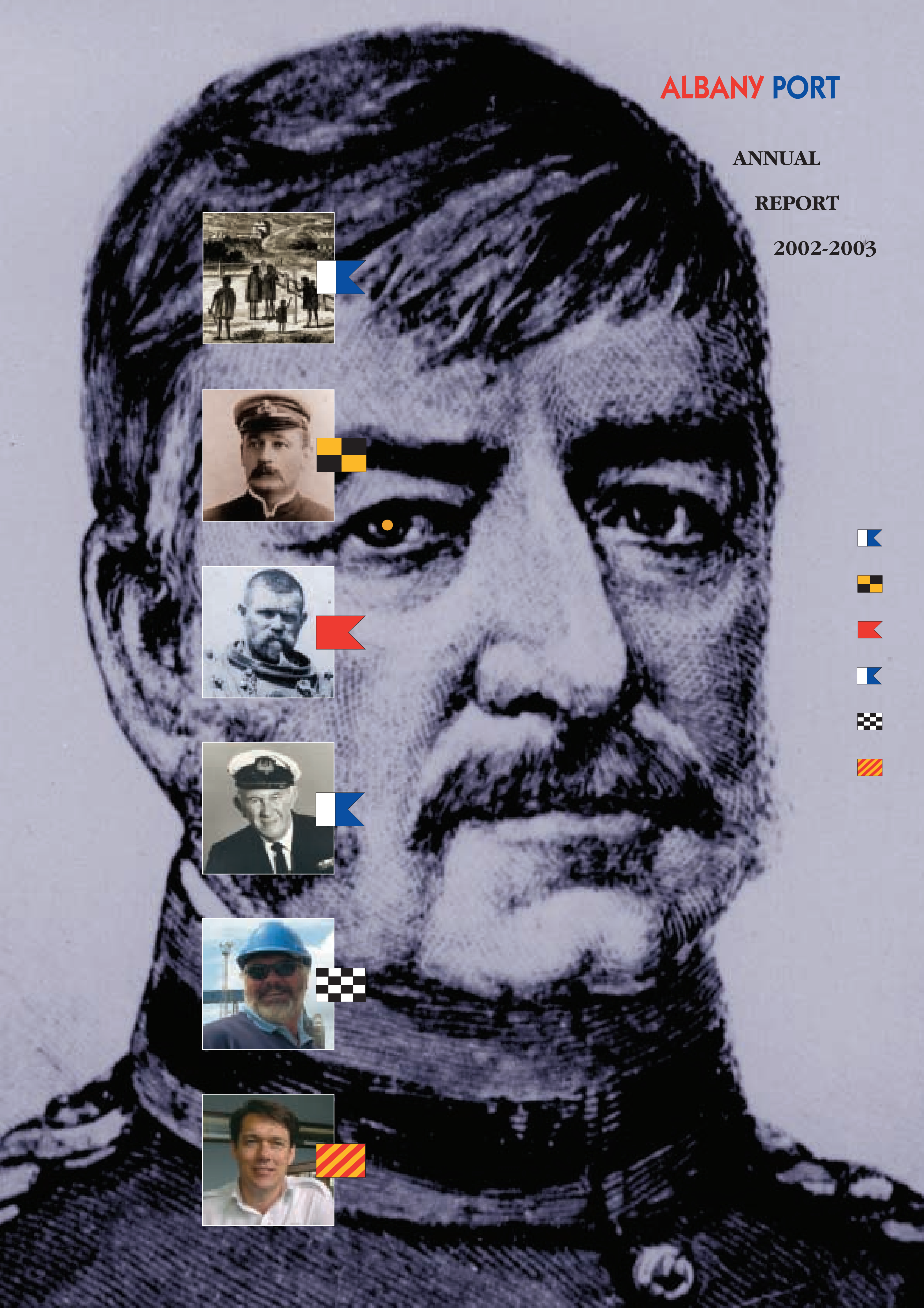
ALBANY PORT

ANNUAL REPORT 2002-2003



Concept, design and production by Bush Telegraph Design. p 08 9848 3442.

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Front cover: In 1826, Major Edmund Lockyer with a party of soldiers and convicts from Sydney in New South Wales, aboard the "Amity", were the first Europeans to settle Albany, indeed Western Australia.
In the navy, signalling flags have been used since 1200AD. For merchant ships, the International Signal Code was adopted by the British Board of Trade in 1857. In 1964 a new code was adopted governing ships and persons at sea.





Given the difficult circumstances confronting the Albany Port, the outcome for 2002/2003 was pleasing. Total trade increased by 23%, with 1.961 million tonnes across the wharves this year compared to 1.594 million tonnes in 2001/2002. This was primarily due to a better grain season and the first exports of plantation woodchips from the Port. Imports declined by 7.5% due to the cessation of fuel imports and fluctuations in the fertiliser industry. The quantity of cargo would always dictate the number of cargo vessels and the 20 % increase to 104 vessel visits this year could be attributed to a better grain season.

Although the Port is reporting a loss of $1.474 million, this is primarily due to an extraordinary write down of assets of $1.84 million and when this figure, and other non-cash items are considered, the Port is reporting a tax assessable profit of $489,552. This is a very pleasing result given the difficult issues facing the Port during the year.

The Port is carrying an additional $5m in debt incurred in building Berth 6 (the new woodchip berth) due to increased dredging costs when munitions dumped after WWII were discovered in the harbour. Extensive work has been carried out during the year in researching the background to these munitions and discussions are to commence shortly with the Commonwealth Government to seek compensation for these unanticipated costs.

Significant engineering costs were facing the Port due to the deterioration of some of the older berths. But changed work practices has allowed the Port to continue to use these berths in a safe manner, and defer significant expenditure.

During the year, a new Chief Executive Officer, Brad Williamson, was appointed with the mandate to review all procedures and staff positions to endeavour to reduce expenditure and changes have been made to staff structures, consultants and operations. Savings in the order of $289,000 have been achieved in Port maintenance.

Given the losses suffered by the Port in 2002/2001 ($173,000) and 2001/2000 ($513,000), and the taxes now levied on ports (land tax, local government equivalents, water rates, income tax, dividends) and general increased costs, the Board reluctantly decided to increase Port charges by an average of 10%. This was the first price increase the Port has instituted in 10 years and it is the intention to reduce charges in the future so as to properly fulfil the Port's trade facilitation role, once the cashflow and debt position of the Port improves.

Throughout the year extensive planning work has been carried out to ensure adequate services, such as roads, rail, easements, water, drainage, and power, are provided near the new woodchip berth. This has been a difficult process, as the requirements of the new woodchip industry has continually changed over time. It is pleasing, however, to note that greater co-operation between the woodchip companies is now emerging and I am confident that the Berth 6 area will be optimised for the Port.

Land planning generally continues to be a key role for the Port, and the need for a professional Port structure plan, endorsed by the WA Planning Commission and developed in close consultation with the city and key stakeholders, has been recognised. The Sea Freight Council of WA has supported this approach and developed a planning process with the WA Planning Commission that gives greater certainty for ports on buffer zones, rail and road access, and future port development. Shrapnel Urban Planning has been commissioned to undertake this work.

The Port has always been keen to maintain and further develop links into the local community, and following a request by the Minister responsible for the Albany Port Authority, the Hon Alannah MacTiernan MLA, the Albany Port Authority Community Liaison Group was formed to seek community input on issues such as public access to view ships, fishing access, and other issues of community concern. The group has met during the year and plans to meet quarterly.

At the completion of last year, Ian Lunt's term on the Board expired and I wish to record my appreciation for his 5 years of very significant contribution to the Board. Ian's extensive commercial

Detail from 1846 etching of Albany and Princess Royal Harbour depicting Noongar people.
Courtesy of the Albany Residency Museum.

skills and experience were very valuable to the Port. This year saw the retirement of Owen Uebergang from the Board and his contribution, particularly with over 34 years of stevedoring experience, was greatly appreciated. I also wish to record my appreciation to the Minister, the Hon Alannah MacTiernan MLA, for her support for the Port and the Board.

Looking ahead, it is critical for the Port to do everything it can to facilitate the rapid expansion of the woodchip industry. The Port is carrying a large debt incurred in building a new woodchip berth and initial woodchips throughput has been lower than expected. I am confident, however, that in the next 4 to 5 years, the Port will see rapid expansion in this industry so that woodchips will come close to equalling grain in export tonnages. This is a highly strategic development, as it will reduce the high seasonal risk of grain exports for the Port. Having said that, grain will always be of key importance to the Port and I look forward to continuing to work with CBH on expansion plans at the Port. CBH are considering a major expansion of their facilities at the Port to improve operational efficiencies and the Port Authority is keen to facilitate this expansion to ensure Albany Port remains cost competitive.

TJ Enright,
Chairman.

George Trevor Butcher, 1853-1934.
Port of Albany Harbourmaster.
Courtesy of the Albany Residency Museum.

View from Mt Clarence, showing Middleton Bay (right) and Lake Seppings (left) in the background, from Lithograph print by French artist de Sainson. Courtesy of the Albany Residency Museum.

When I joined the Albany Port Authority on 2 September 2002 I focussed on determining what the key priorities should be in the first 4 months. It was clear that the Authority faced a number of challenges:

1. The Port was predominantly a grain port, and recent poor previous seasons had adversely impacted revenues, while costs remained high and were increasing. Cash flow needed close attention.
2. An engineering report on the condition of Berths 1 and 2 had been received that recommended all but closing the fertiliser trade on these berths.
3. Engineering and maintenance costs were high and increasing and the organisation structure in this area was not appropriate for the Port.
4. There was a need to put leases, pricing and other contracts on a more commercial basis.
5. The Port was involved in complex litigation with the Federal Government over the additional costs in constructing Berth 6, due to the discovery of munitions. The additional costs incurred by the Port were approximately $5 million and a favourable settlement for the Port was necessary.

Given the need to contain costs and maintain assets, it was clear that the engineering area needed reform. A restructure of this area saw the abolition of the position of Port Engineer and the creation of Wharf Manager, filled by Eric Norman. This position focuses on the day-to-day management of the Port assets and the maintenance budget. Eric has proven himself extremely capable in this role with significant savings achieved in maintenance area. Eric has also been able to address many outstanding maintenance issues that had not been attended to. I regard timely and cost effective maintenance of Port assets as a key role of the CEO, and indeed this is reflected in the Port Authorities Act 1999 (s.30(1)(e)).

Changes have been put into effect for the supply of professional engineering services, with the local firm of Wood & Grieve engaged to undertake detailed land planning and civil issues, and marine structures expert Alan Moyle of Alan Moyle and Co. engaged to advise on wharf issues. These arrangements are proving to be working well for the Port. It has been possible to continue to use Berths 1 and 2, although with restrictions, and studies are under way to look at rehabilitation of the berths. Detailed planning is well under way for rail and road alignments, in-ground services, and other civil engineering matters for the Berth 6 area.

Cashflow has needed constant attention. A price rise of around 10% in January 2003 was unfortunate, but necessary given the high cost environment ports operate in. When consideration is given to the additional taxes and charges (land tax, local government rate equivalents, company tax, dividends) ports have been required to pay over the past ten years, the first price increase in ten years is quite moderate. The Finance Manager, Colin Berry has done a very capable job in watching cashflows closely during this difficult period.

Litigation against the Commonwealth has involved a painstaking process of extensive research into the history of the munitions discovered in the harbour. This has been time consuming, but I am pleased with progress, and with the development of a couple of significant breakthroughs occurring in the year, I am hopeful of a satisfactory outcome for the Port.

It is clear that the Port's future is closely linked with the success of the woodchip industry. The debt incurred by the Port in building a new woodchip berth needs to be covered by the cashflows of the woodchip trade. I have been keen to facilitate this trade expeditiously, but with greater commercial focus for the Port. Throughout the year extensive negotiations have taken place with a range of woodchip companies. These are complex matters and it is not surprising that negotiations are still ongoing. I am confident that at least two additional leases will be finalised in the next six months and the woodchip trade will steadily increase.

I have been keen to review the commercial arrangements of a number of contracts in the Port. A formal review of the services provided by Skilled Maritime Services (SMS) is under way. As an initial part of reviewing SMS's services, I was keen for George

Blunden (Assistant Accountant) to rejoin the Port Authority staff, and I am pleased to report this has happened. During the year Sue Sandison joined the staff as Executive Assistant and has proved herself extremely capable in whatever task she has been given. Together with the very professional skills of the Harbourmaster, Capt. Chris Shuttleworth, I feel the staff of the Authority, although small in number compared to other ports, is working together as a very effective team.

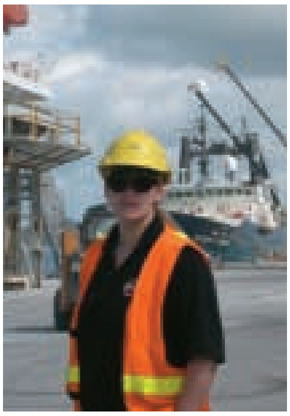
Given the focus on management issues outlined above, I have given lower priority in pursuing marketing opportunities for the Port. Bunkering services proponents continue to express interest, and the possibility of a container trade remains. The Port will always respond to all future trade opportunities, but always from a position of commercial feasibility for the Port. I am pleased to report the establishment of a Community Liaison Committee to give community input on issues. I believe that it is essential that the Port be seen as a part of the community, and for this reason the possibility of providing viewing areas for the public to see ships, or fishing areas for families to fish from, are something I am trying to establish. Unfortunately, the emerging international requirements of port security may militate against this.

Throughout the year I have enjoyed the support and wise counsel of the Board. In particular I wish to express my thanks to the Chairman, Terry Enright, who has devoted substantial time and effort to the Port.

Brad W Williamson,
Chief Executive Officer.

The Port of Albany Board.
Left to right: Melissa Fletcher-Toovey, Terry Enright (Chairman), Bob Golding, Owen Uebergang, and Russell Harrison (Deputy Chairman).

The Port of Albany Staff.
Left to right: Eric Norman (Wharf Manager), George Blunden, Brad Williamson (Chief Executive Officer), Chris Shuttleworth (Harbour Master), Sue Sandison, and Colin Berry (Finance Manager).



The Chairman, on behalf of the Board, presents the operating report of the Albany Port Authority for the year ended 30 June 2003.

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:

Name	Position	Expiry Date of Tenure
T.J. Enright	Chairman	30 June 2003
RJ Harrison *(1)*	Member	30 June 2004
I.N. Lunt *(2)*	Member	30 June 2002
M Fletcher-Toovey	Member	30 June 2004
O Uebergang	Member	30 June 2003
R J Golding *(2)*	Member	30 June 2004

(1) Mr. Harrison was re-appointed for a further two year term.

(2) Mr. Golding was appointed (as a replacement for Mr. Lunt) for a two year term.

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.

MEMBER: 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.

MEMBER: IAN LUNT.

Mr. Lunt was appointed to the Board in July 1997.

He is a Fellow of the Australian Institute of Bankers, a graduate of the Melbourne School of Management and a graduate of the Bankers Administrative Staff College.

His work experience includes 41 years with the National Australia Bank, including Branch Management (15 years), Corporate Management Victoria/ New Zealand (7 years) and State Property and Investment Banking WA (6 years). He was also a company director of NAB Subsidiaries New Zealand in 1986/87.

MEMBER: 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.

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.

MEMBER: 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.

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 15 July 2002, the Authority entered into a leasing arrangement with Southern Regional Transport to take over the total operation of the Cold Store Facility.

Meetings of the Board.

	2003	2002
Number of meetings held	12	12
Number of meetings attended by:		
T J Enright, Chairman	12	11
R J Harrison	11	10
I N Lunt	3	10
M Fletcher-Toovey	8	9
O Uebergang	12	10
R J Golding	7	

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	Super-annuation	Total
Board Members				
T J Enright, *Chairman*	16,025	1,101	1,357	18483
R J Harrison	7,600		648	8,248
I N Lunt *(1)*	1,725		155	1,880
M Fletcher-Toovey	7,600		648	8,248
O Uebergang	7,600		648	8,248
R J Golding	5,875		493	6,368
Executive Officers				
R H Emery, *CEO (2)*	101,243	2,158	173	103,574
B R Williamson, *CEO*	82,428	13,736	7,418	103,582
C R Shuttleworth, *HM*	99,680	6,441	11,119	117,240

(1) Mr. Lunt was not re-appointed (replaced by Mr. Golding).
(2) Mr. Emery resigned in July 2002 (replaced by Mr. Williamson).

Insurance of Officers.

During the financial year, the Authority paid a premium of $17,320 (Including 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, which were categorised into "high", "moderate" and "low" 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 committee comprising of relevant officers from four regional ports (Albany, Broome, Geraldton and Port Hedland). The committee developed an internal audit program for each of the ports.

Ms. Tamsen Turner, from the Port of Broome, carried out the internal audit function for the Authority.

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

The current staff level is six, comprising of the CEO, three line managers (Harbour Master, Finance Manager and Wharf Manager) and two administration officers.

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

Following the outsourcing of Port operations, the Port developed a policy of licensing organisations operating in the Port area.

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

(e) Ethical standards.

The Port has developed a Code of Conduct (the Code) which has been fully endorsed by the Board and applies to all Board Members and employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism.

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

(f) Port Compliance.

Advertising and sponsorship (Electoral Act s175ze).

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

PUBLICATIONS.

The following publications are available to the public:

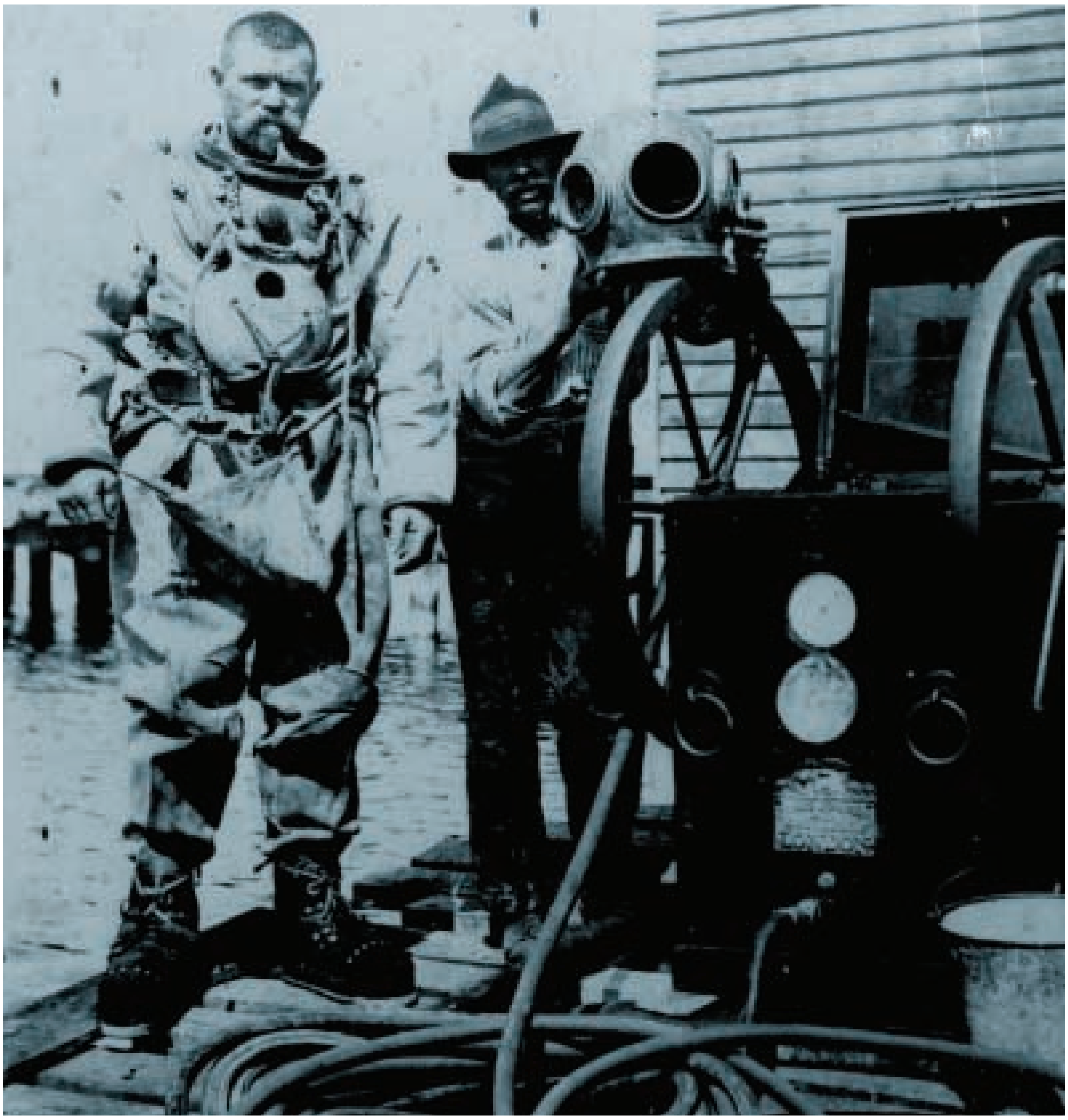
- Annual Report.
- Port Facilities & Charges.
- "Albany – Port with a Past and Future", by Les Johnson, 1997.
- Code of Practice.

These documents (with the exception of the book by Les Johnson) are available on the Authority's website (www.albanyport.com.au), but also can be obtained by calling at the office of the Authority or by postal request.

The documents are also available in other forms, such as audio recording, within one month of receiving requests, to help disabled persons.

ROUNDING OF AMOUNTS TO NEAREST THOUSAND DOLLARS.

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



Jack Shuman (left) and Mr Douglas using old diving gear at Town Jetty. Circa 1915-1920.
Courtesy of the Albany Residency Museum.

Review of Operations.

Trade Report (Metric Tonnes - Thousands).

	Estimate 2003 (000's)	Actual 2003 (000's)	Actual 2002 (000's)
Imports	125	148	160
Exports	2,400	1,813	1,434
Total Port Trade	**2,525**	**1,961**	**1,594**
Number of vessels	114	104	87
Deadweight tonnage of vessels	4,108	3,582	3,058

Exports improved on the previous year due to the increasing tonnages of grain (2002 - 1.239m tonnes : 2003 - 1.478m tonnes) and woodchips (2002 - 70,000 tonnes : 2003 - 212,000 tonnes).

Exports were considerably down on the estimates due to the continuing effects of poor harvests (Actual 1.478m tonnes : Estimate 1.800m tonnes) and a lower yield for the woodchip industry (Actual 212,000 tonnes : Estimate 400,000 tonnes).

Revenue & Expenditure Report.

	Estimate 2003 $'000	Actual 2003 $'000	Actual 2002 $'000
Income from Vessels (1)	1,678	1,594	1,270
Income from Cargo (2)	3,032	2,604	1,949
Other Income (3)	792	869	1,044
Total Income	**5,502**	**5,067**	**4,263**
Depreciation and Amortisation (4)	(1,354)	(3,294)	(1,118)
Maintenance of Port Facilities (5)	(850)	(407)	(696)
Other Expenditure (6)	(3,304)	(2,840)	(2,523)
Total Expenditure	**(5,508)**	**(6,541)**	**(4,337)**
Net Profit/(Loss) before Income Tax	(6)	(1,474)	(74)
Income Tax Expense	2	643	(99)
Net Profit/(Loss)	(4)	(831)	(173)
Dividends	0	0	0

1. Income from Vessels.

The increase in revenue (actual this year v actual last year) is attributed to the increase in the number of vessels (104 v 84) and an increase in Port charges (10%) that was introduced on 1 January 2003.
Revenue was down on estimate due to lower than expected number of vessels (estimate 114 actual 104).

2. Income from Cargo.

The increase in revenue (actual this year v actual last year) is attributed to the increase in the tonnage of cargo (1.961M tonnes v 1.594M tonnes) passing through the Port and an increase in Port charges (10%) that was introduced on 1 January 2003.
Revenue was down on estimate due to lower than expected number of vessels (estimate 2.525M tonnes actual 1.961M tonnes).

3. Other Income.

The decline is primarily attributed to the outsourcing of the cold store operations (15 July 2002).The loss in revenue was offset by a reduction in expenditure on those operations.

4. Depreciation and Amortisation.

The actual expenditure comprises of two items, depreciation ($1.454M and asset write down of $1.840M).
Actual depreciation expenditure increased over last year ($1.454M v $1.118M) due to:
- acquisition of additional assets; and
- increase in the rate of depreciation (1% to 2.5%) on dredging for expenditure incurred since 1992.

Budgeted expenditure was overestimated.

5. Maintenance of Port Facilities.

Actual expenditure was down on the previous year ($407k v $696k) primarily due to changes in the allocation of Gardening & Groundwork (this year $53k last year $45k), Supervision (this year $74k last year $55k) and Cleaning (this year $46k last year $23k) costs, which were previously included under maintenance, but now are reflected in Other Expenditure. As a result the budgeted expenditure was overestimated.

6. Other Expenditure.

Actual expenditure was higher than last year ($2.840M v $2.523M) due to changes in the allocation of costs (see note 5).
Actual expenditure was lower than the estimates due to the write back of provisions (superannuation $219k and doubtful debts $73k) and the savings in expenditure on the outsourced cold store operations ($92k) and less than expected expenditure on maintenance (work deferred).

Dividends.

Details of dividends in respect of the current year are as follows:

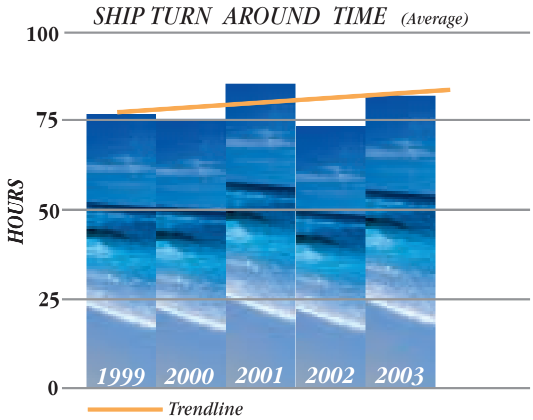
	2003 ($'000's)	2002 ($'000's)
Total dividends in respect of the year	Nil	Nil

Performance Indicators

	Estimate 2003	Actual 2003	Actual 2002
OPERATIONAL			
1. Turn around time (Total time in port divided by Number of vessels)	85	81	73
2. Berth occupancy – No3 Berth (Total berth hours divided by Total available hours)	41%	38%	32%
3. Berth occupancy – No6 Berth (Total berth hours divided by Total available hours)	7%	4%	2%
FINANCIAL			
4. Charges per cargo tonne (Cargo plus vessel charges divided by Tonnes of cargo)	$1.87	$2.10	$2.02
5. Expenditure per cargo tonne (Total expenditure divided by Tonnes of cargo)	$2.18	$3.34	$2.75
6. Rate of return – Deprival value (Adjusted profit divided by DV Asset base)	2%	4%	3%
7. Debt ratio (Total liabilities divided by Total assets)	45%	45%	54%
DEVELOPMENT			
8. Leased land (Leased land divided by Total port land)	40%	47%	45%
9. Vacant land (Vacant land divided by Total port land)	54%	49%	51%
CITIZENSHIP			
10. Number of Complaints (Total)	0	3	3
PERSONNEL			
11. Number of Lost Time Injuries	0	0	0
ETHICS			
12. Number of Complaints (Ethical)	0	0	0

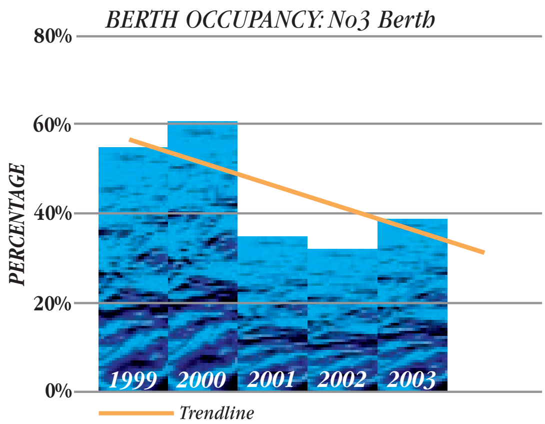
OPERATIONS.

TO ENSURE THE PROVISION OF FACILITIES TO MEET USER DEMAND FOR A SPEEDY, RELIABLE TRANSFER POINT FOR SHIPS AND CARGO.



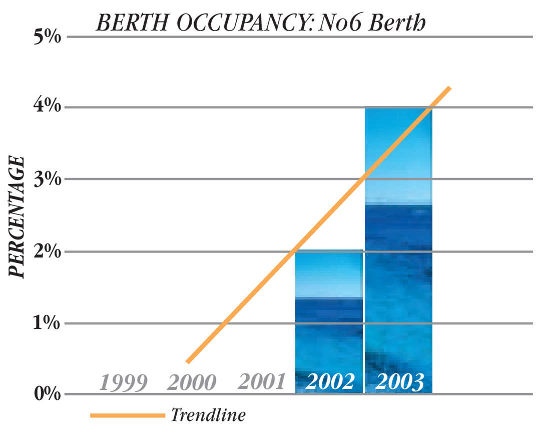
1. TURN AROUND TIME.

A higher number of hours is a combined reflection of the time loading and the time waiting to load.The time waiting is adversely affected by factors beyond the Port's control; cargo availability, finance, survey etc. The increase in turn around time was due to an increase in the waiting time component on No3 Berth (this year 51%, last year 40%).



2. BERTH OCCUPANCY: NO3 BERTH.

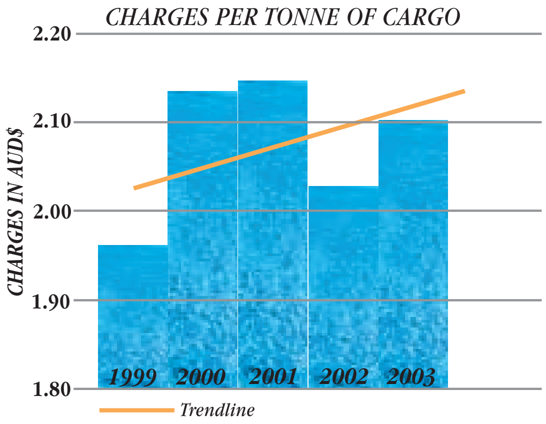
A high ratio indicates a better utilisation of the berth. However, as this increases (in particular greater than 60%) ship waiting time for a berth is adversely affected.
The higher occupancy rate was due to the higher tonnage of cargo passing through the Port (this year 1.961M tonnes, last year 1.594M tonnes).



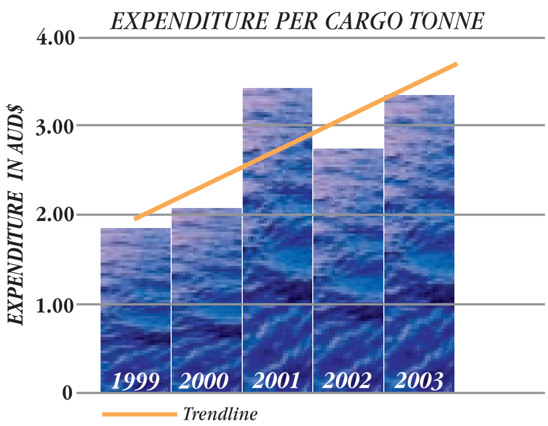
3. BERTH OCCUPANCY: NO6 BERTH.

A high ratio indicates a better utilisation of the berth. However, as this increases (in particular greater than 60%) ship waiting time for a berth is adversely affected.
The berth only commenced operations in February 2002 and is not expected to significantly expand the operations until 2004/2005.

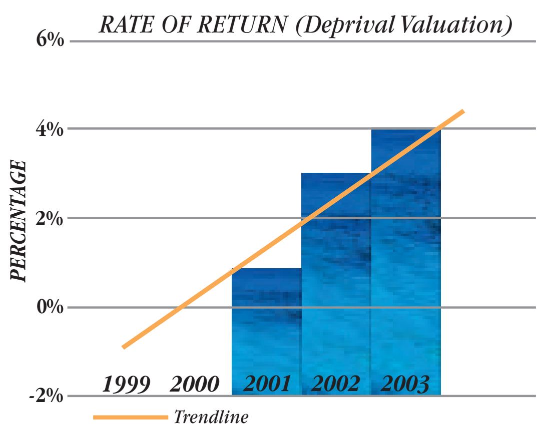
FINANCIAL.
TO MAINTAIN THE PORT AS AN INDEPENDENT, FINANCIALLY VIABLE CORPORATE BODY BY CHARGING COMPETITIVE AND TRANSPARENT RATES SATISFACTORY TO BOTH USERS AND SHAREHOLDERS.



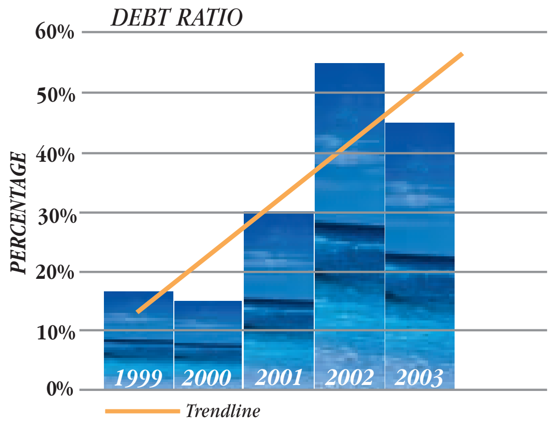
4. CHARGES PER TONNE OF CARGO.
A higher rate indicates that vessels are taking smaller tonnage than the actual capacity of the vessel (i.e. they are not taking on a full load in the Port of Albany).
The increase is primarily attributable to the increase in Port charges, which commenced on 1 January 2003.



5. EXPENDITURE PER CARGO TONNE.
As the Port is primarily a fixed cost operation, this ratio is significantly affected by any capital related expenditure (depreciation and expenditure).
The increase is due to the write down of ($1.840M) a number of non-current assets.



6. RATE OF RETURN (DEPRIVAL VALUATION).
A higher ratio is a reflection of the profitability in relationship to the value of the assets controlled.
The increase is attributable to the additional tonnage of cargo passing through the Port, which generated significant improvements in shipping and cargo revenue.

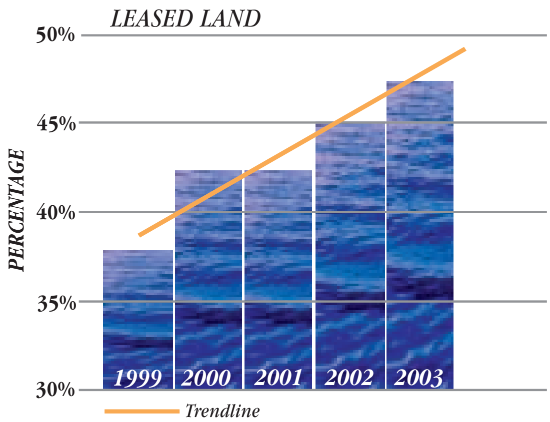


7. Debt Ratio.

A lower ratio is an indication of the success in reducing the Port's debt levels.
The decrease is due primarily to the write down ($1.840M) of non-current assets. Additional debt ($1.637M) was incurred during the year.

Development.

To facilitate and co-ordinate Port development as necessary to ensure the satisfaction of clients on the basis of user pays.



8. Leased Land.

A higher level is a reflection of the improved utilisation of available Port land.
During the year, one further lot was leased. The Port is currently negotiating three other lease areas.

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

T J Enright,
(Chairman).

R J Harrison,
(Member).

Dated this 29 August 2003.
Albany, Western Australia.

Estimated Revenue Expenditure for 2003-2004

REVENUE		
VESSEL CHARGES	1,773,207	
CARGO CHARGES	3,119,190	
INTEREST RE-IMBURSEMENT	172,500	
OTHER	513,058	
TOTAL REVENUE	**5,577,955**	
EXPENDITURE		
VESSEL COSTS	86,919	
REPAIRS & MAINTENANCE	1,950,000	
ADMINISTRATION	2,040,824	
OTHER	93,222	
SUPERANNUATION	105,251	
STAFF LEAVE	25,000	
DEPRECIATION	1,353,952	
INTEREST	887,050	
TOTAL EXPENDITURE	**6,542,218**	
NET PROFIT/(LOSS)	**(964,263)**	
LESS:-		
TAXATION	(289,279)	
DIVIDENDS	0	
SURPLUS/(DEFICIT)	**(674,984)**	

ORIGIN AND DESTINATION OF CARGO

(Tonnes)

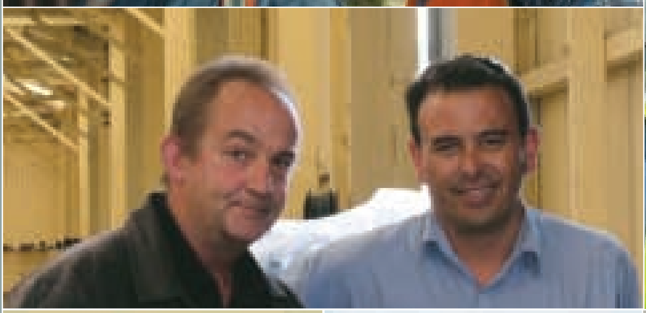
Country	Grain	Fertiliser	Petroleum	Sand	Woodchips	General	Total	Previous
Australia	74,563		22,354			5,737	102,655	61,203
Cape Verde		3,723					3,723	0
China	141,350						141,350	21,985
Columbia	104,300						104,300	0
Egypt							0	6,600
Germany		9,659					9,659	6,522
Indonesia	285,246					1,347	286,593	388,205
Iran	52,709						52,709	171,103
Iraq	75,898						75,898	0
Israel		21,620					21,620	15,438
Japan	246,175			122,258	212,846		581,279	448,349
Jordon	26,250						26,250	0
Kenya							0	12,100
Kuwait							0	27,000
Malaysia	31,283	14,536					45,820	91,928
Mexico	17,580						17,580	31,303
New Guinea	5,655						5,655	0
New Zealand	69,150						69,150	0
Pakistan	38,500						38,500	33,796
Poland		5,863					5,863	3,343
Portugal		4,552					4,552	0
Qatar							0	11,583
Saudi Arabia		13,707					13,707	127,743
South Africa	5,575	6,028					11,603	5,430
South Korea	304,130						304,130	79,353
Taiwan							0	22,050
Tanzania							0	9,900
USA		38,651					38,651	19,590
TOTAL	**1,478,364**	**118,339**	**22,354**	**122,258**	**212,846**	**7,084**	**1,961,246**	**1,594,524**

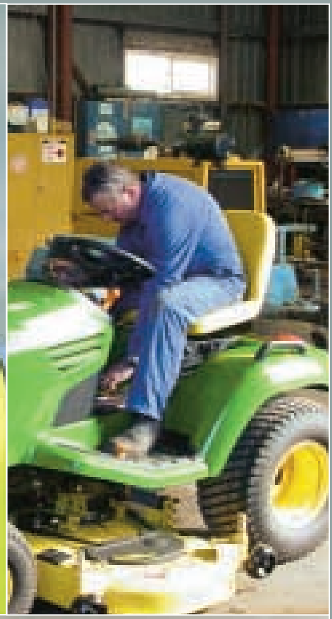
For The Year Ended 30 June 2003

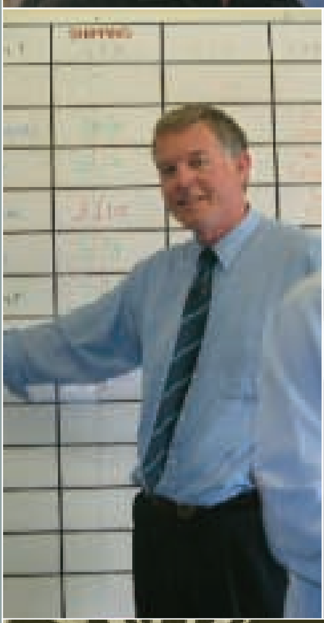
	1999	2000	2001	2002	2003	Target
Operational						
Average Turn Around Time (Hours)	77	75	84	73	81	85
(Total time in Port / Number of Vessels						
Occupancy Rate						
(Total time Berth Occupied / Total time Berth Available)						
No3 Berth	55%	60%	35%	32%	38%	41%
No6 Berth	N/A	N/A	N/A	2%	4%	7%
Financial						
Cost Efficiency						
Cargo Charges per Tonne	$1.96	$2.13	$2.14	$2.02	$2.10	$1.87
Expenditure per Tonne	$1.79	$2.01	$3.38	$2.75	$3.34	$2.18
Debt Ratio	16%	15%	30%	54%	45%	45%
(Total liabilities / Total assets)						
Rate of Return	6%	6%	(0)%	1%	2%	2%
(CCA Profit / WDV Assets (CCA))						
Rate of Return	N/A	N/A	1%	3%	4%	2%
(Adjusted Profit / DepV Assets)						
Development						
Land Utilisation Rate						
(Percentage of Total Land)						
Vacant Land	58%	53%	53%	51%	49%	54%
Leased Land	38%	42%	42%	45%	47%	40%
Citizenship						
Number of Complaints	N/A	N/A	N/A	3	3	-
Personnel						
Number of Lost Time Injuries	5	2	1	0	0	-
Ethics						
Number of Complaints	N/A	N/A	N/A	0	0	-

For The Year Ended 30 June 2003

	1999	2000	2001	2002	2003
IMPORTS					
Agras	0	0	0	2,356	3,064
All Star	0	0	0	1,208	0
Ammonia Sulphate	0	0	0	494	1,120
C.A.N.	0	0	1,021	2,734	3,006
D.A.P.	10,187	4,623	9,366	7,837	7,559
Fish	5,740	3,870	2,168	4,087	5,549
General	0	0	2,058	0	3,545
MAPS	2,210	9,654	16,054	19,213	28,224
NPK Fertiliser	1,579	1,799	2,693	0	2,139
Petroleum Products	78,843	95,462	74,573	57,117	22,354
Potash	10,890	19,833	15,116	20,225	25,781
Rock Phosphate	44,390	26,512	57,314	0	0
Single Super	0	0	3,460	3,246	4,217
Sulphur	4,087	3,045	12,510	0	0
Triple Super	6,912	4,538	7,079	6,054	8,045
Urea	14,955	38,702	40,662	35,829	31,966
Vigour	0	3,457	131	0	1,208
TOTAL IMPORTS	179,792	211,495	244,205	160,401	147,778
EXPORTS					
Barley	507,074	346,878	252,787	330,001	459,711
Canola	232,476	340,884	125,782	172,993	121,125
Meat (Frozen)	2,041	4,528	3,779	0	0
Lupins	41,611	132,443	0	0	5,498
Oats	66,410	43,944	0	24,999	51,885
Silica Sand	120,974	108,187	83,850	123,829	122,258
Superphosphate	0	0	0	0	0
Wheat	1,479,759	1,375,106	963,007	711,561	840,145
Woodchips	0	0	0	70,740	212,846
TOTAL EXPORTS	2,450,345	2,351,969	1,429,206	1,434,123	1,813,468
Bunkers	3	101	44	0	25
TOTAL PORT TRADE	2,630,140	2,563,566	1,673,454	1,594,524	1,961,271
VESSELS					
Number of Vessels Entered Port	129	141	89	86	104
Gross Registered Tonnage	2,562,435	2,946,457	1,807,713	1,795,256	2,213,096
Deadweight Tonnage	4,345,278	4,987,263	3,064,192	3,017,665	3,582,845

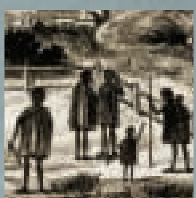


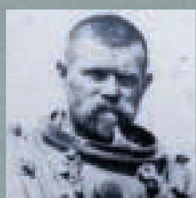




Middle right: Captain Tom Milledge, Albany Port Harbourmaster, 1957-1978.
Bottom: Albany Naval Group prior to World War Two. Courtesy of the Albany Residency Museum.

FINANCIAL REPORT





STATEMENT OF FINANCIAL PERFORMANCE

	NOTES	30 JUNE 2003 ($000's)	30 JUNE 2002 ($000's)
REVENUE FROM ORDINARY ACTIVITIES	2	5,122	4,263
WRITTEN DOWN COST OF SALE OF NON-CURRENT ASSETS	3.1	(55)	0
EMPLOYEE BENEFIT EXPENSE	3.2	121	(114)
DEPRECIATION AND AMORTISATION EXPENSES	3.3	(1,454)	(1,118)
WRITE DOWN OF CARRYING AMOUNT OF NON-CURRENT ASSETS	3.4	(1,840)	0
BORROWING COSTS EXPENSE	3.5	(890)	(336)
ADVERTISING & PROMOTION		(17)	(40)
CHARGEABLE COSTS		(22)	(77)
CLEANING AND GROUNDWORKS		(106)	0
CONSULTING FEES		(239)	(281)
DOUBTFUL DEBTS		73	(54)
ELECTRICITY		(124)	(127)
INSURANCE PREMIUMS		(193)	(137)
LAND TAX		(134)	(117)
LEGAL EXPENSES		(196)	(73)
MEMBERS FEES & EXPENSES		(64)	(60)
OPERATIONAL COSTS		(131)	(205)
REPAIRS & MAINTENANCE		(407)	(696)
SALARIES & WAGES		(581)	(617)
SURVEYS (HYDROGRAPHIC & LAND)		(30)	(85)
OTHER EXPENSES FROM ORDINARY ACTIVITIES		(307)	(200)
PROFIT/(LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		(1,474)	(74)
INCOME TAX EXPENSE/BENEFIT	4	643	(99)
NET PROFIT/(LOSS)		(831)	(173)

THE ABOVE **STATEMENT OF FINANCIAL PERFORMANCE** SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES.

STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2003 ($000's)	30 June 2002 ($000's)
Current Assets			
Cash Assets	5,24	1,283	1,162
Receivables	6,24	727	688
Other	7	21	22
Total Current Assets		2,031	1,872
Non-Current Assets			
Other Financial Assets	8,24	939	890
Property, Plant & Equipment	9	35,456	38,350
Deferred Tax Assets	10	1,093	731
Total Non-Current Assets		37,488	39,971
Total Assets		39,519	41,843
Current Liabilities			
Payables	11,24	1,709	2,472
Interest Bearing Liabilities	12,24	4,128	708
Current Tax Liabilities	13	0	57
Provisions	14	255	778
Other	15	228	274
Total Current Liabilities		6,320	4,289
Non-Current Liabilities			
Payables	16,24	204	1,509
Interest Bearing Liabilities	17,24	10,820	12,603
Deferred Tax Liabilities	18	0	280
Provisions	19	500	656
Total Non-Current Liabilities		11,524	15,048
Total Liabilities		17,844	19,337
Net Assets		21,675	22,506
Equity			
Contributed Equity	20	1,386	1,386
Reserves	21	7,460	7,460
Retained Profits	22	12,829	13,660
Total Equity		21,675	22,506

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

STATEMENT OF CASH FLOWS

	Notes	30 June 2003 Inflows (Outflows) ($000's)	30 June 2002 Inflows (Outflows) ($000's)
Cash Flows from Operating Activities			
Receipts from Customers		5,917	5,670
Payments to Suppliers and Employees		(6,263)	(2,700)
		(346)	2,970
Interest Received		231	204
Refund of Tax Equivalents		0	344
Borrowing Costs		(871)	(196)
Payment of Tax Equivalents		(122)	(138)
Net Cash provided by / (used in) Operating Activities	32	(1,108)	3,184
Cash Flows from Investing Activities			
Proceeds from Sale of Property, Plant & Equipment		52	144
Purchase of Property, Plant & Equipment		(455)	(10,646)
Redemption of Sinking Funds		0	0
Payments into Sinking Funds		(5)	(5)
Net Cash outflows from Investing Activities		(408)	(10,507)
Cash Flows from Financing Activities			
Proceeds from Borrowings		2,150	7,490
Repayment of Borrowings		(513)	(68)
Net Cash inflows from Financing Activities		1,637	7,422
Net Increase/(Decrease) in Cash Held		121	99
Cash at Beginning of Financial Year		1,162	1,063
Cash at End of Financial Year	5	1,283	1,162

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Comparative information is reclassified where appropriate to enhance comparability.

(A) INCOME TAX

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

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

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

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

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

(B) ACQUISITION OF ASSETS

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

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

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

C) REVENUE RECOGNITION

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

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

Revenue from rentals is recognised when accrued.

(D) RECEIVABLES

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

Collectibility of trade debtors is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off.

A provision for doubtful debts is raised where some doubt as to collection exists and in any event when the debt is more than 60 days overdue.

(E) RECOVERABLE AMOUNT OF NON-CURRENT ASSETS

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

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

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

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

(F) CHANGE IN ACCOUNTING POLICY FOR THE MEASUREMENT OF NON-CURRENT ASSETS

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

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

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

G) DEPRECIATION OF NON-CURRENT ASSETS

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

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

Buildings, wharves and other infrastructure	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.

(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 and Accumulated Days Off

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.

(III) Superannuation

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

All staff who do not contribute to either of these schemes become non-contributory members of 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 14(e) 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.

(O) ROUNDING OF AMOUNTS

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

2. REVENUE FROM ORDINARY ACTIVITIES

	2003 $000'S	2002 $000'S
REVENUE FROM OPERATING ACTIVITIES		
Shipping Services	1,594	1,267
Cargo Services	2,604	1,949
Other Services	135	399
	4,333	3,615
REVENUE FROM OUTSIDE THE OPERATING ACTIVITIES		
Rentals	461	366
Interest	276	245
Proceeds from Sale of Non-Current Assets	52	37
	789	648
TOTAL REVENUE	**5,122**	**4,263**

3. PROFIT/(LOSS) FROM ORDINARY ACTIVITIES

NET GAINS/(LOSSES) AND EXPENSES

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

3.1 NET GAINS/(LOSSES) ON DISPOSAL

	2003 $000'S	2002 $000'S
BUILDINGS		
Revenue	0	40
Less : Written Down Cost	0	0
Profit/(loss)	0	40
PLANT AND EQUIPMENT		
Revenue	52	25
Less : Written Down Cost	(55)	(28)
Profit/(loss)	(3)	(3)
NET GAIN/(LOSS) ON DISPOSAL	**(3)**	**37**

EXPENSES

3.2 EMPLOYEE BENEFITS

	2003 $000'S	2002 $000'S
Accumulated Days Off	(3)	1
Annual Leave	34	52
Long Service Leave	4	33
Other Leave	7	6
Redundancy	55	14
Sick Leave	7	12
	104	118
Less Directly Allocated	(125)	(119)
	(21)	(1)
Superannuation	(100)	115
TOTAL EMPLOYEE BENEFITS	(121)	114

	2003 $000'S	2002 $000'S
3.3 DEPRECIATION		
BUILDINGS	188	188
WHARVES AND OTHER INFRASTRUCTURE	697	609
DREDGING	329	135
BREAKWATERS	137	67
PLANT AND EQUIPMENT	103	119
TOTAL DEPRECIATION	1,454	1,118

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

	2003	2002
Buildings		
Asset No: 1108 Cold Store	230	0
Wharves and Other Infrastructure		
Asset No: 11522 No 3 Berth	1,290	0
Asset No: 1160 Outer Tug Berth	160	0
Asset No: 1161 Inner Tug Berth	160	0
	1,840	0

3.5 BORROWING COSTS

	2003	2002
Interest and Finance Charges	890	787
Less :Amount Capitalised	0	(451)
BORROWING COSTS EXPENSED	890	336

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:

	2003	2002
Profit/(Loss) from Ordinary Activities	(1,474)	(74)
Income tax calculated @ 30%	(442)	(22)
Tax effect of permanent differences:		
Non-deductible depreciation	0	62
Sundry items	62	7
Income tax adjusted for permanent differences	(380)	47
Under (over) provision in previous year	(262)	(146)
INCOME TAX EXPENSE/(BENEFIT)	(643)	(99)
Income tax expense/(benefit) comprises:		
Current taxation provision	0	0
Deferred income tax provision	892	(194)
Future income tax benefit	(249)	95
INCOME TAX EXPENSE/(BENEFIT)	643	(99)

	2003 $000'S	2002 $000'S
5. CURRENT ASSETS - CASH ASSETS		
Cash at Bank and on hand	1,072	1,152
Short Term Deposit	200	0
Term Deposits	11	10
	1,283	1,162

CASH AT BANK
Interest was earnt at a rate of 4.25% (2002 3.75% and 4.50%)

SHORT TERM DEPOSIT
Interest was earnt at variable rates of between 4.843% and 4.931%

TERM DEPOSITS
The deposits (one & two year periods) are bearing fixed interest rates between 1.75% and 1.80% (2002 1.75% and 1.80%)

6. CURRENT ASSETS - RECEIVABLES

	2003 $000'S	2002 $000'S
Trade Debtors	730	764
Other Debtors	48	47
	778	811
Less: Provision for doubtful debts	(51)	(123)
	727	688

OTHER DEBTORS
These amounts generally arise from transactions outside the usual operating activities

7. CURRENT ASSETS - OTHER

	2003 $000'S	2002 $000'S
Prepaid Expenditure	14	15
Accrued Revenue	7	7
	21	22

8. NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS

	2003 $000'S	2002 $000'S
SINKING FUNDS	939	890

Sinking funds, for the eventual repayment of loan funds, are invested at floating interest rates with Treasury.
Interest rates received ranged between 4.843% and 4.931% (2002 - 4.419% and 5.124%)
Interest revenue is recognised on an accrual basis

9. NON-CURRENT ASSETS - PROPERTY PLANT AND EQUIPMENT

	2003 $000'S	2002 $000'S
Freehold land		
At Cost	1,517	1,517
Vested land		
At Cost	1,449	41
Buildings		
At Cost	4,148	1,941
At Recoverable Amount	218	0
Less Accumulated Depreciation	(3,208)	(369)
	1,158	1,572
Wharves and other infrastructure		
At Cost	19,551	29,880
At Recoverable Amount	1,319	0
Less Accumulated Depreciation	(13,191)	(17,392)
	7,679	12,488

	2003 $000'S	2002 $000'S
DREDGING		
At Cost	21,027	19,621
Accumulated Depreciation	(2,822)	(2,494)
	18,205	17,127
BREAKWATERS		
At Cost	5,689	5,690
Less Accumulated Depreciation	(697)	(561)
	4,992	5,129
PLANT AND EQUIPMENT		
At Cost	2,746	2,740
Less Accumulated Depreciation	(2,290)	(2,264)
	456	476
TOTAL AT COST & RECOVERABLE AMOUNT	57,664	61,430
TOTAL ACCUMULATED DEPRECIATION	(22,208)	(23,080)
TOTAL PROPERTY PLANT AND EQUIPMENT	35,456	38,350

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

	2003	2002
FREEHOLD LAND		
Carrying amount at start of year	1,517	1,597
Additions	0	0
Transfers	0	0
Disposals	0	(80)
Depreciation	0	0
Carrying amount at end of year	1,517	1,517
VESTED LAND		
Carrying amount at start of year	41	41
Additions	0	0
Transfers	1,408	0
Disposals	0	0
Depreciation	0	0
Carrying amount at end of year	1,449	41
BUILDINGS		
Carrying amount at start of year	1,572	1,763
Additions	25	1
Transfer	(469)	0
Disposals	0	(11)
Depreciation	(188)	(181)
Carrying amount at end of year	940	1,572
BUILDINGS (RECOVERABLE AMOUNT)		
Carrying amount at start of year	0	0
Transfer	448	0
Revaluation Decrements	(230)	0
Carrying amount at end of year	218	0
WHARVES AND OTHER INFRASTRUCTURE		
Carrying amount at start of year	12,488	17,978
Additions	292	10,491
Transfer	(5,723)	(15,372)

	2003 $000'S	2002 $000'S
Disposals	0	0
Depreciation	(697)	(609)
Carrying amount at end of year	6,360	12,488

WHARVES AND OTHER INFRASTRUCTURE (RECOVERABLE AMOUNT)

Carrying amount at start of year	0	0
Transfer	2,929	0
Revaluation Decrements	(1,610)	0
Carrying amount at end of year	1,319	0

DREDGING

Carrying amount at start of year	17,127	5,813
Additions	0	0
Transfers	1,407	11,449
Disposals	0	0
Depreciation	(329)	(135)
Carrying amount at end of year	18,205	17,127

BREAKWATERS

Carrying amount at start of year	5,129	1,145
Additions	0	0
Transfers	0	4,051
Disposals	0	0
Depreciation	(137)	(67)
Carrying amount at end of year	4,992	5,129

PLANT AND EQUIPMENT

Carrying amount at start of year	476	464
Additions	138	154
Disposals	(55)	(153)
Depreciation	(103)	11
Carrying amount at end of year	456	476

TOTAL PROPERTY, PLANT AND EQUIPMENT

Carrying amount at start of year	38,350	28,801
Additions	455	10,646
Transfers	0	128
Revaluation	(1,840)	0
Disposals	(55)	(244)
Depreciation	(1,454)	(981)
Carrying amount at end of year	35,456	38,350

VALUATIONS

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

10. NON-CURRENT ASSETS - DEFERRED TAX ASSETS

FUTURE INCOME TAX BENEFIT

Timing Differences	867	358
Tax Losses	226	373
	1,093	731

	2003 $000'S	2002 $000'S

11. CURRENT LIABILITIES - PAYABLES

	2003 $000'S	2002 $000'S
Trade creditors	405	2,268
Other creditors	1,304	204
	1,709	2,472

OTHER CREDITORS

These amounts generally arise from transactions outside the usual operating activities

12. CURRENT LIABILITIES - INTEREST BEARING LIABILITIES

	2003 $000'S	2002 $000'S
Government loan No1	68	68
Government loan No2	4,060	640
	4,128	708

GOVERNMENT LOAN NO1

Loan No1 is repayable on fixed dates and bear interest (fixed) at 14.09% (2002 - 14.09%)

GOVERNMENT LOAN NO2

Loan No2 is repayable on fixed dates and bear interest (fixed) at between 5.11% and 5.36% (2002 4.83% and 5.03%)

13. CURRENT LIABILITIES - CURRENT TAX LIABILITIES

	2003 $000'S	2002 $000'S
Provision for Income tax	0	57

14. CURRENT LIABILITIES - PROVISIONS

	2003 $000'S	2002 $000'S
Dividends	0	404
Employees Benefits (Note 30)	255	374
	255	778

MOVEMENTS IN PROVISIONS

DIVIDENDS

	2003 $000'S	2002 $000'S
Carrying amount as start of year	404	404
Provisions		0
	404	404
Payments	404	0
Carrying amount at end of year	0	404

EMPLOYEE BENEFITS

	2003 $000'S	2002 $000'S
Carrying amount as start of year	374	329
Provisions	160	239
	534	568
Payments	279	194
Carrying amount at end of year	255	374

15. CURRENT LIABILITIES - OTHER

	2003 $000'S	2002 $000'S
Accrued Expenditure	184	239
Income Received in Advance	44	35
	228	274

16. NON-CURRENT LIABILITIES - PAYABLES

	2003 $000'S	2002 $000'S
Other creditors	204	1,509

OTHER CREDITORS

These amounts generally arise from transactions outside the usual operating activities

	2003 $000'S	2002 $000'S
17. NON-CURRENT LIABILITIES - INTEREST BEARING LIABILITIES		
Loans - Inscribed stocks	1,050	1,050
Government loan No1	135	203
Government loan No2	9,635	11,350
	10,820	12,603

INSCRIBED STOCKS
Inscribed stocks are repayable on fixed dates and bear interest (fixed) at between 5.875% and 7.40% (2002 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% (2002 8.92% and 14.09%)
GOVERNMENT LOAN NO2
Loan No2 is repayable on fixed dates and bear interest (fixed) at between 5.33% and 6.12% (2002 5.11% and 6.41%)

	2003 $000'S	2002 $000'S
18. NON-CURRENT LIABILITIES - DEFERRED TAX LIABILITIES		
Provision for deferred income tax	0	280
19. NON-CURRENT LIABILITIES - PROVISIONS		
Employees Benefits (Note 30)	500	656
MOVEMENT IN PROVISIONS		
Employee Benefits		
Carrying amount as start of year	656	662
Provisions	(156)	(6)
	500	656
Payments	0	0
Carrying amount at end of year	500	656
20. CONTRIBUTED EQUITY		
State Contributions	1,386	1,386
21. RESERVES		
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))

	2003 $000'S	2002 $000'S
22. RETAINED PROFITS		
Retained Profits at Beginning of Year	13,660	13,833
Net Profit/(Loss)	(831)	(173)
	12,829	13,660
Dividends Provided	0	0
Retained profits at End of Year	12,829	13,660
23. DIVIDENDS		
Balance at Beginning of Year	404	404
Plus Provision for Year	0	0
	404	404

	2003 $000'S	2002 $000'S
Less Dividends Paid	404	0
Balance at End of Year	0	404

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.

2002/2003

	Notes	Floating Interest Rate $'000	Fixed Interest Maturing 1 Year or Less $'000	Over 1 to 5 Yrs $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'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
Weighted average interest rate		4.52%	1.77%	1.75%			
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
Weighted average interest rate			5.42%	5.67%	6.05%		
NET FINANCIAL ASSETS/(LIABILITIES)		2,212	(4,122)	(7,481)	(3,335)	(1,186)	(13,912)

2001/2002

	Notes	Floating Interest Rate $'000	Fixed Interest Maturing 1 Year or Less $'000	Over 1 to 5 Yrs $'000	Over 5 Years $'000	Non-Interest Bearing $'000	Total $'000
FINANCIAL ASSETS							
Cash Assets	5	1,152	4	6			1,162
Receivables	6					688	688
Other Financial Assets	8	890					890
TOTAL FINANCIAL ASSETS		2,042	4	6	0	688	2,740
Weighted average interest rate		4.35%	1.77%	1.77%			
FINANCIAL LIABILITIES							
Payables	11,16					3,981	3,981
Interest Bearing Liabilities	12,17		708	9,813	2,790		13,311
TOTAL FINANCIAL LIABILITIES		0	708	9,813	2,790	3,981	17,292
Weighted average interest rate			5.80%	5.58%	6.05%		
NET FINANCIAL ASSETS/(LIABILITIES)		2,042	(704)	(9,807)	(2,790)	(3,293)	(14,552)

(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

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:

	2003		2002	
	Carrying Amount $'000	Net Fair Value $'000	Carrying Amount $'000	Net Fair Value $'000
FINANCIAL ASSETS				
Cash Assets	1,283	1,283	1,162	1,162
Receivables	727	727	688	688
Other Financial Assets	939	939	890	890
	2,949	2,949	2,740	2,740
FINANCIAL LIABILITIES				
Payables	1,913	1,913	3,981	3,981
Interest Bearing Liabilities	14,948	14,948	13,311	13,311
	16,861	16,861	17,292	17,292

	2003 $000'S	2002 $000'S

25. REMUNERATION OF BOARD MEMBERS

The total income received or due and receivable by Directors from the Authority and related parties.

The number of Directors whose total income received or due and receivable for the financial year falls within the following bands:

	2003	2002
0 - 9,999	5	4
10,000 - 19,999	1	1

26. REMUNERATION OF EXECUTIVES

The total income received or due and receivable from the Authority and related parties by Executive Officers whose remuneration was at least $100,000 and considered reportable.

	2003	2002
Executive Officers	324	120

The number of Executive Officers whose total income, including motor vehicles, superannuation and associated taxes, received or due and receivable for the financial year falls within the following bands:

	2003	2002
100,000 - 109,999	2	0
110,000 - 119,999	1	0
120,000 - 129,999	0	1

27. REMUNERATION OF AUDITORS

	2003	2002
Remuneration for audit of the financial reports	15	14

28. CONTINGENT LIABILITIES

(A) SUPERANNUATION LIABILITY

A claim relating the Authority's liability to the Employers superannuation contribution has been made. The claim has been rejected by the Authority.

	2003	2002
Maximum contingent consideration in respect to this claim.	0	23

(B) SUPERANNUATION LIABILITY

The following amount represents the superannuation liability for an ex-Department of Marine and Harbours employee who transferred over to the Authority in1992/93. 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.

	2003	2002
Maximum contingent consideration in respect to this claim.	178	153
	178	176

	2003 $000'S	2002 $000'S
29. COMMITMENTS FOR EXPENDITURE		
The Authority does not have any further commitments	0	0

30. EMPLOYEE BENEFITS

EMPLOYEE NUMBERS

	2003 $000'S	2002 $000'S
Number of full-time employees at end of financial year	6	5

EMPLOYEE BENEFITS LIABILITIES

	2003 $000'S	2002 $000'S
Current Liabilities (Note 14)		
Accumulated Days Off	0	3
Annual Leave	96	116
Long Service Leave	77	84
Sick Leave	10	13
Superannuation	72	158
	255	374
Non-Current Liabilities (Note 19)		
Long Service Leave	20	43
Superannuation	480	613
	500	656
Total Provision	755	1,030

31. EVENTS OCCURRING AFTER REPORTING DATE

There were no events occurring after the reporting date.

32. RECONCILIATION OF PROFIT/(LOSS) FROM ORDINARY ACTIVITIES TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 $000'S	2002 $000'S
Net Profit/(Loss) after tax	(831)	(173)
Depreciation and Amortisation	1,454	1,118
Write Down Non-current Assets	1,840	0
Interest on Other Financial Assets	(44)	(41)
Net (Gain)/Loss on Sale of Assets	3	(37)
Changes in Assets and Liabilities :-		
(Increase)/Decrease in Receivables	(39)	(1,945)
(Increase)/Decrease in Deferred Tax Assets	(362)	250
(Increase)/Decrease in Other Assets	1	10
Increase/(Decrease) in Payables	(2,068)	3,634
Increase/(Decrease) in Deferred Tax Liabilities	(337)	117
Increase/(Decrease) in Provisions	(679)	39
Increase/(Decrease) in Other Liabilities	(46)	212
Net Cash provided by (Used in) Operating Activities	(1,108)	3,184

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.

The Board 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 Act 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 2003 and the Authority's loss for the financial year.

In the Board's 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 fall due.

This declaration is made in accordance with a resolution of the Board of the Albany Port Authority.

T J Enright,
Chairman.

R J Harrison,
Member.

Albany, Western Australia
29 August 2003

AUDITOR GENERAL

INDEPENDENT AUDIT REPORT ON ALBANY PORT AUTHORITY

To the Parliament of Western Australia

Audit Opinion

In my opinion, the financial statements of the Albany Port Authority are properly drawn up:

(a) so as to give a true and fair view of:
  - (i) the Authority's financial position at June 30, 2003 and of its performance for the financial year ended on that date; and
  - (ii) the other matters required by Schedule 5 of the Port Authorities Act 1999 to be dealt with in the financial statements;

(b) in accordance with the provisions of the Port Authorities Act 1999; and

(c) in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

Scope

The Board's Role

The Board of Directors is responsible for the financial statements.

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

Summary of my Role

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

An audit does not guarantee that every amount and disclosure in the financial statements 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 statements

D D R PEARSON
AUDITOR GENERAL
September 30, 2003

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