Albany Port Authority

Annual Report

1 July 2007 to 30 June 2008

CHAIRMAN'S REPORT

Having spent only the last quarter of the year with any involvement with the Port, I make the following report.

- Financial performance for the year is pleasing with a 4.3 % return on assets. The financial outcomes have been robust for the past five years, with the average return being 7.3 %, which is slightly above the targeted long term average of 5%.

- Safety and environmental performance have been sound during the year.

- It is pleasing to note the way in which the Port and the Albany community have supported the growing cruise ship trade and the very positive community feedback to visits.

- Considerable support has been provided by the Port to proponents wishing to enhance trade and business in the region, particularly Grange Resources over the past year.

In my short time as Chairman I have been impressed by the degree of commitment and involvement of both the Board members and the executives, and I am very much looking forward to working with them over the next few years.

Peter West

Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

The operation at Albany Port continues to grow, with total trade of 3.66 million tonnes being an all-time record. This growth has been mirrored in all aspects of the port's operational areas.

Timber products, in the form of wood chips and logs, with logs being first shipped on 19 July 2007, contribute an increasing proportion of trade, with wood chip tonnage growing by over 10% to 1.56 million tonnes. Grain remains the port's largest trade commodity, with 1.79 million tonnes exported during the year.

A highlight for the cruise ship season was the QE2 visit, which saw a huge turnout of spectators to see this icon on her final voyage. The QE2 was one of ten cruise ship visits for the year. The Port Authority continues to put significant organisational time into ensuring these visits run smoothly for the tourists.

Harbour Master Captain Steve Young was joined by Captain Sumanth Surendran as a marine pilot. Increased shipping and other maritime demands forecast by the Port saw the Port take the initiative of increasing its maritime support base. The Port is now well placed to meet its growing number of ship movements.

Safety and environmental performance remain a strong focus at the port. The year was LTI free and the Port received no complaints about its operations. Mr Ric Linnett joined the staff in the role of Safety and Security Officer to strengthen the Port's expertise in this area.

An oil spill response workshop was hosted in Albany, providing the opportunity for port employees to gain hands-on training in this field of emergency response.

Following the settlement with the Department of Defence of the UXO dispute, funds have been applied to finding and removing ordnance in the area of the old timber jetties. During an initial underwater campaign to remove debris one shell was found. At year end, a dredge was being used to remove sediment which could be concealing ordnance on the sea floor.

Planning for the Grange iron ore project remained an area of significant work during the year, with progress being made on environmental approvals and channel design. At year end, Albany Port staff were preparing responses to comments made during the public comment period following release of the Public Environmental Review (PER) document in September 2007.

In my short time at the Port during Brad's leave of absence I have been impressed by the performance of the staff and their dedicated approach to the Port's activities.

It is also appropriate to acknowledge the Board and its guidance during the year, and in particular the efforts of the retiring Chairman, Mr Alan Birchmore who held this role for almost five years.

Gary Crockford

Acting Chief Executive Officer

Albany Port Authority

Report on Operations

1 July 2007 to 30 June 2008

This report, presents the operating report of the Albany Port Authority for the year ended 30 June 2008.

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. Peter West (Appointed 31 March 2008)	Chairman	30-Jun-2011
Mr. Russell Harrison	Deputy Chairman	30-Jun-2008
Mr. Bob Golding	Member	30-Jun-2008
Ms. Sally Malone	Member	31-Dec-2009
Ms, Cass Porter (Appointed 2 October 2007)	Member	30-Jun-2009
Mr. Alan Birchmore (Resigned 31 December 2007)	Chairman	31-Dec-2007

Chairman: Peter West

Mr. West was appointed to the Board in March 2008

Currently Chairman of Verve Energy and Scitech and handing over the Chair of Dampier Port Authority after 6 years .Other roles since retiring from full time work include Chairman of the Joint Management committee for the Australian Marine complex common user facility and Chairman of the WA Transport Energy Strategy Committee

Previously a 34 year career in the oil industry with BP, encompassing various managerial and director roles in Australia and overseas including Supply and Shipping for Australia, Oil Refinery Management, Research and Engineering globally for manufacturing, and Director of Manufacturing and Supply for Australasia.

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

Mr. Harrison was appointed to the Board in November 1993 and is Chairman of the Great Southern Development Corporation.

Special responsibility: Finance

His work experience includes 25 years as a public accountant, and for 20 years has been a partner of Lincoln's Accountants & Business Advisors, and sits on various other boards.

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: ***Sally Malone BA (Design) Hons. M(Phil) Urban Studies***

Ms Malone was appointed to the board in April 2007.

She owns and manages an urban & landscape design business and has experience in the areas of strategic planning, development guidelines, public place design, land use, cultural interpretation and landscape management.

Sally has been awarded a 2007 Churchill Fellowship to research creative economy programmes overseas, and will travel to the USA, Canada, the UK and Spain.

She is convener of the Albany Urban Design Forum, which meets to critique development in the region, and President of creativeALBANY Inc, formed to help grow creative economies in Albany.

Director: ***Cass Porter***

Ms. Porter was appointed to the Board in October 2007.

She has worked in the Oil and Gas Industry for over 25 years and has held management roles with Woodside Petroleum, BHP Billiton as well with the Industry Employer Association AMMA (Australian Mines and Metals Association). She was a founding Partner of Strategic Human Resources (1996) and continues to work with the company as a specialist consultant providing employee relations advice in relation to the offshore maritime sector of the industry.

Retiring 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 a director of Mermaid Marine Australia Ltd, United Kimberley Diamonds Ltd, the WA Ballet and Chairman of Bauxite Australia.

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.

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

		2008
Number of meeting held		7
PJ West Appointed 31 March 2008	Chairman	2
R J Harrison	Deputy Chairman	6
R J Golding	Director	6
S A Malone	Director	6
C Porter Appointed 2 October 2007	Director	4
A G Birchmore Resigned 31 December 2007	Retiring Chairman	3

Remuneration of Directors & Executive Officers

Board Members

		Base Salary	**Super-annuation**	**Total**
PJ West Appointed 31 March 2008	Chairman	11,250	1,013	12,263
RJ Harrison	Deputy Chairman	30,000	2,700	32,700
RJ Golding	Director	16,500	1,485	17,985
SA Malone	Director	16,500	1,485	17,985
C Porter	Director	12,375	1,114	13,489
Appointed 2 October 2007				
AG Birchmore Resigned 31 December 2007	Retiring Chairman	22,800	2,025	24,825
Total		**109,425**	**9,821**	**119,247**

Remuneration of Board Members is determined by the Minister (Minister for Planning & Infrastructure)

Executive Officers

		Base Salary	**Super-annuation**	**Motor Vehicle**	**Bonus**	**Total**

GI Crockford Commenced 02 June 2008	Acting CEO	11,927	1,073			13,000
BR Williamson Extended leave from 15 May 2008	Chief Executive Officer	140,598	13,554	12,487	12,000	178,639
SA Young	Harbour Master	138,625	12,476	7,609	2,000	160,710
CR Berry ***	Finance Manager	153,324	11,431	5,798	2,000	172,553

*** includes payout of leave entitlements

Remuneration of the Chief Executive Officer is determined by the Board which requires the approval of the Minister

Insurance of Officers

During the financial year, the Authority paid a premium of $24,489 (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

PKF Accounting was appointed to carry out the Ports internal audit

(c) Equal Employment Opportunities (Equal Opportunities Act 1994)

The current staff level is twenty one, comprising of the Acting CEO, six line managers (Harbour Master, Finance Manager, Port Engineer, Project Manager, Environment Manager and Wharf Manager), four administration and ten operational staff members.

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

The Directors of the APA set the highest priority on safety and have established an OH&S committee, in accordance with the Act.

This committee meets regularly to address safety issues on an ongoing basis and considers issues raised by staff members and persons operating in the port area. OH&S statistics gathered by the Compliance officer are reviewed by the committee and acted upon where work practices can be improved.

Also, the port has developed a policy of licensing the 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 ensue that the entire Port area operates in a safe and manner.

(e) Injury Management (Workers Compensation & Injury Management Act 1981)

The port has developed an injury management policy with associated guidelines and procedures to facilitate the management of an injured worker's return to the workplace.

(f) 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.

There were no breaches of the Code during the year.

(f) Freedom of Information (Freedom of Information Act 1992)

The port has developed an Information Statement (in accordance with Sec 94 of the Act) which sets out the process for the public to obtain information under the Act.

The Statement is available at the port on request.

Port Compliance
Advertising and sponsorship (Electoral Act s175ze)

Section 175ZE of the Electoral Act requires the Authority to provide details of all expenditure incurred during the year in relation to services provided by advertising agencies, market research organizations, polling organizations, direct mailing organizations and media advertising organizations.

Expenditure, where applicable, was incurred as follows:

ADVERTISING AGENCIES:

Albany Advertiser	$ 650
Albany & Great Southern Weekender	$ 198
Marketforce Advertising	$13,709
Radio West Broadcasters	$ 682
WA Newspapers	$ 58

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
Albany – Port with a Past and Future by Les Johnson 1997

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 2007/2008

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 community activities.

Paid To	Purpose	Amount
Albany Chamber of Commerce	Sponsorship of 2008 ACCI Business Awards	$ 2,500
Albany Aero Club	Assistance at QE2 visit	$ 250
Albany Little Athletics	Support for association	$ 1,000
Albany Maritime Foundation	Support for Festival of the Sea	$ 500
Albany Muzzle Loaders	Performance at QE2 visit	$ 250
Albany Senior High School	Support for United Nations Youth week	$ 500

Borden Development Group	Provision of historical information & Support for hay shed operation	$ 450
City of Albany Band	Performance at QE2 visit	$ 500
Constable Care	Promotional materials	$ 460
Creative Albany	Support for Harboursound Festival	$ 1,000
Living Water Community	Support for port to peak run	$ 500
Nathan Drew Foundation	Support for coastal safety	$ 5,000
Total Sponsorship		**$12,910**

Community Services Obligations 2007/2008

Due to the nature of a number of organizations who use or operate in the port area, the port provides a significant reduction on the commercial terms that would normally apply.

Reduction Provided to	**Purpose**	**Commercial Charges**	**Charged**	**CSO Value**
Albany Light Opera Co	Lease: Lot 19 Princess Royal Drive Light Opera Co	$14,500	$2,000	$12,500
Hanover Bay Wooden Boats	Lease: Lot 7B Princess Royal Drive Refurbishment of wooden boats	$9,600	$4,800	$ 4,800
Mission to Seafarers	Lease: Lots 12 & 13 Princess Royal Drive Support for foreign seafarers	$10,800	$10	$10,790
Stella Maris	Lease: Lot 9 Princess Royal Drive Support for foreign seafarers	$5,400	$10	$ 5,390
Royal Australian Navy	Use of Port Facilities Rest & Relaxation	$31,936	$0	$31,936
Total Contribution to CSO's				**$65,416**

Review of Operations

Trade Report (Metric Tonnes)

	2008 000's	**2007 000's**	**Comments**
Imports	112	93	18% increase in fertiliser and 35% increase in petroleum
Exports	3,554	3,408	11% increase in woodchip offset by 8% reduction in grain
Total Port Trade	3,666	3,501	
Number trading of vessels	129	119	
Deadweight tonnage of vessels	5,368	4,884	

Revenue & Expenditure Report

	2008 $'000	**2007 $'000**	**Comments**
Income from Vessels	2,770	2,409	Higher income due to increase in trade throughput
Income from Cargo	4,854	4,623	Higher income due to increase in trade throughput
Settlement of Claim	0	6,250	Settlement of Claim against the Commonwealth on discovery of UXO in dredging program in 2000-2001
Other Income	1,560	1,316	Increase due to higher interest earnings
Total Income	9,184	14,598	
Administration Expenditure	(2,909)	(3,993)	Decrease due to Legal expenses relating to UXO Claim (completed in June 2007)
Environmental Expenditure	(143)	(117)	
Maintenance & Development Expenditure	(1,062)	(1,020)	
Pilotage Expenditure	(616)	(514)	Commencement of new pilot
Security Expenditure	(230)	(147)	Commencement of Security Officer
Other Expenditure	(48)	(37)	
Financial Expenditure	(341)	(540)	Reduction in borrowing levels
Total Expenditure	(5,349)	(6,221)	

Net Profit/(Loss) before Income Tax	3,835	8,377	
Income Tax Expense	(1,384)	(1,687)	
Net Profit/(Loss)	2,451	6,690	

Dividends

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

	2008 $'000	**2007 $'000**	**Comments**
Total dividends in respect to 2005, 2006 and 2007	$2,266	$0	

Performance Indicators

	2008	2007	Comments
OPERATIONAL			
1. Diversification of Trade (Ratio of Major Trades to Total Trade) The port has a significant exposure to the vagaries of the rural sector (grain) Grain Woodchips	49% 43%	55% 40%	The improvement is the result of the increasing tonnage of woodchip, and a lower level of grain exports
2. Turn-around Time (Hours) (Total time in port divided by Number of vessels) 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.	86	99	The improvement is related to a reduction (36%) in waiting time, particularly on No 3 Berth
3. Berth Occupancy (Total berth hours divided by Total available hours) 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. No 3 Berth No 6 Berth	45% 27%	38% 23%	**No 3 Berth** Despite a lower tonnage occupancy has increased due to inefficiencies in loading vessels. **No 6 Berth** The improvement is related to the increased tonnage of woodchips

FINANCIAL	2008	2007	Comments
4. Charges per cargo tonne (Cargo plus vessel charges divided by Tonnes 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)	$2.08	$1.98	The increase was due to: - the commencement of the log trade (break bulk cargo) and; - a decrease in the efficiencies of loading grain and woodchips
5. Expenditure per cargo tonne (Total expenditure divided by Tonnes 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.	$1.46	$1.78	The combination of the reduction in expenditure (14%) and higher tonnage (5%) had an positive affect on this indicator
6. Rate of return – Deprival value (Adjusted profit divided by DV Asset base) Valuations are carried out every three years (2006). Values have been inflated by the CPI Index in the intervening years A higher ratio is a refection of the profitability of the port's operations in relation to the value of assets controlled.	4.3%	14.0%	2007 results included UXO settlement of $6.25M 2008 results have been affected by the equity injection of $3.5M (increase in cash reserves), which was received in June
7. Debt ratio (Total liabilities divided by Total assets) The lowering of the ratio is an indication of the port's success of the port policy of reducing debt.	22%	36%	The port reduced it's debt levels by $3.035M during the year
8. Debt Ratio (Total Revenue divided by Net Borrowings The lowering of the ratio is an indication of the combined factors of debt levels and revenue stream.	(52)%	52%	Debt was reduced by $3.035M and cash reserves increased by $6.161M ($3.2M for UXO removal and $3.5M for Princess Royal Drive realignment)

DEVELOPMENT	2008	2007	Comments
9. Vacant land (Vacant land divided by Total port land)	30%	30%	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.
10. Development Expenditure ($Value expenditure on Capital Investment) An indication of the port's sustainability in continuing investment in upgrades and improvements	$956K	$747K	Expenditure was directed at further upgrades to No 6 Berth and the replacement of plant & equipment
11. Maintenance Expenditure ($Value expenditure on Maintaining assets) An indication of the port's sustainability in providing a continuing program of maintaining assets for future use.	$485K	$437K	

CITIZENSHIP	2008	2007	Comments
12. Incident Rate (Environmental incidents per million tonnes of cargo)	0.55	0.00	Incidents related to activities in a lease area, on board a vessel and fertiliser discharge. The port liaised with the appropriate authorities to address the issues. All incidents were satisfactorily resolved in a timely manner
13. Usage An indication on the port's impact/use of restricted resources **Electricity (KWH)** **Fuel (Litres)** **Water (KL)**	 524K 40K 10K	 713K 39K 14K	 The reduction in power usage relates to the lower utilisation of the cold store

PERSONNEL	2008	2007	Comments
14. Incident Rate (Lost time injuries per million man hours worked)	0.00	34.18	There were no lost time injuries experienced during the year (one in 2007).
15. OH & S Expenditure ($Value of expenditure on Safety)	$48K	$18K	An indication of the port's continuing investment in its safety program.
16. Training Expenditure ($Value of expenditure on Training)	$57K	$22K	An indication of the port's continuing investment in staff development.

ETHICS	2008	2007	Comments
17. Number of Complaints (Ethical)	0	0	The port seeks to address complaints lodged by members of the public in a timely and appropriate manner.

Rounding of Amounts to Nearest Thousand Dollars

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

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

Russell Harrison *Bob Golding*

Russell Harrison
Deputy Chairman

Bob Golding
Director

Albany, Western Australia
17 September 2008

PERFORMANCE INDICATORS

	2004	2005	2006	2007	2008
Operational					
Diversification of Trade *(Proportion to Total Trade)*					
Grain	81%	75%	49%	55%	49%
Woodchips	8%	15%	41%	40%	43%
Other	11%	9%	11%	4%	9%
Average Turn Around Time (Hours) (Total time in Port / Number of Vessels	138	100	86	99	86
Occupancy Rate (Total time Berth Occupied / Total time Berth Available)					
No 3 Berth	54%	49%	37%	38%	45%
No 6 Berth	4%	8%	19%	23%	27%
Financial					
Cost Efficiency Cargo + Ship Charges per Tonne	$2.03	$2.08	$2.14	$1.98	$2.08
Expenditure per Tonne	$1.62	$1.59	$2.02	$1.78	$1.46
Debt Ratio *(Total liabilities / Total assets)*	42%	29%	34%	36%	22%
(Net Borrowings/Revenue)	141%	108%	101%	52%	-52%
Rate of Return *(Adjusted Profit / DepV Assets)*	6.4 %	7.6%	4.3%	14.0%	4.3%
Investment					
Land Availability Rate *(Vacant Land Available / Total Land Available*	36%	31%	32%	30%	30%
Development Expenditure	$211,324	$290,307	$541,912	$ 747,558	$ 956,757
Maintenance Expenditure	$439,062	$360,505	$404,097	$ 445,970	$ 485,397

	2004	2005	2006	2007	2008
Environment					
Incident Rate *(Environmental Incidents per Million Tonnes)*	0.70	1.34	0.75	0.00	0.55
Fuel Usage (Litres)	n/a	n/a	24,788	38,840	40,483
Power Usage (KWH)	n/a	n/a	686,431	712,646	523,774
Water Usage (Kl)	n/a	n/a	10,454	14,354	9,964
Personnel					
Incident Rate *(Lost Time Injuries per Million ManHours Worked)*	0.00	0.00	40.83	34.18	0.00
OH&S Expenditure	$ 11,346	$ 9,669	$ 17,938	$ 18,417	$ 47,518
Training Expenditure	$ 6,116	$ 16,569	$ 20,801	$ 22,300	$ 56,923
Ethics					
Publications	2	2	1	1	2
Number of Complaints	0	0	0	0	0

PORT TRADE

	2004	2005	2006	2007	2008
IMPORTS					
Agras	3,571	0	0	0	0
All Star	2,428	0	0	0	0
Ammonia Sulphate	1,497	1,216	0	0	0
C.A.N.	3,244	1,151	3,036	0	0
D.A.P.	3,855	7,281	9,720	6,358	9,626
DPXL	0	0	0	1,514	0
Fish	2,486	4,418	1,249	2,948	751
Kieserite	1,361	0	0	0	0
MAPS	19,461	19,914	4,643	8,958	13,257
MPZL	0	0	0	2,267	512
NPK Fertiliser	564	7,675	0	0	0
Petroleum Products	24,427	0	28,455	28,948	39,147
Potash	35,680	36,503	13,907	7,439	14,430
Rock Phosphate	6,396	28,273	24,101	0	0
Single Super	4,814	3,892	5,947	2,004	0
Superphosphate	0	0	0	1,772	0
Triple Super	12,993	9,911	957	5,243	0
Urea	31,131	35,830	28,348	25,149	33,954
Vigour	1,973	0	0	0	0
Zinc Star	515	0	1,432	0	0
TOTAL IMPORTS	**156,396**	**156,065**	**121,794**	**92,599**	**111,677**
EXPORTS					
Barley	585,725	857,018	330,927	444,148	693,563
Canola	252,490	214,536	202,644	119,369	204,104
Lupins	25,275	0	0	0	0
Oats	50,230	0	38,056	6,029	60,327
Peas	0	4,949	0	0	0
Pine Logs	0	0	0	0	69,049
Silica Sand	158,215	127,750	162,300	56,065	138,224
Wheat	1,426,028	1,171,186	720,924	1,372,801	827,570
Woodchips	223,185	458,732	1,083,316	1,410,065	1,561,485
TOTAL EXPORTS	**2,721,148**	**2,834,170**	**2,538,167**	**3,408,478**	**3,554,322**
Bunkers	41	150	73	0	150
TOTAL PORT TRADE	**2,877,585**	**2,990,385**	**2,660,034**	**3,501,077**	**3,666,150**
VESSELS					
Number of Vessels Entered Port	116	120	91	119	129
Gross Registered Tonnage	2,616,888	2,834,882	2,741,828	3,268,545	3,966,823
Deadweight Tonnage	4,321,577	4,605,416	4,261,811	4,883,784	5,367,636

CARGO ORIGIN & DESTINATION

Country	Grain	Fertiliser	Petroleum	Sand	Woodchips	General	Total	Previous
Australia	59,440	9,401	21,024			751	90,616	107,084
China	57,428	26,605				48,222	132,255	217,606
Fiji	11,615						11,615	23,142
Germany	47,927						47,927	0
India							0	67,875
Indonesia	411,867						411,867	752,884
Iran	56,433						56,433	0
Israel		1,937					1,937	12,394
Japan	160,230			121,224	1,561,485		1,842,939	1,713,033
Kuwait	36,700						36,700	26,572
Malaysia	53,376	16,294					69,670	42,307
Mexico	32,980						32,980	0
Netherlands	56,700						56,700	0
New Guinea	17,164						17,164	0
New Zealand	16,460	2,035					18,495	79,480
Pakistan	36,831						36,831	25,000
Philippines							0	27,000
Qatar	21,000						21,000	0
Saudi Arabia	331,890						331,890	40,687
Singapore			18,123				18,123	28,948
Somalia						7,009	7,009	0
South Korea	230,972			17,000		13,818	261,790	163,635
United Arab Emerites	106,551						106,551	54,029
U.S.A.		15,508					15,508	9,184
Yemen	40,000						40,000	110,219
TOTAL	1,785,564	71,779	39,147	138,224	1,561,485	69,801	3,666,000	3,501,077

Albany Port Authority

Financial Report

1 July 2007 to 30 June 2008

Income Statement

For the year ended 30 June 2008

In thousands of AUD

	Note	30/06/2008	30/06/2007
Revenue	2	8,770	14,368
Other income	3	9	72
Administration expenses		(2,909)	(3,865)
Cold store expenses		0	(19)
Compliance & Environmental expenses		(143)	(117)
Maintenance & Development expenses		(1,062)	(1,020)
Pilotage expenses		(616)	(514)
Safety expenses		(48)	(18)
Security expenses		(230)	(147)
Results from operating activities		3,771	8,740
Financial income		405	159
Financial expenses		(343)	(521)
Bad and doubtful receivables		2	0
Net financing costs	5	64	(362)
Profit before income tax		3,835	8,378
Income tax expense	6	(1,384)	(1,687)
Profit for the period		2,451	6,691

Balance Sheet

As at 30 June 2008

In thousands of AUD

	Note	30/06/2008	30/06/2007
Assets			
Cash and cash equivalents	11a	9,414	3,276
Trade and other receivables	9	956	6,890
Other financial assets	10	195	180
Total current assets		10,565	10,346
Other financial assets	10	305	283
Deferred tax assets	8	0	0
Property, plant and equipment	7	35,105	35,932
Total non-current assets		35,410	36,215
Total Assets		45,975	46,561
Liabilities			
Trade and other payables	15	481	1,427
Other financial liabilities	16	2,883	3,791
Loans and borrowings	13	2,600	4,035
Employee benefits	14	250	328
Current tax payable	8	717	370
Total current liabilities		6,931	9,951
Loans and borrowings	13	2,300	3,900
Employee benefits	14	598	637
Deferred tax liabilities	8	135	32
Total non-current liabilities		3,033	4,569
Total liabilities		9,964	14,520
Net assets		36,011	32,041
Equity			
Contributed equity	12	5,171	1,386
Retained earnings	12	30,840	30,655
Total equity		36,011	32,041

Statement of changes in equity

For the year ended 30 June 2008

In thousands of AUD

	Note	30/06/2008	30/06/2007
Balance of equity at the start of the period		32,041	25,350
Profit for the period		2,451	6,691
Equity Contribution		3,785	0
Dividend provided		(2,266)	0
Balance of equity at the end of the period	12	36,011	32,041

Cash flows statement

For the year ended 30 June 2008

In thousands of AUD

	Note	30/06/2008	30/06/2007
Cash flows from operating activities			
Cash receipts from customers	11c	14,704	9,044
Cash paid to suppliers and employees		(5,933)	(4,782)
Cash generated from operations		8,771	4,262
Interest received		405	166
Interest paid		(380)	(531)
Income taxes paid		(934)	(681)
Net cash from operating activities	11b	7,862	3,216
Cash flows from investing activities			
Proceeds from sinking funds		0	0
Payments into sinking funds		0	(2)
Proceeds from sale of property, plant and equipment		47	316
Acquisition of property, plant and equipment		(255)	(747)
Net cash from investing activities		(208)	(433)
Cash flows from financing activities			
Proceeds from borrowings		0	0
Repayment of borrowings		(3,035)	(1,200)
Proceeds from grants		3,785	0
Dividends paid		(2,266)	0
Net cash from financing activities		(1,516)	(1,200)
Net increase in cash and cash equivalents		6,138	1,583
Cash and cash equivalents at the start of the period		3,276	1,693
Cash and cash equivalents at the end of the period	11a	9,414	3,276

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorised for issue on 07 August 2008 by the Board of Directors of the Albany Port Authority (the Authority). The following significant accounting policies have been adopted in the preparation of the financial statements for the year ended 30 June 2008.

1.1 Statement of compliance

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

The following standards and amendments were available for early adoption but have not been applied by The Authority in these financial statements:

- AASB 101 *Presentation of Financial Statements* introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Authority's 30 June 2010 financial statements. The Authority does not expect any financial impact when the standard is first applied.

- AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Authority's 30 June 2010 financial statements. The Authority already capitalises borrowing costs directly attributable to qualifying assets, therefore there will be no impact on the financial statements when the standard is first applied.

1.2 Basis of preparation

The financial statements have been prepared on an accrual accounting basis and in accordance with the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

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

1.3 Use of estimates and judgements

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

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

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

Operating lease commitments – as lessor

The Authority has entered into commercial property leases on some of its land and buildings and has determined that it retains all the significant risks and rewards of ownership of these land and buildings and has thus classified the leases as operating leases.

Defined benefit plans
Various actuarial assumptions are required when determining the Authority's superannuation obligations. These assumptions and the related carrying amounts are discussed in note 1.17.

1.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Revenue for services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest revenue is recognised as it accrues using the effective interest method.

Miscellaneous revenue recognised as the legal entitlement arises is derived predominantly from the hire of facilities and equipment, recoup of rates and taxes and insurance claims.

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

1.5 Net financing costs

Net financing costs comprise finance charges payable under finance leases and interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested and interest receivable under finance leases.

Interest receivable on funds invested includes interest on short-term investments and term deposits and is recognised as it accrues using the effective interest rate method. The interest receivable component of finance lease receivables is also recognised in the income statement using the effective interest rate method.

The interest expense component of finance lease payments is also recognised in the income statement using the effective interest rate method.

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

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

1.6 National Tax Equivalent Regime (Income tax)

The Authority is subject to the National Tax Equivalent Regime (NTER).

The NTER is an administrative arrangement under which relevant Commonwealth Taxation laws are applied notionally to the NTER entities as if they were subject to those laws. Income tax equivalent liabilities are paid to the State Government.

1.7 Income tax

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

Current tax is the expected tax payable on the taxable profit for the year, using the tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

1.8 Receivables

Trade receivables

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

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

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

Lease receivables

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

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

1.9 Inventories

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

1.10 Property, plant and equipment

Property, plant and equipment purchased or constructed for port operations is recorded at the cost of acquisition less accumulated depreciation and impairment losses. This includes incidental costs directly attributable to the acquisition.

Property, plant and equipment, excluding freehold land, are depreciated at rates based on the expected useful lives using the straight line method. Depreciation on assets under construction commences when the assets are ready for use. Depreciation is charged to the income statement.

The depreciation rates for the various classes of non-current assets are as follows:

	Depreciation Rates
BUILDINGS	2.50%
ROADS & RAIL	2.50%
FENCING	2.50%
DREDGING	2.50%
BREAKWATERS	2.50%
WHARVES	2.50%
JETTIES	2.50%
POWER	2.50%
WATER	2.50%
LAND (Vested)	0.00%
LAND (Freehold)	0.00%
P & E (General)	10.00%
MOTOR VEHICLES	20.00%
P & E (Floating)	10.00%
RADIO EQUIPMENT	20.00%
OFFICE EQUIPMENT	20.00%
COMPUTER EQUIPMENT (HARDWARE)	25.00%
COMPUTER EQUIPMENT (SOFTWARE)	25.00%
OFFICE FURNITURE	10.00%

1.11 Impairment

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

If a trigger exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount of assets is the greater of fair value less costs to sell and value in use. As the Authority is a not-for-profit entity, the value in use is the asset's depreciated replacement cost.

Impairment losses are recognised in the income statement.

1.12 Leased assets

Leases are classified as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased asset to the Authority are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Finance leased assets are amortised over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability so as to achieve a consistent rate of interest on the remaining balance of the liability with interest expense calculated using the interest rate implicit in the lease and recognised directly against income.

No leased assets were held at the reporting date.

Operating leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term as this represents the pattern of benefits derived from the leased assets.

1.13 Financial Instruments

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

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

Refer to Note 9 for further information on the classification of financial instruments.

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

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

1.14 Payables

Payables, including trade creditors, amounts payable and accrued expenses, are recognised for amounts to be paid in the future for goods and services received prior to the reporting date. Trade creditors are unsecured and are usually paid within 30 days of recognition.

1.15 Interest bearing borrowings

All borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the effective interest method.

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

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

Finance Lease Liabilities are recognised at the present value of the minimum lease payments. The interest expense is recognised in the income statement when the minimum lease payments are made.

1.16 Employee benefits

Annual Leave benefits represent present obligations resulting from employees' services provided to reporting date and are provided at nominal amounts calculated on the basis of remuneration rates expected to be paid when the liability is settled.

Sick Leave and Long Service Leave liabilities were assessed on the basis of the present value of estimated future payments, discounted by the Commonwealth Government Bonds rates estimated to be applicable to the relevant period. A 4.50% (2007: 4.50%) per annum rate of increase in employee wage and salary rates was assumed in the present value calculations.
The liability in all provisions covers entitlements from the date the employee commences in accordance with the conditions of employment.
Provisions are made for long service leave even though in some cases such amounts are currently not vesting.
Associated payroll on-costs are included in the determination of other provisions.

1.17 Employee superannuation

The Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme, and the Superannuation and Family Benefits Act Scheme, a defined benefit pension scheme, are now closed to new members. The Authority is liable for superannuation benefits for past years' service of members of the Superannuation and Family Benefits Act Scheme who elected to transfer to the GSS Scheme. The Authority also accrues for superannuation benefits to the pension scheme for those members who elected not to transfer from that scheme.
The superannuation liability for existing employees with the pre-transfer service incurred under the Superannuation and Family Benefits Act Scheme who transferred to the GSS Scheme are provided for at reporting date.
The Authority's total superannuation liability has been actuarially assessed as at 30 June 2008.

Employees who are not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS), an accumulation fund until 15 April 2007. From 16 April 2007, employees who are not members of the Pension, GSS or WSS Schemes become non-contributory members of the GESB Superannuation Scheme (GESB Super), a taxed accumulation fund. The Authority makes concurrent contributions to the Government Employee Superannuation Board (GESB) on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESB Super Schemes.

Defined benefit plan

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

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

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

- Current service cost;
- Interest cost (unwinding of the discount);
- Actuarial gains and losses; and
- Past service cost.

Actuarial gains and losses of the defined benefit plan are recognised immediately as income and expense in the Income Statement.

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

1.18 Dividends

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

1.19 Provisions

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

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

1.20 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cash at bank, at call deposits and term deposits due within 30 days.
For the purpose of the cash flow statement, cash equivalents consist of cash and cash equivalents as defined above.

1.21 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

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

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

1.22 Contributed equity

The Authority receives support from the WA Government (See Note 12). The amount received is recognised directly as a credit to contributed equity.

2 Revenue

In thousands of AUD	2008	2007
Revenue from shipping services	2,770	2,409
Revenue from cargo services	4,854	4,623
Revenue from other services	227	220
Rental income	919	866
Compensation revenue	0	6,250
Total revenues	8,770	14,368

3 Other Income

In thousands of AUD	2008	2007
Proceeds on disposal of property, plant and equipment	47	315
Less: written down cost	(38)	(243)
Net gain on disposal of property, plant and equipment	9	72

4 Personnel Expenses

In thousands of AUD	Note	2008	2007
Wages and salaries		1,781	937
Other associated personnel expenses		250	248
Contributions to defined benefit super fund		42	147
Expenses related to defined benefit super fund	14	(49)	43
Increase/(Decrease) in defined benefit super fund		(48)	0
Increase in liability for accumulated days off	14	3	14
Increase/(Decrease) in liability for personnel leave	14	(14)	0
Increase/(Decrease) in liability for annual leave	14	(66)	(22)
Increase in liability for long service leave	14	9	(6)
		1,908	1,361

5 Finance Income and Expense

In thousands of AUD	2008	2007
Interest income	405	159
Finance Income	405	159
Interest expense on borrowings	(343)	(521)
Bad and doubtful receivables	2	0
Finance expense	(341)	(521)
Net finance Income and expense	64	(362)

6 Income Tax Expense

In thousands of AUD	Note	2008	2007
Current tax expense			
Current period		1,281	1,024
Adjustment for prior periods		0	0
		1,281	1,024
Deferred tax expense			
Origination and reversal of temporary differences	8	103	663
		103	663
Income tax from continuing operations		1,384	1,687
Total income tax expense		1,384	1,687

Numerical reconciliation between tax expense and pre-tax profit

In thousands of AUD	2008	2007
Profit for the period	2,451	6,691
Total income tax expense	1,384	1,687
	3,835	8,378
Income tax using the domestic tax rate at 30% (2007 : 30%)	1,150	2,513
Non-assessable income		(1,094)
Non-deductible expenses	234	268
Deferred tax assets not previously recognised		0
	1,384	1,687

7 Property, plant and equipment

In thousands of AUD	Freehold Land	Vested Land	Buildings	Wharves and Infrastructure	Dredging	Breakwaters	Plant and Equipment	Work in Progress	Total
Cost or deemed cost									
Balance at 1 July 2006	1,517	1,449	4,179	20,852	21,032	5,690	3,286	73	58,078
Additions			37	68	3,898		210	432	4,645
Transfers			(37)	(72)				(72)	(181)
Disposals			(237)	(3)			(234)		(474)
Balance at 30 June 2007	1,517	1,449	3,942	20,845	24,930	5,690	3,262	433	62,068
Balance at 1 July 2007	1,517	1,449	3,942	20,845	24,930	5,690	3,262	433	62,068
Additions			5	0	500		297	154	956
Transfers			19	378	(3,898)	(1)	8	2,793	(701)
Disposals				(108)			(108)		(216)
Balance at 30 June 2008	1,517	1,449	3,966	21,115	21,532	5,689	3,459	3,380	62,107
Depreciation and impairment loss									
Balance at 1 July 2006			3,333	14,242	4,106	1,116	2,485		25,282
Depreciation for the year			73	274	428	138	171		1,084
Impairment loss									0
Disposals			(29)	(2)			(199)		(230)
Balance at 30 June 2007	0	0	3,377	14,514	4,534	1,254	2,457	0	26,136
Balance at 1 July 2007	0	0	3,377	14,514	4,534	1,254	2,457	0	26,136
Depreciation for the year			70	207	437	138	192		1,044
Impairment loss									0
Disposals				(108)			(70)		(178)
Balance at 30 June 2008	0	0	3,447	14,613	4,971	1,392	2,579	0	27,002

Carrying amount

At 1 July 2006	1,517	1,449	846	6,610	16,926	4,574	801	73	32,796
At 30 June 2007	1,517	1,449	565	6,331	20,396	4,436	805	433	35,932
At 1 July 2007	1,517	1,449	565	6,331	20,396	4,436	805	433	35,932
At 30 June 2008	1,517	1,449	519	6,502	16,561	4,297	880	3,380	35,105

Land Holdings

The carrying value of vested land is $1.449M compared with $8.500M shown by the Office of State Revenue (unimproved value) in 2007.

The carrying value of freehold land is $1.517M compared with $2.655M shown by the Office of State Revenue (unimproved value) in 2007.

8 Tax assets and liabilities

Current

The current tax liability of $717 thousand (2007 : $370 thousand) represents the amount of income tax payable in respect of current and prior financial periods.

Movement in temporary differences during the year

In thousands of AUD	Balance 1 July 2006	Recognised in Income	Balance 30 June 2007
Doubtful Debts	12	(5)	7
Prepaid Income	16	8	24
Prepaid Expense	(3)	7	4
Inventories	(5)	0	(5)
Property, plant and equipment	297	(692)	(395)
Accruals	29	14	43
Staff Leave	115	(4)	111
Employee Benefit Plans	169	10	179
	630	(662)	(32)

In thousands of AUD

	Balance 1 July 2007	Recognised in Income	Balance 30 June 2008
Receivables	(7)	(1)	(8)
Other financial assets	0	10	10
Property, plant and equipment	395	42	437
Provisions - current	(111)	13	(98)
Other financial liabilities	(66)	17	(49)
Provisions - non current	(179)	22	(157)
	32	103	135

9 Trade and other receivables

In thousands of AUD	**2008**	**2007**
Current		
Trade receivables	960	641
Less: Allowance for doubtful debts	(27)	(24)
Net carrying amount of trade receivables	933	617
Other receivables	23	6,273
	956	6,890

Movement in allowance account:

Balance at the beginning of year	24	43
Add: Additional allowances made during the year	3	(19)
Balance at the end of the year	27	24

Receivables are primarily exposed to credit risks.

The risk management strategy is provide in note 17.

10 Other financial assets

In thousands of AUD	**2008**	**2007**
Current		
Prepaid expenditure	163	176
Accrued revenue	32	4
	195	180
Non-current		
Sinking Funds	305	283
	305	283

Sinking funds are invested with Treasury at floating interest rates. The interest rates received ranged between 6.27% and 7.63% (2007 5.79% and 6.16%)

Sinking funds are invested with Treasury for fixed maturity terms. The port intends to hold the funds till maturity, and use for the eventual repayment of loan funds.

The risk management strategy is provided in note 17.

11a Cash and cash equivalents

In thousands of AUD	**2008**	**2007**
Bank balances	2,650	3,252
Term deposits	6,764	24
Cash and cash equivalents	9,414	3,276
Bank overdrafts used for cash management purposes	0	0
Cash and cash equivalents in the statement of cash flows	9,414	3,276

The effective rate on term deposits was 1.75% - 6.15% (2007 1.75% - 5.95%)
The deposits had an average maturity of one and two years (2007 one or two years)

11b Reconciliation of cash flows from operating activities

In thousands of AUD	**2008**	**2007**
Cash flows from operating activities		
Profit for the period	2,451	6,691
Adjustments for:		
Depreciation	1,044	1,084
Amortisation	0	16
Profit on sale of property, plant and equipment	(9)	(72)
Income Tax Expense	1,384	1,687
Operating profit before changes in working capital and provisions	4,870	9,406
Change in trade and other receivables	5,934	(6,119)
Change in other financial assets	(37)	(21)
Change in deferred tax assets	0	209
Change in trade and other payables	(946)	924
Change in provisions and employee benefits	(1,025)	19
Interest paid	0	(520)
Income taxes paid	(934)	(682)
Net cash from operating activities	7,862	3,216

11c Cash receipts from cusomers

In thousands of AUD	**2008**	**2007**
UXO Settlement	6,250	0
Other cash receipts from customers	8,454	9,044
	14,704	9,044

12 Capital and reserves

Reconciliation of movements in contributed equity and reserves

In thousands of AUD	Contributed Equity	Retained Earnings	Total Equity
Balance at 1 July 2007	1,386	30,655	32,041
Total recognised income and expense		2,451	2,451
Equity Contribution	3,785	0	3,785
Dividends to equity holders		(2,266)	(2,266)
Balance at 30 June 2008	5,171	30,840	36,011
Balance at 1 July 2006	1,386	23,964	25,350
Total recognised income and expense	0	6,691	6,691
Dividends to equity holders	0	0	0
Balance at 30 June 2007	1,386	30,655	32,041

Dividends

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 50% of after tax profits.

Dividends recognised in the current year are:

In thousands of AUD	Date of Payment	2008	2007
2008			
Final 2007 Ordinary	08/04/08	720	0
2007			
Final 2006 Ordinary	28/08/07	556	0
2006			
Final 2005 Ordinary	28/08/07	990	0
Total amount		2,266	0

13 Loans and borrowings

In thousands of AUD	2008	2007
Current liabilities		
Loans from WA Treasury Corporation	2,600	4,035
	2,600	4,035
Non-current liabilities		
Loans from inscribed stocks	300	300
Loans from WA Treasury Corporation	2,000	3,600
	2,300	3,900

The port is exposed to liquidity risks on account of the loans.

The risk management strategy is provide in note 17.

The loans are unsecured, at fixed interest rates, and are repayable as per the fixed repayment schedule.

The fixed interest rate varies from 5.54% to 7.06% (2007 5.54% to 6.54%) for Government loans and 6.40% to 7.40% (2007 6.40% to 7.40%) for inscribed stock loans.

The port has complied with all the covenants and terms of the loan agreements and no breaches have been noted till the reporting date.

14 Employee benefits

In thousands of AUD	**2008**	**2007**
Current		
Liability for accumulated days off	9	6
Liability for personnel leave	17	31
Liability for annual leave	108	174
Liability for long service leave	74	117
Present value of unfunded obligations	42	0
Total employee benefits - current	250	328
Non-current		
Present value of unfunded obligations	478	569
Present value of funded obligations	0	0
Total present value of obligations	478	569
Liability for long service leave	120	68
Total employee benefits - non-current	598	637

The port makes payments to pension scheme members on retirement, death or invalidity. The fund has no assets and is fully employer financed. The pension beneficiary cannot be paid in a lump sum benefit. The annual benefit paid is the salary of the pension beneficiaries at the time of entitlement which is paid in equal fortnightly instalments.

Movement in the liability for defined benefit obligations

In thousands of AUD	**2008**	**2007**
Liability for defined benefit obligations at 1 July	569	564
Benefits paid by the plan	0	(38)
Current service costs and interest (see below)	33	31
Actuarial (gains) losses recognised in equity (see below)	(82)	12
Liability for defined benefit obligations at 30 June	520	569

Expense recognised in profit and loss

In thousands of AUD	**2008**	**2007**
Current service costs		
Interest on obligation	33	31
Actuarial loss (gain)	(82)	12
	(49)	43

Scheme assets
There are no assets in the pension scheme to support the state share of the benefit.

Actuarial assumptions
Principal actuarial assumptions at the reporting date (expressed as weighted averages)

In thousands of AUD	**2008**	**2007**
Discount rate at 30 June	6.64%	6.06%
Expected return on plan assets at 1 July		
Future salary increases	4.50%	4.50%
Medical cost trend rate		
Future defined benefit increases	2.50%	2.50%

Historical information

In thousands of AUD	**2008**	**2007**
Present value of defined benefit obligation	520	569
Fair value of plan assets	0	0
Deficit in the plan	520	569
Experience adjustments arising on plan liabilities	(82)	12
Experience adjustments arising on plan assets	0	0

The port expects to pay $41 thousand in contributions to the defined benefit plan in 2009.

15 Trade and other payables

In thousands of AUD	**2008**	**2007**
Trade payables	481	727
Other payables	0	700
	481	1,427

16 Other financial liabilities

In thousands of AUD	**2008**	**2007**
Accrued expenses	174	514
Income received in advance	111	79
Provision for future dredging	2,598	3,198
	2,883	3,791

17 Financial instruments

The port's principal financial instruments comprise of interest bearing borrowings, finance lease hedges and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the port's operations. The port has other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the financial instruments are interest rate risk, liquidity risk and credit risk. The port's policies for managing each of these risks are summarised below.

Credit risk
The port operates predominately within the shipping and cargo handling industry and accordingly is exposed to risks affecting that industry. The maximum exposure to this industry risk is the carrying value of the trade debtors.

It is the port's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables are monitored on an ongoing basis with the result that the port's exposure to bad debts is not significant.

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

Interest rate risk
The port's exposure to market risk for changes in interest rates relates primarily to its long term debt obligations. The port's borrowings are all obtained through the WA Treasury Corporation ("WATC") and are at fixed rates with varying maturities or at variable rates. The risk is managed by the WATC through portfolio diversification and variation in maturity dates.

Investments in equity securities and short term receivables and payables are not exposed to interest rate risk.

17 Financial instruments (continued)

Effective interest rates and repricing analysis

In respect of income earning financial assets and interest bearing liabilities, the following tables indicates their average effective
interest rates at the reporting date and the periods in which they mature or, if earlier, reprice

In thousands of AUD	Note	Average Effective Interest rate	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Fixed rate instruments								
2008								
Cash and cash equivalents	**11a**	6.75%	9,414	9,414				
Trade and other receivables	**9**	0.00%	956	956				
Other financial assets	**10**	7.63%	305				305	
Trade and other payables	**15**	0.00%	(481)	(481)				
Loans and borrowings	**13**	6.30%	(4,900)	(1,400)	(1,200)	(1,500)	(800)	0
			5,294	8,489	(1,200)	(1,500)	(495)	0
2007								
Cash and cash equivalents	**11a**	5.80%	3,276	3,253	13	10		
Trade and other receivables	**9**	0.00%	6,890	6,890				
Other financial assets	**10**	6.20%	283					283
Trade and other payables	**15**	0.00%	(1,427)	(1,427)				
Loans and borrowings	**13**	6.00%	(7,935)	(2,750)	(1,285)	(3,600)	(300)	
			1,087	5,966	(1,272)	(3,590)	(300)	283

17 Financial instruments (continued)

Sensitivity analysis
The port has all loans and borrowings financed at fixed rates of interest, therefore changes in the interest rate will not have any impact on the profitability of the port.
The port does not undertake any foreign currency transactions, therefore movement in foreign exchange rates will not impact the ports profitability.

Interest Rate Risk	Carrying Amount ($'000)	2008 +15 basis points Profit ($'000)	2008 +15 basis points Equity ($'000)	Carrying Amount ($'000)	2007 +50 basis points Profit ($'000)	2007 +50 basis points Equity ($'000)
Financial Assets						
Cash and cash equivalents	9,414	14.12	14.12	3,276	16.38	16.38
Held to maturing investments	305	0.46	0.46	283	1.42	1.42
Financial liabilities						
Loans and borrowings	(4,900)	-	-	(7,935)	-	-
Total Increase/ (Decrease)		**14.58**	**14.58**		**17.80**	**17.80**

17 Financial instruments (continued)

Fair value of financial instruments
The fair values and carrying amounts of various financial instruments recognised at reporting date are noted below:

		2008		2007	
In thousands of AUD	**Note**	**Carrying Amount**	**Fair value**	**Carrying Amount**	**Fair value**
Cash and cash equivalents	**11a**	9,414	9,414	3,276	3,276
Trade and other receivables	**9**	956	956	6,890	6,890
Held to maturity financial assets (sinking funds)	**10**	305	233	0	0
Trade and other payables	**15**	(481)	(481)	(1,427)	(1,427)
Loans and borrowings	**13**	(4,900)	(4,410)	(7,935)	(7,935)
		5,294	5,712	804	804

Note:

1. The carrying amounts of (i) cash & cash equivalents; (ii) loans & receivables; and (iii) trade & other payables are reasonable approximation of their fair values.

2. The fair value of the sinking fund investment has been assessed by discounting the future expected cash-flows applying the current market interest rate for such instruments **(6.44%)**. The investments are made with the Treasury, and APA does not foresee any prepayment or credit risks.

3. The fair value of loans & borrowings are estimated by discounting the future expected cash-flows applying the current Government yield curve at reporting date plus an adjustment for APA's credit spread **(6.44%)**. APA does not expect prepayments of those loans & borrowings.

17 Financial instruments (continued)

Risk management strategies

The port is primarily exposed to (i) credit risks; (ii) liquidity risks; and (iii) interest rate risks. The nature and extent of risk exposure, and the port's risk management strategies are noted below.

The port's credit risks arise from:
- failure of the customers to pay for the services rendered;
- failure of other debtors and investees to adhere to the contractual repayment terms; and
- failure of the financial institutions with whom APA transacts its banking needs.

Credit risk is kept continually under review and managed to reduce the incidence of material losses being incurred by the non-receipt of monies due.

Credit risk is managed through:
(a) a process of screening and investigation of potential customers and other debtors to determine credit status.
(b) monitoring and follow-up of accounts receivable to ensure collections are being made promptly in accordance with contractual terms and conditions.
(c) preparation of aged listings of trade accounts receivable to assist in monitoring and follow-up.

All known bad debts are written off in the year in which they are identified. Specific provisions are made against identified doubtful debts. General provisions are made for losses which are known from past experience to be inherent in the receivable portfolio.

The port has consistently applied the above objective, policies, and procedures and no changes have been made during the current year.

17 Financial instruments (continued)

APA's maximum exposure to credit risk is:

	2008	2007
Cash & cash equivalents	9,414	3,276
Held to maturity investments	305	-
Trade receivable	933	617
Other receivables	23	6,273
	10,675	**10,166**
Ageing analysis of trade receivable:		
01 - 30 days	827	616
30 - 60 days	132	-
60 - 90 days	1	1
over 90 days	-	-
	960	617
Ageing analysis of other receivables:		
01 - 30 days	-	6,250
30 - 60 days	-	-
60 - 90 days	-	-
over 90 days	23	23
	23	6,273

Trade receivables are unsecured. The trade receivables are generally of high credit worthy customers, and shall be realised as part of the normal operating activities.

Trade receivables are generally due within 30 days of raising an invoice. None of the trade receivables have been subjected to renegotiation of the terms.

Other receivable comprise mainly of the amount receivable from the Commonwealth. The credit risk in relation to the same is negligible and the port does not monitor that risk.

17 Financial instruments (continued)

Ageing analysis of receivables that are past due but not impaired:

	2008	2007
01 - 30 days	-	-
30 - 60 days	-	-
60 - 90 days	-	-
over 90 days	-	-
	-	**-**

APA does not hold any collaterals or securities against such past due receivables.

Ageing analysis of receivables that are determined to be impaired:

01 - 30 days	-	-
30 - 60 days	-	-
60 - 90 days	4	1
over 90 days	23	23
	27	**24**

The port does not monitor the credit risks in relation to the following:
- Other receivables, which comprises mainly an amount receivable from the Commonwealth;
- Cash & cash equivalents, which are transacted through creditworthy financial institutions; and
- Held-to-maturity sinking fund investments, as they are placed with the highly creditworthy WA Treasury Corporation.

17 Financial instruments (continued)

Liquidity risks:

Liquidity risk is the risk that the port will encounter difficulties in meeting the contractual obligations of its financial liabilities (generally due to shortage of funds).

Liquidity risk is kept continually under review and managed to ensure that cleared funds are held to meet the obligations, as and when they fall due.

Liquidity risk is managed through:
(a) monitoring short term forecasted cash in-flows and the committed cash outflows on financial liabilities;
(b) monitoring the unused withdrawal facilities with banks and the Treasury.

The port has consistently applied the above objective, policies, and procedures and no changes have been made during the current year.

Maturity analysis of contractual undiscounted cash-flows on financial liabilities at reporting date.

2008

Financial liability	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Trade payables	481					481
Loan from WA Treasury Corporation		608	2,088	2,237		4,933
Loan - inscribed stock				380		380
	481	**608**	**2,088**	**2,617**	**-**	**5,794**

2007

Financial liability	Up to 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Trade payables	1,427					1,427
Loan from WA Treasury Corporation		1,929	2,228	4,036		8,193
Loan - inscribed stock				402		402
	1,427	**1,929**	**2,228**	**4,438**	**-**	**10,022**

18 Operating leases

Leases as lessor

Non-cancellable operating lease rentals are receivable as follows:

In thousands of AUD	**2008**	**2007**
Less than one year	711	663
Between one and five years	2,648	2,447
More than five years	10,623	10,693
	13,982	13,803

The port leases land owned around the port to users of the port.
The leases can run for a number of years.

19 Capital and other commitments

In thousands of AUD	**2008**	**2007**
Capital expenditure commitments		
Plant and equipment		
Contracted but not yet provided for and payable		
Within one year	2,237	91
One year later and no later than five years	0	0
Later than five years	0	0
	2,237	91

Commitments for 2008 include estimated cost of UXO Removal ($2,137k), a ship tracking system ($50k)and the replacement of the port's computer system ($48k)

20 Contingencies

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

In thousands of AUD	**2008**	**2007**
Contingent liabilities not considered remote	0	0

Superannuation

The following amount represents the superannuation liability for an ex-Department of
Marine and Harbours employee who transferred over to the port in 1992/1993. At the
time of the transfer the Department agreed to meet the previous liability and so this amount is not provided in the port's superannuation liability calculations.

Maximum contingent consideration in respect to this claim	203	205

21 Related parties for non-disclosing entities

Transactions with key management personnel

Key management personnel compensation

The key management personnel compensation included in "personnel expenses" (see note 4) are as follows:

In AUD	**2008**	**2007**
Short term employee benefits	596	472
Post-employment benefits	48	42
	644	514

Remuneration of Directors of the Port

The number of Directors of the Port, whose total members fees, superannuation and other benefits, fall within the following bands are:

In AUD	**2008**	**2007**
$0 - $10,000	0	2
$10,001 - $20,000	5	3
$20,001 - $30,000	1	1
	6	6

The total remuneration includes the superannuation expense incurred by the port in respect of members of the port.

Remuneration of Executive Officers of the Port

The number of Executive Officers of the Port, whose total salary, superannuation and other benefits, fall within the following bands are:

In AUD	**2008**	**2007**
$10,001 - $20,000	1	0
$120,001 - $130,000	0	1
$130,001 - $140,000	0	1
$160,001 - $170,000	1	0
$170,001 - $180,000	2	0
$180,001 - $190,000	0	1
	4	3

The total remuneration includes the superannuation expense incurred by the port in respect of the Executive Officers of the port.

22 Subsequent events

There has not risen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material or unusual nature likely, in

the
opinion of the Directors of the port, to effect significantly the operations of the port, the results of those operations, or the state of affairs of the port, in future financial years.

23 Auditors remuneration

In thousands of AUD	**2008**	**2007**
Audit services		
Auditors of the Port		
Office of the Auditor General:		
Audit and review of financial reports	35	35

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

DIRECTORS DECLARATION

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

1. The financial statements and notes, are in accordance with the financial reporting provisions of the *Port Authorities Act 1999*, including:

    a. Giving a true and fair view of the financial position of the Albany Port Authority as at 30 June 2008, as represented by the results of its operations and its cash flows for the year ended on that date; and

    b. Complying with Australian Accounting Standards and the *Port Authorities Act 1999*; and

2. There are reasonable grounds to believe that the Albany Port Authority will be able to pay its debts as and when they become due and payable

This declaration is signed in accordance with a resolution of the Directors on 7 August 2008

Peter West

Russell Harrison

Peter West
Chairman

Russell Harrison
Deputy Chairman

Auditor General

INDEPENDENT AUDIT REPORT ON ALBANY PORT AUTHORITY

To the Parliament of Western Australia

I have audited the financial report of the Albany Port Authority, which comprises the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory Notes and the Directors' Declaration.

Directors' Responsibility for the Financial Report

The directors of the Albany Port Authority are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Port Authorities Act 1999. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Summary of my Role

As required by the Port Authorities Act 1999, my responsibility is to express an opinion on the financial report based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf".

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.

Audit Opinion

In my opinion, the financial report of the Albany Port Authority is in accordance with schedule 5 of the Port Authorities Act 1999, including:

(a) giving a true and fair view of the Authority's financial position as at 30 June 2008 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

COLIN MURPHY
AUDITOR GENERAL
17 September 2008