabilities		5,954	5,896
Non-current Liabilities			
Interest Bearing Liabilities	**16,27**	6,685	9,252
Provisions	**17**	441	493
Total Non-current Liabilities		7,126	9,745
TOTAL LIABILITIES		13,080	15,641
NET ASSETS		24,482	23,328
EQUITY			
Contributed Equity	**18**	1,386	1,386
Reserves	**19**	7,460	7,460
Retained Profits	**19**	15,636	14,482
TOTAL EQUITY		24,482	23,328

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Albany Port Authority
Statement of Cash Flows
for the year ended 30 June 2005

	Notes	30-Jun-05	30-Jun-04
		$000's	$000's
Cash Flows from Operating Activities			
Receipts from Customers		8,441	7,353
Payments to Suppliers and Employees		(5,153)	(3,517)
		3,288	3,836
Interest Receipts		307	231
Interest Payments		(704)	(835)
Income Tax Payments		(615)	(81)
Net Cash Inflow from Operating Activities	**26**	2,276	3,151
Cash Flows from Investing Activities			
Payments for Purchase of Property, Plant and Equipment	**9**	(320)	(220)
Proceeds from Sale of Property, Plant and Equipment	**3**	47	20
Payments into Sinking Funds		(3)	(4)
Proceeds from Sinking Funds		257	210
Net Cash Inflow (Outflow) from Investing Activities		(19)	6
Cash Flows from Financing Activities			
Proceeds from Borrowings		0	0
Repayment of Borrowings		(2,518)	(2,328)
Payment of Dividends	**20**	0	0
Net Cash Inflow (Outflow) from Financing Activities		(2,518)	(2,328)
Net Increase (Decrease) in Cash and Cash Equivalents		(261)	829
Cash and Cash Equivalents at 1 July		2,112	1,283
Cash and Cash Equivalents at 30 June	**6**	1,851	2,112

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

1. Summary of Significant Accounting Policies

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Port Authorities Act 1999, which generally reflects the requirements of the Corporations Act 2001.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

Comparative information is reclassified where appropriate to enhance comparability.

a) Income Tax

From 1 July 2001 the Authority was subject to taxation under the National Tax Equivalent Regime ("NTER"). Under the NTER the Authority is required to pay to the State Government the equivalent tax that would be paid to the Federal Government under Federal Taxation Legislation.

Tax effect accounting procedures are followed whereby the income tax expense in the Statement of Financial Performance is based on the accounting profit after allowing for permanent differences.

The future income tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation.

Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

b) Acquisition of Assets

The prime cost method of accounting is used for all acquisitions of assets.

Cost is determined as the fair value of the assets given up or liabilities undertaken at the date of acquisition, plus incidental costs directly attributable to the acquisition.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the rate at which a similar borrowing could be obtained under comparable terms and conditions.

c) Revenue Recognition

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Revenue is recognised for all business activities after the goods and services have been provided.

Revenue from rentals is recognised when accrued.

(d) Receivables

All trade debtors are recognised at the amount receivable as they are due for settlement within 30 days.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. A provision for doubtful debts is raised where some doubt as to collection exists and in any event when the debt is more than 60 days overdue.

(e) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the net cash inflows and outflows arising from its use and subsequent disposal.

Where the carrying amount is greater than its recoverable amount, the asset is revalued to its recoverable amount.

Where net cash inflows are derived from a group of assets working together, the recoverable amount is determined on the basis of the relevant group of assets.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values using market-determined, risk-adjusted discount rate of 11.25% (2002 – 13.21%).

(f) Change in accounting policy for the measurement of Non-current Assets

Until 30 June 2000 non-current assets were revalued every three years.

On applying AASB 1041, with effect from 1 July 2000, the Authority elected to revert to the cost basis for measuring all non-current assets.

This option was chosen because it was considered the cost of complying with the alternative policy permitted by AASB 1041 of revaluing non-current assets with sufficient regularity to ensure that the carrying amount of each item does not materially differ from its fair value at the reporting date, would exceed the benefits that would be gained.

(g) Depreciation of Non-current Assets

Depreciation is calculated on a straight-line basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land) over its expected useful life.

Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Buildings, wharves and other infrastructure	20 - 50 years
Dredging	40 - 100 years
Breakwaters	40 - 50 years
Plant and equipment	3 - 10 years

Major spares purchased specifically for particular plant are capitalised and depreciated on the same basis as the plant to which they relate.

(h) Non-current assets constructed by the Authority

The cost of non-current assets constructed by the Authority includes the cost of all materials used in construction, direct labour, borrowing costs incurred during construction of qualifying assets and an appropriate proportion of variable and fixed overhead.

Borrowing costs included in the cost of qualifying assets are costs that would have been avoided if the expenditure on the construction of the assets had not been made. Borrowing costs incurred while active construction is interrupted for extended periods are recognised as expenses.

(i) Trade and Other Creditors

These amounts represent liabilities for goods and services provided prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Interest bearing liabilities

Loans are carried at their principal amounts, which represent the present value of future cash flows associated with servicing the debt.

Interest is accrued over the period it becomes due and is recorded as part of accrued expenses.

(k) Maintenance and Repairs

Plant and equipment is required to be overhauled on a regular basis.

This is managed as part of an ongoing major cyclical maintenance program.

The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

(l) Employee Benefits

(i) Wages and Salaries, Annual and Sick Leave

Liability for wages and salaries, annual leave, sick leave and accumulated days off are measured at the nominal rates of pay paid or payable.

(ii) Long Service Leave

Liability for long service leave expected to be settled within 12 months of the reporting date is measured at the nominal rates of pay paid or payable.

Liability for long service leave expected to settled beyond 12 months is measured as the net present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using interest rates on national government guaranteed securities with terms of maturity that match, as closely as possible, the estimated future cash flows.

(iii) Superannuation

Staff may contribute to the Superannuation and Family Benefits Act Scheme, a defined befits pension scheme, now closed to new members, or to the Gold State Superannuation Scheme, a defined lump sum scheme, now also closed to new members.

All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme or any other fund of their choosing. The Authority contributes to these accumulation funds in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

The liability for superannuation charges incurred under the Superannuation and Family Benefits Act pension scheme, together with the pre-transfer service liability for employees who transferred to the Gold State Superannuation Scheme, are provided for up to the reporting date.

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme and other funds, of the employees choosing, are extinguished by the fortnightly payment of employer contributions to the respective funds.

Employer contributions are made to state superannuation funds (GESB) and other funds, of the employees choosing, which exist to provide benefits for employees and their dependents on retirement, disability or death.

The note disclosure required by paragraph 6.10 of AASB1028 (being the employer's share of the difference between employee's accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State on its whole of government reporting. The Government Employees Superannuation Board's records are not structured to provide the information for the Authority. Accordingly, deriving the information for the Authority is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

Employee Benefit On-costs

Employee benefit on-costs, including payroll tax, superannuation and workers compensation are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses.

(m) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Authority's outstanding borrowings during the year, in this case 5.53% (5.49% last year).

Borrowing costs include interest on short-term and long-term borrowings.

(n) Cash

For the purpose of the statement of cash flows, cash includes cash on hand, cash at bank and term deposits.

(o) International Financial Reporting Standards (IFRS)

The Australian Accounting Standards Board (AASB) is adopting IFRS for application to reporting periods beginning on or after 1 January 2005. The AASB will issue Australian equivalents to IFRS and the Urgent Issues Group (UIG) will issue abstracts corresponding to IASB interpretations originated by the International Financial Reporting Interpretations Committee or the former Standards Interpretations Committee (SIC). The adoption of Australian equivalents to IFRS will be first reflected in the financial statements for the half-year ending 31 December 2005 and the year ending 30 June 2006.

Entities complying with Australian equivalents IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of IFRS to that comparative period. Most adjustments required on transition to IFRS will be made retrospectively against opening retained earnings as at 1 July 2004.

The Authority has established a process to manage the transition to Australian equivalents IFRS, including training of staff and system and internal control changes necessary to gather all required financial information. The process is overseen by the Finance Manager, who reports to the Chief Executive Officer and the Board regularly. A timetable for managing the transition has been prepared and is currently on schedule.

The major changes identified to date to existing accounting policies include the following:

(i) Income Taxes

Under the Australian equivalent to IAS 112 *Income Taxes,* deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

This will result in a change to the current accounting policy under which deferred tax balances are determined using the income statement method, items are only tax-affected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss and current and deferred taxes cannot be recognised directly in equity

(ii) Employee Benefits

In accordance with Summary of Significant Accounting Policies – Note 1 (l), the Authority contributes to a defined benefit pension scheme administered by the Government Employees Superannuation Board (GESB).

The superannuation liability has been established from an actuarial assessment of the expected future payments for current employees and other beneficiaries that will be met by the Authority.

Under Australian equivalent to AASB 119 Employee Benefits, the Authority will be required to recognise actuarial gains and losses relating to this plan as they arise and to recognise an asset or liability in respect of this plan.

As detailed in Note 1 (l), the GESB is currently not structured to provide this information to the Authority. Accordingly, the Authority may not be able to drive this information in the future.

(p) Rounding of Amounts

Amounts in the financials report have been rounded off to the nearest thousand dollars.

(q) Dividends

Provision is made for the amount of any dividend declared or determined on or before the end of the financial year, but not distributed at reporting date.

(r) Investments

Investments are brought to account at the lower of cost and recoverable amount.

	2005 $000's	2004 $000's
2. Revenue from Ordinary Activities		
Revenue from Operating Activities		
Shipping Services	2,301	2,106
Cargo Services	4,284	3,781
Other Services	206	199
	6,791	6,086
Revenue from Outside Operating Activities		
Rentals	643	532
Interest	298	277
Proceeds from Sale of Non-current Assets	47	20
	7,779	6,915

3. Profit/(Loss) from Ordinary Activities

Net Gain on Disposal of Property, Plant and Equipment

Profit from ordinary activities before income tax expense includes the following specific net gains

Plant and Equipment		
Revenue	47	20
Less: Written Down Cost	(36)	(20)
Net Gain on Disposal	11	0

4. Expenses

	2005 $000's	2004 $000's
Profit from ordinary activities before income tax expense includes the following specific expenses		
Depreciation		
Buildings	86	88
Wharves and Other Infrastructure	399	428
Dredging	428	428
Breakwaters	140	140
Plant and Equipment	126	101
Total Depreciation	1,179	1,185
Borrowing Costs		
Interest and Finance Charges	672	810
Less : Amount Capitalised	0	0
Borrowing Costs Expensed	672	810

5. Income Tax Expense

The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the profit/(loss) from ordinary activities

The differences are reconciled as follows:

	2005 $000's	2004 $000's
Profit/(Loss) from Ordinary Activities	2,985	2,306
Income tax calculated @ 30%	881	692
Non-deductible Items		
Consultants Fees	20	2
Legal Fees	44	30
Sundry Items	0	1
	945	725
Under (Over) provision in prior years	13	(72)
Income tax expense (benefit)	958	653
Income tax expense (benefit) comprises:		
Current Tax Provision	940	231
Future Income Tax Benefit	18	422
	958	653

	2005 $000's	2004 $000's

6. Current Assets - Cash and Cash Equivalents

Cash at Bank and on hand	1,828	1,899
Short Term Deposit	0	200
Term Deposits	23	13
	1,851	2,112

Cash at Bank
Interest was earnt at variable rates of between 4.75% and 5.00% (2004 4.25% and 4.75%)

Short Term Deposit
Interest was earnt at variable rates of between 5.268% and 5.285% (2004 4.741% and 5.312%)

Term Deposits
The deposits (one & two year periods) are bearing fixed interest rates of between 1.75% and 5.25% (2004 1.75%)

7. Current Assets - Receivables

Trade Debtors	741	745
Other Debtors	34	40
	775	785
Less: Provision for doubtful debts	(60)	(65)
	715	720

Other Debtors
These amounts generally arise from transactions outside the usual operating activities

	2005 $000's	2004 $000's

8. Current Assets - Other

Prepaid Expenditure	15	15
Accrued Revenue	2	12
	17	27

9. Non-current Assets - Property, Plant & Equipment

Freehold land		
At Cost	1,517	1,517
Vested land		
At Cost	1,449	1,449
Buildings		
At Cost	4,174	4,139
At Recoverable Amount	218	218
Less Accumulated Depreciation	(3,373)	(3,286)
	1,019	1,071
Wharves and other infrastructure		
At Cost	19,578	19,604
At Recoverable Amount	1,319	1,319
Less Accumulated Depreciation	(13,949)	(13,619)
	6,948	7,304
Dredging		
At Cost	21,032	21,032
Accumulated Depreciation	(3,678)	(3,250)
	17,354	17,782

	2005 $000's	**2004 $000's**
Breakwaters		
At Cost	5,689	5,689
Less Accumulated Depreciation	(977)	(838)
	4,712	4,851
Plant and equipment		
At Cost	2,917	2,792
Less Accumulated Depreciation	(2,378)	(2,303)
	539	489
Work in Progress		
At Cost	39	9
Total at Cost	56,395	56,231
Total at Recoverable Amount	1,537	1,537
Total Accumulated Depreciation	(24,355)	(23,296)
Total Property Plant and Equipment	33,577	34,472

Reconciliation of the carrying amounts of property plant and equipment at the beginning and end of the current and previous financial year are set out below

	2005 $000's	2004 $000's
Freehold Land		
Carrying amount at start of year	1,517	1,517
Additions	0	0
Transfers	0	0
Disposals	0	0
Depreciation	0	0
Carrying amount at end of year	1,517	1,517
Vested Land		
Carrying amount at start of year	1,449	1,449
Additions	0	0
Transfers	0	0
Disposals	0	0
Depreciation	0	0
Carrying amount at end of year	1,449	1,449
Buildings		
Carrying amount at start of year	860	940
Additions	35	0
Transfer	0	0
Disposals	0	0
Depreciation	(78)	(80)
Carrying amount at end of year	817	860
Buildings (Recoverable Amount)		
Carrying amount at start of year	210	218
Additions	0	0
Transfer	0	0
Disposals	0	0
Depreciation	(8)	(8)
Carrying amount at end of year	202	210
Wharves and Other Infrastructure		
Carrying amount at start of year	6,028	6,360
Additions	43	53
Transfer	0	0
Disposals	0	0
Depreciation	(355)	(385)
Carrying amount at end of year	5,716	6,028

	2005 $000's	2004 $000's
Wharves and Other Infrastructure (Recoverable Amount)		
Carrying amount at start of year	1,276	1,319
Additions	0	0
Transfer	0	0
Disposals	0	0
Depreciation	(44)	(43)
Carrying amount at end of year	1,232	1,276
Dredging		
Carrying amount at start of year	17,782	18,205
Additions	0	5
Transfers	0	0
Disposals	0	0
Depreciation	(428)	(428)
Carrying amount at end of year	17,354	17,782
Breakwaters		
Carrying amount at start of year	4,852	4,992
Additions	0	0
Transfers	0	0
Disposals	0	0
Depreciation	(140)	(140)
Carrying amount at end of year	4,712	4,852
Plant and Equipment		
Carrying amount at start of year	489	456
Additions	203	153
Transfers	9	0
Disposals	(36)	(19)
Depreciation	(126)	(101)
Carrying amount at end of year	539	489
Work in Progress		
Carrying amount at start of year	9	0
Additions	39	9
Transfers	(9)	0
Disposals	0	0
Depreciation	0	0
Carrying amount at end of year	39	9

	2005 $000's	2004 $000's
Total Property, Plant and Equipment		
Carrying amount at start of year	34,472	35,456
Additions	320	220
Transfers	0	0
Disposals	(36)	(19)
Depreciation	(1,179)	(1,185)
Carrying amount at end of year	33,577	34,472

Recoverable Amount
The basis of valuations is the Optimised Depreciated Replacement Cost
The 2003 revaluations were based on the independent assessments of Fudali Waterhouse PRP of Adelaide who are Certified Practicing Valuers

Land Holdings
The carrying value of vested land is $1.449M compared with $6.789M shown in the Government Property Register (2003)
The carrying value of freehold land is $1.517M compared with $1.945M shown in the Government Property Register (2003)

10. Non-current Assets - Other Financial Assets

Sinking Funds	558	776

Sinking funds, for the eventual repayment of loan funds, are invested at floating interest rates with Treasury. Interest rates received ranged between 5.246% and 5.447% (2004 - 4.741% and 5.312%)

Interest revenue is recognised on an accrual basis

11. Non-current Assets - Deferred Tax Assets

Future Income Tax Benefits		
Timing Differences	844	862

12. Current Liabilities - Payables

Trade creditors	347	383
Other creditors	0	1,160
	347	1,543

Other Creditors
These amounts generally arise from transactions outside the usual operating activities

	2005 $000's	2004 $000's

13. Current Liabilities - Interest Bearing Liabilities

Government loan No1	67	68
Government loan No2	3,350	3,300
	3,417	3,368

Government loan No1
Loan No1 is repayable on fixed dates and bear interest (fixed) at between 8.92% and 14.09% (2004 - 14.09%)

Government loan No2
Loan No2 is repayable on fixed dates and bear interest (fixed) at between 5.50% and 5.57% (2004 5.33% and 5.46%)

Fair value disclosures
Details of the fair value of interest bearing liabilities are set out in note 28

Effective interest rates and credit risk
Information concerning the effective interest rate of interest bearing liabilities are set out in note 28

14. Current Liabilities - Provisions

Employee Benefits	315	207
Dividends	826	0
	1,141	207

15. Current Liabilities - Other Liabilities

Accrued Expenditure	258	267
Income Received in Advance	44	89
	302	356

16. Non-current Liabilities - Interest Bearing Liabilities

Loans - Inscribed stocks	600	850
Government loan No1	0	67
Government loan No2	6,085	8,335
	6,685	9,252

Inscribed stocks
Inscribed stocks are repayable on fixed dates and bear interest (fixed) at between 6.40% and 7.40% (2004 5.875% and 7.40%)

	2005 $000's	2004 $000's

Government loan No1
Loan No1 is repayable on fixed dates and bear interest (fixed)
(2004 8.92% and 14.09%)

Government loan No2
Loan No2 is repayable on fixed dates and bear interest (fixed)
at between 5.49% and 6.12% (2003 5.54% and 6.12%)

Fair value disclosures
Details of the fair value of interest bearing liabilities are set out in note 28

Effective interest rates and credit risk
Information concerning the effective interest rate of interest bearing liabilities are set out in note 28

17. Non-current Liabilities - Provisions

Employee Benefits	441	493

18. Contributed Equity

State Contributions	1,386	1,386

Movement

Opening Balance 1 July	1,386	1,386
Plus: Contribution for Year	0	0
Closing Balance 30 June	1,386	1,386

	2005 $000's	2004 $000's

19. Reserves and Retained Profits

Reserves

Asset Revaluation Reserve	7,460	7,460

Movement

Opening Balance 1 July	7,460	7,460
Less : Transfers	0	0
Closing Balance 30 June	7,460	7,460

The asset revaluation reserve is used to record increments and decrements on revaluation of non-current assets (see note 1(f)

Retained Profits

Retained profits	15,636	14,482

Movement

Opening Balance 1 July	14,482	12,829
Net Profit for Year	1,980	1,653
	16,462	14,482
Less : Dividends	(826)	0
Closing Balance 30 June	15,636	14,482

20. Dividends

Dividends	826	0

Movement

Opening Balance 1 July	0	0
Provision	826	0
	826	0
Less : Paid	0	0
Closing Balance 30 June	826	0

21. Remuneration of Auditors

Remuneration for audit of the financial reports	21	16

	2005 $000's	2004 $000's

22. Contingencies

Contingent Liabilities

Superannuation Liability

The following amount represents the superannuation liability for an ex-Department of Marine and Harbours employee who transferred over to the Authority in 1992/93. At the time of the transfer the Department agreed to meet the previous liability and so this amount is not provided in the Authority's superannuation liability calculations.

Maximum contingent consideration in respect to this claim.	193	180

23. Commitments

The Authority does not have any further commitments.

24. Related Party Transactions

No transactions occurred between the Authority and related parties.

25. Events Occurring after Balance Sheet Date

There were no events occurring after the reporting date.

26. Reconciliation of profit after income tax to net cash flow from Operating Activities

Profit for the Year	2,027	1,653
Depreciation and Amortisation	1,179	1,185
Interest on Other Financial Assets	(36)	(43)
Net (Gain)/Loss on Sale of Assets	(11)	0
Changes in Assets and Liabilities :-		
(Increase)/Decrease in Receivables	5	7
(Increase)/Decrease in Deferred Tax Assets	18	231
(Increase)/Decrease in Other Assets	10	(6)
Increase/(Decrease) in Payables	(1,196)	(371)
Increase/(Decrease) in Deferred Tax Liabilities	325	422
Increase/(Decrease) in Provisions	56	(55)
Increase/(Decrease) in Other Liabilities	(54)	128
Net Cash Inflows from Operating Activities	2,323	3,151

27. Interest Bearing Liabilities

Interest Rate Risk

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

For interest rates applicable to each class of asset or liability, refer to individual notes to the financial statements

	Notes	Floating Interest Rate $'000	Fixed Interest Maturing 1 Year or Less $'000	Over 1 to 5 Years $'000	Over 5 Years $'000	Non-interest Bearing $'000	Total $'000
2005							
Financial assets							
Cash Assets	**6**	1,828	16	7			1,851
Receivables	**7**					715	715
Other Financial Assets	**10**	558					558
Total Financial assets		2,386	16	7	0	715	3,124
Weighted average interest rate		5.10%	3.87%	1.75%			
Financial liabilities							
Payables	**12**					347	347
Interest Bearing Liabilities	**13,16**		3,417	6,085	600		10,102
Total financial liabilities		0	3,417	6,085	600	347	10,449
Weighted average interest rate			5.66%	5.71%	6.73%		
Net Financial Assets/(Liabilities)		2,386	(3,401)	(6,078)	(600)	368	(7,325)

	Notes	Floating Interest Rate $'000	Fixed Interest Maturing 1 Year or Less $'000	Over 1 to 5 Years $'000	Over 5 Years $'000	Non-interest Bearing $'000	Total $'000
2004							
Financial assets							
Cash Assets	**6**	2,099	4	9			2,112
Receivables	**7**					720	720
Other Financial Assets	**10**	776					776
Total Financial assets		2,875	4	9	0	720	3,608
Weighted average interest rate		4.90%	1.75%	1.75%			
Financial liabilities							
Payables	**12**					1,544	1,544
Interest Bearing Liabilities	**13,16**		3,368	7,802	1,450		12,620
Total financial liabilities		0	3,368	7,802	1,450	1,544	14,164
Weighted average interest rate			5.62%	5.75%	6.09%		
Net Financial Assets/(Liabilities)		2,875	(3,364)	(7,793)	(1,450)	(824)	(10,556)

Net Fair Value of Financial Assets and Liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and
liabilities approximates their carrying amounts

The net fair value of other monetary financial assets and financial liabilities is based upon market prices
where a market exists or by discounting the expected future cash flows by the current interest rates for
assets and liabilities with similar profiles.

Net fair value is exclusive of costs which would be incurred on realisation of an asset and inclusive of
costs which would be incurred on settlement of a liability

The carrying amounts and net fair values of financial assets and liabilities at reporting date were:

	2005		2004	
	Carrying Amount $'000	Net Fair Value $'000	Carrying Amount $'000	Net Fair Value $'000
Financial Assets				
Cash Assets	1,851	1,851	2,112	2,112
Receivables	715	715	720	720
Other Financial Assets	558	558	776	776
	3,124	3,124	3,608	3,608
Financial Liabilities				
Payables	347	347	1,544	1,544
Interest Bearing Liabilities	10,102	10,622	12,620	12,620
	10,449	10,969	14,164	14,164

Credit Risk

The credit risk on financial assets, which have been recognised in the Statement of Financial Position,
is generally the carrying amount, net of any provisions for doubtful debts.

28. Director and Executive Disclosures

Directors

The following people were directors during the financial year

Alan Birchmore	Chairman
Melissa Fletcher-Toovey	Director
Russell Harrison	Director
Bob Golding	Director
Jo Hummerston	Director

Executive Officers

The following people were the three executives with the greatest authority for the strategic direction and management of the port during the financial year.

Brad Williamson	Chief Executive Officer
Chris Shuttleworth	Harbour Master
Colin Berry	Finance Manager

Remuneration of Directors and Executives

In accordance with *Section 10 of the Port Authorities Act 1999,* the Minister determines the remuneration and allowances payables to directors.

The Board determines staff remuneration policies and practices.

The Chief Executive Officers remuneration and terms of employment are reviewed annually, having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. As well as a base salary, the remuneration package includes superannuation and fringe benefits.

Details of Remuneration

Directors		Members' Base Fee $	Super-annuation $	Other Benefits $	This Year Total $
2005					
Alan Birchmore	Chairman	22,000	1,980	600	24,580
Melissa Fletcher-Toovey	Director	11,000	990		11,990
Russell Harrison	Director	11,000	990		11,990
Bob Golding	Director	11,000	990		11,990
Jo Hummerston	Director	11,000	990		11,990
Total		66,000	5,940	600	72,540
2004					
Alan Birchmore *(from 01/10/03 to 30/06/04)*	Chairman	13,500	1,215	800	15,515
Melissa Fletcher-Toovey	Director	8,100	729		8,829
Russell Harrison	Director	8,100	729		8,829
Bob Golding	Director	8,100	729		8,829
J Hummerson *(from 01/10/03 to 30/06/04)*	Director	6,750	608		7,358
Terry Enright *(from 01/07/03 to 30/09/03)*	Chairman	2,700	243	100	3,043
Owen Ubergang *(from 01/07/03 to 30/09/03)*	Director	1,350	122		1,472
Total		48,600	4,375	900	53,875

Executive Officers		Officers' Base Fee $	Motor Vehicle $	Super-annuation $	This Year Total $
2005					
Brad Williamson	Chief Executive Officer	122,215	12,689	10,999	145,903
Chris Shuttleworth	Harbour Master	109,616	7,339	12,219	129,174
Colin Berry	Finance Manager	83,761	3,220	9,194	96,175
Total		315,592	23,248	32,412	371,252
2004					
Brad Williamson	Chief Executive Officer	109,506	12,094	9,841	131,441
Chris Shuttleworth	Harbour Master	104,013	7,132	11,962	123,107
Colin Berry	Finance Manager	82,243	2,865	9,025	94,133
Total		295,762	22,091	30,828	348,681

29. The impact of Adopting Australian Equivalents to IFRS

Australia is adopting Australian equivalents to International Financial Reporting Standards (AIFRS) for reporting periods beginning on or after 1 January 2005. The Albany Port Authority will adopt these Standards for the first time for the year ended 30 June 2006.

AASB 1047 'Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards' requires disclosure of any known or reliably estimable information about the impacts on the financial statements had they been prepared using AIFRSs.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and our best estimate of the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005 and on net profit for the year ended 30 June 2005.

(a) Reconciliation of total equity as presented under previous AGAAP to that under AIFRS:

	30 June 2005 $000	1 July 2004 $000
Total equity under previous AGAAP	24,482	23,328
Adjustments to accumulated surplus/(deficiency):		
Increase in deferred tax assets (i)	1,772	1,790
Increase in provisions – Dividends (ii)	826	0
Total equity under AIFRS	27,080	25,118

(i) Taxation – Deferred tax assets

To comply with AASB 112 Income Taxes, the Authority will be required to use the balance sheet liability method, rather than the income statement method currently adopted under AGAAP. The balance sheet liability method recognises tax balances when there is a difference between the carrying value of an asset or liability and its corresponding tax base.

The increase in tax assets represents the balance reversed against equity as all timing differences no longer apply.

(ii) Provision for Dividends

AASB 110 Events after The Balance Sheet Date, provide that a dividend liability is not to be recognised if the dividends are declared after the reporting date. “Declared” is considered to mean that the dividends are appropriately authorised and no longer at the discretion of the entity. Undeclared dividends do not meet the criteria of a present obligation. Under Section 84 (2) of the Port Authorities Act 1999, the Board recommends a dividend to the Minister after reporting date and the dividend is subject to the Minister’s subsequent approval.

(iii) Financial Instruments

Management has decided to apply the exemption provided in AASB 1 First Time Adoption of Australian Equivalents to International Financial Reporting Standard which permits entities not to apply the requirements of AASB 132 *Financial Instruments: Presentation* and Disclosures and AASB 139 *Financial Instruments: Recognition and Measurement* for the financial year ended 30 June 2005. The standards will be applied from 1 July 2005.

(b) Reconciliation of net profit under AGAAP to that under AIFRS

	30 June 2005 $'000
Net profit as reported under AGAAP	1,980
Adjustment to Income Tax expense (i)	(18)
Net profit under AIFRS	1,962

(i) Income Tax expense
The adjustment to income tax expense relates to the AIFRS adjustments as referenced in note (a)(i).

(c) Explanation of material adjustments to the cash flow statement for 2004/05
There are no material differences between the cash flow statement presented under Australian equivalents to IFRS and cash flow statement presented under previous GAAP.

DIRECTORS DECLARATION

The Directors of the Albany Port Authority declare that the financial statements and notes:

(a) Comply with Accounting Standards and the Port Authorities Act 1999 (the Act), which generally reflects the requirements of the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) Give a true and fair view of the Authority's financial position as at 30 June 2005 and its performance as represented by the results of its operations and cash flows for the year ended on that date.

In the Directors opinion:

(i) The financial statements and notes are in accordance with the Act; and

(ii) At the date of this statement, there are reasonable grounds to believe the Authority will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

R.J. Harrison
Director
Chairman of Audit Committee

J. Hummerston
Director

Albany, Western Australia
8 August 2005

AUDITOR **GENERAL**

INDEPENDENT AUDIT REPORT ON ALBANY PORT AUTHORITY

To the Parliament of Western Australia

Audit Opinion

In my opinion, the financial report of the Albany Port Authority is in accordance with:

(a) schedule 5 of the Port Authorities Act 1999, including:

(i) giving a true and fair view of the Authority's financial position at 30 June 2005 and of its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards in Australia; and

(b) other mandatory professional reporting requirements in Australia.

Scope

The Board's Role

The Board of Directors is responsible for the financial report.

The financial report consists of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, accompanying Notes and Directors' Declaration.

Summary of my Role

As required by the Port Authorities Act 1999, I have independently audited the financial report to express an opinion on it. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial report is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial report.

D D R PEARSON
AUDITOR GENERAL
23 September 2005

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