



***Albany Port Authority***

***Annual Report***

***1 July 2003 to 30 June 2004***

## CHAIRMAN'S REPORT

The beauty and utility of King George Sound is world renowned, it has offered shelter to mariners for centuries and Princess Royal Harbour became the obvious choice for Western Australia's first Port. From the first days of European settlement these historic waters provided the Colony with its first mail service, a safe haven for arriving settlers and their later needs. For many years, the Port of Albany provided Western Australia's only connection to the wider world. An illustrious start, but for a number of reasons other Ports drew ahead, Albany's general cargo business waned and as Kwinana, Bunbury, Esperance and Fremantle grew, grain exports from our Port were limited as handling facilities were slow and the older wharves deteriorated, requiring weight and traffic limits to be applied.

A move to reverse the trend was made in 2001, when construction of facilities to receive and load wood chips was commenced, resulting in the new berth 6. At first, utilisation was less than forecast, and therefore revenues were slow to offset the significant debt taken on for dredging and construction of the specialist infrastructure. However, despite the slow start and high capital entry cost, the decision is now proving to be timely and correct.

It is now essential to press on with development, if the Port is to satisfy the very considerable potential of the highly productive Great Southern region. Recognising that, the task has been broken down to simple terms: Modernise further, build capability and productivity, reduce debt as a percentage of income and lower operating costs through efficiency.

Progress has been encouraging - discussions with Cooperative Bulk Handling (CBH) throughout the year eliminated barriers to their further development, and on the 9<sup>th</sup> July, we received official confirmation that CBH has committed to spend \$100 million upgrading their grain facility at the Albany Port.

The project represents a giant leap forward; it will modernise systems and increase storage. Unloading and loading rates will almost double and to quote their Chairman, Mr Rob Sewell AO "the investment will establish a state of the art, world class facility to strengthen the future of the grain industry and demonstrate CBH's commitment to the long term sustainability and growth of the Albany Port".

Lower costs through productivity have become a focus and our finances received a boost from a mix of that success, married to appreciably higher income. A profit of \$2.3m was recorded and \$2.3m of debt retired. The program of bringing down the ratio of debt Vs income to acceptable levels is a priority.

After the conclusion of the Second World War, a quantity of shells, bombs and bullets were negligently dropped in the Harbour when being loaded for disposal at sea. No record was kept of these occurrences and nothing was suspected until recent times when the Port undertook dredging operations. Unexploded ordnance came to the surface causing substantial changes to the work and therefore increased costs. The Port's claim on the Commonwealth has progressed more slowly than expected, but we are confident of a successful outcome and when payment is received, the funds will return the costs of our harbour deepening program to acceptable levels.

As mentioned in the CEO's report, productivity and labour relations became a concern. Outsourcing had become the accepted way at Albany, but the Board formed the view late in 2003, that a return to the direct employment of staff would give greater control over productivity, safety and training, at the same time, offering career paths for greater job satisfaction. The Albany Port Authority now directly employs its maintenance and general operations staff. Adopting a similar approach, CBH subsidiary, BulkWest Logistics now also directly employs the labour required for their grain stevedoring. Sharing our views as employers, WABL are working cooperatively with the Port to ensure that mutual aims for increased productivity, better training and safety are achieved across all operations. Skills audits have been undertaken by WABL and training courses are being offered to interested employees.

Lease arrangements were concluded with Plantation Pulpwood Terminals on a take or pay basis during the year and shipments are rising. The export of plantation wood chips through the Albany Port is expected to finally reach a sustainable annual throughput of about 2m tonnes within the next five years.

The tide has turned for the Port of Albany and it is now confidently predicted that within 5-7 years, annual exports of up to 6m tonnes of grain and wood chips alone will pass through our facility, compared with this year's record of 2.8m tonnes. This is a significant increase and considerable planning is required to manage the impacts.

We will use our influence to ensure that traffic effects are minimised and that the use of rail is supported as the preferred means of delivery. Construction of East West road links, crossing north of the town will facilitate rail and encourage remaining truck traffic onto low impact roads. To achieve this, Albany has been fortunate to have united and unwavering support from a range of essential players: The Minister for Planning and Infrastructure, the region's members of Parliament, the Albany Council, relevant Government departments, the Great Southern Development Commission and a range of others including the exporters themselves. This is an extremely important initiative and will continue to be actively pursued by the Port for reasons of efficiency, but also on behalf of those living and working in our proximity.

Also on the public agenda is our stance on Albany's proposed waterfront development. The Port is a supporter of the project and considers it is not our business to interfere with the development's options - we see our future as an integral part of the community, not divided from it. Certainly, there are safety and security considerations which by law must be strictly applied and those who wish to share this area which has operated as a Port since 1826, must do so with full legal recognition of our operations and plans. The Great Southern region is becoming a significant exporter and unfettered 24 hour operations 7 days a week are essential if the needs of the region are to be fully met. That view has widespread support through all levels of Government and the community. There is a well founded appreciation of what the Port brings to the area, not just financially, but what can be further contributed as the centrepiece of a vibrant, busy and interesting waterfront.

An engineering study has been conducted on the oldest wharves and a program to address deterioration has commenced with restoration work started by Port staff. It is encouraging that from this work, progress reports are supporting our early hopes that the load bearing capabilities of the older wharves can be returned to their original design standard.

Jo Hummerston and I joined directors Bob Golding, Russell Harrison, Melissa Fletcher Toovey and CEO Brad Williamson late in 2003 and in these few short months it has been very satisfying to see this small and dedicated group become a close and effective Board of Directors. My thanks go to them for their talent and time and on their behalf, we also acknowledge the wider Port team, small in number, but large on capability. Their competence and enthusiasm is an important key to our future success. Much has been achieved – more remains to be done.

*AG Birchmore*

Chairman

## Chief Executive Officer's Report

The past year has been one of achievement – a new record struck for total tonnes handled at 2.84 million tonnes, which is 45% greater than last year. The financial figures are excellent – revenue up 36% and expenditure down 28% - a profit turnaround from a \$1.4 m loss last year to a \$2.1 m profit this year.

On the income side, the turnaround was largely due to a record grain year, with over 2.8 m tonne of grain received at the Albany terminal during the year. This too was a record, as was the entire state's grain crop. But in addition to an excellent grain harvest, the port is starting to reap the benefits of a better management structure and a resulting lowering of costs.

The creation of the Wharf Manager Position, filled by Eric Norman, is working very well, proving there is no substitute for experience when running an industrial site, especially when it is combined with local knowledge. Another 5 positions were created during the year – three in maintenance (Adrian Hetherington – Maintenance Foreman, Trevor Grove and Kevin Jones – Maintenance Team Members), Mandy Bailey (Environment and Compliance Officer) and Dowson Remaj (Cleaner).

During the year it became clear that contracting out services at the port is not always the best business solution. Since more of the maintenance work has been taken in-house there have been significant improvements in the quality of work and costs.

We are concerned to ensure that the Port responds in a timely manner to our statutory responsibilities. Albany Port is a large industrial site in the heart of a scenic lifestyle town, sited in the midst of an extensive marine environment, mixed with industry, urban development, a large work force, changing legislation, rising community expectations, amid the increasingly frequent arrival of large commercial vessels.

Recognising our rapidly increasing responsibilities, we have appointed Mandy Bailey as the Port's Environment and Compliance Officer. Mandy's job is to ensure the port is properly managing our environmental issues, as well as the wide range of other compliance issues at the Port, she has already made a valuable contribution.

At the time of writing this report, the lease for the next woodchip stockpile has all but been finalised with Plantation Pulpwood Terminals (PPT) and I am confident construction will commence on their site in the next few months. Just behind PPT are Great Southern Plantations, who also expect to commence operations in the 2004/5 year. This should be the beginning of a rapid increase in woodchip exports at the port.

During the year we have been keen to ensure the port plays an important role in the community debate about broader strategy issues impacting upon the port. In particular, the contentious issues concerning port access (Albany Ring Road) and development around the port, such as the Waterfront Development, are important to the port's development. This has required extensive discussions and meetings with government agencies and community groups to ensure the port's interests are protected.

It is important that the port is a part of the community, and not a remote industrial site. The Community Liaison Committee has proven to be a worthwhile way of linking the port with the community with a two-way exchange of information and ideas. Efforts were made to open the port up to the public, and a successful fishing open day was staged as well as an art exhibition during the Perth International Art Festival. These events were well received, but unfortunately world events conspired to ensure such events were to be a thing of the past, with all ports in Australia having to implement a very strict security scheme to comply with the federal *Maritime Transport Security Act*. The implementation of new security rules has been extremely time consuming for all the port employees, but particularly for the Harbourmaster, Capt. Chris Shuttleworth. Capt. Shuttleworth has done an excellent job in ensuring we met the constantly evolving rules and regulations set by the Federal Government. I am sure, however, that security changes will continue to tie up port resources for some time.

A pleasing highlight of the year was the visits of three cruiser liners – the Europa, the Seven Seas Voyager and the Adonia. Over 4,000 passengers and crew visited Albany in February and March and with the support of the Albany Chamber of Commerce, the City of Albany, the Visitors Centre and the Great Southern

Development Commission, a comprehensive welcome program was organised for the cruise ships. All reports back were favourable, and already the port has two bookings for cruise ships next year.

A significant development has been emergence of BulkWest Logistics (a subsidiary of Co-operative Bulk Handling) as a provider of stevedoring labour at the port. BulkWest are a good fit with the port's operations – their parent company is the major port customer, they have a strong presence already at the port, BulkWest serve another regional port, and they are fully committed to training and staff development. I anticipate much better services to port users with the commencement of BulkWest at the port.

A disappointment has been the inability to conclude negotiations with the Commonwealth over compensation for the discovery of negligently dumped bombs in the harbour, which cost the port \$5m. The port's case is solid, but we have met with little success from the Commonwealth. I hope to report a better outcome next year.

Mr Terry Enright presided over his last Port Authority Meeting on 29 August 2003, ending a 14 year term of service to the port. Terry was first appointed to the Board in 1989 as a Member, and became Chairman in 1993, a position he held for the last ten years. Terry presided over a particularly productive and exciting period at the port, including the establishment of faculties for the export of silica sand and woodchips. I very much enjoyed working with Terry and wish him all the best for the future.

On 1 September 2003, the Hon Alannah MacTiernan MLA appointed Alan Birchmore as Chairman. I am fortunate in having worked with Alan previously at Mermaid Marine Australia Ltd where he is Chairman, and was aware of his capability and business acumen. The Albany Port Authority is extremely fortunate in having someone of Alan's stature as Chairman and I look forward to working with him in the future.

Finally I wish to thank all the staff at the port for their contribution to the results achieved during the year. In addition to staff members mentioned earlier, Colin Berry (Finance Manager), George Blunden (Assistant Finance Manager) and my ever patient and supportive Executive Assistant, Sue Sandison, all contributed to the success of the year.

*BR Williamson*

Chief Executive Officer



***Albany Port Authority***

***Report on Operations***

***1 July 2003 to 30 June 2004***

*This report, presents the operating report of the Albany Port Authority for the year ended 30 June 2004.*

## **Board Members**

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

<b>Name</b>	<b>Position</b>	<b>Expiry Date of Tenure</b>
A.G. Birchmore +++	Chairman	31-Dec-2004
R.J. Harrison	Deputy Chairman	30-Jun-2005
M Fletcher-Toovey	Member	30-Jun-2007
R. J. Golding	Member	30-Jun-2006
J. Hummerston +++	Member	31-Dec-2004
T.J. Enright ***	Chairman	30-Jun-2003
O Uebergang ***	Member	30-Jun-2003

+++ Messrs. Birchmore and Hummerston were appointed on 1 September 2003

\*\*\* Messrs. Enright and Uebergang were not re-appointed at the end of their term

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

Mr. Birchmore was appointed to the Board in September 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. This included companies such as Bond International Gold, St Barbara Mines Ltd and a joint venture with Argyle Diamonds.

### **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.

**Previous Chairman: *Terry Enright***

Mr. Enright has been a member since May 1989 and Chairman since 1993.

He is a Past Chairman of the Western Australian Port Authorities Association.  
Currently he is the Chairman of the Grains Research and Development Corporation.

He has been a farmer for many years, with involvement with the Western Australian Farmers Federation and associated industry bodies.

**Previous Member:   *Owen Uebergang***

Mr. Uebergang was appointed to the Board in September 2001

His work experience includes 34 years in the stevedoring industry, including 8 years as Foreman/Supervisor for the Albany Port Authority. In this role (Foreman/Supervisor) he was responsible for numerous port operations.

***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.

## **Matter subsequent to the end of the financial year**

On 1 July 2004, the Authority entered into a leasing arrangement with Austral Fisheries to take over the total operation of the Cold Store Facility

## **Meetings of the Board**

	2004	2003
Number of meeting held	8	12
Number of meetings attended by:		
A G Birchmore, <i>Chairman</i>	5 of 5	
R J Harrison, <i>Deputy Chairman</i>	4 of 8	11
M Fletcher-Toovey	7 of 8	8
R J Golding	8 of 8	7
J Hummerston	5 of 5	
T J Enright <i>previous Chairman</i>	3 of 3	12
O Uebergang, <i>previous Director</i>	3 of 3	12

## **Members and Executives Emoluments**

In accordance with Section 10 of the Port Authorities Act 1999, the Minister determines the remuneration and allowances payable to members.

The Board determines staff remuneration policies and practices.

The Executive Officer's 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.

	Base Salary	Motor Vehicle/ Other	Superannuation	Total
<b>Board Members</b>				
A G Birchmore, <i>Chairman</i>	13,500	800	1,215	15,515
R J Harrison, <i>Deputy Chairman</i>	8,100		729	8,829
M Fletcher-Toovey	8,100		729	8,829
R J Golding	8,100		729	8,829
J Hummerston	6,750		608	7,358
T J Enright, <i>Previous Chairman</i>	2,700	100	243	3,043
O Uebergang, <i>previous director</i>	1,350		122	1,472
<b>Executive Officers</b>				
B R Williamson, <i>CEO</i>	109,506	12,094	9,841	131,441
C R Shuttleworth, <i>HM</i>	104,013	7,132	11,962	123,107
C R Berry, <i>FM</i>	82,243	2,865	9,025	94,133

### ***Insurance of Officers***

During the financial year, the Authority paid a premium of \$20,555 (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 Policies 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 eleven, comprising of the CEO, three line managers (Harbour Master, Finance Manager and Wharf Manager), three administration and four 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.

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.

## **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

## **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](http://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.

## **Review of Operations**

### **Trade Report (Metric Tonnes - Thousands)**

	<b>2004 000's</b>	<b>2003 000's</b>
Imports	156	148
Exports	2,685	1,813
<b>Total Port Trade</b>	<b>2,841</b>	<b>1,961</b>
Number trading of vessels	116	104
Deadweight tonnage of vessels	4,322	3,582

Exports improved on the previous year due to the increasing tonnages of grain (2003 1.478M tonnes : 2004 2.303M tonnes).

There was a considerable carry-over at 30 June, which will provide an excellent start to the next financial year.

### **Revenue & Expenditure Report**

	<b>2004 \$'000</b>	<b>2003 \$'000</b>
Income from Vessels (i)	2,106	1,594
Income from Cargo (ii)	3,781	2,604
Other Income	1,028	924
<b>Total Income</b>	<b>6,915</b>	<b>5,122</b>
Depreciation and Amortisation (iii)	(1,185)	(3,294)
Maintenance of Port Facilities	(439)	(407)
All Other Expenditure	(2,985)	(2,895)
<b>Total Expenditure</b>	<b>(4,609)</b>	<b>(6,596)</b>
Net Profit/(Loss) before Income Tax	2,306	(1,474)
Income Tax Expense	(653)	643
<b>Net Profit/(Loss)</b>	<b>1,653</b>	<b>(831)</b>

#### *(i) Income from Vessels*

The increase in revenue, when compared with last year, was primarily due to the increase in the number of vessels visiting the port.

(ii) *Income from Cargo*

The increase in revenue, when compared with last year, was primarily due to the increase in the tonnage of cargo passing through the port.

(iii) *Depreciation and Amortisation*

Actual expenditure was down on last year by \$2.109M, due to the write-down of assets (\$1.840M) in 2003 which resulted in a reduction in depreciation expenditure (approximately \$200K).

## **Dividends**

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

	<b>2004</b> <b>\$'000</b>	<b>2003</b> <b>\$'000</b>
Total dividends in respect of the year	Nil	Nil

## **Performance Indicators**

	<b>2004</b>	<b>2003</b>
<b>OPERATIONAL</b>		
<b>1. Turn around time (Hours)</b> (Total time in port divided by Number of vessels)	137	89
<b>2. Berth occupancy – No3 Berth</b> (Total berth hours divided by Total available hours)	54%	38%
<b>3. Berth occupancy – No6 Berth</b> (Total berth hours divided by Total available hours)	4%	4%

### **1. Turn Around Time**

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 is affected by many factors (cargo availability, finance, survey etc) beyond the control of the Port

The increase was due to an increase in the waiting time component 72%, compared with 54% in 2003.

### **2. Berth Occupancy No 3 Berth**

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 higher rate is due to the higher tonnage of grain passing through the Port, 2.303M tonnes compared with 1.478M tonnes in 2003.

### **3. Berth Occupancy No 6 Berth**

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 tonnage of cargo passing through the port was similar to that in 2003, so there was no change to this ratio.

<b>FINANCIAL</b>	<b>2004</b>	<b>2003</b>
<b>4. Charges per cargo tonne</b> (Cargo plus vessel charges divided by Tonnes of cargo)	\$2.03	\$2.10
<b>5. Expenditure per cargo tonne</b> (Total expenditure divided by Tonnes of cargo)	\$1.62	\$3.34
<b>6. Rate of return – Deprival value</b> (Adjusted profit divided by DV Asset base)	7%	(1)%
<b>7. Debt ratio</b> (Total liabilities divided by Total assets)	42%	44%

#### **4. Charges per Tonne of Cargo**

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)  
During the year there was a significant reduction in the number of “top-ups” (cargo lots of around 5,000 tonnes).

#### **5. Expenditure per Tonne of Cargo**

The Port is primarily a fixed cost operation, which means this ratio is significantly affected by the tonnes of cargo passing through the port.  
In 2004, the Port experienced a record tonnage throughput (2.841M tonnes compared with the previous record of 2.630M tonnes in 1999).  
In 2003 the indicator was adversely affected by the \$1.84M write-down of non-current assets.

#### **6. Rate of Return**

A higher ratio is a reflection of the profitability of the port’s operations in relation to the value of assets controlled.  
The improvement was primarily due to the increase in revenue generated by the trade.

#### **7. Debt Ratio**

The lowering of the ratio is an indication of the port’s success at reducing its overall debt levels.  
The additional cash reserves generated enabled the port to retire \$2.328M in debt, compared with \$0.513M in 2003.

<b>DEVELOPMENT</b>	<b>2004</b>	<b>2003</b>
<b>8. Leased land</b> (Leased land divided by Total port land)	45%	43%
<b>9. Vacant land</b> (Vacant land divided by Total port land)	36%	39%

#### **8. Leased Land**

A higher ratio is a reflection of the improved utilisation of available port land.  
During the year further lot was leased. Currently the port is negotiating for two other lease areas.

**9. Vacant Land**

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.

<b>CITIZENSHIP</b>	<b>2004</b>	<b>2003</b>
<b>10. Number of Complaints (Total)</b>	2	2

**10. Complaints**

The port seeks to address complaints lodged by members of the public in a timely and appropriate manner. The complaints received in 2004 related to environmental issues, and the assistance of the Department of Environmental Protection is utilised to address such matters

<b>PERSONNEL</b>	<b>2004</b>	<b>2003</b>
<b>11. Number of Lost Time Injuries</b>	0	0

<b>ETHICS</b>	<b>2004</b>	<b>2003</b>
<b>12. Number of Complaints (Ethical)</b>	0	0

***Rounding of Amounts to Nearest Thousand Dollars***

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

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

*RJ Harrison*

*RJ Golding*

R J Harrison  
Director  
Chairman of Audit Committee

R J Golding  
Director

Albany, Western Australia  
16 August 2004

## Trade Statistics for Year Ended 30 June

	2000	2001	2002	2003	2004
<b>IMPORTS</b>					
Agras	0	0	2,356	3,064	3,571
All Star	0	0	1,208	0	2,428
Ammonia Sulphate	0	0	494	1,120	1,497
C.A.N.	0	1,021	2,734	3,006	3,244
D.A.P.	4,623	9,366	7,837	7,559	3,855
Fish	3,870	2,168	4,087	5,549	2,486
General	0	2,058	0	3,545	0
Kieserite	0	0	0	0	1,361
MAPS	9,654	16,054	19,213	28,224	19,461
NPK Fertiliser	1,799	2,693	0	2,139	564
Petroleum Products	95,462	74,573	57,117	22,354	24,427
Potash	19,833	15,116	20,225	25,781	35,680
Rock Phosphate	26,512	57,314	0	0	6,396
Single Super	0	3,460	3,246	4,217	4,814
Sulphur	3,045	12,510	0	0	0
Triple Super	4,538	7,079	6,054	8,045	12,993
Urea	38,702	40,662	35,829	31,966	31,131
Vigour	3,457	131	0	1,208	1,973
Zinc Star	0	0	0	0	515
<b>TOTAL IMPORTS</b>	<b>211,495</b>	<b>244,205</b>	<b>160,401</b>	<b>147,778</b>	<b>156,396</b>
<b>EXPORTS</b>					
Barley	346,878	252,787	330,001	459,711	585,725
Canola	340,884	125,782	172,993	121,125	252,490
Meat (Frozen)	4,528	3,779	0	0	0
Lupins	132,443	0	0	5,498	25,275
Oats	43,944	0	24,999	51,885	50,230
Silica Sand	108,187	83,850	123,829	122,258	158,215
Superphosphate	0	0	0	0	0
Wheat	1,375,106	963,007	711,561	840,145	1,426,028
Woodchips	0	0	70,740	212,846	223,185
<b>TOTAL EXPORTS</b>	<b>2,351,969</b>	<b>1,429,206</b>	<b>1,434,123</b>	<b>1,813,468</b>	<b>2,721,148</b>
Bunkers	101	44	0	25	41
<b>TOTAL PORT TRADE</b>	<b>2,563,566</b>	<b>1,673,454</b>	<b>1,594,524</b>	<b>1,961,271</b>	<b>2,877,585</b>
<b>VESSELS</b>					
Number of Vessels Entered Port	141	89	86	104	104
Gross Registered Tonnage	2,946,457	1,807,713	1,795,256	2,213,096	2,213,096
Deadweight Tonnage	4,987,263	3,064,192	3,017,665	3,582,845	3,582,845

## Origin and Destination of Cargo

Country	Grain	Fertiliser	Petroleum	Sand	Woodchips	General	Total	Previous
Australia		3,516	24,427			2,486	30,429	102,655
Cape Verde		4,162					4,162	3,723
Chile	35,175						35,175	0
China	395,638						395,638	141,350
Columbia	42,650						42,650	104,300
Ecuador	24,300						24,300	0
Egypt	49,608						49,608	0
Europe	40,539						40,539	0
Germany	45,259	13,144					58,403	9,659
Indonesia	351,823						351,823	286,593
Iran							0	52,709
Iraq							0	75,898
Israel		33,634					33,634	21,620
Japan	276,694			158,215	223,185		658,094	581,279
Jordan							0	26,250
Malaysia	60,907	6,765					67,672	45,820
Mexico							0	17,580
Morocco	24,987	6,396					31,383	0
New Guinea							0	5,655
New Zealand							0	69,150
Oman	49,230						49,230	0
Pakistan	23,805						23,805	38,500
Poland		4,127					4,127	5,863
Portugal							0	4,552
Qatar		8,704					8,704	0
Saudi Arabia	313,088	11,499					324,587	13,707
South Africa	16,956	4,541					21,497	11,603
South Korea	536,564						536,564	304,130
Taiwan	30,525						30,525	0
United Arab Emerites	22,000						22,000	0
U.S.A.		32,994					32,994	38,651
TOTAL	2,339,749	129,483	24,427	158,215	223,185	2,486	2,877,545	1,961,246

	2000	2001	2002	2003	2004
<b>Operational</b>					
<b>Average Turn Around Time (Hours)</b> (Total time in Port / Number of Vessels)	83.95	92.53	82.36	89.68	137.55
<b>Occupancy Rate</b> (Total time Berth Occupied / Total time Berth Available)					
<b>No 3 Berth</b>	60%	35%	32%	38%	54%
<b>No 6 Berth</b>	0%	0%	2%	4%	4%
<b>Financial</b>					
<b>Cost Efficiency</b>					
Cargo + Ship Charges per Tonne	\$2.13	\$2.14	\$2.02	\$2.10	\$2.03
Expenditure per Tonne	\$1.97	\$3.38	\$2.72	\$3.34	\$1.62
<b>Debt Ratio</b> (Total liabilities / Total assets)	15%	29%	46%	44%	42%
<b>Rate of Return</b> (Adjusted Profit / DepV Assets)	8.7 %	(1.5)%	0.6 %	(1.5)%	6.4 %
<b>Development</b>					
<b>Land Utilisation Rate</b> (Percentage of Total Land)					
<b>Vacant Land</b>	53%	38%	40%	39%	36%
<b>Leased Land</b>	43%	42%	41%	43%	45%
<b>Citizenship</b>					
<b>Number of Complaints</b>	0	0	2	2	2
<b>Personnel</b>					
<b>Number of Lost Time Injuries</b>	0	0	0	0	0
<b>Ethics</b>					
<b>Number of Complaints</b>	0	0	0	0	0



***Albany Port Authority***

***Financial Report***

***1 July 2003 to 30 June 2004***

ALBANY PORT AUTHORITY  
**Statement of Financial Performance**  
for the year ended 30 June 2004

	Notes	30-Jun-04	30-Jun-03
		\$000's	\$000's
<b>Revenue from ordinary Activities</b>	<b>2</b>	6,915	5,122
Written Down Cost of Sale of Non-current Assets	<b>3.1</b>	(20)	(55)
Employee benefit expense	<b>3.2</b>	33	121
Depreciation and amortisation expenses	<b>3.3</b>	(1,185)	(1,454)
Write Down of Carrying Amount of Non-current Assets	<b>3.4</b>	0	(1,840)
Borrowing costs expense	<b>3.5</b>	(810)	(890)
Advertising & promotion		(21)	(17)
Chargeable Costs		(41)	(22)
Cleaning and Groundworks		(83)	(106)
Consulting Fees		(293)	(239)
Doubtful Debts		(14)	73
Electricity		(115)	(124)
Insurance Premiums		(142)	(193)
Land Tax & LGTE		(260)	(134)
Legal Expenses		(119)	(196)
Members Fees & Expenses		(71)	(64)
Operational Costs		(153)	(131)
Repairs & Maintenance		(439)	(407)
Salaries & Wages		(573)	(581)
Surveys & Studies		(64)	(30)
Other expenses from ordinary activities		(239)	(307)
<b>Profit/(loss) from ordinary activities before income tax expense</b>		<b>2,306</b>	<b>(1,474)</b>
Income tax expense/(benefit)	<b>4</b>	(653)	643
<b>Net profit/(loss)</b>		<b>1,653</b>	<b>(831)</b>

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 2004

Notes

		30-Jun-04	30-Jun-03
		\$000's	\$000's
<b>CURRENT ASSETS</b>			
Cash Assets	<b>5,24</b>	2,112	1,283
Receivables	<b>6,24</b>	720	727
Other	<b>7</b>	27	21
<b>TOTAL CURRENT ASSETS</b>		<b>2,859</b>	<b>2,031</b>
<b>NON-CURRENT ASSETS</b>			
Other Financial Assets	<b>8,24</b>	776	939
Property, Plant & Equipment	<b>9</b>	34,472	35,456
Deferred Tax Assets	<b>10</b>	862	1,093
<b>TOTAL NON-CURRENT ASSETS</b>		<b>36,110</b>	<b>37,488</b>
<b>TOTAL ASSETS</b>		<b>38,969</b>	<b>39,519</b>
<b>CURRENT LIABILITIES</b>			
Payables	<b>11,24</b>	1,543	1,709
Interest Bearing Liabilities	<b>12,24</b>	3,368	4,128
Current Tax Liabilities	<b>13</b>	422	0
Provisions	<b>14</b>	207	255
Other	<b>15</b>	356	228
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,896</b>	<b>6,320</b>
<b>NON-CURRENT LIABILITIES</b>			
Payables	<b>16,24</b>	0	204
Interest Bearing Liabilities	<b>17,24</b>	9,252	10,820
Deferred Tax Liabilities	<b>18</b>	0	0
Provisions	<b>19</b>	493	500
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>9,745</b>	<b>11,524</b>
<b>TOTAL LIABILITIES</b>		<b>15,641</b>	<b>17,844</b>
<b>NET ASSETS</b>		<b>23,328</b>	<b>21,675</b>

**EQUITY**

Contributed Equity	<b>20</b>	1,386	1,386
Reserves	<b>21</b>	7,460	7,460
Retained Profits	<b>22</b>	14,482	12,829
<b>TOTAL EQUITY</b>		23,328	21,675

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 2004

	Notes	30-Jun-04 Inflows (Outflows) \$000's	30-Jun-03 Inflows (Outflows) \$000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers		7,353	5,917
Payments to Suppliers and Employees		(3,517)	(6,263)
		<b>3,836</b>	<b>(346)</b>
Interest Received		231	231
Borrowing Costs		(835)	(871)
Payment of Tax Equivalents		(81)	(122)
<b>Net Cash provided by / (used in) Operating Activities</b>	<b>32</b>	<b>3,151</b>	<b>(1,108)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from Sale of Property, Plant & Equipment		20	52
Purchase of Property, Plant & Equipment		(220)	(455)
Redemption of Sinking Funds		210	0
Payments into Sinking Funds		(4)	(5)
<b>Net Cash outflows from Investing Activities</b>		<b>6</b>	<b>(408)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from Borrowings		0	2,150
Repayment of Borrowings		(2,328)	(513)
<b>Net Cash inflows from Financing Activities</b>		<b>(2,328)</b>	<b>1,637</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>829</b>	<b>121</b>
<b>Cash at Beginning of Financial Year</b>		<b>1,283</b>	<b>1,162</b>
<b>Cash at End of Financial Year</b>	<b>5</b>	<b>2,112</b>	<b>1,283</b>

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

ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

**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.

ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

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	40 years
Dredging	40 - 100 years
Breakwaters	40 - 50 years
Plant and equipment	5 - 10 years

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

ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

**(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 and an appropriate proportion of variable and fixed overhead.

Borrowing costs included in the cost of non-current 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, including non monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Liability for accumulating sick leave is recognised when the leave is taken and measured at the nominal rates paid or payable

**(ii) Long Service Leave**

Liability for long service leave is recognised, and is measured as the 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.

ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

*(iii) Superannuation*

Staff may contribute to the Superannuation and Family Benefits Act Scheme, a defined benefits 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 any other fund of their choosing, an accumulating fund complying 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.

***(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 port'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.

ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

**(o) Impact of Adopting AASB Equivalents to IASB Standards**

Albany Port Authority ("The Authority") has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). The Authority has allocated internal resources to conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. An IFRS steering committee has been established to oversee and manage the transition to IFRS. As the Authority has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when the Authority prepare its first full IFRS compliant financial report. At this stage the Authority has not been able to reliably quantify the impacts on the financial report.

The board members are of the opinion that the key differences in the Authority's accounting policies, which will arise from the adoption of IFRS are;

*(i) Classifications of Financial Instruments*

Under AASB 139 *Financial Instruments: Recognition and Measurement*, financial instruments will be required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. The classifications are loans and receivables – measured at amortised cost; held to maturity – measured at amortised cost; held for trading – measured at fair value with fair value changes charged to net profit or loss; available for sale – measured at fair value with fair value changes taken to equity; and non-trading liabilities – measured at amortised cost. This will result in a change in the current accounting policy that does not classify financial instruments. Current measurement is at amortised cost. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process have not yet been fully completed.

*(ii) Impairment of Assets*

Under the Australian equivalent to IAS 36 *Impairment of Assets* the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the Authority's current accounting policy which determines the recoverable amount of an asset on the basis of discounted cash flows. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-down will be great. Reliable estimation of the future financial effects of this changing accounting policy is impracticable because the conditions under which impairment will be assessed are not yet known.

*(iii) Income Taxes*

Under the Australian equivalent to IAS 12 *Income Taxes*, the Authority will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Statement of Financial Position or a tax-based balance sheet.

ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

(iv) *Employee Benefits*

Under AASB 119 *Employee Benefits*, employer sponsors are required to recognise the net surplus or deficit in their employer sponsored defined benefit funds as an asset or liability, respectively. This will result in a change in the Authority's current accounting policy which does not currently recognise the net assets/liabilities of the defined benefit fund. Under the new policy, the Authority will be required to recognise an asset of the defined benefit fund for the net surplus based on an actuarial calculation of the position of the fund. The initial adjustment on transition will be through retained earnings and subsequent adjustments will be to net profit or loss for the period. Reliable estimation of the future financial effects of this change in accounting policy is impracticable because the actuarial calculations have not yet been completed as at 30 June 2004.

(p) *Rounding of Amounts*

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

**2. Revenue from Ordinary Activities**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Revenue from Operating Activities</b>		
Shipping Services	2,106	1,594
Cargo Services	3,781	2,604
Other Services	199	135
	6,086	4,333
<b>Revenue from Outside the Operating Activities</b>		
Rentals	532	461
Interest	277	276
Proceeds from Sale of Non-Current Assets	20	52
	829	789
<b>Total Revenue</b>	6,915	5,122

**3. Profit/(Loss) from Ordinary Activities**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Net gains/(losses) and expenses</b>		
Profit from ordinary activities before income tax expense includes the following specific net gains and expenses		

**3.1 Net Gains/(Losses) on Disposal**

**Buildings**

Revenue	0	0
Less : Written Down Cost	0	0
Profit/(loss)	0	0

ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

**Plant and Equipment**

Revenue	20	52
Less : Written Down Cost	(20)	(55)
Profit/(loss)	<u>0</u>	<u>(3)</u>

**Net Gain/(Loss) on Disposal**

<u>0</u>	<u>(3)</u>
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**Expenses**

**3.2 Employee Benefits**

Accumulated Days Off	0	(3)
Annual Leave	81	34
Long Service Leave	(7)	4
Other Leave	17	7
Redundancy	0	55
Sick Leave	10	7

<u>101</u>	<u>104</u>
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Less Directly Allocated	(136)	(125)
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<u>(35)</u>	<u>(21)</u>
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Superannuation	2	(100)
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**Total Employee Entitlements**

<u>(33)</u>	<u>(121)</u>
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**3.3 Depreciation**

Buildings	88	188
Wharves and Other Infrastructure	428	697
Dredging	428	329
Breakwaters	140	137
Plant and Equipment	101	103

<b>Total Depreciation</b>	<u>1,185</u>	<u>1,454</u>
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**3.4 Write Down of Carrying Amount - Non-Current Assets**

During the year ended 30 June 2003, the following recoverable amount write downs were charged to the Statement of Financial Performance. Recoverable amounts were based on Optimised Depreciated Replacement Cost, which were assessed by Fudali Waterhouse PRP of Adelaide

**Buildings**

Asset No: 1108 Cold Store	0	230
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**Wharves and Other Infrastructure**

Asset No: 11522 No 3 Berth	0	1,290
Asset No: 1160 Outer Tug Berth	0	160
Asset No: 1161 Inner Tug Berth	0	160

<u>0</u>	<u>1,840</u>
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ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

**3.5 Borrowing Costs**

Interest and Finance Charges	810	890
Less : Amount Capitalised	0	0
<b>Borrowing Costs Expensed</b>	<b>810</b>	<b>890</b>

**4. Income Tax**

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:

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Profit/(Loss) from Ordinary Activities	2,306	(1,474)
Income tax calculated @ 30%	692	(442)
Non-deductible Items		
Legal Fees	30	
Sundry items	3	62
Income tax adjusted for permanent differences	725	(380)
Under (over) provision in previous year	(72)	(262)
<b>Income tax expense/(benefit)</b>	<b>653</b>	<b>(642)</b>
Income tax expense/(benefit) comprises:		
Current taxation provision	(231)	0
Deferred income tax provision	0	892
Future income tax benefit	(422)	(249)
<b>Income tax expense/(benefit)</b>	<b>(653)</b>	<b>643</b>

**5. Current assets - Cash assets**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Cash at Bank and on hand	1,899	1,072
Short Term Deposit	200	200
Term Deposits	13	11
<b>Cash at Bank</b>	<b>2,112</b>	<b>1,283</b>

**Cash at Bank**

Interest was earned at variable rates of between 4.25% and 4.75% (2003 4.25%)

ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

**Short Term Deposit**

Interest was earned at variable rates of between 4.741% and 5.312% (2003 4.843% and 4.931%)

**Term Deposits**

The deposits (one & two year periods) are bearing fixed interest rates at 1.75% (2003 1.75% and 1.80%)

**6. Current assets - Receivables**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Trade Debtors	745	730
Other Debtors	40	48
	785	778
Less: Provision for doubtful debts	(65)	(51)
	720	727

**Other Debtors**

These amounts generally arise from transactions outside the usual operating activities

**7. Current assets - Other**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Prepaid Expenditure	15	14
Accrued Revenue	12	7
	27	21

**8. Non-Current Assets - Other Financial Assets**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Sinking Funds	776	939

Sinking funds, for the eventual repayment of loan funds, are invested at floating interest rates with Treasury. Interest rates received ranged between 4.741% and 5.312% (2003 - 4.843% and 4.931%)

Interest revenue is recognised on an accrual basis

ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

**9. Non-Current Assets - Property Plant and equipment**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Freehold land		
At Cost	1,517	1,517
Vested land		
At Cost	1,449	1,449
Buildings		
At Cost	4,139	4,148
At Recoverable Amount	218	218
Less Accumulated Depreciation	(3,286)	(3,208)
	1,071	1,158
Wharves and other infrastructure		
At Cost	19,604	19,551
At Recoverable Amount	1,319	1,319
Less Accumulated Depreciation	(13,619)	(13,191)
	7,304	7,679
Dredging		
At Cost	21,032	21,027
Accumulated Depreciation	(3,250)	(2,822)
	17,782	18,205
Breakwaters		
At Cost	5,689	5,689
Less Accumulated Depreciation	(838)	(697)
	4,851	4,992
Plant and equipment		
At Cost	2,792	2,746
Less Accumulated Depreciation	(2,303)	(2,290)
	489	456
Work in Progress		
At Cost	9	0
Total at Cost	56,231	56,127
Total at Recoverable Amount	1,537	1,537
Total Accumulated Depreciation	(23,296)	(22,208)
<b>Total Property Plant and Equipment</b>	<b>34,472</b>	<b>35,456</b>

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

ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

**Freehold Land**

Carrying amount at start of year	1,517	1,517
Additions	0	0
Transfers	0	0
Revaluation Decrement	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	41
Additions	0	0
Transfers	0	1,408
Revaluation Decrement	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	940	1,572
Additions	0	25
Transfer	0	(469)
Revaluation Decrement	0	0
Disposals	0	0
Depreciation	(80)	(188)
Carrying amount at end of year	860	940

**Buildings (Recoverable Amount)**

Carrying amount at start of year	218	0
Additions	0	0
Transfer	0	448
Revaluation Decrement	0	(230)
Disposals	0	0
Depreciation	(8)	0
Carrying amount at end of year	210	218

**Wharves and Other Infrastructure**

Carrying amount at start of year	6,360	12,488
Additions	53	292
Transfer	0	(5,723)
Revaluation Decrement	0	0
Disposals	0	0
Depreciation	(385)	(697)
Carrying amount at end of year	6,028	6,360

ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

**Wharves and Other Infrastructure (Recoverable Amount)**

Carrying amount at start of year	1,319	0
Additions	0	0
Transfer		2,929
Revaluation Decrement	0	(1,610)
Disposals	0	0
Depreciation	(43)	0
Carrying amount at end of year	1,276	1,319

**Dredging**

Carrying amount at start of year	18,205	17,127
Additions	5	0
Transfers	0	1,407
Revaluation Decrement	0	0
Disposals	0	0
Depreciation	(428)	(329)
Carrying amount at end of year	17,782	18,205

**Breakwaters**

Carrying amount at start of year	4,992	5,129
Additions	0	0
Transfers	0	0
Revaluation Decrement	0	0
Disposals	0	0
Depreciation	(140)	(137)
Carrying amount at end of year	4,852	4,992

**Plant and Equipment**

Carrying amount at start of year	456	476
Additions	153	138
Transfers	0	0
Revaluation Decrement	1	0
Disposals	(20)	(55)
Depreciation	(101)	(103)
Carrying amount at end of year	489	456

**Work in Progress**

Carrying amount at start of year	0	0
Additions	9	0
Transfers	0	0
Revaluation Decrement	0	0
Disposals	0	0
Depreciation	0	0
Carrying amount at end of year	9	0

ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

**Total Property, Plant and Equipment**

Carrying amount at start of year	35,456	38,350
Additions	220	455
Transfers	0	0
Revaluation Decrement	1	(1,840)
Disposals	(20)	(55)
Depreciation	(1,185)	(1,454)
Carrying amount at end of year	34,472	35,456

**Valuations**

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 Practising Valuers

**Land Holdings**

The carrying value of vested land is \$1.449M compared with \$6.589M shown in  
the Government Property Register (2003)  
The carrying value of freehold land is \$1.517M compared with \$2.144M shown in  
the Government Property Register (2003)

**10. Non-current assets - Deferred tax assets**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Future income tax benefit		
Timing Differences	862	867
Tax Losses	0	226
	862	1,093

**11. Current liabilities - Payables**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Trade creditors	383	405
Other creditors	1,160	1,304
	1,543	1,709

**Other Creditors**

These amounts generally arise from transactions outside the usual  
operating activities

ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

**12. Current liabilities - Interest bearing liabilities**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Government loan No1	68	68
Government loan No2	3,300	4,060
	3,368	4,128
	3,368	4,128

**Government loan No1**

Loan No1 is repayable on fixed dates and bear interest (fixed) at 14.09% (2003 - 14.09%)

**Government loan No2**

Loan No2 is repayable on fixed dates and bear interest (fixed) at between 5.33% and 5.46% (2003 5.11% and 5.36%)

**13. Current liabilities - Current tax liabilities**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Provision for Income tax	0	0
	0	0

**14. Current Liabilities - Provisions**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Dividends	0	0
Employees Benefits (Note 29)	207	255
	207	255
	207	255

**Movements in Provisions**

**Dividends**

Carrying amount as start of year	0	404
Provisions		
	0	404
Payments	0	(404)
Carrying amount at end of year	0	0
	0	0

**Employee Benefits**

Carrying amount as start of year	255	374
Provisions		
	112	160
Payments	367	534
Carrying amount at end of year	(160)	(279)
	207	255

ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

**15. Current Liabilities - Other**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Accrued Expenditure	267	184
Income Received in Advance	89	44
	356	228

**16. Non-current liabilities - Payables**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Other creditors	0	204
	0	204

**Other Creditors**

These amounts generally arise from transactions outside the usual operating activities

**17. Non-current liabilities - Interest bearing liabilities**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Loans - Inscribed stocks	850	1,050
Government loan No1	67	135
Government loan No2	8,335	9,635
	9,252	10,820

**Inscribed stocks**

Inscribed stocks are repayable on fixed dates and bear interest (fixed) at between 5.875% and 7.40% (2003 5.875% and 7.40%)

**Government loan No1**

Loan No1 is repayable on fixed dates and bear interest (fixed) at between 8.92% and 14.09% (2003 8.92% and 14.09%)

**Government loan No2**

Loan No2 is repayable on fixed dates and bear interest (fixed) at between 5.54% and 6.12% (2003 5.33% and 6.12%)

**18. Non-current liabilities - Deferred tax liabilities**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Provision for deferred income tax	0	0
	0	0

ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

**19. Non-current liabilities - Provisions**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Employees Benefits (Note 29)	493	500

**Movement in provisions**

**Employee Benefits**

Carrying amount as start of year	500	656
Provisions	(7)	(156)
	493	500
Payments	0	0
Carrying amount at end of year	493	500

**20. Contributed Equity**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
State Contributions	1,386	1,386

**21. Reserves**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Asset Revaluation Reserve		
Balance as at 1 July	7,460	7,460
Plus: Adjustments	0	0
Balance as at 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))

**22. Retained profits**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Retained Profits at Beginning of Year	12,829	13,660
Net Profit/(Loss)	1,653	(831)
Dividends Provided	14,482	12,829
	0	0
Retained profits at End of Year	14,482	12,829

ALBANY PORT AUTHORITY  
Notes to the Financial Statements  
As at 30 June 2004

**23. Dividends**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Balance at Beginning of Year	0	404
Plus Provision for Year	0	0
	0	404
Less Dividends Paid	0	404
Balance at End of Year	0	0

No dividends have been recommended in respect to year ending 30 June 2003

**24. Financial instruments**

**(a) Credit risk exposures**

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.

**(b) Interest Rate Risk Exposures**

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.

2004

			Floating Fixed Interest Maturing					
			Interest	1 Year or Less	Over 1 to 5 Years			
	Notes	Rate \$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>								
Cash Assets	5	2,099	4	9				2,112
Receivables	6					720		720
Other Financial Assets	8	776						776
<b>Total financial assets</b>		2,875	4	9	0	720		3,608
Weighted average interest rate		4.90%	1.75%	1.75%				

ALBANY PORT AUTHORITY  
Notes to the Financial Statements  
As at 30 June 2004

**Financial liabilities**

Payables	11,16				1,544	1,544
Interest Bearing Liabilities	12,17	3,368	7,802	1,450		12,620

**Total financial liabilities**

0	3,368	7,802	1,450	1,544	14,164
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Weighted average interest rate

5.62%	5.75%	6.09%
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**Net Financial Assets / (Liabilities)**

2,875	(3,364)	(7,793)	(1,450)	(824)	(10,556)
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**2003**

	Notes	Floating Fixed Interest Maturing				Non-interest Bearing \$'000	Total \$'000
		Interest Rate \$'000	1 Year or Less \$'000	Over 1 to 5 Years \$'000	Over 5 Years \$'000		

**Financial assets**

Cash Assets	5	1,273	6	4		1,283
Receivables	6				727	727
Other Financial Assets	8	939				939

**Total financial assets**

2,212	6	4	0	727	2,949
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Weighted average interest rate

4.52%	1.77%	1.75%
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**Financial liabilities**

Payables	11,16				1,913	1,913
Interest Bearing Liabilities	12,17	4,128	7,485	3,335		14,948

**Total financial liabilities**

0	4,128	7,485	3,335	1,913	16,861
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Weighted average interest rate

5.42%	5.67%	6.05%
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**Net Financial Assets / (Liabilities)**

2,212	(4,122)	(7,481)	(3,335)	(1,186)	(13,912)
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**(c) 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

ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

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:

	2004		2003	
	Carrying Amount \$'000	Net fair Value \$'000	Carrying Amount \$'000	Net fair Value \$'000
<b>Financial Assets</b>				
Cash Assets	2,112	2,112	1,283	1,283
Receivables	720	720	727	727
Other Financial Assets	776	776	939	939
	3,608	3,608	2,949	2,949
<b>Financial Liabilities</b>				
Payables	1,544	1,544	1,913	1,913
Interest Bearing Liabilities	12,620	12,620	14,948	14,948
	14,164	14,164	16,861	16,861

**25. Directors disclosures**

The following persons were directors of the Albany Port Authority during the financial year

**Chairman**

*A Birchmore (from 1 September 2003)*

*T Enright (to 31 August 2003)*

**Deputy Chairman**

*R Harrison*

**Directors**

*M Fletcher-Toovey*

*R Golding*

*J Hummerston (from 1 September 2003)*

*O Uebergang (to 31 August 2003)*

**Remuneration of directors**

*Remuneration levels for all directors is determined by the Minister for Planning & Infrastructure*

**Details of directors remuneration**

ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

**2004**

	<b>Base Salary</b>	<b>Motor Vehicle</b>	<b>Super</b>	<b>Other</b>	<b>Total</b>
A Birchmore <i>(from 1 Sep 2003 to 30 Jun 2004)</i>	13,500	-	1,215	800	15,515
T Enright <i>(from 1 Jul 2003 to 31 Aug 2003)</i>	2,700	-	243	100	1,043
R Harrison	8,100	-	729	-	8,829
M Fletcher - Toovey	8,100	-	729	-	8,829
R Golding	8,100	-	729	-	8,829
J Hummerston <i>(from 1 Sep 2003 to 30 Jun 2004)</i>	6,750	-	608	-	7,358
O Uebergang <i>(from 1 Jul 2003 to 31 Aug 2003)</i>	1,350	-	122	-	1,472
	-	-	-	-	-
<b>Total 2004</b>	<b>48,600</b>	<b>-</b>	<b>4,375</b>	<b>900</b>	<b>53,875</b>

**2003**

	<b>Base Salary</b>	<b>Motor Vehicle</b>	<b>Super</b>	<b>Other</b>	<b>Total</b>
T Enright	15,575	1,101	1,357	450	18,483
R Harrison	7,600	-	648	-	8,248
M Fletcher - Toovey	7,600	-	648	-	8,248
O Uebergang	7,600	-	648	-	8,248
R Golding <i>(from 1 Oct 2002 to 30 Jun 2003)</i>	5,875	-	493	-	6,368
I Lunt <i>(from 1 Jul 2002 to 30 Sep 2002)</i>	1,725	-	155	-	1,880
<b>Total 2003</b>	<b>45,975</b>	<b>1,101</b>	<b>3,949</b>	<b>450</b>	<b>51,475</b>

**26. Disclosure of executives**

The following persons were the three executives with the greatest authority during the financial year

B Williamson - Chief Executive officer  
C Shuttleworth - Harbour Master  
C Berry - Finance Manager

**Remuneration of executives**

Remuneration of Chief Executive Officer is determined by the Board in consultation with the Minister for Planning & Infrastructure  
Remuneration of other executive officers is determined by the Board

**Details of executive officers remuneration**

ALBANY PORT AUTHORITY  
Notes to the Financial Statements  
As at 30 June 2004

200  
4

	Base Salary	Motor Vehicle	Super	Other	Total
B Williamson	109,506	12,094	9,841	-	131,441
C Shuttleworth	104,013	7,132	11,962	-	123,107
C Berry	82,243	2,865	9,025	-	94,133
<b>Total 2004</b>	<b>295,762</b>	<b>22,091</b>	<b>30,828</b>	<b>-</b>	<b>348,681</b>

200  
3

	Base Salary	Motor Vehicle	Super	Other	Total
B Williamson	82,428	13,736	7,418	-	103,582
<i>(from 1 Sep 2002 to 30 Jun 2003)</i>	-	-	-	-	-
R Emery	101,243	2,158	173	-	103,574
<i>(from 1 Jul 2002 to 5 Jul 2002)</i>	-	-	-	-	-
C Shuttleworth	99,680	6,441	11,119	-	117,240
C Berry	82,212	2,628	8,409	-	93,249
<b>Total 2003</b>	<b>365,563</b>	<b>24,963</b>	<b>27,119</b>	<b>-</b>	<b>417,645</b>

**27. Remuneration of auditors**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Remuneration for audit of the financial reports	15	15

**28. 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.	180	178
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ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

180	178
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**29. Commitments for expenditure**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
The Authority does not have any further commitments	0	0

**30. Employee benefits**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Employee numbers</b>		
Number of full-time employees at end of financial year	11	6
<b>Employee benefits liabilities</b>		
<b>Current Liabilities (Note 14)</b>		
Accumulated Days Off	2	0
Annual Leave	75	96
Long Service Leave	51	77
Sick Leave	6	10
Superannuation	73	72
	207	255
<b>Non-Current Liabilities (Note 19)</b>		
Annual Leave	69	0
Long Service Leave	40	20
Sick Leave	5	0
Superannuation	379	480
	493	500
<b>Total Provision</b>	<b>700</b>	<b>755</b>

**31. Events occurring after reporting date**

There were no events occurring after the reporting date

ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

**32. Reconciliation of profit/(loss) from Ordinary Activities to net cash inflow from operating activities**

	<b>2004</b>	<b>2003</b>
	<b>\$000's</b>	<b>\$000's</b>
Net Profit/(Loss) after tax	1,653	(831)
Depreciation and Amortisation	1,185	1,454
Write Down Non-current Assets	0	1,840
Interest on Other Financial Assets	(43)	(44)
Net (Gain)/Loss on Sale of Assets	0	3
Changes in Assets and Liabilities :-		
(Increase)/Decrease in Receivables	7	(39)
(Increase)/Decrease in Deferred Tax Assets	231	(362)
(Increase)/Decrease in Other Assets	(6)	1
Increase/(Decrease) in Payables	(371)	(2,068)
Increase/(Decrease) in Deferred Tax Liabilities	422	(337)
Increase/(Decrease) in Provisions	(55)	(679)
Increase/( Decrease) in Other Liabilities	128	(46)
<b>Net Cash provided by (Used in) Operating Activities</b>	<b>3,151</b>	<b>(1,108)</b>

**33. Related Party Transactions**

No transactions occurred between the Authority and related Parties

**34. Segment Reporting**

The mission statement of the Authority is  
“To facilitate trade through the Port of the Albany Port”

The Authority’s activities are directed towards achieving its mission and in this regard operates in one reportable business segment for the purpose of AASB 1025 “Segment Reporting”

The Authority operates predominantly in the one geographic segment, being Western Australia.

ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

**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 2004 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.

*RJ Harrison*

*RJ Golding*

R J Harrison  
Director  
Chairman of Audit Committee

R J Golding  
Director

Albany, Western Australia  
16 August 2004

ALBANY PORT AUTHORITY  
**Notes to the Financial Statements**  
As at 30 June 2004

