

STATESHIPS

WESTERN AUSTRALIAN COASTAL SHIPPING COMMISSION

ANNUAL REPORT 2005

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**Western Australian Coastal Shipping Commission
(Stateships)**

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**Telephone No: (08) 9216 8840
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ADMINISTRATION OF THE WESTERN AUSTRALIAN COASTAL SHIPPING COMMISSION ACT 1965

The Western Australian Coastal Shipping Commission, which traded as Stateships, is incorporated under the Western Australian Coastal Shipping Commission Act 1965. Under Section 5 of the Act, the Commission has, subject to the Minister, the general administration of the Act.

THE MINISTER

The Hon. Alannah MacTiernan MLA, was the Minister for Planning and Infrastructure for the financial year ended 30 June 2005.

CHAIRMAN'S LETTER TO THE MINISTER

Hon Alannah MacTiernan MLA
Minister for Planning and Infrastructure

Dear Minister

I am pleased to submit the Commission's Annual Report for the year ended 30 June 2005 prepared in compliance with the reporting requirements of the Financial Administration and Audit Act 1985, Treasurer's Instructions and the Western Australian Coastal Shipping Commission Act No. 44 of 1965.

The shipping service previously provided by this Commission continues to be provided by the Government in other means and this Commission no longer operates a shipping service.

The Commission has continued the orderly and proper handling of Legal, Workers Compensation and other claims against the Commission and has ensured that the administration has continued to provide proper reporting and accounting procedures.

At the date of signing, the Commission is not aware of any circumstances that would under the particulars included in this letter and report, be misleading or inaccurate.

Yours sincerely,



G. Martin
Chairman
31 August 2005

MEMBERS OF THE COMMISSION

Chairman

Greg Martin

Director General of Department for Planning and Infrastructure
Chair, Australian Maritime Group
Member, Western Australian Planning Commission
Nominated Member, Standing Committee on Transport
Member, Australian Logistics Council

Vice Chairman

Anne Nolan, B.Econ (Hons.) M.Econ

Coordinator of Energy
Member Curtin Business School Advisory Council
Member International Centre for the Application of Solar Energy

**Commissioner
(Retired
October 2004)**

Dennis Forte

Executive Director, Service Delivery, Department for Planning and Infrastructure
Member Institute of Surveyors, Australia
Member Institute of Public Administration, Australia
Member Road Safety Council

Commissioner

Athol Jamieson

(awaiting confirmation of appointment of Mr Jamieson)

FUNCTIONS OF THE COMMISSION

Following the Government announcement in June 1995 that Stateships would cease trading, the Commission directed management to arrange an orderly wind down of activities.

The functions involved include the settlement of liabilities, the disposal of assets and continued administration and accounting requirements as required by legislation.

ACCOUNTABLE AUTHORITY

The Western Australian Coastal Shipping Commission Act 1965 empowers the Commission to delegate its duty of Accountable Authority. During 2004-2005, the Commission directed the General Manager, Mr J. Rooke to act as Accountable Authority.

DISCLOSURE

The Financial Administration and Audit Act 1985 (Section 62(3) T.I. 903) requires disclosure of any interest by a Senior Officer in any proposed or existing contract made by the Commission.

No Senior Officer had any interest in any contract made by the Commission during the reporting period.

CHAIRMAN'S FOREWORD

The Western Australian Coastal Shipping Commission Act 1965 provides for funding from the State Government of Western Australia to meet the financial obligations of the Commission as and when they fall due.

The administrative function performed by the commission in the year to 30 June 2005 included the following activities:

Processing of claims by ex employees and others against the Commission.

The continuing administrative function required by legislative and reporting requirements.

Correct accounting and reporting of the financial transactions of the Commission.

Proper processing and settlement of the Commission's liabilities.

Ongoing debt servicing.

Superannuation pension processing.

Correct management of the Commission's records.

As at 30 June 2005, one employee continues to receive salary payments and a former seagoing employee continues to receive fortnightly workers compensation payments. Additional clerical assistance has been arranged when required. This year has seen the continuation of the handover of the administration to employees of the Department for Planning and Infrastructure.

WESTERN AUSTRALIAN COASTAL SHIPPING COMMISSION SUMMARY

2005

The administration function performed during the year ended 30 June 2005 included the necessary accounting and reporting, record keeping and management necessary to meet legislation and reporting requirements. Claims against the Commission continued to be processed during the year. The administration function was situated within the Fremantle office of the Department for Planning and Infrastructure.

The twelve months to 30 June 2005 saw two new claims by ex employees and others as a consequence of claimed exposure to asbestos. At year-end there remained fifteen open claims against the Commission citing asbestos exposure as a basis. Of these, five claims were lodged against the Commonwealth in its capacity as the Stevedoring Industry Finance Committee and who had joined the Commission and others as joint defendants to the claims.

During the year, one claim was settled. The processing and settlement of these claims is carried out in conjunction with the Commission's P and I Insurers and their agents and advice taken as required.

In addition, there were ongoing medical payments and fortnightly workers compensation costs for former seagoing employees processed during the year.

Statistical and financial reports for internal and external requirements were produced as required.

The Commission estimates that a Government contribution of \$4,201,000 will be required to cover the Commission's activities for the 2005/06 financial year.

Staffing levels

At the mid point of each of the last three reporting periods staffing levels have been as follows;

Reporting Period	Number of Staff
2003	1
2004	1
2005	1

In addition to the one permanent employee, there was one ex seagoing employee receiving seamen's workers compensation benefits. These compensation payments were recouped through insurers.

Workers compensation

There were no claims by present staff during the year.

One ex seagoing employee continues to receive fortnightly payments under the provision of the Seafarers Rehabilitation and Compensation Act 1992.

Staff training

Training courses offered to Department for Planning and Infrastructure employees during the year were available to Commission staff.

Other professional courses were offered as appropriate.

Budget

The Minister has approved the budget for 2005/06 of \$4,101,841 as follows: -

	\$
Debt servicing	3,826,320
Service and supply expenses	257,967
	<u>4,101,841</u>

Funding for 2005/06 will be provided:

	\$
Appropriation	4,201,000
	<u>4,201,000</u>

Electoral Act

Section 175ZE of the Electoral Act 1907 requires a disclosure of certain expenditures. In the year to 30 June 2005, Stateships incurred no expenditures that would fall into this category.

SENIOR MANAGEMENT STRUCTURE

COMMISSION

**MR G. MARTIN - CHAIRMAN
MS A. NOLAN - VICE CHAIRMAN
MR D. FORTE - COMMISSIONER (RETIRED OCTOBER 2004)**

GENERAL MANAGER

**MR D. FORTE (RETIRED OCTOBER 2004)
MR J. ROOKE (FROM OCTOBER 2004)**

MANAGER - FINANCE & ADMINISTRATION

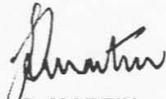
MR J. ROOKE

FINANCIAL and STATUTORY REPORTS
FOR THE YEAR ENDED 30 JUNE 2005
WESTERN AUSTRALIAN COASTAL SHIPPING COMMISSION

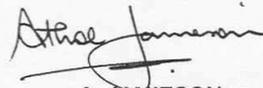
CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of the Western Australian Coastal Shipping Commission have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the twelve months ended 30 June 2005, and the financial position as at 30 June 2005.

At the date of signing we are not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.



G. MARTIN
Chairman
31 August 2005



A. JAMIESON
Commissioner
31 August 2005



W. IELATI
Principal Accounting Officer
31 August 2005



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

WESTERN AUSTRALIAN COASTAL SHIPPING COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

Audit Opinion

In my opinion,

- (i) the controls exercised by the Western Australian Coastal Shipping Commission provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Commission at 30 June 2005 and its financial performance and cash flows for the year ended on that date.

Scope

The Commission's Role

The Commission is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. 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. The term "reasonable assurance" recognises that an audit does not 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
31 October 2005

**WESTERN AUSTRALIAN COASTAL SHIPPING COMMISSION
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005**

	NOTE	2005 \$	2004 \$
COST OF SERVICES			
Expenses from ordinary activities			
Employee expenses	2	135,454	1,200,378
Depreciation expense	3	7,242	8,794
Borrowing costs expense	4	1,595,202	1,753,521
Supplies and services	5	61,053	46,059
Accommodation expenses	6	7,983	4,796
Total cost of services		<u>1,806,934</u>	<u>3,013,548</u>
Revenues from ordinary activities			
Revenue from non operating activities			
Other revenues from ordinary activities	7	76,510	2,283
Total revenues from ordinary activities		<u>76,510</u>	<u>2,283</u>
NET COST OF SERVICES		<u>(1,730,424)</u>	<u>(3,011,265)</u>
REVENUES FROM STATE GOVERNMENT			
Service appropriations	8	4,054,000	5,800,000
Resources received free of charge		16,741	7,780
Total revenues From State Government		<u>4,070,741</u>	<u>5,807,780</u>
CHANGE IN NET ASSETS		<u>2,340,317</u>	<u>2,796,515</u>

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

WESTERN AUSTRALIAN COASTAL SHIPPING COMMISSION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005

	NOTE	2005 \$	2004 \$
Current Assets			
Cash assets	17 (a)	1,364,321	1,244,771
Receivables	9	28,957	136,166
Other assets	10	40	44
Total Current Assets		<u>1,393,318</u>	<u>1,380,981</u>
Non-current assets			
Equipment and vehicles	11	<u>13,882</u>	<u>21,124</u>
Total Non - Current Assets		<u>13,882</u>	<u>21,154</u>
Total Assets		<u>1,407,200</u>	<u>1,402,105</u>
Current liabilities			
Payables	12	334,335	375,694
Provisions	14	157,765	226,409
Interest bearing liabilities	13	2,381,653	2,209,165
Other liabilities	15	-	16,053
Total current liabilities		<u>2,873,753</u>	<u>2,827,321</u>
Non-current liabilities			
Interest bearing liabilities	13	<u>20,033,568</u>	<u>22,415,221</u>
Total non-current liabilities		<u>20,033,568</u>	<u>22,415,221</u>
Total liabilities		<u>22,907,321</u>	<u>25,242,542</u>
NET ASSETS		<u>(21,500,121)</u>	<u>(23,840,437)</u>
Equity			
Accumulated deficiency	16	(39,530,089)	(41,870,405)
Contributed equity		18,029,968	18,029,968
Total Equity		<u>(21,500,121)</u>	<u>(23,840,437)</u>

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

**WESTERN AUSTRALIAN COASTAL SHIPPING COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005**

	NOTE	2005 \$	2004 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations		4,054,000	5,800,000
Net cash provided by State Government		<u>4,054,000</u>	<u>5,800,000</u>
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Supplies and services		(105,601)	(168,885)
Employee costs		(121,513)	(1,863,792)
Borrowing costs		(1,594,056)	(1,727,666)
GST payments on purchases		(5,208)	(3,373)
Receipts			
GST receipts from taxation authority		4,101	3,644
GST from other receipts		221	225
Insurance claim receipts		94,561	264,846
Other receipts		2,210	2,283
Net cash provided by / (used in) operating activities	17 (a)	<u>(1,725,285)</u>	<u>(3,492,718)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(2,209,165)	(2,048,026)
Net cash provided by / (used in) financing activities		<u>(2,209,165)</u>	<u>(2,048,026)</u>
NET INCREASE / (DECREASE) IN CASH HELD		<u>119,550</u>	<u>259,256</u>
Cash assets at the beginning of the financial year		1,244,771	985,515
Cash assets at the end of the financial year	17 (b)	<u>1,364,321</u>	<u>1,244,771</u>

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

WESTERN AUSTRALIAN COASTAL SHIPPING COMMISSION (STATESHIPS)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

CLOSURE OF STATESHIPS

Notwithstanding the Commission's deficiency of net assets the financial statements have been prepared on the going concern basis.

This basis has been adopted as the Commission will receive continued financial support from the State Government of Western Australia as provided under section 25 of the Western Australian Coastal Shipping Commission Act 1965.

The proper settlement of liabilities continued through 2004/05.

There are a number of claims by ex employees outstanding against the Commission. These claims are processed as received.

1. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

The financial statements constitute a general purpose financial report, which has been prepared in accordance with Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect, are disclosed in individual notes to the financial statements.

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

(a) Service appropriations

Service appropriations are recognised as revenues in the period in which the Commission gains control of the appropriated funds. The Commission gains control of appropriated funds at the time those funds are deposited into the Commission's bank account.

(b) Contributed equity

Under UIG 38 "Contributions by Owners made to Wholly-Owned Public Sector Entities" transfers in the nature of equity contributions must be designated by the Government as contributions by owners (at the time of, or prior to such transfer) before such transfers can be recognised as equity contributions in the financial statements.

The assumption of the Superannuation Pension liability by the Treasurer has been designated as contributions by owners and has been credited directly to Contributed Equity in the Statement of Financial Position.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue recognition

Revenue from the disposal of assets and the rendering of services is recognised when the Commission has passed control of the assets or delivery of the service to the customer.

(d) Acquisition of assets

The cost method of accounting is used for all acquisition of assets. Cost is measured 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.

Assets costing less than \$1,000 are expensed in the year of acquisition and are recorded in Commission’s Public Property Register.

(e) Depreciation of non-current assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner, which reflects the consumption of their future economic benefits.

Depreciation is provided for on the straight-line basis, using rates, which are reviewed annually. Useful lives for each class of depreciable asset are:

Motor vehicles	4 years
Office equipment	2 years

(f) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of notification to debtor.

(g) Payables

Payables, including accruals not yet billed, are recognised when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

(h) Interest bearing liabilities

Loans are recorded at an amount equal to the net proceeds received. Borrowing costs expense is recognised on an accrual basis.

(i) Employee benefits

Annual leave

This benefit is recognised at nominal remuneration rates and is measured at the amount unpaid at the reporting date in respect to employee’s service up to that date.

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provisions for employee benefits, and is measured at the nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provisions for employee benefits and is measured at 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, when assessing expected future payments, to expected future wage and salary levels including relevant costs, experience of employee departures and periods of service. Expected future payments are discounted using government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Employee benefits (continued)

Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme now also closed to new members. These schemes are administered by the Government Employees Superannuation Board (GESB).

The Commission has no liabilities under the Pension or the GSS Schemes. The liabilities for the unfunded Pension Scheme and the unfunded GSS Scheme transfer benefits due to members who transferred from the Pension Scheme, were assumed by the Treasurer on 30 June 2004.

The ex seagoing employee being paid workers compensation is a member of the Seafarers Retirement Fund which is an accumulation superannuation fund and an employers contribution is paid on a fortnightly basis. The liabilities for superannuation charges under this fund is extinguished by these payments.

The superannuation expense comprises of employer contributions to the Gold State Superannuation Scheme and the Seafarers Retirement Fund. The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided by the Commission in the current year.

(j) Accrued salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year as the end of the last pay period for that financial year does not coincide with the end of the financial year. The Commission considers the carrying amount approximates net fair value.

(k) Resources received free of charge or for nominal value

Resources received free of charge or for nominal value, which can be reliably measured, are recognised as revenues and as assets or expenses as appropriate at fair value.

(l) Comparative figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

(m) Rounding

Amounts in the financial statements have been rounded to the nearest dollar.

	2005	2004
	\$	\$
2 EMPLOYEE EXPENSES		
Wages and salaries	104,825	86,182
Superannuation	19,748	1,103,617
Long service leave	10,050	3,095
Annual leave	831	7,484
	<u>135,454</u>	<u>1,200,378</u>
3 DEPRECIATION EXPENSE		
Vehicles	7,242	7,242
Equipment	-	1,552
	<u>7,242</u>	<u>8,794</u>
4 BORROWING COSTS EXPENSE		
Interest charge	1,548,159	1,702,084
Guarantee fee	47,043	51,437
	<u>1,595,202</u>	<u>1,753,521</u>
5 SUPPLIES AND SERVICES EXPENSE		
Communication	583	611
Consumables	7,024	6,095
Contractor expenses	6,523	24,781
Insurance	828	2,433
Maintenance	1,023	186
Professional fees	32,239	984
Government charges	137	173
Fringe benefit tax	4,696	3,296
Internal audit	2,000	2,000
External audit	6,000	5,500
	<u>61,053</u>	<u>46,059</u>
6 ACCOMMODATION EXPENSES		
Office rental	7,983	4,796
	<u>7,983</u>	<u>4,796</u>
7 OTHER REVENUE FROM ORDINARY ACTIVITIES		
Government vehicle scheme contributions	2,210	2,210
Miscellaneous revenue	-	73
Write back of employee costs previously expensed	74,300	-
	<u>76,510</u>	<u>2,283</u>

	2005	2004
	\$	\$
	<u> </u>	<u> </u>
8 REVENUES FROM STATE GOVERNMENT		
Appropriation revenue received during the year:		
Service appropriation	<u>4,054,000</u>	<u>5,800,000</u>
Resources received free of charge have been determined on the basis of the following estimates provided by agencies and are considered at fair value:		
State Solicitor's Office	6,758	984
Department for Planning and Infrastructure	<u>9,983</u>	<u>6,796</u>
	<u>16,741</u>	<u>7,780</u>
	<u>4,070,741</u>	<u>5,807,780</u>
9 RECEIVABLES		
Current		
General receivables	<u>28,958</u>	<u>136,166</u>
	<u>28,958</u>	<u>136,166</u>
10 OTHER ASSETS		
Current		
Prepayments	<u>40</u>	<u>44</u>
	<u>40</u>	<u>44</u>
11 EQUIPMENT AND VEHICLES		
At the 30 th June only assets required to maintain the administration function of the Commission remain on the asset register.		
Profits and/or losses on disposal on non-current physical assets are taken into account in determining the result for the year. No non-current assets were disposed of during the financial year.		
Vehicles at cost	28,970	28,970
Accumulated depreciation	<u>(15,088)</u>	<u>(7,846)</u>
	<u>13,882</u>	<u>21,124</u>
Computer installation at cost	2,638	2,638
Accumulated depreciation	<u>(2,638)</u>	<u>(2,638)</u>
	<u>-</u>	<u>-</u>

	2005 \$	2004 \$
11 EQUIPMENT AND VEHICLES (continued)		
Reconciliations of the carrying amounts of Equipment and Vehicles at the beginning and end of the current and previous year are set out below.		
Vehicles		
Carrying amount at start of year	21,124	28,970
Additions	-	-
Disposals	-	-
Depreciation	(7,242)	(7,846)
Carrying amount at end of year	<u>13,882</u>	<u>21,124</u>
Computer installation		
Carrying amount at start of year	-	2,638
Additions	-	-
Disposals	-	-
Depreciation	-	(2,638)
Carrying amount at end of year	<u>-</u>	<u>-</u>
12 PAYABLES		
Current		
Accrued payables	334,335	373,744
Unclaimed wages	-	1,950
	<u>334,335</u>	<u>375,694</u>
13 INTEREST BEARING LIABILITIES		
Interest bearing liabilities owing by the Commission are split between current and non-current components. Detail of the outstanding amount is as follows:		
Current		
Western Australian Treasury Corporation	<u>2,381,653</u>	<u>2,209,165</u>
Non- Current		
Western Australian Treasury Corporation	<u>20,033,568</u>	<u>22,415,221</u>
Total interest bearing liabilities	<u>22,415,221</u>	<u>24,624,386</u>
Borrowings terms and conditions		
Western Australian Treasury Corporation		
Balance beginning of year	24,624,386	26,672,412
Less repayments this year	2,209,165	2,048,026
	<u>22,415,221</u>	<u>24,624,386</u>

13 INTEREST BEARING LIABILITIES (continued)

Significant terms and conditions:

The debt is held in a portfolio of various long and short term loans with a range of maturity dates out to ten years.

30% of the debt is held in short term loans with maturity dates out to three months.
70% of the debt is held in long term loans with quarterly maturity dates out to ten years.

Interest rates are fixed on each loan as at 30 June 2005 and vary between 5.45% and 12.45% (2004: 5.53% to 12.45%).

Capital repayments are made by quarterly instalments on the outstanding debt in accordance with a Western Australian Treasury Corporation specified formula.

	2005 \$	2004 \$
14 PROVISIONS		
Current		
Employee benefits	130,580	199,224
Withholding tax	27,185	27,185
	<u>157,765</u>	<u>226,409</u>

Superannuation

The superannuation pension liability of the Commission was assumed by the Treasurer on 30 June 2004. The value transferred was based on the Superannuation Board's actuarial valuation, with the resulting transfer value being reported on the Statement of Financial Position as Contributed Equity.

Employee benefits

The aggregate employee benefit liability other than superannuation is recognised and included in the financial statements.

Annual leave provision	50,486	75,805
Long service leave provision	80,094	118,194
Wage adjustment provision	-	5,225
	<u>130,580</u>	<u>199,224</u>

Withholding tax

This represents an expected liability relating to previous lease of containers and was raised pursuant to advice received from the State Solicitor's Office.

15 OTHER LIABILITIES

Current		
Accrued wages	-	16,053
	<u>-</u>	<u>16,053</u>

	2005	2004
	\$	\$
16 EQUITY		
Accumulated deficiency		
Opening balance	(23,840,437)	(44,666,920)
Change in net assets	2,340,317	2,796,515
Contributed equity (1)	-	18,029,968
	<u>(21,500,121)</u>	<u>(23,840,437)</u>

(1) The Superannuation Pension Liability assumed by the Treasurer on 30 June 2004, was designated as Contributions by owners.

17 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

For the purpose of the Statement of Cash Flows, cash includes cash at bank and petty cash. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2005	2004
	\$	\$
Cash on hand	100	100
Bank account	1,364,221	1,244,671
	<u>1,364,321</u>	<u>1,244,771</u>

(b) Reconciliation of net cost of services to Net cash flows used in operating activities.

Net Cost of Services	(1,730,424)	(3,011,265)
Non cash items		
Depreciation	7,242	8,794
Resources received free of charge	16,741	7,780
(Increase)/decrease in receivables	106,322	251,788
(Increase)/decrease in current assets	4	(8)
Increase/(decrease) in current payables	(41,359)	(71,485)
Increase/(decrease) in provisions	(68,644)	(691,649)
Increase/(decrease) in other liabilities	(16,053)	12,831
Net GST receipts/(payments)	886	496
Net cash used in operating activities	<u>(1,725,285)</u>	<u>(3,492,718)</u>

18 CONTINGENT LIABILITIES

In addition to the liabilities in the financial statements, the Commission has the following contingent liabilities:

(a) Workers compensation claims

There are a number of claims against the Commission due to a number of reasons including alleged asbestos exposure by ex-employees and others. All claims are covered by insurers.

19 EXPLANATORY STATEMENT

(i) Significant variations between actual revenues and expenditures for the financial year and revenues and expenditures for the immediately preceding financial year.

Details and reasons for significant variations between actual results with the corresponding items of the preceding year are detailed below. Significant variations are considered to be those greater than 10% or \$50,000.

	2005 \$	2004 \$	Variance \$
Expenditure			
Employee expenses	135,454	1,200,378	(1,064,924)
Supply and services	61,053	46,059	14,994
Accommodation	7,983	4,796	3,187
Borrowing costs expense	1,595,202	1,753,521	(158,319)
	<u>1,799,692</u>	<u>3,004,754</u>	<u>(1,205,062)</u>

Explanation of variances

Employee expenses

The Superannuation Pension Scheme liability of the Commission was assumed by the Treasurer on 30 June 2004.

Supply and services

Due to increase in Legal fees paid during the year.

Accommodation

Due to relocation of Stateships to larger office space

Borrowing costs expense

Due to decrease in interest rates charged from the prior year.

(ii) Significant variations between estimates and actual results for the financial year.

Details and reasons for significant variations between estimates and actual results for the year are detailed below. Significant variations are considered to be those greater than 10% or \$50,000.

	2005 Estimate \$	2005 Actual \$	Variance \$
Expenditure			
Supply and services	156,000	61,053	94,947
Accommodation	7,000	7,983	(983)
Employee expense	111,000	135,454	(24,454)
	<u>274,000</u>	<u>204,490</u>	<u>69,510</u>

(ii) Significant variations between estimates and actual results for the financial year (continued)

Explanation of variances

Supply and services

Ceased using contractual staff. No payment of Workers Compensation Insurance during 2005 financial year.

Accommodation

Due to increase of office space and increase of square metre rates.

Employee expenses

Increase to employee expenses due to salary rate increases, including back payments relating to 2003-04.

20 FINANCIAL INSTRUMENTS

(a) Interest rate risk exposure

The following tables detail the Commission's exposure to interest rate risk as at the reporting date.

	Fixed interest rate maturity							Total \$ 000
	Weighted average effective interest rate %	Variable interest rate %	Less than 1 year \$ 000	1 to 5 years \$ 000	More than 5 years \$ 000	Non interest bearing \$ 000		
2005								
Financial assets								
Cash assets	-	-	-	-	-	1,364	1,364	
Receivables	-	-	-	-	-	29	29	
	-	-	-	-	-	1,393	1,393	
Financial liabilities								
Payables	-	-	-	-	-	334	334	
WATC loans	6.565	-	2,382	15,012	5,021	-	22,415	
	-	-	2,382	15,012	5,021	334	22,749	

	Fixed interest rate maturity							Total \$ 000
	Weighted average effective interest rate %	Variable interest rate %	Less than 1 year \$ 000	1 to 5 years \$ 000	More than 5 years \$ 000	Non interest bearing \$ 000		
2004								
Financial assets								
Cash assets	-	-	-	-	-	1,245	1,245	
Receivables	-	-	-	-	-	136	136	
	-	-	-	-	-	1,381	1,381	
Financial liabilities								
Payables	-	-	-	-	-	376	376	
WATC loans	6.870	-	2,209	13,957	8,458	-	24,624	
	-	-	2,209	13,957	8,458	376	25,000	

(b) Credit risk exposure

All financial assets are unsecured. In respect of financial assets the carrying amounts represent the Commission's maximum exposure to credit risk in relation to those assets.

20 FINANCIAL INSTRUMENTS (continued)

(c) Net fair values

The Commission has not recorded its financial liabilities up to their estimated fair value as it expects to carry the liabilities to maturity. Financial assets are omitted as the carrying amounts approximate net fair values.

The net fair value of a financial liability is the amount at which the liability could be settled in a current transaction between willing parties after allowing for transaction costs

Financial liabilities

	Carrying Amount		Net Fair Value	
	2005	2004	2005	2004
	\$	\$	\$	\$
WATC short and long term debt	22,415,221	24,624,386	23,220,225	25,437,835

21 REMUNERATION OF MEMBERS OF THE ACCOUNTABLE AUTHORITY AND SENIOR OFFICERS

The members of the accountable authority are all permanent full time officers of other state government entities, and as such are not remunerated by the Commission.

There were no payments made for retirement benefits for the members of the Commission during the financial year.

No members of the Commission are members of the Superannuation and Family Benefits Act Scheme.

Remuneration of senior officers

The number of Senior Officers other than members of the Commission, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands:

	2005	2004
	\$	\$
Total remuneration of senior officers:	114,222	99,993
Number of senior officers:		
99,001 – 100,000	-	1
100,001 – 120,000	1	-

The superannuation included here represents the superannuation expense incurred by the Commission in respect of senior officers.

Members of Superannuation and Family Benefits Act Scheme

No senior officers are members of this fund.

22 Impact of Adopting International Accounting Standards

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

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

Management have determined the quantitative impacts using their best estimates available at the time of preparing the 30 June 2005 financial statements. The Commission has engaged consultants to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to AIFRS. As a result of these procedures, the Commission has identified that whilst differing presentation formats will be required, no material impact is expected from adopting AIFRS at the time of preparing the 30 June 2005 financial statements.



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

WESTERN AUSTRALIAN COASTAL SHIPPING COMMISSION PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2005

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Western Australian Coastal Shipping Commission are relevant and appropriate to help users assess the Commission's performance and fairly represent the indicated performance for the year ended 30 June 2005.

Scope

The Commission's Role

The Commission is responsible for developing and maintaining proper records and systems for preparing performance indicators.

The performance indicators consist of key indicators of effectiveness and efficiency.

Summary of my Role

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators 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 performance indicators 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 performance indicators.

D D R PEARSON
AUDITOR GENERAL
31 October 2005

PERFORMANCE INDICATORS

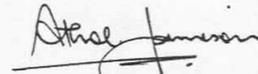
**FOR THE YEAR ENDED 30 JUNE 2005
WESTERN AUSTRALIAN COASTAL SHIPPING COMMISSION**

CERTIFICATION OF PERFORMANCE INDICATORS

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Commission's performance, and fairly represent the performance of the Western Australian Coastal Shipping Commission for the financial year ended 30 June 2005.



G. MARTIN
Chairman
31 August 2005



A. JAMIESON
Commissioner
31 August 2005

PERFORMANCE INDICATORS

The outcome of the Commission is to carry out the directive of the Western Australian Government that Stateships would cease trading and commence an orderly disposal of assets and wind down of activities.

Efficiency indicator

The efficiency of the Commission's activity is shown in the following listing of the administration costs of the Commission over the last three years.

	2005 \$'000	2004 \$'000	2003 \$'000
Staff salaries and associated costs	118	96	89
Legal fees	25	0	0
Insurance shore	1	1	1
Insurance franchise	0	2	0
Loan guarantee fee	47	51	55
General	27	47	46
	<u>218</u>	<u>197</u>	<u>191</u>

Effectiveness indicator

The effectiveness of the Commission is determined by the Minister for Planning and Infrastructure.

The attached statement expresses the Minister's satisfaction regarding the Commission's performance against its outcome.



MINISTER FOR PLANNING AND INFRASTRUCTURE

HON ALANNAH MacTIERNAN
BA LLB BJuris JP MLA

21 SEP 2005

2-6083

During the 2004/05 financial year, the shipping activity formally provided by Stateships to the north of the state and to the northern Territory was provided more economically by an appropriate operator with an annual subsidy from Government.

In 2004/05 the operation of the Western Australian Coastal Shipping Commission was concerned with the handling of claims and settlement of liabilities.

I am satisfied that the Commission is performing its function to an acceptable standard.

ALANNAH MacTIERNAN MLA
MINISTER FOR PLANNING AND INFRASTRUCTURE

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