



Albany Port Authority

Annual Report

1 July 2006 to 30 June 2007

CHAIRMAN'S REPORT

This is the last annual report which I will present as Chairman of the Albany Port Authority, as the reforms which were identified when taking up the appointment have now been effected. It has been a very enjoyable and satisfying task and so much has happened in these four short years. The business is well established, with excellent staff and long term arrangements are in place with sustainable users. By any measurement, the region is well served by the facilities and services now offered by the port at Albany.

In line with business views at the time, the Port outsourced much of its activities, but our concern was that by hiring the employees of others, an opportunity was being missed to create workplace expertise and human assets of our own. Recruitment of full time employees was commenced, targeting qualified and enthusiastic people and today all engineering, maintenance, technical, planning and monitoring are carried out by our employees, they are local people and I give credit to them for Albany's award as Lloyds Australian Port of the Year. The benefits of that policy continue, as training lifts the employees' personal worth and also their value to the Port. I am proud of them all.

Compliance has been identified as a crucial consideration and in areas such as the environment; the Port has accepted a responsibility to set the highest standards for the protection of the water, the air above and surrounding for the benefit of employees, users and neighbours.

Safety is of extreme importance and exacting programs have been established in line with the old truism – that a safe work place is no accident. These programs are vigorously pursued not only for port employees, but they also cover the practices of our tenants and port users.

The Port must strictly comply with the many contracts which Government, local Government and port users have with us and we have with them. All these activities are now tested and monitored by APA's professional staff.

It is now almost a year since Cooperative Bulk Handling - CBH passed a vote of confidence in our Port by proceeding with a \$130m upgrade of their grain holding and loading facilities. Facilities for other cargoes are rapidly developing, as Albany becomes Australia's largest wood chip port. A new class of wood chip carrier, the Albanymax has adopted our name and the first launched, the Albany Pioneer, visited our port on its maiden voyage from Japan. The confidence expressed by these large corporations is a measure of Albany's growing reputation and capability.

We have been extremely fortunate through this period of significant change, to have a supportive and enthusiastic Minister. A Port cannot operate in a vacuum and recognizing that, she carefully addressed our recommendations and once satisfied, gave unstinting support to initiatives such as the ring road, the push to rail and ongoing assistance to make truck transport as convenient and safe as possible.

In his report, the CEO has commented on the long dispute over the bombs and shells found in Princess Royal Harbour following WW2 disposal efforts and it is certainly a relief to have that behind us. The settlement of \$6.25m represents a satisfactory settlement of our claims. We had a just cause, pursued by an excellent legal team, with the outcome delivering a ringing endorsement of the legal process, in which a small port was able to take on the Commonwealth of Australia and win in a fair fight.

Profitable trading for the last three years has steadily reduced Port debt and after accounting for the Commonwealth settlement less costs, it has come down to a very acceptable level when measured against our peers and State Government guidelines. In 2003, the APA's ratio of debt to turnover was 251% and at the time of writing this report it is 52%.

It has been my good fortune to serve with an outstanding Board of Directors, who gave willingly of their talents and time. Jo Hummerston left Albany some months ago and Melissa Fletcher-Toovey more recently. They, together with Bob Golding, the Deputy Chairman Russell Harrison and CEO Brad Williamson greatly contributed to our efforts to make Albany the best it could be. New directors are joining, and judging by progress, Albany can be assured of a continued high quality contribution from its Board.

CHAIRMAN'S REPORT Cont'd

The relationship which developed with the Maritime Union of Australia has been cooperative and valuable, proving its worth at a time when so many changes were being made and a move to multi-skilling across the workplace became an essential reform.

I will miss the APA and its willing and friendly staff, from this time when much was accomplished. We have tried to be good neighbours and efforts to inform and consult have paid off. I have many to thank for the trust placed in us, it has worked and I offer my sincere thanks.

Alan Birchmore

Chairman

CHIEF EXECUTIVE OFFICER'S REPORT

It has been a significant year of achievement for the port; record year in terms of cargo tonnage and profit, national recognition through winning the Lloyds List DCN Port of the Year Award, and an outstanding result in reaching a settlement with the Department of Defence over the munitions dispute.

Although rainfall in the region was average at best, a large carryover of grain enabled the port to ship 1.942 million tonnes of grain, which again demonstrates the importance of this commodity to the port. The woodchip industry continues to grow rapidly, and there was a 30% increase on wood chip exports from last year, with the port handling 1.410 million tonnes during the year. It is particularly pleasing to see new trades emerging during the year. Logs will be exported shortly for the first time, and extensive discussions are being held to export biomass fuel pellets and kaolin clay. The enormous growth in the cruise ship trade (4 cruise ships during the year and 9 booked for 2007/08) has been particularly pleasing and endorses the "on the ground" marketing approach taken by the Port to ensure an outstanding visitor experience.

The Port continues to undertake extensive planning for the Grange iron ore project, with much progress being made on securing environmental approval and undertaking detailed engineering and dredging plans. Although the project is not yet committed, the Port continues to allocate extensive staff resources to ensure that every chance is given to ensure its success.

During the year the Port was fortunate to secure the service of Captain Dennis Angelatos as Harbour Master to train the new incoming Harbour Master and Pilot, Captain Steve Young. While the recruitment of Capt. Young from the Royal Australian Navy broke new ground in ports, Capt. Angelatos ensured that the training provided to Capt. Young was particularly extensive, thorough and demanding. Thanks to Capt. Angelatos's rigor, the Port is now fortunate in having an outstanding pilot and Harbour Master.

The Port continues its good relationship with the Maritime Union of Australia, and during the year a new three year enterprise agreement was negotiated for the workforce. This was achieved in a spirit of good co-operation between both parties.

The Port has committed itself to ensuring that the maximum amount of freight can be delivered by rail rather than road. This commitment mirrors the policy of the state government, and ensures that the Port minimises its impact on the residents of Albany. I expect that the next 5 years will see increasing pressure placed on ports and port users to plan the freight task into ports. Unless ports such as Albany strategically deal with the freight task issue, there may be far worse outcomes for port users, in terms of freight delivery restrictions and therefore cost.

The awarding of the national Lloyds List DCN Port of the Year Award was a great achievement for the Port. The theme of the award was innovation, and the unique berth 1 and 2 restoration technique invented by the Albany Port, was judged as an outstanding innovation. The 2005/6 Annual Report covers the restoration method in detail. The Award is a significant endorsement of the work of Eric Norman (Wharf Manager) and his team of Adrian Hetherington, Trevor Grove, Dylan O'Neill, Kevin Jones and Trevor Barnes. The Port's Consulting Engineer, Alan Moyle, and Port Engineer, Graeme Poole, also need to be recognised for their work on this demanding project.

The implementation during the year of the Maritime security Identification Card been carried out smoothly. The was a large project, with a significant administrative work load, and the contributions of Capt. Young and Sue Sandison (Executive Officer) on this task have been significant.

From a management perspective, the resolution of the bombs dispute with the Department of Defence at the end of the year needs special mention. Although the arguments by the Port were compelling, the lead up to an extremely complex and high profile trial was particularly demanding. There is no doubt that without an excellent team of people behind me, it would not have been possible to devote the undivided attention to the task during the trial, and in the lead up to it. It is very pleasing that the matter has been settled with a payment of \$6.25 million to the Port, but I know that the success is a shared one, and I thank the staff of the Port, the port's lawyers (Freehills) and barrister (Mr Chris Zelestis QC), and the enormous number of people in the Albany community who supported me during this long dispute.

CHIEF EXECUTIVE OFFICER'S REPORT

Finally, I must again recognise the support of my board and Chairman, who have continued to provide wise counsel during a remarkable and demanding year.

Brad Williamson

Chief Executive Officer



Albany Port Authority

Report on Operations

1 July 2006 to 30 June 2007

REPORT ON OPERATIONS

For the Year Ended 30 June 2007

This report, presents the operating report of the Albany Port Authority for the year ended 30 June 2007.

Board Members

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

Name	Position	Expiry Date of Tenure
Mr. Alan Birchmore	Chairman	31-Dec-2007
Mr. Russell Harrison	Deputy Chairman	30-Jun-2008
Ms. Melissa Fletcher-Toovey	Member	30-Jun-2007
Mr. Bob Golding	Member	30-Jun-2008
Ms. Jo Hummerston (Resigned 31 March 2007)	Member	31-Dec-2007
Ms. Sally Malone (Appointed 26 March 2007)	Member	31-Dec-2009

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

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

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

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

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

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

Special responsibility: Finance

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

Director: *Melissa Fletcher-Toovey*

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

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

Director: *Bob Golding Dip Man*

Mr. Golding was appointed to the Board in October 2002

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

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

REPORT ON OPERATIONS

For the Year Ended 30 June 2007

Director: *Jo Hummerston*

Ms. Hummerston was appointed to the Board in September 2003

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

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

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

Ms Malone was appointed to the board in April 2007.

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

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

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

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.

REPORT ON OPERATIONS

For the Year Ended 30 June 2007

Meetings of the Board

	2007	2006
Number of meeting held	7	5
A G Birchmore, <i>Chairman</i>	5	5
R J Harrison, <i>Deputy Chairman</i>	6	4
M Fletcher-Toovey	7	5
R J Golding	7	4
J Hummerston (Resigned 31 March 2007)	3	5
S A Malone (appointed 26 March 2007)	2	

Remuneration of Directors & Executive Officers

Board Members

		Base Salary	Superannuation	Other	Total
AG Birchmore	Chairman	22,000	1,980	600	24,580
RJ Harrison	Deputy Chairman	11,000	990		11,990
RJ Golding	Director	11,000	990		11,990
M Fletcher-Toovey	Director	11,000	990		11,990
J Hummerston Resigned 31/03/07	Director	8,250	743		8,993
SA Malone Appointed 26/03/07	Director	2,750	248		2,998
Total		66,000	5,940	600	72,541

Executive Officers

		Base Salary	Motor Vehicle	Superannuation	Bonus	Total
BR Williamson	Chief Executive Officer	147,227	12,686	15,731	11,500	187,144
SA Young	Harbour Master	115,718	7,546	10,415	365	134,044
CR Berry	Finance Manager	103,859	5,070	10,063	1,500	120,491

Insurance of Officers

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

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

Auditor

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

REPORT ON OPERATIONS

For the Year Ended 30 June 2007

Port Policies and Procedures

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

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

Copies of the policies are available on request.

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

(a) *Risk assessment and management*

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

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

(b) *Internal audit*

PKF Accounting was appointed to carry out the Ports internal audit

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

The current staff level is eighteen, comprising of the CEO, five line managers (Harbour Master, Finance Manager, Port Engineer, Project Manager and Wharf Manager), four administration and eight operational staff members.

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

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

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

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

As part of each license it is mandatory for each organisation to have an appropriate OH&S program and the operator is required to provide periodic reports to ensure that the entire Port area operates in a safe and manner.

(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.

There were no breaches of the Code during the year.

REPORT ON OPERATIONS

For the Year Ended 30 June 2007

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

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

The Statement is available at the port on request.

Port Compliance

Advertising and sponsorship (Electoral Act s175ze)

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

Expenditure, where applicable, was incurred as follows:

ADVERTISING AGENCIES:

Albany Advertiser	\$ 597
Albany & Great Southern Weekender	\$ 417
Marketforce Advertising	\$13,935
Radio West Broadcasters	\$ 3,572
WA Newspapers	\$ 148

REPORT ON OPERATIONS

For the Year Ended 30 June 2007

Records Management System

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

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

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

Publications

The following publications are available to the public: -

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

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

REPORT ON OPERATIONS

For the Year Ended 30 June 2007

Sponsorship 2006/2007

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

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

Paid To	Purpose	Amount
Constable Care	Promotional materials	\$ 470
Albany Chamber of Commerce	Sponsorship of 2007 ACCI Business Awards	\$2,500
Albany Sea Rescue	Monitoring of marine radio channels out of office hours	\$5,000
Great Southern Grammer School	Sponsorship of Student Exchange program	\$2,000
NewArts INC	Sponsorship of Japanese Paperartzi event	\$5,000
Total Sponsorship		\$14,970

REPORT ON OPERATIONS

For the Year Ended 30 June 2007

Community Services Obligations 2006/2007

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

Reduction Provided to	Purpose	Commercial Charges	Charged	CSO Value
Albany Light Opera Co	Lease: Lot 19 Princess Royal Drive Light Opera Co	\$14,500	\$2,000	\$12,500
Hanover Bay Wooden Boats	Lease: Lot 7B Princess Royal Drive Refurbishment of wooden boats	\$9,600	\$4,200	\$5,400
Mission to Seafarers	Lease: Lots 12 & 13 Princess Royal Drive Support for foreign seafarers	\$10,800	\$10	\$10,790
Stella Maris	Lease: Lot 9 Princess Royal Drive Support for foreign seafarers	\$5,400	\$10	\$5,390
Royal Australian Navy	Use of Port Facilities Rest & Relaxation	\$7,125	\$390	\$6,735
Total Contribution to CSO's				\$40,815

REPORT ON OPERATIONS

For the Year Ended 30 June 2007

Review of Operations

Trade Report (Metric Tonnes)

	2007 000's	2006 000's	Comments
Imports	93	122	34% decrease in fertiliser imports
Exports	3,408	2,538	50% increase in grain exports & 30% increase in woodchip exports
Total Port Trade	3,501	2,660	
Number trading of vessels	119	91	
Deadweight tonnage of vessels	4,884	4,262	

Revenue & Expenditure Report

	2007 \$'000	2006 \$'000	Comments
Income from Vessels	2,409	2,166	Higher income level due to increase in trade throughput
Income from Cargo	4,623	3,803	Higher income level due to increase in trade throughput
Settlement of Claim	6,250	0	Settlement of Claim against the Commonwealth on discovery of UXO in dredging program in 2000-2001
Other Income	1,317	1,156	Increase due to higher level of rental income and miscellaneous charges
Total Income	14,599	7,125	
Administration Expenditure	(3,865)	(3,256)	Increase due higher staff levels (Salaries) and Legal expenses relating to UXO Claim
Environmental Expenditure	(117)	(68)	
Maintenance & Development Expenditure	(1,020)	(881)	
Pilotage Expenditure	(514)	(468)	
Security Expenditure	(147)	(63)	
Other Expenditure	(37)	(38)	
Financial Expenditure	(521)	(591)	
Total Expenditure	(6,221)	(5,365)	
Net Profit/(Loss) before Income Tax	8,378	1,760	
Income Tax Expense	(1,687)	(648)	
Net Profit/(Loss)	6,691	1,112	

REPORT ON OPERATIONS

For the Year Ended 30 June 2007

Dividends

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

	2007 \$'000	2006 \$'000	Comments
Total dividends in respect of the year	\$0	\$826	A recommendation (by the Board) of \$990k has been made in respect to year ended 30 June 2005 and \$546k in respect to 2006

REPORT ON OPERATIONS

For the Year Ended 30 June 2007

Performance Indicators

	2007	2006	Comments
OPERATIONAL			
1. Turn around time (Hours) (Total time in port divided by Number of vessels)	99	86	<p>A higher number of hours is a combined reflection of the time loading, the time waiting to load and the time at anchor.</p> <p>The time waiting to load and at anchor is affected by many factors (cargo availability, finance, survey etc) beyond the control of the Port.</p> <p>The increase was due to a increase in the waiting time component 78%, compared with 29% in 2006.</p>
2. Berth occupancy – No3 Berth (Total berth hours divided by Total available hours)	38%	37%	<p>A high ratio indicates a better utilization of the berth.</p> <p>However, as this ratio increases a ships time waiting for the berth can be affected.</p>
3. Berth occupancy – No6 Berth (Total berth hours divided by Total available hours)	23%	19%	<p>A high ratio indicates a better utilization of the berth.</p> <p>However, as this ratio increases a ships time waiting for the berth can be affected</p> <p>The improved rate was due to 30% increase in woodchip tonnages passing through the port</p>

REPORT ON OPERATIONS

For the Year Ended 30 June 2007

FINANCIAL	2007	2006	Comments
4. Charges per cargo tonne (Cargo plus vessel charges divided by Tonnes of cargo)	\$1.98	\$2.14	<p>A higher rate is a reflection of the pricing structure and vessels taking on smaller cargo lots than the capacity of the ship (they are not taking a full load from the Port of Albany)</p> <p>The decrease is attributable to the increase in utilisation of No6 Berth, which has a lower per tonne rate.</p>
5. Expenditure per cargo tonne (Total expenditure divided by Tonnes of cargo)	\$1.78	\$2.02	<p>The Port is primarily a fixed cost operation, which means this ratio is significantly affected by the tonnes of cargo passing through the port.</p> <p>The combination of increasing expenditure (16%) and higher tonnage (32%) had an positive affect on this indicator</p>
6. Rate of return – Deprival value (Adjusted profit divided by DV Asset base)	4.71%	3.45%	<p>A higher ratio is a reflection of the profitability of the port's operations in relation to the value of assets controlled.</p> <p>The improvement was due to the improved performance by the port (trade throughput)</p>
7. Debt ratio (Total liabilities divided by Total assets)	28%	34%	<p>The lowering of the ratio is an indication of the port's success of the port policy of reducing debt.</p> <p>The port reduced it's debt levels by \$1.2M during the year</p>
8. Debt Ratio (Total Revenue divided by Net Borrowings)	52%	101%	<p>The lowering of the ratio is an indication of the combined factors of debt levels and revenue stream.</p> <p>Debt was reduced by \$1.2M and income increased by 17%</p>

REPORT ON OPERATIONS

For the Year Ended 30 June 2007

DEVELOPMENT	2007	2006	Comments
9. Vacant land (Vacant land divided by Total port land)	30%	32%	A reflection of land available for the development of future trade opportunities and buffer zones. However, there is a significant part of port land which is unsuitable (hilly terrain) for the stockpiling of bulk commodities. An additional lot was leased during the year.
10. Development Expenditure (\$Value expenditure on Capital Investment)	\$747K	\$542K	An indication of the port's sustainability in continuing investment in upgrades and improvements Expenditure was directed at further upgrades to No 6 Berth and the replacement of plant & equipment
11. Maintenance Expenditure (\$Value expenditure on Maintaining assets)	\$446K	\$404K	An indication of the port's sustainability in providing a continuing program of maintaining assets for future use. Significant expenditure (\$177k compared with \$115k in 2006) is being directed at the refurbishment of Nos. 1 & 1 Berths

REPORT ON OPERATIONS

For the Year Ended 30 June 2007

CITIZENSHIP	2007	2006	Comments
12. Incident Rate (Environmental incidents per million tonnes of cargo)	0.00	0.75	The port seeks to address complaints lodged by members of the public in a timely and appropriate manner.
13. Usage			An indication on the port's impact/use of restricted resources
Electricity (KWH)	713K	686K	Higher use levels are related to additional trade throughput and new plant & equipment
Fuel (Litres)	40K	35K	
Water (KL)	14K	10K	

PERSONNEL	2007	2006	Comments
14. Incident Rate (Lost time injuries per million man hours worked)	34	41	The ports objective is to have no lost time injuries. There was one lost time injury experienced by an employee during the year.
15. OH & S Expenditure (\$Value of expenditure on Safety)	\$18K	\$18K	An indication of the port's continuing investment in its safety program.
16. Training Expenditure (\$Value of expenditure on Training)	\$22K	\$21K	An indication of the port's continuing investment in staff development.

ETHICS	2007	2006	Comments
17. Number of Complaints (Ethical)	0	0	

Rounding of Amounts to Nearest Thousand Dollars

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

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REPORT ON OPERATIONS

For the Year Ended 30 June 2007

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

RJ Harrison

SA Malone

Russell Harrison
Deputy Chairman

Sally Malone
Director

Albany, Western Australia
12 September 2007

PERFORMANCE INDICATORS

For the Year Ended 30 June 2007

	2003	2004	2005	2006	2007
Operational					
Diversification of Trade (Proportion to Total Trade)					
Grain	75%	81%	75%	49%	55%
Woodchips	11%	8%	15%	41%	40%
Other	14%	11%	9%	11%	4%
Average Turn Around Time (Hours) (Total time in Port / Number of Vessels)					
	90	138	100	86	99
Occupancy Rate (Total time Berth Occupied / Total time Berth Available)					
No 3 Berth	38%	54%	49%	37%	38%
No 6 Berth	4%	4%	8%	19%	23%
Financial					
Cost Efficiency					
Cargo + Ship Charges per Tonne	\$2.10	\$2.03	\$2.08	\$2.14	\$1.98
Expenditure per Tonne	\$3.34	\$1.62	\$1.59	\$2.02	\$1.78
Debt Ratio					
(Total liabilities / Total assets)	44%	42%	29%	34%	36%
(Net Borrowings/Revenue)	251%	141%	108%	101%	52%
Rate of Return (Adjusted Profit / DepV Assets)					
	(1.5)%	6.4 %	7.6%	4.3%	4.5%
Investment					
Land Availability Rate (Vacant Land Available / Total Land Available)					
	39%	36%	31%	32%	30%
Development Expenditure	\$3,476,982	\$211,324	\$290,307	\$541,912	\$747,558
Maintenance Expenditure	\$412,885	\$439,062	\$360,505	\$404,097	\$445,970

PERFORMANCE INDICATORS

For the Year Ended 30 June 2007

Environment					
Incident Rate <i>(Environmental Incidents per Million Tonnes)</i>	1.02	0.70	1.34	0.75	0.00
Fuel Usage (Litres)	n/a	n/a	n/a	35,282	39,503
Power Usage (KWH)	n/a	n/a	n/a	686,431	712,646
Water Usage (KI)	n/a	n/a	n/a	10,454	14,354
Personnel					
Incident Rate <i>(Lost Time Injuries per Million ManHours Worked)</i>	0.00	0.00	0.00	40.83	34.18
OH&S Expenditure	\$3,937	\$11,346	\$9,669	\$17,938	\$ 18,417
Training Expenditure	\$1,808	\$6,116	\$16,569	\$20,801	\$ 22,300
Ethics					
Community Satisfaction					
Publications	3	2	2	1	1
Number of Complaints	0	0	0	0	0

PORT TRADE

For the Year Ended 30 June 2007

	2003	2004	2005	2006	2007
IMPORTS					
Agras	3,064	3,571	0	0	0
All Star	0	2,428	0	0	0
Ammonia Sulphate	1,120	1,497	1,216	0	0
C.A.N.	3,006	3,244	1,151	3,036	0
D.A.P.	7,559	3,855	7,281	9,720	6,358
DPXL	0	0	0	0	1,514
Fish	5,549	2,486	4,418	1,249	2,948
General	3,545	0	0	0	0
Kieserite	0	1,361	0	0	0
MAPS	28,224	19,461	19,914	4,643	8,958
MPZL	0	0	0	0	2,267
NPK Fertiliser	2,139	564	7,675	0	0
Petroleum Products	22,354	24,427	0	28,455	28,948
Potash	25,781	35,680	36,503	13,907	7,439
Rock Phosphate	0	6,396	28,273	24,101	0
Single Super	4,217	4,814	3,892	5,947	2,004
Superphosphate	0	0	0	0	1,772
Triple Super	8,045	12,993	9,911	957	5,243
Urea	31,966	31,131	35,830	28,348	25,149
Vigour	1,208	1,973	0	0	0
Zinc Star	0	515	0	1,432	0
TOTAL IMPORTS	147,778	156,396	156,065	121,794	92,599
EXPORTS					
Barley	459,711	585,725	857,018	330,927	444,148
Canola	121,125	252,490	214,536	202,644	119,369
Lupins	5,498	25,275	0	0	0
Oats	51,885	50,230	0	38,056	6,029
Peas	0	0	4,949	0	0
Silica Sand	122,258	158,215	127,750	162,300	56,065
Wheat	840,145	1,426,028	1,171,186	720,924	1,372,801
Woodchips	212,846	223,185	458,732	1,083,316	1,410,065
TOTAL EXPORTS	1,813,468	2,721,148	2,834,170	2,538,167	3,408,478
Bunkers	25	41	150	73	0
TOTAL PORT TRADE	1,961,271	2,877,585	2,990,385	2,660,034	3,501,077
VESSELS					
Number of Vessels Entered Port	104	116	120	91	119
Gross Registered Tonnage	2,213,096	2,616,888	2,834,882	2,741,828	3,268,545
Deadweight Tonnage	3,582,845	4,321,577	4,605,416	4,261,811	4,883,784



Albany Port Authority

Annual Financial Report
30 June 2007

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Albany Port Authority

Income Statement

For the year ended 30 June 2007

<i>In thousands of AUD</i>	Note	2007	2006
Revenue	2	14,368	6,885
Other income	3	72	(15)
Administration expenses		(3,865)	(3,256)
Cold store expenses		(19)	(20)
Environmental expenses		(117)	(68)
Maintenance expenses		(1,020)	(881)
Pilotage expenses		(514)	(468)
Safety expenses		(18)	(18)
Security expenses		(147)	(63)
Results from operating activities		8,740	2,096
Financial income	5	159	255
Financial expenses	5	(521)	(591)
Net financing costs		(362)	(336)
Profit before income tax		8,378	1,760
Income tax expense	6	(1,687)	(648)
Profit for the period		6,691	1,112

The notes on pages 2 to 23 are an integral part of the financial statements.

Albany Port Authority

Balance sheet

As at 30 June 2007

In thousands of AUD

	Note	2007	2006
Assets			
Cash and cash equivalents	11a	3,276	1,693
Trade and other receivables	9	6,890	617
Other financial assets	10	180	35
Total current assets		10,346	2,345
Other financial assets	10	283	262
Deferred tax assets	8	-	630
Property, plant and equipment	7	35,932	32,796
Total non-current assets		36,215	33,688
Total assets		46,561	36,033
Liabilities			
Trade and other payables	15	1,427	254
Other financial liabilities	16	3,791	322
Loans and borrowings	13	4,035	4,100
Employee benefits	14	328	342
Current tax payable	8	370	27
Total current liabilities		9,951	5,045
Loans and borrowings	13	3,900	5,035
Employee benefits	14	637	603
Deferred tax liabilities	8	32	-
Total non-current liabilities		4,569	5,638
Total liabilities		14,520	10,683
Net assets		32,041	25,350
Equity			
Contributed equity	12	1,386	1,386
Retained earnings	12	30,655	23,964
Total equity		32,041	25,350

The notes on pages 2 to 23 are an integral part of the financial statements.

Albany Port Authority
Statement of changes in equity

For the year ended 30 June 2007

<i>In thousands of AUD</i>	Note	2007	2006
Balance of equity at the start of the period		25,350	25,064
Profit for the period		6,691	1,112
Dividend provided		-	(826)
Balance of equity at the end of the period	12	32,041	25,350

Other movements in equity arising from transactions with owners as owners are set out in note 12.

Albany Port Authority

Cash flows statement

For the year ended 30 June 2007

In thousands of AUD

	Note	2007	2006
Cash flows from operating activities			
Cash receipts from customers		9,044	7,697
Cash paid to suppliers and employees		(4,782)	(4,887)
Cash generated from operations		4,262	2,810
Interest received		166	245
Interest paid		(531)	(604)
Income taxes paid		(681)	(1,399)
Net cash from operating activities	11b	3,216	1,052
Cash flows from investing activities			
Proceeds from payment Sinking Funds		-	324
Payment into Sinking Funds		(2)	(1)
Proceeds from sale of property, plant and equipment		316	10
Acquisition of property, plant and equipment		(747)	(576)
Net cash from investing activities		(433)	(243)
Cash flows from financing activities			
Proceeds from borrowings		-	800
Repayment of borrowings		(1,200)	(1,767)
Dividends paid		-	-
Net cash from financing activities		(1,200)	(967)
Net increase in cash and cash equivalents		1,583	(158)
Cash and cash equivalents at 1 July		1,693	1,851
Cash and cash equivalents at 30 June	11a	3,276	1,693

The notes on pages 2 to 23 are an integral part of the financial statements.

Albany Port Authority *Notes to the financial statements*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were authorised for issue on 12 September 2007 by the Board of Directors of Albany Port Authority ('the Authority'). The following significant accounting policies have been adopted in the preparation of the financial statements for the year ended 30 June 2007.

1.1 Statement of compliance

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

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

- *AASB 7 Financial Instruments: Disclosures*. This Standard requires new disclosures in relation to financial instruments and is required to be applied to annual reporting periods beginning on or after 1 January 2007. It is not expected to have any financial impact when the Standard is first applied.
- *AASB 2005-10 Amendments to Australian Accounting Standards arising from AASB 7* [AASB 132, 101, 114, 117, 133, 139, 1, 4, 1023 & 1038]. These amendments are as a result of the issue of AASB 7 *Financial Instruments: Disclosures* which amends the financial instrument disclosure requirements in these standards. It is required to be applied to annual reporting periods beginning on or after 1 January 2007 and it is not expected to have any financial impact when the Standard is first applied.
- *AASB 101 Presentation of Financial Statements*. This Standard was revised so that AASB 101 has the same requirements as IAS 1 *Presentation of Financial Statements*. It is applicable for annual reporting periods beginning on or after 1 January 2007 and it is not expected to have any financial impact when the Standard is first applied.
- *AASB 123 Borrowing Costs*. This Standard was revised to remove the option of expensing borrowings costs on qualifying assets. Such borrowings costs are now required to be capitalised. This Standard is required to be applied to annual reporting periods beginning on or after 1 January 2009 and it is not expected to have any financial impact when the Standard is first applied.
- *AASB 2007-4 Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments* [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038]. These amendments arise as a result of the AASB decision that all options that currently exist under IFRSs should be included in the Australian equivalents to IFRSs and additional Australian disclosures should be eliminated, other than those now considered relevant in the Australian reporting environment. This Standard is applicable for annual reporting periods beginning on or after 1 July 2007 and it is not expected to have any financial impact when the Standard is first applied.
- *AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123* [AASB 1, 101, 107, 111, 116 & 138 and interpretations 1 & 12]. These amendments are as a result of the issue of AASB 123 *Borrowing Costs*. The amendment removes references to expensing borrowings costs on qualifying assets as AASB 123 was revised to require such borrowing costs be capitalised. This Standard is required to be applied to annual reporting periods beginning on or after 1 January 2009 and it is not expected to have any financial impact when the Standard is first applied.

Albany Port Authority

Notes to the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.1 Statement of compliance (continued)

- AASB 2007-7 *Amendments to Australian Accounting Standards* [AASB 1, 2, 4, 5, 107 & 128]. These amendments follow the issuance, in April 2007, of AASB 2007-4 *Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments*. This Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007 and it is not expected to have any financial impact when the Standard is first applied.

1.2 Basis of preparation

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

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

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

1.3 Use of estimates and judgements

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

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

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

Operating lease commitments – as lessor

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

Defined benefit plans

Various actuarial assumptions are required when determining the Authority' superannuation obligations. These assumptions and the related carrying amounts are discussed in note 1.15.

1.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured.

The Authority derives revenue from charges made on ships and cargos in respect of services provided and are recognised upon the delivery of the service to the customers.

The Authority is also a large owner of waterfront land, which is allocated to various industry users in consideration for long-term tenancies. The lease rental is charged in advance and recognised as revenue on a pro rata basis for the period of the lease.

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

Albany Port Authority *Notes to the financial statements*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.5 Net financing costs

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

Interest receivable on funds invested includes interest on short-term investments and term deposits and is recognised as it accrues using the effective interest rate method.

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

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

1.6 National Tax Equivalent Regime (Income tax)

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

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

1.7 Income tax

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

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

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

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

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

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

Albany Port Authority *Notes to the financial statements*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.7 Income tax (continued)

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

1.8 Receivables Trade Receivables

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

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

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

1.9 Property, plant and equipment

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

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

The useful lives for various classes of property, plant and equipment are as follows:

	Years
Breakwaters	40 – 50
Buildings, wharves and infrastructure	20 – 50
Dredging	40 – 100
Plant and equipment	3 – 10

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

1.10 Impairment

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

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

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

Impairment losses are recognised in the income statement.

Albany Port Authority *Notes to the financial statements*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.11 Leased assets

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

Operating leases

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

1.12 Payables

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

1.13 Interest bearing borrowings

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

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

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

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

1.14 Employee benefits

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

Sick Leave entitlements for staff who work under the Albany Port Authority Award/Agreement 2005 are calculated on a pro rata basis for the amount owing at the reporting date and have been included at nominal rates of pay.

Long Service Leave liabilities have been 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 by the Commonwealth Government Bonds rates estimated to be applicable to the relevant period.

Albany Port Authority *Notes to the financial statements*

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.14 Employee benefits (continued)

The liability in all provisions covers entitlements from the date the employee commences in accordance with the conditions of employment.

Provisions are made for long service leave even though in some cases such amounts are currently not vesting.

1.15 Employee superannuation

The Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme, and the Superannuation and Family Benefits Act Scheme, a defined benefit pension scheme, are now closed to new members. The Authority is liable for superannuation benefits for past years' service of members of the Superannuation and Family Benefits Act Scheme who elected to transfer to the GSS Scheme. The Authority also accrues for superannuation benefits to the pension scheme for those members who elected not to transfer from that scheme.

The superannuation liability for existing employees with the pre-transfer service incurred under the Superannuation and Family Benefits Act Scheme who transferred to the GSS Scheme are provided for at reporting date.

The Authority' total superannuation liability has been actuarially assessed as at 30 June 2007.

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

Defined benefit plan

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

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

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

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

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

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

Notes to the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.16 Dividends

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

1.17 Provisions

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

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

1.18 Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash on hand, cash at bank, at call deposits and term deposits due within 30 days.

For the purpose of the cash flow statement, cash equivalents consist of cash and cash equivalents as defined above.

1.19 Goods and services tax

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

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

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

1.20 Contributed equity

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

Albany Port Authority
Notes to the financial statements

2. **Revenue**

<i>In thousands of AUD</i>	2007	2006
Revenue from shipping services	2,409	2,166
Revenue from cargo services	4,623	3,803
Revenue from other services	220	170
Rental income	866	746
Compensation Revenue	6,250	-
Total revenues	14,368	6,885

3. **Other Income**

<i>In thousands of AUD</i>	2007	2006
Proceeds on disposal of property, plant and equipment	315	10
Less: written down cost	(243)	(25)
Net gain on disposal of property, plant and equipment	72	(15)

4. **Personnel expenses**

<i>In thousands of AUD</i>	Note	2007	2006
Wages and salaries		937	861
Other associated personnel expenses		248	129
Contributions to defined contribution super funds		147	110
Expenses related to defined benefit super funds	14	43	7
Increase in defined benefit superannuation fund		-	134
Increase in liability for accumulated days off	14	14	-
Increase in liability for annual leave	14	(22)	(197)
Increase in liability for long-service leave	14	(6)	58
		1,361	1,102

5. **Finance income and expense**

<i>In thousands of AUD</i>	2007	2006
Interest income	159	255
Finance income	159	255
Interest expense on borrowings	(521)	(591)
Finance expense	(521)	(591)
Net finance income and expense	362	(336)

Albany Port Authority
Notes to the financial statements

6. Income tax expense

<i>In thousands of AUD</i>	<i>Note</i>	2007	2006
Current tax expense			
Current period		1,024	678
Adjustment for prior periods		-	-
		1,024	678
Deferred tax expense			
Origination and reversal of temporary differences	8	663	(30)
		663	(30)
Income tax expense from continuing operations		1,687	648
Total income tax expense		1,687	648

Numerical reconciliation between tax-expense and pre-tax net profit

<i>In thousands of AUD</i>		2007	2006
Profit for the period		6,691	1,112
Total income tax expense		1,687	648
Profit excluding income tax		8,378	1,760
Income tax using the Port Authority's domestic tax rate of 30% (2006: 30%)		2,513	528
Non-assessable income		(1,094)	-
Non-deductible expenses		268	112
Deferred tax assets not previously recognised		-	8
		1,687	648

Albany Port Authority
Notes to the financial statements

7. Property, plant and equipment

	Free-hold Land	Vested Land	Buildings	Wharves and Infra-structure	Dredging	Break water	Plant and Equipment	Work in progress	Total
<i>In thousands of AUD</i>									
Cost or deemed cost									
Balance at 1 July 2005	1,517	1,449	4,392	20,897	21,032	5,690	2,917	39	57,933
Additions	-	-	20	91	-	-	422	73	606
Transfers	-	-	8	-	-	-	-	(39)	(31)
Disposals	-	-	(241)	(136)	-	-	(53)	-	(430)
Balance at 30 June 2006	1,517	1,449	4,179	20,852	21,032	5,690	3,286	73	58,078
Balance at 1 July 2006	1,517	1,449	4,179	20,852	21,032	5,690	3,286	73	58,078
Additions	-	-	37	68	3,898	-	210	432	4,645
Transfers	-	-	(37)	(72)	-	-	-	(72)	(181)
Disposals	-	-	(237)	(3)	-	-	(234)	-	(474)
Balance at 30 June 2007	1,517	1,449	3,942	20,845	24,930	5,690	3,262	433	62,068
Depreciation and impairment loss									
Balance at 1 July 2005	-	-	3,373	13,949	3,678	978	2,378	-	24,356
Depreciation for the year	-	-	85	394	428	138	107	-	1,152
Impairment loss	-	-	116	35	-	-	-	-	151
Disposals	-	-	(241)	(136)	-	-	-	-	(377)
Balance at 30 June 2006	-	-	3,333	14,242	4,106	1,116	2,485	-	25,282
Balance at 1 July 2006	-	-	3,333	14,242	4,106	1,116	2,485	-	25,282
Depreciation for the year	-	-	73	274	428	138	171	-	1,084
Impairment loss	-	-	-	-	-	-	-	-	-
Disposals	-	-	(29)	(2)	-	-	(199)	-	(230)
Balance at 30 June 2007	-	-	3,377	14,514	4,534	1,254	2,457	-	26,136
Carrying Amount									
At 1 July 2005	1,517	1,449	1,019	6,948	17,354	4,712	539	39	33,577
At 30 June 2006	1,517	1,449	846	6,610	16,926	4,574	801	73	32,796
At 1 July 2006	1,517	1,449	846	6,610	16,926	4,574	801	73	32,796
At 30 June 2007	1,517	1,449	565	6,331	20,396	4,436	805	433	35,932

Albany Port Authority

Notes to the financial statements

7. Property, plant and equipment (continued)

Land Holdings

The carrying value of vested land is \$1.449m compared with \$6.050m shown by the Office of State Revenue (unimproved value) in 2005.

The carrying value of freehold land is \$1.517m compared with \$1.891m shown by the Office of State Revenue (unimproved value) in 2005.

8. Tax assets and liabilities

Current tax assets and liabilities

The current tax liability for the Port Authority of \$370 thousand (2006: \$27 thousand) represent the amount of income taxes payable in respect of current and prior financial periods.

Movement in temporary differences during the year

	Balance 1 July 05	Recognised in profit or loss	Balance 30 June 06	Recognised in profit or loss	Balance 30 June 07
Property, plant and equipment	347	(50)	297	(692)	(395)
Prepaid income	13	3	16	8	24
Prepaid expenses	-	(3)	(3)	7	4
Inventories	(5)	-	(5)	-	(5)
Accruals	-	29	29	14	43
Employee Benefit Plans	129	40	169	10	179
Staff leave	98	17	115	(4)	111
Doubtful debts	18	(6)	12	(5)	7
	600	30	630	(662)	(32)

9. Trade and other receivables

		2007	2006
<i>In thousands of AUD</i>			
Current			
Trade receivables		617	589
Other receivables		6,273	28
		6,890	617

At 30 June 2007 trade receivables are shown net of an allowance for doubtful debts of \$24 thousand (2006: \$43 thousand).

Albany Port Authority
Notes to the financial statements

10. Other financial assets

		2007	2006
<i>In thousands of AUD</i>			
Current			
Prepaid expenditure		176	15
Accrued Revenue		4	20
		180	35
Non-current			
Sinking Funds		283	262
		283	262

Sinking funds, for the eventual repayment of loan funds, are invested at floating interest rates with Treasury. Interest rates received ranged between 5.79% and 6.16% (2006: 5.411% and 5.568%).

11a. Cash and cash equivalents

		2007	2006
<i>In thousands of AUD</i>			
Bank balances		3,252	1,670
Term deposits		24	23
Cash and cash equivalents		3,276	1,693
Bank overdrafts used for cash management purposes		-	-
Cash and cash equivalents in the statement of cash flows		3,276	1,693

The effective interest rate on term deposits in 2007 was 1.75-5.95% percent (2006: 1.75- 5.10% percent). The deposits had an average maturity of one and two years (2006: one or two years).

Albany Port Authority

Notes to the financial statements

11b. Reconciliation of cash flows from operating activities

<i>In thousands of AUD</i>	Note	2007	2006
Cash flows from operating activities			
Profit for the period		6,691	1,112
Adjustments for:			
Depreciation	7	1,084	1,180
Impairment losses	7	-	152
Amortisation		16	-
Loss on sale of property, plant and equipment		(72)	(15)
Income tax expense		1,687	
Operating profit before changes in working capital and provisions		9,406	2,429
Change in trade and other receivables		(6,119)	98
Change in other financial assets		(21)	(18)
Change in deferred tax assets		209	22
Change in trade and other payables		924	(93)
Change in provisions and employee benefits		19	(617)
Interest paid		(520)	(27)
Income taxes paid		(682)	(742)
Net cash from operating activities		3,216	1,052

12. Capital and reserves

Reconciliation of movement in contributed equity and reserves

<i>In thousands of AUD</i>	Contributed equity	Retained earnings	Total equity
Balance at 1 July 2005	1,386	23,678	25,064
Total recognised income and expense	-	1,112	1,112
Dividends to equity holders	-	(826)	(826)
Balance at 30 June 2006	1,386	23,964	25,350
Balance at 1 July 2006	1,386	23,964	25,350
Total recognised income and expense	-	6,691	6,691
Dividends to equity holders	-	-	-
Balance at 30 June 2007	1,386	30,655	32,041

Dividends

In accordance with Government Financial Policy, WA Ports are required to pay dividends of 50% of after tax profits. Dividends recognised in the current year by the Port Authority are:

<i>In thousands of AUD</i>	Total amount	Date of payment
<i>2007</i>		
Final 2006 ordinary	-	None paid in current year
Total amount	-	
<i>2006</i>		
Final 2004 ordinary	826	31 August 2005
Total amount	826	

Albany Port Authority

Notes to the financial statements

13. Loans and borrowings

This note provides information about the contractual terms of the Port Authority's interest-bearing loans and borrowings. For more information about the Port Authority's exposure to interest rate and foreign currency risk, see note 17.

	2007	2006
<i>In thousands of AUD</i>		
Current liabilities		
Loan from WA Treasury Corporation	4,035	4,100
	4,035	4,100
Non-current liabilities		
Loan- inscribed stocks	300	300
Loan from WA Treasury Corporation	3,600	4,735
	3,900	5,035

The Government loan is repayable on fixed dates and bear fixed interest at between 5.54% and 6.54% (2006: 5.54% and 6.12%).

Inscribed stocks are repayable on fixed dates and bear fixed interest at between 6.40% and 7.40% (2006: 6.40% and 7.40%).

14. Employee benefits

Current	2007	2006
<i>In thousands of AUD</i>		
Liability for accumulated days off	6	4
Liability for personal leave	31	19
Liability for annual leave	174	196
Liability for long service leave	117	123
Total employee benefits - current	328	342

Non-Current	2007	2006
<i>In thousands of AUD</i>		
Present value of unfunded obligations	569	564
Present value of funded obligations	-	-
Total present value of obligations	569	564
Liability for long-service leave	68	39
Total employee benefits – non-current	637	603

The Port Authority make payments to Pension Scheme members on retirement, death or invalidity. The fund has no assets and is fully employer-financed. The pension beneficiary cannot be paid in a lump sump benefit. The annual benefit paid is the salary of the pension beneficiaries, at the time of entitlement, which is paid in equal fortnightly instalments.

Albany Port Authority Notes to the financial statements

14. Employee benefits (continued)

Movement in the liability for defined benefit obligations

<i>In thousands of AUD</i>	2007	2006
Liability for defined benefit obligations at 1 July	564	594
Benefits paid by the plan	(38)	(37)
Current service costs and interest (see below)	31	30
Actuarial (gains) losses recognised in equity (see below)	12	(23)
Liability for defined benefit obligations at 30 June	569	564

Expense recognised in profit or loss

<i>In thousands of AUD</i>	2007	2006
Current service costs		
Interest on obligation	31	30
Actuarial loss/(gain)	12	(23)
	43	7

Scheme assets

There are no assets in the Pension Scheme to support the State Share of the Benefit.

Actuarial assumptions

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

<i>In thousands of AUD</i>	2007	2006
Discount rate at 30 June	6.06%	5.81%
Expected return on plan assets at 1 July		
Future salary increases	4.50%	4.50%
Medical cost trend rate	%	%
Future defined benefit increases	2.50%	2.50%

Historical information

<i>In thousands of AUD</i>	2007	2006
Present value of the defined benefit obligation	569	564
Fair value of plan assets	-	-
Deficit in the plan	569	564
Experience adjustments arising on plan liabilities	12	12
Experience adjustments arising on plan assets	-	-

The Port Authority expects to pay \$41 thousand in contributions to defined benefit plans in 2008.

Albany Port Authority

Notes to the financial statements

15. Trade and other payables

		2007	2006
<i>In thousands of AUD</i>			
Trade payables		1,427	254
		1,427	254

16. Other financial liabilities

		2007	2006
<i>In thousands of AUD</i>			
Accrued expenses		514	268
Income received in advance		79	54
Provision for future dredging		3,198	-
		3,791	322

17. Financial instruments

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

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

Credit risk

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

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

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

Interest rate risk

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

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

Albany Port Authority Notes to the financial statements

17. Financial instruments (continued)

Effective interest rates and repricing analysis

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

<i>In thousands of AUD</i>	Note	2007							2006						
		Average effective interest rate	Total	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years	Average effective interest rate	Total	6 Months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Fixed rate instruments															
Cash and cash equivalents	11a	5.8%	3,276	3,253	13	10	-	-	5.2%	1,693	1,670	13	10	-	-
Trade and other receivables	9	-%	6,890	6,890	-	-	-	-	-%	617	617	-	-	-	-
Other financial assets	10	6.2%	283	-	-	-	-	283	6.2%	262	-	-	-	-	262
Trade and other payables	15	-%	(1,427)	(1,427)	-	-	-	-	-%	(254)	(254)	-	-	-	-
Loans and borrowings	13	6.0%	(7,935)	(2,750)	(1,285)	(3,600)	(300)	-	5.7%	(9,135)	(2,500)	(1,600)	(2,835)	(2,100)	(100)
			1,087	5,966	(1,272)	(3,590)	(300)	283		(6,817)	(467)	(1,587)	(2,825)	(2,100)	162

Albany Port Authority Notes to the financial statements

17. Financial instruments (continued)

Sensitivity analysis

The Port Authority has all loans and borrowings financed at fixed rates of interest, therefore changes in the interest rate will not have an impact on the profitability of the Port Authority. The Port Authority does not undertake any foreign currency transactions therefore movement in foreign exchange rates will not impact the Port Authority's profitability.

Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

		2007		2006	
<i>In thousands of AUD</i>	Note	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivables	9	6,890	6,890	617	617
Cash and cash equivalents	11a	3,276	3,276	1,693	1,693
Loans and borrowings	13	(7,935)	(7,935)	(9,135)	(9,135)
Trade and other payables	15	(1,427)	(1,427)	(254)	(254)
		804	804	(7,079)	(7,079)
Unrecognised (loss) gain		-	-	-	-

Estimation of fair values

The methods used in determining the fair values of financial instruments are discussed in note 3.

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at 30 June 2007 plus an adequate constant credit spread, and are as follows:

	2007	2006
Loans and borrowings	5.5% - 6.5%	5.5% - 6.1%

Albany Port Authority

Notes to the financial statements

18. Operating leases Leases as lessor

Non-cancellable operating lease rentals are receivable as follows:

<i>In thousands of AUD</i>	2007	2006
Less than one year	663	525
Between one and five years	2,447	1,864
More than five years	10,693	2,487
	13,803	4,876

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

19. Capital and other commitments

<i>In thousands of AUD</i>	2007	2006
Capital expenditure commitments		
Plant and equipment		
<i>Contracted but not yet provided for and payable:</i>		
Within one year	91	-
One year later and no later than five years	-	-
Later than five years	-	-
	91	-

20. Contingencies

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

<i>In thousands of AUD</i>	2007	2006
Contingent liabilities not considered remote		
<i>Superannuation</i>		
The following amount represents the superannuation liability for an ex-Department of Marine and Harbours employee who transferred over to the Authority in 1992/93. At the time of the transfer the Department agreed to meet the previous liability and so this amount is not provided in the Authority's superannuation liability calculations.		
Maximum contingent consideration in respect to this claim	205	214

Albany Port Authority Notes to the financial statements

21. Related parties for non-disclosing entities Transactions with key management personnel

Key management personnel compensation

The key management personnel compensation included in 'personnel expenses' (see note 6) are as follows:

<i>In AUD</i>	2007	2006
Short-term employee benefits	472,071	468,469
Post-employment benefits	42,149	40,435
	<u>514,220</u>	<u>508,904</u>

Remuneration of Directors of the Port Authority

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

<i>In AUD</i>	2007	2006
\$0 – \$10,000	2	-
\$10,001 – \$20,000	3	4
\$20,001 – \$30,000	1	1
	<u>6</u>	<u>5</u>

The total remuneration includes the superannuation expense incurred by the authority in respect of members of the Port Authority.

Remuneration of Executive Officers of the Port Authority

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

<i>In AUD</i>	2007	2006
\$100,001 – \$110,000	-	1
\$120,001 – \$130,000	1	-
\$130,001 – \$140,000	1	-
\$150,001 – \$160,000	-	1
\$180,001 – \$190,000	1	1
	<u>3</u>	<u>3</u>

The total remuneration includes the superannuation expense incurred by the authority in respect of members of the Port Authority.

Albany Port Authority Notes to the financial statements

22. *Subsequent event*

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Port Authority, to effect significantly the operations of the Port Authority, the results of those operations, or the state of affairs of the Port Authority, in future financial years.

23. **Auditors' remuneration**

<i>In thousands of AUD</i>		2007	2006
Audit services			
Auditors of the Company			
<i>Office of the Auditor General:</i>			
Audit and review of financial reports		35	50
		35	50

	<i>Directors' declaration</i>
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In the opinion of the Directors of the Albany Port Authority:

- (a) the financial statements and notes, set out on pages 3 to 27, are in accordance with the financial reporting provisions of the Port Authorities Act 1999, including:
 - (i) giving a true and fair view of the financial position of the Albany Port Authority as at 30 June 2007 and its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Port Authorities Act 1999; and
- (b) there are reasonable grounds to believe that the Albany Port Authority will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Directors on (date).

RJ Harrison

R.J. Harrison
Deputy Chairman

SA Malone

S.A. Malone
Director

Date: 12 September 2007



AUDITOR GENERAL

INDEPENDENT AUDIT REPORT ON ALBANY PORT AUTHORITY

To the Parliament of Western Australia

I have audited the financial report of the Albany Port Authority, which comprises the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory Notes and the Directors' Declaration.

Directors' Responsibility for the Financial Report

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

Summary of my Role

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

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

Audit Opinion

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

- (a) giving a true and fair view of the Authority's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

COLIN MURPHY
AUDITOR GENERAL
20 September 2007